Operations Evaluation Department

African Development Bank Group

2012

Evaluation of the Assistance of the African Development Bank to Fragile States

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The mission of the Operations Evaluation Department is to help the African Development Bank to foster sustainable growth and poverty reduction in Africa through independent and influential evaluations.

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Acronyms

AfDB	African Development Bank
ADF	African Development Fund
APPR	Annual Portfolio Performance Review
CPA	Country Performance Assessment
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Rating
CVI	Country Vulnerability Index
ESW	Economic and Sector Work
FSF	Fragile States Facility
FSS	Fragile State Strategy
FSU	Fragile States Unit
HDI	Human Development Index
HQ	Headquarters
ILO	International Labour Organization
KPI	Key Performance Indicators
ODA	Overseas Development Assistance
OPEV	Operations Evaluation Department
PCAI	Post-Conflict Assessment Indicators
PCCF	Post-Conflict Country Facility
RMC	Regional Member Country
SFS	Strategy for Fragile States
UA	Unit of Account
VP	Vice Presidency

Preface

The African Development Bank plays an important role in the reconstruction of Regional Member Countries (RMCs) emerging from conflict. Currently, about 40 percent of all African countries are classified as fragile states, presenting the Bank with a significant reconstruction challenge.

This evaluation assesses the African Development Bank's contribution over the past decade to meeting the development challenges of its RMCs in fragile situations. In particular, it focuses on the period since the 2008 adoption of the Strategy for Enhanced Engagement in Fragile States. In line with its terms of reference, the evaluation assesses performance against the objectives and standards set out in that Strategy, as well as the international standards of good practice in which the Strategy is grounded. Specifically, it reviews the relevance, organizational effectiveness, and efficiency of the Bank's support to fragile states.

This report summarizes the findings, conclusions, and recommendations of the evaluation.

The evidence in the report is based on phase I studies, including a portfolio review and a literature review; and phase II studies, including a headquarters study, three country field studies (Liberia, Guinea Conakry, and Democratic Republic of Congo), and three country desk studies (Comoros, Cote d'Ivoire, and Republic of Congo). The background papers are available on request from the Operation Evaluation Department, and the synthesis report of the evaluation will be posted on the Operations Evaluation Department's home page: http://www.afdb.org/OPEV.

Executive Summary

This evaluation was undertaken at the request of African Development Fund (ADF) deputies by the Operations Evaluation Department (OPEV) to assess the African Development Bank's (AfDB, or the Bank) assistance to fragile states over the period 1999-2011. The evaluation examines the relevance, effectiveness, and efficiency of the Bank's assistance to fragile states. It is based on a literature review, a portfolio review, a headquarters study, three field country case studies, and three desk country case studies.

Key findings of the evaluation

Approach to fragile states. Over the past decade, the Bank has developed a more explicit and systematic approach to working in fragile states. Key milestones were the adoption of Post-Conflict Assistance Guidelines in 2001; a Post-Conflict Country Facility in 2004; and the Strategy for Enhanced Engagement in Fragile States, with its associated Fragile States Facility (FSF), in 2008. With these steps, the Bank has raised awareness of the special needs of fragile states in its activities, and allocated substantial additional financial resources to respond to those needs.

Identifying fragile states and applying eligibility criteria. Since 2008, the Bank has taken a number of steps to improve and differentiate its support to fragile states. The eligibility criteria have been applied transparently and, on occasion, a flexible approach has been adopted in response to need. However, the categorization of fragile states and eligibility criteria for financial allocations have raised a number of substantive and operational concerns.

The volume of AfDB support. Most fragile countries face massive and far-reaching needs to which the Bank has made significant contributions. In some cases, these contributions were catalytic, but were rarely determinant on their own. As an aggregate trend, the Bank's commitments in fragile states have risen further and faster than in non-fragile states since 1999. Volume allocations have been generally relevant and responsive to changing absorptive and financial management capacity in the countries concerned.

Use of instruments. The Bank's instruments and modalities have responded to a good range of country needs and capacities, augmented by new support introduced in 2004 with the Post-Conflict Countries Facility (PCCF) and further strengthened in 2008 with the FSF. The Bank's regular and special programs have delivered significant results in terms of arrears clearance, infrastructure rehabilitation, and some areas of capacity development. The Bank's use of budget support has been supportive of country governments emerging from conflict. Of the three functional pillars of the FSF, Pillar II for arrears clearance has performed well against the aims set in the Strategy, Pillar I for supplementary support in post-conflict countries has performed moderately well, while the performance of Pillar III for capacity building and technical assistance has been disappointing.

Efficiency. Overall, by the AfDB's conventional efficiency measures, the picture is mixed, in view of the fact that fragile situations require quicker and more flexible action. Since 2008, the FSF has introduced greater flexibility in responding to the needs of fragile states. Arrears clearance has been streamlined. Although projects in fragile states have, not surprisingly, shown below-average performance on standard measures of the Annual Portfolio Performance Review (APPR), Pillar I has been an efficient mechanism for major additional transfers with limited extra burdens. Pillar III has not yet taken programmatic shape as the flexible

and efficient vehicle to support capacity building that was intended.

Organizational effectiveness. Decision making for programs in fragile states has mainly followed the Bank's normal practices, although with higher-level attention coming into play for arrears clearance and crisis situations, and effective arrangements for managing the dedicated program of technical assistance not yet achieved. Overall, the strategy's vision of deeper, more considered AfDB-wide engagement in fragile states has not been supported by a realistic and staged implementation plan and the sorts of organizational changes and support systems required. The Bank does not at this stage have the appropriate higher-level arrangements in place to ensure sustained strategic attention and coordination in this area. Staff from the Fragile States Unit (FSU) are not deployed to maximum effect, and program staff are not yet equipped to apply the knowledge of fragility and relevant tools in their work in fragile states. Further decentralization will be an important help, but not a quick fix.

Quality of response. Although the AfDB's support to fragile states has been responsive to requests and to urgent needs, in most cases it has not been underpinned by significant analysis of the all-important political context and the drivers of conflict and fragility. No explicit links are made to how the Bank's programming should fit into national peacebuilding and statebuilding[1] objectives, as the strategy envisaged. As highlighted by the first principle of international good practice, this lack of a fragility lens and business as usual approach opens up significant risk of failure and conceivably wider damage from the Bank's interventions. Although coordination and joint working are especially essential in fragile situations, the Bank's partnership working has so far been limited and has mainly operated largely at the project rather than the strategic level.

Contributions to results. The AfDB has made its most significant contributions in fragile states in the normalisation of their international relations through arrears clearance and consequent debt relief. These are high-level, high-impact effects. Significant contributions have also been made to reconstructing basic infrastructure and providing access to basic services as well as to public financial management reforms. On the other hand, significant opportunities to contribute systematically to capacity building, reconstruction, and reconciliation processes and broader statebuilding have been missed.

In conclusion, the AfDB has strengthened its contributions to recovery and reconstruction in fragile states, especially since the strategic policy milestones of 2004 and 2008. Its arrears clearance operations in particular have been a major contributor to results. However, the ambitious vision articulated in the Fragile States Strategy of 2008 has not been accompanied by the organizational changes and institutional commitments required to make the vision a reality. There is evidence that a change of direction is needed, grounded in the reality that the AfDB has a strategic role to play in fragile situations everywhere in Africa, but that it cannot do everything.

Recommendations

1. **The Bank should consider a broader programmatic approach for 'fragile and stabilizing situations,' to engage in situations where the essential functions and resiliency of state, society and/or the economy are severely impaired or critically vulnerable to shocks, or where recovery**

1 Statebuilding is the term used to refer to the processes in a country through which the capacity, institutions and legitimacy of the state are enhanced, driven by relations between the state and the wider society (OECD 2008). Peacebuilding is a complex, long-term process aimed at creating the necessary conditions for positive and sustainable peace by addressing the deep-rooted structural causes of violent conflict in a comprehensive manner. It involves a range of measures aimed at reducing the risk of lapsing or relapsing into conflict, by strengthening national capacities for conflict management and laying the foundations for sustainable peace. Peacebuilding in concept and practice has a preventive as well as a post-conflict role (UNDPKO 2008).

from major shocks is still underway. This would respond better to the needs of categories of fragile states not adequately covered in the 2008 Strategy, and to regional member countries and regions currently undergoing stabilization after conflict and/or fundamental political change. It would also open up an important preventive dimension.[2] Strengthened merit-based approaches and leading partnership practice could provide a basis for the Bank to attract additional support for its work in fragile situations, for example from non-traditional donors.

1.1 Instead of using a formula-based country allocations for additional funding in the same way as the basic performance-based ADF allocations, the approach would establish **a small number of key objectives and criteria for AfDB assistance**, and then allocate the available supplementary ADF, AfDB and other resources responsively (as it has with arrears clearance) on a rolling, merit-based allocation basis.

1.2 The objectives and criteria should be dictated by **more in-depth assessments** of needs in individual fragile and stabilizing situations, and by the Bank's demonstrated strengths in relevant areas.

1.3 This responsive funding should not be subjected to any standard timelines for exit, but available for **shorter or longer-term projects**. It should be allocated through more frequent (perhaps quarterly) assessments of context and the strength of proposals emerging from countries and teams.

1.4 Given the high stakes and difficult judgments involved, these allocation decisions would need **to be made at a high level**, with input from specialized staff.

1.5 **The intended basic purposes of the current three pillars** would be maintained – reinforcing regular operations, supporting arrears clearance, and a highly flexible window for technical assistance and capacity building in fragile and stabilizing situations (sometimes including urgent, up-front needs).

2. **Streamline and reallocate responsibilities within the Bank's structures to enable an effective institutional response to fragility issues.**

2.1 The Bank's country offices, regional and sectoral departments should have adequate responsibility and accountability (and adequate resources) for planning and implementing programs in fragile and stabilizing situations (including capacity-building and technical assistance support), and for applying the necessary analytical work and strategic guidance for these activities. A review of the accountability and incentive mechanisms for regional and sectoral departments should be undertaken to encourage more analytical work and adaptive approaches needed in fragile states.

2.2 The Fragile States Unit should be relieved of its current responsibilities for directly managing the technical assistance and capacity building activities under Pillar III, as well as the vague and unrealistic 'coordination' and 'facilitation' roles assigned in 2008. It should be re-tasked to become a dedicated knowledge resource, with a role in resource allocation to maintain its operational links and its influence in effectively mainstreaming knowledge. It should incorporate the latest practically oriented international guidance[3] (see Annex 2) and the

2 For some elaboration of possible definitions and criteria, see Annex 1, "Fragile and stabilizing situations: Toward alternative definitions and criteria for supplementary support." The World Bank is simultaneously reaching for a wider and more flexible approach. See "Operationalizing the 2011 WDR: conflict, security and development," World Bank, April 2011.

3 This international good practice, which has developed directly from the Fragile States Principles with full participation by fragile states themselves, is now available in an authoritative, brief and readily adaptable form in 'A New Deal for International Engagement in Fragile States,' the 2011 results of the International Dialogue on Peacebuilding and Statebuilding, and the OECD/ DAC Policy Guidance of 2011, on 'Supporting Statebuilding in Situations of Conflict and Fragility,' particularly Chapter 5 on 'Improving Development Partner Operations.'

Bank's own experience to rapidly generate practical guidance and operational tools adapted to the AfDB's needs and current capabilities. This should include guidelines for mandatory fragility-sensitive assessments to be included in Country Strategy Papers (the Bank's key authorizing tool), and for the use of follow-up monitoring (including monitoring of the external environment) in every program proposal in fragile and stabilizing situations. The unit should also be tasked to provide systematic training for AfDB staff involved to equip them to apply relevant knowledge.

3. The Bank should consider which complex is more likely to provide the leadership for the implementation of the **necessary organizational changes required for the whole Bank to deliver on both the valid commitments of its 2008 Strategy and the major revisions now needed, and to ensure the continuing coordination required**. The Fragile States Unit should be positioned in this complex.

4. **With its Africa-wide responsibilities and need to leverage a useful strategic role in all fragile and stabilizing African countries and regions, the Bank should practice and promote more concerted, harmonized and coordinated international efforts**. It has a unique potential to become a working champion of partnership, of practical experience sharing rooted in African conditions, and of responding to conditions of fragility across borders.

4.1. The Bank must invest more effort in existing donor coordination frameworks, especially at a strategic level, and actively help build them elsewhere; push ahead the decentralization process to fragile states and empower the country field offices with responsibility, decisionmaking authority and resources.

5. The Bank should prepare **an operational plan to deliver the cross-cutting changes required by the 2008 Strategy**, which extend from better external partnerships to stronger analytical work, training and adequate incentives for staff to work in fragile states.

Introduction

1. This synthesis report of the evaluation of AfDB assistance to fragile states from 1999 to 2011 builds on the evidence from a portfolio review, a literature review, a headquarters-based study, three country field studies (Liberia, Guinea Conakry, and Democratic Republic of Congo), and three country desk studies (Comoros, Cote d'Ivoire, and Republic of Congo). In line with its terms of reference, the evaluation focuses on assessing the Bank's performance against the stated objectives and standards established in the 2008 Fragile States Strategy (FSS), as well as the international Fragile State Principles and evolving standards of good practice that the FSS commits the Bank to apply.[4] Detailed information on the evaluation's terms of reference and its methodology, which complies with international quality standards, is available from OPEV.

Key limitations of the evaluation are:

- *Comparisons and tracking over the past decade can only be broad and illustrative*. The term 'fragile states' is relatively recent across the development world, and the Bank used the term 'post-conflict countries' until it identified the category of fragile states in 2008.[5] In addition, tracking is difficult as countries move in and out of fragile situations.

- *Gaps and weaknesses in the AfDB's institutional data* arose frequently in the analysis,[6] as also recorded by other studies. Findings and conclusions are therefore calibrated to the strength of the available evidence.

2. The main evaluation questions are:

Relevance	How, and how well, has the AfDB identified fragile states in Africa and their particular needs for assistance in recovery and reconstruction, and set eligibility requirements for particular types of assistance?
	Has the changing volume of the AfDB's targeted and regular support to fragile states been appropriate in response to changing country needs?
	How appropriate and effective have the AfDB's various instruments been in contributing to results in recovery and reconstruction?
Efficiency	How economically have the AfDB's resources/inputs directed to assisting fragile states been converted to contributions to results? How and why has this changed over the timeframe being examined?
Organizational effectiveness	To what extent have the AfDB's HQ structures and staffing been effective in supporting the AfDB's contributions in fragile states?
Quality	Has the quality of the AfDB's responses to fragile states been adequate, and has it improved? Why and how much?
Results	What results have been achieved in recovery and reconstruction in the relevant timeframe, and how likely are they to be sustainable? What contributions has AfDB support made?

4 As seen in the full list of sources for the evaluation, there has been considerable work conducted since the original OECD/DAC Principles in which the Bank has been involved. The most comprehensive and recent survey of analysis and thinking is in Conflict, Security and Development, the World Development Report for 2011 (World Bank). International good practice is best captured in 'A New Deal for International Engagement in Fragile States,' the 2011 results of the International Dialogue on Peacebuilding and Statebuilding, and the OECD/ DAC Policy Guidance of 2011, on 'Supporting Statebuilding in Situations of Conflict and Fragility.'

5 The concept of fragile state is relatively recent: 2005 was the year in which the concept began to take on significance across the development world. For example, the World Bank used the concept of post-conflict countries before moving to low-income countries under stress (LICUS) in 2000 and then to fragile states in 2005. Prior to 2008, the AfDB used the concept of post-conflict countries. For more details see literature review, Chapter 2.

6 Annex 3 presents details of the gaps and weaknesses of available data.

- *The pre-selection of countries for more in-depth study* was guided by purpose-driven sampling criteria, so it does not allow for categorical generalizations.

- *Limited coverage on private sector support*. Private sector operations were covered in the portfolio and literature reviews, but not in the case studies, which focused on the implementation of the 2008 Strategy.

3. The evaluation's main intended audiences are: Board members and senior officers of the AfDB; stakeholders in the countries concerned, and task managers and staff members who work on the programs for those countries; staff of the Fragile States Unit; and other key partners within and beyond the AfDB.

Relevance of the AfDB's assistance to fragile states

a. How, and how well, has the AfDB identified fragile states in Africa and their particular needs for assistance in recovery and reconstruction, and set eligibility requirements?

4. Over the past decade, AfDB has taken several positive steps in its renewed focus on fragile states. These include the adoption of:

- Post-Conflict Assistance Guidelines in 2001;
- a Post-Conflict Country Facility in 2004;
- the Strategy for Enhanced Engagement in Fragile States and the FSF in 2008.

With these steps, the Bank has moved towards a more explicit and systemic approach, raising the general consciousness of the special needs of fragile states, and allocating substantial additional financial resources to respond to those needs.[7]

Eligibility criteria

5. Properly identifying fragile states and their special needs remains a continuing challenge for the international community. The AfDB's effort to identify objective and measurable criteria to identify fragile states and especially to guide financial allocations was a step in the right direction and contributed to addressing this challenge. Setting up eligibility criteria for the three different pillars of the FSF[8] was a useful attempt to structure access to limited additional resources. These criteria have been applied transparently and generally consistently.

6. In practice, however, the definition of 'fragile states' in the strategy and operational guidelines, and the eligibility requirements for the pillars of the Facility, have raised a number of **substantive and operational concerns**.[9] These include:

- The term 'fragile state' is a stigmatizing one, seen by some to materially hamper political stabilization and economic recovery, and the criteria applied do not capture various important situations of fragility.

- The limitations of the AfDB's use of Country Policy and Institutional Assessment (CPIA) scores as a criterion for fragility status, as noted in the FSS, remains valid.[10]

- Eligibility of new claimants for supplementary resources is currently assessed and negotiated at the start of each new three-year cycle for the

7 Annex 4 of the headquarters study provides further information on the share of AfDB aid to fragile states.
8 All countries have access to Pillar III for capacity building and knowledge management; specific eligibility criteria around peace settlements and reconstruction efforts provide access to Pillar I supplementary ADF resources (conditions met by 9 countries in 2008); and Pillar II is specifically for arrears clearance, with perhaps two countries per year expected to meet the relevant conditions.
9 For a more in-depth discussion of the concept and theory behind the concept of fragility, see Chapter 3 of the literature review.
10 Fragile States Strategy para 3.3 – the use of CPIA scores is critiqued for its retrospective basis, and for setting up an unequal competition for resources between low-capacity post-crisis and performing countries.

ADF. Given the unpredictable nature of fragility (including the fact that countries move in and out of fragility) this mechanism does not allow sufficient flexibility to adapt to rapidly changing circumstances.

- The existing allocation formulae raise questions about equitable distribution between large and small countries. Adjusting allocations to the potential volumes of special ADF and other funding for AfDB work in fragile states likely to be available in coming years is also likely to raise problems with a formula-based approach.

- The existing criteria fail to adequately capture the differences in the situations of fragile states e.g. in the first and second stage criteria for the major supplementary support under Pillar I of the Facility. The criteria, such as the requirement for a peace or reconciliation agreement to be in place, are still largely oriented towards post-conflict rather than fragile situations.[11] These criteria are already being stretched, but still exclude some countries that are clearly in fragile situations, and almost certainly some others now facing comparable challenges and needs.[12]

7. The categorization, definition and support criteria of fragile states in the FSS therefore needs to be revisited. This is recognized and some work is already underway.

b. Has the changing volume of the AfDB's targeted and regular support to fragile states been appropriate in relation to changing country needs?

8. Most fragile countries face such massive and far-reaching needs that trying to put meaningful total numbers on their aid requirements is not usually attempted beyond emergency appeals. Recognizing this, both the FSS and the international Fragile States Principles assume a need for higher volumes of aid, as well as more rapid, flexible, sustained and predictable flows. The share that the Bank can contribute to total needs must also be kept in perspective. Aid is only one resource, and the AfDB is only one source of aid among many. To illustrate, in 2009 in countries such as Djibouti and Democratic Republic of Congo, the AfDB contributed around 12 percent of total overseas development assistance (ODA) resources. Its direct aid influence can therefore be sizeable. In other cases, such as in Cote d'Ivoire, Guinea or Sao Tome Principle, AfDB aid was less than 3 percent of total ODA resources.[13]

9. The existence of the FSF and the precursor Post-Conflict Countries Facility for arrears clearance is evidence of the AfDB's commitment to sustain and, where feasible, increase the share of funding available to support fragile states.[14] In the period before the existence of a Bank-wide policy, the average annual Board approval for fragile states was UA 124.28 million, and in the period since the implementation of the PCCF, average annual Board approvals increased to UA 181.49 million.[15] Finally, since the implementation of the 2008 Strategy for Enhanced Engagement in Fragile States, average annual Board approvals have increased to UA 303.98 million (excluding arrears clearance).

11 For example, Guinea does not meet AfDB's eligibility criteria for FSF Pillar I or Pillar II funding.
12 For example, Comoros and Guinea display the typical conditions of both fragility and steps toward improvement, so neither can both be classified as 'post-conflict' and meet the related pre-conditions. Comoros did receive assistance from the supplementary support pillar of the FSF, whereas Guinea did not.
13 More information on the AfDB assistance in proportion of total ODA resources can be found in Annex 4 of the headquarters study.
14 Prior to 2004, only DRC received on an ad-hoc basis arrears clearance funded by the Bank's Net Income. This operation of UA 1.15 billion for DRC, approved in 2002, represented about 37 percent of all funds approved for fragile states between 1999 and 2009.
15 This value for 1999–2003 is excluding the DRC's 2002 arrears clearance. If the DRC's 2002 arrears clearance is included, the value is UA 1.78 billion for this time period.

Chart 1: Total Approvals 1999-2010

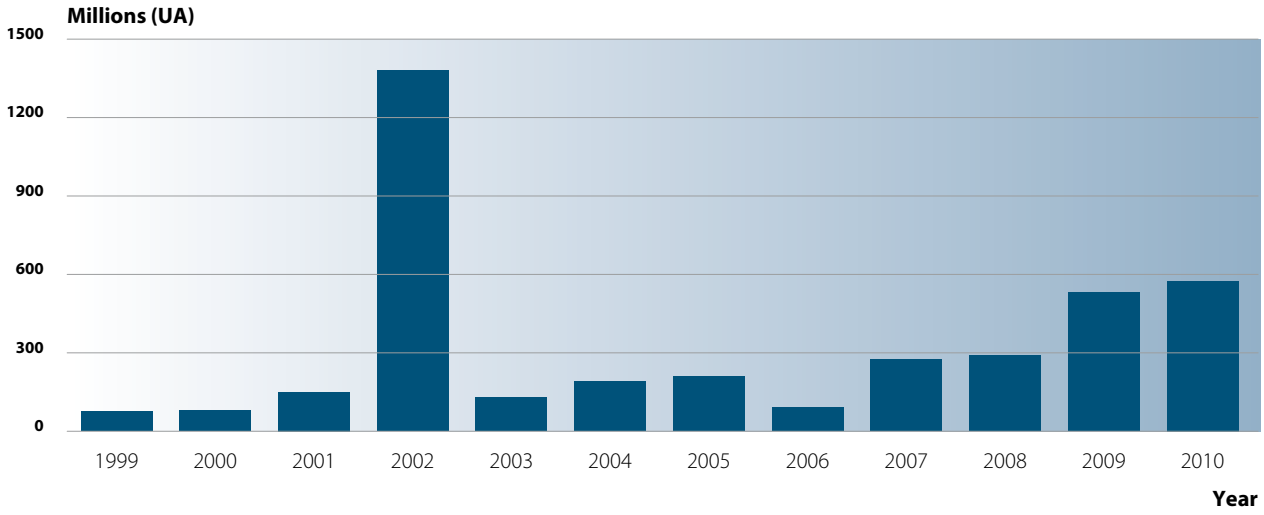
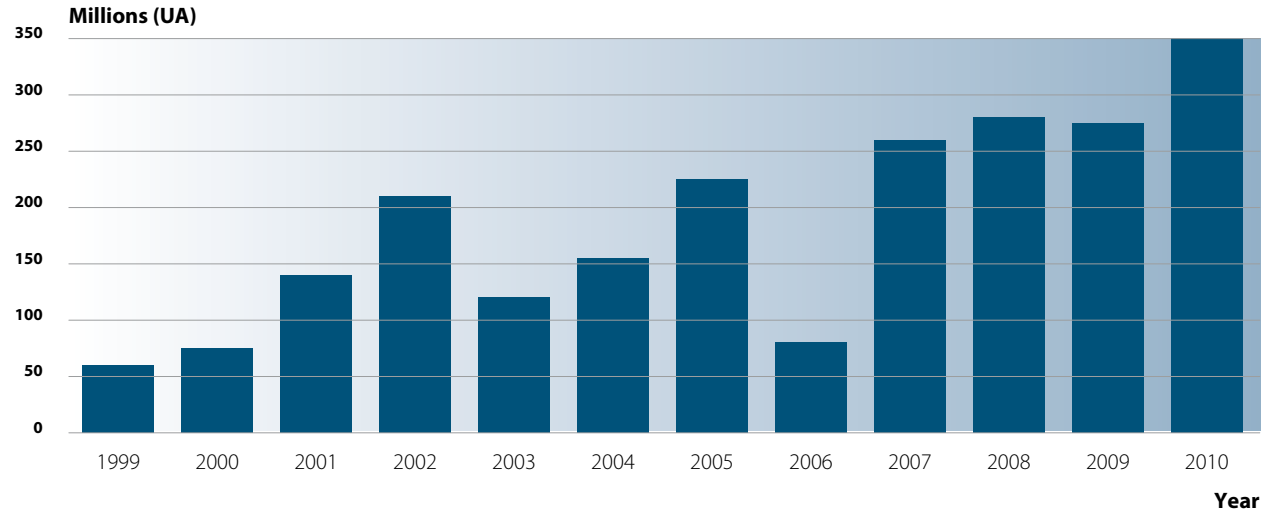


Chart 2: Total Approvals 1999 – 2010, Excluding Arrears Clearance



10. In terms of absolute volume, increases in funding approvals since 1999 in fragile states have been larger than for a set of non-fragile comparator African countries, as shown in Chart 3.

11. Chart 4 presents the share of approvals between 1999 and 2010 by country.

Chart 3: Index Values of Total Funding Approved for Fragile States and Non-Fragile Comparator African Countries

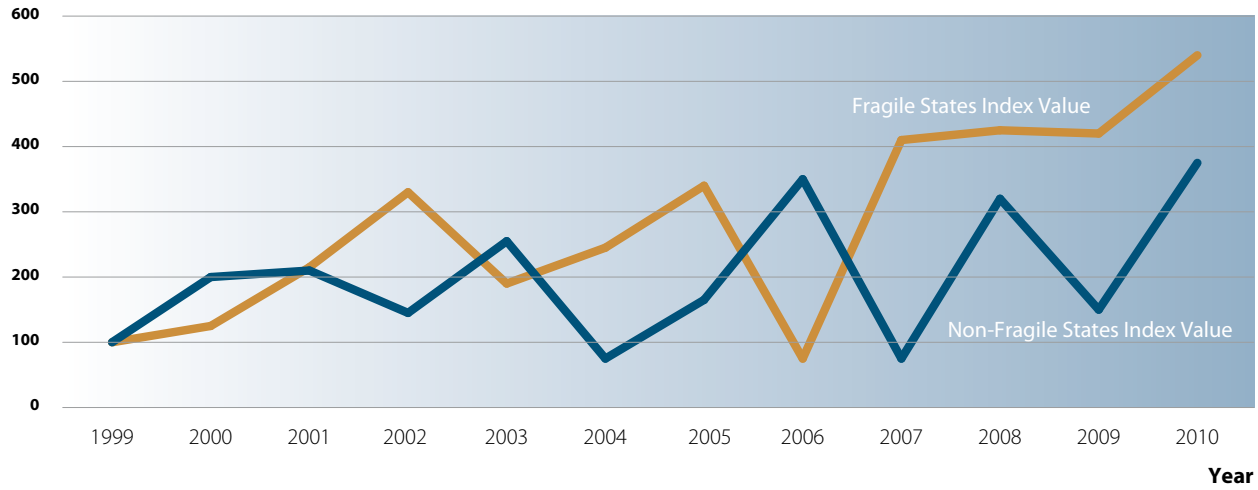
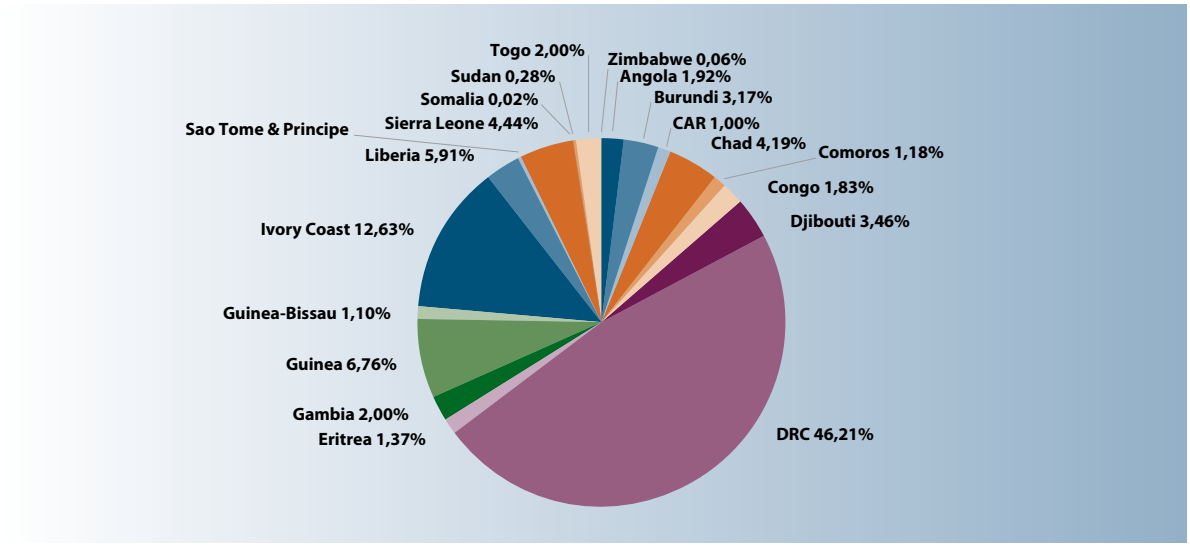


Chart 4: Total Approvals 1999-2010, by country



12. The country case studies find that the volume of AfDB's assistance in fragile regional member countries has generally been **relevant and responsive** to their changing absorptive and financial management capacities. In particular:

- In some contexts, commitments have clearly grown incrementally in response to country needs and absorptive and financial management capacities (e.g., Liberia, Cote d'Ivoire, Congo).

- Where absorptive and capacity constraints have emerged, the AfDB has set mitigation strategies in place (for example, Congo, Comoros).

- In Guinea, where political uncertainties arose in 2008-2010, AfDB aid volumes decreased in response to absorption and capacity constraints, including suspension.

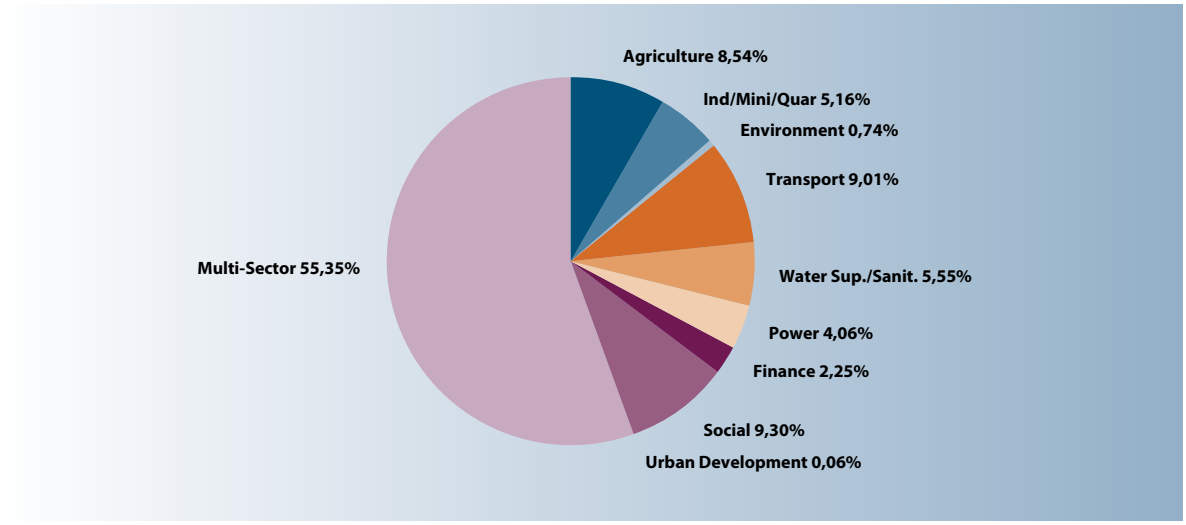
c. How appropriate and effective have the AfDB's various instruments proved in contributing to results in recovery and reconstruction?

13. The case studies show that the combination of the Bank's regular and dedicated instruments has allowed the Bank to respond flexibly to diverse and changing needs - a key strength in fragile environments.[16] At the country level, AfDB has used a wide mix of available financing instruments within the six fragile states assessed.[17] Emergency funding has also been provided to four of those countries. Modalities have ranged from arrears clearance operations to projects and programs to, more recently, budget support. These instruments, in turn, have allowed the Bank to provide support across **a wide range of sectors** in the countries concerned, as well as important multi-sector operations.[18]

14. The choice of instrument / modality has been generally **flexible and responsive** to both country needs and to changing national capacity.[19] The case studies show clear examples of rapid adjustment to shifting national priorities – for example, in Guinea and Cote d'Ivoire – and positive responses to countries' changing financing requests. The Bank has also varied its use of conditionalities at the project and portfolio levels in the countries studied.[20] The bolder uses of such conditionalities appear to occur where the guiding country strategy explicitly recognizes the country's fragile status and, for example, emphasizes the AfDB's role in supporting governance reforms.

16 OECD-DAC, 'Supporting Statebuilding in Situations of Conflict and Fragility,' 2011.
17 See the country case study reports for more details on the specific mix of instruments and sector distribution.
18 The Bank's multi-sector operations include policy-based operations (PBOs) as well as arrears clearance.
19 See case study reports for more information on the specific mix of instruments and use of conditionality.
20 In Congo for example, they have been applied as leverage to press for governance and equity reforms. Conversely, in Guinea, where other donors had applied political conditionalities to their investments, the AfDB withheld these, apparently as a conscious signal of support for the incumbent government.

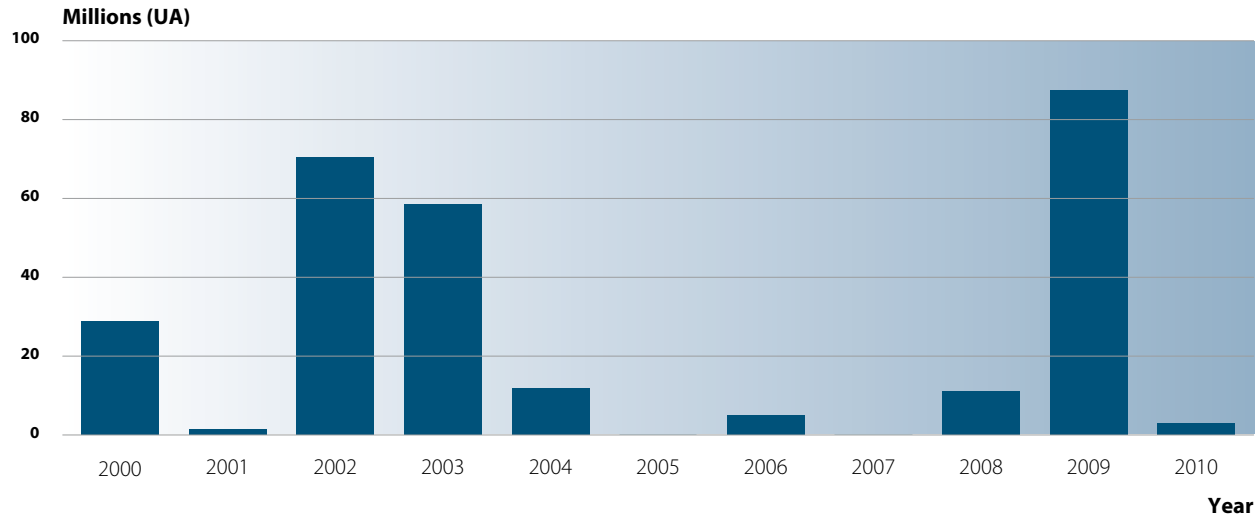
Chart 5: Total Approvals 1999-2010, by Sector



15. Chart 6 presents the increase in budget support since 1999. In four of the six fragile states studied (Cote d'Ivoire, DRC, Republic of Congo and Liberia), the Bank has been a provider and advocate of budget support, sometimes ahead of other donors. This is consistent with the rationale that there is an especially compelling case for budget support in fragile situations to bolster national systems. The budget support provided by the Bank helped improve the budgetary space, and the reform measures supported by the program made it easier to implement the 2009 crisis-exit program. In Congo, the Bank contributed to the promotion of macroeconomic stability and, more specifically, the management of public resources. The 2010 Independent Evaluation on PBOs also looked at two fragile state case studies. In Sierra Leone, budget support has played an important role in sustaining Sierra Leone's recovery from conflict. However, while the Bank made a significant financial commitment through PBO, it did not participate in the policy dialogue. In DRC, the Bank was able to provide a rapid and effective response to the urgent balance of payments and fiscal needs of a post-conflict RMC in a highly fragile situation and with very weak systems, using the approach set out in the Bank's policy on response to the international financial crisis (which provided additional flexibility for the reprogramming of ADF resources), and working in close coordination with other donors providing similar support. Although there is still a debate in the Bank about the fiduciary risks, the Bank's decision to provide budget support has usually come after several years of effort to build up financial management capability.[21]

21 For example, in Guinea the AfDB worked in close cooperation with ECOWAS, the AU, World Bank, and IMF to support the implementation of an economic and financial roadmap, in parallel to the political roadmap, to support an orderly return to constitutional order in 2009. In DRC in 2011, AfDB worked hard to find an adequate framework to provide much-needed budget support, even in a pre-election period, although this did not ultimately prove possible.

Chart 6: Fragile State PBOs Approved, Totals Per Year



The Fragile States Facility (FSF)

16. The three pillars of the 2008 FSF have been flexibly applied to respond to needs and opportunities arising, in a few cases taking advantage of potential synergies among the pillars. In order of their importance[22]:

17. Pillar II and the precursor Post-Conflict Countries Facility for arrears clearance has **met** its intended objectives. This pillar helped countries such as Togo and Cote d'Ivoire to normalize their relations with international partners, obtain debt relief and consequently release domestic resources towards reconstruction and rehabilitation needs, and crowd-in other sources of financing. Results here have been very significant.

18. Pillar I has largely met the strategy's intentions regarding supplementary support to address infrastructure rehabilitation and capacity weaknesses. The pillar has contributed to expanding access to basic services and to supporting financial management reform; the significant volumes here have been a major contributory factor. By the Bank's standard measures (as included in the APPR), Pillar I projects across fragile states have shown below-average performance in general, though improvements were underway in 2010.[23] This reflects the implementation difficulties to be expected when working in fragile states, especially after a period of suspension of operations.

19. Pillar III has failed to meet the objectives outlined in the strategy, in spite of course-correction measures undertaken. While it has been used well in a few instances – such as the provision of technical capacity within ministries of finance – it still is not on a clear and effective path to deliver 'technical assistance that fills the gaps in terms of timeliness and targeting left by regular operations; small grants to non-sovereign entities to address critical service gaps in fragile state situations for service delivery; and support for knowledge-building and dialogue.' As with other parts of the FSS, there is no evidence of this pillar being used to make a coherent Bank contribution to integrated peace-building approaches. Following new guidelines in 2010, work has been underway to develop a clearer pipeline of projects for this pillar to improve its use, though it is very early to assess the results of the new guidelines.

Efficiency

d. To what extent are the AfDB's organizational resources and internal processes efficiently deployed to support the AfDB's contributions in fragile state?

20. Efficiency faces special difficulties in fragile states, which generally have limited capacities, shattered systems and weak governance. The portfolio review and an internal review in 2011 against the AfDB's standard performance indicators found an improving record over time in comparison with non-fragile African countries. Examples include: higher rates of project completion since 2004 in fragile states than in non-fragile comparator countries; lower rates of project closure; increased speed of project approval and projects going into effect since 2005; shorter effectiveness delays of PBOs after Board approval; and slightly higher overall disbursement rates, except for Pillar III of the FSF.[24] Given the need for speed and flexibility to support fragile states, this progress is encouraging.

21. The country studies identify a range of obstacles to efficiency, on the side of both the countries and the Bank. The lack of a Bank country office is confirmed to be an obstacle to communication, and to the

22 In ADF-11 and ADF-12, a total of UA 659 million for Pillar I, UA 667 million for Pillar I, and UA 85 for Pillar III was committed for the FSF. As of mid-2011, total disbursements under Pillar II amounted to UA 256 million, under Pillar I to UA 112 million, under Pillar III to UA 11 million.

23 APPR for 2009 (on 31 operations), p. 13, and APPR for 2010 (on 66 operations), p. 28.

24 General Portfolio Review and 'Bank's Public Sector Operations in Fragile States – Lessons Learned and Recommendations' (2011).

efficient processing, implementation and supervision of projects.[25] Other sources of inefficiency mentioned in interviews at headquarters or the country level include poor communication with Tunis, slow responses and decision-making (even with a country office); uncoordinated Bank missions and information requirements; cumbersome and bureaucratic procedures; technical difficulties with the Bank's SAP system; and staff turnover. Many of the obstacles identified on the country side relate to their limited capacity, especially in a post-conflict or fragile situation, to prepare, prioritize, and coordinate aid requests and operations. Difficulties in mastering Bank procurement and disbursement rules are also cited. In response to this problem, steps are underway to decentralize procurement expertise.

22. The case studies shows that the efficiency, speed and flexibility of Bank processes have been higher in urgent, high-profile cases such as Cote D'Ivoire, which received arrears clearance and a package of follow-up support. There is debate within the Bank about the extra burdens involved in working with the parallel processes and reporting modalities for the ADF and Pillar I channels. But there is no question that the generous top-up formula of Pillar I, its special provisions for up-front payment and budget support, and its ability to piggyback major supplementary funding on the base of existing programming, have made it an efficient mechanism for major transfers of additional support to eligible fragile states.

23. Pillar III, though far smaller, was designed to serve as the most flexible and efficient of the three pillars in terms of quick response in supporting urgently needed capacity in fragile states. There is evidence that in some selected instances it met these expectations,[26] but in general has been unable to do so at scale because of fluctuating budgets; and difficulties in developing and disseminating a clear strategy, intended results, manageable responsibilities and accountabilities, adequate recordkeeping and reporting,[27] and appropriate decision-making and management arrangements. Uncertainties; changing budgets, directions and requirements; and poor communication around Pillar III were found to have eroded the quick and flexible response expected of that window.

24. The evaluation saw no explicit evidence of implementation of the provisions of the Strategy for special "additional initiatives specific to improving results and performance in the context of fragile states": specific rapid-response procedures to speed up disbursement and procurement activities; and benchmarking and monitoring of all procurement and disbursement activities in recipient countries to eliminate unnecessary delays.

Organizational Effectiveness

e. To what extent have the AfDB's structures, staffing and procedures been effective in supporting the AfDB's contributions in fragile states?

25. The Fragile States Strategy of 2008 included the first organizational arrangements to support the AfDB's contributions in fragile states. It envisaged a Bank-wide approach, with operations in these

25 The 2008 Decentralization Evaluation found that where the country offices have been given a significant role to play, there are widespread improvements in project supervision, portfolio clean-up and local dialogue.

26 Some examples include: large-scale capacity-building programmes using much quicker than normal Bank processes and leverage to build capacity development plans in countries behind which donors can align. Good examples of capacity building for public financial management are cited in Comoros, South Sudan, and Liberia. Other examples cited include, in Sierra Leone, a project to eliminate 'ghost teachers' as a prelude to budget support in education. In DRC, debt management experts were rapidly sourced via the market, saving a 3-4 year wait for full programme implementation. Further information can also be found in Chapter 2 of the headquarters study.

27 Financial records, including on disbursements, are apparently made available for audit annually, but the programme information normally required for management purposes was not available during the evaluation.

countries carried out under normal Bank structures and a Fragile State Unit having a facilitating role.[28]

26. *Role of the FSU.* The facilitating and coordinating responsibilities assigned in the strategy to the FSU are sweeping, overly ambitious, and not backed by sufficient organizational assets.[29] The review has not found evidence that the FSU is close enough to the responsible operational units and country offices to build a fragility-sensitive approach from within, or that it is influential enough to lead or catalyze from outside the normal operational structures. The staffing vision that underlies the strategy is that of a small core of specialists as a resource, well connected to the Bank's operational arms, and helping equip staff Bank-wide to apply a 'fragility lens' and relevant and manageable tools to operations in these countries at all stages. Such a vision has only marginally advanced since 2008, with the growing staff of FSU specialists being heavily diverted to other tasks – primarily managing Pillar III operations – and only intermittently connected to key operations.[30]

27. *System of incentives and accountability.* The Bank's organizational arrangements imply that management responsibilities and accountabilities, knowledge resources, decision-making, and performance monitoring and lessons learned on fragile states are dispersed throughout the Bank. However, non-specialist staff in other parts of the Bank have not had the incentives or resources to learn and apply the knowledge of fragility in their regular work. Most of the prevailing incentives and accountability mechanisms for Bank staff (favouring rapid commitment and Board approval, then smooth disbursement[31]) run counter to the more analytical and adaptive approaches especially needed in fragile states.

28. *Procedures.* The Bank's procedures for handling assistance to fragile states, whether through normal or special mechanisms, have mainly been assessed in relation to the use of different instruments and overall efficiency. The review found that procedures for managing FSF resources (with the exception of one or two high-profile operations) are generally found to be not much less cumbersome than regular for Bank resources. The intended rapid response and flexible capacity have materialized in part through the larger up-front supplements through Pillar I and a more streamlined arrears clearance facility.[32] On a smaller scale but still important, there are clearly major difficulties with the strategic design, operation and management of the Pillar III program for technical assistance and capacity building.[33] This is the case even after remedial changes were made in 2010. Interviews show that the end-users of Pillar III in task teams and countries still find the extra layer of management burdensome.

Quality

f. Has the quality of the AfDB's responses to fragile states been adequate, and has it improved? Why and how much?

29. The quality of the Bank's assistance in fragile states is assessed here against several criteria: use

28 According to paragraph 8.8 of the Fragile States Strategy, the new unit is to responsible for (a) providing administrative oversight of the FSF; (b) ensuring program coherence, rapid response capacity, and a short feed-back loop for learning; (c) facilitating the coordination, harmonization and alignment of the Bank's work with that of international organizations and agencies working in fragile states; (d) actively contributing to the preparation and dissemination of policies, guidelines and procedures on selected operational issues required for rigorous implementation of the Bank's program of assistance to fragile states; (e) collaborating with regional departments and the office of the Chief Economist in the preparation and dissemination of economic and sector work (ESW); (f) providing supplementary and advisory support to regional and sector departments working in fragile states; (g) running the secondment program; and (h) helping implement the Bank's arrears clearance program. The strategy considers that the staffing requirements of the unit would be modest, consisting of three professional and two support staff.

29 See, for example, the FSS, sections 8.7-8.10 and Figure 4.

30 Chapter 4 of the headquarters study provides a more detailed assessment of the challenges faced by the FSU in fulfilling its mandate.

31 These incentives are mostly driven by the KPI system.

32 These are mainly in the waived rules of origin for procurement, up-front provision of funds for three years, less stringent provisions (with specific Board approval) for the use of budget support, and more joint activities and use of multi-donor trust funds. Beyond these exceptions, all procedures are still expected to be in line with existing Bank systems and standards.

33 As detailed in the findings of the headquarters study.

of knowledge, analysis and learning; flexibility and responsiveness of programming; sequencing and selection; use of partnerships; monitoring and evaluation; and acceptance and management of risks.[34]

Knowledge, analysis and learning

30. Prior to 2008, the Bank already had a base of practical and implicit knowledge around the challenges in fragile states. The Fragile States Strategy has been a useful attempt to make this knowledge more systematic, better informed by wider thinking in the field, and more readily available. In line with the OECD-DAC Principles on Good Engagement in Fragile States (listed in Annex 2) on which it is grounded,[35] the FSS commits the Bank to a series of specific analytical tasks to provide a sound basis for programming in fragile states.[36] This stress on analysis recognizes the special complexities and risks of working in fragile states. For example, infrastructure projects or even capacity support can have dangerously skewed benefits and costs in fragile situations, where fault lines of inequity and exclusion – on an ethnic, gender or regional basis – may be key drivers of conflict. These fault lines can be inadvertently worsened or re-opened by aid interventions, so the first principle of this work is to do no harm.

31. The case studies in DRC, Guinea, Cote d'Ivoire and Liberia shows that the Bank's analysis is strong on financial and macro-economic governance, but weak on the contextual analysis the Strategy deems essential for informed programming in fragile states. In the Republic of Congo and Comoros, a serious effort has been undertaken to analyze political and governance issues, but these have been more descriptive than analytical and have actually become shallower in recent years. The overall conclusion is that the Bank has not engaged systematically in conducting in-depth analysis of political economy, fragility and conflict, drivers of change, or equity concerns, nor has it made evident use of such analysis undertaken by others to inform its programming decisions. Structural issues and themes that determine or affect a country's fragility have been – at best – noted; their potential consequences for the country's state of fragility and development potential have not been analyzed.

32. Thus, the Bank has not been able to match the stated ambitions of the Fragile States Strategy with sustained efforts to enhance, for essential operational purposes, its knowledge of 'the impediments to change, the dynamics in government, statebuilding and the potential drivers of reforms,' as a means to inform its own policy and strategy.[37]

Responsiveness of programming

33. Generally in the countries studied, programmes and investments have been aligned to: (a) urgent needs; (b) Government plans and requests for support; and (c) the Bank's strategic foci as articulated in the FSS, namely the rehabilitation and reconstruction of basic infrastructure and capacity building. As is common, the national plans to which the AfDB has aligned are comprehensive documents which do not constrain donors in their choices. Development partners have, consequently, ample policy space to pursue their own agendas.

34. With some limited exceptions,[38] the study finds no evidence of AfDB operations recognizing in practice that 'peace, security and economic and social development issues are intertwined,'[39] or situating the Bank's support within an integrated statebuilding and peacebuilding approach, as the

34 These are close to the main parameters of good practice set out in the Fragile States Principles and current international guidance (OECD-DAC 2011).
35 Strategy for Enhanced Engagement in Fragile States, AfDB 2008, p. 2.
36 The particular focus was to be on 'analysis of the impediments to change, the dynamics in government, statebuilding and the potential drivers of reforms (p. 15).
37 The strategy's aim of developing early warning tools about the sources of fragility has proved even more over-ambitious.
38 Examples include work to support disarmament, demobilization and reintegration of ex-combatants in Congo and DRC, and some minor support to peacebuilding dialogue in Liberia.
39 Fragile States Strategy (p. 4).

strategy pledged. The Bank's programmatic focus has largely been on the capacities of the state to perform its basic functions in areas such as public financial management reform. This finding does not imply that the Bank's priorities in these countries fall outside the realm of statebuilding. Many investments in service delivery, productive sectors and macro-economic and fiscal governance do indeed contribute, but best practice shows that directly recognizing the political processes that drive statebuilding in a given fragile situation is likely to improve strategizing and programming. It is therefore more likely to deliver sustainable results while minimizing risk and without doing harm.

Sequencing and selection of programming

35. The FSS sought a coordinated and comprehensive reform agenda in fragile states, sequenced in relation to key priorities, with a clear division of labor among donors.[40] Current guidance reaffirms the importance of prioritization and sequencing based on a clear set of anticipated priorities, informed by contextual analysis and a clear rationale for choices.[41]

36. The evaluation finds generally poor progress in prioritization and sequencing of activities – by fragile states themselves, their donors collectively, and the Bank in its contributions. The AfDB's approach has not been based on a clearly articulated set of priorities, informed by analysis and clear strategic choices. Country-level strategies do not provide direction in the form of shared goals that reflect statebuilding priorities. Flexibility in terms of willingness to re-strategise and prioritise on the basis of contextual developments is either *ad hoc* (DRC) or only very recent (Guinea). Sometimes, important changes have not been based on a strategic assessment of the context.[42] Consistency of approach is also lacking, reflected in a dilution of clear objectives and a consequent lack of clear prioritization.

Working in partnership

37. The 2008 Strategy emphasizes the Bank's commitments to work in close collaboration with other partners on comprehensive reform agendas, with joint strategies and programs, harmonised approaches, a division of labor and shared instruments.[43] Given the scale of needs and the limits on any one partner's potential contributions, active partnering is crucial.

38. Donor coordination in most fragile states is a recent phenomenon, and most development partners have difficulty coordinating. There are some good examples of AfDB playing a role in improving partnerships,[44] e.g., as an active contributor to coordination efforts in the macro-economic governance, budget support and statistics domains. However, this has only occasionally led to joint analysis and programming and some division of labor, mainly with the World Bank. In countries lacking an AfDB field office, partnerships have been constrained, limiting the Bank's role at both the strategic and tactical/operational levels. In the other countries, the evidence finds that AfDB does not necessarily invest major effort in coordination with other state and non-state partners or international partners in fragile states at a strategic level. In most cases, coordination takes place at the sector or project level. A new joint initiative being developed by the

40 Fragile States Strategy (p. 16).
41 'Sequencing and prioritizing reforms—Deciding on the type and scope of changes societies will make first, those that will be addressed later, and the timeframes for achieving change' (World Development Report 2011; see also OECD–DAC 2011).
42 For example, in the proposed shift in priorities in Comoros from water and sanitation to energy, after barely two years of engagement in the former.
43 See extensive references in Fragile States Strategy (p.17). This emphasis is consistent with the lessons of international good practice.
44 For example, the 2010 Common Approach Paper with the World Bank on Providing Budget Aid in Fragile Situations. Other examples include participation in international dialogue on peacebuilding and statebuilding; good coordination around major initiatives such as arrears and debt relief; and some broad joint strategic work and division of labour arrangements, as in Liberia and Cote d'Ivoire.

Bank with five other international organizations[45] on job creation in fragile states is an encouraging development in this critical area of need.

Monitoring and Evaluation

39. Both the AfDB's FSS and international good practice recognize that the fluid and volatile context in fragile situations necessitates more regular and flexible monitoring and evaluation. This special need includes both the monitoring of results, and review – or use of available monitoring data – of the external environment; e.g., progress in peacebuilding and statebuilding and the changing roles of international actors.

40. With a few positive exceptions (e.g., Comoros, Congo), the Bank's monitoring and evaluation of its programming in fragile states uses only the institution's standard performance management mechanisms. These systems have acknowledged shortcomings: they are rigid in nature and largely focused on inputs and throughputs (e.g., disbursement and project completion rates) at a project and program level only, rather than on results and effects.

41. This evaluation finds little evidence of monitoring or evaluation results having influenced AfDB programming or operations in fragile states. Consultations around Country Strategy Papers do not appear to generate useful lessons about the particular challenges of operating in these countries. Lessons learned are mainly about implementation and are not always shared with counterparts and/or followed up by the AfDB and national authorities. There are few examples of systematic feedback and learning from the AfDB's experience from fragile countries up to the regional and headquarters levels, although the need to build learning processes into the country strategy preparation process is recognized in principle. Instead, feedback loops depend largely on the interest of individual staff members and their own informal networks. More integrated or lateral approaches and linkages to strategy and programming are underdeveloped, and there is no evidence of monitoring taking place on the basis of the result framework of the FSS. There is little or no use of available data on the external environment as it relates to ongoing statebuilding and peacebuilding situations.

Accepting and managing risks

42. The four main risks in development co-operation – fiduciary, performance/implementation, strategic and political/reputational – all tend to be higher when working in fragile states, where capacity may be limited, state legitimacy contested, and political settlements still under negotiation. The Bank is sensitive to all these types of risk, but particularly – as an international financial institution – to fiduciary risk.

43. The Fragile States Strategy includes an outline of the risks faced by the strategy itself,[47] but pays limited attention to risk analysis and management of programs in fragile states. Country-level documentation mentions risks of conflict resumption but without supporting detail or implications of these for programming. Risk analysis is present within programs, but limited to micro/meso-level analysis of fiduciary and performance/implementation risks, and macro-level analysis of political and reputational risks. Broader and deeper risk analysis, e.g., of critical political and developmental risks that lie beyond the Bank's control but which nevertheless present core potential planning and operational risks, has not been systematically conducted. Most risk mitigation measures proposed are cursory at best.[48]

45 World Bank, International Labour Organization (ILO), United Nations Peacebuilding Support Office (PBSO), United Nations Development Programme (UNDP) and United Nations Economic Commission for Africa (UNECA).

46 Fragile States Strategy (p. 19). See also OECD –DAC (2011), 'Supporting Statebuilding.' According to recognized good practice in fragile situations, management information needs to be more immediately linked into planning and programming processes.

47 Examined in the headquarters study.

48 An exception is Cote d'Ivoire, where the AfDB has, in its recent phase of support, generated an overview of the risks and discussed multi-faceted mitigation measures.

44. On the other hand, the AfDB shows willingness to accept risk in working in fragile states in its rapid engagement after conflict and gradually expanding portfolios. On occasion, the Bank has been willing to accept fairly high risk at the strategic/political and fiduciary levels, as with its leading use of budget support. However, at the implementation level, institutional processes and procedures – arising from its risk-averse nature as an international financial institution – have often constrained operations on the ground, causing implementation delays and on occasion, as evidenced in Liberia and Guinea, adversely affecting relationships with partners.

AfDB presence

45. The AfDB is in the process of decentralizing. Three of the countries studied for this evaluation have field offices (DRC, Cote d'Ivoire and Liberia – though the latter two are recent). Programs in the others (Congo, Guinea and Comoros), are managed remotely. The absence or withdrawal of local field offices in the latter three countries has been a serious constraint, affecting relationships with partners and delivery on the ground.[49] There is no clear correlation between portfolio size and country presence, but countries without a local office, and where operations have performed poorly, have made explicit requests for increased country presence via monitoring visits, as an attempt at mitigation. Those where field offices have been recently established, such as Liberia and Cote d'Ivoire, provide greater opportunity for informed programming but require greater delegation of authority, as anticipated under the Bank's Road Map for Decentralization. This is especially the case for procurement, as a means to improve the organization's own efficiency. Finally, one should note that there is no evidence of the AfDB providing specialized approaches to handle the difficult human resources challenges in fragile states, including the specialized knowledge required and arduous working and living conditions.

Results

g. What **results have been achieved in recovery and reconstruction in the relevant timeframe, and how likely are they to be sustainable? What contributions to these results can be plausibly traced to the Bank's assistance in particular?**

46. This section assesses the AfDB's contributions to results in the six fragile states studied. It identifies the Bank's value added and opportunities for contribution that may have been missed. For several reasons, it is especially difficult to attribute impact-level results to aid in fragile states.[50] However, the study has identified a number of **common interim (outcome-level) results** in fragile states to which the Bank has contributed.[51] These occur across all countries other than Comoros, for which information is not available.

45 World Bank, International Labour Organization (ILO), United Nations Peacebuilding Support Office (PBSO), United Nations Development Programme (UNDP) and United Nations Economic Commission for Africa (UNECA).

46 Fragile States Strategy (p. 19). See also OECD –DAC (2011), 'Supporting Statebuilding.' According to recognized good practice in fragile situations, management information needs to be more immediately linked into planning and programming processes.

47 Examined in the headquarters study.

48 An exception is Cote d'Ivoire, where the AfDB has, in its recent phase of support, generated an overview of the risks and discussed multi-faceted mitigation measures.

49 The 2008 evaluation on decentralization found that the lack of a field office in Liberia (used as a counterfactual in the evaluation) had the following effects: (a) limited understanding among stakeholders of how the Bank works, its objectives and its key drivers; (b) poor communication and some miscommunication with the Bank; (c) limited Bank presence, visibility and leverage; (d) External stakeholders finding the relationship with AfDB via the Sierra Leone Field Office difficult due to lack of responsiveness/ delays; (v) Lack of shared responsibility and accountability when the Bank surrenders its decision making authority to donors in-country.

50 First, statistical systems and data are often weak or non-existent. Out of 68 completed operations, only 16 had a project completion report (PCR). Second, the influx of aid may be recent, as for several cases here. Third, the extended stabilisation and reconstruction process means that improved development outcomes can take some time to occur. Finally, a very high proportion of resources for reconstruction and service delivery are usually externally financed.

51 Applying contribution analysis as per Mayne 2001, and as used for several other international studies, including, recently, the Paris Declaration Evaluation and the General and Sector Budget Support Evaluation.

Intended result	Specific contribution	Level of contribution
Normalised relations with international institutions, donors and investors, leading to improved access to other development resources and debt relief	Arrears clearance (all but Guinea); HIPC and other debt relief (all except Comoros); leveraging of additional development resources (all)	Significant contribution
Macroeconomic stabilisation and improved fiscal management and control	Improvements in public financial management including: improved capacity for fiscal planning and debt management (all); strengthened co-ordination and monitoring of economic and financial reforms (Guinea, Liberia, Cote d'Ivoire); improved budgetary planning, control and execution processes (all); improved audit procedures (Liberia, Guinea, Congo); improved tax policy and tax administration processes (Congo, Liberia); improved transparency and accountability in public expenditure (Congo, Liberia)	Significant contribution (all countries)
Improved access to key infrastructure and basic services	Improved physical infrastructure through construction of primary and feeder roads and bridges (Liberia, DRC, Guinea); improved access to primary and secondary education (Cote D'Ivoire, Guinea); access to electricity (Cote d'Ivoire, Guinea, DRC); access to water and sanitation facilities (Guinea, Liberia, DRC); increased access to health facilities (Liberia, Guinea, DRC)	Some contribution (commonly constrained by disbursement and implementation delays)
Social and economic re-integration/ inclusion	Employment provision, especially for ex-combatants (DRC, Congo, Liberia)	Some contribution
Improved economic production, especially in rural areas	Improvements in rural livelihoods through agricultural improvements (Guinea, Liberia); increased access to micro-credit for entrepreneurs (Liberia, DRC); reduced import taxes/tariffs for agricultural inputs (Liberia); support for private sector development (DRC, Congo)	Some contribution
Improved governance and transparency resulting in improved CPIA ratings	Specific improvements in transparency and accountability surrounding public expenditure (Congo, Liberia); improved governance in specific sectors (the extractive and forestry sectors in Guinea, the oil sector in Congo	Limited contribution
Improvements in statistical capacity	Improvements in development monitoring capability and statistical base (Liberia, Congo, Cote d'Ivoire)	Limited contribution

47. The following areas of AfDB **added value** at the process level have been identified[52]:

- A lead role in assisting countries to normalize their international relations and secure debt relief/access other sources of financing (all countries);
- Efforts to develop trust in and legitimacy of government; e.g., via support to key ministries and the use of budget support without conventional political conditions (Guinea, Liberia);
- A prominent role in public financial management reform and infrastructure development/access to basic services (all countries where relevant);
- Evidence of a staged/prioritized approach in line with the evolving context (all countries);

52 More information on tangible results can be found in the case study reports.

- Fast-tracking of decisions where feasible; e.g., budget support in Guinea and arrears clearance and follow-up support in Cote d'Ivoire.

48. Within the scope of the Bank's priority areas, a number of missed opportunities to contribute to the reconstruction and statebuilding processes are also evident:

- Public sector reform to support the reconstruction process; e.g., rationalization and simplification, strengthened human resource management, and the building of subnational capacities

- Capacity and institutional development of non-state actors in the statebuilding and peacebuilding processes, including civil society and the private sector;

- Addressing inequity and exclusion issues, including around gender, region and ethnicity, which have not been systematically addressed within sector or country programming and the omission of which presents risks where inequality has been a driver of conflict;

- An explicit role in governance and institutional reforms to support national reconciliation and reconstruction processes, such as in rule of law (the justice sector), and in strengthening oversight and accountability mechanisms (e.g., the legislature);

- Generally limited support to strengthening national capacity to develop policies/strategies, and little attention to improving aid coordination machinery.

49. These missed opportunities have a number of causes, including:

- AfDB's often over-cautious interpretation of its 'apolitical' mandate, leading to inadequate political analysis[53];

- a narrow interpretation of the Bank's emphasis on infrastructure and public financial management reform;

- a focus on support at the sectoral or ministry level rather than on the national context;

- a performance system based largely on disbursements (inputs and throughputs) rather than on results (output, outcome, impact);

- the Bank's centralized structure, with limited resources and responsibilities delegated to the country level;

- applying mainly 'business as usual' Bank systems for managing in fragile states, without most of the adjustments promised in the Fragile States Strategy;

- limited investment of attention and effort to working in partnership, as a way to leverage the Bank's direct contributions and support overall peacebuilding and statebuilding.

50. Going forward, the Bank's programming in fragile states will need a clearer view of how its operations will support statebuilding and, where applicable, peacebuilding, and how these efforts will complement those of other development partners, both to reduce risk and to maximize the Bank's contribution to results.

53 Carrying out only very limited non-economic analysis to prepare for and confront political risks actually increases the Bank's performance, strategic, and reputational risks in fragile states. On the other hand, in cases such as South Sudan and Zimbabwe, the Bank has shown inherent strengths when it is well-prepared to enter into highly political terrain.

Conclusions and Recommendations

Conclusions

51. Over the past decade, the Bank has developed a more explicit and systematic approach toward fragile states through the adoption of the Post-Conflict Assistance Guidelines (2001), the Post-Conflict Facility (2004), and the Fragile States Strategy (2008). It has set up transparent eligibility criteria to identify fragile states and to structure access to limited additional resources. The criteria have been applied transparently and consistently, but practice has shown that they do not capture various situations of fragility (e.g., the requirement of a peace and reconciliation agreement is more oriented towards post-conflict rather than fragile situations); and provide limited flexibility to respond to rapidly changing circumstances.

52. The existence of the FSF and the precursor Post-Conflict Countries Facility for arrears clearance has increased the funding available to support fragile states. Volume allocations have generally been relevant and responsive to changing absorptive and financial management capacity in the country concerned. The Bank's most useful contributions have been in those cases where it was able to respond to emerging country needs (for example, Guinea, Cote d'Ivoire). The Bank has been less helpful when trying to apply a 'country-entitlement' approach; i.e., first allocating blocks of additional aid resources, and then programming their use.

53. The Bank's instruments and modalities have been able to respond to a range of country needs and capacities. Its contributions have been catalytic for arrears clearance, significant in reconstructing basic infrastructure and in public financial management reforms, but limited in capacity building, reconstruction and reconciliation processes, and statebuilding.

54. The Bank's strategic contributions fall substantially short of the vision of AfDB-wide engagement promised in the 2008 Fragile States Strategy, including adherence to evolving international standards of good practice. In particular, the Bank's response has not been underpinned by systematic analysis of the political context and the drivers of conflict, as envisaged by the FSS, leading to an incremental rather than a strategic approach at the country level and to the development of programs and projects without appropriate consideration of the specific context of fragile states. Bearing in mind that fragile situations require quicker and more flexible action, the overall efficiency picture is mixed, especially with regard to procurement bottlenecks. The Bank's partnerships with other stakeholders have mainly operated at the project rather than the strategic level.

55. The ambitious Fragile States Strategy has not been matched with the consequent organizational changes and resource commitments required. This is not just a matter of allowing more time for the Strategy to take hold – there is evidence that a change of direction is needed. This will include top-level modifications to establish more concrete and realistic expectations, and the implementation of practical, step-by-step improvements based on international good practice. A roadmap of change will be a key tool in this process.

Recommendations

1. **The Bank Group's Boards should consider a broader programmatic approach to engage in 'fragile and stabilizing situations' where the essential functions and resiliency of state, society and/or the economy are severely impaired or critically vulnerable to shocks, or where recovery from major shocks is still underway.** Such an approach would respond better to the needs of 'fragile states' not adequately covered in the FSS, and to RMCs and regions that are currently undergoing stabilization after conflict and/or fundamental political change. It

would also open up an important preventive dimension.[54] Strengthened merit-based approaches and leading partnership practice could provide the basis for the Bank to attract additional support for its work in fragile situations, including from non-traditional donors.

1.1 Instead of using a formula-based country allocations for additional funding in the same way as the basic performance-based ADF allocations, the new approach could establish **a small number of key objectives and criteria for AfDB assistance**, and then allocate the available supplementary ADF, AfDB and other resources responsively (as it has with arrears clearance) on a rolling, merit-based allocation approach.

1.2 The objectives and criteria should be dictated by **more in-depth assessments** of needs in individual fragile and stabilizing situations, and by the Bank's demonstrated strengths in relevant areas.

1.3 This responsive funding should not be subjected to any standard timelines for exit, but available for **shorter or longer-term projects**. It should be allocated through more frequent (perhaps quarterly) assessments of context and the strength of proposals emerging from countries and teams.

1.4 Given the high stakes and difficult judgments involved, these allocation decisions would need **to be made at a high level** with input from specialized staff.

1.5 **The intended basic purposes of the current three pillars** would be maintained – reinforcing regular operations, supporting arrears clearance, and a highly flexible window for technical assistance and capacity building in fragile and stabilizing situations (sometimes including urgent, up-front needs).

2. **Streamline and reallocate responsibilities within the Bank's structures to enable an effective institutional response to fragility issues.**

2.1 The Bank's country offices, regional and sectoral departments should have adequate responsibility and accountability (and adequate resources) for planning and implementing programs in fragile and stabilizing situations (including capacity-building and technical assistance support) and for applying the necessary analytical work and strategic guidance for these activities. A review of the accountability and incentive mechanisms for regional and sectoral departments should be undertaken to encourage more analytical work and adaptive approaches needed in fragile states.

2.2 The Fragile States Unit should be relieved of its current responsibilities for directly managing the technical assistance and capacity building activities under Pillar III, as well as the vague and unrealistic 'coordination' and 'facilitation' roles assigned in 2008. It should be re-tasked to become a dedicated knowledge resource, with a role in resource allocation to maintain its operational links and its influence in effectively mainstreaming knowledge. The FSU should incorporate the latest practically oriented international guidance[55] (see Annex 2) and the Bank's own experience to rapidly generate practical guidance and operational tools adapted to the AfDB's needs and current capabilities. This should include guidelines for mandatory fragility-sensitive assessments to be included in Country Strategy Papers – the Bank's key authorizing tool – and the use of follow-up monitoring (including monitoring of the external environment) in every program proposal in fragile

54 For some elaboration of possible definitions and criteria, see Annex 1, Fragile and stabilizing situations: toward alternative definitions and criteria for supplementary support. The World Bank is simultaneously reaching for a wider and more flexible approach. See "Operationalizing the 2011 WDR: conflict, security and development," World Bank, April 2011.

55 This international good practice, which has developed directly from the Fragile States Principles with full participation by fragile states themselves, is now available in authoritative, brief and readily adaptable forms in 'A New Deal for International Engagement in Fragile States'; the 2011 results of the International Dialogue on Peacebuilding and Statebuilding; and the OECD– DAC Policy Guidance of 2011 on 'Supporting Statebuilding in Situations of Conflict and Fragility' (particularly Chapter 5, 'Improving Development Partner Operations.'

and stabilizing situations. The unit should also be tasked to provide systematic training for AfDB staff involved to equip them to apply relevant knowledge.

3. The Bank should consider which complex is more likely to provide the leadership for the implementation of the **necessary organizational changes required for the whole Bank to deliver on both the valid commitments of its Fragile States Strategy and the major revisions now needed; and to ensure the continuing co-ordination required**. The Fragile States Unit should be positioned in this complex.

4. **With its Africa-wide responsibilities and need to leverage a useful strategic role in all fragile and stabilizing African countries and regions, the Bank should practice and promote more concerted, harmonised and co-ordinated international efforts**. It has a unique potential to become a working champion of partnership, of practical experience-sharing rooted in African conditions, and of responding to conditions of fragility across borders.

4.1. The Bank must invest more effort in existing donor coordination frameworks, especially at the strategic level, and actively help build them elsewhere; push ahead the decentralisation process to fragile states; and empower the country field offices with responsibility, decision making authority and resources.

5. The Bank should prepare **an operational plan to deliver the cross-cutting changes required by the Fragile States Strategy**, which extend from better external partnerships all the way to stronger analytical work, training and adequate incentives for staff to work in fragile states.

Annex 1: Fragile and stabilizing situations: toward alternative definitions and criteria for supplementary support

While the 2008 Strategy's attempt to apply indicator-based definitions of fragile states reflected current practice at the time, it has already begun to have unintended effects as a basis for identifying and allocating supplementary support to countries in need. The Bank needs a more accurate, inclusive and durable categorisation of fragile and stabilising situations in African countries, reflecting both its own experience and the lessons of others, especially the affected countries themselves.[56] The Bank should no longer characterise (and in the process possibly stigmatise) entire states as fragile, although additional assistance would mostly be directed at the country level. This reconfigured approach will mean accepting the need for greater levels of judgment in allocating the Bank's special attention and – where appropriate – supplementary resources to respond to these situations.

The Bank's enhanced approach to fragile and stabilising situations should respond to situations where the essential functions and resiliency of state, society and/or the economy are severely impaired or critically vulnerable to shocks, or where recovery from major shocks is still underway. The distinguishing features will sometimes be more a difference of degree than of kind from other development challenges, and will generally not lend themselves to measurement by simple indicators. The underlying shocks or vulnerabilities could have many sources, including armed conflict or widespread violence; pronounced poor governance, political instability or system change; militarisation; sharp ethnic or social fault lines and inequities; major deterioration in economic performance and employment; demographic stress; very low levels of human development; environmental stress; and/or the effects of highly damaging international pressures.

The Bank needs to avoid the misdirected effects of trying to apply rigid indicators such as, for example, the requirement of a reconciliation agreement to denote such a range of complex situations as a basis for making *advance country allocations* of the additional resources available. Instead, it needs to take on the responsibility of exercising informed judgment to select *programmes and projects* where its support can make the most difference.[57] To respond to emerging needs, such selections would be made on a regular, rolling basis, perhaps quarterly. Decisions would need to be taken through a rigorous and transparent process against relevant criteria, and probably at a high level of authority in the Bank, given the stakes and responsibilities involved.

56 The most comprehensive and recent survey of analysis and policy thinking is in "Conflict, Security and Development" the World Bank's World Development Report for 2011. International good practice, which has developed directly from the Fragile States Principles with strong input from fragile states themselves, is now best captured in "A New Deal for International Engagement in Fragile States," the 2011 results of the International Dialogue on Peacebuilding and Statebuilding.

57 In this same field, the World Bank-managed Multi-Donor Trust Fund for State- and Peacebuilding (SPF), also established in 2008, offers some interesting features, although it too probably needs updating. The SPF is able to fund activities directed to broadly specified objectives in all states, with priority given to activities in countries with one or more of five clear characteristics of fragility or vulnerability. The fund also specifies objectives and indicative activities. See WB Operational Policy and Control Services paper of March 25, 2008. In terms of a responsive proposal-based allocation process alongside its normal, performance-based allocations, the AfDB already has its own relevant precedent in the programme for support of regional integration activities.

The objectives of the Bank's special engagement in fragile and stabilising situations would be to assist in restoring or reinforcing severely impaired essential functions and the resiliency of state, society and/or the economy, and in countering critical vulnerabilities to shocks. To determine the most appropriate types and areas for engagement, the Bank will need to be guided by indigenously established needs and priorities, careful analysis of the fragile or stabilising context, and a realistic determination of its areas of special competence and capacity to respond.

There is likely to be much scope for the Bank to contribute in line with its now strongly established focus on support for economic governance and management, key infrastructure and regional integration; and the Bank may or may not wish to further specify its areas of greatest strength in fragile or stabilising situations or point to indicative activities. But all such contributions will need to be better informed and shaped by explicit analysis of the highly important political context in these situations, and where and how the Bank's contributions fit into wider processes of statebuilding and peacebuilding. This would include awareness of developments in other areas of economic management and public administration, governance, rule of law and security, and social inclusion and equity. Given the breadth and depth of needs, and the limits on any one agency's capacities to respond, all of these steps would need to be carried out in close consultation with and division of labour among other actors.

Annex 2: Summary of current international good practice and guidance to agencies

A. Summary of "A New Deal for International Engagement in Fragile States," the 2011 results of the International Dialogue on Peaceuilding and Statebuilding (based on the Paris Declaration, the Fragile States Principles and other commitments / statements)

1. Peacebuilding and Statebuilding Goals (PSGs),

Five goals:

- **Legitimate Politics** - Foster inclusive political settlements and conflict resolution
- **Security** - Establish and strengthen people's security
- **Justice** - Address injustices and increase people's access to justice
- **Economic Foundations** - Generate employment and improve livelihoods
- **Revenues and Services** - Manage revenue and build capacity for accountable and fair service delivery

The PSGs will guide the identification of **peacebuilding and statebuilding priorities at the country level**. By September 2012, a set of indicators for each goal will have been developed by fragile states and international partners.

2. FOCUS – Engagement to support country-owned and -led pathways out of fragility

This will include:

- **Fragility assessments** - periodic country-led assessments on the causes and features of fragility and sources of resilience as a basis for one vision, one plan.
- **One vision, one plan to transition out of fragility** – this will be country owned and led, (so as to address short-, medium- and long-term peacebuilding and statebuilding priorities); and monitored, reviewed and adjusted annually.
- **Country compact** to ensure harmonisation and donor co-ordination, reduce duplication and fragmentation, guide the choice of aid modalities, and provide a basis for allocation of donor resources aligned to the country-led national priorities.
- Use PSGs to monitor country-level progress.
- Support political dialogue and leadership –including support to global, regional and national initiatives to build the capacity of government and civil society leaders and institutions to lead peacebuilding and statebuilding efforts; as well as targeted support for youth and women's participation in political dialogue and leadership.

3. TRUST – Commitments for results

Building mutual trust by providing aid and managing resources more effectively and aligning these resources for results. This includes:

- **Transparency** – more transparent use of aid (ODA and non-ODA)

- **Risk-sharing** – the use of context-specific, joint donor risk mitigation strategies and joint mechanisms to reduce and better manage risks

- **Use and strengthen country systems** – joint identification of oversight and accountability measures; strengthened national public financial management systems; increased delivery of aid through country systems

- **Strengthen capacities** – increase the proportion of funds available; reduce the use of project implementation units; target the use of technical assistance; increase understanding on remuneration codes of conduct between government and international partners for national experts; exchange of South-South and fragile-fragile experiences on transitions out of fragility.

- **Timely and predictable aid** – develop and use simplified, accountable fast-track financial management and procurement procedures; review national legal frameworks to support shared objectives; increase predictability of aid; more effective use of global and country-level funds for peacebuilding and statebuilding; provide data to the DAC to enable reporting on volatility.

B. A summary of Chapter 5, Improving Development Partner Operations, in OECD (2011), Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance, DAC Guidelines and Reference Series, OECD Publishing.
http://dx.doi.org/10.1787/9789264074989-en

1. Strengthen field presence and capacity to work on statebuilding in fragile situations

- **First**, devolve greater responsibility to the field.

- **Second**, increase the staff-to-aid spending ratio.

- **Third**, put incentives in place to attract the best staff to fragile situations, and value country knowledge as well as technical know-how.

- **Fourth**, train staff on the complexities of working in conflict-affected and fragile contexts.

2. Manage the risks of operating in fragile and conflict-affected situations and learn from failures

- **First**, reward staff for innovation and responding to opportunities; support learning by identifying the practices that contributed to successes and failures.

- **Second**, share risks by working with other development partner agencies – bilateral and multilateral.

- **Third**, communicate better to parliaments and the public about the interests, complexity and long-term nature of supporting statebuilding processes in fragile situations.

- **Fourth**, adapt to changing circumstances.

3. Create incentives for collaboration and whole-of-government co-operation

- **First**, strengthen integration and co-operation across departments within your organisation and create incentives for staff to work across departments and with other relevant policy actors.

- **Second**, create incentives for country managers and field staff to co-operate rather than compete with other development partners, for example by including co-operation in staff appraisals.

- **Third**, encourage an organisational culture that understands the importance of networks and maximises informal exchange of knowledge and understanding.

- **Fourth**, ensure that individual performance assessment systems appropriately reward time and effort spent on building relationships and facilitating change, not just technical quality and fulfilment of disbursement targets.

4. Review procedures and regulations in the context of statebuilding objectives

- **First**, be mindful of the impact that development partner branding policies can have on statebuilding efforts.

- **Second**, review in-country hiring and procurement procedures to minimise the negative impact and enhance the positive impact on the local labour market and the local economy.

- **Third**, provide partner countries with complete, accurate and timely information on aid disbursements, with special attention to data on off-budget support.

- **Fourth**, ensure that non-diplomatic foreign personnel abide by the law on local income taxes in their country of residence and applicable international law.

- **Fifth**, ensure that contractors adhere to guidelines on operating in fragile and conflict-affected situations.

5. Be aware of the impact of your presence and behavior on your legitimacy

Annex 3: Key data limitation from the portfolio review

Looking retrospectively to 1999, the portfolio review faced a number of important limitations: (i) accuracy of data in SAP; (ii) no systematic inclusion in SAP of arrears clearance operations; (iii) no centralized data basis for all Pillar III projects at the time of the review; (iv) arrears clearance and PBO were classified under multisector, and manual categorisation had to done; and (v) no actual figures on financing of partners available in SAP.

In order to better understand the portfolio of activities in fragile states, a baseline comparison with six other low-income non-fragile African states was conducted, collecting the same data as for fragile states. These states were chosen based on having a CPIA score above 3.2 but lower than 4.0; having Bank activities in at least six sectors of the economy; and have at least two Bank funding sources. A geographical and linguistic dispersion was sought in countries that bordered the countries selected for case studies, as well as countries with similar language backgrounds (English, French or Portuguese). The data were manually reclassified for the fragile states portfolio. An index was created to compare the changes in approved funding for these countries and the fragile states in our study, using 100 as the value for base year 1999, and adjusting the index value upward or downward based on changes in value relative to the base year.

Annex 4: Extract from the literature review – The role of the AfDB in addressing fragility

One key finding is that Bank policies developed along lines derived from the wider international context. Throughout the period under review, the starting points of Bank analysis and policy formulation derive from institutions such as the WB and the IMF, or from the decisions and policies of the OECD/DAC. Policies towards fragile states were thus broadly in line with the 'state of the art' even though at times there were delays in establishing them. There are indications in the literature that implementation appears to have been limited by restricted resources and organizational weaknesses.

In 2004 policy, the establishment of the Post Conflict Country Facility (PCCF) was a key milestone. Debt arrears had been identified as a major problem in that it prevented post-conflict countries from becoming eligible for debt relief under HIPC as well as having access to the wider range of Bank services. This again was coordinated with the WB and the IMF and assistance under the PCCF was given to DRC (2002), Burundi (2004), the CAR (2006) and Liberia and Comoros (2007). An internal review of the PCCF in 2007 was generally supportive of the initiative and pointed out that countries which had received PCCF assistance had moved on to HIPC eligibility. But at the same time it stressed the importance of flexibility and a case-by-case approach as well as the high transaction costs involved and the need for close cooperation with other IFIs. No comment was made on whether or not these policies could be linked to poverty reduction

Post 2008: Strategy (SEEFS)

The Strategy for Enhanced Engagement in Fragile States was developed in the aftermath of the Paris Declaration and the WB evaluation of the LICUS program and clearly shows their influence. Its adoption marks a shift in interest from 'post conflict' countries to 'fragile states'. The strategy was only formally adopted in 2008 but was the result of a series of deliberations, which started two years earlier.

In 2006, the Bank published its 'Action Plan on Harmonization, Alignment and Managing for Results' in response to the Paris Declaration. In the context of fragile states this Action Plan called for the Bank to increase its coordination and harmonization with other donors and, if possible, intensify alignment. It also proposed that the Bank should focus its efforts on country analytical work and developing 'strategic partnerships'. A later paper on Budget Support and SWAps (again inspired by the Paris Declaration) envisaged a role for the Bank in supporting such initiatives in fragile states but only within the context of MDTFs. Furthermore, there were legal issues, which had to be addressed if the Bank was to become involved in SWAps.

2006 also saw the publication of the Bank's proposals for a revised policy on fragile states. This ambitious document identifies 25 African countries as 'fragile', of which 16 were 'core' or 'most marginalized fragile states.[58] It concluded that present AfDB policies towards fragile states were inadequate: 'several traditional instruments of intervention in low income

58 Here, fragility is identified by a country's performance on the CPIA and the Country Vulnerability Index (CVI). The CVI 'is a weighted index of various measures of vulnerability, which combines selected aggregates from CPIA, the United Nations Development Programme (UNDP) Human Development Index (HDI) and other sources of vulnerability such as external shocks (oil price increases), high dependence on primary commodities and exposure to frequent natural disasters'.

countries appear to be inapplicable to fragile states', whilst, 'the Bank's modalities, business processes and procedures have shortcomings that make them either inappropriate or irrelevant in fragile state environments'.

Broadly based on the Paris Declaration, the WB paper on good practice in fragile states, and the IEG Evaluation of the LICUS program,[59] the paper went on to make a series of proposals. It identified four priority areas where the Bank could take on a 'catalytic role': knowledge building and dissemination; rebuilding state capacity; rehabilitation and reconstruction of infrastructure; and provision of tertiary education. In addition it proposed that the Bank should work alongside multilateral and bilateral partners to support economic and structural reforms as well as developing economic integration and a regional program. But the Bank did not see itself as having the mandate or competence in the fields of peace and security and saw these as the prerogative of other multilateral and regional organizations. Perhaps most significantly, this paper also proposed the enhancement of the PCCF into a FSF with two windows: one dealing with arrears and the other with grants to core or most marginalized fragile states. It also proposed modifications to allow the Bank to fully participate in MDTFs and was strongly critical of the widespread use by the Bank of PIUs.

The actual 'Strategy for Enhanced Engagement in Fragile States' (SEEFS) was not finalized until 2008. The Strategy was organized around 'The Continuum Approach', effectively a transposed version of the WB's 'business model' grid. The Strategy identified the central component of SEEFS as the Fragile States Facility (FSF) but rather than consist of two windows, it now consisted of three. The first of these (Pillar 1) was composed of Supplementary Financing for Post-crisis / Transition Countries. This was based on the recognition that the existing PBA system was too harsh on fragile states, and that existing systems of financing were too slow and cumbersome. Basically, the new system doubles the PBA-derived allocation for fragile states. Pillar 2 is the old PCCF devoted to debt arrears, whilst Pillar 3 is a relatively small fund concerned with targeted support in post-conflict or post-crisis countries.

59 This is particularly clear in the AfDB's adoption of the 'business model' outlined by the WB (2005; 2006a).

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Design and Production by Phoenix Design Aid, Denmark
Certified Co2 Neutral, ISO 9001/14001, DS 49001 and OHSAS 18001

Evaluation of the

Assistance of the African Development Bank to Fragile States

This evaluation was undertaken--at the request of ADF deputies—to assess the Bank's assistance to fragile states over the 1999-2011 period. The evaluation examines the relevance, effectiveness, and efficiency of the Bank's assistance to fragile states. It is based on a literature review, a portfolio review, a headquarters study, three field country case studies, and three desk country case studies.

About the AfDB: The overarching objective of the African Development Bank Group is to foster sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs; and providing policy advice and technical assistance to support development efforts.

The mission of the **Operations Evaluation Department** is to help the Bank to foster sustainable growth and poverty reduction in Africa through independent and influential evaluations. Such evaluations assess the Bank Group's policies, procedures and operations, review performance and report on results in order to draw useful lessons and promote accountability.

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