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RETA 8065: Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations

Progress Report
July 2014 – September 2014

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For Asian Development Bank

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ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
AFI	ADB fragility index
CSO	civil society organization
ERD	Economics and Research Department, ADB
NRM	Nepal Resident Mission, ADB
FSM	Federated States of Micronesia
FCAS	fragile and conflict-affected situation
NASC	Nepal Administrative Staff College
PBT	peacebuilding tool
PPTA	project preparatory technical assistance
PNG	Papua New Guinea
RETA	regional technical assistance

I. INTRODUCTION

1. The Regional Technical Assistance (RETA) 8065: Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations (FCAS) aims to improve ADB's capacity in managing issues in FCAS, thereby increasing its development effectiveness in such situations. The RETA, approved on 29 March 2012, assists in implementing (i) pilot country-led fragility assessments to help understand the local context, and (ii) capacity development plans in selected FCAS countries (see design and monitoring framework in Appendix 1). The RETA also supports the continued implementation of ADB's approach to FCAS and ADB's operational plan on FCAS.¹ It complements and builds on the first technical assistance supporting ADB's engagement in fragile situations.² This report is the seventh progress report covering the third quarter of 2014 (July–September).

2. Completion of the RETA has been extended from 30 April 2014 to 31 December 2015 to implement additional initiatives. See Appendix 2 for the complete list of regional and country initiatives under the RETA.

II. PROGRESS AND ACHIEVEMENTS

A. Understanding the Local Context

1. Developing and testing of ADB fragility index

3. This pilot initiative, led by Guntur Sugiyarto, senior economist, Economics and Research Department (ERD), seeks to contribute to the effectiveness of ADB's engagement in FCAS by developing an ADB fragility index (AFI). The index should serve as a guide to ADB and other similar institutions for engaging in FCAS countries in line with the principle that there should be a differentiated approach toward these countries by considering the nature and degree of fragility reflected in the index. The operationalization of the differentiated approach is expected to improve the overall effectiveness of policies, programs, and operations.

4. A short brochure on the fragility index has been published³ and its full report will be published as ERD's working paper series. A research study will be conducted on the effectiveness of aid in FCAS countries and how AFI can be used to re-allocate aid in a more effective way and for a differentiated approach. Subject to availability of funding, a forum might also be organized to share knowledge and understanding on "Differentiated approach in FCAS country: how fragility index can help the purpose?" with fragility experts and policymakers from selected fragile countries and development practitioners.

¹ ADB. 2007. *Achieving Development Effectiveness in Weakly Performing Countries: The Asian Development Bank's Approach to Engaging with Weakly Performing Countries*. Manila. www.adb.org/documents/achieving-development-effectiveness-weakly-performing-countries-asian-development-bank-s-a; ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila. www.adb.org/documents/operational-plan-enhancing-adb-effectiveness-fragile-and-conflict-affected-situations

² ADB. 2009. Technical Assistance for Supporting ADB's Engagement in Fragile Situations. Manila (TA 7269-REG).

³ ADB. 2014. *Fragility Index for a Differentiated Approach*. Manila. www.adb.org/publications/fragility-index-differentiated-approach

2. Supporting best practices in preparation and implementation of land acquisition and resettlement plans in Afghanistan

5. This pilot initiative, led by David Hill, senior transport specialist, Central and West Asia Department, seeks to achieve efficient implementation of ADB's transport portfolios in Afghanistan. It aims to help increase capacity of nongovernment organizations, national consultants, and government ministries in complying with ADB's best practices for preparation and implementation of land acquisition and resettlement plans, according to ADB's Safeguard Policy Statement 2009. A conflict-sensitive analysis was conducted in Afghanistan's transport sector to inform future ADB operations. The main findings show that land acquisition and resettlement plans are best prepared and implemented with the close participation of communities and affected persons in a seamless process, after funding approval, at the onset of the project effectiveness.⁴

3. Understanding the local context using political economy analysis: Land tenure system in the Federated States of Micronesia

6. This initiative, led by Ninebeth Carandang, social development specialist, Pacific Department, aims to increase understanding among government and development partners of the political economy in the country's land tenure system and its implications to development strategies and programs, inform tourism strategy and investment plan for the country, and strengthen political economy analysis framework that can be used by ADB staff as guide to understanding the local context and informing country strategies and program/project designs.

7. The Government of Federated States of Micronesia (FSM) has expressed its no-objection to the initiative. The team leader for the initiative in FSM consulted government officials during her country mission in February 2014 for a tourism project (National Tourism Sector Development Framework and State Government Tourism Investment Plans). The finance secretary suggested that the political economy study should focus on mapping the available lands for development instead of focusing on the long known issues of customary land tenure in the country.

8. Finding the appropriate local consultant has been difficult as there have been scant expertise available at the domestic level. An international consultant with considerable experience in FSM will be recruited to conduct the study.

4. Understanding and responding to Papua New Guinea's Fragile Situation: A fragile situation thematic assessment

9. This pilot study aims to explore how the findings and recommendations of past political economy and fragility assessments can guide the approaches taken to ADB's engagement in Papua New Guinea (PNG), particularly in the major sectors of its operation—transport and energy sectors. Results of the study will be used mainly to inform the formulation of strategic directions of PNG's country programming exercise. Specifically, the study aims to determine the drivers of fragility in the transport and energy sectors with particular focus on governance and how the government and ADB

⁴ ADB. 2014. *Transport Sector Development in Afghanistan: Improving Resettlement Planning and Implementation*. Manila. www.adb.org/publications/transport-sector-development-afghanistan-improving-resettlement-planning-implementation

have responded to these fragility drivers, and to offer practical recommendations for the PNG Country Partnership Strategy 2016-2020, given PNG's fragile context.

10. Findings of the study were presented during the PNG Country Partnership Strategy country team retreat in April 2014. A short policy brief on the study findings, with PNG government's approval, has been published.⁵ The full-blown report has been finalized for internal use.

11. Based on this study, a practical guide to fragility assessment has been published to provide the steps on how to understand the local context of a fragile country and how to come up with knowledge that could feed into development strategies, programs, and projects.⁶

5. Understanding the local context using political economy analysis: A pilot study in Vanuatu

12. This initiative aims to provide more effective and politically feasible development strategies, more realistic expectations of what can be achieved and the risks involved, and contribute to better results by identifying where the main opportunities and barriers for policy reform exist and how ADB can use its country programming and policy dialogue tools to promote positive change.

13. A political economy analysis of Vanuatu was prepared by two consultants (one local consultant from Vanuatu, one international) to provide practical directions for ADB's future operations in the country. The analysis was prepared as an input to ADB's next country operations business plan for Vanuatu.

14. Relevant ADB and other literature on political economy analysis and evaluations of Vanuatu development programs were reviewed at the beginning of the study. The framework employed for assessing the political economy of Vanuatu was based on the general theory and experience of economic growth and development. Key issues examined are the interactions between people over the ownership and use of factors of production, the impact of governance processes, and the formal and informal rules and regulations, interests and incentives, and norms and behavior of people in formulating implicit or explicit decisions on development strategy, policy, programs, and projects.

15. The report draws attention to the country's political economy strengths and weaknesses. Recommendations include the development of ADB capacities to deal with political economy and processes and procedures that ADB can adopt to work through the political economy, as well as additional programs of assistance that are required, to improve development outcomes. The Government of Vanuatu supported the analysis as a potential input to its ongoing effort to prepare the country's next national sustainable development plan.

16. Study findings and recommendations were presented in Vanuatu to separate groups of donors, nongovernment organizations, and the government as well as to the

⁵ ADB. 2014. *Understanding and Responding to a Fragile Situation: A Pilot Assessment in Papua New Guinea*. Manila. www.adb.org/publications/understanding-and-responding-fragile-situation-pilot-assessment-papua-new-guinea

⁶ ADB. 2014. *Practical Guide to Fragility Assessment*. Manila. www.adb.org/publications/practical-guide-fragility-assessment

public. Presentations have subsequently been given to ADB in Sydney on 5 September with a further presentation planned for Manila on 12 November.

B. Capacity Development

1. Strengthening local capacity for peace-sensitive development approach in Nepal

17. This pilot initiative, led by Raju Tuladhar, senior country specialist, ADB Nepal Resident Mission (NRM), seeks to enhance development effectiveness of ADB-supported projects and programs with measures to support peacebuilding and mitigate the risks of exacerbating the political and social tensions during the ongoing political transition in Nepal. It aims to (i) strengthen capacity of NRM to refine and apply the peacebuilding tool (PBT) in designing and implementing peace-sensitive projects and reform programs; (ii) build ownership and capacity of relevant government agencies in undertaking fragility assessments and peace-sensitive analysis in collaboration with development partners and civil society organizations; and (iii) increase awareness and build capacity of peacebuilding stakeholders in ADB operations through PBT training and peace-sensitive approaches, in collaboration with development partners.

18. The initiative in Nepal will develop an improved model of the PBT that can be adapted to different project and program contexts, including a tool translated into Nepali language. ADB's approaches to peacebuilding and fragile and conflict-affected situations will be mainstreamed through training programs and knowledge products.

a. Strengthening capacity of Nepal Resident Mission in designing and implementing peace-sensitive projects and reform programs

19. There were no new projects analyzed this quarter. The Nepali version of the peacebuilding tool was tested during training of government officials in the Nepal Administrative Staff College.

b. Building ownership and capacity of government agencies in undertaking fragility assessments and peace-sensitive analysis

20. The planned activities under the contract with Nepal Administrative Staff College (NASC) have been almost completed this quarter.⁷ Building on the capacity development initiatives, NASC continued to (i) provide training to government staff on peace-sensitive approach to development, (ii) led a forum of trained government staff to discuss the opportunities and challenges in mainstreaming the approach, and (iii) finalize the training manual on the subject.

21. In a separate event, the Ministry of Peace and Reconstruction organized a 3-day training for 57 government officials to sensitize them to conflict transformation and peacebuilding process and enable them to mainstream the peace-sensitive development approach across government line ministries. Since the National Planning Commission

⁷ Mainstreaming peace/conflict sensitivity and use of peacebuilding tool through NASC

(NPC) has adopted the peace-sensitive approach to development, other line ministries seem to catch up in institutionalizing it.

22. The peacebuilding advisor met with NPC's consultant team who were assigned to prepare a results framework under the national plan. In line with the peace-sensitive approach, NPC will incorporate the peacebuilding indicators under the national plan's section on peace and reconstruction. Inclusion of peacebuilding indicators in the national results framework is also expected to enhance the local capacity on peace-sensitive approach to development.

c. Increasing awareness and building capacity of peacebuilding stakeholders in ADB operations in collaboration with development partners

23. The peacebuilding advisor met with International Fund for Agricultural Development consultant team to discuss ADB's operational risks and mitigating measures. She also met with representatives from International Finance Corporation regarding the compilation of available monitoring tools for development projects. A potential for engaging in ADB-supported project was discussed with Interparty Society Nepal. Following a meeting with National Planning Commission, a draft results framework has been prepared on the national development plan, and will be circulated among development partners. ADB technical assistance is expected to identify peacebuilding indicators for a specific section. The roll out of the community mediation project in 2014 was discussed with representatives from Japan International Cooperation Agency and the Ministry of Federal Affairs and Local Development. The community mediation project will be rolled out under the Local Governance and Community Development Program II.

24. Three project reports and a synthesis report were produced. A knowledge document has been prepared based on the information from the three districts and the synthesis report submitted by the International Alert. Following the key recommendation of the assessments, a two-day training has been planned for the three project staff to familiarize them on conflict-peace sensitivity approach to development. See Appendix 3 for the full report.

2. Building capacity for implementation of a national development strategy in a postconflict state (Solomon Islands)

25. This initiative aims to assist the Government of Solomon Islands in completing its high priority tasks: medium-term development plan, medium-term expenditure framework, and reform of development budget processes for the National Development Strategy.

26. A consultant development economist implemented the initiative and provided capacity building for the Ministry of Development Planning. Project preparation and appraisal guidelines have been prepared to provide institutional support to implementation of the National Development Strategy. The guidelines will assist in the preparation of projects contributing to the achievement of the National Development Strategy objectives. A knowledge document is being prepared on the development planning work.

C. Implementation of FCAS Operational Plan

27. The FCAS Support Team⁸ continues to support the implementation of the *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situation*.⁹ Building on the ADB 2007 Approach to Weakly Performing Countries, ADB approved in 2013 an operational plan for its FCAS developing member countries (DMCs) to clarify its commitment and provide guidance to staff. The FCAS operational plan aims to adapt ADB's operations to better respond to the unique challenges that confront DMCs experiencing fragility and conflict. It also seeks to strengthen ADB's focus on the long-term development of institutions and country systems in these DMCs. Below are the activities set out in the operational plan vis-à-vis their implementation progress (See Appendix 4 for the summary of the FCAS operational plan's implementation progress).

1. Harmonized approach to classify FCAS countries

28. Following endorsement of ADB's operational plan for fragile and conflict-affected situations (FCAS) in April 2013, ADB list of FCAS countries is harmonized with the list of the World Bank (that is, the average of World Bank country policy and institutional assessment and ADB country performance assessment). The 2013 list (based on the 2013 country performance assessment scores) which guides ADB operations in FCAS for the year 2014 include Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Nepal, Solomon Islands, Timor-Leste, and Tuvalu.¹⁰ Afghanistan is considered conflict-affected, Nepal is in transitional situation, and the rest, which are all Pacific countries, are identified as fragile situations (see Appendix 5 for the list of countries identified as FCAS from 2007-2013).

29. It should be noted that weak performance and fragility do not disappear when a country shows a small improvement in performance scores that might move it above an arbitrary cut-off point such as a score of less than 3.2 (i.e., Papua New Guinea with a score of 3.3 and Vanuatu with a score of 3.4).

2. Mainstreaming fragility and conflict-sensitive approach

30. Since the endorsement of the operational plan, about 156 ADB staff have been familiarized on FCAS through (i) introductory session incorporated in the project design and management program regularly conducted by the Budget, Personnel and Management Systems Department; (ii) Pacific Talk organized by ADB's Pacific Department; and seminars for Afghanistan Resident Mission. The FCAS Support Team also participated in the World Bank's online course on Violence, Conflict and Fragility. This course explores the nature of modern forms of violence, approaches to preventing and managing them, and ways the international community can support these processes. It is organized around the main themes of the 2011 World Development Report.¹¹

⁸ The ADB FCAS support team is composed of Patrick Safran, FCAS focal point and PARD principal operations coordination specialist (fragile situations); Jesusa Dela Cruz, PARD operations assistant; and Cyrel San Gabriel, research and knowledge management specialist (consultant).

⁹ ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila. www.adb.org/documents/operational-plan-enhancing-adb-effectiveness-fragile-and-conflict-affected-situations

¹⁰ FCAS countries are determined as those having a harmonized quantitative cutoff of 3.2 or less, or those having the presence of a UN and/or regional peacekeeping or peacebuilding mission during the past 3 years

¹¹ World Bank. 2011. *World Development Report 2011*. Washington, DC.

<http://go.worldbank.org/QLKJWJB8X0>

31. Sharing of knowledge and good practices were done through several platforms: (i) workshop on political economy analysis; (ii) brownbag seminars on FCAS and gender topics; (iii) publications on guidelines, good practices, and assessments in selected FCAS countries; (iv) orientation videos on FCAS; (v) FCAS websites, including resource center and network; and (v) ADB-Australian Aid High-Level Forum on Building Resilience to Fragility in Asia and the Pacific. See <http://fragilesituations.adb.org>

32. Fragility and conflict-sensitive approaches have been mainstreamed in most recent strategic formulation documents and project reports:

- country operations business plan in Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Papua New Guinea, Timor-Leste, Tuvalu, and Vanuatu
- regional operations business plan for the Pacific
- country partnership strategies for Nepal and Philippines

3. Customized risk management framework

33. A customized risk management framework has been developed to guide ADB staff in managing risks in FCAS.¹² The framework presents ADB's existing business processes, which are customized in each phase of the project cycle (identification, preparation, implementation) to better address or mitigate the four major risks (economic, political, statebuilding and governance, and natural hazard) identified during the 2013 High-Level Forum on Building Resilience to Fragility in Asia and the Pacific (see framework in Appendix 6).¹³

34. The draft framework has been developed through participatory process and extensive consultation with concerned staff from Independent Evaluation Department, Office of Risk Management, Operations Services and Financial Management Department, Pacific Department, Philippine Country Office, Private Sector Operations Department, Regional and Sustainable Development Department, and Strategy and Policy Department. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.

4. Institutional strengthening framework

35. A broad framework for long-term institution building suited to FCAS DMCs has been developed.¹⁴ It is based on the argument that the performance of government agencies (central and sector) and core government functions are the binding constraints

¹² ADB. 2014. *Engagement in Fragile and Conflict-Affected Situations: Customized Risk Management Framework*. Manila. www.adb.org/publications/customized-risk-management-framework

¹³ ADB. 2013. *High-Level Forum on Building Resilience to Fragility in Asia and the Pacific: Proceedings*. Manila. www.adb.org/publications/forum-building-resilience-fragility-asia-and-pacific-proceedings; ADB. 2013. *Building Resilient Societies: Evolving Solutions*. Manila. www.adb.org/publications/building-resilient-societies-evolving-solutions

¹⁴ ADB. 2014. *Engagement in Fragile and Conflict-Affected Situations: Institutional Strengthening Framework – A Guidance Note*. Manila. www.adb.org/publications/institutional-strengthening-framework-guidance-note

to building states and strengthening, if not restoring, the delivery of all public and private goods and services in FCAS. The framework presents a three-step results-based approach with each subsequent step designed to further identify, prioritize, and refine an understanding of FCAS institutional and capacity gaps as well as to identify the means to strengthen these gaps. The three steps are:

1. Performance review of institutions using existing assessments
2. In-country strategic institutional assessment
3. Development of a results-focused framework for the design of fragile and conflict-affected situations institutional strengthening

36. The draft framework has been developed through participatory process and extensive consultation with concerned staff from Pacific Department, Philippine Country Office, Regional and Sustainable Development Department, and Strategy and Policy Department. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.

5. Resilience mapping and establishment of resource group

37. A technical assistance on Mapping Resilience to Fragility and Conflict in Asia and the Pacific will be implemented to help build resilience through supporting fragility and conflict-sensitive approaches to development in selected fragile states in Asia and the Pacific. Building on previous assistance supporting ADB's engagement in FCAS, specific assessment tools have been piloted (e.g., peacebuilding tool, guide to fragility assessment, fragility index, institutional strengthening framework, customized risk management framework). This TA will support and expand their application in FCAS DMCs and will provide the means to capture collective local knowledge (resilience mapping) to better understand the operating context and the interaction between intervention and context. This will enable more effective policies and programs designed specifically to address the complex development issues in FCAS.

38. Over the course of implementing the TA, a further input will be through the establishment and capacity building of the FCAS resource group as called for in ADB's operational plan. The resource group will develop and help the country and project teams use a fragility lens mechanism in preparing the results frameworks of strategies and the design and monitoring frameworks of projects and programs in FCAS countries.

6. Enhancing financial resources for FCAS

39. ADB's FCAS DMCs account for more than \$2 billion in projected approvals during Asian Development Fund XI (15% of the total ADF). To support increasing financial resources to FCAS countries, ADB has introduced a minimum allocation of \$3 million per year for its most fragile ADF DMCs. Therefore, several fragile small Pacific island countries including Kiribati, the Republic of the Marshall Islands, the Federated States of Micronesia, Nauru, and Tuvalu will benefit from these enhanced allocations.¹⁵

¹⁵ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

III. FINANCIAL STATUS

40. During the reporting period, the RETA activities included the preparation and implementation of country initiatives in FSM, PNG, Solomon Islands, and Vanuatu; preparation of knowledge documents on the initiative in Nepal; and implementation of the operational plan. Table 1 summarizes the financial status of the RETA as of 13 October 2014.

Table 1: RETA 8065 Financial Status as of 13 October 2014 (in US\$)

Category	Budget Allocation	Total Contracts	Contracts Disbursed	Contracts Undisbursed	Uncommitted TA Funds	Undisbursed TA Funds
Consultants	720,070	608,998	423,844	185,154	111,072	296,226
Training	92,000	68,021	40,421	27,600	23,979	51,579
Studies	23,750	0	0	0	23,750	23,750
Administration	65,500	5,001	4,289	712	60,499	61,211
Contingency	20,000	15,743	0	15,743	4,257	20,000
Total	921,320	774,679	490,498	284,181	146,641	430,822

APPENDIXES

1. RETA Design and Monitoring Framework and RETA Progress

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks	RETA Progress (to-date)
Impact Improved development effectiveness in FCAS	Portfolio performance in FCAS improved in the medium term (% of total TCRs in FCAS rated successful increases to 80% in 2015 from 74% in 2010) ^a	TA completion reports, development effectiveness reports, CPS documents, country operations business plans, projects' documents, portfolio review reports, and annual CPA exercise	Assumptions Global efforts on improving development partners' engagement in FCAS are contributing to development effectiveness ADB supports a differentiated approach to strategy formulation and programming in FCAS Risks High levels of political risks, external factors, and uncertainties are inherent in FCAS	
Outcome Better capability to manage fragility issues in FCAS	All CPS in FCAS identify and address fragility issues by 2015 (5 CPS in FCAS in 2011) ^b	CPS, COBP, RRP, and TA reports	Assumptions Conditions in DMCs permitting demand for and involvement of counterparts in regional and local TA initiatives Risks High levels of political risks, external factors, and uncertainties are inherent in FCAS	
Outputs 1. Country-led fragility assessments	At least 3-4 pilot fragility assessment and political	CPS, COBP, documents, programs, projects, and	Assumptions Effective engagement by DMCs' governments and active	A report on the fragility index study was finalized and being prepared as Economics and

implemented in selected FCAS	economy analyses completed by 2014.	<p>TAs' reports, and consultants' reports</p> <p>CPS, COBP, documents, programs, projects, and TAs' reports, and consultants' reports</p>	<p>development partners in the preparation and implementation of activities</p> <p>Availability of incentives and resources to support TA implementation</p> <p>Risks Commonly high staff turnover among both DMC agencies and development partners</p> <p>Regional departments do not sustain long-term commitment to implement ADB's approach</p>	<p>Research Department's working paper series. A short brochure has been published. (See Appendix 2).</p> <p>A conflict-sensitive analysis was conducted in the transport sector and published as knowledge product (brochure) to inform future ADB operations in Afghanistan.</p> <p>A knowledge product of the fragility assessments done jointly with International Alert has been prepared for publication. Fragility assessments were conducted on three projects being implemented in Nepal: (i) Secondary Town Urban Integrated Environment Improvement Project, (ii) High Mountain Agriculture and Livelihood Project, and (iii) Decentralized Rural Infrastructure and Livelihood Project.</p> <p>The peacebuilding tool has been applied in several ADB projects in Nepal. It has also been translated into Nepali by government staff. The translated version was tested during training for government officials at the Nepal</p>
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				<p>Administrative Staff College.</p> <p>Fragility assessment of transport and energy sectors in Papua New Guinea was conducted to inform PNG Country Partnership Strategy 2016-2020. Findings of the study were presented during the PNG CPS country team retreat in April 2014. A short policy brief has been published with no-objection from the PNG government. A full-blown report has been finalized for internal use. Based on this study, a practical guide to fragility assessment has also been published.</p> <p>A political economy study was conducted to inform ADB's next country operations business plan for Vanuatu. Study findings and recommendations were presented in Vanuatu to separate groups of donors, NGOs, and the government as well as to the public. Presentations have been given to ADB in Sydney on 5 September with a further presentation planned for Manila on 12 November.</p>
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<p>2. Country-led capacity development plans implemented in selected FCAS</p>	<p>At least 2-3 capacity development plans piloted by 2014.</p>			<p>Forum held on 6-7 June 2013, with more than 60 participants, including high-ranking government officials and senior representatives from development partners</p> <p>Publication of proceedings highlighting the presentations and discussions in the forum</p> <p>Publication of a brochure <i>Building Resilient Societies: Evolving Solutions</i> that summarizes the issues and recommendations that emerged from the forum, the recent literature, and the latest international discussions (See Appendix 2)</p> <p>The Nepal Administrative Staff College (NASC) continues to provide training to government staff on peace-sensitive approach to development. The training curriculum and the peacebuilding tool manual are being finalized. A knowledge document on local capacity building on peace-sensitive development approach is being prepared for publication.</p> <p>Project preparation and appraisal guidelines have been prepared to provide institutional</p>
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				<p>support to implementation of Solomon Islands' National Development Strategy. Capacity building was conducted for the Ministry of Development Planning.</p> <p>Since the endorsement of the operational plan, about 156 ADB staff have been familiarized on FCAS through (i) introductory session incorporated in the project design and management program regularly conducted by the Budget, Personnel and Management Systems Department; (ii) Pacific Talk organized by ADB's Pacific Department; and (iii) seminars conducted for Afghanistan Resident Mission. The FCAS Support Team also participated in the World Bank's online course on Violence, Conflict and Fragility.</p> <p>A customized risk management framework has been developed to guide ADB staff in managing risks in FCAS. A brochure has been published. The framework will be piloted in selected FCAS countries under the technical assistance on mapping</p>
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				<p>resilience to fragility.</p> <p>A broad framework for long-term institution building suited to FCAS DMCs has been developed. A brochure has been published. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.</p>
Activities with Milestones <p>1. Country-led fragility assessments developed and piloted in FCAS</p> <p>1.1. Assess needs and demands on political economy, the causes and features of fragility, and sources of resilience in FCAS (by Q3, Year 1)</p> <p>1.2. Refine peacebuilding tool in Nepal (by Q3, Year 1)</p> <p>1.3. Design fragility assessment tool (or fragility filter) for FCAS, in particular for the Pacific FCASs (by Q3, Year 1)</p> <p>1.4. Conduct political economy analyses in FCASs, in particular in Pacific FCASs (by Q1, Year 2)</p> <p>1.5. Develop and pilot fragility assessment in FCAS (by Q1, Year 2)</p> <p>1.6. Implement refined peacebuilding tool in Nepal (by Q1, Year 2)</p> <p>1.7. Organize a workshop to share and disseminate lessons learned (by Q3, Year 2)</p> <p>1.8. Produce and disseminate knowledge products (by Q3, Year 2)</p>		Inputs <p>TASF-others: US\$800,000</p> <p>Australian Aid cofinancing for the High-Level Forum on Building Resilience to Fragility in Asia and the Pacific: US\$121,320</p>		

<p>2. Country-led capacity development plans formulated in FCAS</p> <p>2.1. Prepare capacity development needs assessments (by Q4, Year 1)</p> <p>2.2. Design capacity development plans for FCAS. Development of curriculum (e.g., political economy, peace or fragility filter) will target government counterparts and development practitioners in the participating countries. When possible, the curriculum will cover key topics for advancing women's leadership in peace and security; or in fragile countries, plans will cover gender-sensitive issues (by Q1, Year 2)</p> <p>2.3. Pilot capacity development plans in FCAS (by Q3, Year 2)</p> <p>2.4. Establish database on best practices and lessons from engagement in FCAS (by Q4, Year 1)</p> <p>2.5 Produce and disseminate knowledge products (by Q3, Year 2)</p>		
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^a ADB. 2010. *ADB Development Effectiveness Review*. Manila.

^b ADB 2010. Special Evaluation Study. *Asian Development Bank's Support to Fragile and Conflict-Affected Situations*. Manila.

ADB = Asian Development Bank, COBP = country operations business plan, CPA = country performance assessment, CPS = country partnership strategy, DMC = developing member country, FCAS = fragile and conflict-affected situation, NASC = Nepal Administrative Staff College, NRM = Nepal Resident Mission (ADB), PNG = Papua New Guinea, RRP = report and recommendation to the President, TA = technical assistance, TASF = technical assistance special fund, TCR = technical assistance completion report, UNDP = United Nations Development Programme.

Source: Asian Development Bank estimates

2. Summary of Regional and Country Initiatives

A. Regional Initiatives

Initiative	Impact	Outcome	Output	Remarks
<p>Developing and Testing of Fragility Index</p> <p>Team Leader: Guntur Sugiyarto, ERD</p>	Improved effectiveness of ADB's engagement in fragile and conflict-affected situations (FCAS) through effective assessments	Sound and transparent methodology for assessing fragility and producing a standard and comparable measure of level of fragility, which will permit clear identification and classification of fragile developing member countries	A fragility index customized for ADB FCAS countries is developed. A full blown report will be drafted as an ERD working paper series and a knowledge product (online brochure) will be published.	Subject to availability of funding, a forum might be organized with fragility experts and policymakers from selected fragile countries.
<p>ADB-Australian Aid Forum on Building Resilience to Fragility in Asia and the Pacific</p> <p>Team Leader: Patrick Safran, PARD</p>	Stronger partnerships and enhanced development efforts to better assist countries with fragile and conflict-affected situations	<p>Priority recommendations to further the New Deal and the Washington Communiqué in a practical way that will assist operations in FCAS countries</p> <p>Fragility assessments and political economy assessments informed by the two publications (forum proceedings and brochure)</p>	<p>Forum held on 6-7 June 2013, with more than 60 participants, including high-ranking government officials and senior representatives from development partners</p> <p>Publication of proceedings highlighting the presentations and discussions in the forum</p> <p>Publication of a brochure <i>Building Resilient Societies: Evolving Solutions</i> that summarizes the issues and recommendations</p>	<p>The forum was cofinanced by Australian Aid.</p> <p>Eleven countries were represented in the forum: Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Republic of Nauru, Nepal, Philippines, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu.</p> <p>Seven development partners joined the forum: ADB, Australian Aid, USAID, World Bank, UNDP, The Asia Foundation,</p>

Initiative	Impact	Outcome	Output	Remarks
			that emerged from the forum, the recent literature, and the latest international discussions	International Alert

B. Country Initiatives

Country	Initiative	Impact	Outcome	Output
Afghanistan Team Leader: David Hill, CWRD	Supporting Best Practices in Preparation and Implementation of Land Acquisition and Resettlement Plans	Efficient implementation of ADB's transport portfolios in Afghanistan	Increased capacity of nongovernment organizations, national consultants, and government ministries in complying with ADB's best practices for preparation and implementation of land acquisition and resettlement plans, according to ADB's Safeguard Policy Statement (2009)	Capacity building program piloted based on experiences in Afghanistan transport sector for supporting best practices in preparation and implementation of land acquisition and resettlement plans. A knowledge product (online brochure) has been published.
Nepal Team Leader: Raju Tuladhar, NRM	Strengthening Local Capacity for Peace-Sensitive Development Approach	Enhanced development effectiveness of ADB-supported projects and programs with measures to support peacebuilding and mitigate the risks of exacerbating the political and social tensions during the ongoing political transition in the country	Strengthened capacity of ADB Nepal Resident Mission to refine and apply the peacebuilding tool in designing and implementing peace-sensitive projects and reform programs Built ownership and capacity of relevant government agencies in undertaking fragility assessments and conflict sensitivity analysis in collaboration with development	Different models of peacebuilding tools that can be applied to different project/program contexts, including a tool translated into Nepali language Training programs and knowledge products on fragility, peacebuilding, and ADB's approaches to fragile and conflict-affected situations

Country	Initiative	Impact	Outcome	Output
			<p>partners and civil society organizations</p> <p>Increased awareness and built capacity of peacebuilding stakeholders in ADB operations through training on peacebuilding tool and peace-sensitive approaches, in collaboration with development partners</p>	
<p>Federated States of Micronesia</p> <p>Team Leader: Ninebeth Carandang, PARD</p>	<p>Understanding the Local Context Using Political Economy Analysis: Land Tenure System in the Federated States of Micronesia</p>	<p>Improved business environment in FSM driven by effective and efficient land tenure systems</p> <p>Improved effectiveness of ADB engagement in FCAS</p>	<p>Increased understanding among government and development partners of the political economy in FSM's land tenure system and its implications to development strategies and programs</p> <p>Well-informed tourism strategy and investment plan for the country</p> <p>Strengthened political economy analysis framework that can be used by ADB staff as guide to understanding the local context and informing country strategies and program/project designs</p>	<p>Political economy analysis of the land tenure systems in FSM that will provide a set of recommendations and scope of actions, and propose policies to improve the land tenure system</p> <p>Pilot test of the political economy analysis framework for FCAS</p>
<p>Papua New Guinea</p> <p>Aaron Batten,</p>	<p>Understanding and responding to Papua New Guinea's Fragile Situation: A fragile</p>	<p>Improved effectiveness of ADB's ongoing engagement in PNG</p>	<p>Findings and recommendations of past political economy and fragility assessments to guide the</p>	<p>Desk research on fragile situations thematic assessments</p>

Country	Initiative	Impact	Outcome	Output
PNRM	situation thematic assessment		<p>approaches taken in ADB's engagement in PNG, particularly in the major sectors of ADB's operation—the transport and energy sectors.</p> <p>Results of the study to inform the formulation of strategic directions of Papua New Guinea's country programming exercise (Country Partnership Strategy 2016-2020)</p>	<p>Knowledge product (short online brochure) on the findings of the fragility assessment</p> <p>Full-blown report of the fragility assessment for internal use</p> <p>Practical guide to fragility assessment developed based on the experiences under the initiative</p>
<p>Solomon Islands</p> <p>Team Leader: Milovan Lucich, PLCO</p>	Building Capacity for Implementation of a National Development Strategy in a Postconflict State	Effective implementation of Solomon Islands' first long-term strategy, the National Development Strategy (NDS) 2011-2020	<p>Completion of the government's 3 high priority tasks by first quarter of 2014: medium-term development plan 2014, medium-term expenditure framework 2014, and revision of the monitoring and evaluation systems and processes for the NDS</p> <p>Strengthened capacity of Ministry of Development Planning and Aid Coordination (MDPAC) staff in economic analysis</p>	<p>Assistance to MDPAC completion of the medium-term development plan 2014 cycle</p> <p>Development and implementation of a capacity development program to improve the economic analysis skills of MDPAC staff</p> <p>Assistance to MDPAC and Ministry of Finance and Treasury in finalization of the medium-term expenditure framework 2014</p> <p>Revision of the monitoring and evaluation system developed for the NDS</p>

Country	Initiative	Impact	Outcome	Output
Vanuatu Team Leader: Hayden Everett, PLCO	Understanding the Local Context Using Political Economy Analysis: A Pilot Study in Vanuatu	Improved effectiveness of ADB's ongoing engagement with Vanuatu	<p>More effective and politically feasible development strategies</p> <p>More realistic expectations of what can be achieved and the risks involved</p> <p>Contribution to better results by identifying where the main opportunities and barriers for policy reform exist and how ADB can use its country programming and policy dialogue tools to promote positive change</p>	Macro-level country analysis of political economy in Vanuatu to inform ADB's current and future operations (i.e., shipping, urban development, and energy sectors)

ADB = Asian Development Bank, CWRD = Central and West Asia Department, ERD = Economics and Research Department, FCAS = fragile and conflict-affected situations, FSM = Federated States of Micronesia, MDPAC = Ministry of Development Planning and Aid Coordination, NDS = National Development Strategy, NRM = Nepal Resident Mission, PARD = Pacific Department, PLCO = Pacific Liaison and Coordination Office in Sydney, PNG = Papua New Guinea, PNRM = Papua New Guinea Resident Mission, UNDP = United Nations Development Programme, USAID = United States Agency for International Development

3. Sixth Quarterly Progress Report of Nepal Peacebuilding Advisor

I. Introduction

1. The six reorganized subcommittees of the Constituent Assembly (CA) have started working on pending issues of the constitution making after receiving a report from the Constitutional Record, Study and Determination Committee on unresolved issues. This has paved the way for the specific subcommittees to move ahead on the preliminary draft text on state restructuring and distribution of state power—the much contentious issues of constitution making. The issues have entered the plenary session for wider discussion. The focus of the discussions has been turned toward the state's sustainability, economic capacity and viability, promotion of social harmony, and geophysical factors in the state restructuring process. If the debates on the challenging issues will not be resolved through the CA processes, they will be possibly addressed through a national referendum. The remaining nomination of the 26 members to the CA has been completed by 50% and the timeline for promulgation of the constitution has been set for 22 January 2015.

2. Most of the peace agreement agenda have concluded. The Nepal President has signed into law the Bills for Truth and Reconciliation Commission and the Commission on Disappeared Persons endorsed by the CA. However, there is still a widespread dissatisfaction among the conflict victims over some of the provisions concerning violation of human rights, resulting into filing of a writ in the Supreme Court. The establishment of a transitional justice mechanism is one of the prerequisites to meet the universal human rights obligations and commitments, which will be reviewed under the United Nation's Universal Progress Review in 2015. There are no such significant issues on the operational space this reporting period, except for some sporadic local strikes of the released Kamaiyas, Haliyas, and other landless groups protesting for a respectful rehabilitation. Nonetheless, the by-elections of June in three constituencies took place in a peaceful manner.

3. The natural disaster in August 2014 caused by the deadliest landslide and flooding in 19 districts directly affected more than 4,000 families and 20,000 people in Nepal, posing flood risk for at least 400,000 people together in Nepal and India.¹⁶ Nearly 10% of the hydropower capacity (about 67 megawatts) was affected by the landslide, leading to power cut of about 27 million people.¹⁷ Due to scattered location of over 11,000 displaced people, constrained by road blockage, the logistical arrangements remain a key challenge in meeting the humanitarian needs, causing potential risks in the community.

II. Background

4. Building on the previous technical assistance, RETA 7269: Supporting ADB's Engagement in Fragile Situations, the peace-sensitive approach and the use of peacebuilding tool (PBT) continues under the current technical assistance, RETA 8065: Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations. The post-conflict stability in Nepal will depend on the resolution of key constitutional issues, establishment of a legitimate government, universal acceptance and smooth

¹⁶ International Federation of Red Cross and Red Crescent Societies. www.ifrc.org

¹⁷ Circle of Blue. 2014. Himalayas Strike Again: Deadly Landslide in Nepal. 6 August. www.circleofblue.org/waternews/2014/world/nepal-landslide-hydropower/

implementation of the constitution, winning the peoples' confidence and positive perception, and capacity of state institutions. Given the country's protracted political process, pending issues on constitution making, and possible local elections, the post-conflict situation will continue to remain fragile for some period of time. The emerging issues on the implementation challenges of the constitution, formation of the federal system, and the need to build capacity of the local government also require sufficient level of attention. Hence, it is necessary to adopt peace and conflict-sensitive approach to understand fragility, and maintain a flexible approach to support political stability and socioeconomic transformation.

5. This is the sixth quarterly report on RETA 8065 activities in Nepal covering the period of June 2014 to August 2014. The overall scope of work under this TA includes (i) supporting the ADB Nepal Resident Mission (NRM) in using, refining, and strengthening the PBT for more practical application in peace-sensitive analysis; (ii) collaborating with other development partners on peace-sensitive approach training and dissemination of PBT to manage potential risks; (iii) continuing fragility assessment in coordination with other local civil society organization (CSO) partners and documenting and disseminating lessons and best practices on the assessment; and (iv) coordinating project with the government and providing necessary technical assistance in dissemination and use of the PBT. The detailed progress against the expected output, summary of key achievements, and lessons learned in this reporting period and recommendations are presented in the sections below.

III. Summary of Key Achievements against Outputs

Expected Outputs	Performance Indicators	Summary of Key Achievements (June-August 2014)
Refined and strengthened peacebuilding tool (PBT) for more practical application in peace-sensitive analysis	Number of projects analyzed Number of project preparatory technical assistance (PPTA) teams interacted with Nature of recommendations made to the PPTA teams	There were no new projects analyzed this quarter. The peacebuilding tool has been translated into Nepali language for the use of implementing partners.
Dissemination of PBT for managing potential risks in collaboration with other development partners	Number of development partner meetings, dialogues or workshops Nature of coordination mechanism applied (meetings, workshops, seminars)	The peacebuilding advisor attended the following sharing sessions in Nepal: - Department for International Development: Assessment of subnational conflict dynamics in Terai region - Japan International Cooperation Agency: Community mediation activities
Conduct fragility assessment in coordination with local CSO partners and documentation and dissemination of lessons and best	Number of projects assessed Number of knowledge sharing sessions conducted	A report is being prepared on the fragility assessment for publication.

practices on the assessment	Number of knowledge products produced	
Development of capacity development plans and products on the dissemination and use of the PBT (through technical assistance)	<p>Number of government-led analytical model produced</p> <p>Number of people trained and sensitized on peace-sensitive approach</p> <p>Number of local languages for which the PBT is translated</p> <p>Number of training materials produced</p>	<p>The translated version of the PBT was used in a government training session</p> <p>Training manual on peace-sensitive approach and use of PBT has been finalized and shared with ADB Nepal Resident Mission for feedback.</p> <p>Training programs on “Conflict Sensitivity: Do No Harm and Peacebuilding Tool” for government officials have been completed under the Nepal Administrative Staff College contract</p> <p>A knowledge document for publication has been prepared on local capacity building for peace-sensitive development</p>
Other activities		The peacebuilding advisor attended periodic meetings and training programs at the United Nations, a mandatory requirement for the security wardens. She also reviewed the Development Cooperation Policy of the government and provided comments based on a peace-sensitive approach.

CSO = civil society organization, PBT = peacebuilding tool, PPTA = project preparatory technical assistance

IV. Summary of Key Lessons and Recommendations

6. The Nepal Administrative Staff College continued to deliver training sessions on peace-sensitive approach under its regular training programs. As a result, a forum of government officials has been formed to discuss opportunities and challenges of mainstreaming peace-sensitive approach in their respective organizations. Such initiative is seen as a positive step toward institutional commitment to mainstream the concept. However, the shortage of government staff time in taking additional responsibility of advocating the peace-sensitive approach remains a concern.

7. A knowledge document on the fragility assessment of three ADB-supported projects has been drafted. The document has made an attempt to present the drivers of fragility, project responses to manage them, and recommended strategies to strengthen project operations. The analysis reveals that the drivers of conflict are contextual at subnational level, yet there are some common elements to potential disputes across the regions, such as land issues, inclusion, political dynamics, weak governance in the absence of locally represented bodies, and other socioeconomic changes. There is also a widespread call for local elections to ensure accountability of local development funds. The localized ethnic or caste groups continue to demand their inclusion in the constitution while the released agricultural labours raise voice for their resettlement. Increased trend of youth migration abroad has created a gap in labour supply in infrastructure building while women display increased responsibility in community works. Based on this exercise, such assessment should continue and be given adequate staff time and resources during project design.

8. Most of the development partners' deliberations this quarter focused on the rationale for continuing the transitional processes and peace structures, particularly the support to Nepal Peace Trust Fund (NPTF)¹⁸ and the formation of transitional justice mechanisms. The timeline for the NPTF has been extended until 2016 in view of the ongoing peace process, including constitution making and its roll out, local elections, and setting up of the Truth and Reconciliation Commission. A lesson learned from these deliberations is that assistance to transitional processes and structures do phase out at some point while there are emerging support requirements in a changing context.

V. Details of Progress

Output 1: Refining and strengthening of peacebuilding tool for more practical application in peace-sensitive analysis

9. The specific tasks under this output include: (i) building on the experiences of the ongoing technical assistance and mainstreaming peace-sensitive approaches at NRM in the context of a transitional situation; (ii) providing practical recommendations to improve the structure of the tool and sustaining implementation of peace-sensitive analysis—based on the assessment and dialogue with NRM, key development partners, and fragile situations support team in ADB headquarters; (iii) Giving advice to project preparatory technical assistance (PPTA) teams on strengthening consultation, participation, and social assessment processes to support the peace-sensitive approach, and participating in these processes; (iv) Providing advice to PPTA teams on the integration of conflict risk mitigation/peacebuilding actions, interventions, and monitoring mechanisms and providing constructive comments and suggestions to the final project design, as requested; and (v) refining and strengthening the PBT for practical use by local institutions and translating it into local language.

10. There were no new projects analyzed this quarter. The Nepali version of the peacebuilding tool was tested during training of government officials in the Nepal Administrative Staff College.

Output 2: Developing and conducting training on peace-sensitive approach and dissemination of peacebuilding tool to manage potential risks, in collaboration with other development partners

11. Specific tasks under this output include: (i) establishing and maintaining dialogue with other development partners involved in conflict risk assessments, seeking opportunities to share understanding and experiences on conflict risk assessment, and exploring and documenting mitigating strategies as means to promote investment in the peace process; (ii) identifying key agencies and informants that can provide reliable context specific information to inform completion of the PBT and linking informants with project design teams and NRM staff, as appropriate; (iii) participating in coordination and sharing events on conflict risk management and on peacebuilding with development partners and other local agencies; (iv) coordinating with development partners in terms of developing a common vision and plan with the government related to peacebuilding and statebuilding toward sustainable transitions; and (v) developing a coordinated approach with development partners, government counterparts, civil society organizations, and the private sector, as appropriate for activities related to peace-

¹⁸ The Nepal Peace Trust Fund is a multipartner trust fund specifically focused on key components of peace process in Nepal.

sensitive assessments, training/workshops, and documentation and dissemination of lessons learned.

12. During this period, most deliberations among development partners were focused on ongoing and potential assistance to peace process and peace structures. Keeping in view the completion of most of the Comprehensive Peace Agreement agenda and emerging needs, the peace support group focused the sharing sessions on the following issues:

- Continued partners' support to the Nepal Peace Trust Fund (NPTF) focusing on (i) support to conflict-affected people; (ii) access to security; and (iii) support to constitution process, including local elections. Subsequently, given the several issues to be resolved under the peace process, the NPTF's operational cost has been endorsed to implement the work plan until 2016.
- The Japan International Cooperation Agency (JICA), in coordination with the Ministry of Federal Affairs and Local Development (MoFALD), organized a seminar to (i) share the lessons learned from the Community Mediation project in two districts in Nepal; (ii) strategize the roll out of the community mediation program under a component of the Local Governance and Community Development Program (LGCDP);¹⁹ and (iii) outline roles and responsibilities of the MoFALD. In general, the Community Mediation facilities in two districts have been able to resolve more than 80% of the local disputes registered at the mediation centers. The JICA support will be expanded to 75 districts, 58 municipalities, and 3,915 village development committees under the LGCDP.
- The Department for International Development coordinated a peacebuilding advisors' seminar to share the assessment findings of eastern and western Nepal and subnational conflict peace dynamics. The major issues identified in the two assessments are the eastern hilly districts are partially affected by the ethnic tension of Limbuwan/Khumbuwan; whereas the western districts are affected by the Tharuhat movement, about issues on the resettlement of Haliyas and Kamalaris. The assessments were conducted around the irrigation and terai highway (Hulaki Road) project,²⁰ though the observations did not show a direct impact of the conflict dynamics to the projects. The indirect issues identified were the public grievances on interference of the roads project to the national park and cutting down of trees for the road extension. In general, the information validated the findings of the assessments conducted by International Alert on ADB-supported projects.
- The peacebuilding advisor met with the International Finance Corporation (IFC) to discuss the peacebuilding tool in light of the IFC's work on compilation of project monitoring tools in development project. The report on the work has been submitted, which will be followed by a multi-stakeholder workshop to include more assessments and monitoring tool to the existing list.

¹⁹ The Local Governance and Community Development Program, supported by multiple partners, has a national coverage. See Government of Nepal, Ministry of Federal Affairs and Local Development. LGCDP-II. www.lgcdp.gov.np/home/index.php

²⁰ The Hulaki Road is an Indian-assisted project launched in 2006, and entails upgrading of old postal and feeder roads, totaling over 1,450 kilometers across the Terai.

Meetings during June-August 2014

Agencies/persons met	Key discussions	Outcomes
<p>International Fund for Agricultural Development (IFAD) consultant team</p> <p>Brigitte D'Offay Evaluation Research Analyst</p> <p>Charles Derek Poate Evaluation Consultant</p> <p>Alexandra Vassuer Consultant</p>	<p>ADB's operational risks and mitigating measures</p> <p>Evaluation of IFAD's engagement in fragile and conflict-affected situations.</p>	<p>A team of ADB staff met with the IFAD consultant to discuss the key risks associated with implementation and the strategies for mitigating those risks.</p>
<p>International Finance Corporation (IFC)</p> <p>Krishna Babu Joshi National Consultant</p>	<p>Compilation of available monitoring tools for development projects</p>	<p>IFC has commissioned an activity to identify the monitoring tools. The consultant report has been submitted and a workshop will be conducted on the monitoring tools.</p>
<p>Inter Party Society Nepal</p> <p>Binod Bhattarai President</p>	<p>Discussion on the role and mandate of the Society</p>	<p>Potential for the Interparty Society Nepal for engaging in ADB-supported project</p>
<p>National Planning Commission consultant team</p>	<p>Preparation of national results framework</p>	<p>Draft results framework has been prepared on the national development plan, and will be circulated among development partners. ADB technical assistance is expected to identify peacebuilding indicators for a specific section.</p>
<p>Representatives from Japan International Cooperation Agency and the Ministry of Federal Affairs and Local Development, responsible for the Community Mediation project</p>	<p>Roll out of the community mediation in 2014</p>	<p>Key achievements of the Community Mediation project in Sindhuli and Mahottari districts were shared.</p> <p>Community Mediation project will be rolled out under the Local Governance and Community Development Program II</p> <p>Roles and responsibility of the Ministry of Federal Affairs and Local Development were discussed.</p>

Output 3: Conducting fragility assessment in coordination with local CSOs and documenting and disseminating lessons and best practices on the assessments

13. The specific tasks under this output include: (i) producing knowledge products on lessons learned and best practices in sharing and documenting the PBT use; (ii) stock taking of the country partnership strategy (CPS) implementation and assessment of progress and lessons learned from 2 years of PBT application, as contribution to the country programming beyond 2012; (iii) partnering with local and international CSOs on peace-sensitive analysis and PBT application; (iv) preparing a set of guidance and simplifying the fragility assessment using the PBT in Nepal to support peace-sensitive analysis for NRM staff, PPTA teams, and local institutions; and (v) participating in knowledge sharing events at national and regional levels to facilitate learning of best practices on institutional capacity for conducting peace-sensitive analysis.

14. Three project reports and a synthesis report have been produced. A knowledge document has been prepared based on the information from the three districts and the synthesis report submitted by International Alert. Following the key recommendation of the assessments, a two-day training has been planned for the three project staff to familiarize them on conflict-peace sensitivity approach to development.

Output 4: Capacity development of local institutions to mainstream the use of the peacebuilding tool

15. The specific tasks under this output include: (i) preparing pilot capacity development plan for government counterparts and development partners to establish a culture of analysis and to ensure longer term engagement in peacebuilding approaches, and identifying country strategies for country-led way of engaging in peace-sensitive assessment to strengthen post-conflict recovery; (ii) providing technical assistance to strengthen country-led models of engagement and to support transition; and (iii) coordinating and monitoring the government's capacity building project on PBT use.

16. The planned activities under the contract with Nepal Administrative Staff College (NASC) have been almost completed this quarter.²¹ Building on the capacity development initiatives, NASC continued to (i) provide training to government staff on peace-sensitive approach to development, (ii) led a forum of trained government staff to discuss the opportunities and challenges in mainstreaming the approach, and (iii) finalize the training manual on the subject.

17. In a separate event, the Ministry of Peace and Reconstruction organized a 3-day training for 57 government officials to sensitize them of conflict transformation and peacebuilding process and enable them to mainstream the peace-sensitive development approach across government line ministries. Since the National Planning Commission (NPC) has adopted the peace-sensitive approach to development, other line ministries seem to catch up in institutionalizing it.

18. The peacebuilding advisor met with NPC's consultant team who were assigned to prepare a results framework under the national plan. In line with the peace-sensitive approach, NPC is prepared to incorporate the peacebuilding indicators under the national plan's section on peace and reconstruction. Inclusion of peacebuilding

²¹ The contract involves mainstreaming peace and conflict sensitivity and use of peacebuilding tool through the Nepal Administrative Staff College.

indicators in the national results framework is also expected to enhance the local capacity on peace-sensitive approach to development.

VI. Conclusion

19. Though the Constituent Assembly has been formed and respective committees have been revived to continue the remaining tasks of the constitution, political differences still persist on key issues. Such lingering political process may foster potential impacts on project implementation. Hence context analysis is necessary to understand the emerging context to aid in program and project design processes.

20. Sharing of the experiences on risk management approaches and building understanding of the context is important in development programming and implementation. Development partners do agree that context analysis should be integrated into the project design and implementation processes to align interventions to practical needs and achieve aid effectiveness. Future support from development partners is likely to remain flexible depending on phasing out of the existing institutions and/or their mandates and evolution of new mechanisms.

21. Government taking the lead in context analysis and use of analytical framework ensures mainstreaming and sustainability. However, the gap in leadership on peace sensitivity in the government system needs to be filled by empowering the peace focal point in respective institutions.

22. A regular assessment helps in developing a common approach of looking at the contextual issues that are impacting the project operations; it also helps in identifying peacebuilding indicators, key project issues, and corrective actions during implementation process, as necessary.

VII. Proposed Plan for Next Quarter

- Continue participation in PPTA missions to assist in project design
- Provide technical assistance to NASC for finalizing and printing the training manual on “Peace-Sensitive Development Approach: Use of the Peacebuilding Tool”
- Continue working on knowledge documents on local capacity building and fragility assessment
- Seek government’s endorsement for publishing the two knowledge documents
- Organize a two-day training on conflict-peace sensitivity approach and use of the peacebuilding tool for the three project staff.

4. ADB's Operational Plan for Fragile and Conflict-Affected Situations: Implementation Progress (as of October 2014)

Phase	Year	Activity	Lead	Status
1	2013	1. Adopt multilateral development banks' harmonized approach to classify fragile and conflict-affected situation (FCAS) countries	Strategy and Policy Department	2013 ADB FCAS list harmonized with World Bank FCAS list ADB's developing member countries (DMCs) identified as FCAS in 2013 are Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Nepal, Solomon Islands, Timor-Leste, and Tuvalu
		2. Train staff, share good practices, and mainstream the use of fragility- and conflict-sensitive country partnership strategies, programs, and projects (continuous)	Pacific Department	<p>Since the endorsement of the operational plan, about 156 ADB staff have been familiarized on FCAS through the following sessions:</p> <ul style="list-style-type: none"> - introductory session incorporated in the project design and management program regularly conducted by Budget, Personnel and Management Systems Department - Pacific Talk organized by ADB's Pacific Department - Political economy workshop organized by Regional and Sustainable Development Department (RSDD) - Brownbag seminars jointly organized by Pacific Department and RSDD - Seminars for the Afghanistan Resident Mission <p>Forum held on 6-7 June 2013, with more than 60 participants, including high-ranking government officials and senior representatives from development partners</p> <p>Continuous knowledge dissemination through the following:</p> <ul style="list-style-type: none"> - Website: FCAS Resource Center, FCAS Network - Publications and videos: To date, 13 publications and 4 videos have been produced and disseminated via websites, forums, trainings, and seminar (see fragilesituations.adb.org) - Media releases: 3 opinion articles have been released through the Guardian and Devex (see fragilesituations.adb.org) <p>Fragility issue is mainstreamed in most recent strategic formulation and project documents:</p> <ul style="list-style-type: none"> - country operations business plans in Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Papua New Guinea, Timor-Leste, Tuvalu, and Vanuatu - regional operations business plan in the Pacific - country partnerships strategies in Nepal and Philippines

Phase	Year	Activity	Lead	Status
		3. Determine the scope of differentiated risk framework initiative	Pacific Department	A customized risk management framework has been developed through participatory process and extensive consultation with concerned ADB staff.
		4. Initiate work on institutional development framework	Pacific Department	An institutional strengthening framework suited to FCAS DMCs has been developed through participatory process and extensive consultation with concerned ADB staff
		5. Process regional technical assistance paper and mobilize resource group	Pacific Department	Draft concept paper has been prepared based on the expected outputs of activities 3 and 4 to inform on mapping key fragilities in the FCAS countries for future operations and clarify role and mandate of resource group to support ADB operations in FCAS.
		6. Prepare draft paper for enhancing financial resources for FCAS	Strategy and Policy Department	A draft paper has been prepared by Strategy and Policy Department and presented during the 47 th ADB Annual Meeting in Astana Kazakhstan in May 2014.
		7. Confirm baselines and targets of the results framework	Strategy and Policy Department	Baselines and targets are given in Appendix 7.
2	2014	8. Finalize differentiated risk framework with fragility- and conflict-sensitive procedures and business processes	Pacific Department	A customized risk management framework has been finalized. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.
		9. Finalize institutional development framework for FCAS countries	Pacific Department	An institutional strengthening framework has been finalized. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.

Phase	Year	Activity	Lead	Status
		10. Discuss draft paper for enhancing financial resources for FCAS (stated in activity 6) with Asian Development Fund (ADF) donors.	Strategy and Policy Department	ADB has introduced a minimum allocation of \$3 million per year for its most fragile ADF DMCs.
		11. Refine and agree on the results framework by the first quarter of 2014	Strategy and Policy Department	Baselines and targets are given in Appendix 7.
		12. Prepare the first monitoring report by the end of 2014.	Pacific Department	Draft monitoring report being prepared.
3	2015-2020	13. Review operational plan implementation as per operational plan staff instructions.		

ADB = Asian Development Bank, ADF = Asian Development Fund, DMCs = developing member countries, FCAS = fragile and conflict-affected situations

5. Countries Identified as Fragile and Conflict-Affected Situations, 2007–2013

Developing Member Country	2007	2008	2009	2010	2011	2012	2013 ^a
Afghanistan	✓	✓	✓	✓	✓	✓	✓
Azerbaijan ^b	✓	✓					
Kiribati	✓	✓	✓	✓	✓	✓	✓
Lao People's Democratic Republic	✓						
Republic of the Marshall Islands	✓	✓	✓	✓	✓	✓	✓
Federated States of Micronesia		✓	✓	✓	✓	✓	✓
Nauru		✓	✓	✓	✓	✓	✓
Nepal	✓						✓
Palau			✓	✓	✓		
Papua New Guinea	✓	✓	✓	✓	✓	✓	
Solomon Islands	✓	✓	✓	✓	✓	✓	✓
Timor-Leste	✓	✓	✓	✓	✓	✓	✓
Tuvalu		✓	✓	✓	✓	✓	✓
Uzbekistan	✓	✓					
Vanuatu	✓	✓	✓		✓	✓	

^a The 2013 list (based on 2013 country performance assessment scores) guides ADB operations in FCAS for the year 2014. Under its 2013 FCAS operational plan, ADB has adopted the harmonized CPIA (that is, the average of World Bank CPIA and ADB CPA) quantitative cutoff of 3.2 or less, or the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years, for determining a FCAS country. PNG (CPIA=3.3) and VAN (CPIA=3.4) are therefore not in the harmonized list of fragile situations of the World Bank. NAU is not IDA eligible; therefore not in the harmonized list. MYA is listed without score in 2013.

^b The Asian Development Bank no longer conducts country performance assessments on Azerbaijan. Sources: Asian Development Bank Country Performance Exercise Annual Reports 2007–2013. www.adb.org/site/adf/country-performance-assessment; World Bank Harmonized List of Fragile Situations FY14. <http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/HarmonizedlistoffragilestatesFY14.pdf>

6. Customized Risk Management Framework for Fragile and Conflict-Affected Situations

Major Risks	Project Phase	Customized Process
Economic, Political, Statebuilding and Governance, Natural Hazard	Identification	<p>Alternative strategies (interim operational strategy, regional strategy, watching brief)</p> <p>Assessment tools (political economy analysis, governance assessment, peacebuilding tool, private sector assessment, climate risk assessment)</p>
	Preparation	<p>Investment financing modalities (project loan or grant financing, sector loan or grant financing, additional financing, multitranche financing facility, technical assistance)</p> <p>Program financing modalities (policy-based financing, trust funds):</p> <ul style="list-style-type: none"> • Use of multi-donor trust funds with necessary adjustment to local context to support project preparation advance, especially for small and fragile Pacific DMCs where advances could be extended as grants • Use of trust fund for start-up activities through grants including outsourcing of procurement and management <p>Project design facility for detailed engineering design, feasibility studies and due diligence, safeguards, and other pre-implementation work</p> <p>Special assessments (political economy analysis, risk and vulnerability assessment, capacity assessment, gender analysis, climate proofing and disaster risk management, peacebuilding tool):</p> <ul style="list-style-type: none"> • Use of capacity assessment and capacity building measures to strengthen procurement and project management capabilities of executing and implementing agencies <p>Flexibility in timing of safeguard assessments:</p> <ul style="list-style-type: none"> • Outsourcing of safeguard assessment and preparation • Temporary deferment of safeguard concerns from project preparation to project implementation, especially when security issues exist <p>Special arrangements for non-sovereign operations:</p> <ul style="list-style-type: none"> - Faster, more streamlined processing for small transactions likely to be involved in fragile Pacific DMCs
	Implementation	<p>Customized procurement plan to improve project readiness and project costing (including the use of a project design facility, development of the executing agency's project management capacity, and efficient and professional management of procurement)</p> <p>Customized procurement and delivery modalities under a multitranche financing facility</p> <p>Single source selection and liberalized sourcing in procurement</p>

Major Risks	Project Phase	Customized Process
		<p>Bundling of small packages to form larger contracts</p> <p>Use of turnkey contracts—each backed by fixed execution periods and appropriate premiums and penalties</p> <p>Parallel cofinancing mode</p> <p>Direct payment and reimbursement methods of disbursement</p> <p>Outsourcing of financial management:</p> <ul style="list-style-type: none"> • Training of domestic consultants under ADB and other development partner programs in a country • Recruitment of private firms to assist with project management and administration in conflict-situations

7. Results Framework for ADB's Operational Plan for FCAS

Level 1: Improved Development Progress and Strengthened Institutions in FCAS

Indicator		Baseline	2012	2013
		(Year/Period)		
		(average for 2009-2011)		
Improvement in rating of FCAS countries on policies for social inclusion and equity (cluster C of country performance assessment)	From the published operational plan ^a	2.90	3.13	3.12
	2013 FCAS List (excluding Papua New Guinea and Vanuatu)	3.01	3.14	3.10
	2013 FCAS List (including Papua New Guinea and Vanuatu)	2.97	3.08	3.06
Improvement in rating of FCAS countries on public sector management and institutions (cluster D of country performance assessment)	From the published operational plan ^a	2.98	3.11	3.13
	2013 FCAS List (excluding Papua New Guinea and Vanuatu)	3.00	3.09	3.11
	2013 FCAS List (including Papua New Guinea and Vanuatu)	3.04	3.08	3.10
Improvement in rating of FCAS countries on post-conflict risk		2.5	2.5	2.3
		(2011)		

^a Countries include those in 2013 list and Palau, Papua New Guinea, and Vanuatu

Level 2: ADB's Contribution to FCAS Results ^{1/}

Indicator	2011 - 2013 (without Papua New Guinea and Vanuatu)	2011 - 2013 (with Papua New Guinea and Vanuatu)	2013 ^{2/}
Quality at Completion of ADB FCAS Operations			
Completed country strategies and assistance programs rated <i>successful</i> (%)	60%	60%	100%
Completed Sovereign Operations ^{3/}			
Rated successful (%)	80%	81%	100%
Rated likely sustainable (%)	65%	67%	67%
Rated effective (%)	85%	86%	100%
Completed Sovereign Operations - Targeting Themes			
Rated successful on governance (%)	64%	58%	0%
Rated successful on capacity development (%)	73%	75%	100%
Completed technical assistance projects rated successful (%)	76%	79%	80%
Completed Technical Assistance Projects - Targeting Themes			
Rated successful on governance (%)	75%	78%	89%
Rated successful on capacity development (%)	68%	71%	75%

Source: Country Assistance Program Evaluation and Country Performance Strategy FVR, Project Completion Report and Technical Assistance Completion Report Databases, ADB Strategy and Policy Department Results Management Unit

1/ FCAS includes: Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Nepal, Papua New Guinea, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu

2/ No project completion reports and technical assistance completion reports are available for Papua New Guinea and Vanuatu in 2013.

3/ Due to the small sample size, success rates were not adjusted.

Level 3: Operational Management of FCAS Operations

Quality of ADB FCAS Operations at Entry and During Implementation

Indicator	2012	2013	Remarks
Quality at entry of country partnership strategies rated satisfactory (%) ^a	100%		<i>Only 1 country partnership strategy in FCAS (Timor-Leste) was included in the sample of 9 country partnership strategies reviewed, and rated satisfactory.</i>
Risk assessment and mitigation criteria rated satisfactory (%)	0%		<i>Only 1 country partnership strategy in FCAS (Timor-Leste) was included in the sample of 9 country partnership strategies reviewed, and rated marginally satisfactory.</i>
Quality at entry of operations rated satisfactory (%) ^a			
Sovereign operations (%)	83%		<i>5 out of 6 sovereign projects in FCAS were rated satisfactory.</i>
Nonsovereign operations (%)	0%		<i>Only 1 project in FCAS (Afghanistan) was included in the sample of 19 nonsovereign projects, and rated marginally satisfactory.</i>
Performance of operations at implementation rated satisfactory ^b			
Sovereign (%)	90%	97%	<i>Indicator is calculated only for sovereign operations.</i>
Nonsovereign operations (%)			

Note: Countries that are classified as FCAS in ADB's Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations are Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Nepal, Solomon Islands, Timor-Leste, and Tuvalu.

^a Quality-at-entry assessments are conducted every two years.

^b Assessment is conducted annually for sovereign operations only.