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ESCAPING THE FRAGILITY/CONFLICT POVERTY TRAP:

How the interaction between service delivery, capacity development and institutional transformation drives the process of transition out of fragility

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SOUTH CENTRE

RESEARCH PAPER

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ESCAPING THE FRAGILITY/CONFLICT POVERTY TRAP:
HOW THE INTERACTION BETWEEN SERVICE DELIVERY, CAPACITY DEVELOPMENT AND INSTITUTIONAL TRANSFORMATION DRIVES THE PROCESS OF TRANSITION OUT OF FRAGILITY

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ABSTRACT

The main background and rationale of this research paper is that while donors' scaled-up engagements in Fragility and Conflict-affected States (FCS) during the last decades were a resounding success in terms of official development resources devoted to FCS, the value for money compared to the ultimate goal of helping these countries move out of fragility was well below expectations. The World Bank ex post evaluation of the results of its engagement in FCS found that 80 percent of FCS that were on the harmonized list of fragile situations in 2012 remain on it today and the author's observational study of a sample of 16 African FCS over a 5-year period found that only 1 made progress while 12 stayed in the status quo and 3 regressed. The main reason for the poor value for money is that while International Financial Institutions (IFIs) have spent tremendous amount of resources and brain power to build an excellent knowledge base about fragility and resilience, no such efforts were made to help understand the process and stages for a successful transition from fragility to resilience. The purpose of this paper is to help fill the knowledge gap in order to encourage development partners engaging in FCS to shift from a Fragility-focused to a Transition-based Engagement Business Model and thus minimize the risks of the poor value for money results. The paper will do so by outlining a methodology and framework for a better understanding of the process and a road map for a successful transition from fragility to resilience with measurable stage/sign posts and benchmarks to evaluate progress and necessary adaptation to donors' strategic and operational support instruments.

Le contexte et la raison d'être de ce document de recherche sont les suivants: si l'engagement accru des donateurs en faveur des États fragiles et touchés par des conflits au cours des dernières décennies a été un succès retentissant du point de vue du volume de ressources officiellement consacré au développement de ces États, le rapport qualité-coût par rapport à l'objectif final qui est de les aider à sortir de la fragilité a été bien inférieur aux attentes. L'évaluation a posteriori de la Banque mondiale sur les résultats de son engagement dans les États fragiles et touchés par des conflits a révélé que 80 % des ces États qui figuraient sur la liste harmonisée des situations fragiles en 2012 y figurent toujours aujourd'hui tandis que l'étude observationnelle de l'auteur sur un échantillon de 16 États fragiles et touchés par des conflits africains sur une période de 5 ans a révélé que seul un État a fait des progrès tandis que 12 sont restés dans le statu quo et 3 ont régressé. La principale raison en est que, si les institutions financières internationales ont dépensé d'énormes quantités de ressources et de matière grise pour constituer une excellente base de connaissances sur la fragilité et la résilience, aucun effort n'a été déployé pour aider à comprendre le processus et les différentes étapes d'une transition réussie vers la résilience. L'objectif de ce document est d'aider à combler ce manque de connaissances afin d'encourager les partenaires du développement engagés dans les États fragiles et touchés par des conflits à passer d'un modèle axé sur la fragilité à un modèle qui met l'accent sur la transition, et ainsi de minimiser les risques de résultats médiocres en termes de rapport qualité-coût. Il présente une méthodologie et un cadre susceptibles de favoriser une meilleure compréhension du processus et propose une feuille de route pour une transition réussie vers la résilience, qui en recensent les différentes étapes et fournit des indicateurs mesurables et des repères afin d'évaluer les progrès réalisés et le niveau d'adaptation aux instruments de soutien stratégique et opérationnel des donateurs requis.

Los principales antecedentes y fundamentos de este documento de investigación son que, aunque el incremento de la participación de los donantes en los Estados frágiles y afectados por conflictos durante las últimas décadas fue un rotundo éxito en lo que respecta a los recursos oficiales para el desarrollo destinados a estos Estados, el uso óptimo de los

recursos en relación con el objetivo último de ayudar a estos países a alejarse de la fragilidad estuvo muy por debajo de las expectativas. La evaluación a posteriori del Banco Mundial sobre los resultados de su intervención en los Estados frágiles y afectados por conflictos encontró que el 80% de estos Estados que figuraban en la lista armonizada de situaciones frágiles en 2012 siguen figurando en ella en la actualidad, mientras que el estudio de observación del autor sobre una muestra de 16 Estados frágiles y afectados por conflictos africanos durante un período de 5 años descubrió que sólo 1 progresó, mientras que 12 se mantuvieron en el statu quo y 3 retrocedieron. El principal motivo de esta utilización de los recursos inferior a la óptima es que, pese a que las instituciones financieras internacionales han destinado enormes cantidades de recursos y capacidad intelectual a crear una excelente base de conocimientos sobre fragilidad y resiliencia, no se han equiparado los esfuerzos de ese tipo dedicados a ayudar a comprender el proceso y las etapas de una correcta transición de la fragilidad a la resiliencia. El propósito de este documento es contribuir a sortear la brecha de conocimientos a fin de alentar a los asociados para el desarrollo que participan en los Estados frágiles y afectados por conflictos a que cambien de un modelo de actividades de participación centrado en la fragilidad a otro basado en la transición y, por consiguiente, minimicen los riesgos de unos resultados deficientes en el uso óptimo de los recursos. A tal fin, en el documento se describen una metodología y un marco para comprender mejor el proceso, y una hoja de ruta que permita conseguir una transición exitosa de la fragilidad a la resiliencia con indicadores/etapas y referencias medibles a fin de evaluar el progreso y la adaptación necesaria en los instrumentos de apoyo estratégico y operacional de los donantes.

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ADF	African Development Fund
AfDB	African Development Bank
APPR	Annual Portfolio Performance Review
BRICS	Brazil, Russia, India, China and South Africa
CAR	Central African Republic
CAS	Country Assistance Strategy
CDD	Community Driven Development
CIFA	Country Integrated Fiduciary Assessment
CPF	Country Partnership Framework
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CRFA	Country Resilience and Fragility Assessment
CSP	Country Strategy Paper
CWIQ	Core Welfare Indicators Questionnaire
DAC	Development Assistance Committee
DfID	Department for International Development (UK Government)
DPs	Development Partners
DPF	Development Policy Financing
DPL	Development Policy Lending
DSSI	Debt Service Suspension Initiative
ESW	Economic and Sector Work
FCS	Fragile and Conflict-affected States
FCV	Fragility, Conflict, and Violence
FY	Fiscal Year
G7	Group of Seven
G20	Group of Twenty
GDP	Gross Domestic Product
GNI	Gross National Income
IBRD	International Bank for Reconstruction and Development
ICRG	International Country Risk Guide
IDA	International Development Association
IDEV	Independent Development Evaluation (African Development Bank)
IDP	Internally Displaced Person
IEG	Independent Evaluation Group (World Bank Group)
IEO	Independent Evaluation Office (IMF)
IFC	International Finance Corporation
IFIs	International Financial Institutions
IIED	International Institute for Environment and Development
IMF	International Monetary Fund
JAS	Joint Assistance Strategy
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MDTF	Multi Donor Trust Fund
NGO	Non-Governmental Organization
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEV	Operations Evaluation Department (African Development Bank)
PAR	Procurement Assessment Report
PBA	Performance Based Allocation

PBS	Protection of Basic Services
PEFA	Public Expenditure & Financial Accountability
PIU	Project Implementation Unit
PSCAP	Public Sector Capacity Building Program
RRA	Risk and Resilience Assessment
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SWAP	Sector Wide Approach
TEP	Transition based Engagement Partnership
TFPs	Technical and Financial Partners
TRC	Truth and Reconciliation Commission
TRM	Transitional Results Matrix
UN	United Nations
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNICEF	United Nations Children's Fund
WB	World Bank
WBG	World Bank Group
WBI	World Bank Institute
WDR	World Development Report

EXECUTIVE SUMMARY

A. Background and rationale of the policy research paper

In recognition of the growing body of evidence on the linkage between fragility and poverty, DAC members and IFIs especially the World Bank and the African Development Bank have significantly ramped up their financial and technical engagement in Fragile and Conflict-affected States (FCS) during the last decades. The main objective of this ramped-up assistance was to help FCS transition out of fragility and their communities escape/avoid the fragility/conflict poverty trap and thus achieve the 2030 Agenda for Sustainable Development, including the equity goal of leaving no one behind. Enhancing the volume and effectiveness of DAC and IFIs engagement in post-Covid-19 FCS, would also help FCS build back better from the ravages of the pandemic and its associated socio-economic and political shocks. This will help protect pre-Covid-19 development progress and prevent the Decade of Action from becoming a lost decade.

Unfortunately, while this scaled-up Donors Engagement in FCS was a tremendous success in terms of both volume and share of allocable/lending ODA and other official development resources devoted to FCS, the value for money achieved compared to the ultimate goal of helping these countries move out of fragility was well below expectations. WB ex post evaluation of the results of its engagement in FCS found that 80 percent of countries that were on the FCS list of fragile situations in 2012 remain on it today. The author's own observational study of a sample of 16 African FCS over a 5-year period found that only 1 made progress; 12 stayed in the status quo; while 3 regressed.

If this trend is allowed to continue OECD estimates that the world's population living in fragile contexts will increase from pre-COVID-19 1.8 billion in 2020 (23% of the world's population) with 460 million living in extreme poverty (less than US$1.90 a day) to 2.2 billion (26% of the world population) by 2030. The World Bank also estimates that, while countries that have escaped fragility have cut their poverty rates by more than half in the last decades, FCS have had poverty rates stuck at over 40 percent. The Covid-19 pandemic is also expected to add 26 million to the FCS population in extreme poverty. Thus, the lack of progress in FCS transition out of fragility is an important contributing factor to the slowdown of their momentum on the Agenda 2030.

The main reason for the observed poor value for money results is that while IFIs have spent tremendous amount of resources and brain power to build an excellent knowledge-base about fragility (AfDB CRFA) and resilience (WB RRAS), no such efforts were made to help understand the process and stages for a successful transition from fragility (starting line) to resilience (finishing line). This would be akin to showing to Tour de France cyclists or New York marathon runners the starting and finishing lines but not the route to take for the competition.

The purpose of this paper is to help fill the above knowledge gap in the process of transition from fragility to resilience in order to help IFIs and other Development Partners engaging in FCS shift from a Fragility-focused to a Transition-based Engagement business model and thus minimize the risks of poor value for money results that have bedeviled past Donors' Engagements Strategies in FCS. The paper will do so by outlining a methodology and framework for a better understanding of the process and a road map for a successful transition from fragility to resilience with measurable stage/sign posts and benchmarks to evaluate progress.

B. The key challenges and drivers of a successful transition from fragility to resilience

While each FCS is unique and should be treated as such by development partners, most FCS generally start with a contextual environment characterized by ***high expectations of quick service delivery, low capacity and high risks governance.*** Therefore, the main operational challenges for helping FCS move from fragility to resilience revolve around the management of the tension between the short-term pressures for getting quick delivery on the grounds of essential socio-economic goods and services to meet the basic needs of the population especially the poorest and most vulnerable and the longer term goals of building capacity and strengthening institutions in order to ensure sustainability of development outcomes and better risk management.

Finding the right balance between the above speed and sustainability pull is like living through history in a hurry: sustainable institutional and risk management capacities are needed, but there is only a transient window of opportunity in which to deliver quick results to meet the high and impatient expectations of the population, especially the poor who have been suffering most from such situations of fragility/conflict.

Using the short-term window of opportunity perspective as a reason, both donors and governments have tended to follow the traditional sequential and linear strategic and operational business model focusing first on delivering "quick wins" and politically visible service delivery results on the ground, and placing capacity building and institutional transformations toward the end of the relief-to-development continuum.

However, if concerns for quick results delay the necessary capacity building and institutional reforms, the stakes and costs of such failures could be very high, as they may mean a return to instability/conflict in the medium to long term. Delaying building capacity is likely to compromise outcome sustainability in the medium/long term; and delays in institutional/governance reforms are likely to exacerbate the level of fiduciary risks and the potential for waste of resources, breeding higher probability of development failures, increased poverty, inequity, social frustration, and a higher risk of a return to conflict.

Helping FCS in their quests for an exit out of fragility therefore, requires shifting from the traditional sequential and linear business model for engaging in FCS to a holistic one that would ensure that even under brief "windows of opportunity" quick service delivery for relieving from extreme poverty will not crowd out medium- and long-term capacity development and institutional transformations needed for sustainability of development outcome and graduation to resilience, and that all three are implemented sooner rather than later.

C. Process and stages of transition from fragility to resilience

The process of transition from fragility to resilience will be essentially driven by the mutually reinforcing improvements in the capacity and governance stressors to help FCS graduate from the worst-case scenario of high-risk/low-capacity and high fragility environment (Stage I) to the best-case scenario of high-capacity/low-risk and resilient environment (Stage IV) and move service delivery from humanitarian relief to sustainable development. However, since progress in improving the capacity and governance stressors is unlikely to be evenly paced, this transition process would not be a straight line. FCS can go through interim stages if they either improve their capacity stressors faster than their governance stressors (Stage II) or the reverse (Stage III) before reaching the desirable resilience/exit Stage IV. The fact that most FCS have to address a large number of stressors relating to high expectations in service delivery, low capacity and high-risk governance underscores the importance of prioritization and selectivity to help start with a short list of stressors with the highest impact and positive externalities.

I. BACKGROUND AND RATIONALE FOR THE POLICY RESEARCH PAPER

Since 2000, members of the Development Assistance Committee (DAC) in general and International Financial Institutions (IFIs) such as the African Development Bank Group (AfDB) and the World Bank (WB) in particular have ramped up their engagements in Fragile and Conflict-affected States (FCS) commonly referred to as Fragile Situations in the World Bank (WB), Asian Development Bank (ADB) and African Development Bank (AfDB) Harmonized List. This trend is mainly an acknowledgment of the growing empirical evidence of the important linkage between fragility/conflict and poverty[1] particularly in Africa. For instance, despite substantial flows of development assistance and governments' own efforts, many rural communities across Africa still remain vulnerable, isolated, and left behind. In 2014, only 29% of Africans living in FCS had access to electricity, while more than 31% were food insecure[2]. Although significantly higher, 70% of FCS populations having access to clean water in 2015 compares badly to the global average of 91%[3]. These populations, which are at the bottom of the pyramid (bop) are more vulnerable to shocks such as economic crises, conflicts, or natural disasters and are also more prone to be caught in the fragility/conflict poverty trap. This makes actions aimed at helping these bops avoid/escape the 'Triangle of Disaster,' characterized by rural poverty, youth unemployment, and environmental degradation, even more urgent.

The main objective of this ramped-up assistance was therefore to help FCS transition out of fragility and their communities escape/avoid the fragility/conflict poverty trap and thus achieve the 2030 Agenda for Sustainable Development, including the equity goal of leaving no one behind. Enhancing the volume and effectiveness of DAC and IFIs' engagement in post-Covid-19 FCS will also help FCS build back better from the ravages of the pandemic and its associated socio-economic and political shocks. This will help protect pre-Covid-19 development progress and prevent the Decade of Action from becoming a lost decade. The fact that many of these FCS are heavily aid dependent (with an ODA to GNI ratio of more than 10%[4]) underscores the critical importance of this ramped-up assistance. Most of these aid dependent FCS are located in sub-Saharan Africa, five of which are in Western Africa[5].

The mid-term review of the results achieved by the above enhanced engagement of DAC members and IFIs reveals the following mixed score card:

(i) High success in terms of resource mobilization and allocation

In both volume and share of allocable/lending resources, DAC ODA and IFIs' allocations to FCS have been an outstanding success.

- DAC member countries' allocation of USD 60.3 billion to fragile contexts in 2018 amounted to 63% of their country's allocable ODA. This was the largest share since 2013 and represented a volume increase of 18% over 2015 and the highest since 2006. DAC ODA also included USD 12.7 billion in humanitarian assistance and USD 55.5 billion for peace and development, 73% of which was delivered through bilateral channels.

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[1] Paul Collier (1998 and following years); DFID, "The Politics of Poverty: Elites, Citizens, and States" (London, UK, Department for International Development, 2010); World Bank World Development Report 2011; DAC and OECD reports, Busan New Deal between the G7 and 19 Fragile States.
[2] AfDB Staff Analysis
[3] AfDB Staff Analysis
[4] H. Desai, "States of fragility and official development assistance", OECD Development Co-operation Working Papers, No. 76 (Paris, OECD Publishing, 2020).
[5] Liberia (20%), Gambia (15%), Sierra Leone (13%), Niger (13%) and Guinea-Bissau (11%).

- Despite diminishing ADF resources, the AfDB also increased its support to Transition States[6]. During the 2014-2019 period (ADF-13 & 14), the AfDB approved 354 operations for a total amount of UA 4.7 billion to support Transition States. This represents a 51% increase compared to the 2008-2013 period, which amounted to UA 3.1 billion. The AfDB's support to Transition States was channelled primarily through concessional ADF resources, which represented 74% of the total.

- The WBG[7] allocation of USD 14 billion to FCS under IDA18 was double the level of IDA17. Through a Global Concessional Financing Facility, its International Bank for Reconstruction and Development (IBRD) window also provided more than USD 3 billion concessional assistance. The IBRD also created a Global Concessional Financing Facility for middle-income countries affected by refugee crisis and a new Fund for Innovative Global Public Goods Solutions (GPG Fund) to help address regional spillovers.

- Through its upper-credit tranche and emergency financing, the IMF also contributed USD 20 billion to FCS during the decade preceding the Covid-19 pandemic[8].

Concomitantly with the above scaled-up volume of their commitments in FCS, the AfDB and the World Bank (in close partnership with the IMF) have also increasingly moved into policy-based budget support (DPF) to induce change through policy, institutional, and governance reforms. This shows a greater willingness of these MDBs to take higher fiduciary and reputational risks in FCS given the longer time frame needed for policy reforms to produce the expected development outcomes and the relatively riskier business and security environments in the FCS contexts.

(ii) Very poor value for money results as measured by progress of FCS to successfully transition out of fragility

On the flip side, the above substantial deployment of ODA and other official development resources has fallen very short of the expected outcome of helping FCS move from fragility to resilience.

- The main conclusion of the IDEV evaluation of the AfDB performance in implementing its 2014-2019 Strategy for Addressing Fragility and Building Resilience in Africa[9] was that overall, the results of the resources deployed fell very short of the expected outcome of helping the targeted states exit fragility.

- The WB's evaluation of the results of its engagement in FCS found that 80% of countries that were on the FCS list of fragile situations in 2012 remain on it today[10].

- The author's own observational study of a sample of 16 African countries included in the FY2011 Harmonized list of Fragile situations[11] over a 5-years period (from FY2012 to FY2017) confirms the above finding (see Annex 2, page 2d). Of the 16

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[6] IDEV, *Evaluation of the AfDB's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019)* (June 2020).
[7] *World Bank Group Strategy for Fragility Conflict and Violence 2020-2025.*
[8] IMF, FCS Strategy Consultations Concept Note (July 30, 2021).
[9] IDEV, *Evaluation of the AfDB's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019)* (June 2020).
[10] *World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025*.
[11] Burundi, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Côte d'Ivoire, Eritrea, Guinea, Guinea Bissau, Liberia, Sierra Leone, Somalia, South Sudan, Sudan, Togo and Zimbabwe.

fragile situations, only 1 (Côte d'Ivoire) made progress in the transition out of fragility; 12 stayed in the status quo; while 3 regressed.

As the World Bank rightfully noted in its 2020-2025 Strategy document, FCS countries that are not progressing tend to relapse into violence. Paul Collier's research also found that countries that have experienced violent conflict have a 40 percent risk of renewed violence within 5 years[12].

If this trend is allowed to continue OECD Working Paper 82 on "fragility and Agenda 2030" estimates that the world's population living in fragile contexts will increase from pre-COVID-19 1.8 billion in 2020 (23% of the world's population) with 460 million living in extreme poverty (less than US$1.90 a day) to 2.2 billion (26% of the world population) by 2030[13]. The Working paper also flags out the following multidimensional linkage between gender, population growth and poverty in FCS: "in the 43 fragile contexts for which data are available, 66.1 million youth between the ages of 15 and 24 are not in employment, education or training and almost three fourths of these, or 47.9 million people, are women". The World Bank also estimates that, "Economies facing chronic fragility and conflict have had poverty rates stuck at over 40 percent in the past decade, while countries that have escaped FCS have cut their poverty rates by more than half"[14]. The Covid-19 pandemic is also expected to add 26 million to the FCS population in extreme poverty[15]. Thus lack of progress in FCS transition out of fragility is an important contributing factor to the slowdown of their momentum on Agenda 2030.

When explaining the reasons for the poor value for money results most development partners seem to blame not only the lack of context adaptation <u>but most importantly the undifferentiated and sequential business as usual approaches in both FCS and non-FCS countries.</u>

- In its 2018 evaluation of IMF performance in engaging in FCS[16],the Independent Evaluation Office **(IEO)** observed that "despite an overall positive assessment, past efforts have often not been sufficiently bold or adequately sustained, and the staff has tended to revert to treating fragile states using IMF-wide norms". The evaluation concludes that "the IMF's overall approach to its FCS work seems conflicted and its impact has fallen short of what could be achieved".

- Independent Evaluation Group (**IEG)** 2020 evaluation of the WB engagement in FCS observed that "while in many cases, Systematic Country Diagnostics (SCDs) and analytics on Fragility, Conflict, and Violence (FCV) drivers have improved over time, their recommendations have not always carried over into Country Partnership Frameworks (CPFs) in FCS which have not looked markedly different from those in non-FCS. The result is a partial disconnect between enhanced analytical capacity and the WBG's portfolio of operations"[17].

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[12] Paul Collier, V. L. Elliott, Håvard Hegre, Anke Hoeffler, Marta Reynal-Querol, Nicholas Sambanis, "Breaking the Conflict Trap: Civil War and Development Policy", World Bank Policy Research Report, No. 56793 (Washington D.C., World Bank and Oxford University Press, 2003).
[13] J. Marley and H. Desai, "Fragility and Agenda 2030: Navigating shocks and pressures in fragile contexts", OECD Development Co-operation Working Papers, No. 82 (Paris, OECD Publishing, 2020).
[14] Paul Corral**,** Alexander Irwin, Nandini Krishnan, Daniel Gerszon Mahler and Tara Vishwanath, *Fragility and Conflict: On the Front Lines of the Fight against Poverty* (Washington, DC, World Bank, 2020)
[15] H. Desai, "States of fragility and official development assistance", OECD Development Co-operation Working Papers, No. 76 (Paris, OECD Publishing, 2020).
[16] IEO, *The IMF and Fragile States: Evaluation Report 2018* (Washington, D.C., International Monetary Fund, 2018).
[17] *World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025*.

- Independent Development Evaluation **(IDEV)** 2020 also noted that "while the application of the fragility lens has improved at the level of regional and country strategies, efforts are still required at the level of operations"[18] which continue to follow the traditional business as usual operational model and instruments applied also to non-fragile states. Operations Evaluation Department **(OPEV)** 2011[19] had already warned that the "lack of a fragility lens and a business as usual approach opens up the significant risk of failure and conceivably wider damage from the AfDB's interventions".

While interesting, the above explanations deal more with the symptoms than the root causes of the poor value for money of past donors' engagements in FCS. The more fundamental reason is that while donors have spent a tremendous amount of resources and brainpower to build an excellent knowledge-base about fragility (AfDB CRFA[20]) and resilience (WB RRAS[21]), no such efforts were made to help understand the process and stages for a successful transition from fragility (starting line) to resilience (finishing line). This would be akin to showing to Tour de France cyclists or New York marathon runners the starting and finishing lines but not the route to use for the competition. This lack of a clear understanding of the roadmap for navigating through the process of graduating from fragility to resilience; and related stages and benchmarks to serve as guideposts to help donors adapt their strategic and operational supports and results in evaluation, help explain the difficulties of translating the accumulated knowledge on fragility and resilience into operations as was observed in the IEG evaluation of the WB engagement in FCS. It also helps explain the observed continuation of the business as usual approaches in FCS contexts. Moreover, by being mostly donor driven, these fragility-based initiatives lack the level of country leadership/ownership and political commitment required for their successful outcome on the ground. The current mostly lukewarm FCS acceptance of these initiatives is mainly because there is additional money attached to them. It is more the result of financial leveraging than genuine political commitment.

The above background provides the **Rationale for the proposed Policy Research Paper**. The main objective of the Paper is to help fill the above missing link in order to overcome the value for money results that have bedeviled past donor strategies for engaging in FCS. The paper will do so by outlining a methodology and framework for a better understanding of the process and roadmap for a successful transition from fragility to resilience with measurable stages/signposts and benchmarks to evaluate progress. The aim is to provide IFIs and other Technical and Financial Partners (TFPs) engaging in FCS an actionable analytical and strategic framework to help them better adapt their business models and operational instruments to the proposed shift of paradigm from donor-driven Fragility Strategies to Transition-based Engagement Partnerships (TEPs) with country ownership/leadership as a key element.

Thus, in addition to the above Part I on background and rationale, the Paper will cover the following 2 parts. (II) Moving from the traditional donors-driven Fragility-focused Engagement Strategies to Transition-based Engagement Partnerships (TEPs) in FCS with full country participation/ownership; and (III) Adaptation of Strategic and Operational Engagement business models to the above Transition-based Engagement Partnerships with a focus on MDBs. The Paper will mainly build on lessons learned from the author's extensive work

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[18] IDEV*, Evaluation of the AfDB's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019)* (June 2020).
[19] OPEV, *Evaluation of the Assistance of the African Development Bank to Fragile States* (Tunisia, African Development Bank Group, 2012).
[20] Country Resilience and Fragility Assessment (CRFA)
[21] Risk and Resilience Assessments (RRAs)

experiences in FCS in Sub-Saharan Africa both as Chief of the Technical Department, Public Sector and Capacity Building Division (1990-1996) and Country Director (1996-2006) in charge of fragile states in the Africa Region of the World Bank and as high-level consultant in the Department in charge of Fragile/Transition States (2013-2018) of the African Development Bank (after his retirement from the WB in 2006). Given that a good share of DAC ODA to FCS (USD 22.1 billion out of a total of a USD 60.3 billion in 2018) is channeled through multilateral institutions, the conclusions and recommendations drawn from these lessons of experience from the World Bank and the African Development Bank should also be of interest to DAC members at large. While the analysis will mainly focus on the FCS of Sub-Saharan Africa included in the joint WB, ADB, and AfDB Harmonized list of Fragile Situations, the expectation is that its results and recommendations will also be relevant to donor engagement in the other non-African FCS included in that list.

II. MOVING FROM FRAGILITY-FOCUSED ASSISTANCE STRATEGIES TO TRANSITION-BASED ENGAGEMENT PARTNERSHIPS (TEPS)

In addition to the upfront clarification of the analytical tools and metrics used (paraphrasing the saying that "you cannot implement what you cannot measure"), this part will also analyze the main drivers and stages of the process of transition from fragility to resilience and why selectivity and country ownership are critically important to the design and implementation of a successful engagement partnership in FCS.

A. Methodological clarification

Since the scope of the study is limited to the fragile states in Sub-Saharan Africa included in the WB/ADB/AfDB Harmonized list of fragile situations, the key quantitative analytical tools and metrics used throughout this paper will be from the **Country Policy and Institutional Assessment (CPIA)** Framework[22] which still remain the only consensual quantitative benchmarks for classifying countries in the Harmonized list but with the following adjustments by the author: (i) adopting the AfDB extended list of 18 (instead of the traditional 16) dimensions in the CPIA by adding infrastructures (to recognize the importance of physical capital) and regional integration (to capture the regional dimension of fragility); and (ii) regrouping the above 18 dimensions into two broad capacity and governance clusters as shown in the following table. **One important missing dimension that needed to be added to the CPIA is the level of decentralization** to take into account the fact that rural communities may harbor important indigenous/customary capabilities that have helped them to generally withstand and recover from external shocks during and after periods of conflict better than central institutions. The trust and legitimacy advantages of these home-grown institutions may facilitate self-enforcement of rule of law and protection of property rights at the local level and more efficient delivery of essential public goods and services to meet the basic needs of local communities especially the poorest and most vulnerable in remote and landlocked rural areas.

CPIA RECLUSTERING FOR RATING FCS FRAGILITY CONTEXTS AND PROFILE/LENS		
Capacity Endowments	**Policy Capacity**	. **(M&Xr) :** Money & Exchange rate Policy • **(Fscp) :** Fiscal Policy • **(Dbtp) :** Debt Policy • **(BgtM) :** Quality of Budgetary & Financial Management • **(ResM) :** Efficiency of Revenue Mobilization
	Technical Capacity (tch cp)	• **(BgHr) :** Building Human Resources
	Physical Capital (physical cap)	• **(Infrastruct):** Infrastructure
Governance &	**Business & Financial Environment**	• **(BsEn) :** Business Regulatory Environment • **(Trd) :** Trade • **(Fins) :** Financial Sector

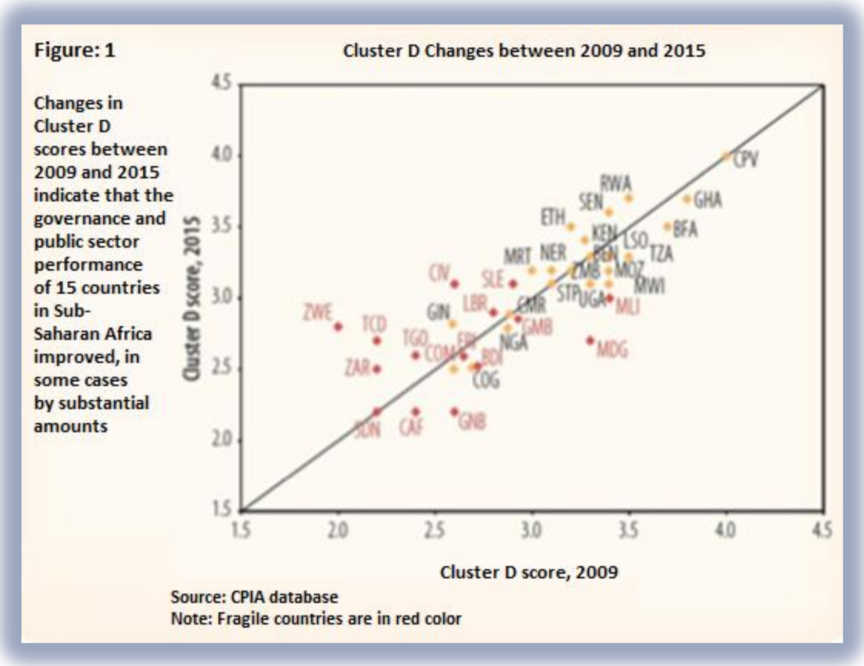
[22] The methodology and analytical framework proposed in this paper provides ample flexibility to easily adapt them to any new metric that might be developed in the future to modify/adapt the CPIA performance measuring tools/metrics.

Risk Environment		• **(Reg Integr) :** Regional Integration
	Equity & Social Inclusion	• **(GdEq) :** Gender Equality • **(Socp) :** Social Protection & Labor • **(EqPr) :** Equity of Public Resource Use
	Sustainability	• **(EnSt) :** Policies & Institutions for Environment Sustainability
	Rule of Law, Accountability & Transparency (Gov & Trsp)	• **(Public Adm):** Quality of Public Administration • **(PrRg) :** Property Rights & Rule – based Governance • **(Trsp) :** Transparency, Accountability & Corruption in Public Sector

While the process of CPIA rating and quantitative classification criteria are perfectible (by for instance shifting the rating responsibility from the “lone ranger” country economist to a multidisciplinary independent team which may include representatives of IMF) and some individual donors are initiating new analytical tools to complement/expand CPIA metrics, most of these initiatives are still either too academic, too new or too individual donor-centric to gain wide acceptance within the community of Technical and Financial Partners engaged in FCS and beneficiary governments. More importantly, these initiatives and related metrics have not yet displaced CPIA as quantitative benchmarks for MDBs’ performance-based budgeting (PBA) and lending allocation in FCS. This allocative implication is of the utmost importance to the operational staff since it will directly impact their ability to meet their work program deliverable targets.

On the empirical side, the WB CPIA Report 2016 and the ranking on Transparency International’s Corruption Index of IDA eligible countries-in Sub-Saharan Africa also show a strong positive correlation between CPIA rating and country performance and stability. The best-rated countries on CPIA and corruption indexes were also not only the best performing but also the most stable (see **Figure 1** below).

Figure 1: Correlation between Quality of Government Effectiveness (Cluster D) CPIA rating and country economic and institutional stability



B. Disconnect between services expectations and delivery capacity as a key driver of fragility, conflict and violence in FCS

While each FCS is unique and should be treated as such by development partners, most FCS generally start with a contextual environment characterized by *high expectations of quick service delivery, low capacity and high risk governance.*

***Why the high expectations in FCS*?** Transition from conflict/ fragility tends to breed high expectations of quick post-conflict peace dividends. FCS population, especially the poor and the most vulnerable groups that are part of what Paul Collier called “the bottom billion” (2008)[23] and who has borne most of the brunt from the fragile/conflict situations is eager to come out of the induced fragility, conflict, violence, and poverty trap. Thus transitions in FCS are consistently accompanied by high expectations of post conflict/peace dividends, and managing those expectations will be critical to sustaining the political capital and related grace period for the new leadership. Meeting these basic expectations of individuals and communities will be critical to the development of a healthy social contract between state and citizens. Reestablishing the legitimacy of the state’s governing role in relation to service delivery, regulation of private enterprise and upholding the principle of equal benefits and protections of the law, is a major aspect of repairing the social contract.

***Why do FCS have lower capacities*?** While each fragile state has its own specific context, all concur that state fragility is directly related to deficits in institutional, physical and financial capital. **On the institutional front** FCS administration generally lack enough policy and technical/human capacity to effectively manage their core functions (monetary and fiscal policy, resource mobilization, and budget and debt management), as well as to deliver critical public goods/services that are needed to meet the population’s demand for equitable access to social services, economic opportunities, basic infrastructure, and jobs and security.

The deficits in physical capital relate mainly to infrastructure. According to the Africa Competitiveness Report (2017)[24], it is in infrastructure, particularly in the transport and energy sectors, that Africa (home to the largest number of FCS) has fallen behind the most relative to the rest of the world. In Asia[25], the quality of transport infrastructure rose by 7% over the past decade, while it fell by 6% in Africa. Compared to Asian countries, Africa’s poor performance in transport infrastructure has nearly doubled in 10 years. Similarly, in the energy domain, in contrast with the growth observed in Asian countries and those of the OECD, the quality of energy supply in Africa plummeted by 3% over the same period.

The deficits in financial capital relate essentially to low capital formation in FCS due to their contexts of virtually inexistent domestic public savings. Low domestic savings are essentially the legacy of the combined effects of non-inclusive banking systems and weak financial markets, and the huge percentage share of the wage bill and debt servicing in the budgets of African countries. The Covid-19 pandemic has compounded these financial problems. The resulting surge of public spending to support social safety nets and restart/protect economic activity during the crisis, has led many low-income developing countries in general and FCS in particular to incur record levels of external and domestic debt when the slow-down of expansive monetary policies in advanced economies might increase the risks of interest rates[26].

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[23] P. Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It* (Oxford University Press, New York, 2008).
[24] World Economic Forum, World Bank, African Development Bank, *Africa Competitiveness Report 2017: Addressing Africa’s Demographic Dividend* (Geneva, World Economic Forum, 2017).
[25] The 5 countries in Asia used as benchmarks are Indonesia, Malaysia, Philippines, Thailand and Vietnam.
[26] World Bank, *Global Economic Prospects, January 2022* (Washington, D.C., 2022).

Why the higher risk in FCS? The above disconnect between high services expectations and low delivery and coping capacity is the key driver of FCS high risk environment as manifested by **higher prevalence of dysfunctional governance and higher vulnerability to shocks**.

The dysfunctional governance is generally the result of the mismanagement of the revolution of rising expectations and low capacity as manifested by an overestimation of the central government's role and capacity to implement trustworthy policy changes that would meet not only the short-term urgent service delivery and social protection needs of the poor but also the long-term institutional and capacity development changes to sustain economic growth and poverty reduction while the window of opportunity is wide open and the political capital/trust still high. Unfortunately, such overestimation of the central government's role and capacity has also generally been accompanied by a parallel underappreciation of the critical role of countervailing legislative and independent judicial checks and balances to ensure greater accountability of the public administration and governance.

The resulting unchecked central executive stranglehold on the economy and public institutions in FCS has generally bred a highly top-down bureaucratic regulatory and civil service environment which, when combined with poor public pay incentives, may encourage bureaucratic overreach and empire building with clientelist rewards and incentive systems and exacerbate exclusionary practices and related socio-economic inequities. Such a dysfunctional (patrimonial) governance environment, compounded by weak regulatory standards and a lack of transparent and credible rule of law and property rights protection, could not only undermine the inclusive and sustainable accessibility to public services and goods provided by the public sector but also increase the fiduciary and reputational risks and transaction costs of doing business in these countries (see Dia, 1993)[27].

Empirical results confirm that, while getting quick results on the grounds to satisfy service delivery expectations will be critical to the development of trust and related political capital of the leadership, such assets can quickly disappear with a higher risk of socio-political instability if there is a popular perception **of lack of transparency and equity** in the government management of public wealth. Research by Knack and Zak (2001)[28] show a strong correlation between the trust of government and the index of property rights they constructed from an equal weight of the following five subjective scored indicators (based on data from the International Country Risk Guide – ICRG): risk of government repudiation of contract, risk of expropriation of investments, severity of governmental corruption, quality of bureaucracy and the rule of law. Each 2 points rise in the 50-point property rights index increases trust by 1 percentage point.

Tunisia's ouster of the Ben Ali regime provides a good illustration. Despite its economic growth and macroeconomic performance before the revolution, Tunisia was faced with problems that increasingly threatened the social contract bargain between the regime and society: the growing inability of the economy to create jobs for educated labor, the proliferation of marginal and poorly paid jobs in the informal sector, and rising income inequality and regional disparities. Gradually, the losers from the status quo became more numerous than the winners, which led to the erosion of the regime's legitimacy and opened the way for the unprecedented social protests in December 2010. The wide scale

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[27] Mamadou Dia, A Governance Approach to Civil Service Reform in in Sub – Saharan Africa, World Bank Technical Paper, No. 225 (Washington D.C., World Bank, 1993).
[28] Paul J. Zak and Stephen Knack,, "Trust and Growth", *The Economic Journal*, vol. 111, issue 470 (March 2001).

demonstrations that led to the toppling of President Ben Ali were largely triggered by demands for social justice, employment opportunities and the end of corruption.

<u>The high concentration of bureaucratic powers in central governance institutions without an agreed vision on decentralization has also generally led to a proliferation of top-down government structures that have often duplicated the existing local indigenous institutions and disrupted the related traditional social contract</u> which had helped local communities in FCS to peacefully coexist for centuries beforehand. The resulting institutional disconnect and duality between central formal and local customary/indigenous structures makes it generally difficult to know where authority lies and, ultimately, who can take charge of dealing with conflict resolution, enforcing the rule of law (customary versus formal law) and safeguarding the security of the communities and their property and/or usage rights to land and other natural resources at the local level (see Dia, 1996)[29].

The lack of understanding and appreciation of the disruptive force of such central governance overreach on the traditional social contract (that had helped local communities to peacefully coexist in the past) as a root cause of FCS fragility and inter and intra communities' violent conflicts, has led some to wrongly conclude "that fragile states' citizens may be polarized along ethnic, religious, or class-based lines, with histories of distrust, grievance, and/or violent conflict. Consequently, they may lack the capacity to cooperate, compromise with, and trust one another"[30]. The recent worrisome trend of often deadly religious and inter ethnic conflicts especially in the Sahel sub-region of Sub-Saharan Africa (such as those pitting the Dogon farmers and the Peul herders in Mali), despite the presence of heavily armed bilateral and multilateral peace keeping forces on the ground, and/or festering localized ethnic rebellions such as in Casamance (Senegal) can be mainly attributed and explained by the disruptive impact of such disconnect between formal central and informal customary institutions on the traditional social contracts and coping mechanisms governing property rights, access to land and other natural resources and conflict resolution. This is borne out by the findings of a (2020) study by the International Institute for Environment and Development (IIED)[31] on farmer-herder conflict in a sample of 16 countries in West Africa, Central Africa and East Africa[32], which rightfully flagged out that: "the confusion between 'customary' and state procedures has created fertile ground for growing conflict. These different power structures (customary institutions such as traditional leaders and village councils, and state institutions such as administrative officials, the police and the judiciary) often have contradictory and inconsistent rules for accessing resources and managing conflict. Building bridges between these two structures would foster a common understanding and better accountability".

The **higher vulnerability to shocks** is mainly the combined result of FCS' limited coping capacity and the above dysfunctional governance. This makes these countries particularly vulnerable to endogenous (internal conflicts and violence) and external shocks including traumatic aftermath of natural disasters. These shocks worsen already precarious livelihoods and negate opportunities for the poorest and most vulnerable people in fragile and conflict affected states to escape from the fragility/conflict poverty trap. On the endogenous front the WDR 2011 noted that 70% of fragile states have experienced conflict since 1989. On the external front OECD estimates that "in 2019, 52.1 million people were affected by natural

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[29] Mamadou Dia, Africa's management in the 1990's and beyond: reconciling indigenous and transplanted institutions, Directions in Development (Washington DC, World Bank, 1996).
[30] Derick W. Brinkerhoff and Ronald W. Johnson, "Good Enough Governance in Fragile States: the Role of Center-Periphery Relations and Local Government", International Institute of Administrative Sciences, Ankara, Turkey, June 23-27, 2008.
[31] S. Krätli and C. Toulmin, *Farmer-herder conflict in sub-Saharan Africa?* (London, IIED, 2020).
[32] Senegal, Burkina Faso, Mali, Niger, Nigeria, Ghana, Côte d'Ivoire, Benin, Togo, Chad, Cameroon, Central African Republic (CAR), Ethiopia, Kenya, Uganda and Tanzania.

disasters in fragile contexts, the highest yearly number since 2010 and accounting for 55% of the total number of people affected by natural disasters worldwide. On average, 6 800 people have died from natural disasters in fragile contexts each year since 2011"[33]. The systemic shock of the COVID-19 pandemic has also exposed and highlighted how deeply health, economic, environmental and climate-related fragilities are interconnected.

While these external shocks may exact a relatively heavier humanitarian and physical toll on FCS than non-FCS as well as attract more ample media amplification ("CNN effect") a World Bank (WB) policy research paper (2005)[34] showed that, in the long run, they can account only for 11% of the overall variance/instability of real output in low-income countries. The remaining 89 percent is accounted for by factors associated with endogenous shocks whose risks/impacts can be generally mitigated by FCS internal capacity development and institutional reform programs aimed at building sustainable coping and resilient capacity and an enabling governance environment as part of their National Transition Strategies from fragility to resilience. Among the exogenous global shocks outside of FCS governments' controls, the WB paper showed that "changes in commodity price are the most important (37% of the 11 percent explained by all external shocks), followed by aid shocks (25%), climatic disasters (14%), humanitarian crises (12%), and fluctuations in the GDP of high-income countries and the international interest rate (10% and 3%, respectively)". Tackling these exogenous disasters/shocks generally require global partnerships to help FCS cope with and build back better from their aftermaths and in anticipation of their future occurrence.

In assessing FCS service delivery and coping capacity endowments and governance environments, it is important to keep in mind that rural communities and related indigenous institutions may harbor underestimated subtle but important informal/customary capabilities that have helped them withstand external shocks and periods of conflict and could be built on, rather than discarded as cultural relics to be thrown in the dustbin of history. The optimal application of the principles of subsidiarity[35] to better leverage on decentralized capacity resiliency and comparative local legitimacy and trust advantages can help FCS overcome the conundrum resulting from the disconnect between high expectations of quick service delivery, low delivery and coping capacity and make a successful transition to the best case scenario of high capacity and low risk along the humanitarian development continuum.

It is mostly in the rule of law, including land administration and conflict resolution that the above application of the principles of subsidiarity becomes crucial. In these areas, indigenous informal institutions operate side by side with formal institutions, and building mutually reinforcing convergence and complementarity between the two through the subsidiarity principles would help strengthen institutional legitimacy and sustainability and enforceability of the rule of law. The institutional convergence between home grown customary and transplanted formal justice in Botswana is a good illustration of how institutional convergence can strengthen the rule of law (see Dia, 1996). The reliance on the gacaca customary courts in the post genocide Rwanda (see Box 1 below) provides another illustration of the successful use of home-grown indigenous conflict resolution mechanisms to help heal and reunite the society from the traumatic aftermath of violent conflict and related social fractures.

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[33] J. Marley and H. Desai, "Fragility and Agenda 2030: Navigating shocks and pressures in fragile contexts", OECD Development Co-operation Working Papers, No. 82 (Paris, OECD Publishing, 2020).

[34] Claudio Raddatz, "Are external shocks responsible for the instability of output in low-income countries?", World Bank Policy Research Working Paper, No. 3680 (August 2005).

[35] The subsidiarity principle is intended to ensure that decisions are taken as closely as possible to the citizen and that constant checks are made as to whether action at community level is justified in the light of the possibilities available at national, regional or local level.

Box 1: **President Paul Kagame of Rwanda: Learn from others but be proud to be African**

"I want people to recognize our efforts in dealing with the problems that we have. Take the example of *gacaca* courts (community justice, following the genocide). We had a problem of justice here. In all of the books written about how to resolve such matters I didn't find anything that solved my problem. If in Rwanda we find a way of getting around this problem within our own culture, traditions and means, why shouldn't we do that? It works because this gives us a solution, it leads to the stability of our country and creates unity and so on and so forth. The outcomes of the *gacaca* system were twofold: It was punitive in a sense of accountability but the other equally important outcome was that it led to reconciliation, bringing the society back together again. If we had applied the Western justice system we would have never ever seen justice done. Maybe it would have taken 500 years to try 150,000 people. By the way, the International Criminal Tribunal for Rwanda sentenced only 60 or so people in over 25 years and spent billions of dollars. [82 people were tried in total]. We are asking these outsiders that they should be humble enough to listen to people, what their problems are, what their needs are and what they need to do to actually deal with them for the betterment of their societies."

Source: "Paul Kagame: Learn from others but be proud to be African" by Amandine Ndikumasabo in NewAfrican magazine of 10/08/2021.

Similar principles and practices of restorative justice and conflict resolution rooted in African culture and traditions underpinned the works of the Truth and Reconciliation Commission (TRC) in post-apartheid South Africa. "By engaging the victims and offenders in a dialogue aimed at building a shared understanding of the offense, and reaching a collective agreement on how to deal with its traumatic aftermath, TRCs' works focused more on healing to reunite/reconcile the fractured society, than on retribution to punish the offenders. Despite some flaws, it is generally regarded as a very successful and critical foundation of the transition to full and free democracy in Post-apartheid South Africa"[36].

C. Key drivers of the process of transition from fragility to resilience

The main operational challenges for helping FCS move from fragility to resilience revolve therefore around the management of the tension between the short-term pressures for getting quick delivery on the ground of essential socio-economic goods and services to meet the basic needs of the population, especially the poorest and most vulnerable, and the longer term goals of building capacity and strengthening institutions in order to ensure sustainability of development outcomes and better risk management.

Finding the right balance between the above speed and sustainability pulls is like living through history in a hurry: sustainable institutional and risk management capacities are needed, but there is only a transient window of opportunity in which to deliver quick results to meet the high and impatient expectations of the population, especially the poor who have been suffering most from such situations of fragility/conflict.

What makes this challenge difficult is that, while the expected benefits/dividends from service delivery can materialize in the early phases of the transition to stability, only the costs of institutional/governance reforms are generally incurred first while their benefits take a long lag time to kick in. The Fourth High level Forum of the G7+19 FCS acknowledged that governance transformation may take 20 – 40 years.

Using the short-term window of opportunity perspective as a reason, both donors and governments have tended to follow the traditional sequential and linear strategic and operational business model focusing first on delivering "quick wins" and politically visible

[36] Emily B. Mawhinney, "Restoring Justice: Lessons from Truth and Reconciliation in South Africa and Rwanda", *Hamline University's School of Law's Journal of Public Law and Policy*, Vol. 36, Iss. 2, Article 2 (2015).

service delivery results on the ground, and placing capacity building and institutional transformations toward the end of the relief-to-development continuum.

However, if concerns for quick results delay the necessary capacity building and institutional reforms, the stakes and costs of such failures could be very high, as they may mean a return to instability/conflict in the medium to long term. Delaying building capacity is likely to compromise outcome sustainability and increase the risk of reversal of the resilience dividends in the medium/long term, raising the specter of social frustration and potential political instability after the closure of donor–funded programs. Delays in institutional/governance reforms are likely to exacerbate the level of fiduciary risks and the potential for waste of resources and breeding higher probability of development failures, increased poverty, inequity and social frustration, and a higher risk of a return to conflict.

Helping FCS in their quest for an exit out of fragility requires therefore shifting from the traditional sequential and linear business model for engaging in FCS to a holistic one that would ensure that even under brief “windows of opportunity” quick service delivery for relieving extreme poverty will not crowd out medium- and long-term capacity development and institutional transformations needed for sustainability of development outcome and graduation to resilience and that all three are implemented sooner rather than later. Unfortunately, as was shown in Section I above, the substantial knowledge-base on fragility and resilience accumulated under past FCS engagement strategies was not translated into a commensurate shift from the sequential operational business model to the holistic one needed for helping FCS make a successful transition from fragility to resilience.

The stimulation of mutually reinforcing interactions between service delivery, capacity development, and institutional transformation through the above shift to a holistic business model would help overcome the apparent disconnect between the related goals of speed, sustainability, and risk management that may hamper the process of transition from fragility to resilience and ensure that service delivery for relieving extreme poverty will also crowd in long-term capacity development and institutional transformations needed for sustainability of development outcome and graduation to resilience and vice versa along the following lines:

(a) Making quick service delivery a <u>catalyst for capacity/institutional reforms and donors’ commitment for the long haul</u>

From the FCS country’s perspective, quick service delivery can serve as a pro-reform momentum builder for capacity and institutional development. While the lack of quick and visible results on the ground is likely to undermine the legitimacy and erode the capital of trust and political support of the local leadership, early victories are likely to have a salutary opposite effect. The ability of the local authorities to quickly deliver essential services to meet the expectations of the population, especially the poor and disenfranchised, is likely to sustain/increase the trust and political capital of the leadership and state institutions. This can also be leveraged to build the necessary broad support for the capacity and institutional policy reforms needed to help the FCS graduate from a highly volatile and potentially explosive context of extreme poverty, low capacity, and high risk, to the desirable and more predictable resilient context of high capacity, low risk, and sustainable development outcome. Therefore, rapid and visible impacts of service delivery on the ground can constitute not only a powerful political ingredient for building/sustaining government capital of trust and enhanced legitimacy but also a strong catalyst and a pollical game-changer for building the pro-reform momentum and broad popular support necessary to help FCS implement a concurrent capacity and institutional transformational change agenda needed for outcome sustainability.

From the donors’ perspective, the ability to report back home visible and verifiable evidence of quick service delivery results on the ground will also enhance their constituents’ support for the home country to stay committed and engaged for the long lag time needed for capacity and institutional reforms to achieve their transformational outcome. The political mileage from showing quick results on the ground is particularly important in FCS confronted with environmental and socio-economic shocks and related humanitarian crisis where the media/Hollywood spotlight on the plight of the affected population generally helps to mobilize public outrage and ratchet up the political pressure for quick impact on the ground. Performance metrics and outcomes (such as fighting hunger, immunization and literacy rates, percentage of spending on social protection and related safety nets, infrastructures, and so on) that are assumed to be the results of donor-funded projects can easily be tallied and reported as evidence of a timely response to this intense political pressure back home, thus boosting political leverage to keep the home country engaged for the long haul.

(b) Making improvement in FCS capacity and institutions as an enabler of a qualitative shift in delivery mode

Improvements in FCS capacity and stress areas to move the country fragility profile from low capacity-high risk to high capacity-low risk, will also not only enhance government ability to deliver essential services but also donors' incentives and confidence to move from capacity substitution mode of service delivery to a Development Partnership model requiring greater country ownership and full integration of donor funding into national budgets.

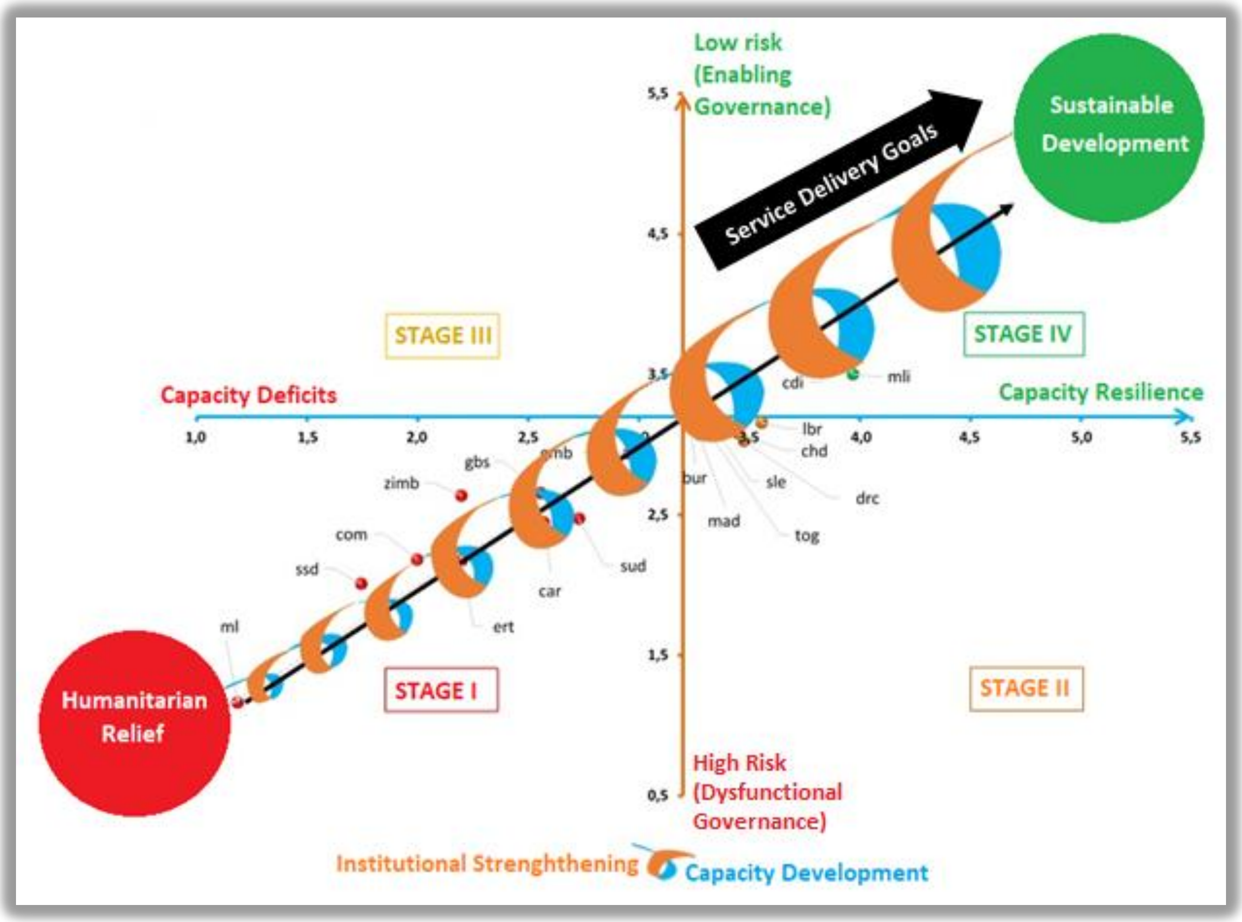
The willingness of donors to make the above shift in service delivery mode will depend on the extent to which improvement in the country capacity and governance/risk stress areas are deemed satisfactory enough to give donors the confidence that their funding will be safely and effectively used to achieve the intended development outcome.

The following **Figure 2** illustrates how the above mutually reinforcing dynamics of improvements in capacity and governance/risk profile and the qualitative shift in service delivery mode plays out in driving the transition from humanitarian relief to sustainable development and related stages that FCS have to go through to make a successful transition from fragility to resilience. The 18 FCS countries[37] used as illustrative samples for this paper were also mapped on the graph to show their position/stage in the process/path of transition from fragility to resilience. This FCS mapping was based on their 2017 re-clustered capacity and governance/risk CPIA rating using the data published in the 2018 World Bank CPIA report on Africa[38] (which are considered to be in the public domain).

[37] SOURCES: FY2017 Harmonized list of Fragile situations: List (with acronyms in parenthesis) includes: Burundi (bur), Central African Republic (car), Chad (chd), Comoros (com), Congo Democratic Republic (drc), Côte d'Ivoire (cdi), Eritrea (ert), Gambia (gmb), Guinea Bissau (gbs), Liberia (lbr), Mali (mli), Madagascar (mad), Sierra Leone (sle), Somalia (sml), Sudan (sud), South Sudan (ssd), Togo (tog), Zimbabwe (zim)

[38] WB CPIA Africa Report 2017 (July 2018).

Figure 2: Adapting Service Delivery Goals to Stages of Graduation from Fragility to Resilience



D. Stages for FCS graduation from fragility to resilience

As the above figure illustrates, the transition from fragility to resilience will be essentially a long-term process of graduation from the worst-case scenario of high risk, low capacity and high fragility environment (Stage I) where higher prevalence of extreme poverty and proneness to shocks and crisis make speedy delivery of humanitarian relief critically important; to the best-case scenario of high capacity and low risk and resilient environment (Stage IV) where FCS focus would shift to the longer term goal of sustainable growth and poverty reduction.

However, since progress in improving the capacity and governance profiles is unlikely to be evenly paced, the transition from high fragility and humanitarian relief (Stage I) to resilience and sustainable development (Stage IV) is unlikely to be a straight line. Countries can transition either from quadrant I to II (if the capacity fragility profile improves faster than the governance/risk profile) or from I to III (if the governance/risk fragility profile improves faster than the capacity profile) before reaching the desirable resilience/sustainability stage (quadrant IV of high capacity and low risk). The quadrants II and III are therefore transition stages in the process of FCS graduation from fragility to resilience.

The mapping in the above figure of the 18 FCS countries in our sample shows the following scatter picture: 9 were mapped in Stage I; 7 in Stage II and 2 in Stage IV[39]. This mapping (with none mapped to Stage III) clearly shows that the current path of graduation from fragility to resilience followed by the FCS in our sample is mainly from Stage I to II before reaching Stage IV. In other words, FCS tend to progress faster on capacity development (especially human capacity building) than on institutional transformation. This point is also confirmed by the cross-section analysis of high impact stressors (see Figure 4 in Section E below) which shows that most of the high ranked fragility stressors/triggers impeding the process of graduation to resilience are concentrated in the governance/risk-cluster.

The endogenous and exogenous shocks may also reverse the hard-won progress in the transition to resilience and make countries fall back to fragility. Nonetheless, although the shift to a transition-based engagement business model may not guarantee against the disruptive effects of natural disasters and shocks, it would help build the needed coping and resilience capacity to limit the human, physical and institutional toll and shorten the time for post shocks recovery/rebuilding of the path of transition out of fragility.

E. The need for selectivity in the design and implementation of a successful Transition-based Engagement Partnership (TEP)

The fact that most fragile countries have to address high service delivery expectations and are mapped in the high fragility Stage I and II, means that they need to address a large number of fragility issues related to service delivery, capacity development, and institutional transformation. Therefore, many actions aiming at solving immediate problems would have medium to long-term trade-offs. The resulting difficulty to find an “all in one solution” to accommodate all concerns underscores the importance of prioritization and selectivity which would help answer the question of where to start.

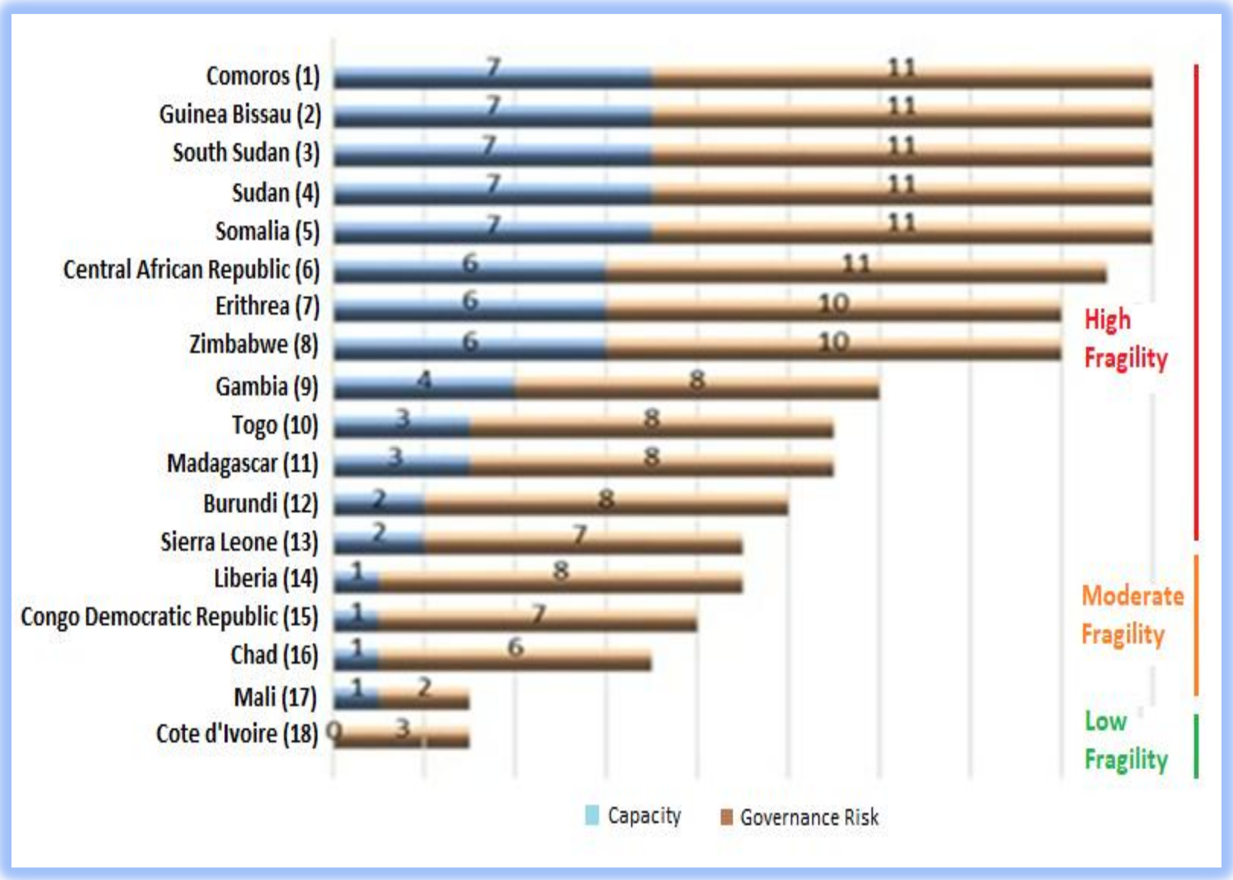
(i). Selectivity in capacity building and governance/risk would involve the following two-step screening processes:

> **(1) The identification of all the lowest-rated areas** (score less than the 3.2 cut off rating used for the Harmonized list of Fragile Situations) **in the capacity and governance/risk clusters** that each country needs <u>to improve in order to</u> qualitatively move up the capacity development and institutional transformation ladders and reach the graduation stage (high capacity and low risk).
>
> The number of these stress areas in capacity and governance clusters are used as indexes for defining each country’s fragility profile and lens. The fragility index for each country is the sum of the stress areas in capacity and governance clusters (with 18 the highest fragility index and 0 the lowest).

The following **Figure 3** shows the ranking of the targeted 18 FCS based on their fragility index.

[39] Mali’s mapping in this stage is clearly an anomaly due to the mandatory lag time delays for adjusting the CPIA rating to factor in the armed rebellion in the North and related de facto partition of the country in two as well and repetitive changes of governments through military coups.

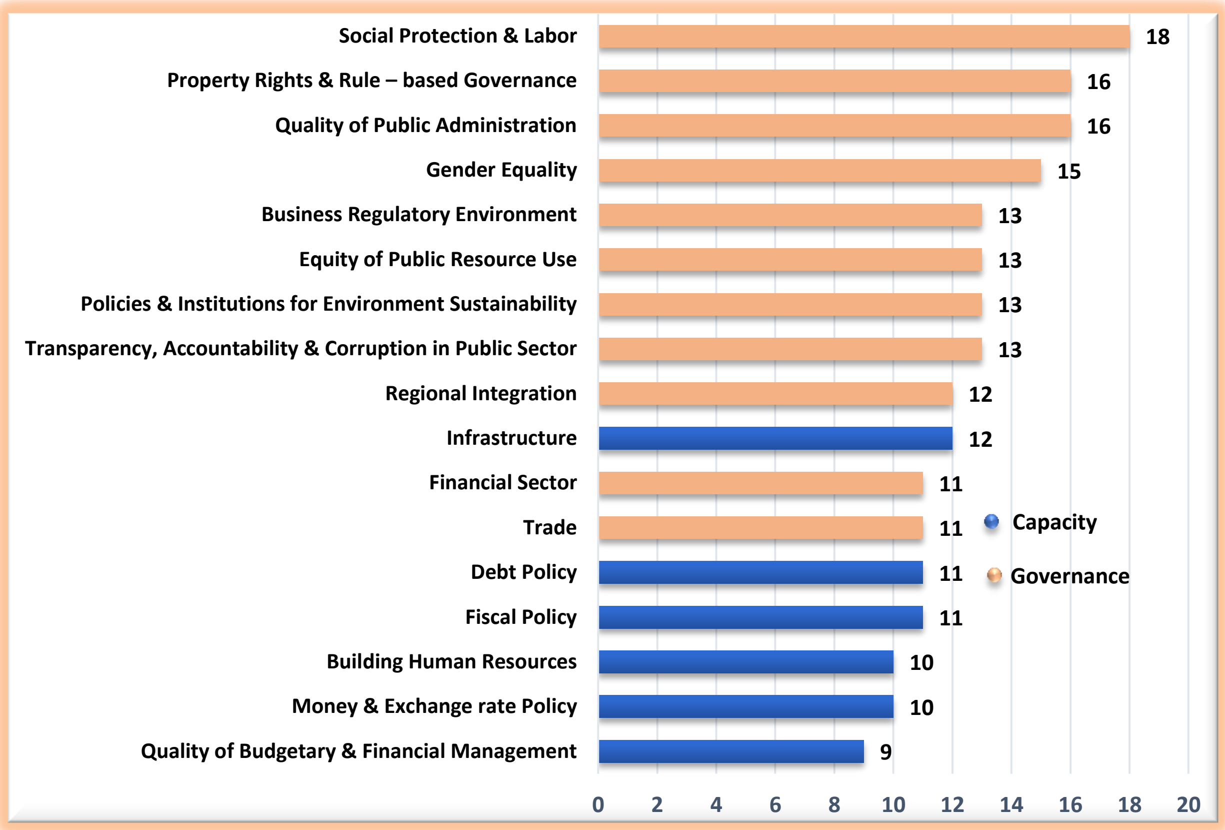
Figure 3: Ranking of the targeted 18 FCS based on their fragility index



(2) Focusing the government policy change agenda and related donors' support on a short list of the highest impact stressors/triggers in both capacity and governance whose successful implementation will generate a virtuous cycle of improvements in other capacity and governance stress areas and in the delivery of essential services and public goods. Using data in Annex 1, a cross section analysis of the 18 FCS CPIA rating helped to identify these most pervasive and highest impact stress areas in both the governance and capacity clusters (with ranking based on the number of countries sharing the same stress area on a scale of 0 to 18).

The following **Figure 4** shows the resulting cross-section ranking of these high impact stress areas and will help answer the question of where to start.

Figure 4: Cross-country ranking of Fragility Stressors



The above graph reveals the following capacity and governance clusters of fragility triggers/stressors as with the highest impact and deserving to rank high on donors' investment and policy reform agenda and related conditionalities.

On the governance front, the highest impact stressors cluster around the following:

- **Social Protection** (which covers areas dealing with the overall social protection system, social safety nets, labor markets, service delivery, and pensions) and **Gender Equality**. The fact that this cluster was also a prominent topic on the agenda of the June 2021 G20 meeting in Italy underscores its critical importance.

- **Governance and Public Sector capacity** (with a focus on property rights and rule-based governance; equity in the use of public resources; quality of public administration; and transparency, accountability, and corruption in the public sector). As shown in Figure 1 Section A above, countries that are rated highest on this CPIA cluster (designated as cluster D in the WB CPIA Report) were also the best performing and more stable. As previously outlined in Section B research by Knack and Zag confirmed this strong correlation between trust in government and public institutions and popular perception **of lack of transparency and equity** in the government management of public wealth.

On the capacity front the highest impact stressors cluster around the following:

- **Infrastructure** with a special focus on rural and access roads, electricity and water. With large parts of some fragile countries (e.g. Liberia, South Sudan) inaccessible by any means of transport during the rainy season, significant segments of the population in the rural areas do not have access to basic services and food shortages may persist. The AfDB 2010 CWIQ survey in Liberia indicated that only 0.8% of households in rural areas can access electricity for lighting, only 45% of the population can access an all-season road within 5 km, and 27% cannot access one within 30km (CSP 2013-2017). These infrastructure deficits and related low access to basic services constitute a major impediment to the promotion of inclusive growth and poverty reduction and related achievement of poverty related MDGs/SDGs in FCS.

- **Debt and Fiscal policy**. This cluster, especially the Debt has taken a new urgency after the exacerbation of FCS countries' fiscal and liquidity predicaments due to the Covid-19 pandemic. This cluster figured prominently in the Agenda of the G20 Meeting of Finance Ministers and Central Banks Governors in Italy which recommended using the Common Framework on Debt Treatment and the Debt Service Suspension Initiative (DSSI) as key tools for supporting the vulnerable countries including FCS. They also flagged the need to explore additional instruments by IFIs to meet long-term global financing and reserve needs of the impacted vulnerable countries including an increase of the allocation of Special Drawing Rights (SDRs) by the IMF. As pointed out earlier, addressing these debts and fiscal issues in post-Covid-19 contexts will help FCS build back better to protect pre-Covid-19 development progress and prevent the Decade of Action from becoming a lost decade.

The above high impact capacity and governance stressors are not only important areas in their own right but also have very important ripple effects on other capacity/stress areas. Addressing these high priority capacity and governance/risk stress areas will therefore not only generate positive vertical chain reactions inside their respective clusters but will also generate mutually beneficial horizontal impacts across these clusters. For instance improvements in the governance and public sector cluster would generate the following positive ripple effects: creation of an enabling environment for private sector investments and job creation; improvement in equity and inclusiveness; reduction in fiduciary and reputational risks; improvement in the human resource management and incentives system within the civil service; and enhancement of the capacity of government and public institutions to better discharge core government and policy functions and more effectively deliver essential social services and public goods (including through decentralized community-based indigenous institutions) to meet the basic needs of the poorest and most vulnerable segments of their populations. By helping sustain legitimacy and trust in public governance institutions and leadership, these improvements will also reduce the risk of social frustration and backsliding.

(ii). Selectivity in service delivery would essentially pertain to what public goods and services to provide and to whom among the multitude of needy poor communities. Since capacity is limited all around while expectations and risk of reversal are high, selectivity in the choice of essential public goods and services require prioritizing quick delivery of a few high impact social services and public goods with high potential of positive externalities. For instance, successful interventions in human development such as health (after the ravages of the Covid-19 pandemic) and in infrastructure such as power, clean water and roads are very likely to generate a virtuous cycle of ripple effects on the stress areas in the capacity and governance clusters (reduce transactions costs and improve quality and reliability of business environment). Whom to target will be determined by an objective poverty and vulnerability-based analysis that identifies deserving communities. Refugee and Internally Displaced Person (IDP) camps and their hosts are self-selecting communities. Such communities tend to be located in isolated rural or peri-urban areas that are characterized by extreme poverty, high youth unemployment, environmental degradation, and many other social challenges that drive conflict.

Youth employment should deserve a special place in this priority list of the service delivery agenda. Lack of sufficient job opportunities for the large bulge of the youth population in these FCS can undermine people's faith in their governments and build social resentment especially if gains from growth are not shared with the poor and perceptions of corruption are high. With the number of youth in Africa set to double by 2045, the lack of jobs for young people is “an immense challenge but is also the key to future prosperity”, said the report produced by the African Development Bank, the OECD's Development Centre, the United Nations Economic Commission for Africa and the UN Development Programme. Around 60% of the continent's unemployed are aged 15 to 24 – and more than half of them, especially many women, have given up looking for work, the report found (African Economic Outlook 2012)[40].

Leaving this issue unattended is likely to undermine the youth’s faith in their future and governments, and transform the bulge in youth population into a potentially explosive socio-political time bomb instead of a potential source of demographic dividends. This issue should therefore be considered a social and political emergency and tackled as a top priority in FCS economic recovery and private sector development programs so as to help reset the policy agenda of African governments, especially fragile states, towards sustainable inclusive, employment creating and shared growth. Unfortunately, the strong economic growth of the past twenty years, generally driven by high raw material prices[41] generated very few additional jobs. According to the Africa Competitiveness Report[42], employment rose only by 1.7% between 2004 and 2014, representing an average of 0.2% per year. Based on a review of 51 countries, the Mo Ibrahim Foundation notes that unemployment rates have remained unchanged even in countries that have posted different growth rates. This phenomenon of “growth without jobs” has led some Africans to quip “we don’t eat growth”.

To enhance the potential for an increase in employment opportunities for its rapidly growing working-age population (especially the youth), Africa needs to rebalance its development portfolio from the current rent-induced growth model with a heavy reliance on primary commodity concentration and very little job creation; to a diversified productivity-based growth model apt to deliver accelerated job opportunities**.**

Lessons from industrialized and emerging countries (BRICS) that transcend all ideological divides, seem to suggest that the 3 most important structural economic and institutional governance drivers of their successful transition to a productivity-based growth and higher job creating model (starting, often, with fostering the right incentives for a more productive agricultural sector) were the following: **Technological innovations; Investments in human and physical capital; and Economic and institutional stability**. Except on the issue of technological innovations (which is beyond the scope of this paper) these lessons of experience align very well with the select short list of service delivery, capacity building and governance high impact priorities outlined in this paper.

<u>Designing and implementing a well-focused Transition-based Engagement Strategy with the above selective process in mind would therefore require adaptation of donors’ strategic and operational business model in FCS and related processes, policies and procedures to the need of a holistic approach that would reconcile the competing goals of speed, affordability,</u>

[40] AfDB, OECD, UNECA and UNDP, *African Economic Outlook 2012: Promoting Youth Employment* (OECD Publishing, Paris, 2012).
[41] IMF, “Fiscal Adjustment and Economic Diversification”, Regional Economic Outlook: Sub-Saharan Africa (Washington, DC, 2017).
[42] World Economic Forum, World Bank, African Development Bank, *Africa Competitiveness Report 2017: Addressing Africa’s Demographic Dividend* (Geneva, World Economic Forum, 2017).

and sustainability of development outcome and overcome the disconnect between service delivery expectations and FCS capacity to deliver along the following lines:

- **Helping FCS strengthen their capacities (including those of the local communities) to effectively discharge their core policy and service delivery functions** (including security as an important public good) in order to meet the expectations of their populations especially the poorest and most vulnerable at the bottom of the pyramid (bop) who have suffered the most from the fragile/conflict situation and are eager to come out of the fragility, conflict and violence cycle and related poverty trap. The aim is to overcome the disconnect between capacity endowments and service delivery expectations and thus enhance the chances of outcome affordability and sustainability and reduce the risk of reversal of development impact in the long run after the closure of donor funded operations.

- **Helping FCS improve their governance and institutional environments in order to reduce the level of fiduciary risks and the potential for waste of resources and enhance incentives for the development of more productive private sector and job creation especially for the youth**. This would also involve safeguarding against the disruptive consequences of the disconnect between formal public institutions and informal local/customary institutions and where applicable, protecting state security/stability against regional instability/conflict spillovers.

The target of donors' support instruments and related conditionalities to achieve the above capacity development and institutional transformation agenda will be the short list of high impact capacity and governance stress areas identified through the two-staged selectivity screening process outlined in this section. The stimulation of mutually reinforcing interactions between service delivery, capacity development and institutional transformation through the proposed holistic approach would be a critical catalyst for building and sustaining the political momentum for a successful transition from fragility to resilience. IFIs and other Development Partners (DPs) could help in this regard by building and coordinating their engagement strategies along the above strategic and operational directions.

F. The need for country ownership and leadership

As important as donor support may be, it is ultimately individual countries' responsibility to progress towards resilience, meeting key development standards of their communities and the SDGs and giving a sense of hope for their people. Building resilience is a long-term process that needs to be context appropriate and embedded in national policies and planning for development. Aligning humanitarian and development aid to national resilience strategies and frameworks is a precondition for sustainable results. National strategies will require firm political commitments and accountability, and may involve institutional changes and in-country coordination mechanisms. Country ownership and leadership of FCS transition strategy will give national leadership a chance to create a more legitimate and positive role for the state than may have been the case for non-fragile states. Donors' over reliance on government by-pass/enclave agencies as safeguards against fiduciary risks may reduce pressure on governments to enact the needed capacity development and institutional policy change agenda and thus undermine government trust and credibility in the eyes of their citizens, especially the poor and the disenfranchised. The effective design of the proposed Transition-based Engagement framework in an inclusive, participatory, and selective manner, will enhance broad country ownership and help shift from the traditional donor-driven Fragility-focused Engagement business model (*capacity substitution*) to a participatory model of Transition-based Partnership (*development partnership*) as depicted in Figure 5 below.

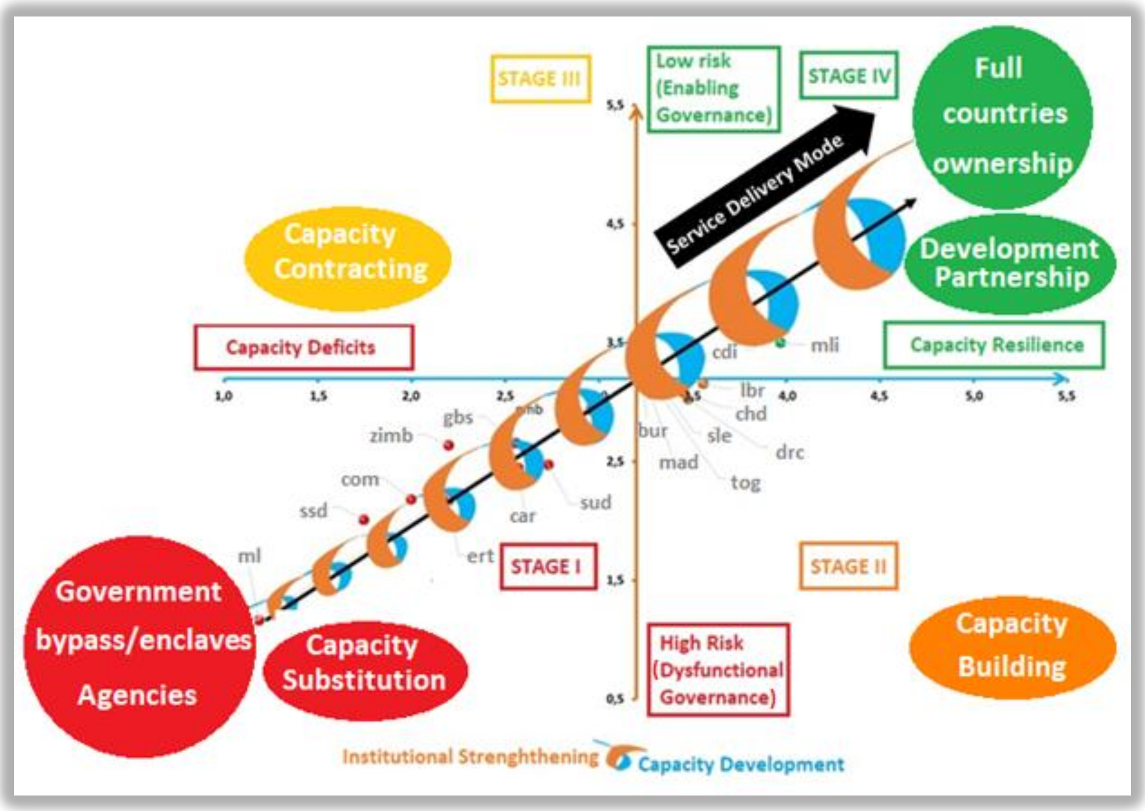
However, for countries mapped in the high fragility Stage I where extreme poverty and humanitarian needs are likely to dominate the socio-economic landscape, bypass/enclave agency arrangements might not be totally avoidable. Since capacity is limited all around while expectations and risk of reversal are high, emphasis should be placed on forging coalitions to leverage scarce capacity in state and non-state sectors, as people working together can expand capacity while delivering services. In this context of extreme poverty and urgently needed humanitarian relief, the requirement for country ownership must also take into account the binding constraint ***"use it or lose it"*** for available resources from TFPs.

Flexibility always exists for the governments to outsource implementation to other agencies until capacity increases in the public sector, but the basic principle of a government-led transition strategy out of the fragility-poverty trap remains important to bolstering the roles and legitimacy of FCS institutions.

An overarching objective is to focus leadership capacity and foster multi-stakeholder coalitions to achieve tangible results in the short run while focusing on rebuilding in the longer term. In this respect, the World Bank Institute (WBI) sponsoring multi-stakeholder workshops in several African countries may be an example of best practice. The goal was to help these countries define their policy reforms and investment agenda for change, identify priorities, and draft implementation plans that are securely grounded in local realities. This approach can be applied in the public sector, in decentralized community settings, or where public-private partnerships are being developed.

The following **Figure 5** illustrates the adaptation of service delivery mode to the need of country ownership as FCS move from fragility to resilience and related mapping of the sample of 18 FCS on the fragility-resilience spectrum.

Figure 5: Adaptation of Service Delivery Mode to FCS Transition Stages



III. Adaptation of Strategic and Operational Business Model in FCS to the Transition-based Engagement Partnership (TEP)

The focus of this part is on identifying scalable best practices in the design, implementation, monitoring, and evaluation of support instruments that could be adapted to the proposed TEP business model.

A. Aligning analytical Economic and Sector Work (ESW) to TEP

Aligning strategically focused analytical ESW to the TEP business model requires going beyond the traditional macroeconomic and sector work to also cover the following areas to help FCS governments to build the necessary knowledge-base to enable them to take the lead in the design of effective and country owned transition-based strategies aimed at helping their countries graduate from fragility to resilience:

- Identify (through the selectivity process outlined in Section D above) which high impact social services and public goods to deliver first and which of the poorest and most vulnerable communities would be targeted as priority beneficiaries;

- Identify the high impact capacity and governance/risk stressors and design appropriate policy responses to help improve on those areas; and

- Take a proactive leadership role in all ESW and other analytical works to build the required knowledge-base on the process and prerequisites for a successful transition from fragility to resilience.

B. Aligning lending instruments to the TEP

Aligning the donors' (especially IFIs) supports/lending instruments to the Transition-based Engagement business model in FCS depending on their classification in the transition to resilience spectrum could be done by scaling up the following highly adapted best practices:

(i). The Ethiopia Public Sector Capacity Building Program (PSCAP, 2004) provides a well-adapted lending instrument befitting the holistic approach required by the TEP in order to reconcile the needs of speed in service delivery and capacity and institutional sustainability of development outcome.

As a multi-sectoral and holistic assistance delivery model, PSCAP would be the best adapted lending/support instruments to the contexts of countries mapped in transition Stages II (high capacity and high risk) or III (low capacity and low risk) or early phase of exit/graduation from fragility (Stage IV). Development partnership including Public-Private Partnership would be the dominant strategic and operational engagement business model for these FCS.

PSCAP focuses on civil service, rule-based governance (including justice reform), and transparency makes it particularly relevant since these areas were also identified as the select few high impact stressors in the governance cluster whose improvements would generate positive externalities and ripple effects not only in other governance and capacity stress areas but also on the creation of an enabling business environment for public-private partnerships for the delivery of infrastructure, jobs and other essential goods, opportunities and services required for inclusive growth and poverty reduction.

Box 2: Ethiopia Public Sector Capacity Building Program (PSCAP)

Capacity building across the public, private, civil society, and higher education sectors was a key pillar of Ethiopia's Sustainable Development and Poverty Reduction Program (SDPRP) adopted in 2002. As an integral part of the SDPRP, the Government responded with the launch of a comprehensive homegrown National Capacity Building Program (NCBP) as a multi-sectoral, inter-governmental program response to the capacity building demands of rapid transformation. The PSCAP served as one of the three multi-sectoral programmatic instruments to support Ethiopia within the Bank's 2003-05 Country Assistance Strategy (CAS), on top of the Poverty Reduction Support Credit (PRSC) series, and the Local Investment grant program. The objectives of the project were to (i) improve the scale, efficiency, and responsiveness of public service delivery at the federal, regional, and local level; (ii) empower citizens to participate more effectively in shaping their own development; and (iii) promote good governance and accountability. Achievement of first objective was substantial because predictability and adequacy of the government's financial resources significantly improved, revenue performance and fiscal autonomy at sub-national levels was enhanced, and quality and efficiency in the provision of basic services at sub-national levels were scaled up. However, while wage decompression improved, the incentive environment for public servants stagnated. Performance toward the second objective was high, because empowerment of citizens has improved through increased civil society participation and consultation at the federal level, and establishment of new public meetings devoted to gathering inputs from citizens and production of audit reports at all levels of government. Achievement of the third objective was substantial, as there was significant change in modernizing the justice system through better infrastructure, e-litigation and merit-based staffing and on-the-job training, increased independence of, and access to the courts, and improvement in dispute resolution mechanisms. However, the evidence showing change related to the degree of corruption was lacking in the Implementation Completion Report (ICR). The overall outcome was therefore rated as satisfactory.

Source: Extracts from the IEG ICR Review Report Number ICRR14257 (12/03/2013).

While **PSCAP** should not be considered a one-size-fits-all lending panacea for all FCS, it offers so far the best fitting holistic lending instrument for reconciling service delivery with capacity development and institutional strengthening in FCS. Its alignment with the homegrown Sustainable Development and Poverty Reduction Program (SDPRP) and related National Capacity Building Program (NCBP) shows strong country ownership. Its critical decentralization component to ensure the delivery of public service at the federal, regional, and local level as well as focus on empowering citizens to participate more effectively in shaping their own development priorities shows its rightful appreciation of the need to leverage, as much as possible, on the trust and legitimacy comparative advantages of local/indigenous institutions and communities to help shape broad country-owned national growth and poverty reduction strategies and to give a voice and deliver essential goods and services to the populations in generally very remote and landlocked rural areas. This highly participatory and inclusive process would also help achieve the equity goal of leaving no one behind.

However, the scaling up of PSCAP, especially its decentralization component, in other FCS should clearly factor in the capacities of the target communities to handle the transfer of responsibilities entailed by the block grants' decentralized funding. In communities with weak capacity and/or where security and other impediments make the fiduciary, reputational and even physical risks of capacity devolution through the block grants too high, alternative intermediate institutional arrangements through NGOs and/or other non-state actors and/or more adapted lending/support such as the The Support Programme for the Reconstruction of Grassroots Communities (referred with its French acronym PARCB) in the Central African Republic (CAR) should be considered.

(ii). The CAR Support Program for the Reconstruction of Grassroots Communities (PARCB) approved by the AfDB Board of Directors in 2014 provides a successful model of support/lending instruments in countries of high fragility and security risks (mapped in transition Stage I) including those in stage of failed states such as Somalia and Haiti where active conflict and/or violence might constitute major impediment to safe accessibility for scaling up the PSCAP comprehensive holistic lending model.

Box 3: CAR Support Program for the Reconstruction of Grassroots Communities (PARCB)

Although the security situation has improved significantly in Bangui since the end of the transition, community tensions and regular clashes between armed groups remain rife nationwide. Furthermore, intra-Séléka splits have spawned multiple armed groups currently jostling for control of certain regions of the national territory, thus dampening hopes of a speedy appeasement. This incapacitates public services and humanitarian organizations in their efforts to provide assistance to the crisis-affected populace. Furthermore, the rural areas, particularly those richly endowed with mineral resources, are marked by persistent insecurity, which could endure until the armed groups are effectively disarmed. Several mining sites have been overrun by these groups and the resultant looting of resources provides funding for the war, further undermining the State's capacity to meet the urgent needs of the people. There is a need to restore security and enforceable rule of law and social contract (especially at the local level) in order to put the country back on a sustainable path of inclusive growth and poverty reduction and ultimately exit from fragility. Similarly, renewing the social contract will foster economic recovery and sustain security through governance reform, basic social services support, and development actions. The 2014 Support Program for the Reconstruction of Grassroots Communities (PARCB) was designed for implementation in several phases and in various localities of the Central African Republic (CAR) as they became more accessible from the security standpoint. The Phase I (PARCB1) covered mainly the capital city Bangui and its environs and was extended in 2018 to Bambari through a Supplementary Grant. The direct target population in Bambari was estimated at about 123,150 inhabitants (according to GPHC 2013), of which 52% are women and 61% are young people who are mostly unemployed and out of school. Bambari also received the largest number of internally displaced persons (85,860) and refugees (1,700), leading to a massive increase in the project area population which lives under precarious conditions. The integrated and contingent lending approach and flexibility for the conversion of the financing instruments applied to the PARCB project was well-suited for generating economies of scale while promoting the socio-economic inclusion of vulnerable populations in the country's highly volatile fragility and security context. When the authorities introduced new requests for assistance and/or reorientation, AfDB was flexible in softening and even substituting financial instruments, in line with its policy on assistance in situations of fragility, empowerment and resilience building. As a result, the second phase of PARCB was postponed and resources were allocated to the budget support Economic and Financial Reforms Support Program (PAREF) approved by the Boards in 2018 for further reforms and coverage of the country's huge financing needs including the financing of the Supplemental Grant. In responding to the country's changing needs with flexibility, the Bank has been effective in supporting its commitment to CAR's fragile situation. In addition to the return to constitutional order, efforts made by the Bank and other TFPs during the transition period have already yielded remarkable results, particularly in terms of institutional capacity building, economic governance, reconstruction and development of socio-economic infrastructure.

Source: CAR Country Strategy Paper 2017-2021

The key feature of the PARCB project is the provision of multi-year quick mobilizing contingency financing to help deliver essential public utilities and other services to the poorest and most vulnerable conflict affected communities with security improvement as conditional trigger of effective disbursements. The aim of the contingency lending (with improved security as disbursements trigger) provided by the PARCB is to help CAR to gradually scale up governance and capacity reforms in order to restore the socio-economic and institutional foundations of enforceable rule of law and local social contract as well as local investments for the delivery of basic infrastructure (water and electricity) and social services to the populations especially the poorest and most vulnerable women and children who are bearing the brunt of the fragility, conflict and violence vicious cycle and related poverty trap. By selectively targeting the local communities where security improvements would make it safe to engage, the PARCB would also provide strong incentives for non eligible communities to improve their security environment in order to meet the eligibility criteria and share the peace dividends from the PARCB and similar contingency/conditional lending.

The ultimate goal of all the above is to help the country get back on a sustainable path of inclusive growth and poverty reduction and successfully graduate from fragility/conflict to resilience. The fact that this project has been successful (it is now in its second phase, after starting in 2014) despite all the security challenges in such a high-risk environment makes it a best practice that could be replicated in other countries in transition where the security risk is also a key impediment to transition out of fragility and the related fragility/conflict poverty trap. The integrated and flexible approach, including the conversion possibility of the financing schemes applied to the PARCB, would be well-suited to the contexts of FCS mapped in Transition Stage I of low capacity and high risks including those deemed to be failed states. The flexibility that allowed the reallocation of resources to the budget support Economic and Financial Reforms Support Program (PAREF) shows the agility of the PARCB to also accommodate policy-based lending needed for the shift to a holistic engagement approach in order to help CAR and FCS in similar fragility and security contexts, with the assistance of their Technical and Financial Partners, not only to gradually scale-up service delivery assistance from humanitarian relief to sustainable development but also improve capacity and governance stressors and move from these worst case contexts of low capacity-high risk (Stage I) to transition Stages II and/or III and ultimately graduate to resilience (Stage IV).

C. Adapting implementation arrangements to the TEP

As previously pointed out, even in the challenging contexts of countries mapped in the low capacity and high-risk quadrant, country ownership of implementation arrangements matters just as much, if not more, than under normal conditions for development.

Capacity substitution through ring-fenced **project-based enclaves** that bypass national structures and avoid integrating their funding in national budgets may actually reduce pressure on governments to enact needed capacity development and institutional transformation changes and weaken national authorities in the eyes of their citizens, especially the poor and the disenfranchised.

A perceived advantage of these parallel mechanisms (in addition to the speed of project implementation) is that they facilitate resource flows to the country by filling the gap in national absorptive capacity. However, by reducing the pressures and incentives to build the lacking endogenous absorptive capacity, these expedient enclaves can end up throwing the FCS into the downward spiral of low absorptive capacity and reduced aid as illustrated by the following Catch 22 suffered by the MDTF – South Sudan (Chandran *et al.*): “World Bank’s officials explain that they had no ability to expend from the Multi-Donor Trust Fund - South Sudan in the absence of government officials themselves setting the priorities, approving expenditures etc. — but the government officials in question had next to no human resources, and the purpose of the Multi-Donor Trust Fund was precisely to help build that capacity”.[43]

On the financial accountability front, while bypassing the national budget can enhance the speed of response and reduce fiduciary and reputational risk, it can also impede the relevance of the budget as a government policy-making tool; and reduce the incentive for good ministerial cooperation and harmonization of donors’ financial and technical support. As the WDR 2011 pointed out, such lack of intra-government and donor coordination could

[43] R. Chandran *et al.*, “Recovering from War: Gaps in Early Action”, A report by the NYU Center on International Cooperation for the UK Department for International Development (2008).

also evolve into a vicious cycle of policy fragmentation and incoherence, with declining use and effectiveness of national systems, and donors and NGOs avoiding these government priorities and systems even more. The ultimate consequence of this cycle would be further weakening of trust in national authorities and their legitimacy in the eyes of their citizens.

The required transition in IFIs' implementation arrangements from government by-pass/enclave agencies to country ownership required by the Transition-based Engagement Partnership in FCS should therefore start with the following two critical changes/adaptations enshrined in the Paris Declaration Indicators of Effective Aid:

- ***Phasing out enclave Project Implementation Units***. Ideally, the whole concept of the Project Implementation Unit (PIU) should be re-examined, and alternative ways of managing assistance through normal government structures found, without affecting transparency and efficiency even in low capacity – high risk and highly fragility (Stage I) FCS. One alternative worth considering for these Stage I FCS would be for relevant sector ministry to create one single unit to manage and monitor all its sector-related projects along the line of the East Timor staged approach.

- ***Integrating a larger share of disbursements funding in national budgets***. This will encourage better ministerial cooperation and harmonization of donors' financial and technical support and make it easier for the government to link aid spending with its medium-term public expenditure priorities and programs, and also ensure that external support is prioritizing the critical capacity and governance/risk stress areas to help achieve the desired outcome of FCS transition from fragility to resilience. For FCS mapped in Stage I where donors have concerns about legitimating de facto governments (such as in failed states) an option worth considering would be the use of **'shadow' systems alignment**, whereby donors would ensure compatibility of their funding with national systems of budgetary classifications and cycles as outlined in the principles for Harmonization and Alignment in Fragile States by the ODI for OECD (January 2005) but without subjecting them to strict adherence to the de facto government's political and policy priorities.

D. Adapting fiduciary safeguards to TEP

Greater FCS ownership, with implementation of support operations through governmental structures and integration of donors' disbursed funding through national budgets, raises the important issue of how to safeguard against fiduciary and reputational risk in environments of low capacity and high risks (Transition Stage I).

The ideal solution is obviously to strengthen these countries' national capacities for procurement, accounting, and auditing, using for instance the findings and policy recommendations of Country Integrated Fiduciary Assessment (CIFA) reports which combine both Public Expenditure & Financial Accountability (PEFA) and Procurement Assessment Report (PAR).

However, the design and implementation of the above reforms to build FS procurement and financial capacity are likely to take time. In the meantime the pressures to deliver quick wins in service delivery has led to some calls by African leaders (e.g. President of Senegal) for donors, in partnership with the governments, to identify and agree on adjustments to be made to the national/donors' implementation agencies, procurement and regulatory frameworks and procedures in order to add speed to the traditional emphasis on economy and efficiency and help better balance speed of service delivery with the needs of transparency and capacity and institutional sustainability.

In this regard the transitional strategy of the type used in the health sector in East Timor might provide good lessons of experience that could be scaled up for FCS in Transition Stage I. Timorese and international counterparts accepted at the beginning of the reconstruction period that Timorese government capacity for public health management and service delivery would not be adequate to take over from the humanitarian NGOs. A transition strategy was therefore used to progressively strengthen the Government's ownership and capacity for public health management.

Box 4: East Timor Transition Strategy for Recovery of the Health System

The transition strategy in the health sector can be characterized in four phases, through which the health authorities gradually moved toward an integrated public health management system.

Phase I*:* During the initial emergency phase, NGOs reestablished essential services, saving lives and alleviating the suffering of a population traumatized by the recent violence. An Interim Health Authority (IHA) was established in February 2000 comprising 16 senior East Timorese health professionals in Dili and one in each district along with a small number of international experts. IHA staff made assessment visits to all districts in preparation of a first sectoral planning exercise.

Phase II*:* The health authority (now called the Department of Health Services) started work on the establishment of a policy framework, medium-term planning for the sector and on national preventive programs, including immunization campaigns. During the second half of 2000, DHS signed a Memoranda of Understanding with NGOs for each district formalizing district health plans service standards, and initiated a basic system for distribution of essential pharmaceuticals.

Phase III: In April 2001, the Ministry of Health took over the financing of a majority of the NGOs in the districts. By the third quarter of 2001, the first round of recruitment of health staff had been completed. Most of these staff had previously worked with NGOs or on government stipends prior to finalization of the recruitment process. Several senior staff members in the department were also sent for public health management training.

Phase IV**:** At the request of the Government, NGOs gradually withdrew from the districts between September and December 2001, and the management of all health facilities was placed under the control of the Ministry of Health. International doctors were hired to replace departing NGO practitioners while Timorese doctors are being trained overseas, and five public health specialists were deployed to serve as relay between the Ministry and district health centers. A new Autonomous Medical Stores and associated tracking system were established for pharmaceuticals distribution. A few NGOs remained to provide specialized services on a countrywide basis.

Source: Klaus Rohland and Sarah Cliffe, "The East Timor Reconstruction Program: Successes, Problems and Tradeoffs", CPR Working Paper, No. 2 (Washington, DC, World Bank, 2002).

E. Adapting portfolio performance monitoring and evaluation to the TEP

The switch to the proposed TEP business model would also imply some adjustment in the benchmarks and related metrics used to evaluate and monitor portfolio performance.

While resource transfer will remain a very important objective of IFIs and MDBs in particular, the poor value for money results of past Fragility-based Engagement Strategies clearly shows that it should be considered a means and not an end. The ultimate objective of such resource transfers to FCS should be to maximize the realized value for money as measured by progress in helping the beneficiary countries graduate from fragility (Stage I) to resilience (Stage IV). This would imply ensuring that the resources that have been disbursed through IFIs' operations not only actually reach the intended beneficiaries, but also have a positive and lasting impact on helping FCS move up the capacity, governance and service delivery ladders in order to successfully graduate from fragility to resilience. All the above implies that in addition to the traditional resource transfer performance benchmarks, IFIs' Annual Portfolio Performance Reviews (APPRs) should also focus on transition-based outputs benchmarks to measure progress in the improvements of the high impact capacity and governance stress areas and priority service delivery targets identified through the selectivity process that are the main drivers of the process of transition from fragility to resilience. An immediate positive windfall from such improvements in capacity and governance stress areas would be a better overall CPIA rating resulting in increased budget and lending allocations through the Performance Based Allocation (PBA) process.

F. Adapting donor harmonization

The traditional over reliance on project-based state avoidance model has generally bred a proliferation of financing mechanisms with a general donor focus more on the ways in which money is transferred rather than how effectively it is reaching the front-line beneficiaries and helping improve their lives especially those of the poorest in the remote and landlocked areas. Past expenditure tracking exercises have shown that less than half of these transfers actually reach the front-line beneficiaries[44].

Harmonization of donors' support would be critically important to the successful implementation of the proposed holistic TEP business model. The aim is to optimize synergies and complementarity among them while building on their respective comparative advantages in order to ensure that the whole (outcome in helping FCS move up the transition ladder) would have greater impact than the sum of their individual contributions delivered through uncoordinated silos. The aim is to arrive at a coherent collective visioning and planning system that merges immediate input/resource transfer goals with the longer term ultimate objectives of helping FCS exit fragility.

On the operational front, pooled funding arrangements provide an ideal donor harmonization instrument for the holistic TEP model. They facilitate closer alignment of donor support to national priorities, consolidate small projects into scalable national programs, use national systems and harmonize and simplify the transaction costs of foreign assistance while at the same time reducing the burden of fiduciary and reputational risks borne by individual funding partners. In part it reflects global commitments to both Good Humanitarian Donorship and the Paris Harmonization Principles.

Pooled funding instruments may be sector-based (e.g. PBS and SWAPS) or multi-sector (e.g. Multi – Donors Trust Funds – MDTFs). The 2013 IEG Evaluation report on World Bank engagement in FCS pointed out the World Bank's growing reliance on MDTFs as a preferred and safer channel of providing funding to high risk-low capacity fragile states.

On the strategic front, donor harmonization should also be ideally applied upstream at the ESW and strategic planning (CSP/CAS) levels. In this regard, the failed attempt at having a joint AfDB/World Bank CSP/CAS in Liberia where the assistance strategies were jointly prepared, but not jointly implemented, should be considered a teaching rather than a breaking away moment (as was the case). Lessons should be drawn on why the attempt failed at the implementation stage in order to identify corrective measures to make similar future initiatives work and thus provide a model to emulate in other FCS.

On the methodological front, the Transitional Results Matrix (TRM) could provide to government and donors a strategic framework for prioritization, coordination, and monitoring policy and investments operations to effectively help FCS governments achieve their

[44] P. Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It* (Oxford University Press, New York, 2008).

transition objectives of exit from fragility and escape related poverty traps in order to graduate to sustainable shared growth and poverty reduction.

TRMs were jointly developed by the UNDP and the World Bank, with the participation of other IFIs and bilateral donors, in January 2005. The aim was to help fragile countries that have not reached the exit/graduation stage (high capacity and low risk) referred to as pre-PRSP stage, to design a country owned/led and results-based transition strategy with full donor participation in the design and implementation process and greater buy-in of the expected development objectives and outcomes. **This matrix offers a summary of the steps to take in order to capture the approach** contained in this study, to move countries out of the fragility and conflict trap towards better prospects to fight poverty and achieve development.

Box 5: Summary of Transitional Results Matrix

Transitional Results Matrices help apply the poverty reduction strategy principles of a unified, country-driven plan to fragile settings. TRMs are based on five principles, derived from the Rome Declaration and its harmonization agenda, but adapted to the circumstances of fragile states in transition. Matrices need to be **simple**, **selective**, **integrated** across political, security, economic and social aspects of recovery, **nationally owned**, and have **sufficient donor buy-in**. They promote the use of outcome indicators and monitorable targets, including intermediate indicators to track progress of recovery programs. They function as a management tool for strategic planning and implementation monitoring and an umbrella for donor coordination. In this way, the framework can become a compact of joint responsibilities between country authorities and the donor community. By enhancing transparency across the board, TRMs can create strong incentives to achieve more visible results in post-conflict reconstruction and provide a basis for participation and domestic scrutiny by civil society organizations.

So TRM emphasis on selectively targeting a limited number of actionable interventions with clear and monitorable expected results, its better integration of political, security, and economic and social dimensions, and the importance it reserves for country ownership, are fully consistent with the proposed holistic Transition-based FCS Engagement business model.

Source: UNDP and the World Bank, An operational note on Transition Results Matrices(January 2005).

In conclusion, achieving the proposed shift of paradigm from a fragility-focused to a transition-based business model for engaging in FCS would require the following: (i) a clear understanding of the fragility-resilience continuum and related stages that FCS have to go through to graduate to resilience; (ii) the knowledge of each country's current fragility position in this continuum and key drivers/triggers of a successful graduation process to serve as baseline and criteria for measuring progress; (iii) the need for country ownership and leadership of the Transition-based Strategy; (iv) donors' selective adjustments and harmonization of their support instruments and policy reform conditionalities to the above key drivers/triggers of success as outlined in the Country Transition-based Strategy; (v) adaptation of related donors' monitoring and evaluation benchmarks and staff incentives to an outcome-based exit strategy; and (vi) prioritization of scaling up easily adaptable best practices in order to minimize the disruptive/adjustment costs of such a shift of strategic and operational business model and make it easier to internalize and mainstream by operational staff.

Annex 1: Linking CPIA Rating to Fragility Profile

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WORLD BANK OR AFDB CPIA RATING 2017																				
	CAPACITY PROFILE								GOVERNANCE/RISK PROFILE											
acron	Policy capacity					tch cp	phys capital	Avrg	Bus & fin env				Equity			Sustain	Gov & trsp			Avrg
	M&Xr	FscP	DbtP	BgtM	ResM	BgHr	infrastruct		BsEn	Trd	Reg Integr	FinS	GdEq	EqPr	socl prot & lab	EnSt	PubA	PrRg	Trsp	
bur	2,5	2,5	3,5	3,3	3,5	3,8	3,5	3,2	3,2	4,0	3,8	2,8	3,2	3,2	3,1	3,5	2,4	2,9	2,7	3,2
car	3,0	3,5	2,0	2,5	2,8	1,7	2,5	2,6	2,0	2,9	3,0	1,8	3,2	2,5	1,9	2,5	2,3	2,0	2,8	2,4
chd	4,0	3,5	3,0	3,3	3,5	3,3	3,5	3,4	3,0	3,3	3,5	3,5	2,5	3,3	3,0	3,5	2,6	2,9	2,8	3,1
com	3,0	1,5	1,5	1,6	2,0	2,5	1,9	2,0	2,0	2,5	2,5	2,7	2,3	1,8	2,5	2,5	1,6	2,1	1,5	2,2
drc	3,5	4,0	3,5	3,4	3,3	3,2	3,4	3,5	3,3	3,1	2,8	3,0	2,7	3,3	2,8	3,5	2,6	2,9	3,3	3,0
cdi	4,0	4,0	4,0	3,9	4,3	3,3	3,7	3,9	4,0	3,9	3,7	3,8	3,2	3,2	2,9	3,5	3,6	3,9	3,3	3,5
ert	1,5	2,0	1,5	1,9	2,3	4,0	2,2	2,2	2,0	2,3	2,0	2,0	3,3	1,5	2,2	3,0	2,1	2,0	1,5	2,2
gmb	3,0	2,5	2,0	3,4	3,3	3,5	3,0	3,0	3,0	4,0	3,3	3,5	3,0	2,8	2,5	3,0	2,5	2,9	1,8	2,9
gbs	3,0	2,0	3,0	2,3	2,8	2,3	2,5	2,6	2,7	3,0	2,8	2,7	3,0	2,7	2,5	3,0	2,0	2,5	2,3	2,7
lbr	4,0	3,5	3,5	3,6	4,0	3,3	3,0	3,6	3,2	3,1	3,0	3,0	3,3	3,5	2,8	3,0	2,9	3,1	3,8	3,2
mli	4,5	4,5	3,5	4,0	4,5	3,2	3,6	4,0	3,5	3,7	3,8	3,7	2,7	3,7	3,0	3,5	3,9	3,5	3,5	3,5
mad	3,5	3,0	4,0	2,9	3,5	2,7	3,3	3,3	3,5	3,6	2,8	3,2	3,5	3,0	3,0	3,0	2,8	2,9	2,5	3,1
sle	3,5	3,5	4,0	3,8	3,5	3,0	2,0	3,3	3,2	3,5	3,5	3,0	2,8	3,3	3,0	3,0	3,1	2,8	3,5	3,2
sml	1,0	1,5	1,0	1,3	1,0	1,5	1,0	1,2	1,0	1,6	1,0	1,2	1,3	1,2	1,2	1,0	1,0	1,1	1,2	1,2
sud	3,0	3,0	2,5	3,0	3,0	2,2	2,4	2,7	2,2	2,3	2,8	2,3	3,0	2,3	2,5	2,5	2,6	2,5	2,2	2,5
ssd	1,5	1,0	1,5	2,4	2,0	1,8	2,0	1,7	2,0	2,6	2,0	1,7	2,3	2,2	1,6	1,5	1,9	2,5	1,8	2,0
tog	4,5	3,0	2,0	3,4	3,8	3,3	3,2	3,3	3,3	3,1	3,3	3,7	2,8	3,2	3,0	3,0	2,9	2,9	2,8	3,1
zim	3,0	2,0	2,5	2,5	2,8	3,7	2,7	2,2	2,7	2,1	2,8	3,5	3,2	2,2	2,6	2,5	2,3	2,6	2,5	2,6

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	COUNTRY AND CROSS COUNTRY STRESS AREAS																					COUNTRY FRAGILITY RANKING		
	CAPACITY STRESS AREAS								GOVERNANCE/RISK STRESS AREAS													High fragility	Moderate fragility	Low fragility
Countries	Policy Capacity					Tch capa	phys capital	s/total	Bus & fin envi				Equity and Inclusivity			Sustain	Gov & trsp			s/total	Total all			
acronymes	**M&Xr**	**FscP**	**DbtP**	**BgtM**	**ResM**	**BgHr**	**infrastruct**	**strs areas**	**BsEn**	**Trd**	**Reg Integr**	**FinS**	**GdEq**	**EqPr**	**socl prot & lab**	**Env sust**	**PubA**	**PrRg**	**Trsp**	**strs areas**	strs areas			
bur	1	1	0	0	0	0	0	2	1	0	0	1	1	1	1	0	1	1	1	8	10	1	0	0
car	1	0	1	1	1	1	1	6	1	1	1	1	1	1	1	1	1	1	1	11	17	1	0	0
chd	0	0	1	0	0	0	0	1	1	0	0	0	1	0	1	0	1	1	1	6	7	0	1	0
com	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	1	1	1	1	11	18	1	0	0
drc	0	0	0	0	0	1	0	1	0	1	1	1	1	0	1	0	1	1	0	7	8	0	1	0
cdi	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	3	3	0	0	1
ert	1	1	1	1	1	0	1	6	1	1	1	1	0	1	1	1	1	1	1	10	16	1	0	0
gmb	1	1	1	0	0	0	1	4	1	0	0	0	1	1	1	1	1	1	1	8	12	1	0	0
gbs	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	1	1	1	1	11	18	1	0	0
lbr	0	0	0	0	0	0	1	1	1	1	1	1	0	0	1	1	1	1	0	8	9	0	1	0
mli	0	0	0	0	0	1	0	1	0	0	0	0	1	0	1	0	0	0	0	2	3	0	0	1
mad	0	1	0	1	0	1	0	3	0	0	1	1	0	1	1	1	1	1	1	8	11	1	0	0
sle	0	0	0	0	0	1	1	2	1	0	0	1	1	0	1	1	1	1	0	7	9	0	1	0
sml	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	1	1	1	1	11	18	1	0	0
sud	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	1	1	1	1	11	18	1	0	0
ssd	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	1	1	1	1	11	18	1	0	0
tog	0	1	1	0	0	0	1	3	0	1	0	0	1	1	1	1	1	1	1	8	11	1	0	0
zim	1	1	1	1	1	0	1	6	1	1	1	0	1	1	1	1	1	1	1	10	16	1	0	0
	10	11	11	9	8	10	12		13	11	11	12	15	13	18	13	16	16	13			12	4	2

Annex 2: Trends in FCS Transition Out of Fragility

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		CAPACITY PROFILE													
		FY2012							FY2017						
		Policy Capacity					Tech capacity	Physical cap	Policy Capacity					Tech capacity	Physical cap
Countries names	acron	Moxr	FscP	DbtP	BgtM	ResM	Building HR	Infrastruct	Moxr	FscP	DbtP	BgtM	ResM	Building HR	Infrastruct
		FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017
Burundi	bur	3,5	4	3,5	3,9	3,8	4	3,8	2,5	2,5	3,5	3,3	3,5	3,8	3,5
Central African Republic	car	4	3,5	3	3	3,5	2,8	3,3	3,0	3,5	2,0	2,5	2,8	1,7	2,5
Chad	chd	4	3	3	3	3,5	3,3	3,3	4,0	3,5	3,0	3,3	3,5	3,3	3,5
Comoros	com	3	2,5	3	2,1	2,8	2,5	2,7	3,0	1,5	1,5	1,6	2,0	2,5	1,9
Congo Democratic Republic	drc	4,5	4	3	3,3	3,3	3,2	3,6	3,5	4,0	3,5	3,4	3,3	3,2	3,4
Cote d'Ivoire	cdi	3,5	3,5	3,5	3,4	3,3	2,7	3,3	4,0	4,0	4,0	3,9	4,3	3,3	3,7
Erithrea	ert	1,5	2	1	1,4	2,3	3	1,9	1,5	2,0	1,5	1,9	2,3	4,0	2,2
Guinea	gne	4	4,5	4	3,5	4,3	3,2	3,9	3,9	4,0	4,0	3,8	4,0	3,2	3,0
Guinea Bissau	gbs	3	3	3	2,3	2,8	2,7	2,8	3,0	2,0	3,0	2,3	2,8	2,3	2,5
Liberia	lbr	4,5	4,5	4	4,1	4	3,5	4,1	4,0	3,5	3,5	3,6	4,0	3,3	3,0
Sierra Leone	sle	4	3,5	4	4	3	3	3,6	3,5	3,5	4,0	3,8	3,5	3,0	2,0
Somalia	som	1,5	1	1	1	1	1,2	1,1	1,0	1,5	1,0	1,3	1,0	1,5	1,0
South Sudan	ssu	2,5	2,5	2	2,4	2,5	2,2	2,4	1,5	1,0	1,5	2,4	2,0	1,8	2,0
Sudan	sud	3,5	3,5	2	3	3	2,2	2,9	3,0	3,0	2,5	3,0	3,0	2,2	2,4
Togo	tog	4,5	4	3,5	4	3,8	2,8	3,8	4,5	3,0	2,0	3,4	3,8	3,3	3,2
Zimbabwe	zim	2	2	1,5	1,8	2,5	2,5	2,1	3,0	2,0	2,5	2,5	2,8	3,7	2,7

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GOVERNANCE AND RISK PROFILE

Acron	FY2012											FY2017										
	Bus & fin env				Equity and inclusivity			Sustainability	Public Governance & Transparency			Bus & fin env				Equity and inclusivity			Sustainability	Public Governance & Transparency		
	Bus & reg env	Trade	Fin Sect	Reg integr	Gdr Eqty	Eqty P Res use	Soc prot & lab	Envi sust	Public adm	Prop rights	Transp	Bus & reg env	Trade	Fin Sect	Reg Integrat	Gdr Eqty	Eqty P Res use	Soc prot & lab	Envi sust	Public adm	Prop rights	Transp
	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2012	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017	FY2017
bur	3,0	4,0	2,8	3,3	3,2	3,5	2,8	3,5	2,5	3,1	2,7	3,2	4,0	3,8	2,8	3,2	3,2	3,1	3,5	2,4	2,9	2,7
car	2,2	3,3	2,7	2,7	2,7	2,7	2,3	3,0	2,0	2,6	3,3	2,0	2,9	3,0	1,8	3,2	2,5	1,9	2,5	2,3	2,0	2,8
chd	2,8	3,3	3,5	3,2	2,5	3,2	2,9	4,5	2,8	2,8	2,8	3,0	3,3	3,5	3,5	2,5	3,3	3,0	3,5	2,6	2,9	2,8
com	2,2	2,8	2,8	2,6	2,5	2,2	2,5	2,5	1,5	2,0	2,0	2,0	2,5	2,5	2,7	2,3	1,8	2,5	2,5	1,6	2,1	1,5
drc	2,8	3,0	3,8	3,2	2,5	3,2	2,7	3,0	2,3	2,4	3,3	3,3	3,1	2,8	3,0	2,7	3,3	2,8	3,5	2,6	2,9	3,3
cdi	3,2	3,3	3,0	3,2	3,0	3,0	2,6	3,0	3,3	2,6	3,0	4,0	3,9	3,7	3,8	3,2	3,2	2,9	3,5	3,6	3,9	3,3
ert	2,0	2,0	2,0	2,0	2,8	1,3	1,8	2,5	2,0	1,9	1,2	2,0	2,3	2,0	2,0	3,3	1,5	2,2	3,0	2,1	2,0	1,5
gne	3,2	4,0	3,5	3,6	3,5	3,5	3,2	2,5	2,5	3,0	3,0	3,3	3,9	4,0	3,5	3,5	3,5	3,2	3,0	2,6	3,0	3,0
gbs	2,7	3,0	3,2	3,0	3,3	3,0	2,6	3,0	2,1	2,3	2,2	2,7	2,7	2,7	2,7	2,7	2,7	2,5	2,7	2,7	2,7	2,7
lbr	3,3	3,3	3,0	3,2	3,3	3,8	2,9	3,5	2,9	3,3	4,3	3,2	3,1	3,0	3,0	3,3	3,5	2,8	3,0	2,9	3,1	3,8
sle	3,7	3,7	3,0	3,5	3,0	3,0	3,0	3,0	3,0	3,0	3,5	3,2	3,5	3,5	3,0	2,8	3,3	3,0	3,0	3,1	2,8	3,5
som	1,4	2,2	1,0	1,5	1,2	1,0	1,1	1,0	1,1	1,1	1,2	1,0	1,6	1,0	1,2	1,3	1,2	1,2	1,0	1,0	1,1	1,2
ssu	2,0	2,6	2,0	2,2	2,3	2,2	1,5	2,5	2,3	2,9	2,0	2,0	2,6	2,0	1,7	2,3	2,2	1,6	1,5	1,9	2,5	1,8
sud	2,3	2,8	2,0	2,4	3,5	2,5	2,6	2,5	2,5	2,4	2,2	2,2	2,3	2,8	2,3	3,0	2,3	2,5	2,5	2,6	2,5	2,2
tog	2,5	3,8	3,3	3,2	2,7	3,5	2,7	3,0	2,8	2,6	2,7	3,3	3,1	3,3	3,7	2,8	3,2	3,0	3,0	2,9	2,9	2,8
zim	2,5	2,6	2,5	2,5	2,5	1,7	2,0	3,0	2,3	2,4	2,0	2,7	2,1	2,8	3,5	3,2	2,2	2,6	2,5	2,3	2,6	2,5

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Acron	AVERAGE				CHANGE FROM 2012-2016		OVERALL AVERAGE		
	FY2012		FY2017						
	Capacity	Governance/risk	Capacity	Governance/risk	Capacity	Governance/risk	FY2012	FY2017	CHANGE
Bur	3,78	3,12	3,23	3,16	-0,55	0,04	3,45	3,20	-0,26
Car	3,30	2,68	2,57	2,45	-0,73	-0,24	2,99	2,51	-0,48
Chd	3,30	3,12	3,44	3,08	0,14	-0,04	3,21	3,26	0,05
Com	2,65	2,33	2,00	2,18	-0,65	-0,15	2,49	2,09	-0,40
Drc	3,55	2,93	3,47	3,03	-0,08	0,10	3,24	3,25	0,01
Cdi	3,32	3,02	3,89	3,55	0,57	0,53	3,17	3,72	0,55
Ert	1,87	1,95	2,20	2,17	0,33	0,22	1,91	2,19	0,28
Gne	3,92	3,22	3,70	3,32	-0,22	0,09	3,57	3,51	-0,06
Gbs	2,80	2,76	2,56	2,68	-0,24	-0,08	2,78	2,62	-0,16
Lbr	4,10	3,35	3,56	3,15	-0,54	-0,19	3,72	3,36	-0,37
Sle	3,58	3,22	3,33	3,15	-0,25	-0,06	3,40	3,24	-0,16
Som	1,12	1,26	1,19	1,16	0,07	-0,09	1,19	1,17	-0,01
Ssu	2,35	2,23	1,74	2,01	-0,61	-0,22	2,29	1,88	-0,41
Sud	2,87	2,52	2,73	2,47	-0,14	-0,04	2,69	2,60	-0,09
Tog	3,77	2,98	3,31	3,09	-0,45	0,11	3,37	3,20	-0,17
Zim	2,05	2,37	2,74	2,64	0,69	0,27	2,21	2,69	0,48

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	STAGE OF TRANSITION OF TRANSITION TO RESILIENCE								PROGRESSION							STATUS QUO					REGRESSION						
	Stage I		Stage II		Stage III		Stage IV		From stage I to II	From stage I to III	From stage I to IV	From stage II to III	From stage II to IV	From stage III to IV	**S/Total progress**	From stage I to I	From stage II to II	From stage III to III	Graduation IV to IV	**S/Total statuquo**	From stage II to I	From stage III to I	From stage III to II	From stage IV to I	From stage IV to II	From stage IV to III	**S/Total regression**
	FY2012	FY2017	FY2012	FY2017	FY2012	FY2017	FY2012	FY2017																			
bur	0	0	1	1	0	0	0	0	0	0	0	0	0	0	**0**	0	1	0	0	**1**	0	0	0	0	0	0	**0**
car	0	1	1	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	**0**	1	0	0	0	0	0	**1**
chd	0	0	1	1	0	0	0	0	0	0	0	0	0	0	**0**	0	1	0	0	**1**	0	0	0	0	0	0	**0**
com	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
drc	0	0	1	1	0	0	0	0	0	0	0	0	0	0	**0**	0	1	0	0	**1**	0	0	0	0	0	0	**0**
cdi	0	0	1	0	0	0	0	1	0	0	0	0	1	0	**1**	0	0	0	0	**0**	0	0	0	0	0	0	**0**
ert	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
gne	0	0	0	0	0	0	1	1	0	0	0	0	0	0	**0**	0	0	0	1	**1**	0	0	0	0	0	0	**0**
gbs	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
lbr	0	0	0	1	0	0	1	0	0	0	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	1	0	**1**
sle	0	0	0	1	0	0	1	0	0	0	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	1	0	**1**
som	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
ssu	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
sud	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
tog	0	0	1	1	0	0	0	0	0	0	0	0	0	0	**0**	0	1	0	0	**1**	0	0	0	0	0	0	**0**
zim	1	1	0	0	0	0	0	0	0	0	0	0	0	0	**0**	1	0	0	0	**1**	0	0	0	0	0	0	**0**
	7	8	6	6	0	0	3	2	0	0	0	0	1	0	**1**	7	4	0	1	**12**	1	0	0	0	2	0	**3**

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Countries	Acron	2012-2016 EVOLUTION OF COUNTRIES CAPACITY AND GOVERNANCE CONTEXTS			
		Progression in Capacity & Progression in Governance/risk	Progression in Capacity & Regression in Governance/risk	Regression in Capacity & Progression in Governance/risk	Regression in Capacity & Regression in Governance/risk
Burundi	Bur	0	0	1	0
Central African Republic	Car	0	0	0	1
Chad	Chd	0	1	0	0
Comoros	Com	0	0	0	1
Congo Democratic Republic	Drc	0	0	1	0
Côte d'Ivoire	Cdi	1	0	0	0
Eritrea	Ert	1	0	0	0
Guinea	Gne	0	0	1	0
Guinea Bissau	Gbs	0	0	0	1
Liberia	Lbr	0	0	0	1
Sierra Leone	Sle	0	0	0	1
Somalia	Som	0	1	0	0
South Sudan	Ssu	0	0	0	1
Sudan	Sud	0	0	0	1
Togo	Tog	0	0	1	0
Zimbabwe	Zim	1	0	0	0
Total All		3	2	4	7

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		CAPACITY STRESS AREAS															
		FY2012								FY2017							
		Policy Capacity					Tech capacity	Physical cap	S/Total FY2012	Policy Capacity					Tech capacity	Physical cap	S/Total FY2017
		Moxr	**FscP**	**DbtP**	**BgtM**	**ResM**	**Building HR**	**Infrastruct**		**Moxr**	**FscP**	**DbtP**	**BgtM**	**ResM**	**Building HR**	**Infrastruct**	
Burundi	bur	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	2
Central African Republic	car	0	0	1	1	0	1	0	3	1	0	1	1	1	1	1	6
Chad	chd	0	1	1	1	0	0	0	3	0	0	1	0	0	0	0	1
Comoros	com	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	7
Congo Democratic Republic	drc	0	0	1	0	0	1	0	2	0	0	0	0	0	1	0	1
Côte d'Ivoire	cdi	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0
Eritrea	ert	1	1	1	1	1	1	1	7	1	1	1	1	1	0	1	6
Guinea	gne	0	0	0	0	0	1	0	1	0	0	0	0	0	1	1	2
Guinea Bissau	gbs	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	7
Liberia	lbr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Sierra Leone	sle	0	0	0	0	1	1	0	2	0	0	0	0	0	1	1	2
Somalia	som	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	7
South Sudan	ssu	1	1	1	1	1	1	1	7	1	1	1	1	1	1	1	7
Sudan	sud	0	0	1	1	1	1	1	5	1	1	1	1	1	1	1	7
Togo	tog	0	0	0	0	0	1	0	1	0	1	1	0	0	0	1	3
Zimbabwe	zim	1	1	1	1	1	1	1	7	1	1	1	1	1	0	1	6
Total All		6	7	10	9	8	13	7		9	9	10	8	8	9	12	

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	GOVERNANCE STRESS AREAS																								TOTAL ALL STRESS AREAS		CHANGES IN STRESS AREAS		
	FY2012												FY2017																
acron	Bus & fin env				Equity and inclusiity			Sustainability	Public Governance & Transparency			S/ Total	Bus & fin env				Equity and inclusivity			Sustainability	Public Governance & Transparency			S/ Total			Capacity	Governance & risk	Total
	Bus & reg env	Trade	Fin Sect	Reg Integrat	Gdr Eqty	Eqty P Res use	Soc prot & lab	Envi sust	Public adm	Prop rights	Transp	FY2012	Bus & reg env	Trade	Fin Sect	Reg Integrat	Gdr Eqty	Eqty P Res use	Soc prot & lab	Envi sust	Public adm	Prop rights	Transp	FY2017	FY2012	FY2017			
bur	1	0	1	0	1	0	1	0	1	1	1	7	1	0	0	1	1	1	1	0	1	1	1	8	7	10	2	1	3
car	1	0	1	1	1	1	1	1	1	1	0	9	1	1	1	1	1	1	1	1	1	1	1	11	12	17	3	2	5
chd	1	0	0	1	1	1	1	0	1	1	1	8	1	0	0	0	1	0	1	0	1	1	1	6	11	7	-2	-2	-4
com	1	1	1	1	1	1	1	1	1	1	1	11	1	1	1	1	1	1	1	1	1	1	1	11	18	18	0	0	0
drc	1	1	0	1	1	1	1	1	1	1	0	9	0	1	1	1	1	0	1	0	1	1	0	7	11	8	-1	-2	-3
cdi	1	0	1	1	1	1	1	1	0	1	1	9	0	0	0	0	1	1	1	0	0	0	0	3	10	3	-1	-6	-7
ert	1	1	1	1	1	1	1	1	1	1	1	11	1	1	1	1	0	1	1	1	1	1	1	10	18	16	-1	-1	-2
gne	1	0	0	0	0	0	1	1	1	1	1	6	0	0	0	0	0	0	1	1	1	1	1	5	7	7	1	-1	0
gbs	1	1	1	1	0	1	1	1	1	1	1	10	1	1	1	1	1	1	1	1	1	1	1	11	17	18	0	1	1
lbr	0	0	1	1	0	0	1	0	1	0	0	4	1	1	1	1	0	0	1	1	1	1	0	8	4	9	1	4	5
sle	0	0	1	0	1	1	1	1	1	1	0	7	1	0	0	1	1	0	1	1	1	1	0	7	9	9	0	0	0
som	1	1	1	1	1	1	1	1	1	1	1	11	1	1	1	1	1	1	1	1	1	1	1	11	18	18	0	0	0
ssu	1	1	1	1	1	1	1	1	1	1	1	11	1	1	1	1	1	1	1	1	1	1	1	11	18	18	0	0	0
sud	1	1	1	1	0	1	1	1	1	1	1	10	1	1	1	1	1	1	1	1	1	1	1	11	15	18	2	1	3
tog	1	0	0	1	1	0	1	1	1	1	1	8	0	1	0	0	1	1	1	1	1	1	1	8	9	11	2	0	2
zim	1	1	1	1	1	1	1	1	1	1	1	11	1	1	1	0	1	1	1	1	1	1	1	10	18	16	-1	-1	-2
	14	8	12	13	12	12	16	13	15	15	12		12	11	10	11	13	11	16	12	15	15	12						

Annex 3: Harmonized Lists of Fragile Situations

Page 3a: HARMONIZED LIST OF FRAGILE SITUATIONS FY11 [a/]

Country	WBG CPIA Score	ADB/AfDB CPIA Score	Harmonized average	Political & Peace-building Missions b/	Peace-keeping Missions c/
IDA Eligible					
Afghanistan (PC) [d/]	2.800	2.725	2.763	Y	Y
Angola (PC)	2.783	3.017	2.979		
Burundi (PC)	3.058	3.10	3.038	Y	
CAR (RE)	2.642	2.908	2.775	Y	
Chad	2.483	3.100	2.792	Y	Y
Comoros	2.500	2.492	2.496	Y	Y
DRC (PC)	2.667	2.085	2.758	Y	Y
Congo, Rep (PC)	2.825	3.208	3.017		
Côte d'Ivoire (PC)	2.792	2.942	2.867	Y	Y
Eritrea (PC)	2.208	2.358	2.283		
Guinea	2.817	3.142	2.979	Y	
Guinea-Bissau	2.608	3.092	2.850	Y	
Haïti (RE)	2.925	-	2.925		Y
Kosovo	3.433	-	3.433		**Y**
Kiribati	3.125	2.775	2.950		
Liberia (PC)	2.825	3.638	3.232	Y	Y
Myanmar (NCIR)	-		-		
Marshall Islands	2.71	2.79	2.75		
Micronesia, FS	2.71	2.74	2.72		
Myanmar	-	-	-		
Nepal	3.300	4.025	3.663	**Y**	
Sao Tome and Principe	2.933	3.375	3.154		
Sierra Leone	3.208	3.460	3.334	**Y**	
Solomon Islands	2.758	3.175	2.967	Y	
Somalia (NCIR)	-	1.217		Y	Y
Sudan (NCIR)	2.458	2.567	2.513		Y
Tajikistan	3.192	3.425	3.309	**Y**	
Timor-Leste (PC)	2.917	2.950	2.933		Y
Togo (RE)	2.775	3.050	2.913		
Yemen	3.150		3.150		
Territories					
West Bank & Gaza				Y	
Western Sahara					Y
Blend					
Bosnia Herzegovina	3.708		3.708		**Y**
Georgia	4.417	4.450	4.433	**Y**	**Y**
Zimbabwe (NCIR)	1.858	1.920	1.889		
IBRD *(MIC)*					
Iraq	N/A	N/A	N/A	**Y**	

a/ "Fragile Situations" have: either a) a harmonized average CPIA country rating of 3.2 or less, or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. This list includes primarily IDA eligible countries and non-member or inactive territories/countries without CPIA scores. This is an interim list and the World Bank will continue to work on improving and refining our understanding of fragility. This definition is pursuant to an agreement between the World Bank and other MDBs at the start of the IDA 15 round in 2007 (only the ADB & AfDB use CPIA ratings). ***This list is not used to determine HR OA Staff benefits***.

b/ Specifically defined as the presence of a UN and/or regional (e.g. AU, EU, OAS) peace-building and political mission in this country in the last three years. [Sources: UN DPKO website, AU website, EC website].

c/ Specifically defined as the presence of a UN and/or regional (e.g. AU, EU, OAS, NATO) peace-keeping operation in this country in the last three years, with the exclusion of border monitoring operations. [Sources: UN DPKO web site, AU web site, EC web site, OSCE web site].

d/ These acronyms refer to IDA Exceptional Allocations, which are determined independently - PC is post-conflict, RE is re-engaging and NCIR is not currently IDA recipient (usually due to arrears status).

Page 3b: HARMONIZED LIST OF FRAGILE SITUATIONS FY 17

Harmonized List of Fragile Situations FY 17 a/

Country	WBG CPIA	AfDB CPIA	ADB CPIA	Harmonized average	Peace-keeping Missions b/	Political & Peace-building Missions c/
IDA Eligible						
Afghanistan	2.692		2.800	2.75		P
Burundi	3.067	3.231		3.15		P
Central African Republic	2.458	2.376		2.42		P
Chad	2.783	3.264		3.02		
Comoros	2.833	2.238		2.54		
Congo, Dem. Rep	3.000	3.329		3.16	Pk	
Côte d'Ivoire	3.275	3.640		3.46	Pk	
Djibouti	2.967	3.362		3.16		
Eritrea	1.942	2.094		2.02		
Gambia, The	2.925	3.116		3.02		
Guinea-Bissau	2.475	2.717		2.60		P
Haïti	2.900			2.90	Pk	
Kiribati	2.950		3.050	3.00		
Kosovo	3.525			3.53	Pk	
Liberia	3.100	3.463		3.28	Pk	
Madagascar	3.142	3.168		3.15		
Mali	3.383	3.679		3.53	Pk	
Marshall Islands	2.600		2.900	2.75		
Micronesia, Fed. Sts.	2.775		2.950	2.86		
Myanmar	3.075		3.133	3.10		
Papua New Guinea	3.000		3.258	3.13		
Sierra Leone	3.267	3.310		3.29		P
Solomon Islands	2.975		3.225	3.10		
Somalia		1.111		1.11		P
South Sudan	1.867	1.971		1.92	Pk	
Sudan	2.425	2.545		2.49	Pk	
Togo	2.975	3.229		3.10		
Tuvalu	2.858		2.975	2.92		
Yemen, Rep.	2.608			2.61		
Territories						
West Bank and Gaza						P
Blend						
Zimbabwe	2.858	2.655		2.76		
IBRD Only						
Iraq						P
Lebanon						P
Libya						P
Syria						

a/ "Fragile Situations" have: either (a) a harmonized average CPIA country rating of 3.2 or less, or (b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. This list includes only IDA eligible countries and non-member or inactive territories/countries without CPIA data. IBRD countries with CPIA ratings below 3.200 do not qualify on this list due to non-disclosure of CPIA ratings; IBRD countries that are included here qualify only by the presence of a peace-keeping, political or peace-building mission - and their CPIA ratings are thus not quoted here; **b/** Specifically defined as the presence of a UN and/or regional (e.g. AU, EU, OAS, NATO) peace-keeping operation in this country in the last three years, with the exclusion of border monitoring operations [Sources: UN DPKO, AU, EC websites]. For additional information regarding this list, please read the FCS Information Note and FAQ found on our website: www.worldbank.org/fragilityandconflict; **c/** Specifically defined as the presence of a UN and/or regional (e.g. AU, EU, OAS) peace-building and political mission in this country in the last three years [Sources: UN DPKO, AU, EU websites].

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