

AFRICAN DEVELOPMENT BANK GROUP



BANK GROUP'S STRATEGY FOR ADDRESSING FRAGILITY AND BUILDING RESILIENCE IN AFRICA (2022-2026)

Transition States Coordination Office (RDTS)
March 2022

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ACRONYMS AND ABBREVIATIONS

ACCF	Africa Climate Change Fund
ACFA	Accelerated Co-financing Facility for Africa
ACLED	Armed Conflict Location and Event Data Project
ADB	African Development Bank (window)
ADER	Annual Development Effectiveness Review
ADF	African Development Fund
ADF-15	Fifteenth Replenishment of the African Development Fund
ADF-16	Sixteenth Replenishment of the African Development Fund
AFAWA	Affirmative Finance Action for Women in Africa
AfCFTA	African Continental Free Trade Area
AfDB	Africa Development Bank Group
AfTra	Africa Trade Fund
AGTF	Africa Growing Together Fund
AIDI	Africa Infrastructure Development Index
AIF	Africa Investment Forum
ALSF	African Legal Support Facility
ARF	Africa Resilience Forum
AU	African Union
AWF	African Water Facility
BDEV	Independent Development Evaluation Department
CCAP	Climate Change Action Plan
CDN	Country Diagnostic Note
CDS	Capacity Development Strategy
CDSF	ClimDev-Africa Special Fund
CODE	Committee for Operations and Development Effectiveness
COVID-19	Coronavirus Disease 2019
CPIA	Country Policy and Institutional Assessment
CPSP	Country Private Sector Profile
CRF	COVID-19 Crisis Response Facility
CRFA	Country Resilience and Fragility Assessment
CSE	Civil Society Engagement
CSO	Civil Society Organization
CSP	Country Strategy Paper
DFI	Development Finance Institution
DRC	Democratic Republic of the Congo
EDCF	Economic Development Cooperation Fund
EITI	Extractive Industries Transparency Initiative
EPSA	Private Sector Assistance for Africa
FAPA	African Private Sector Assistance
FCDO	Foreign, Commonwealth and Development Office
FCS	Fragile and Conflict-affected Situations
FCV	Fragility, Conflict, and Violence
FDI	Foreign Direct Investment
FSDSP	Financial Sector Development Policy and Strategy
GCI-VII	Seventh General Capital Increase
GDP	Gross Domestic Product
GHS	Global Health Security
HCS	Human Capital Strategy
HoA	Horn of Africa
ICRC	International Committee of the Red Cross
IDA	International Development Association

IDP	Internally Displaced Person
IDWG	Inter-Departmental Working Group
IMF	International Monetary Fund
INCAF	International Network on Conflict and Fragility
IOM	International Organization for Migration
JfYA	Jobs for Youth in Africa
JICA	Japan International Cooperation Agency
KMS	Knowledge Management Strategy
LIC	Low-Income Country
MDB	Multilateral Development Bank
MRU	Mano River Union
MSME	Micro, Small and Medium-sized Enterprises
NGO	Non-Governmental Organization
NSO	Non-Sovereign Operation
NTF	Nigeria Trust Fund
OECD	Organisation for Economic Co-operation and Development
PBA	Performance Based Allocation
PBO	Policy-Based Operation
PCN	Project Concept Note
PPF	Project Preparation Facility
PPP	Public-Private Partnership
PSD	Private Sector Development
PSF	Private Sector Credit Enhancement Facility
RBLF	Result-Based Logical Framework
RBM	Resilience-Based Methodology
RDN	Regional Diagnostic Note
REC	Regional Economic Community
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
RMF	Results Measurement Framework
RO	Regional Operation
ROSPF	Regional Operations Selection and Prioritization Framework
RPG	Regional Public Good
SDC	Swiss Agency for Development Cooperation
SDG	Sustainable Development Goal
SEFA	Sustainable Energy Fund for Africa
SIDS	Small Island Development States
SME	Small and Medium-sized Enterprise
STE	Skills and Technology for Employability
SQHIA	Strategy for Quality Health Infrastructure for Africa
TCF	Total Compensation Framework
TSF	Transition Support Facility
UA	Unit of Account
UCDP	Uppsala Conflict Data Project
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNHCR	United Nations High Commissioner for Refugees
UNOPS	United Nations Office for Project Services
USD	United States Dollar
WB	World Bank
WHO	World Health Organization

EXECUTIVE SUMMARY

Areas affected by conflict and fragility in Africa are still being left behind. Countries that have experienced long-running fragility face higher poverty and food insecurity, wide gaps in infrastructure and public services, low economic diversity, and deep institutional deficits. They are vulnerable to multiple crises, including conflict and political instability, economic shocks, health threats and climate disruption.

This Strategy sets out the African Development Bank Group's approach to addressing fragility by building more resilient institutions, economies, and societies in all its Regional Member Countries. It defines fragility as *a condition where the exposure to internal or external pressures exceeds existing capacities to prevent, respond to, and recover from them, creating risks of instability*. As fragility is a condition that can arise in any context, the Strategy describes how the Bank will adapt its operations and instruments to tackle the root causes of conflict and fragility, in recognition of the need to scale up investment in crisis prevention.

The Strategy draws on learning from the Bank's 20-year engagement on fragility and its increasingly sophisticated understanding of the drivers of fragility, built up through extensive analytical work. Its development has been informed by extensive consultations with partners and stakeholders, including around the African Development Fund's fifteenth replenishment and the Bank's seventh General Capital Increase.

The Strategy identifies three interconnected and mutually reinforcing priorities:

1. **Strengthening institutional capacity**—The Bank will intensify and scale up its efforts to build effective national and regional institutions, focusing on core economic and financial governance functions and regional cooperation on shared challenges.
2. **Building resilient societies**—The Bank will invest in infrastructure and public services, to help create more resilient economies and societies. Building on its comparative advantage in infrastructure development, the Bank will provide targeted support for energy, transport, water and sanitation, and social and rural infrastructure in areas affected by fragility, to help reduce isolation and gender inequalities, promote economic cooperation and diversification, and strengthen access to basic services. This will include a focus on regional infrastructure and the management of cross-border natural resources.
3. **Catalyzing private investment**—The Bank will continue to invest in creating the conditions for private investment and job creation, through support for improved business environments and stronger value chains and skills, including for women and youth. It will combine direct investments in leading businesses with support for national financial institutions and the use of de-risking instruments to stimulate foreign and domestic investments. This will be achieved by using sovereign and non-sovereign instruments in complementary ways.

These priorities have clear synergies with many of the Bank's existing sectoral and thematic strategies, including the Strategy for Economic Governance in Africa, the Private Sector Development Strategy, and all the High 5 priorities. To support implementation of these strategies in fragile contexts, the Strategy sets out six guiding principles:

- i) **Prevention**—Systematic use of fragility assessments and other analytical work to anticipate risks and identify opportunities for building resilience.
- ii) **Selectivity**—In each context, prioritize operations that make the strongest contribution to building resilience and that offer the greatest opportunities to advance other cross-cutting commitments, including gender equality, youth employment, and climate change.

- iii) **Patience**—Provide patient and long-term support while remaining engaged through periods of instability.
- iv) **Do No Harm**—Ensure conflict-sensitivity and applying environmental and social safeguards measures, including through civil society engagement and the application of a gender-lens.
- v) **Ownership**—Work with governments, local and regional parties and engage early consultations with state and non-state actors.
- vi) **Partnerships**—Build synergies with other development partners and strengthen complementary between humanitarian, development, and peacebuilding activities (‘the Triple Nexus’).

The Strategy also defines a set of operational levers that will enable it to work more effectively in fragile contexts. These include: a strong program of **analytical work**; systematic application of the **fragility lens** in strategies, planning, and project design; a **reinforced footprint** in fragile contexts with tailored capacity-building for staff; **scaled-up investments** using fit-for-purpose instruments, with a strong focus on mobilizing other sources of finance; a focus on **rigorous results management**; and a program of **outreach and communication**, to support partnerships, influence, and resource mobilization.

This is an ambitious yet realistic Strategy, grounded firmly in the Bank’s comparative advantage, unique mandate, and position within Africa’s development architecture. It will reinvigorate and scale up the Bank’s engagement on fragility in Africa by making its full suite of operations and instruments more effective at preventing crises and building resilience. Owned and supported by the Bank’s senior leadership, it will be implemented in an adaptive fashion through a ‘One Bank’ approach, with a strong learning orientation, in recognition of the dynamic nature of the fragility challenges. Progress will be tracked through a results measurement and reporting framework and a mid-term review will provide an opportunity to recalibrate the priorities and the Theory of Change.

1. INTRODUCTION

- 1.1. The past two decades have been a period of dynamism for Africa. Widespread improvements in basic services, infrastructure and governance have created the conditions for inclusive growth and sustainable socioeconomic development, transforming the lives of millions of people. However, significant parts of Africa have been left behind. These are areas that have proved structurally vulnerable to instability and crises.
- 1.2. Countries that have experienced fragility over an extended period face higher poverty and food insecurity, wide gaps in infrastructure and public services, deep institutional deficits, and undiversified economies. They are vulnerable to shocks and stresses that may exceed the capacity of national institutions to manage them, creating risks of instability. Fragility can lead to political crises, conflict and forced displacement. The COVID-19 pandemic and the growing incidence of extreme weather have demonstrated that fragility can arise in any context.
- 1.3. This Strategy sets out the African Development Bank Group's (AfDB or the Bank) approach to addressing fragility in Africa. It has a strong focus on building resilience in all Regional Member Countries (RMCs), in recognition of the need to shift resources from crisis response to long-term investment in crisis prevention.
- 1.4. The Strategy draws on learning from the Bank's 20-year engagement on fragility and its evolving understanding of the drivers of conflict and fragility in Africa. It presents the Bank's approach for scaling up its operational engagement in fragile contexts, leveraging its full range of financial instruments, while ensuring that resilience-based considerations are mainstreamed across its operations through systematic application of the fragility lens.
- 1.5. This Strategy sets out the Bank's three key priorities on fragility—strengthening institutional capacity, building resilient societies, and catalyzing private investment—supported by a set of guiding principles and operational levers. It articulates an approach to selectivity, anchored in the Bank's comparative advantage, while recognizing the need for flexible approaches tailored to the diverse manifestations of fragility across Africa. It indicates how the Bank will work with other development partners and the private sector, including humanitarian and peacebuilding institutions in keeping with the 'Triple Nexus' approach.
- 1.6. The Strategy has benefited from inputs collected through extensive internal and external consultations (Annex XIII), from discussions around the fifteenth replenishment cycle of the African Development Fund (ADF-15), the Bank's seventh General Capital Increase (GCI-VII), the ADF-16 Working Group, and from a 2020 evaluation conducted by the Independent Development Evaluation Department (BDEV).¹
- 1.7. Following this introduction, Section 2 presents the nature and extent of fragility in Africa and potential pathways to resilience. Section 3 defines the Bank's comparative advantage in this area alongside other development partners, based on its long experience and unique mandate. Section 4 presents the objectives and strategic priorities, while Section 5 outlines an operational framework, including guiding principles and operational levers. Section 6 concludes and makes a recommendation.

2. FRAGILITY IN AFRICA

The Bank's Evolved Understanding of Fragility

- 2.1. **Despite sustained socioeconomic development across most of Africa, poverty remains increasingly concentrated in fragile contexts.** In early 2020, before the onset of the COVID-19 pandemic, countries affected by conflict and fragility were home to 34% of Africa's population and 48% of those living in extreme poverty.² In fragile situations, institutional weaknesses, mismanagement of resources, and inadequate private investment have combined with entrenched

poverty, inequality and marginalization, undermining progress on the United Nations (UN) Sustainable Development Goals (SDGs) and the African Union's (AU) Agenda 2063.

- 2.2. **The Bank understands fragility as the condition where countries are subject to pressures that threaten to overwhelm their capacities to manage them, creating risks of instability** (Box 1). Conversely, resilience is the combination of institutional capacities and socio-economic structures that enable countries to manage and recover from shocks and stresses, and that reduce their vulnerability in the future.
- 2.3. **Fragility is not a category of states, but a continuum that can affect any state to different degrees and in varied ways.** Pressures can arise along several dimensions, including the political sphere, security, justice, economic performance, social cohesion, regional spillovers, and climate and the environment. Countries that are unable to effectively manage these pressures are prone to periods of instability that can undermine both their institutional capacity and their ability to sustain progress on social and economic development.

Box 1: Definition of Fragility and Resilience

The 2014 Bank's definition considers fragility as "a condition of elevated risk of institutional breakdown, societal collapse, or violent conflict". The Strategy moves away from these more extreme concepts, in favor of a definition of fragility that can be broadly applied across diverse African contexts. Fragility is defined as "a condition where the exposure to internal or external pressures exceeds existing capacities to prevent, respond to, and recover from them, creating risks of instability."

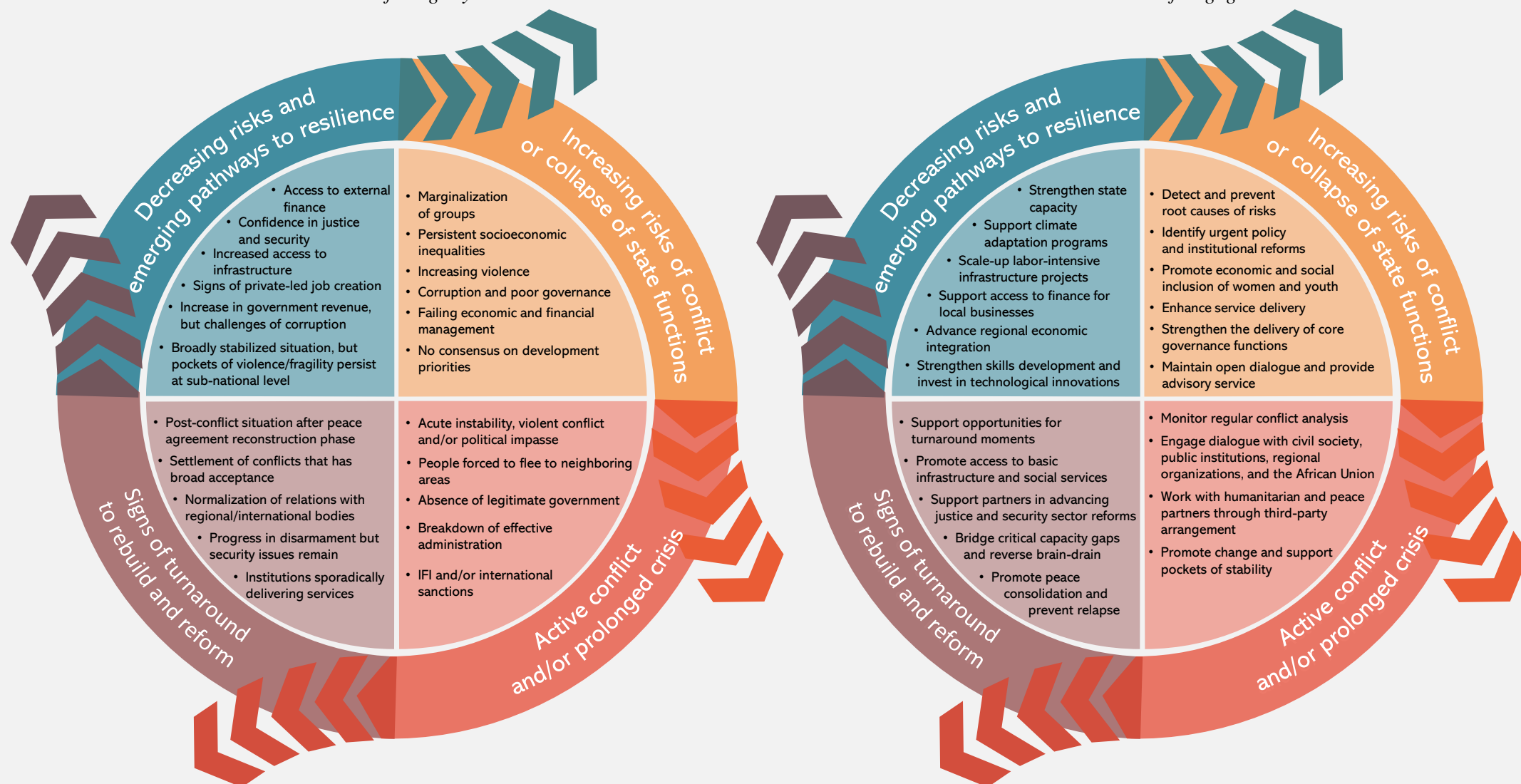
Resilience is the converse of fragility. It is defined as "the ability to cope with, adapt to, and recover from shocks and stresses, and reduce vulnerability in the future". Resilience is linked both to institutional capacity, and more widely to political, social, economic, and environmental structures and systems.

- 2.4. **Countries in fragile situations face deficits in the authority, legitimacy, or capacity of their institutions.** This can manifest in many ways, including weaknesses in mobilizing and managing public resources, implementing effective economic and social policies, enforcing the rule of law, keeping public officials accountable, promoting private sector development, and investing in public services and infrastructure. In fragile contexts, public sector reforms are more difficult to implement, and institutional capacity may be eroded during periods of instability. The Bank's Country Policy and Institutional Assessments (CPIAs) confirm that poor performance in public sector and economic management and economic policy can persist over lengthy periods. Building institutional capacity is therefore key to successful transitions out of fragility.
- 2.5. **Along the fragility spectrum, the Bank identifies four distinct situations that call for different forms of support and engagement.** These are: (i) increasing risks of conflict or collapse of state functions; (ii) active conflict and/or prolonged crisis; (iii) signs of turnaround to rebuild and reform; and (iv) decreasing risks and emerging pathways to resilience. This approach assumes that opportunities to build long-term resilience and to exit the fragility trap exist at any point of the spectrum. The Strategy articulates broad areas of engagement for the Bank to respond in each situation, while recognizing the need for contextual analysis and adaptability through an effective, rigorous, and systematic application of the fragility lens in its interventions (Figure 1).

Figure 1: Differentiation of Situations and Indicative Areas of Engagement Across the Fragility Spectrum

Situations of Fragility

Indicative Areas of Engagement



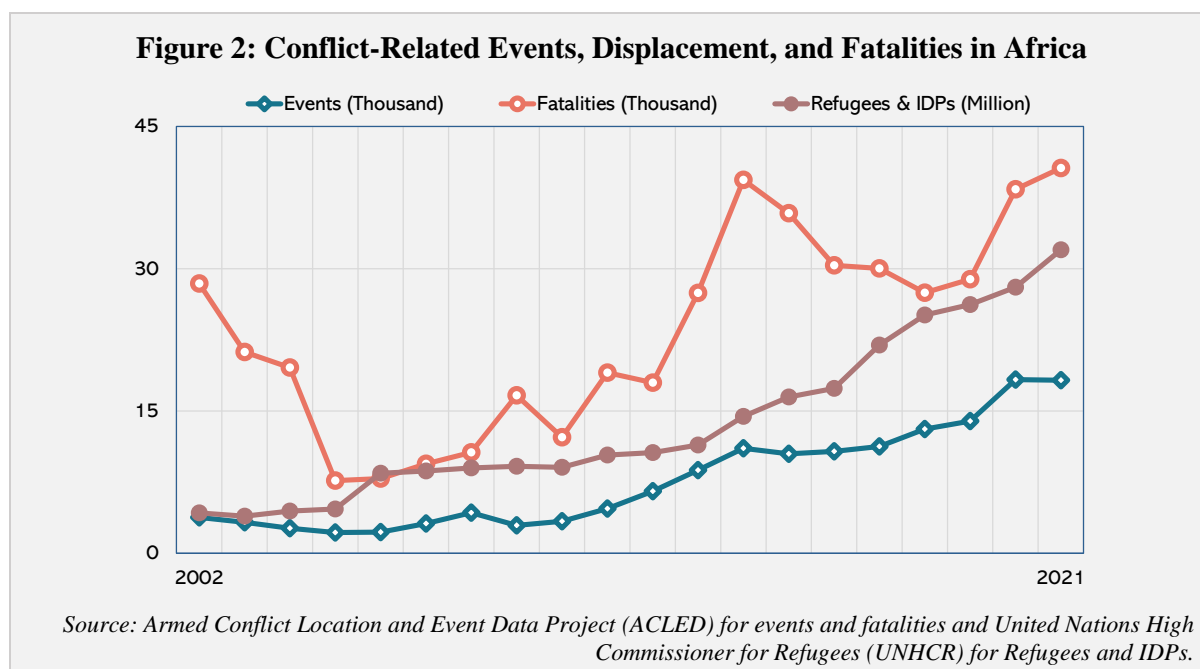
Source: African Development Bank Group, 2022.

The Drivers of Fragility are Diverse and Complex

- 2.6. **Fragility and poor development outcomes are mutually reinforcing and interact in many complex ways.** In fragile settings, the private sector is characterized by low rates of investment, high levels of informality, and limited employment creation. High rates of youth unemployment can lead to social and political unrest and can be associated with irregular migration. Across the continent, African governments have made important progress in improving their business environments, but the continent still lags behind other developing regions. In the face of fragility risks, the private sector may be unwilling to pursue productivity-enhancing investments, and firms often lack access to finance to expand their operations.
- 2.7. The Bank's Africa Infrastructure Development Index (AIDI) shows that countries that have experienced long-running conflict or instability **suffer deep deficits in infrastructural services, including transport, electricity, water and sanitation, and communication technologies.** In the 2020 ranking, most of the ten worst-performing countries are conflict-affected or emerging from conflict and fragility.³ The infrastructure gap is a constraint on private sector development, regional integration, and the quality of life of the population. Poor connectivity discourages private investment, increases dependence on export of raw commodities, and holds back job creation. It also stifles trade, marginalizes rural communities, and makes economic growth less inclusive.
- 2.8. **The links between poverty and fragility are complex and bi-directional.** In Africa's most fragile contexts, the number of people living in absolute poverty has been rising. It has been predicted that, by 2030, the majority of the world's poor would live in countries affected by conflict and fragility, with most of them in Africa—although the balance may have changed as a result of COVID-19.⁴ In fragile settings, basic services are often limited in both coverage and quality. A high proportion of the population is dependent on insecure and poorly paid work in the informal sector, while agriculture is often at subsistence level. Women-headed households are particularly vulnerable in fragile contexts, alongside marginalized groups, such as the elderly, people with disability, and members of religious and ethnic minorities.
- 2.9. **Food security is weaker in fragile contexts, particularly those affected by climate change, biodiversity loss, and environmental degradation.** Food insecurity may be linked to underinvestment in agriculture and rural infrastructure, inefficient food markets, population displacement, or extreme weather. For example, in South Sudan, 74% of the population were affected by food insecurity during the 2018 post-harvest period, linked to high prices of staple foods and disruption of livestock migration routes from insecurity and drought. Extreme weather is becoming more frequent, and recent tropical cyclones in Southern Africa revealed deep vulnerabilities and lack of preparedness in Malawi, Mozambique, and Zimbabwe. Disaster risk reduction systems remain in their infancy.
- 2.10. **Health insecurity has emerged as a significant element of fragility in Africa.** Health crises became more frequent, caused by diseases such as Ebola, dengue fever, Lassa fever, yellow fever, and cholera. The 2014 West African Ebola epidemic overwhelmed national health systems in some of Africa's most fragile contexts, costing an estimated USD 33 billion in foregone economic growth in the three worst-affected countries.⁵ Since 2012, Ebola outbreaks have been annual events in the Democratic Republic of the Congo (DRC). Most recently, the COVID-19 pandemic has revealed the social and economic costs that can result from health crises, causing Africa's first recession in two decades.⁶ Given the risk of new variants emerging wherever the virus spreads in an uncontrolled manner, COVID-19 demonstrates the global importance of building resilience.
- 2.11. **Challenges with natural resource management are a common source of fragility, particularly in economies dependent on a small number of commodities.** Poor governance of lands, forests, water, and minerals can lead to competition and conflict. It can also give rise to political exclusion, corruption, and inequality, and is associated with long-running internal conflicts in several countries. Where natural resources transcend national boundaries, it can lead to cross-border tensions, illicit markets, and regional instability. Effective management of natural resources, along

with the associated infrastructure such as dams, transport routes, oil or gas pipelines, and electricity transmission systems, calls for cooperation between countries.

- 2.12. **The recession triggered by the pandemic, and the fiscal measures implemented in response, have caused a deterioration in budgetary balances, and raised debt levels.** Before the pandemic, debt was already rising above sustainability thresholds in many African countries, and this is now exacerbated. While average debt-to-GDP for the continent was 60% in 2019, this is projected to rise to 75% by the end of 2021.⁷ Rising debt creates new vulnerabilities, while reducing the fiscal space for public investment. It underscores the need to support national capacity to manage debt and ensure quality public investments.
- 2.13. **Many African countries are vulnerable to external economic shocks that can set back their development.** In many of Africa's more fragile contexts, growth is driven by primary commodities and exports of minerals, natural resources, and agricultural produce. In the latest Country Resilience and Fragility Assessment (CRFA), countries such as Guinea-Bissau, Chad, and South Sudan display the least economic diversification. They are vulnerable to shocks from global commodity markets, extreme weather, insecurity, or political instability. In times of crisis, spikes in the price of food and other commodities have a direct impact on livelihoods.
- 2.14. **Where pressures exceed the ability of national institutions to manage them, countries may descend into political instability and conflict.** Over the past decade, Africa has witnessed a substantial increase in conflict-related incidents, from around 3,000 in 2009 to more than 18,000 in 2021. Conflict has also grown in intensity and is more likely to lead to loss of life and population displacement. Since 2002, more than 469,000 Africans lost their lives to violent conflict. The number of refugees and Internally Displaced Persons (IDPs) is also rising, reaching around 32 million in 2021—many located in contexts that are themselves fragile (Figure 2). Security challenges have increased with the rise of violent extremism and non-state armed groups, such as Boko Haram. Areas that experience long-running conflict can also become hotspots for organized crime and terrorism, posing threats that often spill across national boundaries.



- 2.15. **Many of those conflicts are rooted in competition over control of and access to land and other natural resources.** In rural and cross-border areas, such as in the Sahel and the Lake Chad Basin, climate change and increasing demand for land, water, forest products, and mineral resources continue to be a driver of violence between communities. For example, violence involving pastoralist herders in West and Central Africa has been surging in recent years. Since 2010, there

have been over 15,000 deaths linked to farmer-herder violence.⁸ Recognizing that access to resources is closely entwined with the livelihoods and cultural identity of people, these examples highlight the need for effective conflict resolution, especially at the community level.

- 2.16. **In situations of conflict, women, youth, and girls are often among the worst affected.** Women are particularly vulnerable to displacement, loss of livelihoods, land dispossession, disrupted access to public services, and domestic and sexual violence. Youth are at risk from disrupted schooling and may be recruited as combatants or into criminal gangs or become victims of ideological extremism, trafficking, and exploitation. Girls are twice as likely to be out of school than boys, with long-term impacts on their life prospects and on gender equality.
- 2.17. **In response to the threat of conflict, many African governments have increased their expenditure on security, diverting resources away from development.** For example, military spending in the G5 Sahel countries reached an annual average of USD 1.31 billion between 2014 and 2019, which is 2.5 times the level of the 1998-2013 period.⁹
- 2.18. **Drivers of fragility in Africa are often cross-border in nature, making fragility also a regional phenomenon.** Conflict, war economies, radicalization, and population displacement often spill across national borders. Instability affects neighboring countries through multiple pathways, which can lead to the emergence of “regional conflict complexes”—that is, conflicts with mutually reinforcing linkages. The Bank has undertaken fragility assessments in three volatile regions—the Horn of Africa, the Lake Chad Basin, and the Sahel (Annex VI)—to understand these linkages.

Promising Pathways to Resilience

- 2.19. **Just as fragility is a complex phenomenon that can manifest in many ways, there are many options for building resilience, in communities, economies, states, and regions.** The dynamism of Africa’s political and socioeconomic landscape gives cause for optimism that fragility can be successfully reduced, including through the following entry points.

Increasing Political Will and Solidarity

- 2.20. **The strong consensus behind the AU Agenda 2063 shows the commitment of African policy makers to regional solidarity in tackling fragility.** In times of conflict and crisis, national and regional bodies are increasingly active in dialogue and mediation to restore peace and stability. Likewise, COVID-19 has triggered a rise in regional solidarity, including through the exchange of healthcare workers and coordinated procurement of medical supplies across borders.
- 2.21. **The launch of the operational phase of the African Continental Free Trade Area (AfCFTA) has created a new momentum behind the regional integration agenda,** with a shared commitment to reducing market fragmentation and unlocking productive capacities. If well-regulated and fairly implemented, the AfCFTA has the potential to unlock private investment and reduce the isolation of areas of the continent affected by long-running conflict and fragility.
- 2.22. **Fragility has important regional dimensions. Likewise, resilience can be promoted at the regional level.** Increasing economic integration, improving cross-border infrastructure, and promoting cooperation around the management of cross-border natural resources, such as forests and water systems, can all help to increase resilience. There are many good examples of regional partnerships—such as the Sahel Alliance, the Horn of Africa Initiative, and the regional stabilization program for the Lake Chad Basin—that are bringing together national governments with regional organizations and development partners to address common challenges.

Emergence of a Middle Class

- 2.23. **Spurred by job opportunities in sectors such as construction, tourism, finance, technology, and manufacturing, Africa’s middle class has more than tripled over the past 30 years.** This is creating increased demand for consumer goods and quality public services and building attractive markets for both domestic and foreign investors. The desire of African consumers for quality food

is helping to promote the development of agricultural value chains. This is helping to drive economic diversification and create greater interdependence between cities and their rural hinterlands, which promotes inclusive growth and more resilient societies.

- 2.24. Countries experiencing protracted fragility are often dependent on a narrow range of natural resources or commodities. Lack of economic diversification contributes to fragility by concentrating wealth, limiting employment creation, and increasing vulnerability to economic shocks. Creating a broader base for economic growth is key to restoring resilience, by boosting rural incomes and expanding access to decent work and livelihood opportunities.

Advent of New Development Trends

- 2.25. **The COVID-19 pandemic has been a driver of innovation and technological advance, including for digital solutions and the green economy.** With its young labor market, Africa is well placed to benefit from innovations in online services, fin-tech, and clean energy, which are helping to expand economic opportunities in marginalized areas. In the coming years, technological innovations will spread into new areas, such as biotech, creating new business opportunities and helping Africa leapfrog carbon-intensive technologies in favor of green solutions.
- 2.26. To take advantage of these opportunities, **African countries need to invest in financial, human, and social capital.** Investing in vocational training, digital skills, and entrepreneurship can help create bankable business opportunities, even in fragile contexts. These opportunities can be further supported through measures to improve access to finance and business environments. Investments in infrastructure connectivity will help to create a platform for young Africans to bridge the digital divide and generate new sources of prosperity.

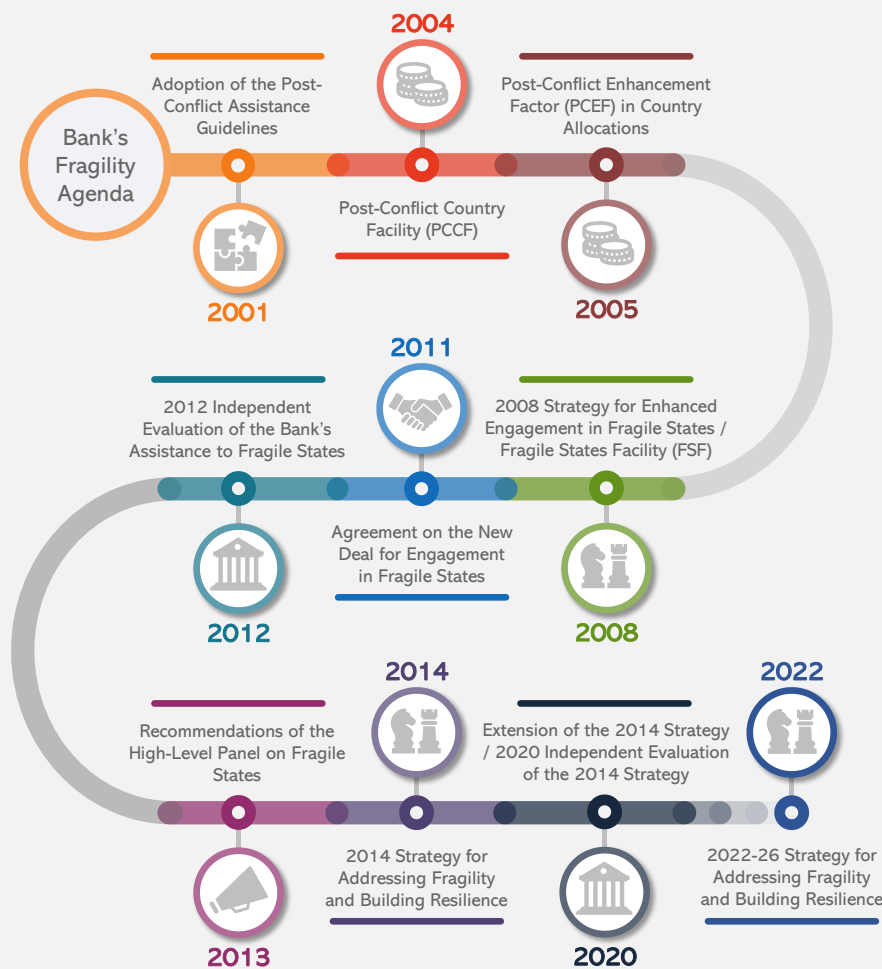
3. BUILDING ON THE BANK'S COMPARATIVE ADVANTAGE

- 3.1. **The Strategy is grounded firmly in the Bank's comparative advantage,** which stems from its experience built up over the past two decades and from its unique position in Africa's development architecture. There are also areas where the Bank will build its capacity over the life of the Strategy.

A 20-year Engagement with Fragility

- 3.2. **The Bank has led the fragility agenda in Africa for the past two decades.** In 2001, it became one of the first multilateral banks to institutionalize the concept of fragility into its operations. In 2004, it established its first facility to support post-conflict countries with clearing arrears and adjusted its Performance-Based Allocation (PBA) formula to channel more resources to conflict-affected countries. In 2008, it established the Fragile States Facility—now the Transition Support Facility (TSF)—through which more than UA 3.7 billion has been mobilized. The TSF has given the Bank the ability to lay the foundation for social cohesion and inclusive growth, and the flexibility to respond quickly in times of crisis. For example, it supported fast-track financial support to the West African countries most affected by the 2014 Ebola crisis. The TSF has also provided targeted investments in building capacity and restoring essential services.
- 3.3. **The 2014-2019 Strategy for Addressing Fragility and Building Resilience in Africa** (hereafter “*the 2014 Strategy*”) **placed resilience-building and addressing fragility at the core of the Bank's mandate.**¹⁰ It recognized that fragility is not a category of states, but a fluid situation that can arise in many contexts, at subnational, national, or regional level. The Bank was one of the first development partners to institutionalize a ‘fragility lens’ approach across its portfolio through its landmark CRFA, now used to identify drivers of fragility and sources of resilience across all African countries. **Error! Reference source not found.** summarizes the steps taken by the Bank to advance its fragility agenda since 2001, while Annex II offers a more detailed presentation of its achievements.

Figure 3: Key Steps in the Bank's Fragility Agenda



Source: African Development Bank Group, 2022.

A Well-Developed Toolkit

- 3.4. The Bank's capacity to engage in fragile contexts grew substantially over the life of the 2014 Strategy, as new practices and tools were introduced. Key developments were as follows.

Fragility Assessments and Analytical Tools

- 3.5. Drawing on an increasingly sophisticated understanding of fragility in Africa, **the Bank introduced fragility assessments at national and regional levels, providing a rich source of data and analysis on pressures and risks across the political, economic, social, and environmental spheres.** This has boosted the Bank's capacity in political economy and conflict analysis. Where relevant, the assessments capture local variations in fragility risks, to inform program design. Fragility assessments also create opportunities for collaboration with partners. For example, the 2020 joint fragility assessment on Burkina Faso provided an invaluable knowledge source for the formulation of the Country's National Development Plan (Box 2Error! Reference source not found.).

Box 2: 2020 Joint Prevention and Peacebuilding Assessment on Burkina Faso

Since 2015, populations in the northern and eastern regions of Burkina Faso have lived under the rising threat of terrorist attacks and violent extremism, ethnic violence, and the gradual erosion of state legitimacy. These challenges are exacerbated by the impact of climate change

and the COVID-19 pandemic. As a result, government has been required to increase its security expenditure, leaving fewer resources for promoting economic stability and social cohesion.

In recognition of the need to coordinate international support, the Bank teamed with the European Union, the United Nations, and the World Bank in a joint mission to Burkina Faso to undertake a “Prevention and Peacebuilding Assessment”. The assessment provided an in-depth—and shared—understanding of the root causes of insecurity, including political, cultural, and socioeconomic factors. It also recommended short and long-term actions to build peace and stability. These were reflected in the 2021-2025 National Development Plan of Burkina Faso. In this context, the Government has committed to enhancing the effectiveness of public institutions, developing climate-change adaptation measures, promoting economic empowerment of local communities, and supporting job creation for youth.

Application of the Fragility Lens

- 3.6. **Findings from fragility assessments are now routinely mainstreamed into country and regional strategy papers and project documents.** Strategy papers address how the Bank will prioritize its interventions to address the most urgent risks and pressures, and to build resilience in key sectors and thematic areas. Fragility risks and opportunities to build resilience are also routinely considered in the design of operations. The 2018 BDEV evaluation found that 87% of Policy-Based Operations (PBOs) considered fragility issues and contained targeted capacity-development measures.¹¹
- 3.7. In parallel, the Bank strengthened key operational processes and frameworks to further mainstream the use of the fragility lens, including the Regional Operations Selection and Prioritization Framework (ROSPF)¹² and the Enhanced Readiness Review. Moreover, to adapt its procedures, the Bank has developed a fit-for-purpose procurement policy providing degrees of flexibility in the context of fragile situations.¹³ The Bank is also preparing comprehensive guidance notes on the application of the fragility lens in analytics, strategies, and operations, and a Fragility e-Course has been integrated into the Operations Academy.

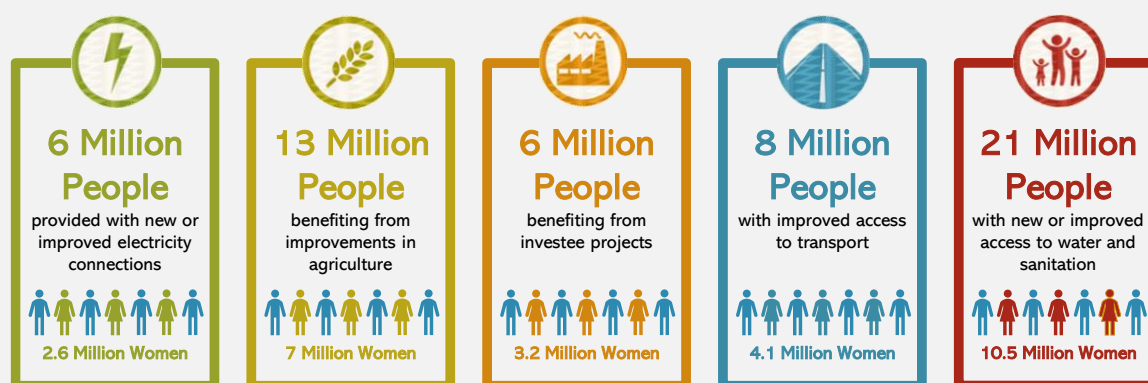
Advocacy, Policy Dialogue, and Partnership

- 3.8. **The Bank has continued to build on long-standing partnerships with national counterparts and regional bodies, enhancing its capacity for policy dialogue and flexible and responsive programming.** It has worked with a range of development partners, recognizing the multidisciplinary nature of the fragility challenges. In particular, strategic partnerships with the Swiss Agency for Development and Cooperation (SDC) and the UK’s Foreign, Commonwealth and Development Office (FCDO, formerly DFID) have helped to enhance the quality of its analytical work and programming. In 2017, the Bank initiated the Africa Resilience Forum (ARF), and has been an active member of other networks, including the OECD International Network on Conflict and Fragility (INCAF), the Multilateral Development Banks (MDBs) Platform on Economic Migration and Forced Displacement, the Sahel Alliance, and the Aswan Forum for Sustainable Peace and Development.

Strong Track Record in Delivering Results

- 3.9. **Through its longstanding engagement in fragile and conflict-affected situations, the Bank has built up a strong track record of delivering, measuring, and monitoring results in ‘transition states’.**¹⁴ As captured through its corporate Results Measurement Framework (RMF), it has made important progress towards its High 5s objectives of consolidating peace, improving the lives of vulnerable populations, and laying the foundations for inclusive growth. For example, over the past decade, the Bank’s operations in transition states secured electricity access to 6 million people and supplied improved water and sanitation to 21 million people, of which 10.5 million are women (Figure 4).

Figure 4: Achieved Results in Transition States by High 5s (2010-2020)



Source: African Development Bank Group, Result Measurement Framework (RMF), 2021.

Lessons Learned from the Bank's Past Engagement

- 3.10. The Bank brings a rich body of learning from its 20-year engagement in tackling fragility in Africa. Key lessons include **the need to consider 'prevention' as a core principle guiding the Bank's engagement in fragile settings, and to integrate preventative interventions across all sectors and contexts**. Drawing on its status as an African institution and a trusted partner, the Bank should cultivate close relationships with countries affected by fragility and take a long-term perspective on reforms and capacity building.
- 3.11. The Bank should **work selectively in the areas that best harness its comparative advantage, while cultivating partnerships with other actors across the humanitarian, development, and peace spheres**. Fragility in Africa frequently spills over national borders and should be addressed on a regional basis. Building resilience at the community level, especially in cross-border and rural areas, is also essential.
- 3.12. **Fragile contexts are dynamic and call for agile operational mechanisms and flexible financial instruments**. Given the importance of a well-regulated private sector to successful transitions out of fragility, the Bank should help strengthen the business environment and promote investments in Micro, Small and Medium-sized Enterprises (MSMEs), value chains, and infrastructure through Non-Sovereign Operations (NSOs), blended finance, and risk-sharing.
- 3.13. **While the Bank has strengthened its engagement on fragility and resilience over the years, the challenges are many and there is ample room for improvement**. The 2020 BDEV evaluation made a number of recommendations on how to move forward (Box 3).

Box 3: BDEV Recommendations on Strengthening the Bank's Approach to Fragility

BDEV's 2020 evaluation of the 2014 Strategy made five recommendations:

- i) *Revise the Strategy to emphasize prevention, align with the CRFA concepts and improve selectivity.*
- ii) *Strengthen the Bank's presence in Transition States.*
- iii) *Mainstream cross-cutting issues such as gender, youth employment, climate, and natural resource management in operations in fragile contexts.*
- iv) *Ensure an integrated approach to investments, with an emphasis on capacity building and financing for MSMEs.*
- v) *Improve working conditions and career advancement prospects for staff based in fragile settings.*

The Bank's Position Alongside Other Development Partners

- 3.14. Tackling fragility in Africa is a multidimensional challenge that calls for collaboration across many actors. Within each fragile context, the Bank needs to work alongside other development partners, including multilateral institutions—especially the World Bank (WB), the International Monetary Fund (IMF), and UN agencies—, bilateral donors, Non-Governmental Organizations (NGOs), and development finance institutions. It should be selective in its choice of interventions, reflecting its comparative advantage alongside others.
- 3.15. **Other partners should lead in areas that are beyond the Bank's mandate, such as humanitarian actions and direct support for peace processes, elections, and the security sector.** However, in accordance with the 'Triple Nexus' principle, the Bank should be aware of their work and seek out opportunities for partnerships and synergies. For example, this Strategy identifies the potential for productive partnerships with UN agencies on migration and forced displacement and with NGOs on building community resilience.
- 3.16. **The WB is an important source of development finance for tackling fragility in Africa.** Under IDA18, it doubled its core support for countries in fragile settings to USD 14.4 billion, while scaling up its in-country presence. It created additional funding allocations within IDA, including a Private Sector Window for investing in challenging contexts and a Refugee Sub-Window. This Strategy positions the AfDB in a complementary role to the WB, recognizing the larger resource base of the WB, identifying areas where AfDB has a distinctive offer, and seeking out opportunities for partnership and complementary working.

Defining the Bank's Comparative Advantage

- 3.17. Drawing on this rich body of learning, the Bank's comparative advantage on fragility consists of a number of elements. First, it brings **a strong conceptual framework** to its understanding of fragility and resilience in Africa, with **an advanced diagnostic tool**, the CRFA. The Bank is the only development partner to undertake fragility assessments routinely for all African countries and regions, giving it **rich data on diverse local, national, and regional contexts**.
- 3.18. Second, as Africa's premier development finance institution, the Bank offers **strong relationships** with African countries, Regional Economic Communities (RECs), and other regional institutions, built up over many years. It has a **strong mandate** from the AU to mobilize development finance and facilitate regional integration and cooperation. The Bank has also a **strong convening power** in its engagement with national and regional authorities across the continent. Its **African character positions it as a trusted partner** that can dialogue on deep and sensitive policy matters. It is also able to use this trust and convening power to facilitate joint initiatives. For example, the Bank's leadership role for the establishment of the Zimbabwe Multi-Donor Trust Fund (the Zim-Fund) illustrates its capacity to mobilize donor community in support of national efforts for economic recovery.¹⁵ Moreover, as reflected from its experience with Sudan (Box 4), the Bank will continue exercising its convening power to sustain its engagement during periods of uncertainty while influencing political settlements and transition processes. The technical assistance support to the AU Office of the High Representative for the Horn of Africa is another illustrative example of this.

Box 4: The Bank's Sustained Engagement in Sudan

The Bank has been fully engaged in Sudan since 2010 during the post-secession negotiations with South Sudan. Working with the African Union (AU), it supported a high-level dialogue on the political settlements in both countries. Building on this engagement, and by sustaining the dialogue on outstanding debt, economic, and financial issues, the Bank provided a technical assistance to Sudan for the development of its national 'External Debt Relief and Arrears Clearance Strategy'. The Bank sustained these efforts by supporting the development of the country's National Development Plan, which formed the basis for coordination and the convening of different donors for Sudan's successful arrears clearance in 2021.

- 3.19. Third, the Bank has built up extensive expertise in **providing targeted capacity-building support** through the TSF, specializing in core areas of economic and financial governance. It has demonstrated its ability to deliver **high-quality, strategic infrastructure projects**, with a focus on integrated projects—such as transport corridors—that incorporate social and economic infrastructure, to promote inclusive growth and community resilience. Beyond the TSF, the Bank deploys a wide range of instruments to **catalyze development finance**, including through arrears clearance, NSOs, innovative risk-sharing mechanisms and, most recently, emergency liquidity support in response to the COVID-19 pandemic.
- 3.20. In accordance with a dynamic understanding of its comparative advantage, the Bank proposes to **invest in scaling up its capacity and to make a significant difference over the lifespan of the Strategy in a number of areas.**
- 3.21. First, the Strategy will leverage the ‘One Bank’ approach¹⁶ to **rigorously implement the fragility lens** by translating the findings of its analytical knowledge into strategic and operational choices that reflect context-specific entry points for building long-term resilience. In addition, by scaling up its analytical capacity to prevent crisis and anticipate risks of conflict, the Bank looks forward to increasing the quality, the value addition, and the impact of its operations in fragile contexts. Box 5 on the strategic engagement in Mali illustrates a replicable example of how the Bank seeks to work differently in fragile and conflict-affected contexts.

Box 5: The Bank’s Strategic Engagement in Mali (2021-2025)

The fragility analysis of Mali applied the selectivity principle during the formulation of the Bank’s strategic engagement in the country over the 2021-2025 period. Informed by an application of the fragility lens, the Bank has concentrated its operational engagement around one single priority area focusing on improving community resilience through agricultural value chains. Given the security context of the country and the limited level of resources available, the Bank decided to focus its efforts on integrated projects targeting communities and vulnerable groups, especially youth and women, helping to achieve quick-wins and tangible results. Based on the understanding that creating economic opportunities is a strong source of resilience that helps prevent radicalization and pockets of conflicts in the long term, the Bank has firmly committed to work with the civil society, the private sector, and local actors to extend half of its pipeline to conflict-affected zones and their neighborhoods.

- 3.22. Second, the Bank will increase its engagement on **building resilience at the regional level.** Working across the ‘Triple Nexus’ in coordination with relevant regional organizations, it will work to mitigate drivers of insecurity that spill across national boundaries, including forced displacement, irregular migration, and illicit trade. It will promote cooperation on addressing regional challenges, and in building a strong portfolio of transformative, integrated, and resilience-based regional operations.
- 3.23. Third, in accordance with BDEV’s 2020 recommendation, the Bank is committed to building its capacity to **engage with communities to ensure conflict-sensitivity and community-centered operations.** In recognition of the catalytic role of local communities in building long-term economic and social capital, the Bank will focus on building sustainable regional and domestic value chains, in vital sectors, such as energy, technology, agriculture, manufacturing, and services.
- 3.24. For example, supporting small scale farmers and entrepreneurs in rural communities will empower them to take advantage of new economic opportunities and pull their resources to obtain greater incomes, create domestic wealth, boost local consumption, and break free from the fragility trap. Such dynamism will act as a signal to the private sector to invest and leverage market-based innovations and technological advances, and thereby create a demand for decent jobs, particularly for youth and women in the poorest communities. In conformity with the 2030 SDG’s cardinal principle of “*Leaving No One Behind*”, the Bank will build links with the civil society, the private

sector actors, and specialized institutions to increase its capacity to consult with populations and identify opportunities to promote resilience and reduce inequality and marginalization.

- 3.25. Fourth, the Bank will increase its focus on **mitigating health threats by supporting the post-COVID-19 recovery** of national health systems and their capacity to manage future epidemic diseases. In line with its Strategy for Quality Health Infrastructure for Africa (SQHIA), the Bank will invest in expanding and building national capacity for quality health care delivery. In addition, the Bank will also promote initiatives geared towards mitigating the socio-economic impact of the COVID-19 pandemic (Annex V).

4. STRATEGIC DIRECTION

- 4.1. **The Strategy defines the Bank's priorities on fragility**, based on its comparative advantage and the need for selectivity. It is anchored in a Theory of Change that links measures to strengthen the Bank's capacities and portfolio to the delivery of better results in fragile contexts and the end goal of increasing resilience in Africa.

Purpose and Objective

- 4.2. **Purpose:** The purpose of the Strategy is to reinvigorate and scale up the Bank's engagement on fragility in Africa, while shifting to a preventative approach that builds resilience against the diverse shocks and pressures to which African regions, countries, and communities are vulnerable.
- 4.3. **Objective:** The objective of the Strategy is **increased resilience across African regions, countries, and communities**.

Strategic Priorities

- 4.4. **The Strategy identifies three strategic priorities. These are interconnected, mutually reinforcing, and applicable across diverse contexts.** They are multidisciplinary in nature, designed to be pursued in cooperation with partners. In combination with the guiding principles and operational levers set out in Section 5, they offer flexible options for support right across the fragility spectrum. In each priority area, the Bank will apply the fragility lens to identify and design interventions that make the greatest contribution to alleviating fragility pressures and risks, and building more resilient institutions, economies, and societies.

Priority #1 — Strengthening Institutional Capacity

- 4.5. **The Bank will intensify and scale-up its efforts to build effective capacity in national and regional institutions.** This priority area builds on the first pillar of the 2014 Strategy, capitalizing on the Bank's experience in strengthening institutions in fragile contexts. The Bank's experience in countries such as Togo shows the value of patient institution-building in areas such as public financial management, in coordination with other development partners. Togo was able to achieve important improvements in budget integrity and domestic resource mobilization, leaving it better placed to manage shocks.
- 4.6. **In accordance with its Strategy for Economic Governance in Africa (SEGA) and comparative advantage, the Bank will focus on core economic and financial governance capacity.** The Bank has gained considerable experience in providing advisory and technical support for core governance functions such as domestic resource mobilization, public financial management, procurement, debt management, public sector payroll, fiscal decentralization, public investment, and the financing of public services. Its analysis shows that these areas are foundational for building resilience in other areas. In each context, interventions will be selected based on needs assessment, national priorities, and detailed political economy analysis, to identify the space for reform.
- 4.7. Incremental progress in strengthening institutions can be achieved in even the most fragile contexts. However, institutional development is prone to setbacks during periods of instability. It requires patient support from development partners and flexible forms of assistance able to identify and work with constituencies for change. It is important that development partners take a patient, long-

term perspective on institutional support, and avoid stop-start assistance that adds to volatility. **Building on this understanding, the Bank will be a patient and long-term partner, helping to create the stability required for long-term capacity gains.**

- 4.8. **The Bank will also provide targeted capacity building support for the management of pressures identified through its fragility analysis.** Countries experiencing fragility may face long-term pressures of an economic, social, environmental, political, or regional nature. The Bank's CRFA provides detailed analysis of these risks and can help identify where investments in resilience building are needed. Depending on the context, these might include national disaster risk management systems, shock-resistant social safety nets, transparent natural resource governance, or support for the integration of refugees or former combatants. In some of these areas, the Bank will have technical expertise to offer. In other areas, it will provide financial support through PBOs and policy dialogue, while partnering with specialized agencies to support technical assistance.

Priority #2 — Building Resilient Societies

- 4.9. **The Bank will provide targeted support for infrastructure and public services, to help promote more resilient economies and societies.** This priority builds on the Bank's comparative advantage in infrastructure development, which is a foundation for both inclusive economic growth and expanding access to basic services. Countries that have experienced chronic fragility face deep infrastructure deficits that contribute to high rates of inequality and marginalization, especially in remote rural areas. The Bank's support will prioritize hard and soft energy, water and sanitation, and road transport, with associated rural and agricultural infrastructure. The Bank will help build economic and social resilience by fostering economic diversification, reducing inequality and marginalization, improving basic services, and creating foundations for inclusive growth. The Bank will also continue to support national efforts of decentralization to boost inclusiveness in rural, semi-urban, and urban areas. Emphasis will be placed on strengthening social cohesion and empowering marginalized communities, including refugees, IDPs, and hosting communities, women, youth, and other vulnerable groups. Special emphasis will be given to women's empowerment and fostering the role of women as agents of change for peace and security.
- 4.10. **The Bank will apply a fragility lens to its infrastructure investments.** Investments will be selected to target long-term drivers of fragility identified in CRFAs. Operations will be strategic in nature, selected and designed so as to maximize their contribution across the High 5s. They will incorporate the Bank's cross-cutting themes, including support for women, young people, and marginalized groups. They will help build community resilience by improving agricultural practices, access to markets and public services. The Bank will integrate socio-economic infrastructure, such as rural access roads, market infrastructure and community facilities, into its projects, to support community resilience. Labor-intensive approaches will be supported where feasible to foster job creation and local economic development, especially in post-conflict contexts. The investments will have a strong focus on building back better after the COVID-19 pandemic and creating resilience to the effects of climate change.
- 4.11. **The Bank's infrastructure investments will also be designed to contribute to regional stability.** The Bank has a strong comparative advantage in cross-border projects. Regional projects can contribute to resilience by promoting trade and economic integration, facilitating labor migration, and supporting cooperation on shared challenges, such as the management of cross-border forest and water resources. To ensure maximum economic benefits of regional infrastructure, strong emphasis will be on mainstreaming soft issues, such as harmonization of policies and regulations, and promoting gender-responsive and climate-friendly cross-border interventions. Box 6 provides an example from the Mano River Union (MRU). Given its legitimacy as an African institution and longstanding relationships with RMCs and RECs, the Bank is well placed to support regional initiatives and to promote the implementation of the AfCFTA.
- 4.12. **The Bank will also use its expertise in project development to facilitate investments by other development partners.** Working through the Africa Investment Forum (AIF) and other platforms,

it will promote effective project preparation and build national capacity for public-private partnerships, to increase the supply of bankable projects. In line with ADF-15 discussions, more effort will be made to maximize the leverage of the Project Preparation Facility (PPF) and the Private Sector Credit Enhancement Facility (PSF) to help develop a strong NSO pipeline of transformational projects and overcome the limits of the Banks' risk capital headroom in fragile contexts.

Box 6: Building Resilience in the Mano River Union

The Côte d'Ivoire, Liberia, Sierra Leone, and Guinea (CLSG) Electricity Networks Interconnection Project involves the construction of a 1,360 km, double-circuit high voltage line to connect the national networks of the four countries. By enabling trade in electricity, this line is expected to increase access to electricity for up to 24 million people in the Mano River Union (MRU). It has already led to the electrification of around 130 communities and will provide power for 70 schools, 30 health centers, and 1,500 small handicrafts, commercial and industrial businesses. The Bank is also financing MRU Road Development and Transport Facilitation Programs to upgrade roads in south-eastern Liberia and construct a bridge over the Cavalla River between Liberia and Côte d'Ivoire. *These investments contribute to resilience in the MRU by increasing interdependence, stimulating trade, creating links between communities, and facilitating economic integration.*

Priority #3 — Catalyzing Private Investment

- 4.13. **The Bank will invest in creating the conditions for private investment and job creation in fragile contexts.** Private sector development is an important pathway out of fragility. Creating new employment and livelihood opportunities helps to increase economic diversity and alleviate inequality and marginalization, leading to greater resilience.
- 4.14. Consistent with the priorities of its Private Sector Development (PSD) strategy, the Bank will increase the complementarity between sovereign and NSOs in fragile settings (Annex VII). It will adopt a holistic approach, with upstream (the policy environment), midstream (critical infrastructure), and downstream activities (facilitating investment finance, including through NSOs and support for financial intermediaries). The upstream level recognizes that stability is a prerequisite to kick-starting growth in fragile contexts. Therefore, informed by contextual analysis and political economy considerations, the Bank will work with governments to improve business environments, focusing on security of property and contracts, better business regulation, investment facilitation, functional markets, integrity and compliance, and well-governed financial sectors. In this context, country-specific private sector diagnostics will support policy dialogue, inform priorities for policy reforms, and foster coordination with national authorities and partners.
- 4.15. Midstream activities will support development of critical infrastructure, such as industrial zones, transport, and power, to facilitate access to markets, reduce transaction costs, and increase value chains. Priority will be given to promoting the development of domestic financial markets and fostering risk-sharing, to incentivize external capital to invest in fragile environments. The Bank will also provide technical assistance to governments on supporting the participation of informal sector operators in selected value chains, including transitioning to the formal economy.
- 4.16. At the downstream level, the Bank will use NSOs to invest in promising companies and demonstrate the potential for profitable investment. It will work with financial institutions and intermediaries to support access to finance for local business and MSMEs. It will promote vocational training to foster youth entrepreneurship, while supporting financing facilities and flagship initiatives—such as the Affirmative Finance Action for Women in Africa (AFAWA)—adapted to the needs of vulnerable groups and realities of fragile markets. The Bank will also increase its use of blended finance capital structures, to crowd in private capital for high-impact projects in fragile and conflict-affected situations.

Alignment and Synergies with Other Strategies and Frameworks

- 4.17. **The three priorities are broad areas of engagement, rather than specific interventions.** This recognizes that fragility can arise in any context, and that all of the Bank's financial instruments and areas of operational engagement under the High 5s can play a role in addressing it. To support the mainstreaming of building resilience and tackling fragility across the Bank's operations, the implementation of the Strategy will follow a 'One Bank' coordinated approach, including all corporate, operational, and sectoral departments.
- 4.18. Annex III describes the many synergies between the Strategy and the Bank's High 5s and sectoral and thematic frameworks. Effective implementation of the Strategy requires translating these synergies into context-specific programming along the fragility spectrum. To work effectively in fragile contexts, the Bank needs to combine sectoral expertise in these areas with expertise on fragility issues and a deep understanding of each country context.
- 4.19. There also close synergies with the Bank's other cross-cutting objectives, including governance, gender equality, and climate change. SEGA and the Capacity Development Strategy (CDS) are key operational frameworks for addressing fragility. To help building resilient institutions, the Bank will need to combine its technical expertise in economic and financial governance with political economy analysis, to develop a nuanced understanding of the complexities of reforms and institutional development in fragile contexts. Climate change and extreme weather are major drivers of fragility in many African contexts, and tools developed under the Climate Change Action Plan (CCAP) will help anticipate where RMCs need capacity to manage climate disruption.
- 4.20. Measures to promote gender equality and women's empowerment will be mainstreamed across the Bank's work in fragile contexts, in recognition that fragility is one of the most important barriers to tackling gender inequality and of the important role of women in strengthening social cohesion, supporting peacebuilding processes, and building community resilience. Box 7 provides an example of a partnership between the Bank and the International Committee of the Red Cross (ICRC) on the economic empowerment of women in the Sahel. Similarly, alignment with the Jobs for Youth in Africa (JfYA) strategy will help identify opportunities to alleviate socio-economic pressures by creating perspectives for young people. Annex IV details the synergies with cross-cutting objectives, including natural resource management and civil society engagement.

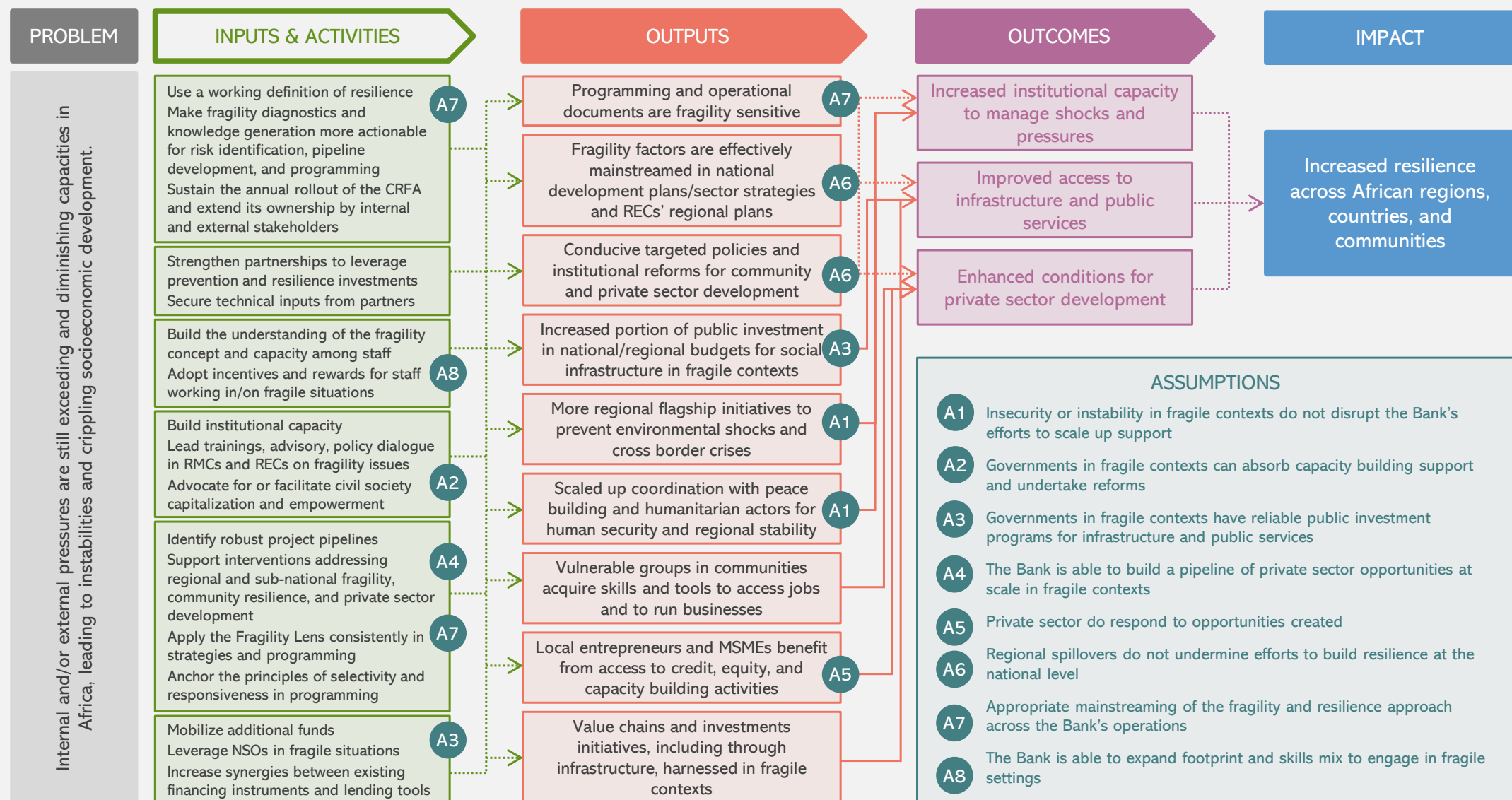
Box 7: Economic Empowerment of Women in the Sahel

Women are disproportionately affected by fragility, conflict, and violence. In January 2019, the Bank and the International Committee of the Red Cross (ICRC) signed a letter of intent to increase their collaboration and are teaming up through a project on women's economic empowerment in the Sahel, with a contribution of UA 1 million from the TSF. The project is expanding income opportunities for women and women-headed households in horticulture, livestock rearing and handicrafts to become more economically sustainable. Through trainings, skills enhancement, and access to capital (cash transfer scheme) the project is strengthening the economic resilience and social cohesion of the communities. The ICRC provides experience in working in conflict-affected and hard-to-reach contexts.

Theory of Change

- 4.21. A Theory of Change underpins the implementation approach of the Strategy (Figure 5). It sets out the activities that the Bank will take to strengthen its capacity to work in fragile contexts (inputs and activities), the expected evolution of its portfolio over the life of the Strategy (outputs), the short- and mid-term results of its operations (outcomes), and how these will contribute to the overall objective of building resilience. As presented in Annex I, the Theory of Change aligns with the Strategy's results measurement and reporting framework and the four levels of the Bank's corporate RMF.

Figure 5: Theory of Change Underpinning the Implementation of the Strategy



Source: African Development Bank Group, 2022.

5. OPERATIONALIZATION OF THE STRATEGY

- 5.1. To support implementation, the Strategy contains a set of guiding principles—including **Prevention, Selectivity, Patience, Do No Harm, Ownership, and Partnerships**—and operational levers—including **Analytics, Programming, Financing, Results, Communication, and Staffing**. Guiding principles are approaches that will underpin all the Bank’s work on fragility, while operational levers are the tools and processes that will enable it to work more effectively and efficiently in fragile contexts. A comprehensive action plan to scale up these operational levers will be executed over the lifespan of the Strategy (Annex XII).

Guiding Principles

Prevention — Anticipating risks and investing in resilience

- 5.2. The Strategy is based firmly on the principle that preventing crises is far preferable to responding after they occur. Successful implementation of the Strategy rests upon early identification of drivers of fragility and proactive interventions to relieve pressures and build resilience. The Bank’s engagements on fragility will rest on a foundation of fragility assessments, conducted on a regular cycle across the continent, to provide early warning of drivers of fragility and enable targeted interventions. The Bank will work with regional institutions to enhance cooperation and information-sharing from early warning mechanisms that already exist in the AU and RECs, especially in settings with increasing risks of conflict or instability. Through the application of the fragility lens, preventative measures will be mainstreamed into the Bank’s operations. Annex VIII contains more information on the Bank’s approach to preventive actions.

Selectivity — Being selective while remaining responsive and flexible

- 5.3. Responding to conflict and crises calls for flexibility and adaptation. However, as the 2020 BDEV evaluation recommended, this should not be achieved at the expense of selectivity, which is essential to maximizing development impact, even in volatile contexts. Consistent with the Bank’s approach to selectivity¹⁷, robust fragility assessments will provide the basis to identify operations that will make the greatest contribution to building resilience and preventing conflict, while falling within the Bank’s areas of comparative advantage. These include interventions that mainstream cross-cutting issues, such as gender equality, youth employment, and climate change. The systematic application of the fragility lens will ensure selectivity at programming, concept, and appraisal phases of all operations.

Patience — Providing patient support and staying engaged during phases of instability

- 5.4. Countries transitioning out of fragility are prone to episodes of instability. If development partners withdraw during such periods, it can increase volatility and perpetuate fragility traps. The Bank will therefore remain engaged with RMCs even during phases of instability and conflict, while adapting its support as necessary. It will seek to preserve its partnerships with core economic and financial governance institutions, help to protect essential processes such as revenue collection, budgeting, and public financial management. It will continue to engage in dialogue with non-state actors such as civil society organizations and community leaders. Where investments need to be paused, it will do so in ways that enable them to resume rapidly as soon as conditions allow.

Do No Harm — Ensuring conflict-sensitivity and mitigating negative social, economic, and environmental effects

- 5.5. When investing in fragile contexts, it is important that interventions are conflict-sensitive and avoid inadvertently reinforcing patterns of exclusion or other conflict drivers. The Bank has strong environmental and social safeguard processes to prevent inadvertent harm. Fragility specialists will work closely with safeguard experts in ensuring that both sovereign and non-sovereign operations are conflict-sensitive and do sufficiently mitigate negative social, economic, and environmental effects. Furthermore, it will ensure that major infrastructure projects are gender-responsive and do not impact negatively on women, women-headed households, and indigenous people through loss of access to land and resources, or hamper traditional livelihoods, or cultural practices.

Ownership — Working with governments, local, and regional parties

- 5.6. Development investments must be nationally owned and led if they are to be effective and sustainable. The ownership principle is equally applicable in fragile contexts, and applies not just to governments but also non-state actors and targeted communities. While engaging in policy dialogue and providing advisory support on fragility and conflict, the Bank will continue working closely with governments, listening to—and supporting—their national priorities, and putting them at the center of its strategic engagement. At the operational level, the Bank will intensify engagement with civil society, local entities, and relevant regional organizations, to ensure that affected communities have a stake in mainstreaming local knowledge in investments and involved in their selection, appraisal, and monitoring.

Partnerships — Harnessing complementarities around the ‘Triple Nexus’ approach

- 5.7. The ‘Triple Nexus’ calls for greater collaboration and complementarity across humanitarian, development, and peace actors, in order to reduce vulnerability, strengthen resilience, and address the root causes of conflict.¹⁸ In keeping with this approach, the Bank will work in partnership with humanitarian, development, and peace actors, drawing on their expertise and experience to inform its operations and looking for opportunities for complementarity in programming. Examples of the Bank’s existing partnerships and joint programming are provided in Annex IX.

Operational Levers

Analytics — Maintaining a strong understanding of the fragility landscape

- 5.8. The implementation of the Strategy is anchored in the Bank’s longstanding record of innovative and rigorous fragility-related analytics. Effective measures to address fragility must be informed by robust analyses that provide a deep understanding of the context—including the political economy—and identify entry points for building resilience, so as to bolster the Bank’s engagement along the fragility spectrum. In addition to CRFA profiles, produced for all African countries on a regular cycle, the Bank will produce a range of fragility-related knowledge products, such as Watching Briefs, Economic and Sector Work, and Full-Fledged Fragility Assessments. These will be synchronized with the preparation of strategy papers and will underpin decisions on programming and eligibility for finance.
- 5.9. Where appropriate, analytics will be undertaken jointly with, or shared with, key external partners to inform programming, operations, and policy dialogue. Box 8 on the 2021 political economy analysis, carried out with the UK FCDO on Northern Mozambique, illustrates a replicable example of a joint analytical work that contributed to identifying strategic areas for intervention.

Box 8: Political Economy Analysis in Northern Mozambique

In 2021, the Bank and the UK FCDO launched a joint study entailing a political economy analysis focusing on unpacking drivers of fragility and conflict in the three main provinces of Northern Mozambique: Cabo Delgado, Nampula, and Niassa.

While providing an overview picture on the governance trends and the political settlement of the country, the study discusses the concept of the ‘northern region’ and how this identity emerged since the insurgencies started in 2017 in Cabo Delgado. It also focuses on development issues and analyzes the roles of key stakeholders as well as underlying tensions and power dynamics in the infrastructure and agricultural sectors. In addition, the analysis delves into structural and political factors affecting access to services within the health, education, and water and sanitation sectors. Based on these diagnoses, the study explores how marginalization and exclusion, as opposed to poverty, are linked to the existing fragility and conflict in the region.

As recommended by the study, opportunities for reform and change in Northern Mozambique exist. It puts forward clear and concrete guidance for the government, development partners, and civil society on how to further stimulate development of the region, improve access to, and quality of, basic services and address structural drivers of fragility.

Programming — Applying the fragility lens in strategies and operations

- 5.10. Implementation of the Strategy rests on the systematic application of the fragility lens across the Bank's planning and programming processes. The fragility lens will enable the Bank to identify the most strategic investments in each context, in accordance with the selectivity principle, and choose appropriate entry points for building resilience. The Bank will ensure that its fragility assessments inform key strategy documents, including Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs).
- 5.11. At the project level, appraisal reports will involve the preparation of robust Results-Based Logical Frameworks (RBLFs), based on the Theory of Change model, with close attention to monitoring and evaluation arrangements, as well as risk management. These will provide a clear understanding and specification of how planned interventions are expected to build resilience, setting out causal pathways linking inputs, activities, assumptions, outputs, and outcomes, to inform monitoring and evaluation. The Bank will prioritize real-time learning and flexible, adaptive approaches to project management, given the complex and dynamic operating environments.
- 5.12. To help operationalize the fragility lens, clear methodologies and guidelines will be produced and used by the task teams in charge of the preparation of strategy papers and project documents (Annex X). Moreover, the Enhanced Readiness Review process will ensure that resilience building is central to project design and that cross-cutting objectives are properly addressed.

Financing — Bolstering financial synergies through fit-for-purpose instruments

- 5.13. The Bank will scale up its investments in building resilience in fragile contexts. This means ensuring that sufficient resources are available and that financial instruments are tailored to fragile contexts, including crisis situations (conflict, natural disasters, and health outbreaks), forced displacement, and post-fragility transitions. This will require not just ADF resources, but the Bank's full range of sovereign and non-sovereign instruments, including the ADB private sector window, de-risking, and guarantee instruments.
- 5.14. The Bank will particularly ensure that TSF resources are not simply utilized as a top-up to regular ADF allocations, but rather to leverage a stronger value addition, by addressing root causes of fragility, creating synergies with other financing instruments, and promoting the mainstreaming of tailored resilience-based considerations in programming and operations.
- 5.15. Depending on the operating environment, the Bank will also seek the support of its member countries to advocate for the mobilization of other sources of financing, including venture capital, institutional investors, and blended finance. While recognizing the challenges underpinning the risk capital utilization in fragile and conflict-affected situations, the Bank will seek to advocate for special initiatives, such as Boost Africa and AFAWA, and multi-donor trust funds geared towards investing in small-scale projects targeting job creation. Annex XI provides a detailed mapping of financing instruments and opportunities along the fragility spectrum.

Results — Measuring operational outputs and outcomes

- 5.16. To assess the success of the Strategy over its lifespan, a comprehensive Results and Reporting Framework is articulated in Annex I. Consistent with the four levels of the Bank's corporate RMF, the framework uses the Strategy's Theory of Change as a basis to identify key indicators for monitoring progress on implementation and results achieved in fragile contexts. While Level 1 aligns with the long-term impact of the Strategy, it measures the overall progress in increasing resilience across Africa. Level 2 measures the outcomes of the Bank's contributions towards building resilience through its operational engagement. Level 3 monitors the effectiveness of the Bank's engagement in fragile contexts and particularly focuses on the outputs of the Theory of Change in terms of programming, partnerships, and financing. As for Level 4, it aligns with the inputs and activities of the Theory of Change and specifically seeks to capture the Bank's efficiency in scaling up its analytical and staffing capacity.
- 5.17. In addition to corporate reporting under the Annual Development Effectiveness Reviews (ADERs) and the Bank's Annual Reports, dedicated annual reports on the Bank's fragility-related activities will be produced. These will create regular cycles of qualitative and quantitative reporting, providing real-time

feedback on progress in the Strategy implementation and challenges encountered in scaling up the Bank's support. Moreover, a formal mid-term review of the Strategy will be undertaken in Q2 2024 and an independent BDEV evaluation will be asked for in 2025.

Communication — Branding partnerships, advocacy, results, and impact stories

- 5.18. One of the objectives of the Strategy is to position the Bank as a leader in the response to conflict and fragility on the African continent. Despite the Bank's longstanding engagement on fragility issues, its work in this area remains relatively unknown. The implementation of the Strategy will therefore be supported by a dedicated communications approach, to increase the visibility of the Bank's fragility and resilience-related work and support its partnerships, influence, and resource mobilization.
- 5.19. The approach will include advocacy, sharing of knowledge work—including CRFAs, Watching Briefs, Economic and Sector Work, and Full-Fledged Fragility Assessments—and dissemination of impact stories, positioning the Bank as a thought leader on fragility and resilience in Africa. This will include releasing regular communication pieces on its efforts to address fragility and build resilience, which will be written in an accessible style and published on the Bank's website and other platforms.

Staffing — Reinforcing footprint and skills-mix on the ground

- 5.20. The Bank understands that successful execution of the operational levers rests on strengthening its human resources and its presence on the ground through regional hubs, country offices, and liaison offices. This includes using the Bank's expertise to provide hands-on support to address gaps in national capacity—in areas such as project development, project cycle management, procurement, and monitoring and evaluation—to facilitate effective investments under the Strategy. In line with ADF-15 policy commitments and the recommendations of the 2020 BDEV evaluation, the number and skills of the Bank's personnel will be tailored to the context of each operating environment through a strategic staffing of fragility, operational, sectoral, and thematic specialists. The Bank will also seek to properly optimize its expertise on the ground around accountability, compliance, and safeguard issues. This mix of technical know-how is particularly crucial for effectively delivering results while preventing risks of conflict, protecting vulnerable populations, and preserving the Bank's reputation.
- 5.21. The Bank recognizes that attracting highly skilled staff to these difficult settings is a challenge. It requires a forward-looking approach that combines people-centered policies with incentives to motivate staff to deploy to and work effectively in challenging locations. The 2021-2025 Bank's People Strategy aims at ensuring a rewarding work experience and proactive support for staff in the field, while ensuring pathways for career development through staff mobility schemes.¹⁹ Combined with the enhanced provisions of the 2021-2024 Total Compensation Framework (TCF), it incorporates classifications of hardship and non-family duty stations, with appropriate financial incentives and benefits.²⁰
- 5.22. Expanding the Bank's footprint in fragile situations will involve a combination of in-country personnel and support from regional hubs, depending on the security profile in each context. The Bank will also enhance its efforts to ensure the wellbeing of staff working in difficult contexts, by providing a fitting Duty of Care.
- 5.23. The Bank has launched an e-Course module hosted on the Operations Academy, to provide accredited training on the fragility lens, particularly for task managers working in or on fragile settings. It will continue investing in building internal capacity and ensure that staff are equipped with contextual understanding of fragility issues, so as to be able to operate in an effective and conflict-sensitive manner.

Risks and Mitigating Measures

- 5.24. Fragile contexts are necessarily high risk. In line with the assumptions set out in the Theory of Change, the following are strategic risks, that could compromise implementation of the Strategy and the achievement of its objectives, alongside the measures the Bank will take to mitigate those risks.

A1 — Insecurity or instability in fragile contexts disrupt the Bank's efforts to scale up support. During periods of instability, the Bank will remain engaged at a technical level, to enable early resumption of support as conditions allow.

A2 — Governments in fragile contexts are unable to absorb capacity building support and undertake reforms. The Bank will take a selective and informed approach to technical assistance and policy dialogue, based on political economy analysis, choosing a limited number of areas of engagement where there is political space for reform and institutional development.

A3 — Governments in fragile contexts do not have reliable public investment programs for infrastructure and public services. In recognition of the capacity gaps in fragile contexts, the Bank will focus its technical assistance on areas such as domestic resource mobilization, public financial management, debt management and aid coordination, to create more fiscal space to promote public investment programs.

A4 — The Bank is unable to build a pipeline of private sector opportunities at scale in fragile contexts. The Bank will increase its investment in project origination, project development, and project management in fragile contexts, use risk-sharing instruments to encourage co-investors, and use its sovereign operations to support reforms to the business environment and financial sector.

A5 — Private sector fails to respond to opportunities created. In the most challenging contexts, the Bank will focus on support for MSMEs, building value chains and community-based initiatives, to help build a more responsive private sector.

A6 — Regional spillovers undermine efforts to build resilience at the national level. The Bank will promote regional cooperation and cross-border infrastructure, to address regional drivers of conflict, while taking a conflict-sensitive approach to project design to minimize spillovers.

A7 — Failure to mainstream the fragility and resilience approach across the Bank's operations. The Bank will provide training to country economists, statisticians, operational, and sectoral staff, as well as governance, gender, and climate change specialists, on the fragility lens. It will ensure that fragility issues are considered in internal quality reviews of strategy papers, as well as in project documents.

A8 — The Bank is unable to expand its footprint and skills mix to engage in fragile contexts. The Bank will provide material and other incentives to encourage staff to take up posts in challenging contexts, while harnessing new technologies and leveraging third party arrangements to increase its capacity to engage remotely.

6. CONCLUSION AND RECOMMENDATION

- 6.1. This is an ambitious yet realistic Strategy, grounded firmly in the Bank's comparative advantage and unique mandate and position within Africa's development architecture. It will reinvigorate and scale up the Bank's engagement on fragility in Africa by ensuring that its full suite of operations and instruments are focused on tackling fragility and building resilience.
- 6.2. Owned and supported by the Bank's senior leadership, the Strategy will be implemented in an adaptive fashion through a 'One Bank' approach, with a strong learning orientation, in recognition of the dynamic nature of the fragility challenges. Progress will be tracked through a results measurement framework and a mid-term review—including collection of feedback from RMCs, partners, and external stakeholders—will provide an opportunity to recalibrate, if necessary, the priorities and the Theory of Change.

ANNEX I — RESULTS MEASUREMENT AND REPORTING FRAMEWORK

Results Chain	Indicator	Baseline (2020)	Mid-Term (2024)	Target (2026)	Sources / Means of Verification
Level 1 — Overall progress in increasing resilience across Africa					
Impact — Increase resilience across African regions, countries, and communities	Countries with improved Fragile States Index over the last 5 years (number)	50	—	—	The Fund for Peace (FFP)
	Refugees and internally displaced people (millions) CRFA RMF BDEV	20.8	—	—	The United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM).
	Conflict-related deaths (thousands) CRFA	36.6	—	—	The Armed Conflict Location & Event Data Project (ACLED) and the Uppsala Conflict Data Project (UCDP)
Level 2 — Bank's contributions to building resilience in fragile contexts					
Outcome #1 — Increase institutional capacity to manage shocks and pressures	Transition states with improved quality of budgetary and financial management (number ↔ CPIA) RMF SEGA	4	6	8	The Bank's Country Policy and Institutional Assessment (CPIA)
	Transition states with improved environmental policies (number ↔ CPIA)	5	6	7	
Outcome #2 — Improve access to infrastructure and public services	People with new electricity connections in transition states (millions) RMF Gen	0.1	2.8	3.5	The Bank's Annual Development Effectiveness Review (ADER)
	<i>of whom women</i>	0.0	1.4	1.8	
	People benefiting from improvements in agriculture in transition states (millions) RMF Gen	0.9	6.6	8.4	
	<i>of whom women</i>	0.4	3.3	4.2	
	People with improved access to transport in transition states (millions) RMF Gen	1.0	4.2	5.3	
	<i>of whom women</i>	0.5	2.1	2.7	
Outcome #3 — Enhance conditions for private sector development	People with improved access to water and sanitation in transition states (millions) RMF Gen CCGG	2.4	10.6	13.5	The Bank's NSO and Private Sector Support (PINS)
	<i>of whom women</i>	1.2	5.3	6.7	
	Policies or regulations, for improving the business environment, reformed and adopted in transition states (number) PSD SEGA	1	5	10	
	Owner-operators and MSMEs provided with financial services in transition states (thousands) RMF	2.3	9.1	10.9	The Bank's Annual Development Effectiveness Review (ADER)

Notes: In line with the practice under the Bank's corporate Results Measurement Framework (RMF), targets do not apply for Level 1 indicators. Grayed targets might be subject to recalibration, at the mid-term review of the Strategy, as updated by the Bank's corporate RMF.

Level 3 — Bank's effectiveness in managing its operations in fragile contexts						
Programming — Apply the Fragility Lens in strategies and operations	CSPs and RISPs informed by the outcomes of most updated fragility assessments and CRFAs (number)	ADF BDEV	7	22	42	The Bank's Transition States Coordination Office (RDTS) and Regional Directorates (RDGs – Regional Hubs/Country Offices)
	Project Appraisal Reports (PARs) rated 'satisfactory' or 'highly satisfactory' in the Enhanced Readiness Review's fragility criterion (percentage)	ADF BDEV	10	20	60	The Bank's Transition States Coordination Office (RDTS) and the Quality Assurance Department (SNOQ)
Partnerships — Harness complementarities around the 'Triple Nexus' approach	Joint activities implemented with development, humanitarian, and/or security partners in transition states or hotspot regions (number)	ADF BDEV	4	10	16	The Bank's Transition States Coordination Office (RDTS)
	Co-financing mobilized for operations in transition states (UA million)		198	300	500	The Bank's Syndication and Client Solution Department (FIST)
Financing — Bolster financial synergies through fit-for-purpose instruments	Sovereign operations approved in transition states (UA million)		756	3,700	5,200	The Bank's Transition States Coordination Office (RDTS) and Regional Directorates (RDGs – Regional Hubs/Country Offices)
	<i>of which engaging TSF resources (UA million)</i>		472	1,400	2,000	
	Non-sovereign operations approved in transition states (number)		1	22	36	The Bank's NSO and Private Sector Support (PINS) and the Resource Mobilization and Partnerships (FIRM) Departments
	<i>of which directed to support MSMEs (number)</i>	PSD BDEV	1	11	18	
	<i>of which supported by the PSF risk-sharing (number)</i>		2	13	22	

Level 4 — Bank's efficiency in managing itself for building resilience in fragile contexts						
Analytics — Maintain a strong understanding of the fragility landscape	Fragility assessments, supported with the CRFA findings, and/or thematic studies prepared at country and/or regional level (number)	ADF	9	25	45	The Bank's Transition States Coordination Office (RDTS)
	<i>of which jointly prepared with other partners (number)</i>		4	8	12	
Staffing — Reinforce footprint and skills-mix on the ground	Share of decentralized professional staff working in transition states (percentage)	ADF BDEV	18	23	25	The Bank's Human Resources Management Department (CHHR)
	Staff trained on the Bank's operational approach to fragility (number)	BDEV	130	700	900	The Bank's Transition States Coordination Office (RDTS) and the Human Resources Management Department (CHHR).

Legend — Aligned with:

CRFA	CRFA indicators
RMF	Bank's corporate RMF
ADF	ADF-15 Policy Commitments
BDEV	Recommendations of the 2020 BDEV evaluation of the 2014 Strategy
PSD	Results measurement framework of the Bank's 2021-2025 Private Sector Development (PSD) strategy
SEGA	Results measurement framework of the Bank's 2021-2025 Strategy for Economic Governance in Africa (SEGA)
Gen	Results measurement framework of the Bank's 2021-2025 Gender strategy
CCGG	Results measurement framework of the Bank's 2021-2030 Climate Change and Green Growth Strategic Framework

ANNEX II — OPERATIONAL ACHIEVEMENTS AND IMPACT

Recognizing that tailored approaches are required to drive effective responses to fragile situations, the following practices and tools were successfully implemented under the 2014 Strategy.

Fragility Assessments and Analytical Tools

The Bank developed a strong analytic framework to enhance its ability to operationalize the fragility lens and identify targeted entry points for resilience-based interventions. Full-Fledged Fragility Assessments were key components, serving as inputs into Diagnostic Notes and Strategy Papers for all transition states. Targeted fragility assessments covered political economy analyses, conflict risks in neighboring countries, and non-political and institutional risks. The CRFA has brought quantitative rigor to measuring both capacities and pressures within RMCs. This provides a data-driven triangulation, a more systematic understanding of national and regional fragility, and entry points for strengthening resilience.

Application of the Fragility Lens in Programming and Operations

By providing more fragility-oriented strategic intervention areas, the Bank was able to target programs toward building resilience. Strategy papers and project documents increasingly integrated fragility and resilience-based perspectives. The 2018 BDEV independent evaluation of PBOs²¹ highlighted that 87% of PBO design documents considered fragility issues, while mainstreaming capacity development measures. However, more remains to be done to apply the fragility lens consistently in strategic priorities and programming.

Actions were undertaken in 2019-2020 to strengthen application of the Fragility Lens, including: conceptualization and piloting of the Enhanced Readiness Review; revision of the ROSPF; review of the annotated formats of Project Concept Notes (PCNs) and Project Appraisal Reports (PARs); revamping the RBLF of sovereign operations; conceptualization of the Bank's approach to Selectivity; review of the Bank's RMF; and integration of a fragility e-Course in the Bank's Operations Academy.

At project level, the Bank developed a fit-for-purpose procurement policy, which allows flexibility for faster procurement in fragile situations. It also developed a Fiduciary Principles Agreement with the UN, to foster closer operational collaboration, especially in conflict-affected countries.

Partnerships and Awareness-Raising through Policy Dialogue

The 2016 BDEV comprehensive evaluation of development results²² found that the Bank's long-standing partnerships and sustained relationships facilitated policy dialogue in fragile situations, despite capacity and resource constraints. It stated that a Bank presence in transition states creates the conditions for more sustainable, relevant, and effective interventions, through improved understanding of constraints and opportunities.

The 2020 BDEV evaluation also confirmed the Bank's proactive role in forging partnerships and advocating for its fragility agenda. Where fragility issues extend beyond its mandate, the Bank has established partnerships with key humanitarian, peace, and development actors to leverage impact, engage in policy dialogue, and contribute to knowledge generation.

In addition to the ARF, initiated in 2017, the Bank has pursued advocacy through the OECD International Network on Conflict and Fragility (INCAF), the MDB Platform on Economic Migration and Forced Displacement, the Sahel Alliance, and the Aswan Forum for Sustainable Peace and Development.

Development of Internal and External Capacities

Structured capacity building programs were successfully implemented and helped to train internal and external stakeholders on the Bank's strategic and operational approach to fragility. Trainings were also offered to counterparts from RMCs and RECs on the fragility lens and resilience-based tools.

The internal capacity development agenda is supported through strategic partnerships with the SDC and the UK's FCDO. Another partnership with the government of Italy supported interventions on irregular migration.

Mobilization of Financing for Fragile Situations

More than UA 3.7 billion has been mobilized through the TSF since 2008. The bulk of these resources were offered as supplemental support (Pillar I) and targeted support (Pillar III) to help transition states consolidate peace, build resilient institutions, stabilize economies, improve the lives of vulnerable populations, and lay the foundations for sustainable inclusive growth.

The TSF provided flexibility and, to some extent, allowed the Bank to deliver quickly in times of crisis. For example, in response to the 2014 Ebola crisis, the Bank used a combination of TSF and ADF resources to fast-track a multinational PBO totaling UA 100 million. The TSF has received funding in successive ADF cycles, and some partners also chose to contribute additional resources for particular specific topics or situations via the TSF, including the UK and Italy.

The TSF enabled the Bank to remain engaged through crisis situations. In the case of Côte d'Ivoire, the Bank continued delivering basic infrastructure, public financial management support, capacity building, and arrears clearance during the 2002-2011 crisis, contributing to the country's successful transition from fragility in 2016 and its graduation to blend status in 2019. Likewise, the TSF arrears clearance window (Pillar II) enabled Somalia and Sudan to regain access to international development finance.

Pillar III of the TSF provided targeted capacity-building and technical assistance geared towards strengthening domestic revenue mobilization, climate change mitigation, debt management, financial inclusion, and youth employment. Moreover, advisory services provided through the African Legal Support Facility (ALSF) since 2008 supported more than 100 transactions, including commercial contracts and litigations against vulture funds valued at over USD 60 billion.

ANNEX III — SYNERGIES WITH EXISTING FRAMEWORKS²³

The Strategy provides guidance for addressing fragility and building resilience across the Bank's operations in fragile contexts, including the High 5 priorities and other sectoral, thematic, and corporate strategies. This annex sets out the many points of interaction between the Fragility Strategy and other Bank's strategic frameworks.

High 5 Priorities

Feed Africa — Strategy for Agricultural Transformation in Africa (2016-2025)

Food insecurity is both cause and consequence of fragility and conflict over natural resources.

The Strategy will ensure that “Feed Africa” operations are leveraged in fragile situations. For example, programs, such as Technologies for African Agricultural Transformation (TAAT), can mitigate adverse climatic conditions and ensure high yields. The strategy for Agricultural Transformation in Africa prioritizes: (i) Strengthening state capacities which provides a secure and enabling environment (Priority 1); (ii) Supporting resilience building including early warning systems for natural disasters, hence limiting negative impacts (Priority 2); and (iii) Promoting access to economic opportunities to support livelihoods (Priority 3).

Light Up and Power Africa — New Deal on Energy for Africa (2016-2025)

Lack of access to electricity makes communities vulnerable. It limits social service provision, hinders economic development, causes natural resource degradation, and fosters violence.

The New Deal on Energy for Africa: (i) Supports enhancement of state capacities, including utilities and natural resource governance (Priority 1); (ii) Encourages increased investments in infrastructure at national and regional level, including regional power pools and advocate for relevant service provision to semi-urban and rural communities (Priority 2); and (iii) Provides a platform for greater private sector participation including in providing alternative energy sources (Priority 3).

Industrialize Africa — Industrialize Africa Strategy (2016-2025)

Fragility and informality reinforce each other in a vicious cycle. Poorly developed financial sectors, de-industrialized economies, faced with natural resource curse, lead to a highly informality.

The Industrialize Africa strategy aim to improve structural policies in RMCs (trade, finance, business), which in turn will support more entry and formalization of businesses (Priority 1). Economic diversification, industrial clusters, and necessary support (financial, technical, infrastructural) for industrial development are areas that the strategy advocates for greater emphasis in fragile situations in collaboration with other sector strategies (Priority 3)

Integrate Africa — Regional Integration Strategy Framework (2018-2025)

The lack of infrastructure aggravates poor regional integration. It isolates economic opportunities and exacerbates market failures, leading to fragility and conflict.

The Integrate Africa strategy advocates for increased investments in national and regional infrastructure (including soft infrastructure and systems) to enhance resilience and regional stability (Priority 2). It seeks to ensure that more of the Bank's regional operations are targeted towards fragile situations, enhance dialogue with RECs for regional infrastructure, advocate for greater preparedness to access regional markets, including through the AfCFTA and other regional mechanisms.

Improve the Quality of Life for the People of Africa — Quality-of-Life Strategy (2021-2025)

Fragility adversely impacts the quality of life, as it is associated with conflicts, violence, lack of access to basic services and economic opportunities.

The Quality-of-Life strategy advocates for investments in social, economic, and regional infrastructure especially in semi-urban and rural communities (Priority 2). It aims at equipping people and communities with economic opportunities (Priority 3). This will be achieved through increased access to finance, skills development, technical and vocational training, and entrepreneurship development, with a focus on youth and women to ensure job creation and improved livelihoods.

Sectoral and Corporate Strategies

Strategy for Economic Governance in Africa (SEGA) (2021-2025)

Poor governance (natural resource and economic) can be a cause and a consequence of fragility. Moreover, the high level of informality also poses major challenges to tax collection.

Priority 1 of the Fragility Strategy focuses on building institutional capacity including in areas of the Bank's comparative advantage, including economic and financial governance. The SEGA recognizes that fragility poses an operational risk in attaining desired development impacts. As a result, relevant financing instruments, assessments and advisory services will be deployed in advancing the economic and financial governance agenda in RMCs, as well as ensuring fragility and resilience is mainstreamed in operations. The aim of both the strategies is for RMCs to be more effective, have improved public financial and natural resource management, as well as increased voice and accountability.

Gender Strategy (2021-2025)

Women continue to face specific barriers that prevent them from making a full contribution to the continent's development. Fragile situations and rural areas host the most acute gender inequalities.

The Fragility Strategy recognizes the role of women in community development and peace building. It also considers gender equality as an enabler for building resilience and creating conditions for social cohesion. In alignment with the Gender strategy, it will support gender mainstreaming in operations underpinned by knowledge products and dialogue, ensure that access to finance considers gender specificities, promote women's entrepreneurial growth. Skills development and access to basic services will also be key to reducing gender gaps, violence, and insecurity (Priorities 2 and 3).

Private Sector Development (PSD) Strategy (2021-2025)

In situations of fragility, the state is unable to provide adequate economic and social opportunities.

With Africa's high entrepreneurship rate, the PSD strategy identifies the potential for private entities as a critical lever for job creation and inclusive growth (Priority 3). The pillars of the PSD strategy of creating conducive business environment, investing in transformative and quality infrastructure, and promoting enterprise development are aligned to all 3 priority areas for the Fragility Strategy. Areas where collaboration will be enhanced include improving synergies between SOs and NSOs, enhancing MSME support, and expanding the Bank's footprint in fragile situations.

Strategy for Quality Health Infrastructure in Africa (SQHIA) 2021-2030

Ebola and COVID-19 have revealed the vulnerability of Africa's public health systems to epidemics and pandemics.

Health crises are a major source of shocks and fragility, and that national health systems are vulnerable to being overwhelmed by epidemic disease, with major consequences for the economy and society. Under the SQHIA, the Bank will capacitate national health systems and improve connectivity to support innovative health care delivery and mitigate the socio-economic impact of the COVID-19 pandemic.

Financial Sector Development Policy and Strategy (FSDSP) (2014-2019)

In fragile situations, national financial systems are significantly constrained by high exposure to economic and socio-political shocks, the high incidence of informality, and governance and regulatory deficiencies. Very few MSMEs rely on financial institutions to support their regular activities, while people use informal private lenders to save and borrow.

The FSDSP identifies access to financial services for the underserved as a key priority aiming at promoting branchless banking, digital platforms, innovative products, and skills development for women entrepreneurs and the youth (Priority 1). It also seeks to build deep and resilient national and regional financial systems targeting increased supply of long-term finance, lower intermediation costs, and better financial infrastructure (Priority 2). These fully align with the midstream and downstream activities of the third priority (catalyzing private investment) of the Fragility Strategy.

Climate Change Action Plan (CCAP) (2016-2020) / Climate Change and Green Growth Strategic Framework (2021-2030)

Climate impacts have the power to undo decades of development gains. Climatic variations have caused increasing floods, droughts, pestilences, and intensive use of natural resources. These can be drivers of fragility leading to food insecurity, displacements, and violence over limited resources.

The CCAP emphasizes the importance of development of capacity in early warning systems, disaster risk reduction, and emergency preparedness. In addition, importance is also given to the role of dialogue in resolving disputes over natural resources, developing capacities to respond to climate change, and designing climate-proofed development initiatives. These areas are aligned with Priority 2 of the Fragility Strategy. In addition to the above areas, the Climate Change and Green Growth Strategic Framework highlights the role of adaptation in reducing fragility and the need for enhanced investments to address the climate change-fragility nexus in order to support sustainable livelihoods.

Capacity Development Strategy (CDS) (2021-2025)

Weak institutions and limited capacities are characteristics of fragility.

Priority 1 of the Fragility Strategy seeks to strengthen state and regional capacities and build effective institutions. These areas of focus are aligned with the CDS' goal of strengthening institutional capacity for inclusive growth and development. The CDS sets out an approach to capacity building across the Bank's operations. It provides guidance on building capacity for project and policy management and on knowledge brokerage and policy dialogue. The introduction of Country Capacity Development Needs Assessments (CCDNAs) to feed into CSPs will be a useful complement to the CRFA. As with the Fragility Strategy, the CDS considers partnerships across all its priority areas and emphasizes on the need for collaborative approach to capacity development.

Jobs for Youth in Africa (JfYA) Strategy (2016-2025), Human Capital Strategy (HCS) (2014-2018), Skills and Technology for Employability (STE) (2021-2026)

With a young and burgeoning population, the need for decent jobs and economic opportunities is extremely important to stem irregular migration, brain drain, disillusionment, and potential violence. In addition, an appropriately skilled population will be better able to create economic opportunities.

These strategies aim to harness the potential of African youth by building skills, promoting technologies, and expanding economic opportunities. The areas of focus include investing in human capital, through private sector industry, building capacity, and strengthening policies to spur private sector growth and promote MSMEs (Priority 3).

Knowledge Management Strategy (KMS) (2022-2026)

Knowledge work and advisory services underpin the Bank's engagement for addressing fragility.

This thrust will be sustained through the Fragility Strategy, which consider knowledge generation and analytics as key levers for its operationalization. This approach is aligned to the overarching objective of the KMS, which seeks to provide knowledge solutions to Africa's development challenges through strengthening the effectiveness of the Bank's lending and enhancing the quality of policy dialogue, advisory services, and development debate.

Civil Society Engagement (CSE) Strategy (2022-2026)

The need for synergies between building resilience and civil society engagement (CSE) is central to the Bank's support to the development of private investment at the community level.

CSE ensures effective participation, adequate risk mitigation, and ownership of economic stability and social cohesion initiatives, especially at the community level. The role of civil society, as a key development partner, is acknowledged in the Bank's TYS and its cross-cutting priority areas. The CSE strategy aims to reinforce it, as well as broaden the range of Civil Society Organizations (CSOs) that the Bank works with and enhance its outreach and communication. This is aligned with the Fragility Strategy, which puts a special focus on the role of CSOs in building community resilience.

People Strategy (2021-2025)

In line with lessons learned from the 2014 Fragility Strategy, as well as the ADF 15 discussions, Management committed to reinforce the Bank's footprint and skills-mix in fragile contexts.

The People Strategy highlights the need to increase the Bank's delivery capacity on issues related to addressing fragility and building resilience. It also emphasizes on the necessity to incentivize the deployment of staff in fragile situations. Capacity building, defined career paths, and accelerated progression will be some of the outcomes expected. This will further support the delivery of Fragility Strategy, which considers staffing as one of its operational levers.

ANNEX IV — LINKAGES WITH KEY THEMATIC AREAS

There are complex linkages between the Bank's work on the fragility agenda and its other cross-cutting areas of engagement: namely, economic and financial governance, natural resource management, climate change, gender, and civil society engagement. Building these cross-cutting agendas into the Bank's engagement in fragile contexts will be key to overcoming fragility and building resilience.

Economic and Financial Governance

The Bank's objectives on strengthening economic and financial governance and addressing fragility are closely entwined. Strengthening economic and financial governance capacity is one of the foundations for building resilience. Gaps in economic and financial governance capacity contribute to structural vulnerabilities and long-term fragility.

Capacity building is challenging in fragile contexts, given low absorption capacity and often challenging political contexts, and gains are at risk of being lost in periods of instability or through frequent changes in leadership. However, incremental progress is possible, even in challenging circumstances. For example, in the 20 years since its peace agreement, Liberia has achieved steady progress in strengthening economic and financial governance functions, particularly revenue collection and budget execution, helping to build its resilience. This was demonstrated during the COVID-19 crisis, when essential functions such as revenue collection, public procurement, and payments were able to continue, even during lockdown.

During transitions out of fragility, certain core economic and financial governance functions are foundational for progress in other areas. These include aid management and donor relations; revenue raising; public financial management; and macroeconomic and debt management. In addition, public sector transparency is a key cross-cutting objective, helping to rein in leakage of public resources. These correspond closely to the priorities in the Bank's SEGA.

Other priorities may emerge from the Bank's fragility analysis. In each context, the Bank will identify the shocks and pressures most likely to act as drivers of fragility and identify how these can best be mitigated through policy advice and technical assistance. Interventions may include support for national health systems, disaster risk reduction systems, or shock-resistant social protection. Some of these areas fall within the Bank's technical expertise; others call for partnerships with specialist agencies.

Analysis of the Bank's experience suggests several lessons to inform its support for economic and financial governance in fragile contexts.

- Ensure that economic and financial governance reforms are realistic, given the country context.
- Coordinate priorities with other development partners, to avoid overloading national institutions with reform initiatives.
- Accept the high-risk, high-return nature of governance reforms in fragile contexts.
- Sustain engagement through periods of instability, with the flexibility to scale individual activities up or down as circumstances change.
- Use soft conditionality to support reforms, to strengthen the hand of national reform champions.
- Build transparency objective into operations, to help discipline public servants.
- Invest in mechanisms for citizen consultation and feedback.

Natural Resource Management

Natural resource management intersects with fragility in Africa in numerous ways. Conflicts for control over and access to natural resources can tip over into violence, particularly if they overlap with other factors, such as ethnic polarization, economic injustice, and poor governance.

Scarcity of natural resources drives competition for access and increases the risk of conflict. Scarcity can come about through climate change, environmental degradation, population movement or technological changes that drive competition for access. It can also result from poor natural resource

governance and corruption, and from structural factors relating to cultural practices, gender dynamics or social and economic barriers.

Countries in fragile and conflict-affected situations can face a range of challenges around natural resource management.

- **Land:** Land is a key resource underpinning livelihoods and community resilience. Poor land governance can stem from unclear, overlapping or poorly enforced land rights, discriminatory policies, and pollution of land by extractive industries or major infrastructure projects.
- **Forest Management:** Forests in fragile and conflict-affected areas are prone to illegal logging, conflict, and corruption. In past conflicts in Côte d'Ivoire, Guinea-Bissau, DRC, and Liberia, illicit trade in forest products has been an important source of revenue for combatants.
- **Fisheries:** Africa's most fragile areas are also home to some of its best fisheries. Governments in fragile contexts may struggle to prevent overfishing by artisanal fishermen or foreign companies, causing damage to the resource and undermining food security.
- **Mining:** Much of Africa's mineral reserves are concentrated in fragile areas, where the extractive sector can be a major driver of conflict and corruption. Extractive industries generate few jobs or benefits for local communities, leading to unequal development. Ghana provides a positive illustration of effective governance arrangements can help mitigate fragility risks (Box IV.1).
- **Petroleum Resources:** Opaque management of oil and gas revenues can enrich elites, deepen socioeconomic inequalities, and fuel social unrest and conflict. Transparent publication of oil and gas contracts and revenues in countries such as in Nigeria, Ghana, Cameroon, and Niger have increased both public revenues and government accountability.

Box IV.1: Gold Mining in Ghana

Ghana is the largest gold producer in Africa and the eighth largest in the world. It has developed robust policy, legal and regulatory frameworks that have guided the management of its mining sector. These include mechanisms to monitor social conditions in adjacent communities, to track conflict risk. There are also frameworks in place to ensure that local communities are compensated and that mining companies fulfil their corporate social responsibilities. Ghana is also a member of the Extractive Industries Transparency Initiative (EITI) and ensures that payments and receipts by the government from the extractive industry are published regularly. Through the EITI process, a Multi Stakeholder Group was established to ensure that CSOs and other actors have a voice in the governance of the sector.

The Bank's analysis suggests various lessons on how to address the complex linkages between fragility and natural resource governance.

- Promote dialogue with local communities, to identify and address grievances, and support the participation of civil society and other stakeholders in natural resource governance.
- Invest in transparency and anti-corruption initiatives.
- Encourage formalization of illicit markets, rather than their criminalization.
- Promote regional cooperation around the management of transboundary resources, such as fisheries, forests, and waters.
- Work with RMCs to accommodate the needs of pastoral and other migratory groups and ensure their fair access to resources, while protecting their cultural heritage.

Climate Change

The Fragility Strategy has been developed in parallel to the Bank's new climate change and green growth strategic framework, encompassing a strategy (2021-2030) and an action plan (2021-2025). Given the many and complex interlinkages between climate and fragility, the two strategies will be implemented in parallel, to maximize impact in both areas.

Climate change is a multiplier of fragility. It exacerbates political and socio-economic challenges, particularly in areas dependent on rain-fed agriculture. It undermines livelihoods and human security, puts pressure on culture and group identity, and displaces communities. A recent study suggested close correlation between higher temperatures and increased conflict, and a more mixed correlation between higher rainfall variability and conflict, with low state capacity an aggravating factor. Causality is bi-directional: climate change can undermine state capacity, increasing vulnerability to conflict and instability, while fragility in turn undercuts countries' ability to mitigate the effects of climate change.

Gender Equality

In fragile contexts, labor markets are heavily gender-segregated, with women employed primarily in low-paying and insecure occupations. Concentration in the services sectors has made them particularly vulnerable to the impacts of COVID-19. Deep deficits in infrastructure and services add to women's unpaid work burden. In conflict situations, they are vulnerable to sexual and other violence. Girls and young women are more likely to be deprived of an education, affecting not just themselves but future generations, thereby perpetuating poverty traps. There is also growing evidence that women's active participation in leadership roles in politics and society can help resolve conflict and promote stability.

The Bank's 2021-2025 Gender strategy includes a strong emphasis on fragile contexts, where gender gaps are highest. It sets out three areas of strategic focus: Empowering women through entrepreneurship, access to finance and markets; Accelerating employability and job creation for women through skills enhancement; and Increasing women's access to social services through infrastructure.

At the operational level, the Bank will promote initiatives such as AFAWA and Fashionomics Africa, to accelerate women's access to finance and business opportunities. It will invest in providing young women with skills in Science, Technology, Engineering and Mathematics, entrepreneurship, and agricultural value chains, to improve access to jobs and livelihoods. It will promote access to electricity, clean water, and other infrastructure services, to reduce women's burden of unpaid domestic work and provide more time for study and income generation.

The Bank is committed to mainstreaming both fragility and gender across all its operations. In fragile contexts, the Bank's fragility analyses explore the interactions between gender inequality and fragility in each country contexts, to inform strategy papers, program designs and policy dialogue. The Gender Marker System will be used to categorize projects in transition contexts, to ensure that gender equality and women's empowerment are prioritized.

Civil Society Engagement

A healthy and engaged civil society is a key ingredient to building resilience, and therefore central to the implementation of the Fragility Strategy. CSOs provide a means for communities to take joint action to address a wide range of challenges, from improving local services to creating livelihood opportunities and mitigating the effects of climate change. CSOs are also important conduits for citizens to mobilize and engage with government.

To that end, the Fragility Strategy has a strong emphasis on building community resilience through engagement with CSOs. This is an area where the Bank plans to increase its focus and capacity in the coming period by investing in an extensive network of partnerships. Working jointly with CSOs on Bank projects will help to build local capacity, while helping to ensure that the benefits of the investments reach those who need it most. Close consultations with CSOs during analytical work, strategy setting, and project design will also help the Bank identify opportunities to address drivers of fragility. There are strong examples of the civil society engagement in the Bank's work on regional stabilization in the Lake Chad Basin and on women's empowerment in the Sahel.

ANNEX V — COVID-19: BUILDING BACK BETTER

The COVID-19 pandemic has had a negative impact on Africa, causing recession and widespread reversals in development gains. Besides health threats, it has disrupted economies on a large scale.

Health Impacts

In fragile contexts, the pandemic has exposed the vulnerable preparedness of health systems to deal with crises. The demand for and the supply of health services have been severely disrupted. According to the 2019 Global Health Security (GHS) Index, only five out of 21 transition states are able—from a clinical perspective—to deal with epidemic threats. They continue to face pressures from new variants of the virus and other infectious diseases, including malaria, tuberculosis, and HIV. The pandemic has also negatively affected vaccination campaigns and access to contraception and family planning. In countries, such as Sudan and Liberia, many households have missed out on vital health care services.²⁴

Delays in vaccination in fragile contexts run the risk of prolonging the crisis. According to the World Health Organization (WHO) data, as of mid-August 2021, transition states have barely 1% of their population fully vaccinated, with the average across Africa at around 2%. This means that many countries are likely to face recurrent waves of the pandemic over an extended period. The risk that new and more dangerous variants of the virus emerge is a threat both to Africa and to the world.

Socio-economic Impacts

In 2020, Africa's GDP contracted by 2.1% and **many transition states recorded a substantial economic contraction.** In countries such as Sudan, South Sudan, Zimbabwe, and Madagascar, a combination of low economic diversification and insecurity left them particularly vulnerable to the pandemic. Supply-side shocks led to inflation in a number of countries, with triple digit inflation in Zimbabwe and Sudan. Except in Liberia, fiscal deficits increased in all transition states. Current account deficits deteriorated, particularly in oil-exporting countries, such as Chad and South Sudan. According to the United Nations Conference on Trade and Development (UNCTAD), the Foreign Direct Investment (FDI) flows to sub-Saharan Africa decreased by 12% between 2019 and 2020.

Poverty and unemployment increased in transition states. Low-skilled women and youth have been among the most affected. Many workers lost their jobs or were forced to reduce their working hours. The Bank estimates that 30 million Africans were pushed into extreme poverty in 2020. In the DRC alone, it is estimated that 2.6 million people have fallen into extreme poverty in 2020. In addition, children in transition states faced extensive disruption to their schooling, with potential long-term effects.

Public Finance and Indebtedness

Increased expenditure and declining income have led to sharp rises in indebtedness. Most African countries faced gross financing needs more than 15% of GDP during the pandemic. Countries, such as Somalia and Sudan, have even exceeded 30%. Fiscal stimulus, tax relief, tax payment deferrals, cash transfers, support for SMEs, and public health measures, all together have deteriorated the level of debt distress of a significant number of countries. In fragile contexts, debt is exacerbated by governance challenges, security expenditure, domestic arrears accumulation, contingent liabilities from state-owned enterprises, corruption, and low level of resource mobilization.

The Bank's Role in Supporting the post-COVID 19 Recovery

Since the onset of the COVID 19, the Bank has been at the forefront of the response to the pandemic. As early as April 2020, it launched a historic USD 3 billion social bond, the largest ever executed by any institution at that time. The Bank has also designed the COVID-19 Crisis Response Facility (CRF), a flexible tool helping to fast-track budget supports. These rapid fiscal stimulus enabled RMCs to undertake large-scale social and economic interventions without further deteriorating their debt situation. The CRF supported social protection schemes, including cash payment, food distribution, tax relief, as well as social and economic investments. The package also included policy dialogue and technical

assistance activities to support debt management, fiscal and monetary regulations, and other policy-based reforms.

Sustaining the Bank's support for the post-pandemic recovery will be core to the Strategy implementation in the coming years. While addressing the need for urgent investments in building more resilient national health systems, recovery from reversals in development and 'building back better' will place considerable strain on public finances. The Bank's support for COVID-19 recovery in fragile contexts will consist of a number of measures.

- **Investing in COVID-19 response plans** — The immediate focus will be on supporting the rollout of vaccines and containing the virus spread. This will involve continuing partnerships, such as the Bank's USD 2 million operation in support for WHO AFRO's COVID-19 Response Plan, to help build regional healthcare management systems. The Bank has approved a total of UA 77.8 million in support of regional entities, including the G5 Sahel, RECs, and Africa Centres for Disease Control and Prevention (Africa CDC) to strengthen capacity, particularly in transition states.
- **Investing in national health systems** — Over the medium and longer term, the Bank will invest in more resilient national health systems by filling key gaps in health infrastructure, such as diagnostic capacity. The Bank has a particular comparative advantage in mixed infrastructure projects that provide primary health care centers with power and clean water, which will enable them to play a more effective role in the pandemic response. Infrastructure investments will be accompanied by dialogue on preparedness of national health systems, sustainable health financing, and national health insurance. This dialogue will seek to ensure that the investments are effectively utilized and accessible to vulnerable communities.
- **Expanding social safety nets** — The pandemic has highlighted the importance of effective national social protection systems in cushioning the impacts of shocks on vulnerable populations. Given the impact of the pandemic on poverty and inequality, social protection systems will continue to play an important role in the recovery period. The Bank will advocate and provide technical assistance for expanding and strengthening national social protection systems through program-based lending.
- **Building institutional capacity for debt management** — This will include efforts to strengthen debt statistics and increase transparency. The support will involve complementary investments in domestic resource mobilization, public financial management, and macroeconomic policy. The Bank will work with governments to reduce macroeconomic vulnerabilities, develop well-targeted monetary and fiscal interventions, manage public investments, and make effective use of development finance. The Bank recognizes that effective debt management needs to be accompanied by growth-friendly policies that focus on diversifying national economies, accelerating digitalization, promoting improved business environments, and strengthening public accountability. In this context, the Bank's Debt Action Plan 2021-2023 proposes a package of debt-related initiatives, to be implemented in close partnership with the WB and the IMF.

ANNEX VI — ADDRESSING REGIONAL FRAGILITY

Fragility in Africa has important regional dimensions. Many of the key drivers of fragility on the continent are cross-border in nature. Conflicts and their consequences spill across national boundaries. War economies—including exploitation of natural resources by combatants, trade in weapons and other illicit goods, and predation on civil populations—are usually transboundary. Instability can affect neighboring states through numerous pathways, including adverse political influences, disruption to trade and increased security expenditure. At their most severe, these “spillovers” can lead to “regional conflict complexes”—that is, sets of conflicts with mutually reinforcing linkages, making them more protracted and difficult to resolve.²⁵

Resilience also needs to be built at the regional level. African countries that share natural resources—including forests and water systems—need to cooperate in their management and utilization, in order to share the resources fairly and sustainably. Just as poor resource management can drive conflict, stronger regional institutions can create webs of mutual dependence that help increase resilience. Economic integration is also a driver of resilience at the regional level, helping to diversify economies, promote growth and reduce marginalization.

In addition to its country-level CRFAs, the Bank has undertaken fragility assessments in three regional ‘hotspots’: the Horn of Africa, Sahel, and the Lake Chad Basin. The findings of these assessments and the Bank’s approach to promoting resilience in each region are summarized here, together with commentary on the challenges for building resilience in small-island states.

The Horn of Africa

Drivers of fragility — The Horn of Africa (HoA) region has been conflict-affected for decades, creating one of the world’s most longstanding regional conflict complexes. Civil wars, political instability, terrorism, electoral violence, and intercommunal conflict have displaced many millions of people and led to widespread food insecurity and recurrent famine. The area is also affected by worsening environmental crises and natural disasters, which have led to further population displacement.

Potential entry points — The Bank’s analysis identifies a number of potential entry points for the Bank to promote resilience in the HoA region. First, there is potential to enhance integration and interdependence through investments in regional infrastructure, so as to increasing the mobility of both people and goods, diversify local economies and reduce marginalization. Second, there is scope to enhance resilience to economic and environmental shocks, through support for job creation and entrepreneurship, modernization of agriculture, and agricultural value chains. Third, the Bank can promote economic reforms that increase access by marginalized groups to economic opportunities, contributing to reduce economic grievances and subnational tensions.

The Lake Chad Basin

Drivers of fragility — The Lake Chad Basin region has experienced rapidly declining security in recent years, linked to violent extremism, accelerating environmental and climatic threats, and long-term erosion of the social contract. The region has large deficits in infrastructure and basic services, causing deepening social and humanitarian crises. Local economies have been extensively disrupted by violence and insecurity. Traditional farming and fishing communities have been victims of predation by both terrorist groups and state security agencies. Overexploitation of the Lake’s resources, combined with rapid population growth and climate change, has led to an environmental catastrophe and exacerbated local conflicts, including between farmers and herders. Declining trust in government has fueled youth radicalization and made communities more inclined to turn to extremist groups for support. Women have been disproportionately victims of violence, particularly from Boko Haram atrocities, and forced and early marriage and other gender-based violence are prevalent.

Potential entry points — In this very challenging context, the Bank’s analysis suggests three potential levers of change. First, investments in economic and social infrastructure, including schools, hospitals, water and sanitation services, roads, energy, and telecommunications, can help to make communities and

local economies more resilient in the face of economic shocks, helping to break the pattern of repeated humanitarian crises. Second, improving the capacity of public institutions, at national and local levels, and CSOs can help improve services and build adaptive capacity in the face of environmental challenges. Third, a focus on job creation and entrepreneurship for men, women and young people can help to promote economic resilience and potentially reduce vulnerability to radicalization.

The Sahel

Drivers of fragility — The G5 Sahel countries face a series of overlapping security and humanitarian crises, and rank among the lowest in the world on the Human Development Index. Extremist groups are active across the region, disrupting agriculture and livelihoods and causing mass displacement. Violent conflict is increasing, causing 4,000 deaths in 2019—a fivefold increase over 2016. Weak state capacity and breakdown in law and order have led to the spread of illicit economies and impunity for human rights violations by both extremist groups and security forces. Defense spending has spiraled, causing sharp rises in indebtedness and drawing resources away from basic services. Deeply entrenched inequality among communities, including unequal access to land, create fertile ground for radicalization and conflict. Attacks and threats of violence against schools are widespread, and more than 55% of children between 6 and 14 are out of school. Women and girls have been disproportionately affected by food shortages, disrupted education and sexual violence. Child labor and trafficking are widespread. Climate change is adding to environmental degradation and desertification, while population growth is well in excess of economic growth rates. In the absence of economic opportunities, the youth bulge is a source of instability, with widespread frustration among young people at the lack of opportunities.

Potential entry points — The Bank’s analysis suggest that investments in a number of areas could help to reduce fragility and build resilience. First, investment in overcoming the large infrastructure deficit could help reduce economic marginalization and create more diverse and resilient local and national economies. Second, there is a need for sustained investment in environmental resilience, including early warning systems for drought and stronger agricultural value chains. Measures to mitigate the risk of environment disaster can help reduce conflict over land, water and other natural resources, particularly between pastoralist and farming communities, while enhancing food security. Third, the Bank can invest in supporting marginalized groups, including women and young people within minority groups, to promote more inclusive development.

Small Island Development States

Drivers of fragility — In addition to three regional hotspots, the Strategy seeks to address the specific fragility challenges facing Small Island Development States (SIDS). These states face a set of social and economic challenges linked to their unique geographic status, with small populations and small, fragmented internal markets. High transport costs leave them isolated from economic developments on the mainland. Dependence on imported food makes them vulnerable to price shocks and food insecurity. The costs of maintaining effective air and maritime infrastructure for small populations are often prohibitive. SIDS also face specific vulnerabilities linked to climate change, including natural disasters (cyclones, flooding) and sea-level rise, which places further pressure on their infrastructure. Vulnerable natural ecosystems are vulnerable to pollution, which undermines tourism and other economic opportunities.

Potential entry points — The Bank’s analysis shows the importance of bringing a fragility lens to all investments in SIDS. The Bank can help to strengthen key infrastructure, including air and maritime transport and waste disposal. Its projects need to anticipate likely climate impacts in coming decades, to ensure that the investments are sustainable and help build resilience in the face of climate impacts. The Bank can also invest in MSMEs and key growth sectors, such as tourism, ensure that its investments help these sectors grow in an inclusive way, maximizing the benefits for local populations.

ANNEX VII — DEVELOPING THE PRIVATE SECTOR

The Strategy puts a strong emphasis on creating the conditions for private investment and job creation, as a key pathway for promoting economic diversity and building resilience. Private sector development is also a vehicle for achieving other objectives, including promoting gender equality and women's empowerment, greening growth, and fostering regional economic integration.

Challenges

Private sector development also increases government revenues and resources available to invest in public services and infrastructure. Although there are significant business opportunities in fragile contexts in sectors such as energy, transport, natural resources, and ICT, perceptions of risk make it even more difficult to attract private investors. The economies of transition states tend to have smaller investment opportunities, and fewer sponsors that meet the scale and standards and financial backing of commercial investors and lenders. Moreover, economies in fragile market are often prone to episodes of instabilities and disruptive events, leading to disengagement of private stakeholders and development partners.

Most transition states are considered high risk for private-sector operations, requiring higher risk capital consumption for the ADB window and higher costs of commercial financing. The risk premium is often compounded by limited project preparation, especially in the context of Public-Private Partnership (PPP) projects. The dominance of MSMEs, which are often informal businesses in the land-scale of transition economies, amplifies the risk perception. In general, MSMEs, youth and women-owned enterprises are often perceived as the riskiest and face greater challenges in accessing finance. Yet, it is critical that those groups are supported to promote inclusive growth and sustainable development.

While its ambition is to do more in terms of private sector development and non-sovereign financing, the Bank is constrained by two factors in addition to the lack of investment opportunities in fragile situations: its risk appetite commensurate with the requirements of operating as a AAA-rated entity, and the comparatively high transaction costs of financing smaller scale projects (per volume of lending) relative to large projects. Aside from large, natural resources-linked projects, in most of the transition states, project size will inevitably be small and comparatively costlier. The challenge to the Bank and its shareholders is whether, as a matter of policy, the potential development gains to be achieved, particularly in transition states, are sufficient to offset the higher transactional cost and risk capital utilization.

Three-Level Strategic Approach

While recognizing these challenges, the Bank's PSD strategy places special focus on fragile contexts and adopt a holistic ecosystem approach entailing activities at upstream, midstream, and downstream levels.

Upstream Level: Enhancing the Business Environment

Upstream activities will seek to stabilize the macroeconomic framework, by strengthening capacity on economic and financial governance in a tailored manner. More broadly, the Bank will collaborate with appropriate partners to support the development of industrial policies and regulatory frameworks for industrial zones, special economic zones, and growth poles. It will support the development of an effective institutional and regulatory environment for PPPs in RMCs to encourage private participation in the development of critical infrastructure. It will also use PBOs to identify and support landmark reforms in high-growth sectors and critical input sectors to stimulate private investment and create conditions conducive to developing domestic value chains in which local MSMEs can participate.

Midstream Level: Building Critical Infrastructure

Investments in infrastructure are essential to creating a conducive environment for private investment and job creation, and a key priority in the Fragility Strategy. The Bank's infrastructure investments in fragile contexts will be carefully selected and designed so as to maximize the contribution to job creation, in both the formal and informal economies. Investments in transport and logistics infrastructure—including for cross-border trade—are key to reducing the isolation of economically marginal areas, allowing them to benefit from growth in neighboring regions. For MSMEs, infrastructural services such as affordable power, clean water and, increasingly, telecommunications and the internet help to create

conditions for growth. For example, Somalia has seen a significant increase in mobile phone and internet connectivity, driven substantially by private investment. The construction of two submarine cables – the Gulf to Africa Cable and the Djibouti Africa Regional Express Cable—helped to increase affordability and bandwidth, creating new opportunities for local businesses.

Downstream Level: Facilitating Investment Finance

Alongside other development finance institutions, the Bank has a key role to play in demonstrating the business case for investment through successful NSOs. It will facilitate private investment through careful use of de-risking and guarantee instruments. As Africa’s premier development finance institution, the Bank is uniquely placed to develop new risk mitigation products. The instruments available to the Bank to crowd in private capital are well defined in the Bank’s PSD strategy. The Bank will continue to explore opportunities for better adapting these instruments to fragile contexts. Potential measures include the provision of NSO loans denominated in local currencies, to reduce foreign exchange risk, and building a one-stop co-guarantee platform, enabling the Bank to work with other guarantee providers, to support strategic projects. The Bank will continue to leverage the risk-sharing capacity of the PSF and other mechanisms to free up capital, which will help the Bank increase its NSO footprint in transition states.

On another front, the Bank will help to build an ecosystem of financial intermediaries while working with African champions such as regional commercial banks. For example, it will help the establishment of youth entrepreneurship and investment banks. It will also provide capital for enterprise incubators and accelerators, and fund platforms for innovation. In fragile contexts, these early-stage financial intermediaries play a key role in nurturing entrepreneurship and helping new enterprises reach the stage where they can access traditional sources of capital. Initiatives of this kind can also be targeted at specific social groups, including women, young people, and people with disabilities.

Another key activity for expanding investment in fragile contexts is project preparation, to increase the supply of viable projects. Drawing on existing project preparation facilities, the Bank will help to identify high-impact infrastructure project in fragility and help to progress them towards bankability. It will also deploy risk-mitigation products to support private sector-engagement in infrastructure development.

Implementation Modalities

Consistent with the PSD strategy, the implementation of the above three-level approach will rely on two key workstreams. The first focuses on developing Country Private Sector Profiles (CPSPs) to constitute context-specific knowledge and build an in-depth understanding of challenges underpinning private sector development in transition states. CPSPs will help streamline in strategy papers relevant considerations for scaling up private investments in fragile markets, while ensuring full ownership and engagement by key stakeholders. The second workstream seeks to expand the development of strategic partnerships with relevant stakeholders—including from public, private actors, as well as MDBs and DFIs—to mobilize resources, expertise, and ownership. By way of illustration, the Bank is already playing a key role in partnership initiatives such as the ‘DFI Fragility Forum’ and the ‘Sahel Alliance’.

Lessons Learned

There is an emerging literature on the challenges of private-sector development in fragile contexts, which suggests the following lessons.

- Be conflict sensitive in selecting investment, using the fragility lens to identify how to maximize benefits and minimize the risks of inadvertent harm.
- Invest both in short-term business opportunities and longer-term measures such as building infrastructure and improving the business environment.
- Act fast to take advantage of opportunities, but remain engaged during setbacks, to ensure the Bank does not contribute to volatility in market conditions.

- Build a detailed knowledge of local market conditions through analytical work, staff presence on the ground and strong partnerships.
- Accompany financial investments with advisory services.
- Ensure that environmental, social and governance standards are maintained, but accept that more time may be needed to achieve them.
- Invest in trade facilitation and border infrastructure, to create larger markets through expansion in international trade.

ANNEX VIII — FOREGROUNDING PREVENTION

Global humanitarian assistance totaled USD 30.9 billion in 2020²⁶ — nearly double the 2010 spending of USD 16.7 billion. It is widely recognized that crisis prevention is far better investment than crisis response. Yet crisis prevention accounts for only a small proportion of global aid flows. The OECD Development Assistance Committee has called for more attention to the ‘Triple Nexus’ between humanitarian aid, development assistance and peacebuilding, to shift the balance of effort towards crisis prevention.

The Strategy is firmly rooted in crisis prevention. It recognizes that fragility can take many different forms and arise in any context—as illustrated by the global impact of the COVID-19 pandemic. It commits the Bank to continue its detailed analysis of the drivers of conflict and fragility and to directing its effort towards long-term drivers of fragility and conflict. It also commits the Bank to strengthening its partnerships with humanitarian and peace actors, in accordance with the Triple Nexus approach. The Bank’s approach to crisis prevention consists of the following elements.

Early Warning Mechanisms

Preventing fragility from developing into crises requires early identification of the drivers of fragility and crisis, in order to build risk awareness across the Bank’s portfolio. The Bank already conducts systematic analysis of fragility and resilience issues across all 54 African countries and key sub-regions on a regular cycle. The Bank will expand its program of fragility-related analytical work, working in partnership with other institutions, including the AU, RECs, and other development partners. The Bank will seek out opportunities to invest in early warning mechanisms and support joint analytical project for monitoring risks. It will ensure that the results of risk analysis are widely shared with partners and staff, to build awareness of fragility issues and inform the development of shock-resistant programming.

Applying the fragility lens

The Bank’s analytical work provide detailed analysis on the stresses and pressures that contribute to fragility across the continent. This analysis informs the application of the fragility lens when developing strategy papers and identifying and designing programs. The Bank will direct its investments towards areas that have the greatest scope to alleviate stresses and pressures and build resilient institutions, economies, and societies. This may include building specific areas of institutional capacity under Priority 1 of the Strategy. For example, the Bank may use program-based lending to support the development of national disaster risk reduction systems or shock-resistance social protection systems, where appropriate, working in partnership with specialist agencies. In its private-sector development work, it will help to create more resilient economies by promoting economic diversity and linking remote or marginalized communities into value chains and market systems. Its infrastructure investments will be target in such a way as to reduce the isolation of conflict-affected areas and improve their access to infrastructural services. At the regional level, it will seek out opportunities to build interdependence among countries in fragile regions through shared infrastructure networks, while helping to promote regional cooperation over shared natural resources.

Conflict sensitivity and ‘Do No Harm’

The Bank will ensure that its operations are conflict sensitive—that is, they maximize opportunities to build resilience and alleviate conflict, while avoid doing unintended time by exacerbating conflict dynamics. The Bank’s fragility assessments provide key analytical foundation for conflict sensitivity, while its safeguarding policies ensure that social and environmental risks are systematically assessed.

Building Community Resilience

The Strategy also places emphasis on building community resilience. It will help to build local institutions, markets and communities that are better placed to respond to shocks and stresses. The Bank will prioritize community-centered and community-sensitive investments that maximize benefits for local communities. It will invest in infrastructure projects that help to reduce the isolation of rural communities and improve their access to markets and public services. It will ensure that its infrastructure projects

include investments tailored to community needs, such all-season rural roads, market facilities and social infrastructure. The Bank has gained considerable experience in designing transport corridor projects that create diverse benefits for communities along the route. Electricity and WASH projects will incorporate connections for schools and local health centers – important investments in light of the need to control epidemic disease through improved hygiene and vaccination.

In its private sector development work, the Bank will work to integrate communities into wider value chains. It will prioritize bringing manufacturing and agri-industries closer to the sources of raw material, so that communities can capture more value from their resources and invest in productive activities. In its NSOs, it will work with firms that have socially responsible business models and are able to partner with agricultural cooperatives and social enterprises. It will support impact investing, that combines financial with social, and environment returns. Through intermediary financial institutions, it will help to increase the support available for enterprises that involve women, young people and people with disabilities. It will help to promote fair and inclusive business models, such as Fair Trade. At the policy level, it will help to create an enabling environment for community initiatives. This may include community-centered forms of natural resource management and mainstreaming entrepreneurship—especially social entrepreneurship—in national development plans.

Community-centered and community-sensitive interventions need to be based on quality communication with communities, to understand their needs and priorities. In fragile contexts, the Bank will increase its efforts to consult with communities during project selection and design, working where appropriate with local CSOs or national or international NGOs that bring specialist skills in such consultations. It will make sure that it listens to the voice of women, young people, people with disability and marginalized groups. This will help to identify opportunities to strengthen community resilience through its operations.

The Triple Nexus

In some of Africa’s fragile contexts, there are humanitarian, development, and peacebuilding activities underway in parallel, but often working in isolation from each other. According to the OECD, the ‘Triple Nexus’ approach calls for greater collaboration and complementarity across these spheres, in order to reduce vulnerability, strengthen resilience, and address the root causes of conflict. In keeping with the Triple Nexus approach, the Bank will strengthen its partnerships with humanitarian and peace actors. This will help it to build resilience and risk reduction into its operations. For example, the Bank can provide financial support for national disaster risk reduction systems and shock-resistant social safety nets through PBOs, working in partnership with specialist UN agencies to support policy dialogue and technical assistance. It will work with UN bodies, the Red Cross, and NGOs to help countries manage mass displacement. In active conflict situations, where the Bank has limited capacity to engage directly, it will play a convening role, bringing together public institutions, civil society organizations and the private sector for dialogue and collaboration. It will participate in and help build coordination platforms with other development partners, with a view to increasing alignment around key drivers of conflict and fragility.

ANNEX IX — MAXIMIZING IMPACT WITH PARTNERS

Working in complementarity with humanitarian, development, and peace actors is a central principle that will guide the operationalization of the Strategy. In this ‘Triple Nexus’ approach, a priority will be given to action-driven partnerships with great value addition helping to maximize impact on building resilience. In this context, the Bank will seek to reinforce existing partnerships and forge new ones around knowledge work, policy dialogues, and joined operations, tailored to the context of each intervention. Drawing on the experience and lessons learned, the following examples provide entry-points to further scale up the Bank’s engagement with partners.

- As part of efforts towards reinforcing partnerships with development actors, the Bank is a member of the Fragility, Conflict, and Violence (FCV) Working Group amongst other MDBs. The working group is centered on three operational workstreams: (1) Analytics, risk, and resilience assessments; (2) Capacity building, training, and knowledge exchange; and (3) Result frameworks, monitoring, and evaluation of operations.
- The Bank collaborates with other MDBs under the Platform on Economic Migration and Forced Displacement. Due to the protracted nature, increasing size and complexity of fragile situations, a humanitarian approach alone is insufficient to address the social and economic challenges faced by displaced people. As such, stronger cooperation between the Bank and development actors is emphasized in creating sustainable socio-economic opportunities for vulnerable communities in fragile situations.
- The Bank will further engage with civil society actors to reach out to vulnerable communities. Fragility risks—including limited participation in the formal economy, socio-political exclusion, environmental shocks, and violent conflict—accentuate their isolation. Under the Strategy’s implementation, the Bank will leverage impactful interventions at the community level driven by innovation and concerted partnership efforts.
- The Bank has amassed practical experience in coordinating with multilateral and bilateral partners, both at the analytical and the programmatic level, to support analytical works, policy dialogue, and strategic approaches in fragile and conflict-affected situations. For example, building on the recommendations of the 2021 Political Economy Analysis presented in Box 8, the Bank is working with development partners and assisting to the Government of Mozambique for the preparation of a resilience-based strategy to tackle the situation in the northern part of the country (Box IX.1).

Box IX.1: Supporting a Resilience-Based Strategy for Northern Mozambique

In coordination with the World Bank, the United Nations, and the European Union, the Bank is contributing to a technical assistance program *to help the Government of Mozambique put in place a comprehensive Resilience and Integrated Development Strategy for Northern Mozambique (ERDIN).*

While using the Recovery and Peacebuilding Assessment methodology, ERDIN outlines a clear approach to conflict-sensitivity, prevention of violent conflict, peacebuilding, and recovery. The program focuses on the social, economic, and political inclusion of the populations in the north. Designed and validated in consultations with locals, regional authorities, private sector, civil society, and development partners, it entails a bold program with almost 400 peace, humanitarian, and development interventions, with an estimated cost of USD 2.5 billion in five years.

- As a trusted partner, the Bank will sustain its support for enabling business environment and opening the space for innovative solutions. Building on its longstanding operational experience in these environments, the Bank will also seek to attract private investments and companies to scale up projects, using its suite of public and private instruments as well as mobilize and leverage resources from other partners.

- The Bank will reinforce its strategic partnerships with operating actors—such as the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), the United Nations Office for Project Services (UNOPS), and the WHO—to help implement community-centered responses in emergency situations. By way of illustration, the partnership established with the UNHCR provide a base of experience for the Bank’s engagement to address refugee crises (Box IX.2).

Box IX.2: Working with the UNHCR to Address Refugee Crises

A Fiduciary Principles Agreement was signed between the Bank and UNHCR in December 2017. This facilitated the implementation of a number of emergency operations. For example, in collaboration with the Executive Secretariat of the G5 Sahel, a USD 19.4 million regional COVID-19 response grant was approved in 2020. Implemented through the UNHCR, this program supported primary health and resilience of vulnerable communities, including refugees and IDPs, in Burkina Faso, Chad, Mali, Mauritania, and Niger. The Bank and the UNHCR have also been implementing innovative solutions to support livelihoods of vulnerable communities in Tongogara Refugee Camp in Zimbabwe. The project targeted innovative solar energy project in support of education, child protection, and agricultural activities.

- The Bank partners with the Cairo International Center for Conflict Resolution, Peacekeeping and Peacebuilding (CCCCPA) and the United Nations Development Programme (UNDP) to organize the Aswan Forum for Sustainable Peace and Development. The first and the second editions of the Forum were held in December 2019 and March 2021, respectively, while the preparations for the third edition is ongoing. This has enabled the Bank to assume a more central role in shaping the peacebuilding agenda of the continent together with key partners.
- The implementation of the Strategy will seek to further promote dialogue between development partners and national governments on issues of debt resolution and arrears clearance. When appropriate, it will particularly seek to create the space for an in-depth and productive dialogue with the WB, the IMF, and the competent authorities of Zimbabwe for settling the country’s public debt and arrears clearance.

ANNEX X — APPLYING THE FRAGILITY AND RESILIENCE LENS

Mainstreaming resilience in strategies and operations is a core component for the implementation of the Strategy. It relies on the application of the ‘fragility lens’, which covers a spectrum of principles, processes, and methodologies designed to help understand, mainstream, engage, implement, and adapt resilience-based engagements.

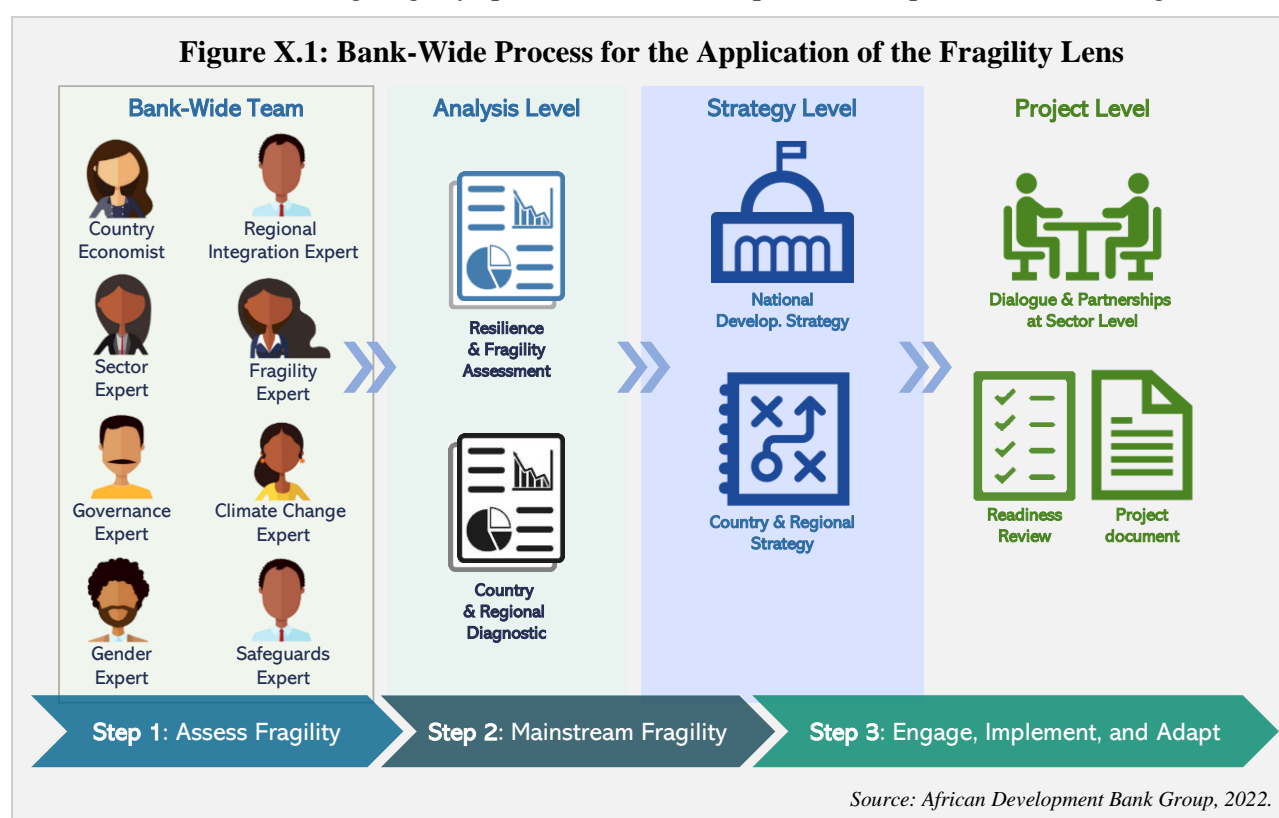
Background

During the implementation of the 2014 Strategy, the application of the fragility lens has made significant strides in developing analytical tools to help assess and monitor drivers and manifestations of fragility and conflict, their interactions, and the political economy behind. The ADF-15 discussions and the 2020 BDEV independent evaluation called for the need to strengthen the fragility lens and mainstream resilience-based considerations more effectively in the Bank’s strategic and operational engagement. These considerations also comply with the Bank’s approach to selectivity.

The Strategy commits to undertaking fragility assessments, reinforced by the CRFA findings, to systematically inform the formulation of country and regional strategy papers and project documents. This is meant to strengthen the quality at entry of operations, their implementation, supervision, and results reporting.

Process

As illustrated in Figure X.1, the application of fragility lens is a three-phase Bank-wide process, involving the core task team, including fragility specialists, sectoral experts, and experts of cross-cutting themes.

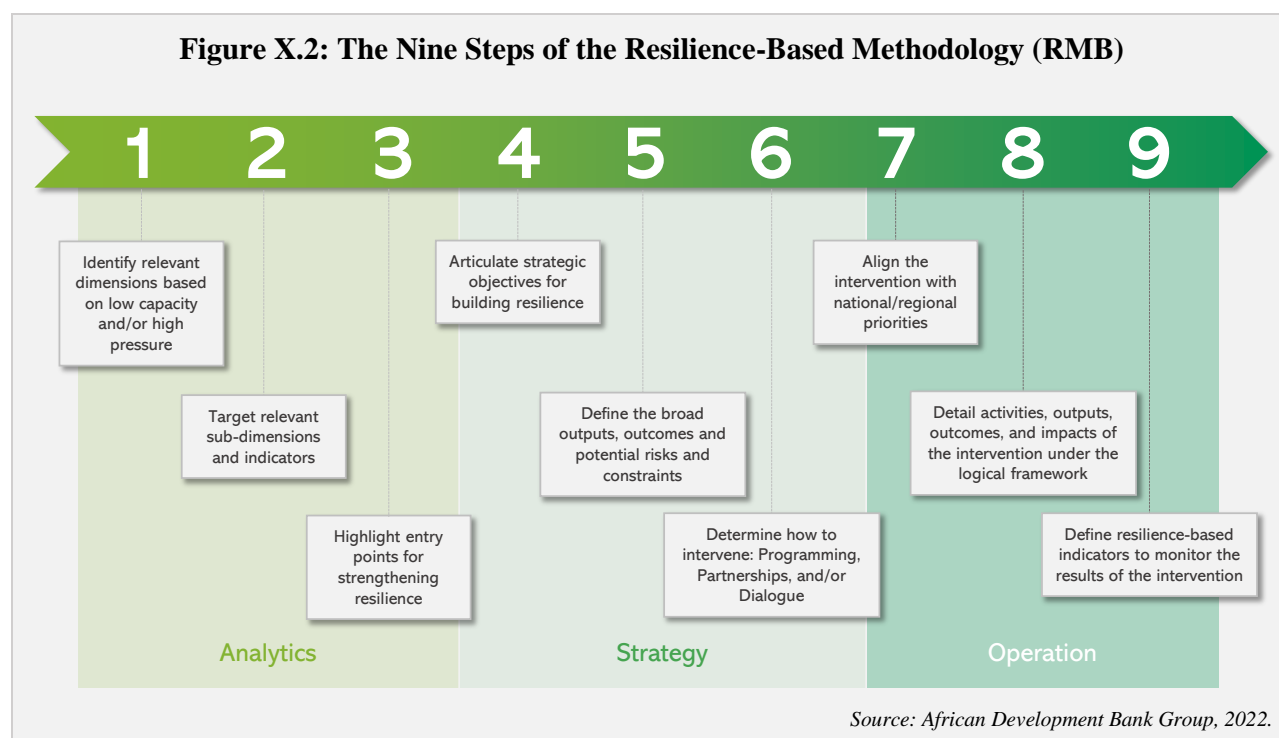


- Phase 1: Assess Fragility** — Provides a sharp understanding of drivers of fragility and/or conflict—including political economy issues—in the context of the targeted sector and geographical area. It helps identify sectoral entry points targeting specific resilience-building opportunities where the Bank’s engagement can most leverage development impact. The assessment should include analysis of regional fragility dynamics and of subnational variations in fragility risks.

- **Phase 2: Mainstream Fragility** — Translates analytical findings into tailored interventions, while adhering to the principles of patient engagement, selectivity, flexibility, synergies across sectors, partnerships with development, humanitarian, and/or peace actors, and ownership of beneficiaries.
- **Phase 3: Engage, Implement, and Adapt** — Ensures that the implementation of the Bank’s operational engagement in fragile contexts is effectively proactive, responsive, and scalable.

Methodology

A Resilience-Based Methodology (RBM) facilitates the formulation of fragility-sensitive interventions. It builds a mental process to translate analytical findings into entry points for resilience-based priorities in strategy papers and project documents. As presented in Figure X.2, nine steps underpin this process.



Because it is crucial to align proposed interventions with national/regional priorities, Step 8 of the RBM aligns resilience considerations with the use of the project’s RBLF, which helps highlight the country’s goal and the Bank’s priority or sector strategy by focusing on the project outputs and development outcomes. This step is further strengthened by the quality checks of the Enhanced Readiness Review of the operation, in addition to the selectivity ensured by the ROSPF for regional operations.

Moreover, Step 9 of the RBM uses the theory of change to set operational pathways for building resilience. It allows to visualize the logic of an intervention and identify pathways linking inputs, activities, assumptions, outputs, and outcomes. This aims at increasing adaptation, solid planning, and evaluability of the project, especially in complex and constantly changing environments.

Recommended Practices

The RBM comes with recommended practices for the core task teams to guide their work while mainstreaming resilience considerations in country and regional strategy papers and project documents.

- **Comprehensive and Data-Informed Approach** — The core task team is recommended to adopt a data-driven approach and use the most updated and suited CRFA results. A comprehensive diagnosis of areas of low capacity and high pressure is required to guide the identification of fragility drivers and discuss their manifestations. A particular attention is to be paid to structural vulnerabilities, as well as the impact of gender inequality, climate change, political economy, governance issues, externalities, and regional spillover.

- **Targeted Narrative** — In addition to identifying drivers of fragility and discussing the interplay of their manifestations in the context of the covered country or region, the core task team is encouraged to build a targeted narrative on areas of actions, policies and/or reforms recommended to mitigate risks and promote long-term resilience.
- **Promoting Selectivity** — In compliance with the Bank’s approach to selectivity, the core task team is recommended to ensure that the strategic pillars and areas of interventions are within the Bank’s comparative advantages and have a clear sectoral limitation. The sectoral scope should be context-specific and commensurate with the size of the country, or the region, as well as the Bank’s financial resources available. The narrative should explicitly promote resilience-based interventions of high impact based on selectivity and concentration of the Bank’s efforts around fewer and more strategic operations.
- **Resilience-Based Priorities** — The identification of priority areas must be closely informed by the identified fragility factors. An explicit language must clearly articulate the strategic objectives, outputs, outcomes, and potential constraints for building resilience. To even greater extent, when TSF resources would be engaged, the narrative must provide a sound rationale demonstrating how these will effectively contributing to building resilience.
- **From Fragility to Resilience** — In line with the paradigm of moving from fragility to building national and regional resilience, this type of narrative is very important since it translates an optimistic ambition, as well as the relevance of the Bank’s value-addition. The ultimate objective of the fragility lens application is to exercise sound guidance on strategic and operational areas of engagement and positively help identify relevant opportunities for building resilience.
- **Interplay between National and Regional Priorities** — Country and regional strategy papers reflect on the alignment of the Bank’s engagement with the priorities of national and/or regional authorities. A close attention is required to the interplay of national and regional factors of fragility and ensuring that the regional priorities identified in RISPs are reflected in CSPs at the operational level. For example, RISPs provide capacity development support to RECs in line with regional and national development plans. In turn, CSPs should support national capacities to address regional issues.
- **National and Regional Ownership** — The Bank’s engagement is, first and foremost, based on ownership by national and regional entities. It also entails appropriate consultations with the private sector, the civil society, local and international NGOs. RISPs are generally aligned with the priorities of RECs, while CSPs are aligned with national development plans. Regional operations are invariably implemented at national levels and, thus, require a strong cross-country coordination. Weak alignment between RISPs and CSPs can undermine the implementation of the RISP as some projects face challenges of commitment and ownership by national stakeholders. Therefore, a close attention should be paid to regional vulnerabilities and their linkages with national issues, leading to better alignment of country and regional programs.
- **Terminologies and Stigma** — The task team is recommended to carefully accommodate sensitive terminologies used when qualifying fragility matters. To avoid negative stigmatization, it is recommended to nuance the language and use different variants of vocabulary. For example, instead of wording “fragile country”, one might refer to “transition state” or “country in fragile situation”. In the same vein, constructive formulations around a lexicon of “tackling vulnerabilities”, “mitigating risks” and “relieving pressures” are preferred to pointing at “fragilities and conflicts”.

ANNEX XI — LEVERAGING FINANCIAL INSTRUMENTS

Financing is central to the successful implementation of the Strategy. It extends beyond the resources of the TSF, to include the Bank's wider financing architecture. It requires not just sufficient resources, but the right combinations of instruments. In the past few years, the Bank has diversified its instruments, creating a suite of options for engaging in fragile contexts.

ADB Sovereign Lending — The ADB window provides sovereign loans, on non-concessional terms, to ADB-only (Category C) and Blend Countries (Category B), based on individual exposure limits. The 2014 review of the Bank's credit policy exceptionally allows countries with low to moderate risks of debt distress access to ADB sovereign borrowing, to finance transformative investment projects.²⁷

ADB Non-Sovereign Lending — ADB resources also support private sector projects in all RMCs through non-sovereign direct loans, lines of credit, equity participations, and guarantees to financially viable private enterprises, and multinational projects that support regional integration. Under GCI-VII, a renewed emphasis is placed on increasing ADB relevance in low-income and fragile contexts. In recognition of the private sector's role in building stability and resilience, the Bank is redoubling efforts to increase its NSO portfolio.

Although there are significant business opportunities in fragile contexts, perceptions of risk make it difficult to attract private investors. Scaling up the Bank's NSOs—backed, where appropriate, by the PSF risk-sharing and other guarantee instruments—is crucial to addressing pockets of fragility in middle-income countries through job creation and stimulating private investments in transition contexts. For example, where signs of turnaround emerge, the Bank will intensify upstream and midstream activities for long-term institutional capacity, policy reforms, and financial sector development targeting facilitation of private investments (Priority 3).

ADF Window — The ADF window provides concessional sovereign loans and grants to low-income countries and countries experiencing fragility and conflict. These include individual country allocations under the PBA system and TSF supplemental financing (Pillar I). Moreover, the ADF allocates 21% of its resources to the Regional Operations (ROs) envelope. It also sets aside resources to finance the activities of the PPF and the PSF in support of project preparation, feasibility studies, and risk mitigation.

Transition Support Facility (TSF) — The TSF provides support through three pillars: the supplemental financing window (Pillar I), arrears clearance resources window (Pillar II), and targeted support for capacity building and technical assistance window (Pillar III). While Pillar I provides concessional loans and grants, TSF Pillar II and Pillar III offer grants on a programmatic basis. Guided by the application of the fragility lens, TSF resources help transition states address socioeconomic fragilities, tackle environmental vulnerabilities, strengthen structural policies, consolidate peace, build resilient institutions, stabilize economies, and lay the foundations for sustainable inclusive growth. Moreover, through its unallocated reserve, the TSF can respond quickly and flexibly to address the socioeconomic effects of crises.

African Legal Support Facility (ALSF) — Supported through TSF Pillar III, the ALSF supports fair and balanced negotiations between African countries and their investors and creditors, in areas such as debt and vulture fund litigation; natural resources and extractive industries management; infrastructure development; public-private partnerships and power operations; investment agreements, and related commercial and business transactions.

Regional Operations (ROs) Envelope — The RO Envelope supports regional operations targeting economic integration and Regional Public Goods (RPGs), providing sovereign concessional loans and grants on a programmatic basis. A cost-sharing mechanism allows transition states to leverage 1.5 times their national allocations from the ROs envelope. ROSPF applies the fragility lens at the concept phase of all ROs and RPGs, with fragility-sensitive criteria that: (i) measure to what extent each project proposal has explicitly identified drivers of fragility and articulated opportunities for building regional resilience; and (ii) guide project teams with context-specific fragility recommendations.

Private Sector Credit Enhancement Facility (PSF) — The PSF is a 2015 innovation that leverages concessional resources from the ADF window to scale up private sector financing in Low-Income Countries (LICs)—with a particular focus on countries in fragile and conflict-affected situations—through the ADB non-sovereign lending. It was created to balance the punitive risk premium applied to private sector loans in these challenging markets.

Nigeria Trust Fund (NTF) — The NTF is a special fund administered by the Bank, with resources exclusively from the Federal Republic of Nigeria. It can co-finance both public and private-sector operations with the ADB and the ADF, as well as fund stand-alone operations. It provides concessional loans, prioritizing countries with small PBAs and those affected by conflict and fragility.

Co-Financing Agreements — The Bank has several co-financing agreements with bilateral development partners, including China, Japan, and Korea. For example, the Enhanced Private Sector Assistance for Africa (EPSA) with Japan has a co-financing component, called Accelerated Co-financing Facility for Africa (ACFA), that provides joint and parallel project financing with Japan International Cooperation Agency (JICA) on concessional terms to support infrastructure development. The Economic Development Cooperation Fund (EDCF) with Korea also provides joint and parallel co-financing for Bank projects. The Africa Growing Together Fund (AGTF) is a co-financing arrangement with China to complement the Bank’s statutory windows.

Trust Funds — The Bank provides several Trust Funds that can support the implementation of its fragility agenda through context-specific thematic financing. These include specialized funds to address some of the most critical fragility drivers affecting African countries, such as the Africa Climate Change Fund (ACCF), the ClimDev-Africa Special Fund (CDSF), the Sustainable Energy Fund for Africa (SEFA), the African Water Facility (AWF), the Africa Trade Fund (AfTra), the African Private Sector Assistance (FAPA) Fund, and Youth Entrepreneurship and Innovation Multi-Donor Trust Fund.

Initiatives and Innovations

As recommended by the 2020 BDEV evaluation, fit-for-purpose financing is needed to enable greater flexibility and responsiveness. In this context, the ADF-16 Working Group has discussed options for improving the operational engagement of the TSF through a programmatic approach, to complement ADF country allocations.²⁸ Subject to further refinements under the discussions of the ADF-16 replenishment, this hybrid approach would establish a suitable balance between selectivity and flexibility, while addressing pockets of fragility, structural vulnerabilities, and situations of emerging crises.

The Bank will continue its efforts to innovate its financing instruments to better support its fragility agenda, particularly for addressing pockets of fragility at subnational level in middle-income countries. For example, the 2019 Guidelines on Subnational Finance revive the opportunity to increase the Bank’s engagement with subnational entities, such as federal states, subnational enterprises, counties, provinces, and municipalities.²⁹ When appropriate, such instrument would enable a more holistic engagement of the Bank for addressing—and preventing—root causes of regional instability by increasing community-centered interventions, investing in job-intensive infrastructure, and securing private sector projects.

Moreover, the possibility that the ADF may leverage financing from capital markets could free up more concessional resources for a larger sovereign investment portfolio in fragile contexts. Options to optimize the existing capital structure of the Bank may also increase the volume and scope of the Bank’s NSOs in low-income and fragile and conflict-affected situations. Investment mechanisms—such as the Africa Investment Forum (AIF)—would also help package bankable projects to raise the appetite of private actors for investing in critical sectors in fragile contexts. Finally, the Bank will work with its strategic partners to crowd in additional resources from equity funds, institutional investors, and blended finance. Alongside, flagship initiatives, such as Boost Africa and Small-Medium Enterprise (SME) Program, create opportunities for catalyzing viable market and targeted financing for youth entrepreneurship and innovation across Africa such as impact investors and diaspora bonds.

ANNEX XII — COMMITMENTS AND ACTION PLAN

Commitment		Responsible Unit	Approval / Reporting	Completion Date / Frequency
1. Sustain the annual rollout of the CRFA				
1.1. Building on the experience of the 2019, 2020, and 2021 exercises, the annual data collection, compilation, and validation process of CRFA scores will be sustained over the life of the Strategy for all RMCs and regions.		RDTS with the support of ECST, ECCE, Country Offices, and Regional Hubs	ECST validates and RDTS Management clears	Q1 of each year
1.2. CRFA profiles for all RMCs and regions will be prepared. Profiles of ADF-eligible countries will serve as a baseline to engage policy dialogue. The CRFA scores and profiles will be disseminated and availed internally for all Bank's staff through a dedicated web portal. Upon validation of national authorities, these will be disclosed publicly through the portal.	ADF-16 WG 2020 BDEV		RDTS Management, CMs, DDGs, and LEs clear	Q2 of each year
1.3. A triennial synthesis CRFA report—with a continental coverage—will be produced and disclosed through the portal at the end of each ADF cycle.			SMCC clears	Q1 2023 Q1 2026
2. Mainstream the fragility/resilience lens in Country and Regional Strategy Papers (CSPs/RISPs)				
2.1. Fragility assessments will be supported by the latest quantitative findings of the CRFA and will incorporate relevant resilience-based recommendations. While produced for all ADF-eligible countries by default, they can cover subnational areas—including pockets of fragility in ADB countries. To avail timely inputs, their development process will be synchronized with the preparation schedule of CSPs and RISPs. When completed, fragility assessments will be disclosed internally for all Bank's staff through the dedicated web portal.	ADF-15 2020 BDEV	RDTS with the support of Country Offices and Regional Hubs	RDTS Management, Country Managers, Deputy Director Generals, and Lead Economists clear	Two months ahead of the preparation of CSPs and RISPs
2.2. The design of CSPs of ADF-eligible countries and all RISPs will incorporate the findings of fragility assessments. Where appropriate, these will inform the choice and the design of the strategic priorities in a sensitive and selective manner, as guided by the identified fragility drivers and opportunities for building resilience.	ADF-15 2020 BDEV	RDTS and ECCE under the leadership and strategic guidance from Country Offices and Regional Hubs	OpsCom clears and the BoDs approves	Fully phased by the end of 2026
3. Mainstream the fragility/resilience lens in operations				
3.1. Drawn from fragility-sensitive programming, all operations, at national or regional level, covering ADF-eligible countries will integrate considerations for community-centered interventions, conflict-sensitivity, do no harm, prevention, and/or building long-term resilience. These will be further promoted by the increasing fragility-sensitivity of the revised annotated formats of PCNs and PARs, the revised RBLF, the revised ROSPF, and the Enhanced Readiness Review.	ADF-15 2020 BDEV	Project Teams with the support of RDTS, RDRI, and SNOQ	OpsCom clears and the BoDs approves	Fully phased by the end of 2026
3.2. A quality-assurance will be sustained during the preparation and appraisal of projects under the Enhanced Readiness Review. This will contribute to ascertaining the integration of effective resilience-based interventions and reducing delays between operations' approval and implementation.	2020 BDEV	RDTS with the support of SNOQ	Country Teams verify and OpsCom clears	Fully phased by the end of 2026
4. Develop key guidance notes in support of the Strategy's implementation				
4.1. Guidance notes on analytics will be developed to standardize the formats, set quality triggers, and define the methodology for the preparation of CRFA profiles and full-fledged fragility assessments.		RDTS	RDTS Management clears	Q4 2022
4.2. A guidance note on the application of the fragility lens in programming will be produced and disseminated to task teams. It will provide principles and methodologies for a sound sensitivity to fragility, prevention, and selectivity considerations in the design of CSPs and RISPs.	2020 BDEV	RDTS with the support of ECCE, in close cooperation with Regional Hubs and Country Offices	OpsCom clears	Q4 2022

4.3.	A guidance note on the application of the fragility lens in operations will be produced and disseminated. It will aim at guiding task teams how best they can tailor relevant resilience-based components in the project logical framework during preparation and appraisal, in compliance with the Enhanced Readiness Review's criteria.	2020 BDEV	RDTS with the support of SNOQ	OpsCom clears	Q4 2022
5. Catalyze private sector financing in transition states					
5.1.	Build on the Bank contribution to the 'DFI Fragility Forum' and sustain partnerships and initiatives towards improving the business environment in fragile markets.	ADF-15	PIVP with the support of RDTS	OpsCom clears	Q4 2026
5.2.	Increase the uptake of de-risking and guarantee instruments to scale up NSOs and MSMEs financing in fragile markets.	2020 BDEV		ADF-16 Report	Q1 2023
6. Build action-driven partnerships across the triple nexus					
6.1.	Joint programming will be undertaken, and operations will be implemented with relevant—regional and international—development, humanitarian, and/or peace actors to help provide crisis response, address topical issues, and build resilience at community level.	ADF-15	Country Offices and Regional Hubs with the support of RDTS	OpsCom clears and BoDs approves	Q4 2026
6.2.	Joint fragility assessments and capacity development activities will be implemented with relevant partners towards promoting dialogue with national authorities, as well as the mainstreaming of fragility and resilience considerations in national sector strategies and development plan.	ADF-15	RDTS with the support of relevant units	RDTS Management clears	Fully phased by the end of 2026
7. Review the operational and allocation approaches of the TSF					
7.1.	Building on the outcomes of ADF-16 Working Group and the recommendations of the 2021 BDEV independent evaluation, further refinements of the proposed eligibility and programmatic approaches will be pursued under the ADF-16 replenishment discussions. These will seek reach a fine balance between the TSF 'selectivity' and 'flexibility', while better addressing pockets of fragility, structural vulnerabilities, and situations of emerging crises in transition states, and beyond.	ADF-15 ADF-16 WG 2021 BDEV	RDTS with the support of FIRM	ADF-16 Report	Q1 2023
7.2.	Amended operational guidelines on the TSF will be developed to set the processes, systems, responsibilities, and institutional arrangements needed for the operationalization of the TSF revised eligibility approach and its new programmatic window.	ADF-16 WG		SMCC clears and BoDs approves	Q2 2023
8. Strengthen the TSF management, monitoring, and reporting					
8.1.	A comprehensive monitoring and reporting dashboard will be developed to strengthen the TSF execution and accountability. The dashboard will help track the TSF operational activities, its portfolio performance, and its financial flows, including resources mobilized, allocated, approved, and disbursed.	2021 BDEV	RDTS with the support of FIRM and FIFC	RDTS Management clears	Q4 2022
8.2.	Sustain the production of monthly flashlight reports on the utilization of the TSF resources and its portfolio performance.		RDTS with the support of FIRM and FIFC	RDTS Management clears	Each month
9. Build internal and external capacity					
9.1.	In complement to the Operations Academy's fragility e-Course, a comprehensive capacity development plan on the Bank's strategic and operational approach—with a particular focus on the fragility lens mainstreaming in programming and operations—will be delivered to relevant task teams.	2020 BDEV	RDTS with the support of relevant units	RDTS Management clears	Q4 2026
9.2.	Capacity building workshops will be organized for the benefit of Government officials and representatives of relevant regional organizations. These will seek to engage dialogue with national and regional authorities, raise their awareness, capacity, and skills on the application of the fragility lens.	2020 BDEV			

<p>10. Scale up the footprint with sector skills and fragility expertise</p> <p>10.1. Drawing on the thrust of the People Strategy, the 2021 revised allowances and benefits for staff deployed in transition states will be operationalized to equip regional hub and country offices with fragility specialists, highly skilled, and well-trained sector professionals. This aims at increasing the quality of the Bank's delivery capacity in fragile and conflict-affected situations and scale up its ability to engage on-ground fragility assessments, policy dialogue, effective partnerships, and resilience-based programming and operations.</p>	<div>ADF-15</div> <div>2020 BDEV</div>	Country Offices and regional hubs with the support of CHHR and RDTs	RDTs Annual Reports inform Management and the BoDs	Q4 2024
<p>11. Increase visibility and sustain the advocacy role</p> <p>11.1. A structured communication approach will be developed around the Strategy implementation. This approach will seek to increase the visibility of the Bank's fragility-related work and, most importantly, support its advocacy, partnerships, and resource mobilization efforts.</p> <p>11.2. The organization of the Africa Resilience Forum (ARF) will be sustained on a biennial basis over the life of the Strategy (in 2023 and 2025) and beyond. The ARF will continue to provide a platform for sharing experiences and position the Bank's as a leading advocate for the Continent's resilience opportunities.</p>		RDTs with the support of PCER	RDTs Annual Reports inform Management and the BoDs	Q4 2026 Q3 2023 Q3 2025
<p>12. Undertake regular monitoring and reporting</p> <p>12.1. Annual Reports on the Bank's fragility-related activities will be produced. These will reflect on the progress made in the implementation of the Strategy, through the tracking of its results measurement framework, as well as the annual monitoring of the operational activities of the TSF and its portfolio performance.</p> <p>12.2. A formal mid-term review of the Strategy, entailing consultations with RMCs, partners, and external stakeholders, will be undertaken. This will avail feedback on progress in implementation and challenges encountered. If necessary, it will provide an opportunity to recalibrate the priorities and the theory of change of the Strategy.</p> <p>12.3. BDEV will be invited to include in its work program (to be approved by the Board of Directors) an independent evaluation of the Strategy a year prior to its end. This evaluation will help Management internalize lessons learned, and better understand the strengths and areas for improving the Bank's engagement in fragile and conflict-affected situations.</p>		RDTs with the support of relevant units	SMCC clears and BoDs informed	Q1 of each year Q4 2024 Q3 2026

Legend — In compliance with:

ADF-15	ADF-15 Policy Commitments
ADF-16 WG	Outcomes of the ADF-16 Working Group discussions
2020 BDEV	Recommendations of the 2020 BDEV independent evaluation of the 2014 Strategy
2021 BDEV	Recommendations of the 2021 BDEV independent evaluation of the TSF

ANNEX XIII — CONSULTATION PROCESS AND OUTCOMES

The development of the Strategy benefited from extensive consultations with external stakeholders from 52 regional and international organizations and member countries. In the context of the work-from-home under the COVID-19 pandemic, these consultations were conducted virtually and organized over three phases.

- **A first phase** of internal consultations (from November 2020 to January 2021) covered the Bank's corporate, operational, and sectoral units, as well as country offices and regional hubs. Beyond the increase of a Bank-wide ownership of the fragility agenda, this phase aimed at identifying areas of strategic alignment and operational synergies with existing frameworks. These informed the concept of the Strategy and provided indications on its guiding principles, objectives, priorities, and the Theory of Change that would underpin its operationalization. Under the general oversight of a Bank's multisectoral Inter-Departmental Working Group (IDWG), the Concept Note of the Strategy was developed and cleared by CODE in March 2021.
- **A second phase** (from April to July 2021) of consultations prioritized the Board of Directors, national governments, regional organizations, as well as multilateral and bilateral development partners. Based on the Concept Note, the Bank's Management engaged a series of dialogues on the direction, the building blocks, and the operationalization of the Strategy. These were critical to ensure strong buy-in of external stakeholders, adopting lessons learned, and reflecting best practices. Feedback received from this phase helped to shape the development of the first draft of the Strategy.
- Building on the second phase, **a third phase** (from August to October 2021) of consultations gave a particular focus to humanitarian and security partners, private sector and investment groups, think tanks, research institutes, and civil society organizations. This phase helped to refine the final draft of the Strategy document prior its clearance by CODE and approval by the Board of Directors.

In parallel to the virtual interviews of the second and the third phase, an online survey was deployed across consulted stakeholders to collect their inputs in a structured manner. The survey recorded 46 respondents representing stakeholders across the spectrum of national authorities, development, humanitarian, security, civil society, and private sector actors. Overall, the survey's findings confirmed the thrust of the interviews and consolidated the Bank's understanding of the strategic direction expected from its stakeholders.

By way of illustration, according to the respondents, the top areas that the Bank should focus on while engaging in fragile and conflict-affected areas are: Investments in quality infrastructure (16%); Institutional capacity development (12%); Regional integration (10%); Partnership, policy dialogue, and advocacy (10%); Women and youth economic empowerment (10%); Development of private sector (9%); and Mobilization of development finance (9%).

As for the revised definition of fragility, 57% of the respondents find it *appropriate*, while 33% consider it *very appropriate*. Similarly, the differentiation of situations in the fragility spectrum has been assessed *appropriate* and *very appropriate* by more than 80% of the respondents.

In addition, the survey suggests that 80% of the respondents are of the view that the three priorities of the Strategy are either *appropriate* or *very appropriate*. On the Bank's engagement at regional level, the survey shows a strong uptake on *preventing national conflicts and regional insecurity*, while *supporting domestic value chains through local businesses and MSMEs* is the most rated area of interventions for the private sector development in fragile contexts.

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- ¹ *Independent Evaluation of the African Development Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019)*, July 2020 (ADB/BD/WP/2020/147 – ADF/BD/WP/2020/105).
- ² Estimates based on the FY22 World Bank's classification of Fragile and Conflict-affected Situations (FCS).
- ³ *The Africa Infrastructure Development Index (AIDI) 2020*, African Development Bank Group, 2020.
- ⁴ *Fragility and Violence: On the Front Lines of the Fight Against Poverty*, World Bank, 2020.
- ⁵ *The economic impact of the 2014 Ebola epidemic: short- and medium-term estimates for West Africa*, World Bank, October 2014.
- ⁶ *From Debt Resolution to Growth: The Road Ahead of Africa*, African Economic Outlook 2021, March 2021.
- ⁷ *Multidimensional Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021-2023)*, July 2021 (ADB/BD/WP/2021/74/Rev.1/Approved – ADF/BD/WP/2021/54/Rev.1/Approved).
- ⁸ *The Growing Complexity of Farmer-Herder Conflict in West and Central Africa*, Africa Center for Strategic Studies, July 2021.
- ⁹ The Military Expenditure Database of the Stockholm International Peace Research Institute (SIPRI).
- ¹⁰ In July 2020, the 2014 Strategy was extended through December 2021 to allow an appropriate timeframe for the development of this Strategy. *Request for Extension of the 2014-2019 Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa through December 2021*, July 2020, (ADB/BD/WP/2020/147/Rev.1/Approval – ADF/BD/WP/2020/105/Rev.1/Approval).
- ¹¹ *Independent Evaluation of the Bank Group's Program Based Operations (2012-2017)*, October 2018, (ADB/BD/WP/2018/192/Rev.1 – ADF/BD/WP/2018/140/Rev.1).
- ¹² *Replacement of the 2014 ADF Regional Operations Selection and Prioritization Framework by the 2020 Regional Operations Selection and Prioritization Guidelines*, April 2021 (ADF/BD/WP/2020/100/Rev.2/Approved).
- ¹³ *Comprehensive Review of Bank Group Procurement Policy, Procedures and Processes*, September 2015, (ADB/BD/WP/2015/71/Rev.2 — ADF/BD/WP/2015/51/Rev.2).
- ¹⁴ For the sake of this analysis, 'Transition States' are used as a proxy for fragile and conflict-affected situations in Africa. It refers to countries that have been assessed eligible for the resources of the Transition Support Facility (TSF) under the latest ADF cycle (ADF-15) at the moment of the development of this Strategy.
- ¹⁵ *Zimbabwe — Establishment of a Multi-Donor Trust Fund for Zimbabwe (Zim-Fund)*, May 2010, (ADB/BD/WP/2010/80/Rev.1/Approved — ADF/BD/WP/2010/47/Rev.1/Approved).
- ¹⁶ *Delivering as a One Bank — Strengthening Accountability for Delivering Quality and Development Impact in a Matrix Organization*, March 2020, (ADB/BD/IF/2020/70).
- ¹⁷ *Sharpening the Bank's Selectivity and Development Focus – A proposal to Increase in Bank's Selectivity*, May 2021, (ADB/BD/WP/2021/06/Rev.2/Approval — ADF/BD/WP/2021/05/Rev.2/Approval).
- ¹⁸ *DAC Recommendation on the Humanitarian-Development-Peace Nexus*, OECD Development Assistance Committee, February 2019.
- ¹⁹ *The African Development Bank People Strategy 2021-2025*, November 2020, (ADB/BD/WP/2020/213/Rev.2).
- ²⁰ *The Bank Group's Total Compensation Framework 2021-2024*, September 2021, (ADB/BD/WP/2020/206/Rev.4).

²¹ *Independent Evaluation of the Bank Group's Program Based Operations (2012-2017)*, October 2018, (ADB/BD/WP/2018/192/Rev.1 – ADF/BD/WP/2018/140/Rev.1).

²² *Comprehensive Evaluation of the Development Results of the African Development Bank Group (2004-2013)*, November 2016, (ADB/BD/WP/2016/209 – ADF/BD/WP/2016/149).

²³ At the moment of the development of the Fragility Strategy, the preparation of the 2021-2025 Quality-of-Life Strategy, the 2021-2025 Private Sector Development Strategy, the 2021-2030 Strategy for Quality Health Infrastructure in Africa, the 2021-2030 Climate Change and Green Growth Strategic Framework, the 2022-2026 Civil Society Engagement Strategy, and the 2022-2026 Knowledge Management Strategy were ongoing. The 2014-2019 Financial Sector Development Policy and Strategy, and the 2014-2018 Human Capital Strategy, were extended through 2020, and 2021, respectively.

²⁴ According to the 2021 PERC Country Reports, “*Partnership for Evidence-Based Response to COVID-19*”, March 2021.

²⁵ Wallensteen, Peter and Margareta Sollenberg, 1998. “*Armed Conflict and Regional Conflict Complexes, 1989-1997*”, *Journal of Peace Research* 35(5): 621-634.

²⁶ Development Initiatives, *Global Humanitarian Assistance Report 2021*.

²⁷ *Diversifying the Bank's Products to Provide Eligible ADF-Only Countries Access to the ADB Sovereign Window*, May 2014 (ADB/BD/WP/2014/48/Rev.2 — ADB/BD/WP/2014/48/Rev.2).

²⁸ *Towards an Enhanced Operational Engagement of the Transition Support Facility in ADF-16*, Fourth ADF-16 Working Group Meeting, September 1-2, 2021.

²⁹ *Guidelines on Subnational Finance*, November 2019 (ADB/BD/IF/2019/292 — ADB/BD/IF/2019/292).