

African Development  
Bank Group Strategy for

# Addressing Fragility and Building Resilience in Africa



2014-2019



AFRICAN DEVELOPMENT BANK GROUP

Transition Support  
Department ORTS

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# Foreword

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The High-Level Panel on Fragile States set up in 2012 and chaired by H.E. President Ellen Johnson Sirleaf of Liberia has significantly influenced the strategic orientation of the African Development Bank (the Bank) in countries affected by conflict and crises in Africa. A lesson learned from the High-Level Panel report is that fragility does not respect state boundaries. The Bank has therefore integrated this in its strategy by focusing on fragile situations rather than countries, and by adopting a regional approach to fragility to manage the spillover effects. The Bank's strategy: "Addressing Fragility and Building Resilience in Africa, 2014 – 2019" is a response to the complex and diverse nature of fragility experienced by the countries.

The Strategy builds on the review of the Bank's assistance to countries in fragile situations. It makes recommendations for streamlined processes, provision of swift and effective institutional responses to fragility issues like in the case of the fight against the Ebola virus, and enhanced coordination on the ground with the countries in the driver's seat.

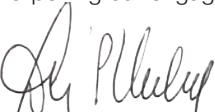
To achieve this, there is need for continuous knowledge generation to identify the root causes of fragility at the local, national or regional levels. It also proposes approaches to reduce the inevitable pressures of dynamic societies, and thus avoid the eruption of violence and conflict.

For the Bank, fragility is a "condition of elevated risk of institutional breakdown, societal collapse or violent conflict". No country is immune to fragility. We have learned that engaging in fragile situations is risky, but the cost of not engaging in such situations is much higher.

Similarly, there is no prescribed blueprint of solutions and no toolkit. Innovations and flexibility in our responses are critical. Therefore, the Bank is committed to staying engaged and adapting its approach for maximum impact, since 'business as usual' is not an option in this context.

Given the multifaceted nature of fragility and the fast evolving situations in the countries, partnerships and strategic alliances will be critical in the implementation of the strategy.

I am grateful to the members of the High-Level panel who have contributed in sharpening our engagement in fragile situations.



**Donald Kaberuka**  
President

# Preface

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The African Development Bank's Ten-Year Strategy, 2013-2022 identifies fragility as an area needing special focus. A new, full-fledged Transition Support Department was set up to support the Bank's commitment to play a leadership role on issues of fragility in Africa and coordinate the internal change processes required to enhance the Bank's effectiveness in fragile situations.

This Strategy on *Addressing Fragility and Building Resilience in Africa*, 2014-2019 guides our engagement in fragile situations. A key element of the strategy is its recognition of fragility as not a category of states but a phenomenon that can appear in many places and forms. With this understanding, the Bank's role is to assist its regional member countries move out of fragility and help mitigate the risks that may result in countries falling into such situations by building resilience.

In view of the specificities of countries, there cannot be any one uniform toolbox to apply to fragile situations. Therefore, responsiveness, flexibility, innovation and well-considered and targeted interventions are required. Accordingly, such interventions must be based on knowledge about the drivers of fragility and the needs of the countries.

Past interventions and the lessons drawn from them, as well as the voices of the Bank's regional member countries and the experience of development partners provide pointers to what works. What our member countries are saying is driving the Bank to do more and continuously adapt its approach.

## What are our member countries are saying?

*If we get the right governance, right politics, we would eliminate conflict on the continent.*

**Olusegun Obasanjo, former Nigerian President**

Source: African Development Bank Annual Meetings, 2014.

*Eighty percent of combatants have no skills. If they are not integrated back into society and provided with livelihood opportunities, they could become highway robbers.*

**Hon. Hamed Bakayoko, Minister of Interior, Home Affairs and Security, Côte d'Ivoire.**

*The absence of strong institutions exacerbated, political and ethnic differences attracting 'opportunistic investment', which does not help the country develop. Hence, poverty prevails and the battle over limited resources becomes inevitable. So starts, ends and continues the vicious cycle of fragility and underdevelopment.*

**Tabu Abdallah Manirakiza, Minister of Finance, Burundi.**

Source: Ending conflict & building peace in Africa: A call to action High Level Panel on Fragile States African Development Bank, 2014.

**Janvier K. Litse**  
  
**Acting Vice President, ORVP**

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## Acronyms and abbreviations

AfDB	African Development Bank
ADF	African Development Fund
ADF-13	Thirteenth Replenishment of the African Development Fund
ALSF	African Legal Support Facility
ANRC	African Natural Resources Center
AU	African Union
CDD	Community driven development
CODE	Committee for Development Effectiveness
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organization
CRFA	Country Resilience Fragility Assessment
CSP	Country Strategy Paper
EITI	Extractive Industries Transparency Initiative
ESW	Economic and Sector Work
FSF	Fragile States Facility
GDP	Gross Domestic Product
HLPFS	High Level Panel on Fragile States
ICGLR	International Conference on the Great Lakes Region
ICSP	Interim Country Strategy Paper
IGAD	Intergovernmental Authority on Development
INCAF	International Network on Conflict and Fragility
IFIs	International Financial Institutions
IMF	International Monetary Fund
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MDTF	Multi-Donor Trust Fund
NTF	Nigeria Trust Fund
OECD	Organization for Economic Cooperation and Development
PBA	Performance-Based Allocation
PBO	Program-Based Operations
PFM	Public Financial Management
PSD	Private Sector Development
REC	Regional Economic Community
RMC	Regional Member Country
SEEPS	2008 AfDB Strategy for Enhanced Engagement in Fragile States
SMEs	Small and Medium Enterprises AfDB
TYS	Ten Year Strategy 2013–2022
UA	Unit of Account
UN	United Nations
UNECA	United Nations Economic Commission for Africa

# Executive summary

## Introduction

This document presents the African Development Bank Group (the Bank) Strategy for Addressing Fragility and Building Resilience in its regional member countries for the period 2014–2019. Anchored in the Bank's Ten Year Strategy (2013–2022), it builds on and replaces the 2008 Strategy for Enhanced Engagement in Fragile States, taking into account lessons learned during its implementation and the recommendations of OPEV's evaluation. It also reflects the evolving international consensus on partnership modalities for addressing fragility as expressed in the New Deal for Engagement in Fragile States, and the findings and recommendations of the High Level Panel on Fragile States. It is a Bank-wide strategy, to be implemented by all departments, with the support of the Fragile States Department (ORFS) [renamed Transition Support Department (ORTS)]. This revised document incorporates comments from the Committee for Development Effectiveness (CODE) and draws on the discussion of the report of the High Level Panel on Fragile States by former and present Heads of State and Bank Governors during the 2014 Annual Meetings in Kigali.

## Context

Over the past decade, Africa has seen enormous growth and transformation that has expanded opportunities and improved living conditions for millions of people. More than two-thirds of African countries have strengthened their quality of governance, improved basic services, and expanded economic opportunities. Yet, there are significant risks that this momentum could be undermined by important pressures—continuing patterns of exclusion and poverty, unemployment, high migration, rapid urbanization, climate change and poor management of natural resources—that threaten to overwhelm existing institutional capacities for managing political, economic, social and environmental challenges. These pressures are making every single African country more vulnerable. Currently, more than 250 million

Africans are affected by fragility, with significant regional spill-over effects. Development prospects in four major regions (Horn of Africa, Sahel, Mano River Union and Great Lakes and Central Africa region) are particularly at risk.

## Addressing the Drivers of Fragility and Building Resilience in Africa

This Strategy aims to place the Bank at the center of Africa's efforts to address fragility and pave the way for a more resilient and inclusive development trajectory. It is based on an understanding of *fragility as a condition of elevated risk of institutional breakdown, societal collapse or violent conflict*. Drivers of fragility include economic, social, political and environmental dimensions, but all too often, demands for inclusion and equity underlie these drivers. As fragility does not respect state boundaries, the strategy focuses on fragile situations rather than fragile states alone, while recognizing that the Bank's operational interlocutors will remain mostly state-centered. The basic premise of the strategy is that as the characteristics, manifestations and threats of fragility, and the capacities and resources of affected states and societies vary significantly, the Bank's response has to be adapted to each context. As such, the strategy does not prescribe a blueprint of solutions but rather focuses on key entry points for managing the underlying drivers of fragility and building resilient states and societies through effective institutions, capacity building and partnerships.

## Key features of the Bank's approach

Grounded in the Bank's Ten Year Strategy (TYS) and the principles of the New Deal, the proposed approach is country-led and relies on strong partnerships. Based on a deeper understanding of the drivers of fragility, the Bank will assist countries to address fragility and build resilience at the national level and in pockets of fragility within countries, as well as at the regional level, working through and with regional organizations.

Central to the changes in the Bank's engagement under this Strategy is the systematic application of a *fragility lens* to identify, respond to and prevent fragility and to build resilience. Based on such analysis, the Bank will *stay engaged* across the spectrum of fragile situations and focus its engagement in line with the TYS on the areas where it can have the biggest impact. It will pay particular attention to integrating a *gender perspective* in all programs, as gender equality and women's empowerment in particular play a strategic role in peace- and state-building processes. *The role of non-state actors*, notably civil society and the private sector, will be strengthened within a state framework to provide key public goods and services. The Bank will broaden and deepen *partnerships*, working more closely with other development partners at country, regional, and international levels, while *planning for scale*, through sequenced operations that build in lessons and aim at high impact.

## **Implementing the Ten Year Strategy with a Fragility Perspective**

This Strategy focuses on changing the way the Bank engages in fragile situations rather than proposing new areas of operational engagement. The Bank's lending and non-lending engagement in fragile situations will draw on the Bank's strategies, such as the Governance Action Plan, the Private Sector Development Strategy, the Gender Strategy, while prioritizing *three areas of focus* that are particularly important for addressing fragility and building resilience:

### **Strengthening state capacity and establishing effective institutions.**

Fostering legitimate political and capable justice institutions, as well as resilient economic institutions for better management of resources (including natural resources) is at the heart of overcoming fragility and

building resilient states. Experience shows that the challenge of building state capacity in fragile situations is immense and efforts need to be sequenced and paced realistically, as it takes a long time to establish effective institutions. While the Bank's focus will be on economic institutions, it will work with partners to support adequate functioning of the security and justice sectors. Promoting accountable, transparent and inclusive governance is fundamental to building resilience.

### **Promoting resilient societies through inclusive and equitable access to employment, basic services and shared benefits from natural resource endowments.**

In view of the growing stresses and demands –for inclusion and equity, employment (especially for youth), and improved services– that urgently need to be effectively addressed to manage fragility, the Bank will pay particular attention to promoting equitable access to basic infrastructure, expanding opportunities for private sector-led employment and livelihoods, and supporting the responsible management of natural resources and shared benefits from their revenues. Horizontal inequalities, social exclusion and gender inequalities are important drivers of fragility that will need to be explicitly addressed in these operational areas.

### **Enhancing the Bank's leadership role in policy dialogue, partnerships and advocacy around issues of fragility.**

The Bank will continue to strengthen its regional leadership and use its convening power to support peace and state-building efforts at the national, regional, and international levels. It will support the implementation of inclusive political settlements at national and regional levels. It will do so by being “at the table” leveraging its role as a “trusted broker” and by

providing expertise on economic and financial matters. It will deepen the Bank's strategic partnerships in areas that are essential to overcoming fragility but that are outside its core mandate, such as justice and security. At the same time, it will be an advocate for Africa on issues of fragility and move towards assuming greater leadership in international discussions on this topic.

## **There is no predefined “toolbox” for addressing fragility**

During the Annual Meetings in Kigali, African Heads of State and Bank Governors discussed the challenges of fragility for the continent and the importance of building resilience. The discussions emphasized the critical role of leadership, the diverse sources of fragility, the political dimension of conflicts, and the fact that there is no single solution and no predefined “toolbox” for addressing fragility. This calls for the Bank and other development partners to engage jointly in a process of “learning by doing”. The Kigali forum also stressed the fact that no country was immune from fragility and highlighted the limited capacity of countries and institutions to put in place the appropriate mechanisms for dialogue and reconciliation. Thinking “out of the box” and piloting innovative approaches will therefore be at the core of applying the fragility lens in the Bank’s actions, while putting in place the necessary tools for monitoring and evaluating the Bank’s support with a view to drawing lessons and adapting future interventions.

## **Operationalizing the Fragility Lens**

This strategy is intended to serve all regional member countries (RMCs) of the Bank. It will be tailored according to the nature of the fragility assessed in every country. Therefore, putting the strategy into practice will require significant adjustments in the Bank’s programming, project design, and policy dialogue. This

is not ‘business as usual’. All available Bank instruments will be used in implementing the strategy, and the Bank’s approach to risk management will also adapt to the different challenges faced in fragile situations.

### **Programming, Project Design, and Policy Dialogue.**

Country Strategy Papers will be grounded in fragility assessments and strategic choices will need to be geared to effectively addressing the key drivers of fragility by identifying key entry points for building resilience. Similarly, Regional Integration Strategy Papers will go beyond the question of regional operations to consider the regional dimension of fragility and how to address them, working with and through regional institutions. Special emphasis will be placed on regional programs and special initiatives that aim to build economic resilience and social cohesion among communities, such as those already underway in the Horn of Africa, the Mano River Union and the Sahel regions. All programs and projects in fragile situations will apply a fragility lens throughout the project cycle. Policy dialogue will be informed by fragility assessments and the Bank will stay engaged at all times.

### **This strategy will be backed by the Fragile States Facility, to be renamed Transition Support Facility, and all other available sources of financing.**

This entails the ADB, ADF, NTF, Trust Funds, Special Partnerships and resources dedicated to regional operations. With regard to the Facility, it will retain its three- pillar- structure to provide supplemental resources, arrears-clearance funding, and targeted support for capacity building. Access to the Facility is based on clearly defined quantitative and qualitative eligibility criteria. Management of the Transition Support Facility will continue to be reviewed and adjusted periodically to provide greater flexibility and

responsiveness. The Facility will also serve as the Bank's primary vehicle for additional resource mobilization to support this strategy.

## **Managing Change**

Engaging in fragile situations is inherently risky, but the risks associated with not engaging generally outweigh the risks of engaging. To meet the substantial challenges in addressing fragility in such situations, the Bank will need to deepen its understanding of fragility, tailor its business processes, and align its delivery capacity and human resources accordingly. For this purpose, the Bank will develop its internal capacity and tools across regional, sectoral and support departments to identify and manage risks, particularly in the areas of applying the fragility lens and adapting strategies and operations to fragile situations. The Bank will also need to collaborate closely with the New Deal and other partners both to draw on and contribute to the development of international understanding of fragility and the ways to address it. As rebuilding nations takes a long time, it will require a continuous strengthening of the capacity and skills mix of Bank staff to understand and operationalize issues of fragility in programming and operations, carefully and systematically monitor fragile situations, and ensure that lessons learned are being fed back into future operations.

As One Bank, the responsibility for implementing this strategy rests on all Bank departments and staff. The role of ORTS will be to provide intellectual leadership, expertise, operational prioritization and support, and quality assurance for the Bank's regional and sector departments to guide them in their engagement in

fragile situations. It will also work to build capacity and develop tools to enable the Bank to meet the challenges of implementing this Strategy. The Department will monitor the effective implementation of the Strategy and undertake a Mid-Term Review at the end of the third year.

## **Implementing the changes**

Implementing the changes required by this Strategy will need to be phased in over time, as new programming documents and operations are prepared and the Bank builds its capacity to analyze fragility and integrate the necessary programming adjustments. The most visible changes that will be evident with the implementation of the Strategy, especially over the next two years, will be in the Bank's programming documents, which will explicitly address the fragility context affecting priorities and entry points; the Bank's operations, which will apply the fragility lens in design, objectives and implementation; and the Bank's processes, internally in incorporating a fragility perspective and externally in engaging with stakeholders and partners in policy dialogue and the development of programs. Extensive internal capacity development to support the implementation of the strategy will also be monitorable. The successful implementation of the Strategy also requires a close engagement, support and leadership by the Bank's senior management and Boards of Directors. Detailed guidance on the implementation of the Strategy and management of the Facility will be provided in the revised Operational Guidelines that will be submitted to the Boards of Directors shortly after the approval of this Strategy.



# Introduction

Over the past decade Africa has seen enormous growth and transformation that has expanded opportunities and improved living conditions for millions of people. With about one-third of its countries growing by more than 6%, Africa has become the world's fastest-growing continent. This new economic dynamism is more than just a resource boom; it is the result of reforms undertaken by countries and improvements in economic management. More than two-thirds of African countries have improved their quality of governance, leading to a better business climate, improved basic services and expanded economic opportunities.<sup>1</sup>

Indeed, Africa's transformation has been accelerating. Rapid economic growth has been accompanied by expanding transport and communications linkages and improved human services, and the trends are primed to continue. At the same time, there are growing stresses and demands—for inclusion and equity, employment (especially for youth), improved services—that urgently need to be addressed if fragility and the risk of violent conflict are to be effectively managed.

The challenges and stakes are substantial: more than 250 million people on the continent are affected by fragility, with significant spillovers into neighboring countries and regions. The development prospects of four major regions—Horn of Africa, Sahel, Mano River Union and Great Lakes and Central Africa region—are currently at risk. Demographic and natural resource pressures, including climate change, and continuing patterns of exclusion and poverty in the midst of growth, threaten to overwhelm existing institutional capacities for economic, social, and political management.

While these are long-term challenges, they need to be addressed now. The Strategy outlined in this paper will position the Bank to do so by assuming greater leadership, deepening its understanding of fragility drivers, and enhancing partnerships with other development partners. It will give life to the commitment in the Bank's Ten Year Strategy 2013-22 to place special emphasis on fragile states. This Strategy will also

enable the Bank to deliver on its commitments to ADF Deputies during the ADF-13 negotiations and meet its commitments under the New Deal.

Key adjustments to the 2008 Strategy include:

- A re-focus from “fragile states” to “fragile situations”. Based on an understanding that fragility does not respect national boundaries, there is a clearer grounding for operationally considering regional and local dimensions of fragility in all RMCs;
- A systematic use of a fragility lens to understand the drivers of fragility in country and regional programming, as well as project design, to ensure that operations build resilience and reduce the potential for conflict;
- Moving towards an integrated framework for engagement, in the spirit of One Bank, by deploying optimally Bank strategies, resources and capacities to achieve greater development impact and value for money for the benefit of all RMCs; and
- Strengthening institutional arrangements and adapting business processes and procedures, while developing the Bank's capacity over time to enable the Strategy to be effectively implemented.

The challenges of fragility are huge and the Bank's resources are limited. Selectivity is key to any strategy and this document is more about changing the way the Bank engages in fragile situations, than proposing new areas of engagement. The systematic application of the fragility-lens will provide the mechanism to focus the Bank's programming and operations on the areas where it can have the biggest impact, but these will of course vary widely depending on the context.

As Africa's premier development finance institution, the Bank has a leadership opportunity and responsibility to better assist its regional member countries to build their capacity to address these challenges and reduce their risk of conflict and breakdown. This Strategy draws on the findings and recommendations of the report of the High Level Panel on Fragile States (HLPFS) established by the Bank to advise the Bank and the international community on the way forward to end conflict and build peace in Africa.<sup>2</sup>

This document benefited from extensive review and comments by staff from various departments of the Bank, guidance from CODE, and from the discussions

of Heads of State during the 22nd African Union Summit and Governors at the 2014 Annual Meetings of the Bank in Kigali. It is organized as follows: after the introduction, Section 2 outlines the challenges of fragility in Africa, the evolving international framework and lessons learned in meeting those challenges, and the Bank's revised approach to fragility. Section 3 outlines objectives and key elements of the new approach, implementing the TYS with a fragility perspective. Section 4 indicates how the Bank will implement the Strategy using its various instruments of engagement. Section 5 indicates how the Bank will adapt its internal organization and processes for this purpose. Section 6 provides the conclusion.



# Challenges of Fragility in Africa

## Understanding Fragility

This Strategy considers fragility to be a condition of elevated risk of institutional breakdown, societal collapse or violent conflict. Fragility is an imbalance between the strains and challenges (internal and external) faced by a state and society and their ability to manage them.<sup>3</sup> At the extreme, fragility is expressed as conflict or collapse of state functions. Viewing fragility as a condition and not a category of countries recognizes that it can affect countries, regions, or areas within countries, middle-income countries as well as low income countries. This approach also recognizes the diversity of issues and challenges and the complex roles of internal and external actors driving fragility and that states and societies differ greatly in their ability to meet these challenges. Correspondingly, fragility has multiple manifestations that span a wide range of situations, from mild or transitional instability to prolonged violent conflict. Fragility is thus the opposite side of the coin to state resilience, which is the ability of the state to manage such strains through effective institutions, processes and capacities that build legitimacy and societal cohesion.

The concept of fragile situations was already reflected in the 2007 “OECD Principles for Engagement in Fragile Situations”.<sup>4</sup> However, the Bank has thus far focused on fragile states, partly for operational reasons and partly to facilitate the harmonized approach agreed by Multilateral Development Banks (MDBs) in 2007 to generate a common list of countries. While the harmonized CPIA-based classification has had the advantage of consistency and harmonization across MDBs, it has several limitations that have long been recognized by the Bank and the broader development community, such as the stigma associated with the classification of a country as a “Fragile State”.<sup>5</sup>

Responding to the diversity of fragile situations. Whereas the Bank’s 2008 Strategy for Enhanced Engagement in Fragile States (SEEFS) employed a “continuum” approach, ranging from marked deterioration in performance, active conflict, post-crisis and transition, to gradual improvement, this Strategy now broadens

the approach beyond phases of conflict to include the diversity of issues driving fragility. The Strategy also emphasizes that countries that move away from fragility often do so, not through one decisive “make or break” moment, but through many transition moments. Addressing fragility is an urgent task, but the process takes time.

The drivers of fragility can be categorized into four dimensions: economic, social, political and environmental, all usually involving exclusion and inequality. At the core of social drivers of fragility is a demand by individuals or groups in a society for inclusion and access to services, resources, opportunities, rights or identity that lead to grievances, social tensions, rebellions and violence. Political drivers may include the limited - participation or voice of certain groups, or state capture by some elites that threaten to deprive other elites or segments of society, which

“Fragility comes about where pressures become too great for countries to manage within the political process, creating the risk of conflict and outbreak of violence—the most extreme manifestation of fragility—whether interstate or civil war, ethnic or tribal conflict, widespread criminality or violence within the family. Countries that lack robust institutions, diversified economies and inclusive political systems are the most vulnerable. In the most acute cases, violence has the effect both of magnifying the underlying pressures and eroding the institutions needed to manage them, creating a fragility trap from which it is very difficult to escape.”

can manifest itself in a loss of legitimacy of institutions or breakdown of political settlements. Environmental pressures and climate change may lead to humanitarian disasters and competition over scarce natural resources such as water or pasture; countries or communities affected by geographic insularity, such as island states and isolated areas within a state, are particularly vulnerable in this regard. Large and growing economic inequalities, economic capture of the state by a small group, or the inability of the society to provide jobs, particularly for youth, are prominent economic drivers. Although these drivers of fragility exist to varying degrees in almost all countries, it is the state's and society's capacity to address and mitigate the effects that also differentiates the levels of fragility. The HLPFS describes the occurrence of fragility as follows:

Effectively addressing fragility means building resilient states and societies in all four dimensions through inclusive and equitable patterns of growth and development that can meet societal expectations. Economic resilience is grounded in diverse economies that can provide growing opportunities for employment and economic management that can adapt to changing circumstances. Social resilience can be built through effective enforcement of non-discrimination and the development of institutions and identities that cut across pre-existing lines of conflict or exclusion, including gender. Political resilience requires durable political settlements and institutional arrangements for justice and peaceful resolution of conflict. Environmental resilience often involves bringing effective natural resource management to remote areas, such as the Sahel. In all of these areas, the building of capable and legitimate institutions and strengthening state capacity is essential; a process that takes time.

Fragility does not respect national boundaries. Natural resource pressures and other drivers of fragility often extend across borders while conflicts in one country can affect neighboring countries and inflame entire regions, as can be seen in the Mano River region in West Africa, the Horn of Africa and the Great Lakes region. An estimated 80% of the cost of conflict—in foregone economic growth—is borne by neighboring countries, with growth about 0.6% a year lower per neighbor. The losses from the “bad neighborhood” effect have been estimated to be more than \$200 billion a year.<sup>6</sup> Countries can drag down their neighbors with violence

that overflows borders and leaves refugees and broken infrastructure in its wake. Their territories can become breeding grounds for far-reaching networks of violent radicals, trafficking and other organized crime. In this context, drug trafficking and people smuggling pose significant challenges in both West and East Africa, with illicit markets that link African countries to other continents.<sup>7</sup>

This nuanced understanding of fragility implies that the Bank needs to continue to adapt its strategy and business model. A common characteristic of fragile situations is that they present a higher risk environment than non-fragile situations—for the people who live there, their governments, for neighboring countries, and those who seek to provide assistance. International engagement in these situations presents significant risks, but the risks associated with not engaging—both for the countries themselves and the international community—outweigh most of the risks of engaging in the first place. Managing transitions in these complex environments presents challenges for all stakeholders. While the Bank will extend its approach to address regional and local drivers of fragility, it will not abandon the state-based focus of its dialogue and operational relationship. Rather, the main adjustments will be on the Bank's analysis, programming, and design and focus of operations.

## **Fragility as a Central Challenge to Africa's Development**

Fragile situations pose significant risks of undermining the momentum of Africa's transformation. Greater citizens' demands for economic empowerment, political inclusion and justice are shaping the continent's development landscape. Deeply entrenched socio-economic cleavages and unresolved grievances, new and old, continue to perpetuate cycles of violence in several countries. In this regard, the HLPFS has identified the demographic challenges of the youth bulge, rapid urbanization, pressing issues of natural resources management, and continuing poverty and patterns of exclusion as major challenges and potential drivers of fragility in coming years.

The stakes are high, as fragility is already holding back development on the continent.<sup>8</sup> Africa has more states affected by this condition than any other region in the world. Recent estimates show that more than one-third

of African countries<sup>9</sup>, with some 250 million people, are affected by various forms of fragility, and even more if one takes into account sub-national fragility. Recent AfDB estimates show that countries affected by conflict—the most extreme form of fragility—had the potential to double their GDP per capita level in 1980 if they had not had conflict.<sup>10</sup> While the vast majority of countries have enjoyed significant improvements in their Human Development Index (HDI) and Millennium Development Goals (MDGs) since 2000, most of the HDI and MDG deficit is found in countries deeply affected by fragility. Gender disparities in MDG progress are decreasing in more stable developing countries; but this trend does not extend to fragile states where women and girls suffer disproportionately from the MDG deficit.<sup>11</sup>

## **Lessons Learned and Evolving Framework of Engagement**

In 2008 the Bank significantly deepened its engagement and leadership in supporting countries facing fragility through the SEEFS. The 2007 OECD ‘Principles of Good International Engagement in Fragile Situations’ guided the SEEFS. It meant that the Bank moved from an approach that often involved long periods of little or no engagement in countries facing fragility to one of more focused engagement tailored to the situations and backed by substantial additional resources through a dedicated facility – the Fragile States Facility (FSF). The resources made available through the FSF enabled the Bank to respond quickly and much more forcefully than was earlier possible. Supplemental resources for country operations (Pillar I) expanded from more than UA 250 million to UA 400 million in ADF-12, boosting the Bank’s support to eligible countries by about 80%. In ADF-13, the supplementary resources increased to UA 570 million. Arrears clearance operations were smoother and more assured than previously, enabling countries to obtain debt relief and regularize their relations with the Bank and other sources of finance.

Through targeted support, the Bank was able to fund critical capacity building in the early stages of recovery, including when funding through the Bank’s regular windows was not yet possible. The Bank also pioneered the use of the budget support instrument in this contexts.<sup>12</sup>

Internal and external reviews of the Bank’s SEEFS have provided lessons. Although the reviews recognized that the Bank performs well in its core areas of infrastructure, the delivery of basic services and economic governance, they highlighted a number of issues that need to be taken into consideration in this new Strategy, in particular:

- the importance of applying a *fragility* lens to be more sensitive to the dynamics of political economy and conflict;
- strengthening strategic *partnerships* that go beyond aid coordination to address more effectively the challenges of building resilience;
- adopting a *regional approach* to address regional dimensions of fragility;
- reaching out to *non-state actors* to build resilient societies and deliver services;
- integrating a *gender perspective* to encourage the participation of women in peace- and state-building process; and
- adopting a longer-term perspective to building resilience by *planning for scale*.<sup>13</sup>

At the same time, international understanding of fragility has evolved and is recasting the framework of development assistance. Key insights that are calling for a revised engagement of the international community in these environments are the following: (i) the importance of adopting a state-building approach focused on inclusive politics, citizen security, and justice—in addition to more traditional human and economic development needs; (ii) the need to allow a long time, perhaps a generation, to build the necessary capable and legitimate institutions that can effectively manage the challenges of fragility; and (iii) the need for sustainable employment generation and improved livelihoods through private sector development.<sup>14</sup>

The international framework for assistance has been evolving with the adoption of the “New Deal for Engagement in Fragile States” in 2011. The international community endorsed an innovative approach for engagement in fragile situations at the Fourth High Level Forum in Busan. The “New Deal for Engagement in

Fragile States” focuses on peace- and state-building, new ways of engaging by supporting inclusive, country-led transitions out of fragility and placing trust in a new set of commitments to provide aid and manage reforms for better results (see Annex 2). In addition, the Busan document articulates the goal of “resilience” against a spectrum of possible “shocks” wider than violence and conflict, and that include health pandemics, the effects of climate change, economic downturns, food and fuel price crises and natural disasters.<sup>15</sup> This broad consensus on engaging in fragile situations lays the foundations for a new development partnership. Since its principles were formulated with active participation of the recipient-self-declared “fragile”—countries through the G7+, it is considered more promising than previous approaches.<sup>16</sup> This consensus has become part of the discussions in Africa and elsewhere on the development of the Post-2015 agenda.

The High Level Panel on Fragile States. The Panel was initiated by the Bank as part of its efforts to gain a better understanding on fragility in Africa and advise the international community on the way forward to end conflict and build peace. The HLPFS identified five drivers of fragility on the continent: poverty and exclusion, the youth bulge, urbanization and spreading informality, extractive industries, climate disruption and resource conflicts. It recommended a two-pronged strategic approach that addresses (emerging) drivers of fragility and builds resilience. New partnerships for building resilience are an integral part of this approach, recognizing that issues of fragility are too broad and too challenging to be tackled by any single institution. Therefore, joint work with partners, building alliances and combining different mandates and sources of expertise are key to effective action.<sup>17</sup> The findings of the HLPFS were endorsed at the 22nd African

### **Box 1: High Level Discussions on Fragility in Kigali**

Policy makers in regional and non-regional member countries recognized that addressing fragility is one of the top priorities for the continent. African Heads of State and Bank Governors discussed the nature of fragility and the role of the Bank. The main lessons from this meeting can be summed-up in the vulnerability of all African countries, the critical role of leadership, the multiple sources of fragility, the political dimension of conflicts, and the limited capacity of institutions to put in place mechanisms for dialogue and reconciliation. The Bank has been called to play a leading role in this context and think “out of the box”. There is no predefined “toolbox” and the Bank will have to engage in a process of “learning by doing”, jointly with its partners.

Union summit in January 2014. The outcomes of the discussion of the report by Heads of State and Bank Governors during the 2014 Annual Meetings in Kigali confirm the Bank’s new approach to addressing fragility and building resilience in Africa and provide a platform for the Bank’s future engagement (see box 1).



# Strategic Approach: Addressing the Drivers of Fragility and Building Resilience

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With the special emphasis in the TYS and the broadening of the international consensus on the priority to address fragility, the Bank can do much more to realize its potential to play a leadership role in addressing fragility and building resilience in Africa. This Strategy document brings together a comprehensive framework for the Bank's engagement in fragile situations.

## Vision and Objectives

This Strategy is designed to place the Bank at the center of Africa's efforts to address fragility and pave the way for a more resilient and inclusive growth trajectory. Its vision is to prevent fragility from descending into active conflict, turn around affected countries and regions, and boost resilience, integrating countries into the regional and global economy and closing the development gap within the continent.

Guided by its development mandate, the Bank will put the twin objectives of inclusive growth and the transition to green growth at the heart of its engagement in fragile situations. Tackling demographic changes and inequalities through a focus on inclusive growth and meeting the environmental pressures through the promotion of a green growth agenda are highly relevant strategies to address drivers of fragility and build resilience on the continent, with important linkages to peace- and state-building and longer-term prevention of conflict.

## Principles of Engagement

**Responsiveness and selectivity:** The Bank will address challenges of fragility in all its RMCs. Based on a context-specific understanding of the situation, the Bank will tailor its engagement and target its instruments to address the drivers of fragility and build resilience. Flexibility and responsiveness to changing

circumstances, both negative and positive, are key for an effective engagement and the Bank will aim at striking a balance between risk and opportunity. This Strategy is anchored in the objectives and core operational priorities of the TYS, and the Bank will be selective in its operations to focus on areas where it can have the biggest impact.

**Staying engaged:** This Strategy recognizes the importance for the Bank to remain engaged across the spectrum of fragile situations while adapting its engagement according to circumstances. The Bank will use its various financial and non-financial instruments to assist countries and regions that are facing an increasing risk of entering or relapsing into crisis. It will be "at the table" in phases of active conflict and/or prolonged crisis, contributing to find solutions and provide support in periods of recovery and reform. The Bank will seek to find best-fit solutions in situations of protracted crisis, as well as in countries where there are pockets of stability. Where it proves difficult for the Bank to maintain on-the-ground presence or direct implementation of operations, it will continue to support stabilization and recovery efforts by working with and through state and non-state actors and development partners, as appropriate. In doing so, the Bank will focus on the longer term development agenda in line with its mandate while partnering with others that have complementary mandates or comparative advantages, notably in humanitarian or political areas.

Strategic alliances are at the heart of this Strategy, and the principles agreed under the New Deal will guide the Bank's approach. Country ownership and leadership remains paramount to addressing the root causes of fragility and build resilience. Country priorities have to be supported by effective partnerships and joint work at the country, regional and international levels, to build alliances and combine different mandates and sources

of expertise. There are some areas in which the Bank will take a leadership role based on its mandate, drawing on its experience and its privileged position as a trusted broker. In other areas, particularly those of a more political nature and in relation to peace and security issues, other partners, such as the African Union, may be better placed to lead, but the Bank will still contribute its knowledge, expertise, and resources within its mandate. Where countries have adopted the New Deal framework, the Bank will support programs based on the agreed Peace- and State-building Goals, align its support behind common programs based on country led-fragility assessments under the FOCUS approach and engage through a reformed partnership framework that is geared for results and aims at building and using local capacities through the elements summarized by the acronym TRUST (see Annex 2).

## Key features of the approach

Central to this Strategy is for the Bank to systematically apply a fragility lens to guide its engagement. The Bank will systematically use a fragility lens to identify the key drivers of fragility at the country and regional levels that will inform all CSPs and RISPs. The application of the fragility lens is guided by the understanding that fragility has multiple causes and manifestations that can affect countries, regions, or areas within countries (see paragraph 2.1). The knowledge work and fragility assessments will drive the Bank's programming, design, and implementation of assistance and policy dialogue. The objective is to identify context-specific entry points for the Bank's engagement that respond to the specificity of each fragile situation (see Annex 3). The Bank will focus its engagement on areas where it can have the greatest impact. In line with the recommendations from the HLPFS and the UN Security Council Resolution 1325 on "Women, Peace and Security", the fragility lens will pay particular attention to the issue of gender equality and women's empowerment. The Bank recognizes that gender equality is not only important in its own right, but peace- and state-building processes offer opportunities to advance it.<sup>18</sup> While the fragility lens will extend to all countries and regions, low-income and middle-income, the depth and scope of the analysis at regional and country-level will depend on the degree of fragility (see Box 2).

Building resilience at the regional level to unlock the development potential of entire regions: The Bank has provided substantial support at the country level to address fragility, and it will scale up its efforts at the regional level. Given that the drivers and manifestations of fragility are not limited to the national level and spill-over effects can have devastating consequences, the Bank will pay particular attention to assist regions to address fragility that is holding back their development potential. In view of the current geography of fragility, the Bank has identified four regions of special emphasis: Horn of Africa, Sahel, Mano River Union and Great Lakes and Central Africa region (see paragraph 4.6). In addition to supporting the development of capacity of key regional institutions and supporting regional operations that build resilience, the country-level engagements in these regions will take into consideration the regional dimension of fragility. Working with, and through, regional bodies, such as regional economic communities (RECs), is key to supporting regional structures for peace- and state-building efforts. The Bank's enhanced efforts to support regional integration and facilitate regional trade will be an important part of this Strategy.

Addressing pockets of fragility within a country and managing transitions. In many cases, the drivers of fragility and the threat of conflict are more accentuated within certain parts of the country or among specific segments of society. Exclusionary patterns of development, social divisions, and uneven resource endowments are often important drivers of fragility

### Box 2: The Fragility Lens

The application of a fragility lens in the Bank's engagement refers to using a range of analytical tools that assess and monitor the drivers and manifestations of fragility, their interactions, the political economy behind changes and the role of the Bank. For this purpose, the Bank is introducing watching briefs, country and regional fragility assessments to better inform its engagement, as well as operational guidance notes and toolkits to strengthen quality at entry, implementation, supervision and results reporting of Bank operations.

that can affect some areas or populations more than others. With a view to supporting national state-building processes and building resilience, the Bank will reach out to governments and development partners to build resilience and government capacity at the sub-national level. While such support may target a specific group of the society, geographic areas or subnational governments within a country, it will not bypass the national government; instead, it will contribute to strengthening the central government's relationship with the concerned area and population with a view to promoting inclusive growth and development. The Bank also recognizes that as African countries undergo democratic transitions, episodes of instability and localized fragility are likely to occur—even in countries that have strong and capable institutions. In such contexts, the Bank's engagement will focus on supporting countries' efforts to stabilize the situation and manage the transition process.

Strengthening the role of non-state actors in building resilience. Weak institutional capacity is a key feature of fragile situations and significantly impairs the state's ability to deliver public goods and services. Along with efforts to strengthen public institutions, the Bank will provide greater support for the use of non-state actors, notably the private sector and civil society, in delivering the services within a public framework that places the state in a regulatory and commissioning role. The private sector can be a resilient and stabilizing force that is able to manage risk and take advantage of pockets of stability and create jobs. Civil society is also a potential partner of the Bank in fragile situations, acting as a source of resilience, especially in community-based approaches to peacebuilding and development and in building accountable institutions. The Bank recognizes the importance of supporting the vital role played by women's organizations in peace- and state-building processes at all levels.

Planning for scale and the long term. Effectively addressing fragility and building resilience is recognized to go far beyond a project cycle. Therefore, the Bank will adopt a scaling-up approach and plan for sequenced engagement in fragile situations for the long term, to increase the results from all its activities in a particular country and the region to which it belongs. For this purpose, it will strengthen its learning processes of what works and what does not in its operations through a strengthened monitoring and evaluation system.

In addition, it will give consideration to the use of a financing instrument that provides additional resources for follow-on operations based on the results achieved in the initial phase.<sup>19</sup>

## **Areas of Focus: Implementing the TYS with a Fragility Perspective**

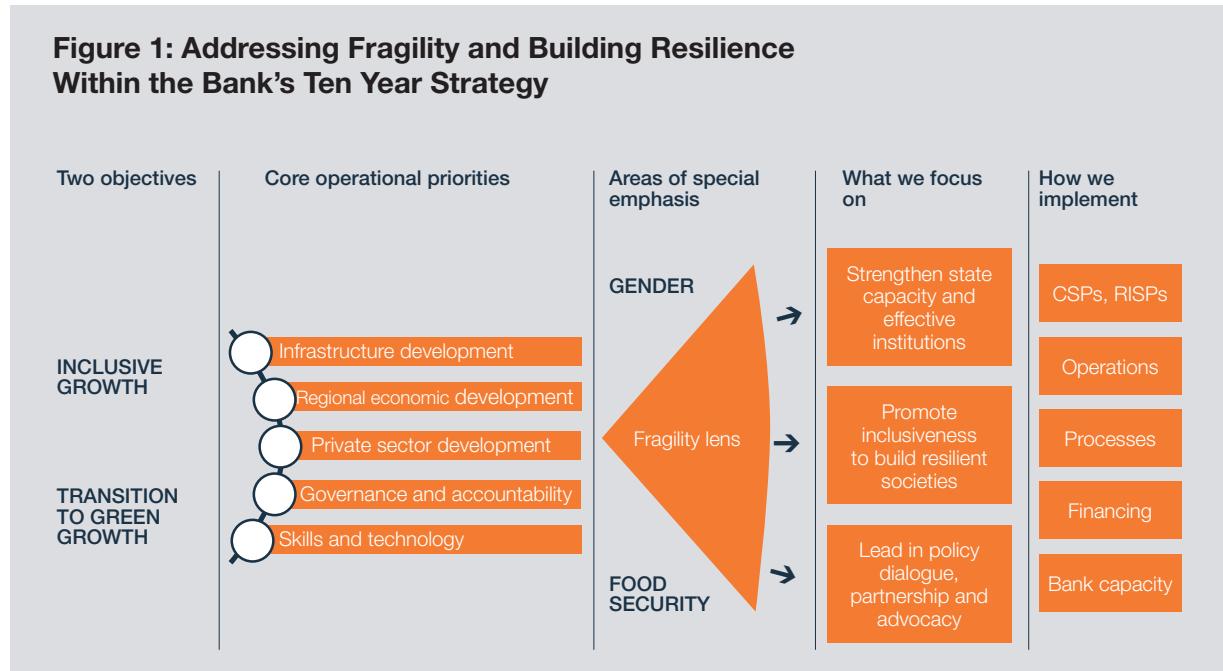
This Strategy is anchored in the objectives and core operational priorities of the Bank's TYS, which recognizes the critical role that addressing fragility plays in meeting the TYS objectives. It is intended to provide guidance to the Bank on how to implement the TYS with a fragility perspective. Therefore, and unlike typical sector or operational strategies, this Strategy does not prescribe operational pillars, but rather focuses on changing the way the Bank engages in fragile situations, rather than proposing new areas of engagement. Against this background, it will draw on the Bank's thematic strategies and policies, such as the Governance Action Plan, the Private Sector Development Strategy, and the Gender Strategy to engage at regional and national levels.

Based on the Bank's understanding of the key drivers of fragility, three areas of particular strategic importance for building resilience stand out where the Bank should focus its engagement (see figure 2). These are the need to (i) strengthen state capacity and support effective institutions;

(ii) promote resilient societies through inclusive and equitable access to employment, basic services and shared benefits from natural resource endowments; and (iii) enhance the Bank's convening role for a deeper policy dialogue, partnerships and advocacy around issues of fragility.

### **Focus Area 1: Strengthen State Capacity and Support Effective Institutions**

Building legitimate and capable political and justice institutions, as well as resilient economic institutions, is at the heart of overcoming fragility and building resilient states. Countries that lack robust institutions for managing the economic, social and environmental pressures are more vulnerable to fragility from which it is difficult to come out. Organized crime and illicit flows thrive in countries with weak enforcement mechanisms



and reinforce fragility.

The Bank's approach for building institutions and promoting good governance is outlined in the Governance Strategic Framework and Action Plan (GAP II) that also provides the point of reference for this Strategy. Experience shows that the challenge in building state capacity in fragile situations is large and needs to be sequenced and paced realistically and strategically, as it takes a long time to build effective institutions. Priorities have to be based on the needs of governments, the expectations of citizens, the major political economy risks in the country, and the interests of development partners. In collaboration with other development partners, the Bank will support selected RMCs to undertake comprehensive capacity needs assessments with a particular emphasis on the institutional and human resource challenges. These assessments will serve as a common platform for mobilizing and coordinating assistance.

The state-building aspect of the Bank's engagement in governance and accountability will be emphasized in fragile situations. Notably, the importance of revenue collection and management and public financial management (PFM), which underpin the state's ability to re-establish its core structures, pay civil servants and deliver public services. Tax collection strengthens the social contract, giving the state an interest in

promoting economic development, to broaden its tax base, while giving taxpayers a stake in how the state uses their taxes. The Bank will tailor its support for good governance in fragile situations and contribute to strengthening accountability and transparency, combating corruption and illicit economic activities, strengthening voice and demand-side accountability, supporting parliaments and creating an enabling environment for civil society to operate including capacity to hold government to account.

Building on its experience in influencing reforms in fragile situations, the Bank can provide quick and flexible support in moments of crisis. For this purpose, it will use Program-Based Operations (PBOs) on a case-by-case basis to support core public functions and state-building processes that can be particularly critical in the early post-conflict phases.<sup>20</sup> PBOs can also serve to stabilize public finances and crowd in private investment. The Bank's 2012 PBO policy provides guidance on the use of PBOs in fragile contexts and the need to ensure PBOs are accompanied by Technical Assistance to strengthen institutional capacity.<sup>21</sup>

To address critical skills gaps and human resources needs, both in the public and the private sector, the Bank will leverage human capacity and harness the potential of the Diaspora, CSOs and the private sector. Limited capacity of the state and other key

actors contributes to prolonged fragility. Through capacity needs assessments, the Bank will develop comprehensive, country-specific frameworks to inform the design of programs for strengthening critical public sector institutions and development of human capital required for recovery and transformation. Both State and relevant non-state actors' capacities will be strengthened to ensure basic service delivery and promote inclusive participation in the development process. The Bank will pay attention to the critical linkages between education, skills development and private sector development to facilitate employment generation. It will tap into the potential of the Diaspora to accelerate these processes and reverse conflict-related brain-drain, with highly educated people returning to participate in the recovery phase and seizing business opportunities. In line with its regional approach, the Bank will also extend capacity development support to regional institutions, in particular the RECs, situated in the four regions of special emphasis.

An important lesson on state-building is that establishing security and justice is a precondition for progress in all other areas. While there are limits on the Bank's ability to provide direct support to the resolution of the security and political issues, progress in these areas will be made easier by parallel action on the social and economic front, i.e. in areas where the Bank has a mandate and expertise. As suggested by the HLPFS, the Bank can play a "supporting role in rebuilding civilian functions such as policing, corrections and the justice system." It would partner with organizations that are active in the security and justice sector and accompany their efforts, for instance by funding the development of physical infrastructure, whether directly or as component of budget support operations. It could also provide technical support in areas such as improving the integrity of the payroll functions and capacity-building for public financial management. The security sector could also be covered in cross-cutting diagnostic work such as public expenditure reviews.

## **Focus area 2: Promote Resilient Societies Through Inclusive and Equitable Access to Employment, Basic Services and Shared Benefits from Natural Resource Endowments**

Through the TYS, the Bank is already committed to supporting sustainable natural resource development,

private sector development, job creation, and access to basic infrastructure. These are highly relevant strategies to promote inclusiveness in fragile situations, as they address the economic, social and environmental drivers of fragility. From the perspective of building resilient societies, this would mean greater focus on ensuring access to employment opportunities, services and public goods by targeting and prioritizing delivery of support to populations or geographic regions affected by fragility. Horizontal inequalities, social exclusion and gender inequality are important drivers and manifestations of fragility that are aggravated through demographic changes and environmental pressures. Focusing on the provision of basic infrastructure, such as energy, transport and water, promoting private sector development to generate sustainable employment and supporting bottom-up initiatives, such as social safety net and community-driven development (CDD) programs that have the potential to provide local benefits and services that can be programmed to be taken to scale, are relevant strategies for addressing this challenge. As a leading investor in infrastructure across Africa, the Bank's support to - regional economic integration and promoting access to transport, power and water in remote areas is a highly relevant strategy to build resilience at and through the regional level.

Access to employment and livelihoods is crucial in fragile situations, and the Bank will apply a programmatic approach to support jobs and livelihoods, guided by its PSD Strategy<sup>22</sup>. The direction will be to move toward support for the development of the local private sector to create lasting jobs. Youth employment will be a special focus, as jobs are alternatives to rents or participation in illicit activities associated with fragile situations and thus help prevent the outbreak of violence related to critical unemployment. In some contexts, pervasive regional or social inequities can be addressed by targeting marginalized regions or groups in private sector development schemes. Considering that most economies affected by fragility are still agriculture-based, the Bank will support development along the value chain that have significant potential for job creation, while paying particular attention to the dynamics of rapid urbanization. As the informal sector thrives on fragility, the enterprise sector in these situations is dominated by informal micro and small businesses.

Interventions may range from "quick-win" public/community-based employment schemes until private

sector employment accelerates fragility-sensitive (private and public sector) operations that promote private sector-led employment, or safety nets that can facilitate access to productive opportunities, to infrastructure investments that open up new markets. The Bank will support the development of small and medium enterprises (SMEs), work with regional sponsors and financial intermediaries to support the development of regional value chains, and encourage the participation of local suppliers in the implementation of its operations. The private sector business environment forms one of the key constraints to PSD and will be a key intervention area in fragile situations to support the ‘soft’ enablers. In line with the PSD Strategy, the Bank will aim at a comprehensive approach that achieves synergies between public and private sector operations, including joint programming, blending resources, targeting technical assistance and policy dialogue for maximum impact. To address the high risk environment for operating businesses in fragile situations, the Bank will also use its guarantee and other instruments to encourage private sector investments. Equitable access to basic infrastructure services, such as power, transportation and water enhances the legitimacy of the government, builds trust between the state and its citizens, and can consolidate the peace dividend in post-crisis contexts. The main challenges in this context are the weaknesses related to state capacity and strategic choices between prioritizing investments with the highest opportunity for economic return, versus those with highest potential for social cohesion and resilience. In view of the inherent state capacity weaknesses, the Bank will adopt a two-pronged and phased approach that initially focuses on strengthening the lead role of the government as enabler of these services, while promoting the engagement of capable non-state actors, such as the private sector or CSOs, as service providers. Guided by the Bank’s Framework for Enhanced Engagement with Civil Society Organizations<sup>23</sup>, resilience strategies will bring in CSOs especially in the areas of service provision and will look to increased private sector involvement through public-private partnership (PPP) arrangements in providing and rebuilding infrastructure, as well as strengthening livelihoods through better management of shared resources, greater economic interdependence and trade.

The Bank will develop targeted programs for economic empowerment of women to strengthen their roles as agents of change in peace and state-building processes. The political, economic and legal empowerment of women is a principle that will suffuse the Bank’s work in fragile situations. This principle is a key part of the Gender Strategy that guides the Bank’s engagement on the continent, supporting gender equality through national development strategies and through its own operations. Conflict and fragility differently affect women and men, girls and boys. It can lead to greater gender inequality and increased vulnerability for women. Therefore, the Bank will promote the participation of women in peacebuilding and state-building processes at all levels, while paying particular attention to the impact of gender-based violence that often accompanies conflict. This Strategy recognizes and supports the vital role played by women and women’s organizations. As recommended by the HLPFS, the Bank approach to addressing fragility and building resilience will aim at supporting women’s livelihoods through entrepreneurship support along with promoting gender equality in its operations. In addition, as the Gender Strategy points out, legal reforms, including securing land tenure for women, will be fundamental to building resilience.

Issues of natural resource management and extractive industries are particularly complex and linked to risks of fragility, especially when the benefits are not inclusively shared. The lack of strong macroeconomic management leaves resource-rich countries vulnerable to the Dutch

### **Box 3: Strengthening natural resource governance**

The Bank established, in 2013, the African Natural Resources Center (ANRC) to support RMCs in the efficient management of their natural resources. It will enable the Bank to assist countries in improving their policies, legal and regulatory frameworks; building economic linkages through value chain development; combating corruption; supporting environmental and social mitigation measures; and improving management of renewable natural resources.

disease, and the management of cross-border natural resources is often a source of conflict between and within states. The presence of resource rents, matched with grievances among local communities, is a risk factor for fragility. Unsustainable management of (shared) natural resources (land, water, forests, etc.) aggravates the impact of climate change and poses significant threat of over-consumption, and regional conflict. With the ANRC, the Bank will go beyond seeking compliance with established standards, such as the EITI or the African Mining Vision (AMV), by combating illicit financial flows emanating from the exploitation of natural resources including animal poaching, securing more revenue from natural resources and better utilizing the resources to achieve improved living standards and better development outcomes (see Box 3).

The Bank will promote innovative bottom-up initiatives and engage strategically with CSOs and the private sector to build the necessary skills. In this context, CDD programs, particularly those that are designed with a scaling-up perspective in mind and a focus on social sectors, have proved to be an important vehicle to provide local benefits and services.

### **Focus area 3: Enhance Bank's Convening Role for Deeper Policy Dialogue, Partnership and Advocacy Around Issues of Fragility**

The Bank's privileged position as a trusted partner to its RMCs provides a platform for deeper dialogue on issues of fragility, advocacy and partnerships. This role is particularly important given the need for sustained engagement in fragile situations in cases where Bank's investment support is limited or not available. In view of the complex interaction of drivers of fragility—many of which are outside the Bank's traditional areas of engagement—the Bank will strengthen the use of non-lending instruments to support peace-and state-building processes in regional member countries at national, regional and global levels. Annex 3 highlights what the Bank will do before, during and after crises in fragile situations.

Engage in policy dialogue. Successful peace- and state-building must rest on stable political foundations. Policy dialogue, aimed at achieving a viable and inclusive

political settlement, is an immediate priority and the Bank will be “at the table” as part of the process of dialogue and it will stay engaged to support country-led and regionally-supported transition processes. Its role will be to contribute economic and development perspectives to broader policy and operational discussions between the main stakeholders, as it did in Sudan (Box 4). Drawing from its experience in countries such as Zimbabwe and Sudan, the Bank will continue to give voice to its RMCs experiencing difficulties in their relationship with the international community. In some cases, it may even lead some of these thematic processes, building on its reputation as a ‘trusted broker’.<sup>24</sup> Policy dialogue on these issues is often sensitive and may need to take place at the appropriate/

#### **Box 4: Support during crisis: The implementation of political settlements in Sudan**

The Bank has been fully engaged in the South Sudan and Sudan negotiations since 2010, supporting both countries and the AU with high-level strategic and legal advice as well as a clear schema on financial and economic planning, aimed at increasing public and private investments in both countries. In particular, the Bank has been actively supporting the African Union High Level Implementation Panel (AUHIP) on post-secession negotiations related to outstanding economic and financial issues. This technical support contributed to a number of key strides, including the so-called “zero option” and a joint creditor outreach strategy.

The current crisis in South Sudan is testament to the importance of understanding better the drivers of fragility and addressing them early on. The Bank has paid too much attention on technical solutions and external drivers of fragility. Under this new approach, the Bank will engage differently in such contexts and also assume a stronger leadership role in its coordination with other development partners and continental and regional bodies.

senior level and often not in public view.

The Bank will strengthen its partnerships and engage in strategic alliances around key fragility-related themes, using its mandate to bring together different stakeholders, including the African Union, UNECA, Regional Economic Communities (RECs), African governments, development partners, CSOs and the private sector. It will strengthen its support to regional, sub-regional and national initiatives that aim at addressing fragile situations, such as the African Solidarity Initiative, the Intergovernmental Authority on Development (IGAD), the International Conference on the Great Lakes Region (ICGLR) and other African peer learning initiatives. The Bank will further deepen its partnerships, notably with the Bretton Woods Institutions, the EU, bilateral partners, UN agencies, the G7+ and OECD-INCAF –the main forum for exchanging experiences and developing best practices related to fragile situations– and strengthen the close collaboration and coordination within the ‘four-institutions’ dialogue.<sup>25</sup> In this context, the Bank will strengthen its participation

in international initiatives, particularly the New Deal, contributing to the collaborative process of monitoring and evaluation of implementation on an ongoing basis.

Towards a leadership role in the international discussion on fragility in Africa. Building on its unparalleled legitimacy, its mandate as the development financier of choice and its convening power to reach out to other key stakeholders, the Bank will strengthen its expertise in issues related to fragility in order to assume leadership in selected issues related to its mandate. It will invest in targeted analytical and knowledge work that will feed into Bank programming documents as well as inform its advisory support and policy dialogue. The Bank will play an active international discussion on fragility, in particular in partnership with the AU and UNECA to lend its intellectual strength and its voice to support the common African position on the post-2015 agenda. Beyond setting the post-2015 agenda, the Bank will also assume a proactive role in supporting the implementation of the agreed sustainable development framework.



# An integrated framework for operational support

The Bank will make use of all the lending and non-lending instruments at its disposal, ensuring that they complement each other in a comprehensive and integrated program of support. Based on the context-specific understanding of the issues of fragility, the Bank will tailor its strategic approach, programming, and financing instruments. The most significant drivers of fragility and sources of resilience will be mainstreamed in the core operational areas of the TYS in mainly two ways: (i) for a country where fragility is considered the dominant development challenge, the fragility analysis will weigh heavily in the choice of the pillar(s) for the country strategy based on the likely contribution of the selected core areas of the specific country to reducing fragility; and (ii) the areas of concentration in Bank interventions will clearly indicate how the drivers of fragility are addressed in the proposed activities.

## Programming and Operational Framework 2014-2019

To implement this Strategy, the Bank will rely on its existing programming and operational framework, but the content and prioritization will be adapted to ensure that they effectively address the issues of fragility and the need to build resilience in fragile situations. The Bank will use a layered approach that addresses the drivers at regional, national and sub-national levels, and will ensure that its support is flexible and responsive to changing circumstances, with provisions for scaling up high-impact operations. The integration of the fragility perspective will be phased in over time in line with the country needs, the Bank's pipeline of operations and programming cycles for country and regional strategies (see Annex 4). Given the important regional dimensions of fragility, the Bank will support the development of regional operations and special initiatives.

Country Programming Documents (Country Briefs, interim CSPs or full CSPs) are at the heart of the Bank's operational support and will analyze fragility with a more

nuanced view that goes beyond the national level and into the sub-national level. Deep country knowledge and timely analysis of the drivers of fragility will inform the Bank's strategic choices at different stages and guide its choice of instrument (e.g. policy dialogue, arrears clearance, PBOs, targeted capacity building, etc.). The context analysis will reflect scenarios based on political economy and conflict-related risks, with built-in contingencies to adjust objectives and results. CSPs in fragile situations will focus on addressing the drivers of

### **Box 5. The evolving role of the Bank in a post- crisis situation: The case of Sierra Leone**

The Bank is deeply engaged in high level policy dialogue with government by providing critical strategic advisory services. For example, during the preparation of the country's third generation PRSP (Agenda for Prosperity 2013-2018), the Bank provided strategic advice on gender empowerment, international competitiveness and green growth. The Bank also continues to provide leadership roles in transport, water and the extractives sector. For example, in the extractives sector, this has led to Sierra Leone's attainment of EITI Compliant status, adoption of international best practices such as the Natural Resource Charter Benchmarking process, public disclosure of large scale mining contracts, and the establishment of an Extractives Revenue Unit. The Bank has also strengthened coordination with development partners in Sierra Leone and is committed to the Mutual Accountability Framework signed between the government and Development Partners (other g7+ countries have called this type of framework a New Deal Compact).

fragility and building resilience and evolve over time in line with the needs of the country (see Box 5). Building the potential for scaling up into the design of programs and providing for flexibility to be able to respond quickly to new opportunities that arise will serve to maximize the Bank's impact in fragile situations. To allow for a faster response in situations of re-engagement after conflicts or turnarounds, the Bank will adopt a light approach through a *re-engagement memorandum*, which would not have a rigid format and be more flexible than the Interim Strategy Paper.

**Regional Integration Strategy Papers (RISPs).** A core mandate of the Bank is to support regional integration. Fragile regions cannot integrate easily. While the Bank has undertaken many regional projects in the area of infrastructure, and capacity building, there is need to go beyond this approach and look at how to address the factors that keep regions unstable and fragile. In line with its Regional Integration Strategy, the Bank will use the RISPs to analyze and address the regional dimensions of fragility. Working with, and through, regional organizations and promoting inter-state cooperation provides an opportunity for the Bank to address drivers of fragility from a regional perspective, supporting the development of regional infrastructure, including transport corridors and power pools, and taking an active stance on the management of cross-border natural resources and shared governance arrangements. Another important area relates to the management of extractive industries, supporting the development of regional standards, building capacity of regional bodies and promoting cooperation in combating trade in conflict minerals.

**Programs and projects.** As country and regional strategies are increasingly informed by fragility assessments, all operations in fragile situations will consider the fragility context and implications for project cycle management - i.e. starting from identification and appraisal to supervision, completion and evaluation. The Bank will introduce on a pilot basis an approach whereby dual objectives and indicators will be integrated into the project cycle and monitoring

framework. This approach will be phased-in gradually with the view to mainstreaming it in all operations over time, building on lessons learned. In addition, the design of operations will be driven by a focus on maximizing

## Box 6. Designing operations with dual objectives

The Bank recognizes that an approach with dual objectives and respective indicators is the best fit for designing, monitoring and evaluating operations in fragile situations. In addition to the usual sector-specific objectives, such as improving transportation links in the case of a road project, an additional objective, whether less or more prominent, is attached to the same project: conflict management, stabilization, the promotion of peace. Such an approach allows for dealing transparently with fragility. For instance, the benefits of building a road to a previously isolated region can have important impacts on addressing issues of exclusion with important linkages to peace- and state-building. These need to be factored in throughout the project cycle.

impact and making provisions for subsequent scaling up. For this purpose, a three-stage process will be adopted in the project cycle to ensure that the Bank's operations take into consideration fragile situations: (i) integration of an additional objective and (proxy) indicators that address the expected impact of the operations on the drivers of fragility (see Box 6); (ii) supervision reports and mid-term reviews that will assess the project's performance against this additional objective and identify, needs for adaptation and potential for scaling-up; and (iii) completion and evaluation reports that will assess the project's impact and lessons learned in addressing fragility and building resilience.

**Special regional initiatives.** In line with its regional approach to fragility, the Bank will scale up its efforts at the regional level, placing emphasis on regional programs and special initiatives that aim to build economic resilience and social cohesion among countries and address spill-over effects. Through a regional initiative, support can target entire countries and pockets of fragility in some countries. The Bank will prioritize four regions (Horn of Africa, Sahel, Mano River Union and Great Lakes and Central Africa region) and work with, and through, regional bodies. In this context,

it will build on the experience of programs such as the Phase I of the Drought Resilience and Sustainable Livelihoods Program in the Horn of Africa, the similar programme in the Sahel and the Nigeria-Cameroon Road project which not only completed an essential link on the Lagos-Mombasa Trans African Highway but also contributed to consolidating peace in the disputed Bakassi peninsula. The focus on the four regions will allow the Bank to remain selective in its interventions, while continuing to support initiative that will contribute to addressing fragile situations.

## **Financing: Using Diverse Sources and Instruments**

All the available Bank instruments will be used to back this Strategy. The key will be that they will be used in an integrated program of support to address fragility and build resilience, as articulated in the respective regional and country strategies. It is in these programming documents that the context-specific priority areas and mix of instruments will be determined in each case. The Bank's financial contribution to addressing the political, economic, social and environmental drivers of fragility in the priority investment areas is made available through the ADB, ADF, NTF, FSF - to be renamed Transition Support Facility (TSF)<sup>i</sup> - and additional trust funds and facilities.

African Development Bank (ADB): Middle-income and high-income countries affected by fragility have access to support from the Bank's non-concessional loans. The recent events of the Arab spring show that this instrument can be relevant in addressing crisis situations, both at the national and sub-national levels. A deeper engagement by the Bank in facilitating private investment in countries affected by fragility is needed to reduce their huge deficit in infrastructure and to transform natural resource wealth into physical infrastructure, which is unlikely on a large scale without private sector expertise in construction, management and operations. In the ADF-13

cycle, the Bank introduced new financial instruments designed to crowd-in private capital, including the Africa50 Infrastructure Fund, the Partial Risk Guarantee (PRG), the Partial Credit Guarantee (PCG) and the Private Sector Credit Enhancement Facility (PSF). The PSF can boost private investment in low-income and

high risk fragile situations, allowing the ADF to participate in the financing of transformational infrastructure, agribusiness and industrial development projects, thereby leveraging the transactional capability of the private sector window of the ADB.

**African Development Fund (ADF):** The ADF is the primary source of concessional financing for low income RMCs (40 out of 54 countries). The Performance-Based Allocation (PBA) system continues to be the main instrument for allocating ADF resources. During ADF 13 some adjustments were made to the PBA, including (i) increase of minimum country allocation from UA 5 million to UA 15 million over three years; and (ii) modification of the PBA formula to align better with the Bank's mandate. Recognizing that regional stability is a public good, the Bank Group will leverage use of its regional operations envelope to better support policy reforms that address regional fragility dimensions.

**Transition Support Facility (TSF):** In low-income countries where fragility is the dominant challenge, the TSF channels dedicated financial resources to eligible countries in situations of fragility. Countries accessing the TSF will have to meet clearly defined qualitative and quantitative eligibility criteria that are determined through dedicated assessments, a specific allocation and phasing out mechanism, and monitoring, delivery and exit provisions. Building on past experience and responding to the ambitions contained in this Strategy, the eligibility criteria and resource allocation mechanisms of the Facility were revised during ADF-13 to enhance flexibility and responsiveness to fast-changing situations of fragility at national and regional levels. Provisions for phasing-out assistance over a longer period were also introduced.<sup>26</sup>

The Facility provides support through three pillars: (i) supplemental resources for national, regional and private sector operations to support countries in their state-building efforts (Pillar I); (ii) arrears clearance to enable eligible countries to normalize relations with the international community and access debt relief (Pillar II); and (iii) support to critical capacity- building interventions and technical assistance that cannot be adequately addressed through traditional projects and instruments (see box 7).

<sup>i</sup> A Legal Note and Draft Resolution concerning the proposed change of the name of the facility will be submitted to the Boards of Directors on a lapse-of-time basis.

### **Box 7: The Transition Support Facility.**

The Facility was established in 2008 under the name of the FSF as an operationally autonomous entity and is managed by ORTS. It was established, *inter alia*, to address weaknesses in the Performance-Based Allocation (PBA) of resources that tend to be low relative to needs and legitimate demands from states affected by fragility. The Facility has helped countries clear their arrears and access additional development finance. It is a fast, simple and flexible disbursement mechanism designed to help countries affected by conflict and fragility consolidate peace, build resilient institutions, stabilize their economies and lay the foundations for inclusive growth. While historically the bulk of FSF resources have come from the African Development Fund (ADF), the Facility is designed to mobilize additional resources and voluntary contributions from donors or third parties. Donors are free to make voluntary direct contributions to each pillar of the FSF at any time. Additional contributions can also be earmarked for a specific country, sector, type of activity or project.

**Resource Mobilization:** In addition to providing additional Bank resources, the flexible nature of the Facility positions it as the Bank's primary instrument for attracting, coordinating and aligning funds to scale up country programs. The Bank will use its convening power to reach out to both traditional and non-traditional partners, including other African countries, to contribute to the Facility. The Bank will use this mechanism for quickly mobilizing funds for the various Pillars of the Facility, without the complexities of establishing new trust funds. This will facilitate the quick allocation of additional funds for investment financing in turnaround situations. This can be done through co-financing specific operations or allowing for "soft earmarking"<sup>27</sup> for countries and sectors. Use of the Facility to channel additional funds in these situations also contributes to reducing the transaction costs of engagement of the international community for governments, which can often carry a high burden in low-capacity environments.

The Nigerian Trust Fund and other sources of funds: The Bank is hosting a variety of additional sources of financing that can be accessed to address drivers of fragility, such as the Nigerian Trust Fund (NTF), the African Legal Support Facility (ALSF), the Fund for African Private Sector Assistance (FAPA), the Governance Trust Fund (GTF), the Congo Basin Trust Fund (CBTF), and the Africa Water Facility (AWF). These funds expand the suite of instruments available for the Bank's programming and operations in contexts of fragility; for instance the ALSF assists countries, *inter alia*, in extractive resources contracts, public-private partnership negotiations, commercial creditor litigation, and debt negotiations.

### **Adapting the Bank's Approach and Processes to Manage Risks and Opportunities**

Appropriate risk management is essential for effective engagement in fragile situations in order to deliver longer-term, transformational results. As recommended by the High Level Panel on Fragile States, flexibility and responsiveness to changing circumstances, both negative and positive, are key for effective engagement to be sustained. It means striking a balance between risk and opportunity, and taking advantage of sometimes narrow windows of opportunity that require swift, flexible procedures and instruments, building on good practice and lessons learned.<sup>28</sup> This will also require a process of exploring and piloting innovative approaches (Box 8).

Three dimensions of risks and opportunities need to be considered in this regard: contextual, programmatic and institutional.

**Contextual:** This dimension refers to the risks of instability, state failure, renewal of hostilities, emergence of a humanitarian crisis etc. that external actors can barely control but which can be minimized by effective interventions. The Bank is introducing additional instruments to allow constant monitoring of developments at the sub-national, national or regional level to feed into the Bank's engagement, namely *watching briefs* for countries where fragility is not the main feature; *political economy briefs* for countries where fragility is the main challenge; and *country and regional fragility assessments* to inform the design of all CSPs, RISPs and project appraisals. These instruments will

assist the Bank in responding to crisis, contributing to conflict prevention, and seizing windows of opportunity, such as a breakthrough in political settlements. In view of the complex interplay among different factors in contextual risk analysis, these briefs will be prepared in close collaboration with the field offices.

**Programmatic:** The potential for an operation to fail to achieve its specific objectives and the potential to do harm describe this second category of risks. The systematic application of the fragility lens throughout the project cycle will attempt to reduce the risks of an operation failing to achieve its objectives because of fragility and ensure that it does not cause harm but addresses drivers of fragility and contributes to building resilience. In operational terms, the application of the fragility lens involves (i) mainstreaming fragility analysis and evidence in quality- at-entry reviews of all programming documents and the project design; (ii) tailoring business processes and resource allocation, in consultation with the Boards of Directors, based on best practices and lessons learned to enhance the Bank's responsiveness and operational agility—for instance through rapid-response procedures to speed up approval (such as happened in the Fish Town-Harper Road Project in Liberia), procurement (through use of post-review) and disbursement activities; and (iii) proactive and close supervision of country and project contexts so as to identify bottlenecks and emerging challenges, as well as positive turn-around opportunities, in a timely manner to inform mid-course corrections and future operations. As highlighted in paragraph 4.5, the Bank will also introduce on a pilot basis dual objectives and indicators in its operations: in addition to the usual sector-specific objectives and indicators, a fragility-related objective with proxies will be introduced to measure for instance, how rapidly basic services are improved and for which groups, whether jobs are created and if improvements in living conditions are associated with a legitimate government.

**Institutional:** This dimension refers to the increased operational security, financial, fiduciary, and reputational risk when operating in fragile situations. The Bank has a range of operational safeguard and risk management policy frameworks that are reviewed and updated from time to time to keep up with the “dynamic regional and global context within which it operates, as well as the increased complexity and decentralization of Bank operations”.<sup>29</sup> The Bank has also over time enhanced its internal controls and strengthened its capacity to assure fiduciary, environmental and social safeguards. In

## Box 8. Enhancing the Bank's Organizational Effectiveness

The Bank will continue to explore and pilot innovative approaches including (i) developing ‘surge capacity’ as recommended by the HLPFS; (ii) adopting a programmatic approach to address challenges commonly faced in fragile situations, such as procurement and financial management; and (iii) providing technical and policy advisory support, building on lessons from the ALSF.

order to allow for more rapid response to crisis situations and seize opportunities, the Bank will work to adapt its available procedures and provisions, both for sovereign and non-sovereign operations, to respond to the special circumstances of fragile situations. The Bank will also strengthen its partnership with the AU, UN and other organizations to mitigate security risks for personnel.

Procurement processes are particularly vulnerable to risk in contexts of fragility, specifically fiduciary risk, but also the risk of program failure when the procurement process is slow, cumbersome or faulty. The new procurement policy, scheduled for approval in 2014, will propose that the Bank fully recognize that procurement risk in the Bank is not clearly defined or clearly distinguished from overall project risk, and that hitherto the Bank's focus, in terms of risk, has tended to be on process risk (that is, non-compliance), rather than on outcome risk (that is, the risk of certain procurement objectives, or wider development objectives, not being achieved). With that in mind the new policy will propose the introduction of greater flexibility in mitigating procurement risk, representing a shift from one-size-fits-all to tailor-made procurement with due attention to fragile situations. It will provide capability to adapt to different needs, reflecting the growing strengths and diversity of RMC's capacities as well as in different sectors even in the same RMC, and thus better ensure mitigation of procurement risks.

As part of its engagement under the New Deal, the Bank is committed to pursue risk sharing approaches and mechanisms jointly with development partners, wherever possible, e.g. Multi- Donor Trust Funds. The Bank has already initiated efforts for a closer collaboration with UN agencies, under the framework of the Fiduciary Principles Agreement. The adoption of the Agreement is

expected to enhance the Bank's ability to respond more quickly and effectively in fragile situations, especially where the capacity of the client country is limited. As regards risk management in private sector operations, there are credit risk and resource allocation constraints for higher risk countries affected by fragility that need to be overcome through the use of innovative financing mechanisms and blending concessional (ADF) and non-concessional (ADB) resources. However, in view of the weak local capacity in these environments, a more flexible approach to meeting regular standards (environmental, fiduciary, etc.) *ex ante* will also be explored.<sup>30</sup>



GOVERNMENT OF SIERRA LEONE

**REPORT AND ANNUAL STATEMENT  
OF PUBLIC ACCOUNTS**

FOR THE FINANCIAL YEAR ENDED  
31<sup>ST</sup> DECEMBER 2010

(UNAUDITED)

# Managing change

This Bank-wide Strategy calls for a different way the Bank does business in fragile situations. It has broad implications for the Bank Group as a whole, both in public and private sector operations. Effective implementation requires a shift in mindset and dedicated efforts to build the Bank's internal capacity to effectively mainstream issues of fragility throughout the institution, working together as One Bank to effectively deliver on this Strategy. Building this internal capacity is a process that will take time, implies a culture change and requires strong and consistent leadership and continuous learning.

This change process will affect almost every department in the Bank, ranging from providing the right incentives and delegation of authority for staff working on and in fragile situations, both in the Headquarters and field offices. It means changing the way strategies and operations are being designed and monitored. It calls for innovative actions and conscious risk-taking. Partnerships are not optional in these situations: they need to be pursued at all levels. For this purpose, the Bank will pay particular attention to leadership, organizational arrangements and processes, and will ensure that this strategy is a living document that benefits from a continuous learning process, informed by systematic monitoring and evaluation. The starting point will be to continue to deepen the Bank's understanding of development in fragile contexts. As international experience is still in the early stages of developing approaches and tools of engagement in fragile situations, the Bank will collaborate closely with the New Deal and other partners to learn from and contribute to knowledge as it is being developed.

Increase institutional effectiveness in fragile situations. In line with the ADF-13 commitments, the Bank will monitor and improve workforce productivity, with particular attention to incentives, accountability and delegation of authority in fragile situations. The implementation of the People Strategy has an important contribution in this regard, as it entails, *inter alia*, the adoption of a staff engagement index, review and update of staff

compensation framework, strengthening leadership and management, etc.

The Bank's senior management and Boards of Directors have an important role to play, as the Bank aims to step up its engagement in fragile situations, tailor its approach and enhance its convening role for deeper policy dialogue around issues of fragility. Proactive leadership and supporting the Bank's role in policy dialogue with concerned RMCs are critical elements to successfully deliver this Strategy.

## **The Role of the Transition Support Department**

The Department's role will be to provide intellectual leadership, expertise, operational support and quality assurance for the Bank's engagement in fragile situations. It will not task manage operations, but rather will work with the relevant sector departments to develop and implement operations aimed at addressing fragility. In October 2013, the Fragile States Unit was upgraded to a Department (ORFS) within the Country and Regional Programs and Policies Complex, and will be renamed Transition Support Department (ORTS). The Department will manage the Transition Support Facility, i.e. supplementary financing, arrears clearance and targeted support, and will strengthen strategic partnerships on issues of fragility and monitor progress of the Bank's implementation of the Strategy. For CSPs, RISPs and lending operations, the Department will lead the process and will explain to the Board the reasons why the Bank is engaging and providing support in such high risk context. It will work with the Bank's Quality Assurance and Results Department (ORQR) to enhance (real time) result measurement and reporting of the Bank's engagement in addressing fragility.

Supporting Sector departments. Given that ORTS is not a sector department, it will complement the mandates of sector departments by providing targeted support throughout the project cycle. ORTS will help identify key entry points and priorities and advise on program

design, supervision and evaluation, to ensure that the fragility perspective is integrated into the Bank's operations. This will extend along the three-stage process in the project cycle (see para 4.5). In addition, ORTS will provide technical support to facilitate project implementation arrangements in fragile situations.

The Department will continue to build its capacity to develop and apply the fragility-lens to inform the Bank's engagement in fragile situations. For this purpose, it will tap into the capacity of partners in Africa and elsewhere, such as research institutes, and others that have experience and expertise in social and political economy analysis and approaches to building resilience, while gradually building its internal capacity. While the fragility lens will extend to all countries and regions, the depth and scope of the analysis and the role of ORTS in the analysis will depend on the degree of fragility. The department will support the development of Economic and Sector Work (ESW) related to issues of fragility in liaison with other Bank departments, such as the Economics Complex, and external research institutes. In addition, it will promote the development of new tools, such as the Country Resilience and Fragility Assessment (CRFA).<sup>31</sup> All these activities will help enable the Bank to become a leading knowledge hub on issues of fragility.

**Communication and knowledge management.** Successful delivery of the Strategy will hinge upon an effective internal and external communication of the changes in the Bank's approach vis-à-vis issues of fragility. For this purpose, ORTS will undertake a communication and sensitization outreach following approval of this Strategy. Internally, it will roll out a program for capacity building for Bank staff, both on the job and off the job, targeting in particular regional and sector departments. Cross-department collaboration will include joint analytical work, dialogue and operational support, with the view to building the capacity of staff to assess, monitor and deal with sensitive issues around fragility in their policy dialogue and operations. Building on the work of the HLP FS and drawing on the Bank's convening power, the Bank will continue to engage with RMCs, development partners, non-state actors etc. in national and international fora around issues of fragility.

## Working with other Bank Departments

All departments of the Bank, and in particular the

regional and sector departments, will be key to the successful implementation of this Strategy. The regional department will integrate the findings and recommendations of the analytical work on the drivers of fragility into the Pillars for Bank Group Support in the CSPs and RISPs that set the stage for the Bank's engagement. The Bank will integrate fragility into its formal review and approval processes and ORTS will provide advice during this process and be responsible for quality assurance to ensure that the Bank's engagement is geared towards addressing the drivers of fragility and building resilience and that the resources are aligned with the priorities. In a mutual agreement with the respective sector departments that are responsible for the design and supervision of the operations, ORTS will provide advisory support and quality control to ensure that the issues of fragility are adequately addressed at design stage and monitored during implementation.

The Private Sector Department, the African Natural Resource Center, the Human Development Department, the Infrastructure Department, the Office of the Special Envoy for Gender, the Economic and Financial Governance Department, the Regional Integration Department, the Quality Assurance and Results Department, the African Development Institute and the Resource Mobilization and External Finance Department will play key roles in its delivery. The collaboration with the Chief Economist's Complex will be strengthened to deliver timely knowledge products that will guide/advise the countries. The above-mentioned departments will also assist ORTS to systematically collect and report information on the implementation of operations in fragile situations to allow for better monitoring and accountability. The Human Resources Department

will further pursue efforts to align the Bank's human resource policies to support implementation of this Strategy, for instance to attract and retain high-caliber staff in fragile situations considered "hardship areas" as part of the Bank's staff compensation framework review process.

## Field Offices and Presence

A strong presence in the field is necessary in fragile situations, for the effective management of strategies and operations, and for strong partnerships that enable

the Bank to play its leadership and convening roles. In these environments, effective partnerships are not just with the country government, but also with third parties. In countries where the Bank has offices, its representatives will play a critical role in ensuring that the Bank is responsive to country needs and priorities, coordinating Bank activities in the country, ensuring that the Bank delivers what it promises, and cementing strong, productive partnerships. In support of this agenda, the Bank's ongoing decentralization efforts will strengthen the capacity and skills mix in these offices, combined with the necessary staff incentives for hardship duty stations and an appropriate delegation of authority in line with good international practice. In other countries where the Bank does not have field offices, it will explore alternative working arrangements with sister institutions to effectively assist in addressing fragility, such as having reduced staffing in offices of development partners.

## **Towards a Living Strategy: Implementation, Monitoring, Evaluation and Adaptation**

Implementation. The most visible changes that can be expected over the next two years will be in programming documents, which will reflect the results of fragility assessments that in turn will inform the priorities and contours of assistance strategies. These will be phased in as new CSPs, RISPs and other programming documents are produced (see current schedule in Annex 4). Similarly, as new operations are developed, the incorporation of fragility issues can be expected to be increasingly reflected in the design choices, specification

of objectives, and assessment of risks where fragility is an issue. Third, more active engagement in emerging situations—even where financing is not possible—is called for under the Strategy, as is more extensive engagement with a wider range of stakeholders and partners. Finally, a ramping up of training and capacity within the Bank will be an essential and visible element of the implementation of the Strategy.

The effective Bank engagement in fragile situations will largely depend on its ability to monitor, measure, and evaluate its work and, where necessary, make adjustments based on lessons learned, i.e. having a living Strategy. The Bank will gather and assess experience on an ongoing basis to develop relevant knowledge and engage in a systematic review process of the Strategy, jointly with its RMCs, and other partners, to ensure its experience and lessons can feed into and refine its engagement. It will also bring into the Bank knowledge developed by other partners and researchers to regularly strengthen the Bank's engagement. The results-management framework (Annex 5) will guide this exercise and will be complemented by other thematic reviews and evaluations. The Mid-Term Review of the strategy during the third year of implementation will assess the progress made and draw lessons for improving the Strategy.

Detailed guidance on the implementation and monitoring of the Strategy and the Facility will be provided in the revised Operational Guidelines that will be submitted to the Boards of Directors for consideration shortly after approval of this Strategy.



# Conclusions and recommendations

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The prospects for millions of people on the continent to have a better life hinge on meeting the challenge of addressing fragility and building resilience. Based on its experience, the Bank is positioned to assume leadership in this process by applying its knowledge, resources and unique role as an African institution. This strategy underpins the Bank's drive to strengthen its leadership in the coming five years by focusing on developing a better understanding of fragility, and assisting countries to prevent fragility, address it when it occurs and support countries to build resilience and avoid relapse. Recognizing the spillover effect of fragility, the Bank will also work with countries surrounded/bordered by fragile situations to find the appropriate solutions.

There is no predefined "toolbox" for addressing the diverse causes of fragility that affect all countries to

varying degrees. Thinking "out of the box" and piloting innovative approaches will therefore be at the core of the Bank's actions. It will put in place the necessary tools for monitoring, evaluating and drawing lessons from its engagement, ensuring an effective process of "learning by doing".

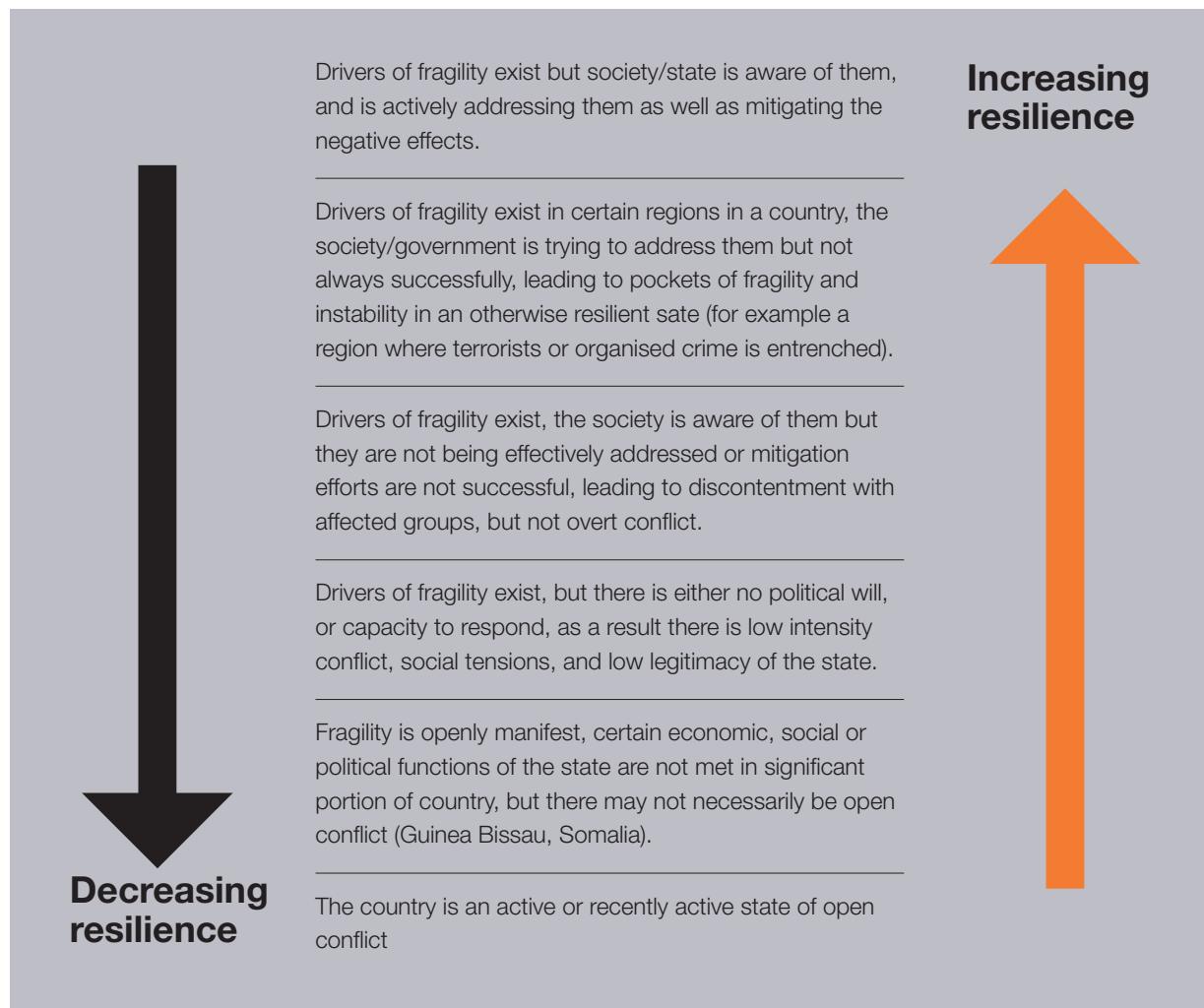
Responsiveness and selectivity is key and the Bank will focus its engagement on the areas where it can have the biggest impact. The Strategy is cognizant that the demand is high and the Bank cannot respond alone. Forging strategic alliances will therefore be essential. To be successful, this Strategy needs to be owned by countries and supported across the Bank, as it implies changes in approach and processes that touch every department. It is a long-term agenda, but the Bank needs to act now and remain engaged.



## Annex 1: Fragility, its drivers and manifestations

1. Fragility or *the condition of elevated risk of institutional breakdown, societal collapse or violent conflict* has a multiplicity of drivers. Correspondingly, fragility has multiple manifestations that span a wide range of situations, from mild instability to violent conflict. Each of these levels of fragility requires specific and targeted solutions or interventions.
2. While the drivers of fragility can be categorized into four types: economic, social, political, and environmental, an underlying factor in all the categories is the issue of inclusion. At core of most drivers of fragility is the element of exclusion of a category of citizens from services, resources, opportunities or rights.
3. Economic drivers of fragility include: disparities and inequalities within groups and regions in their access to resources needed for basic developmental activities; economic capture of the state resources by a minority group at the exclusion of others; and the inability of a society/country to provide viable economic opportunities for certain groups and, in particular, young men. Fragility stemming from economic drivers may manifest in loss of faith in existing governance systems; social discontentment and in particular hostility between the privileged and disadvantaged groups; rising crime or violence, particularly targeting the “privileged” group. Lack of viable economic activity and unemployment, mainly of male youths often manifests in rise in youths engaging in crime, terrorist and extremist groups, as well as rebel movements. In the most extreme forms, if recruitment into armed groups is high enough, this may start a cycle of conflict usually accompanied by the usage of such youth to take over and secure natural resources for their leaders in return for financial or status compensation.
4. Social drivers of fragility include discriminatory beliefs, propaganda or practices against particular groups/regions that exclude them from being members of the society/country; lack of national identity with communities having strong loyalty and identification with non-national alternatives, or sentiments by groups of having a separate identity and being coerced to be part of a society/state that a group does not identify with. Fragility stemming from social drivers may manifest as identity-driven social tension. If not addressed effectively, these tensions may deteriorate into identity-driven conflicts, often characterized by strong autonomy sentiments; rejection by a group of the wider society; or a rejection of a particular group in society, often with huge humanitarian consequences such as massacres, and ethnic cleansing.
5. Political drivers of fragility include limited or curtailed participation of certain groups or regions in political decision making, or leadership; state capture by a group of elites whose leadership aims only to benefit that elite group or threatens to deprive other elites or segments of society of significant values or interests (this is aggravated if the elite consists of a clearly defined ethnic, religious or sectarian unit); poorly managed security apparatus that engages in violence on behalf of political sponsors against particular groups, or individuals; the inability of individuals or groups to access, get a fair hearing, or expect solutions from institutions such as the judicial system when their rights have been violated; the presence of non-state actors (gangs, rebel groups) that the government cannot control and who act with impunity and create insecurity. Fragility stemming from political drivers may manifest in the loss of legitimacy for the existing political settlement; the development of zero-sum political or military competition for power as excluded groups attempt to re-capture the state and have similar access to decision-making, this may be aggravated by fragmentation of the state or society into various competing groups; loss of trust and faith the state as a source of public goods or in its ability to provide security and basic services

- for all; security apparatus, and law enforcement is perceived as an enemy force allied to a ruling or competing class; the lack of personal safety leads to humanitarian crises such as displacement and refugee outflows as populations flee into safer areas, or to flee persecution.
6. Environmental drivers of fragility typically apply to areas far away from centralized governments that are affected by desertification, dwindling rainfall and water supply, or cyclical droughts and which even when the governments have the political will, may not have the capacity to assist either due to the financial implications, the vastness of the areas or their remoteness. This is particularly the case in the Horn of Africa and parts of the Sahel. Fragility stemming from environmental drivers often takes
- the form of humanitarian disasters such as famine. However, competition for resources such as water and pasture can combine with economic and social factors to create violent conflict, as in the situation in Darfur.
7. Levels of Fragility. Drivers of fragility exist in almost all countries. It is the state's capacity to respond, address and mitigate effects that differentiates the levels of fragility that societies face. As a consequence fragility spans a wide spectrum, as illustrated in this chart.



## Annex 2: The New Deal for Engagement in Fragile States

The New Deal for Engagement in Fragile States' three dimensions of support		
Peace and State-building Goals (PSG)	Support country-led transitions	Commitments for results
<p><b>PSG1-Legitimate politics:</b> Foster inclusive political settlements and conflict resolution.</p> <p><b>PSG2-Security:</b> Establish and strengthen people's security.</p> <p><b>PSG3-Justice:</b> Address injustices and increase peoples' access to justice.</p> <p><b>PSG4-Economic Foundations:</b> Generate employment and improve livelihoods.</p> <p><b>PSG5-Revenues &amp; Services:</b> Manage revenue and build capacity for accountable and fair service delivery.</p>	<p><b>Support country-led transitions</b></p> <ol style="list-style-type: none"> <li>1) Fragility assessment which is country-led</li> <li>2) One vision and one plan to address the PSGs</li> <li>3) Compact to implement the one vision one plan and guide partnership</li> <li>4) Use the PSGs to monitor progress</li> <li>5) Support political dialogue and leadership for effective peace and state-building</li> </ol>	<p><b>Commitments for results</b></p> <ol style="list-style-type: none"> <li>1) Transparency in the use of domestic resources</li> <li>2) Risk that is jointly assessed and managed for greater investment</li> <li>3) Use of country systems, building and delivering through them</li> <li>4) Strengthen local capacities to build peaceful states</li> <li>5) Timely and predictable aid through tailored mechanisms</li> </ol>

## Annex 3: Context-Differentiated Operational Framework for Addressing Fragility

Increasing risk of conflict or collapse of state functions	Active conflict and / or prolonged crisis	Signs of turn-around to rebuild and reform	Decreasing risk and pathway to state resilience
Deteriorating or persistent socio- economic inequalities that result in exclusion and marginalization of groups  Increasing levels of violence in individual regions or in urban areas  Significant corruption and poor governance  Failing economic and financial management  No consensus between partners and government on development priorities	Acute instability, violent conflict and/or political impasse  Absence of legitimate government  Breakdown of effective administration  IFI and/or international sanctions	Post-conflict situation after peace agreement, reconstruction phase;  Settlement of conflicts that has broad acceptance  Normalization of relations with key regional/ international bodies  Progress in disarmament, but security issues remain  Weak institutions that deliver services sporadically	Broadly stabilized situation  Increase in government revenue, but challenge of corruption  Signs of private sector-led job creation  Increased access to basic (urban) infrastructure and confidence in justice and security  Improved access to external finance
<b>Strategic Approach – The role of the Bank and partners</b>			
Focus on detecting and preventing risk – policy dialogue  Bolster voice and accountability  Promotion of income and employment for marginalized groups (youth, women)  Strengthen service delivery  Review the role of the Bank's (non-)lending engagement	Stay "at the table" through policy dialogue  Use Bank's convening role to create a platform for dialogue, advocacy and partnerships (RMC, regional institutions, partners etc.)  Provide advisory and technical support in areas of Bank's expertise  Support pockets of stability, working with and through state and non-state actors and development partners, as appropriate  Build knowledge base through assessments	Support opportunities for turnaround moments following political settlements, consider PBOs  Promote equitable access to basic infrastructure  Start long-term institutional development for public and private sector  Support partners in advancing justice and security sector reform  Bridge critical capacity gaps and reverse brain-drain	Scale-up high-impact operations  Facilitate private sector investments  Promote sustainable development of natural resources  Strengthen state capacity and governance  Support private sector-led job creation  Advance regional economic integration  Strengthen skills development and invest in technology
<b>Programming and Financing Instruments</b>			
CSPs  PBA-based ADF allocations  TSF – Pillar III  Other Bank windows – trust funds, special funds  MDTFs  Watching briefs to monitor situation	Country Briefs  De Facto Government Engagement guidelines  ADF support where appropriate  TSF – Pillar III MDTFs  Other Bank windows – trust funds, special funds	CSP, Country Brief, or re-engagement memorandum  PBA-based ADF allocations  TSF – Pillar I & III  TSF – Use of budget support and MDTFs  Other Bank windows – Trust Funds, special funds	CSP  PBA-based ADF allocations  TSF – Pillar I & III  Other Bank windows – Trust Funds, special funds, ADB private sector window

# Annex 4: Action Plan and Programming Schedule – Bank Group Strategy Addressing Fragility and Building Resilience in Africa (2014-2019)

**Table 4-I: Action Plan**

	Commitment	Responsible Complex & Implementing Department	Review, Reporting and/or Approval	Target Date
1	<p><b>Mainstream fragility lens in country and regional programming documents:</b> All upcoming CSPs, RISPs, etc. will incorporate and be guided by fragility lens analysis. The design of strategic pillars will target the main drivers of fragility and building institutional resilience where appropriate.</p> <p>The CSP format will accommodate the new approach to fragility and specific guidance materials will be developed as part of the accompanying toolkit.</p>	ORVP: all Regional Departments and Field Offices with support from ORTS	Country Team, OpsCom, SMCC (on case-by-case) Board approvals	Fully phased in by the end of 2014
2	<p><b>Mainstream fragility lens in Bank operations:</b> As programming documents will increasingly consider issues of fragility, all operations and special regional initiatives will assess drivers of fragility in that context (and their implications for project cycle management), and will help build institutional resilience.</p> <p><b>Introduce dual objectives and indicators</b> in project cycle and monitoring framework – to be fully mainstreamed over time, building on lessons learned</p>	ORVP, OIVP and OSVP: All Regional and Sector Departments and ORSP with support from ORTS.	Country Team, OpsCom Board approvals	Fully phased in by the end of 2015
3	<b>Adapt Bank policies, strategies and operational or financial guidelines to fragile situations:</b> All new policies, strategies and operational or financial guidelines (and review of existing ones) will consider the specificities of working in and on fragile situations and implications for implementation.	COO (COSP), FNVP, ORVP (ORTS), GECL, OIVP and OSVP (Sector Departments), Crosscutting Departments	OpsCom SMCC Board approvals	Rolling
4	<b>Adapt Bank processes and procedures to enhance responsiveness and flexibility in fragile situations while adhering to strong fiduciary and risk management safeguards:</b> This would entail mainstreaming analysis of risk and opportunity in the Bank's business model from a fragility perspective, especially in the areas of financial management, procurement, operational and financial risk management frameworks, and environmental and social safeguards.	ORVP (ORPF, ORTS); FNVP (GCRO, FFMA) COO (OPSC, ORQR3)	OpsCom SMCC Board approvals	End 2015

	<b>Commitment</b>	<b>Responsible Complex &amp; Implementing Department</b>	<b>Review, Reporting and/or Approval</b>	<b>Target Date</b>
5	<p><b>Introduce a systematic review mechanism</b> and accountability to strengthen readiness review, quality assurance and compliance in mainstreaming fragility lens</p> <p><b>Adapt Results Measurement Framework (RMF)</b> (as reflected in present Strategy) and reporting for fragile situations (e.g. Development Effectiveness Review)</p>	ORVP (ORTS), COO (OPSC, ORQR)	OpsCom  Board report	Q1 2015  MTR of the Strategy
6	<p><b>Ensure effective management of the Transition Support Facility and efficient utilization of resources:</b> All Pillar I &amp; III resources will be committed by the end of ADF-13.</p> <p>Pillar II will be committed as eligible countries qualify for assistance, and the utilization of Pillar II resources will be reviewed at ADF-13 MTR.</p>	ORVP (ORTS), FNVP (FRMB)	Board report ADF Deputies	Annual progress reports (Q4 of each year) and ADF-13  Mid-Term Review
7	<p><b>Build Bank staff capacity and skills mix</b> to conduct political economy analysis, and engage in policy dialogue, negotiations and communication, and effective partnerships and strategic alliances at country/regional level</p> <p>All Bank departments engaged in fragile situations will be trained on the application of the fragility lens (as detailed above, items #1-5), review process and implementation reporting.</p>	ORVP (ORTS, Regional department, Field Offices); CSVP (CHRM), ECON (EADI, EDRE)	Report to Management and Board	Annual progress report (Q4 of each year)
8	<p><b>Monitor and improve workforce productivity, with particular attention to incentives, accountability and delegation of authority in fragile situations, in line with ADF-13 commitment for institutional effectiveness</b> (see ADF-13 Report ADF/BG/WP/2013/06). Specific commitments with regards to the implementation of the People Strategy include (a) Adoption of Staff Engagement Index; (b) Review and update of Staff Compensation Framework (CF); (c) Strengthening leadership and management; (d) preparation of a Human Resources Action Plan; and (e) Revamping performance management system.</p>	CSVp, ORVP, SMCC	Regular report/ and update to Bank management and staff  Board report and/or approval (e.g. CF)	2014 and 2015

**Table 4-II: Country Strategy Papers\***

2014	2015	2016	2017	2018
Botswana	Burkina Faso	Angola	Benin	Congo
Eritrea	Cameroon	Benin	Botswana	Cote d'Ivoire
Guinea-Bissau	CAR	Comoros	Burkina Faso	DRC
Libya	Chad	Djibouti	Burundi	Equatorial Guinea
Madagascar	Egypt	Ethiopia	Ghana	Lesotho
	Mali	Gabon	Guinea	Liberia
	Sudan	Gambia	Morocco	Malawi
	South Sudan	Mauritania	Rwanda	Niger
		Mozambique	Sao Tome	Nigeria
		Senegal	South Africa	Sierra Leone
		Seychelles		
		Somalia		
		Tanzania		
		Togo		
		Tunisia		
		Uganda		
		Zambia		
		Zimbabwe		

Note: CSP MTRs may also be used to integrate fragility perspectives as required.  
Furthermore, addenda to country programming documents are used to seek Board approval for Pilar I Eligibility and update fragility analysis as needed.

2014	2015	2016	2017
	North Africa	Central Africa Eastern Africa Western Africa Southern Africa	

## Annex 5: Results-framework

**Table 1: What development progress are countries in Fragile Situations making (Level 1)**

This table summarises the development progress between 2010 and 2013.

- Progress is strong and better than peers;<sup>1</sup>
- Regression against the baseline;
- Progress is positive but less than peers;
- Data are not available to measure progress

	All African countries		Fragile situations	
	Baseline 2010	Baseline 2013	Baseline 2010	Baseline 2013
<b>Promoting inclusion and access to services and markets</b>				
● GDP per capita (USD)	1 182	1213	480	462
● Population living below the poverty line (%)	42	42	59	59
● Income inequality (Gini index)	42	42	41	41
● Unemployment rate (%)	10.6	11.3	2.7	2.7
● Violence Against Women	—	43	—	45
● Food insecurity (% of population)	29	27	—	36
● Access to improved water source (% opulation)	66	67	3	59
● Access to improved sanitation facilities (% population)	40	40	8	28
● Access to finance (% population) <sup>3</sup>	—	22	58	14
● Access to Electricity	46	46	28	25
● Road density (km per km <sup>2</sup> )	7.9	7.9	—	5.4
● Cost of trading across borders (USD)	2.090	2 290	2	3 178
● Business costs of crime and violence (7-1)	—	4.2	9	3.9
<b>Strengthen state capacity and support effective institutions</b>				
● Political Stability and Absence of Violence (1-100)	35	—	480	462
● Tax revenues (% of GDP)	18.9	19.2	59	59
● Transparency, Accountability, Anti-Corruption in the Public Sector (1-6)	3.1	3.2	41	41
● Diversion of Public Funds (7-1)	3.1	2.9	2.7	2.7
● Quality of budgetary and financial management (1-6)	3.6	3.6	—	45
● Institutional capacity for environmental sustainability (1-6)	3.5	3.6	—	36
● Natural resources governance index (1-100)	—	43	3	59
● Quality of public administration (1-6)	3.2	3.2	8	28
● Equity of Public Resource Use (1-6)	3.5	3.5	58	14
● Judicial Independence (1-100)	43	43	28	25
● Property Rights (1-100)	45	44	—	5.4
● Personal Safety (1-100)	45	43	2	3 178
● Refugees and people in refugee-like situations ('000)	2 831	3 561	9	3.9

1 Peers refer to other developing countries around the world. For two indicators—the Mo Ibrahim index and institutional capacity for environmental sustainability—Africa is not assessed against peers but rather on the basis of progress on historic trends.

2 Where data are not available for 2013, the latest available values are used.

3 As the Global Financial Inclusion Database does not have historic data available, proxies from the IMF are used to assess progress in expanding access to credit.

**Notes:** For the purpose of this RMF, countries were selected on the following basis: 2014 harmonized list of countries in fragile situations, plus two countries for which AfDB conducted qualitative assessments (Guinea and Niger). Other countries with pockets of fragility will be assessed and reported separately. Countries included are: Burundi, Central African Republic, Chad, Co-m8or-os, Democratic Republic of the Congo, Congo, Côte d'Ivoire, Eritrea, Guinea, Guinea-Bissau, Liberia, Libya, Madagascar, Malawi, Mali, Niger, Sierra Leone, Somalia, Sudan, South Sudan, Togo, and Zimbabwe.

**Table 2: How Well is AfDB Contributing to Development in Fragile Situations (Level 2)**

This table presents the contribution the Bank is making to development through its operations in Fragile Situations. The Bank's performance is measured by comparing expected and actual achievements for all operations that have been completed:

- Bank operations achieved 95% or more of their targets<sup>1</sup>
- Bank operations achieved less than 60% of their targets
- Bank operations achieved 60-94% of their targets
- Data are not available to measure performance

	2011-2013		2014-2016	
	Expected	Delivered	Delivered	Expected
<b>Promoting inclusive and equitable patterns of growth</b>				
<b>Infrastructure</b>				
● Transport-Roads constructed, rehabilitated or maintained (km)	1,455	955	66%	2,178
● Transport-Staff trained/recruited for road maintenance	15	14	95%	2,456
● Transport-People with improved access to transport of which women <sup>2</sup>	562,999	562,999	100%	4,203,456
● Energy-Power capacity installed (MW) of which renewable (MW)	7	271,929		2,101,728
● Energy-Staff trained/recruited in the maintenance of energy facilities	7	7	100%	118
● Energy-People with new or improved electricity connections	10,541	...	...	206
● Water-Drinking water capacity created (m <sup>3</sup> /day)	16,595	14,493	138%	355,250
● Water-Workers trained in maintenance of water facilities	1,571	16,595	100%	15,846
● Water-People with new or improved access to water and sanitation	1,727,72	1,815	116%	9,968
	3	1,552,183	90%	6,832,547
<b>Private Sector Development</b>				
● Government revenue from investee projects and sub-projects (US\$ million)	...	...		34
● SME effect (turnover from investments) (US\$ million)	...	...		44
● Jobs created of which jobs for women <sup>2</sup>	856,907	856,907	100%	13,023
in a Disarmament/Demobilization/Reintegration context	1,927,50	287,377		6,677
● People benefiting from investee projects and microfinance	7	1,979,058	103%	1,000
				74,628
<b>Inclusion</b>				
● People benefiting from vocational training	86,582	89,865	104%	13,720
● Classrooms and educational support facilities constructed	1,232	996	81%	554
● Teachers and other educational staff recruited/trained	19,513	7,539	39%	1,294
● People benefiting from better access to education	2,232,373	2,272,293	102%	327,902
<b>Natural resources</b>				
● Agriculture-Land whose use has been improved: replanted, reforested (ha)	102,066	95,707	94%	46,125
● Agriculture-Rural population using improved technology	191,055	587,017	307%	398,893
● Agriculture-People benefiting from improvements in agriculture of which women <sup>2</sup>	5,049,173	5,088,488	101%	2,622,310
		2,198,227		1,223,745

	2011-2013		2014-2016	
	Expected	Delivered	Expected	
<b>Strengthen state capacity and support effective institutions</b>				
● Countries with a national capacity development	-	-	-	-
● Countries with improved transparency, accountability and corruption mitigation in the public sector	14	10	71%	-
● Countries with improved quality of budgetary and financial management	10	6	60%	-
● Countries with improved procurement systems	2	1	50%	-
● Countries with improved quality of public administration	5	5	100%	-

...=data not available; ha=hectares; km=kilometres; MW=megawatts; m3=cubic metres; SME=small or medium-sized enterprise; US\$=United States dollars; ICT=information and communication technology

1 The performance indicator for governance applies different thresholds. Given the nature and attribution distance, the levels for the traffic lights are different from other indicators: green, 75% and above, amber, 50%-75%, and red, below 50%.

2Gender-disaggregated figures are extrapolated from a subset of projects that have available data with baseline and actual data built in. As more projects have started to include gender-informed design, these data are expected to become increasingly robust and complete.

Note: UA figures from material converted at 1 UA= \$1.53.

Source: African Development Bank.

**Table 3: Is AfDB managing its operations in Fragile Situations effectively (Level 3)**

- We have achieved or are within 90% of achieving the target;
- We need to pay attention to progress;
- We are not moving towards the target; Data points are missing.

	AfDB Latest 2013	Fragile situations	
		Baseline 2013	Target 2019
<b>Strengthening country dialogue and engagement</b>			
● New RISPs with fragility-informed design (%)	-	-	100
● New CSPs with fragility-informed design (%)	-	-	100
● Knowledge Products: Fragility Analysis, ESW, briefs	-	-	11
<b>Delivering effective and timely operations</b>			
<b>Learning from our operations</b>			
● Completed operations rated satisfactory (%)	93	100	>95
● Completed operations with sustainable outcomes (%)	88	100	>95
<b>Ensuring strong portfolio performance</b>			
● Disbursement ratio of ongoing portfolio (%)	24	24	>22
● Time for procurement of goods and works (months)	9.2	9.6	?7
● Operations at risk (%)	18	18	>15
<b>Preparing high-quality operations</b>			
● Time to first disbursement (months)	11	8.4	>8
● New operations rated satisfactory (%)	98	100	>95
● New projects with fragility-informed design (%)	-	80	100
● Time for approving operations (months)	7.3	5.1	5

AfDB = African Development Bank; ADF = African Development Fund; CSP = Country Strategy Paper; CPPR Country Portfolio Performance Review; ESW = economic and sector work; PCR = Project Completion Report; ... = Data not available

Source: African Development Bank.

1 As programming documents will increasingly consider issues of fragility, all operations in fragile situations will address drivers of fragility in that context and will help build institutional resilience. The Bank will pilot different methods, such as dual objectives, to fully mainstream fragility into its operations over time, building on lessons learned

**Table 4: Is AfDB managing itself efficiently to best address Fragile Situations (Level 4)**

- We have achieved or are within 90% of achieving the target;
- We need to pay attention to progress;
- We are not moving towards the target;
- Data points are missing.

	AfDB	Fragile situations	
		Latest 2013	Baseline 2013
<b>Decentralisation: moving closer to ou</b>			
● Operational staff based in (FS) field offices (%)	39	11	15
● Projects managed from (FS) field offices (%)	50	40	50
● Time spend on Client engagement	-	[tbd]	[tbd]
● Connecting to (FS) field offices (% successful videoconferences)	98	86	100
<b>Human resources: engaging and mobilising staff</b>			
● Number of staff in HQ trained in fragility	-	17	50
● Number of staff in Field Offices trained in fragility	-	3	50
● Employee engagement index (in FS Field Offices) (%)	61	72	75
● Share of women in professional staff (in FS Field Offices) (%)	27	13	40
● Net vacancy rate— professional staff (in FS Field Offices) (%)	6	3	<5
<b>Value for money: improving cost efficiency</b>			
● Cost of preparing a lending project (in FS) (UA '000) <sup>1</sup>	[71]	...	[80]
● Cost of supporting project implementation (in FS) (UA '000) <sup>1</sup>	[28]	[27]	[25]
● Work environment cost per seat (in FS) (UA '000) <sup>2</sup>	3.7	6.8	6.0

UA=Units of Account; ...=data not available; [...]=estimates

1 Both the cost for project preparation and the cost for project implementation are still based on estimates.

2 This includes all Field presences. Cote d'Ivoire is not included as it is the Bank's Headquarters and costs cannot be singled out.

## Endnotes

- 1 AfDB (2013a) Annual Development Effectiveness Review 2013 – Towards sustainable growth for Africa
- 2 AfDB (2014a) High Level Panel on Fragile States – Ending conflict and building peace in Africa: A call to action
- 3 This approach to fragility closely follows the approach of the HLPFS, which considers fragility as a “risk inherent in the development process itself” that comes about “when [pressures] become too great for national institutions and political processes to manage
- 4 OECD (2007) Principles of Good International Engagement in Fragile States
- 5 AfDB (2013b) Discussion papers for ADF-13 replenishment
- 6 Chauvet, L., P. Collier and A. Hoeffler. 2007. The Cost of Failing States and the Limits to Sovereignty. Research Paper 2007/30. Helsinki: United Nations University.
- 7 UNODC (2011) Transnational Organized Crime in West Africa: A Threat Assessment
- 8 Institute for Security Studies (2013) Assessing long-term fragility in Africa
- 9 Based on the 2014 harmonized list of fragile situations of Multilateral Development Banks
- 10 AfDB (2014b) Estimating the economic cost of fragility in Africa
- 11 OECD (2013a) Ensuring Fragile States are not left behind
- 12 AfDB (2012a) Evaluation of the Assistance of the AfDB to Fragile States
- 13 AfDB (2012b), Development Effectiveness Review on Fragile States and Conflict-affected Countries; AfDB (2012a); AfDB (2013b) Task-force report on revising the Bank's framework for engaging in Fragile States; AfDB (2014c) Taking AfDB's development impact to scale in fragile states (forthcoming)
- 14 AfDB (2014d) Building Fragile States, Bruce Jones (forthcoming); World Development Report (2011) Conflict, Security and Development; OECD publications
- 15 Busan Partnership for Effective Development Cooperation. Fourth High Level Forum on Aid Effectiveness
- 16 The g7+ is a voluntary association of countries that are or have been affected by conflict and are now in transition to the next stage of development. The main objective of the g7+ is to share experiences and learn from one another, and to advocate for reforms to the way the international community engages in conflict-affected states.
- 17 AfDB (2014a)
- 18 OECD (2013b) Gender and State-building in Fragile and Conflict-affected States
- 19 The Bank will operationalize the scaling up approach in its business model through a suite of instruments emanating from the forthcoming study “Taking AfDB’s development impact to scale in fragile states”.
- 20 Based on a risk assessment, the Bank can provide fast disbursing loans or grants to mitigate the adverse impact of crisis or shocks, and to protect vulnerable groups by using its Crisis Response Budget Support (CRBS) instrument.
- 21 AfDB (2012b) Bank Group Policy on Program-Based Operations
- 22 AfDB (2013c) Private Sector Development Strategy 2013-2017
- 23 AfDB (2012c) Framework for Enhanced Engagement with Civil Society Organizations
- 24 It will do so in strict adherence to the Agreement Establishing the AfDB (1963) Article 38, Prohibition of Political Activity; the International Character of the Bank, stating that “The Bank, its President, Vice-Presidents, officers and staff shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the functions of the Bank.”
- 25 Comprising the European Union, the International Monetary Fund, the World Bank and AfDB
- 26 More details on the eligibility criteria, allocation mechanism, etc. can be found in the Operational Guidelines
- 27 “Soft earmarking” is where a donor can express a preference, which the fund administrator is not legally compelled to honor, and where all funds are commingled. The fund manager typically would accept earmarked contributions that add up to less than the cost of preferred items in the financing operations of the fund.
- 28 AfDB (2012a)
- 29 AfDB (2012c) Institutional Effectiveness: Improving Delivery Capacity in a Changing Context, Discussion Paper, ADF-12 Mid-Term Review, September 2012
- 30 In these cases, complementary targeted technical assistance will be provided to allow the private sector partner acquire the capacity during the time of the investment.
- 31 The Bank will also develop and pilot a standardized assessment tool, the Country Resilience and Fragility Assessment (CRFA), as an additional qualitative measure for identifying fragile states and assessing eligibility for assistance from the Facility. The tool could also be used for resource allocation purposes in later replenishments.



