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

Interim Project Completion Report

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For Asian Development Bank

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ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
CPUC	Chuuk Public Utility Corporation
CSO	civil society organization
DMC	developing member country
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
OECD	Organisation for Economic Co-operation and Development
PBT	peacebuilding tool
PPTA	project preparatory technical assistance
PNG	Papua New Guinea
PSDA	peace-sensitive development approach
RETA	regional technical assistance
UNDP	United Nations Development Programme

I. INTRODUCTION

1. The Regional Technical Assistance (RETA) 8065: Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations (FCAS) aimed 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, assisted 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 supported the continued implementation of ADB's approach to FCAS and ADB's operational plan on FCAS.¹ Activities under this RETA were built upon the first technical assistance supporting ADB's engagement in fragile situations.²

2. Upon the recommendation of Vice-President (Operations 2) Stephen Groff to increase ownership on the FCAS work among ADB staff, a call for proposals was done among relevant departments. Pilot initiatives were submitted by different departments (Economics and Research Department, Central and West Asia Department, Pacific Department, and South Asia Department) which were then endorsed by the FCAS Steering Committee during its meeting on 27 September 2012.

3. Completion of the RETA was extended from 30 April 2014 to 30 June 2016 to implement additional initiatives. The RETA was implemented by the FCAS support team composed of principal operations coordination specialist (fragile situations) and operations assistant from ADB's Pacific Department, and a research and knowledge management specialist (national consultant).³ Consultants were recruited by respective departments to implement the initiatives under the RETA.

4. This interim project completion report discusses the project's background, progress and achievements in each of the country initiatives as well as in the FCAS operational plan, lessons from ADB's engagement in FCAS, and recommendations for more effective assistance in ADB's FCAS developing member countries (DMCs).

II. BACKGROUND

5. **Challenges in FCAS.** Achieving development goals in fragile and conflict-affected situations or FCAS is particularly challenging due to weak institutions, political instability or long exposure to internal conflict, and vulnerability to economic shocks and natural disasters. Countries with FCAS are the furthest away from achieving the Millennium Development Goals. Asia 2050 recognizes conflict as one of the major factors that could jeopardize Asian growth. More conflicts are seen in Asia than elsewhere and their frequency has not declined.⁴ Without peace and political stability, the necessary infrastructure to integrate Asian economies will not

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 In 2007, the FCAS Steering Committee agreed to locate the FCAS support team within the Pacific Department since most fragile developing member countries are in the Pacific. The support team is led by Patrick Safran, ADB's focal point for FCAS.

⁴ ADB. 2011. *Asia 2050: Realizing the Asian Century*. Manila. www.adb.org/publications/asia-2050-realizing-asian-century; T. Parks, N. Colletta, and B. Oppenheim. 2013. *Contested Corners of Asia*. San Francisco: The Asia Foundation.

be built. Many countries in Asia and the Pacific suffer from weak institutional capacities and poor governance, economic and social disruption, and insecurity. Many are also vulnerable to climate change and natural disasters that can cause extensive damage to infrastructure.

6. **ADB's FCAS Developing Member Countries.** For its 2016 operations, ADB considered as FCAS countries: Afghanistan, Kiribati, Republic of the Marshall Islands, Myanmar, Federated States of Micronesia, Nauru, Solomon Islands, Timor-Leste, and Tuvalu (Appendix 2).⁵ The seven Pacific DMCs are considered fragile; Afghanistan and Myanmar are identified as conflict-affected. ADB also gives special attention to subnational situations of fragility such as in Mindanao, Philippines.

7. Most of ADB's fragile countries are in the Pacific. They are small and geographically isolated, aid dependent, and vulnerable to the effects of climate change. They also have underdeveloped markets, limited infrastructure, and weak governance and institutions. Conflict-affected Afghanistan, Myanmar, and the subnational conflict-affected Mindanao in the Philippines are characterized with continued civil unrest and some political instability that lead to weak governance, damaged infrastructures, displacement of communities, and disruption of service provision. It should also be noted that Nepal, which was previously considered a conflict-affected situation, is now gradually exiting fragility and conflict; however, transition may take 15 to 30 years, and fragility risks may remain due to weak capacity and poor governance.

8. **International Response.** The international agenda on fragility and conflict has progressed from the Paris Declaration on Aid Effectiveness (2005) to the Organisation for Economic Co-operation and Development (OECD) Fragile States Principles (2007), the Accra Agenda for Action (2008), the Dili Declaration (2010), further g7+ Statements (2011), the Busan New Deal for Engagement in Fragile States (2011), the Dili Consensus (2012), and the Washington Communiqué (2013).⁶ However, the agenda is not yet complete. The Washington Communiqué stresses "the value of a post-2015 development agenda that recognizes the universal importance of peacebuilding and statebuilding and that reflects the results and lessons of the New Deal." The 2015 OECD States of Fragility underscores how important it is to recognize the nexus between fragility and poverty, and emphasizes that addressing fragility will be central to realizing the post-2015 Sustainable Development Goals.⁷

9. **ADB's Response.** In 2007, ADB adopted the 2007 Approach to Weakly Performing Countries (now referred to as FCAS countries). The two pillars of the 2007 Approach—(i) selectivity and focus and (ii) strategic partnerships—are consistent with OECD's Fragile States Principles. To build on this 2007 Approach and to clarify ADB's commitment to FCAS and provide guidance to staff, ADB approved an operational plan for FCAS DMCs in 2013. The TA supports the continued implementation of the 2007 ADB's approach and the FCAS operational plan (footnote 1), and aims to help ADB's FCAS DMCs build effective institutions that will support their peacebuilding and statebuilding efforts. The TA also builds upon the achievements of the previous TA supporting ADB's engagement in fragile situations (footnote 2).

⁵ Under its FCAS operational plan, ADB has adopted a harmonized multilateral development bank score for determining FCAS in its developing member countries since 2013. It should be noted that weak performance and fragility is part of a spectrum of country performance, and do not disappear when a country moves marginally above the cut-off point. Both Papua New Guinea and Vanuatu had country performance assessment scores slightly above the 3.2 cutoff for FCAS (both at 3.3), and ADB's operations in these countries continue to pay due attention to issues of fragility. Nauru is not IDA eligible; however it is an ADB FCAS.

⁶ The 2011 World Development Report also addresses the needs of conflict, security, and development.

⁷ OECD. 2015. *States of Fragility Report*. Paris. www.oecd.org/dac/governance-peace/conflictandfragility/rf.htm

10. ADB's Strategy 2020 support for FCAS is highlighted in its midterm review, which notes the importance of understanding the local context, making long-term commitments, and ensuring country ownership, in addition to being flexible in responding effectively to the unique challenges in FCAS developing member countries (DMCs).⁸

III. PROGRESS AND ACHIEVEMENTS

A. Understanding the Local Context

1. Developing and testing of ADB fragility index

11. 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. 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 development policies, programs, and operations. A short brochure on the fragility index has been published,⁹ and a working paper series is being prepared by ERD.

12. The *Experts' Roundtable Meeting on Assessing Fragility for a Differentiated Approach in Dealing with Fragile and Conflict-Affected Situations* was organized with The Asia Foundation on 15-16 June 2015 in Bangkok. A total of 23 experts and policymakers discussed fragility assessment best practices in subnational and transitional or turnaround situations, and how fragility and conflict assessments can best inform development partners and governments to contribute to effective programming and policy responses on the ground. A meeting proceeding has been published online.¹⁰ See Appendix 3 for the summary of the proceeding.

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

13. 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 on 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

⁸ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

⁹ ADB. 2014. *Fragility Index for a Differentiated Approach*. Manila. www.adb.org/publications/fragility-index-differentiated-approach

¹⁰ ADB. 2016. *Experts' Roundtable Meeting on Assessing Fragility for a Differentiated Approach in Dealing with Fragile and Conflict-Affected Situations: Proceedings*. Manila. www.adb.org/publications/experts-roundtable-meeting-assessing-fragility-dealing-fcas-proceedings

communities and affected persons in a seamless process, after funding approval, at the onset of the project effectiveness.¹¹

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

14. 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.

15. Following a preliminary study done in Pohnpei in December 2014, a validation study was conducted in March 2015. Key findings of the study were presented during a tourism workshop with the government. A short brochure summarizing the study findings has been published.¹²

16. The study finds that the deep-rooted, complex land ownership systems, the intricate political and cultural behavior, and the weak policies and institutional systems have a huge impact on tourism development. In the short- and medium-term, community involvement and fragility-sensitive approaches could be considered so as not to do harm when planning and implementing development reforms particularly in tourism, while land reform may be considered as a long-term solution.

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

17. 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 have responded to these fragility drivers, and to offer practical recommendations for the PNG Country Partnership Strategy 2016-2020.

18. 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.¹³ The full-blown report has been finalized for internal use.

¹¹ 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

¹² ADB. 2015. *Understanding Land Issues and Their Impact on Tourism Development*. Manila. www.adb.org/publications/understanding-land-issues-and-their-impact-tourism-development

¹³ 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

19. 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.¹⁴

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

20. This initiative aims to provide more effective and politically feasible development strategies and more realistic expectations of what can be achieved and of the risks involved. It also seeks to 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.

21. 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.

22. Relevant ADB and other literatures 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 strategies, policies, programs, and projects.

23. 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 the processes and procedures that ADB can adopt to work through the political economy, and the 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.

24. Study findings and recommendations were presented in Vanuatu to separate groups of donors, nongovernment organizations, and the government as well as to the public. Presentations were subsequently given to ADB in Sydney on 5 September 2014 and in ADB headquarters in Manila on 12 November 2014. A short brochure summarizing the study findings has been published.¹⁵

B. Capacity Development

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

25. 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

¹⁴ ADB. 2014. *Practical Guide to Fragility Assessment*. Manila. www.adb.org/publications/practical-guide-fragility-assessment

¹⁵ ADB. 2015. *Understanding the Political Economy of Vanuatu*. Manila. www.adb.org/publications/understanding-political-economy-vanuatu

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.

26. The initiative in Nepal developed an improved model of the PBT, including a tool translated into Nepali language that can be adapted to different project and program contexts. ADB's peace-sensitive approach to development was mainstreamed through training programs and knowledge products. (See Appendix 4 for lessons learned from Nepal's post-conflict situation).

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

27. Seven ADB projects were analyzed using the PBT.¹⁶ Key recommendations for these projects include budget allocation for staff training on PBT, periodic context analysis to understand the evolving situation, and application of transparent procedures and inclusive practices in implementation to prevent potential public grievances. The PBT analysis of four out of seven projects was revised due to context changes.¹⁷ Orientation on PBT was given for project preparatory technical assistance (PPTA) team members and project implementation unit staff, including the International Alert. The peacebuilding advisor accompanied the PPTA members of the Third Small Town Water Supply and Sanitation Sector Project to a fact-finding mission to Chandrauta town of Kapilvastu district and assisted the team in analyzing the context and incorporating a peace-sensitive approach in the project design.

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

28. Building on the capacity development initiatives supported by ADB and the United Nations Development Programme (UNDP), the Nepal Administrative Staff College (NASC) provided training and forum for civil servants on peace-sensitive approach to development. More than 600 government officials were trained on the approach as of the end of 2014. The NASC also produced a training manual and a Nepali version of the PBT. The UNDP provided support in establishing a library, a resource center, and a training hall.

29. NASC tested the PBT Nepali version during the government officials' training. The participants stated that the tool in Nepali language makes it easier to conduct the analysis. NASC integrated the Nepali version of the PBT in the training manual, and intends to use it in future training programs. The training participants also contributed in modifying the PBT model

¹⁶ (i) Skills Development Project, (ii) Bagmati River Basin Improvement Project, (iii) Building Climate Resilience of Watersheds of Mid and Far Eco Mountain Regions, (iv) Project Preparatory Facility for Energy, (v) South Asia Tourism Infrastructure Development Project, (vi) South Asia Subregional Economic Cooperation Power System Expansion Project, (vii) Third Small Town Water Supply and Sanitation Sector Project

¹⁷ (i) Project Preparatory Facility for Energy, (ii) Bagmati River Basin Improvement Project, (iii) South Asia Subregional Economic Cooperation Power System Expansion Project, (iv) Third Small Town Water Supply and Sanitation Sector Project

with simpler language and terminologies and selected peacebuilding indicators to be included in the model.

30. Following the NASC initiatives, the Ministry of Peace and Reconstruction prepared a concept paper on peace-sensitive development approach (PSDA), which aims to achieve an inclusive, just, prosperous, and progressive society through peaceful, resilient, and mutually cohesive development strategy. Specifically, it seeks to build the capacity of key ministries on mainstreaming peace sensitivity. The work of the peace focal persons in concerned ministries will be reactivated. The peacebuilding advisor provided technical inputs to the peacebuilding and statebuilding initiatives of the government. These experiences of local capacity building were documented and published by ADB.¹⁸

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

31. ADB's peacebuilding advisor participated in regular meetings of peacebuilding advisors and development partners in Nepal that provide transitional support to the government and help sustain the peace process. Discussions focused on subnational context analysis, peace process and political stability, continued support to reconstruction and rehabilitation, continued assistance to the Nepal Peace Trust Fund (with focus on the conflict-affected persons), and development projects to support the peace process in Nepal. Beginning 25 April 2015 when Nepal had an earthquake, deliberations and activities of development partners shifted to earthquake-related relief and recovery. There is a common view that the natural disaster could trigger or revive conflict or may create scope for peace, such as political consensus on key issues, concerted effort on reconstruction, improved accountability, and revival of institutional image.

32. ADB also conducted a joint fragility assessment with International Alert. Three ADB projects were assessed: (i) Secondary Town Urban Integrated Environment Improvement Project, (ii) High Mountain Agriculture and Livelihood Project, and (iii) Decentralized Rural Infrastructure and Livelihood Project. Following the key recommendation of the assessments, a 2-day training workshop was organized for 13 project staff of three projects to familiarize them on conflict or peace sensitivity approach to development. A knowledge document summarizing the assessment exercise and findings has been published.¹⁹

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

33. 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.

34. A consultant development economist implemented the initiative and provided capacity building for the Ministry of Development Planning. Project preparation and appraisal guidelines were prepared to provide institutional support to implementation of the National Development Strategy. The guidelines assisted in the preparation of projects contributing to the achievement of the National Development Strategy objectives.

¹⁸ ADB. 2014. *Building Local Capacity for Peace-Sensitive Development in Nepal*. Manila. www.adb.org/publications/building-local-capacity-peace-sensitive-development-nepal

¹⁹ ADB. 2015. *Understanding the Local Context: Fragility Assessment of Development Projects in Nepal*. Manila. www.adb.org/publications/understanding-local-context-fragility-assessment-development-projects-nepal

3. Increasing self-reliance of the Chuuk Public Utility Corporation (Federated States of Micronesia)

35. This initiative—requested by the local government—aims to capacitate the Chuuk Public Utility Corporation (CPUC) for effective and sustainable delivery of electricity, water, and sewerage services to the residents of Chuuk State in FSM. The proposed training plan will cover all areas of CPUC operations—technical (water, sewer, and power operations); administrative (customer service, inventory and store management, procurement, health and safety); financial (asset register control, basic accounting, cash control and management); and management and supervision.

36. A personnel capacity development specialist (international consultant) assisted the CPUC in preparing the personnel training and capacity development plan. The preparation of the plan adopted an inclusive, participatory approach with a commitment to local ownership and long-term sustainability. The process involved wide stakeholder consultation to identify, assess, and address capacity gaps as well as to develop a results-based framework and an implementation strategy to deliver the training plan over 2 to 3 years. Best practices in capacity development have been the basis in identifying critical risk and success factors that are common to such initiatives. In September 2015, the CPUC Board endorsed the plan; and a training manager has been recruited (funded by the CPUC) to help implement the plan. A knowledge product capturing the experiences in this initiative has been prepared for publication.

4. Developing youth skills for work in fragile situations in the Pacific

37. This initiative, led by Andrew Parker, principal social sector economist, Pacific Department, aims to strengthen the voice of the Pacific youth in the process of developing policies and programs that improve skills, employment, and decent work outcomes for young people. Consultation with the youth will be conducted to identify the challenges confronting the youth in the Pacific and the opportunities for meeting these challenges. The outputs of this initiative will support *RETA 8794: Technical Assistance for Improving the Performance of Labor Markets in the Pacific*, and will be consolidated with the proceedings of the *Regional Youth Forum on Skills for Work in the Pacific* slated on the first quarter of 2016. RETA 8065 has been extended to 30 June 2016 to implement this initiative.

C. Implementation of FCAS Operational Plan

38. The FCAS Support Team²⁰ continues to support the implementation of the *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*.²¹ 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.

²⁰ 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).

²¹ 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

1. Harmonized approach to classify FCAS countries

39. Following endorsement of ADB's FCAS operational plan in April 2013, ADB's list of FCAS countries has been 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 2015 list (based on the 2014 country performance assessment scores) which guides ADB operations in FCAS for the year 2016 include Afghanistan, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Myanmar, Nauru, Solomon Islands, Timor-Leste, and Tuvalu.²² Afghanistan and Myanmar are conflict-affected, and the rest, which are all Pacific countries, are identified as fragile situations (see Appendix 2 for the list of countries identified as FCAS from 2007 to 2015).

40. It should be noted that weak performance and fragility is part of a spectrum of country performance, and do not disappear when a country moves marginally above the cut-off point. Both Papua New Guinea and Vanuatu had country performance assessment scores slightly above the 3.2 cutoff for FCAS (both at 3.3), and ADB's operations in these countries continue to pay due attention to issues of fragility.

2. Mainstreaming fragility and conflict-sensitive approach

41. Since the endorsement of the operational plan, about 300 ADB staff have been familiarized on FCAS through (i) introductory sessions 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; (iii) and seminars for Afghanistan Resident Mission and Pacific Liaison and Coordination Office.

42. 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. Blogs on FCAS were also posted in the Asian Development Blog. A total of 15 knowledge documents were published capturing the experiences, lessons learned, and knowledge gained from ADB's operations in FCAS. See <http://fragilesituations.adb.org>

43. 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, Myanmar, Nauru, Papua New Guinea, Timor-Leste, Tuvalu, and Vanuatu
- regional operations business plan for the Pacific
- country partnership strategies for Nepal and Philippines

²² 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

3. Customized risk management framework

44. A customized risk management framework has been developed to guide ADB staff in managing risks in FCAS.²³ 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.²⁴

45. 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

46. A broad framework for long-term institution building suited to FCAS DMCs has been developed.²⁵ It is based on the argument that the performance of government agencies (central and sector) and core government functions are the binding constraints 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

47. 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

48. 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.²⁶ The

²³ ADB. 2014. *Engagement in Fragile and Conflict-Affected Situations: Customized Risk Management Framework*. Manila. www.adb.org/publications/customized-risk-management-framework

²⁴ 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

²⁵ 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

²⁶ ADB. 2014. *Mapping Resilience to Fragility and Conflict in Asia and the Pacific*. Manila. http://adb.org/projects/details?proj_id=48397-001&page=overview

previous assistance supporting ADB's engagement in FCAS piloted specific assessment tools (e.g., peacebuilding tool, practical guide to fragility assessment, fragility index, institutional strengthening framework, customized risk management framework). This TA will support and expand the application of these tools 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. Specifically, the TA will (i) conduct fragility- and conflict-sensitive assessments in selected FCAS; (ii) strengthen institutional capacity for fragility- and conflict-sensitive approaches to development; and (iii) implement a communication strategy to promote and advocate wider use of resilience mapping and fragility- and conflict-sensitive approaches in selected FCAS.

49. A further input of the TA will be 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

50. For the 2013-2014 Asian Development Fund (ADF) XI biennium, the 9 FCAS DMCs received \$1,050 million in ADF performance-based country allocations²⁷ with the bulk allocated to Afghanistan and Nepal. The remaining 7 FCAS DMCs in the Pacific received just below 8% of this total. ADB has introduced a minimum allocation in the performance-based allocation system of \$3 million per year for ADF DMCs, starting from 2015. The operational pipeline for FCAS under ADB's Work Program and Budget Framework 2015-2017 amounts to \$1.5 billion in total, and the focus of assistance is expected to be on infrastructure development (78%), education (6%), and agriculture (7%). ADB will allocate more technical assistance resources for DMCs in FCAS. Technical assistance operations in FCAS countries are expected at about \$19 million in 2015 (footnote 8).

IV. FINANCIAL STATUS

51. Table 1 summarizes the financial status of the RETA as of 18 January 2016.

Table 1: RETA 8065 Financial Status as of 18 January 2016 (in US\$)

Category	Budget Allocation	Total Contracts	Contracts Disbursed	Contracts Undisbursed	Uncommitted TA Funds	Undisbursed TA Funds
Consultants	720,070	646,008	611,012	34,996	74,062	109,058
Training	92,000	104,692	90,187	14,504	12,692	1,813
Studies	23,750	0	0	0	23,750	23,750
Administration	65,500	13,014	12,901	113	52,486	52,599
Contingency	20,000	12,597	0	12,597	7,403	20,000
Total	921,320	853,228	715,696	137,532	68,092	205,624

²⁷ Including the portion of post-conflict premium to Afghanistan.

V. LESSONS LEARNED

52. The country initiatives, particularly the political economy analyses and fragility assessments have yielded important lessons for ADB's operations in FCAS:

- (i) Fragility and conflict-sensitive approaches need to be incorporated at concept stage before project design to avoid possible operational risks and they have to be used continuously during implementation to mitigate the existing fragility risks.
- (ii) Flexible modalities and processes for FCAS exist in ADB, but staff need to be aware of them and they should be used systematically for projects in FCAS.
- (iii) Weak performance and fragility do not disappear when a country moves marginally above an arbitrary cut-off point of 3.2 country performance assessment score; therefore ADB should still pay attention to issues of fragility to that country.
- (iv) The performance of government agencies (central and sector) and core government functions are the binding constraints to building states and strengthening, if not restoring, the delivery of all public and private goods and services in FCAS.
- (v) Participation is key to providing for inclusion; therefore participation should be near the top of the list of considerations when designing a FCAS intervention.
- (vi) Any development intervention can be sustainable when there is country ownership, commitment, and leadership.

VI. RECOMMENDATIONS

53. Building on the current momentum and the lessons from its FCAS engagement, ADB should continue to apply an "FCAS-sensitive" approach in its operations. The following actions are recommended to ensure aid effectiveness in ADB's developing member countries that are fragile and conflict-affected.

- (i) Conduct political economy and fragility assessments from project concept to implementation stage. ADB's Strategy 2020 midterm review calls for the need to understand the local context (footnote 8) and the OECD's first principle for FCAS engagement is to take context as the starting point.²⁸ The g7+ and the *New Deal for Engagement in Fragile States* also emphasize the importance of fragility assessment in FCAS engagement.²⁹
- (ii) Systematize the use of available flexible processes and modalities in FCAS. Existing ADB assistance modalities and business processes can be flexibly applied in FCAS DMCs without compromising due process. Currently, flexible processes are not yet institutionalized within ADB and flexibility lies on the discretion of the operational staff. Moreover, ADB's revised guidelines for Country Partnership Strategy Results Framework promote flexibility by highlighting synergies across sectors. The approach "allows country operations to adjust during the implementation of the CPS [country partnership strategy] while still helping the government to achieve the same development impact. To allow for flexibility in changing country contexts, the

²⁸ OECD. Principles for Fragile States and Situations. www.oecd.org/dac/fragilestates/the10fragilestatesprinciples.htm

²⁹ g7+. www.g7plus.org/en; International Dialogue on Peacebuilding and Statebuilding. The New Deal. www.pbsbdialogue.org/en/new-deal/about-new-deal/

guidelines are principle-based, as recommended by the Strategy 2020 midterm review working group on project implementation.”³⁰

- (iii) Consider exceptional (or specific) support to countries facing “turn-around situations.” Countries in these situations can be those exiting the “fragility status” and be considered in “transition” and committed to reform. They can also be former ADB FCAS countries (recently) exiting the fragility status and no longer identified as FCAS (within the last 5 years). Weak performance and fragility are part of a spectrum of country performance, and do not disappear when a country moves marginally above an arbitrary cut-off point. For example, both Papua New Guinea and Vanuatu had 2014 country performance assessment scores above the 3.2 cutoff for FCAS (both at 3.3), and ADB’s operations in these countries continue to pay due attention to issues of fragility.³¹
- (iv) Design institutional capacity building for all stakeholders. In FCAS, statebuilding initiatives should not focus only on the state. The conflict-affected community, civil society organizations, ethnic groups, and competing authorities should be taken into account.³² To better support aid effectiveness in FCAS, institutional capacity building needs long-term focus on core development sectors and institutions.
- (v) Implement a communication strategy to inform and engage stakeholders, to build trust, and to promote ownership. Ownership is an important contributing factor to the successful implementation and sustainability of a project in a difficult environment. Implementation of the communication strategy will promote greater participation and will build trust and public support—ultimately resulting to inclusive country-led and country-owned transitions out of fragility.³³ Extensive participation of the whole-of-government, civil society, beneficiaries, and other development partners is needed to strengthen strategic partnerships between development partners that, in turn, will facilitate a strong and unified presence within the FCAS country, leverage real policy debate, and improve performance in implementing the country’s development strategy.

54. The next TA, Mapping Resilience to Fragility and Conflict in Asia and the Pacific, will support the implementation of the abovementioned recommendations. It will (i) conduct fragility- and conflict-sensitive assessments in selected FCAS; (ii) strengthen institutional capacity for fragility- and conflict-sensitive approaches to development; and (iii) implement a communication strategy to promote and advocate wider use of resilience mapping and fragility- and conflict-sensitive approaches in selected FCAS.

55. The above recommendations and the activities of the next TA are in line with the conclusions made during the meeting of the FCAS Steering Committee (composed of ADB department heads) on 12 August 2015. Overall, the FCAS Steering Committee concluded the need to (i) continue to pilot customized diagnostics to ensure the quality and value of the

³⁰ ADB. 2015. *Revised Guidelines for Country Partnership Strategy Results Frameworks*. Manila.

³¹ The PNG Government recognizes the ongoing challenges of fragility, having been a member of the g7+ group of fragile countries. Afghanistan, Papua New Guinea, Solomon Islands, and Timor-Leste are members of the g7+, a voluntary association of 18 countries that are or have been affected by conflict and are now in transition to the next stage of development. www.g7plus.org/

³² M. Tréguier. 2015. In Myanmar, a need to find alternatives to the New Deal. *Devex*. 2 April. www.devex.com/news/in-myanmar-a-need-to-find-alternatives-to-the-new-deal-85853

³³ ADB. 2014. *Ten Years of Accountability Mechanism*. Manila.

contextual approach in selected FCAS countries; (ii) institutionalize the flexibility on procurement and business process; (iii) develop capacity building plans in selected countries and sustain staff awareness on FCAS issues; and (iv) improve communication on FCAS within ADB and also with DMCs.

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	

<p>Outputs</p> <p>1. Country-led fragility assessments implemented in selected FCAS</p>	<p>At least 3-4 pilot fragility assessment and political economy analyses completed by 2014.</p>	<p>CPS, COBP, documents, programs, projects, and TAs' reports, and consultants' reports</p> <p>CPS, COBP, documents, programs, projects, and TAs' reports, and consultants' reports</p>	<p>Assumptions</p> <p>Effective engagement by DMCs' governments and active development partners in the preparation and implementation of activities</p> <p>Availability of incentives and resources to support TA implementation</p> <p>Risks</p> <p>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>A fragility index has been developed and a report on the study was finalized and being prepared as Economics and Research Department's working paper series. A short brochure has been published.^c</p> <p>An experts' meeting on fragility assessment was conducted jointly with The Asia Foundation in Bangkok on 15-16 June 2015. A total of 23 experts and government officials discussed best practices on conflict and fragility assessments and how these can best inform policymaking and development assistance. Proceeding of the workshop has been published online.^d</p> <p>A conflict-sensitive analysis was conducted in Afghanistan's transport sector and published as knowledge product (brochure) to inform future ADB operations in the country.^e</p> <p>A fragility assessment of Afghanistan has been prepared based on desk study to inform the next country partnership strategy.</p> <p>An investigative study was</p>
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				<p>conducted for the Integrated Natural Resources and Environmental Management Project in Mindanao, Philippines.</p> <p>Fragility assessments were conducted with International Alert 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. A knowledge product on the fragility assessments has been published.^f</p> <p>The peacebuilding tool was applied in seven ADB projects in Nepal. It has also been translated into Nepali by government staff. The translated version is being used in the regular training program for government officials at the Nepal Administrative Staff College (NASC).</p> <p>A political economy study was conducted on land issues and their impact to tourism development in Pohnpei, Federated States of Micronesia</p>
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				<p>to inform tourism strategy and investment plan for the country. Key findings of the study were presented during a tourism workshop with the government in March 2015. A short brochure summarizing the study findings has been published.^g</p> <p>Fragility assessment of transport and energy sectors in Papua New Guinea (PNG) 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.^h A full-blown report has been finalized for internal use. Based on this study, a practical guide to fragility assessment has been developed and published.ⁱ</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 and to the public. Presentations</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>were given to ADB in Sydney on 5 September 2014 and in Manila on 12 November 2014. A knowledge product, approved by the Government of Vanuatu, has been published.^j</p> <p>A high-level forum was held on 6-7 June 2013, with more than 60 participants, including high-ranking government officials and senior representatives from development partners. Proceedings highlighting the presentations and discussions in the high-level forum has been published.^k A brochure summarizing the issues and recommendations that emerged from the forum has also been published.^l</p> <p>NASC continues to provide training to government staff on peace-sensitive approach to development. To date, around 600 government officials have been trained. The training curriculum and the peacebuilding tool manual have been prepared by NASC. A knowledge document on local capacity building on peace-sensitive development approach has been published.^m</p> <p>Project preparation and</p>
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				<p>appraisal guidelines have been prepared to provide institutional support to implementation of Solomon Islands' National Development Strategy. Capacity building was conducted for the Ministry of Development Planning. A knowledge product capturing the experiences on capacity building and participatory policymaking has been prepared for publication.</p> <p>Since the endorsement of the operational plan, about 300 ADB staff have been familiarized on FCAS through (i) introductory session incorporated in the project design and management program regularly conducted by ADB Budget, Personnel and Management Systems Department; (ii) Pacific Talk organized by ADB's Pacific Department; (iii) seminars conducted for Afghanistan Resident Mission and Pacific Liaison and Coordination Office; and (iv) brownbag seminars. The FCAS Support Team also participated in the World Bank's online course on Violence, Conflict and Fragility.</p> <p>A customized risk management</p>
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				<p>framework has been developed to guide ADB staff in managing risks in FCAS. A knowledge product has been published. The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.ⁿ</p> <p>A broad framework for long-term institution building suited to FCAS DMCs has been developed. A brochure has been published.^o The framework will be piloted in selected FCAS countries under the technical assistance on mapping resilience to fragility.</p> <p>A personnel training and capacity development plan has been prepared for the Chuuk Public Utility Corporation (CPUC) to capacitate the institution for effective and sustainable delivery of electricity, water, and sewerage services to the residents of Chuuk State in FSM. In September 2015, the CPUC Board endorsed the plan; and a training manager has been recruited (funded by the CPUC) to help implement the plan. A knowledge product capturing the experiences in this initiative has been prepared for</p>
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				publication.
Activities with Milestones		Inputs		
<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> <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</p>		<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>		

issues (by Q1, Year 2) 2.3. Pilot capacity development plans in FCAS (by Q3, Year 2) 2.4. Establish database on best practices and lessons from engagement in FCAS (by Q4, Year 1) 2.5 Produce and disseminate knowledge products (by Q3, Year 2)		
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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.

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

^d ADB. 2016. *Experts' Roundtable Meeting on Assessing Fragility for a Differentiated Approach in Dealing with Fragile and Conflict-Affected Situations: Proceedings*. Manila. www.adb.org/publications/experts-roundtable-meeting-assessing-fragility-dealing-fcas-proceedings

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

^f ADB. 2015. *Understanding the Local Context. Fragility Assessment of Development Projects in Nepal*. Manila. www.adb.org/publications/understanding-local-context-fragility-assessment-development-projects-nepal

^g ADB. 2015. *Understanding Land Issues and Their Impact on Tourism Development*. Manila. www.adb.org/publications/understanding-land-issues-and-their-impact-tourism-development

^h 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

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

^j ADB. 2015. *Understanding the Political Economy of Vanuatu*. Manila. www.adb.org/publications/understanding-political-economy-vanuatu

^k ADB. 2013. *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

^l ADB. 2013. *Building Resilient Societies: Evolving Solutions*. Manila. www.adb.org/publications/building-resilient-societies-evolving-solutions

^m ADB. 2014. *Building Local Capacity for Peace-Sensitive Development in Nepal*. Manila. www.adb.org/publications/building-local-capacity-peace-sensitive-development-nepal

ⁿ ADB. 2014. *Customized Risk Management Framework*. Manila. www.adb.org/publications/customized-risk-management-framework

^o ADB. 2014. *Institutional Strengthening Framework: A Guidance Note*. Manila. www.adb.org/publications/institutional-strengthening-framework-guidance-note

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

2. Countries Identified as Fragile and Conflict-Affected Situations, 2007–2015

Developing Member Country	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a
Afghanistan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Azerbaijan ^b	✓	✓							
Kiribati	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lao People's Democratic Republic	✓								
Republic of the Marshall Islands	✓	✓	✓	✓	✓	✓	✓	✓	✓
Federated States of Micronesia		✓	✓	✓	✓	✓	✓	✓	✓
Myanmar								✓	✓
Nauru ^c		✓	✓	✓	✓	✓	✓	✓	✓
Nepal	✓						✓		
Palau			✓	✓	✓				
Papua New Guinea	✓	✓	✓	✓	✓	✓			
Solomon Islands	✓	✓	✓	✓	✓	✓	✓	✓	✓
Timor-Leste	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tuvalu		✓	✓	✓	✓	✓	✓	✓	✓
Uzbekistan	✓	✓							
Vanuatu	✓	✓	✓		✓	✓			

^a The 2015 list will guide ADB operations for the year 2016. Since 2013, under its FCAS operational plan, ADB has adopted the multilateral development banks' harmonized scores for determining a FCAS country (i.e., the 2015 list represents the average of the 2015 World Bank country policy and institutional assessment and the 2014 ADB country performance assessment scores). A country is considered FCAS if it has a 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 3 years. It should be noted that weak performance and fragility is part of a spectrum of country performance, and do not disappear when a country moves marginally above the cut-off point. Both Papua New Guinea and Vanuatu had country performance assessment scores slightly above the 3.2 cutoff for FCAS (both at 3.3), and ADB's operations in these countries continue to pay due attention to issues of fragility.

^b The Asian Development Bank no longer conducts country performance assessments on Azerbaijan.

^c Nauru is not IDA eligible; however it is an ADB FCAS.

Sources: Asian Development Bank. Annual Report on the Country Performance Exercise 2007–2014. www.adb.org/site/adf/country-performance-assessment; World Bank Harmonized List of Fragile Situations FY16. <http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/7/700521437416355449/FCSlst-FY16-Final-71201>

3. **Experts' Roundtable Meeting on Assessing Fragility for a Differentiated Approach in Dealing with Fragile and Conflict-Affected Situations: Summary of Proceedings**

“Without addressing fragility we cannot achieve sustained development progress.”¹ Achieving development goals in fragile and conflict-affected situations (FCAS) is particularly challenging due to weak institutions, political instability or long exposure to internal conflict, and vulnerability to economic shocks and natural disasters. Conflicts are one of the factors that could jeopardize Asian growth and development. Without peace and political stability, the necessary infrastructure and development progress to integrate Asian economies will not be realized. Many countries in Asia and the Pacific still suffer from weak institutional capacities and poor governance, economic and social disruption, and insecurity. Many are also vulnerable to climate change and natural disasters that can cause extensive damage to infrastructure and livelihoods.

Asia and the Pacific are “fragile.” Subnational conflict is the most widespread, enduring, and deadly form of conflict in Asia. Subnational conflicts in Asia (26 over the past 20 years) are among the world’s longest-running armed struggles, often lasting for multiple generations (45.2 years on average). They show that large-scale, armed violence can occur and endure in strong states as well as weak ones. Remarkably, the majority of subnational conflicts take place in generally stable, middle-income countries, with relatively strong governments, regular elections, and capable security forces. As such, they are different from fragile states and present the international community with a distinct set of challenges.²

Assessments can shape development. Fragility assessments are typically viewed as an added burden to project design and implementation. However, when assessments are done properly and their results used appropriately, they can shape the development practice and enhance the impact to the beneficiaries. That will also support the goal of reducing poverty in Asia and the Pacific.

Identify fragility at early stage. What matters are the early recognition of fragility, its drivers and causal factors, and the identification of context-specific assistance. In this way, processes can be adapted, and policy-making and resource allocation mechanisms can be fully informed by the fragility assessment results.

Apply a FCAS-sensitive approach. It is important to better understand the local context by using a “FCAS-sensitive” approach that needs to be incorporated at the concept stage before project design, and to be used continuously during project implementation, to avoid possible operational risks.³ Assessments (e.g., political

¹ Closing remarks by Prime Minister Rui Maria de Araújo at the 2015 Timor-Leste Development Partners’ Meeting, Dili, 6 June 2015.

² The Asia Foundation. 2013. *The Contested Corners of Asia*. San Francisco.

³ A “FCAS-sensitive” approach refers to the ability of an organization or a particular intervention to (i) understand the operating context, (ii) understand the interaction between an intervention and the operating context, and (iii) act on the understanding of this interaction to avoid negative effects and maximize positive impact for peacebuilding, statebuilding, and development. Adapted from Monica Stephen. 2014. *Fragile Reforms—World Bank and Asian Development Bank Financing in Fragile and Conflict-Affected Situations*. London: International Alert. www.international-alert.org/resources/publications/fragile-reforms

economy analysis or fragility assessment) also link the wealth of information available in the country performance assessments and other reports to allow better comprehension of local fragility dynamics and the interactions among societies, institutional cultures, structures, and systems in such risky operating contexts.

Fragility should be assessed differently in the post-2015 era.⁴ The Organisation for Economic Co-operation and Development (OECD) *States of Fragility 2015* offers a new tool for assessing fragility that is more comprehensive than the traditional single categorization of “fragile states,” and recognizes the diversity of risks and vulnerabilities that lead to fragility. It identifies countries that are the most vulnerable in five dimensions of risk and vulnerability linked to fragility, and asks how likely they are to achieve the UN Open Working Group’s post-2015 goals and targets in those five dimensions: (i) violence (peaceful societies); (ii) access to justice for all; (iii) effective, accountable, and inclusive institutions; (iv) economic foundations; and (v) capacity to adapt to social, economic, and environmental shocks and disasters. The proposed fragility index developed by ADB’s Economics and Research Department considers fragility as a complex and multidimensional issue with four core dimensions—economic, state, security and peace, and conflict and justice—and two additional dimensions of environment and world risk to incorporate environmental and climate change aspects.

Adopt a differentiated approach. Currently, ADB identifies 9 FCAS countries (based on country performance assessment scores): Afghanistan, Kiribati, the Republic of the Marshall Islands, Federated States of Micronesia, Myanmar, Nauru, Solomon Islands, Timor-Leste, and Tuvalu. Papua New Guinea and Vanuatu are not listed as FCAS, but characteristics of fragility exist and a “FCAS-sensitive” approach is relevant in both countries. Moreover, Afghanistan, Papua New Guinea, Solomon Islands, and Timor-Leste are members of the g7+.⁵ Thus, ADB’s proposed fragility index could serve as a guide for better 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.⁶

Take context as the starting point. Experiences in FCAS countries show that the nature of fragility evolves over time. Our understanding of fragility also needs to evolve. Conflict can reverse national development gains by 20 years. Fragile and conflict-affected situations are varied in nature and can be characterized by injustice, inequality, ethnic tensions, religious radicalizations, vulnerability to climate change and pandemic diseases, and weak institutions. Development thinking should therefore evolve along with the nature of fragility by taking context as the starting point by using fragility assessments. These assessments have to be participatory in nature, involving key national stakeholders and nonstate actors.

Support peacebuilding and statebuilding. It is also crucial to support the proposed Sustainable Development Goal 16—promoting peaceful and inclusive societies—which aims to reduce violence of all forms. ADB will continue supporting statebuilding and long-term institutional capacity development in FCAS developing member countries. It

⁴ OECD. 2015. *States of Fragility 2015: Meeting Post-2015 Ambitions*. Paris.

⁵ The g7+ is a voluntary association of 20 countries that are or have been affected by conflict and are now in transition to the next stage of development. The main objective of the g7+ is to share experiences and learn from one another, and to advocate for reforms to the way the international community engages in conflict-affected states (www.g7plus.org).

⁶ ADB. 2014. *Fragility Index for a Differentiated Approach*. Manila.

will further operationalize its innovative tools and frameworks (e.g., peacebuilding tool, fragility index, and practical guide to fragility assessment) to achieve development effectiveness.

4. Lessons from Nepal's Post-Conflict Situation

Removal of political deadlock and the parties' understanding to follow a fast-tracked schedule is expected to facilitate the constitution-making process, which in turn requires a concerted effort of development partners to contribute in the state restructuring initiatives. In this regard, context analysis is necessary to inform program and project designs of the emerging situations. Keeping in view the emerging needs, development assistance should follow the principles of conduct for effective, inclusive, and conflict-sensitive earthquake response programs. Such conduct should be able to understand the context, promote inclusion, follow transparent and accountable mechanisms, use communication strategy, and promote local ownership, as already agreed by key development partners during the International Development Partners Group meeting on 10 June 2015.

Though there have been tremendous impacts of earthquake on physical properties, deaths or permanent injury, and loss of income, the Nepali community showed resilience in coping with the response and recovery process. Remaking of the traditional social fabric broken during conflict is necessary in order to sustain the hard-earned peace. While there is a direct nexus between conditions of conflict vulnerability and risks associated with the natural disaster, the impacts of such disaster exacerbate the overall situation of victims. Displacement, exposure to further hazards, effects on physical and psychological health, insecurity, and loss of livelihoods may trigger conflict. On the other hand, the natural disaster, as an emerging issue, can also create good opportunities to enhance social cohesion and revive public institutions' credibility over the course of building peace through reconstruction and rehabilitation. Hence, conflict and fragility analysis should be one of the integral parts of planning and implementation of the post-disaster needs assessment.

Sharing of experiences on risk management approaches and contextual understanding is important in program planning and implementation. The partners do agree that context analysis should be integrated into the project design and implementation processes to align interventions with practical needs and therefore achieve aid effectiveness. Future support from development partners is likely to adopt flexible approach depending on phasing out of the existing institutions and/or their mandates and evolution of new mechanisms in state restructuring efforts. The flexibility principles should also apply in the post-disaster reconstruction process.

The regular fragility assessment of development projects helps in building a common understanding on the contextual issues that are impacting the project operations. It aids in identifying peacebuilding indicators and the project-specific issues that need to be addressed during implementation. Fragility assessments also help in identifying local resilience and peacebuilding practices, traditional institutions, and coping mechanisms—all of which are useful in dealing with the social conflict and promoting peace in operating areas. Hence, provision of fragility assessment should be included in the project management plan.

Building on the past experiences on strategic partnerships, it seems practical to support the government's initiative on mainstreaming the peace-sensitive development approach (PSDA). The PSDA proposes to (i) build institutional capacity on the approach, (ii) develop an analytical framework, and (iii) develop skills in using diagnostic tools for planning and monitoring conflict-sensitive projects. No other development partners have been engaged in building local capacity on the approach.

Initiative of the Ministry of Peace and Reconstruction on mainstreaming the PSDA approach in selected ministries is expected to derive peace-friendly programs, results orientation, multi-partner engagement, adoption of do-no-harm concept, and sensitization of political actors in peace-sensitive development process. Support to the concerned Ministry in implementation of the PSDA will be more meaningful in promoting government's ownership and leadership on the approach. It is also reasonable to continue the assistance in order to consolidate and sustain the experience gained from the RETA 7269: Supporting ADB's Engagement in Fragile Situations and RETA 8065: Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations.