

Approach Paper
**Restoring Confidence and Transforming Institutions:
An IEG Evaluation of World Bank Group Assistance to
Fragile and Conflict-Affected Situations**
January 31, 2013

Background and Context

1. **Fragile and conflict-affected situations (FCS) have become an important focus of World Bank Group assistance in recent years as recognition of the linkages between fragility, conflict, violence, and poverty has grown.** Understanding the root causes of fragility and conflict, and identifying pathways out of this vicious circle has been a concern of scholars (Collier and Hoeffler 1998, 2004; Collier and Sambanis 2005; Fukuyama 2004; Migdal 1998), practitioners (Ghani and Lockhart 2008; Hoff and Stiglitz 2008), and development agencies (DFID 2010; World Bank 2011). Bank Group assistance has evolved from post-conflict reconstruction to broader statebuilding and peacebuilding. As part of its effort to align its assistance with that of other development partners, the Bank Group has replaced the term “low-income countries under stress,” or LICUS with the more broadly accepted term FCS. Support to FCS will remain a vital part of the Bank Group’s future poverty reduction work.

2. **Around 1.5 billion people live in countries affected by repeated cycles of political and criminal violence.** Recent research has identified the stark relationship between fragility and poverty (Collier 2007) and drawn attention to the repeated cycles of violence that pervade FCS (World Bank 2011). Chronic insecurity due to such violence is one of the biggest threats to development in the 21st century. Seventy percent of fragile states have experienced conflict since 1989. Poverty rates in FCS countries¹ average 54 percent compared with 22 percent for all low-income countries, and these gaps have been widening over time.² Although global poverty has declined sharply this has occurred in states that are not fragile, and a new feature of the poverty landscape is the high share of poor living in fragile states (Kharas and Rogerson 2012: 7-8).

3. **The international community has also renewed its attention to fragility,** leading to the establishment of the g7+ coalition among fragile states,³ and agreement on a “New Deal for Engagement in Fragile States” at the Fourth High-Level Forum on Aid Effectiveness in Busan. The forum acknowledged that although 30 percent of Official Development Assistance has been

¹ The list of FCS countries consists of: a) IDA-eligible countries with a harmonized average country rating under the Bank’s Country Policy and Institutional Assessment (CPIA) of 3.2 or less (or no CPIA), or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. This list includes non-member or inactive territories/countries. It excludes IBRD only countries for which CPIA scores are not currently disclosed.

² *World Bank, Conflict, Security, and Development*, World Development Report (2011: 4).

³ The g7+ was established in April 2010 on the sidelines of the OECD’s International Dialogue on Peacebuilding and Statebuilding (IDPS) in Dili, Timor-Leste. The group has grown from its original membership of 7 states to include 19 countries across Asia, Africa, and the Pacific.

spent on FCS, these countries are farthest from achieving the Millennium Development Goals, and basic governance transformations may take 20-40 years. The New Deal envisions a new development architecture and new ways of working, better tailored to the situation and challenges of fragile contexts. The International Dialogue on Peacebuilding and Statebuilding, comprised of the g7+ group of 19 fragile and conflict-affected countries, development partners, and international organizations adopted the principles of the New Deal, and in its statement:

- Recognized that transitioning out of fragility is a long political process that requires **country leadership and ownership** using Peacebuilding and Statebuilding Goals (PSGs) as an important foundation for development.
- Committed to focus on new ways of engaging, to support inclusive **country-led and country-owned transitions out of fragility** based on a country-led fragility assessment, a country-led vision and plan, and inclusive and participatory political dialogue.
- Committed to build mutual trust by providing **aid and managing resources more effectively and aligning these resources for results** by enhancing transparency, risk management to use country systems, strengthening national capacities and timeliness of aid, improving the speed and predictability of funding to achieve better results.

4. **Addressing issues of recurring conflict and political violence, and helping build legitimate and accountable state institutions are central to the Bank Group's poverty reduction mission.** Support for FCS countries has been a growing priority for more than a decade. It is one of the Bank Group's six strategic themes announced in 2008. In a landmark speech, former President Zoellick highlighted the link between security and development in FCS and laid out a roadmap to break the conflict-poverty trap through a broader approach toward statebuilding and conflict prevention (Zoellick 2008). At the 2012 Annual Meetings, President Kim reiterated the critical importance of security, justice, and jobs in helping countries overcome conflict, and stressed the Bank Group will need to move forward with an ever greater sense of urgency in assisting fragile states.

5. **This growing focus has given further impetus to the Bank Group's engagement in the dialogue among international partners on state and peacebuilding.** Fragility and conflict featured as a special theme in IDA15. The World Bank defines "fragile situations", as per an agreement reached at the beginning of IDA 15 with other Multilateral Development Banks, as having either: a) a harmonized average CPIA (World Bank/ADB/AfDB) rating of 3.2 or less; or b) the presence of a UN and/or regional peacekeeping or peacebuilding mission (e.g. AU, EU, OAS, NATO), with the exclusion of border monitoring operations, during the past three years. Improving the effectiveness of development assistance in FCS countries is one of the four special themes identified by IDA Deputies for the IDA16 Replenishment period (FY12-14). IDA allocations are performance-based which results in smaller allocations to FCS due to their lower CPIA ratings. The 2012 progress report on IDA support to FCS has put forward several options to strengthen the IDA resource allocation framework for these countries.

6. **The performance-based allocation system for IDA can be supplemented by exceptional allocations under a post-conflict window or a special reengagement window.** The Bank Group relies on Post-Conflict Performance Indicators (PCPI)⁴ to inform the allocation of resources to countries eligible for IDA’s exceptional allocations to post-conflict and reengaging countries. Potential candidates for post-conflict IDA allocations should meet one of the following criteria: (a) a country that has suffered from a severe and long-standing conflict which has led to extended inactivity as a borrower, or at least a substantial decline in the level of external assistance, including from IDA; (b) a country that has experienced a short but highly intensive conflict, leading to a disruption of IDA involvement; or (c) a newly sovereign state that has emerged through the violent break-up of a former entity. Countries which meet the following criteria are eligible for reengagement allocation: (a) evidence of partial collapse of the state, but ineligibility for IDA post-conflict assistance; (b) evidence of a strong transition plan supported by concerted donor support; and (c) disengagement from IDA for a prolonged period and accumulation of sizeable arrears to the World Bank Group.

7. **Bank Group financial assistance to FCS has increased in recent years.** Since FY00, the International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) have provided over \$32 billion in assistance to FCS countries, of which \$21 billion was committed or disbursed over FY06-12 (Table 1). IDA/IBRD (World Bank) operations in FY06-12 are about twice that in FY00-05, both by number of projects and commitment volume.

Table I. IDA/IBRD Approvals in Fragile and Conflict States (FY00-12)

Regions	Number of countries	Number of projects					
		2000-05			2006-12		
		DPO	INV	Total	DPO	INV	Total
Africa region	19	17	109	126	44	176	220
Other regions	20	17	153	170	35	242	277
Total	39	34	262	296	79	418	497

Regions	Number of countries	IDA/IBRD Commitments in \$ millions*					
		2000-05			2006-12		
		DPO	INV	Total	DPO	INV	Total
Africa region	19	1,386	4,898	6,283	2,803	9,850	12,653
Other regions	20	605	3,908	4,513	1,236	7,447	8,684
Total	39	1,991	8,805	10,796	4,040	17,297	21,337

Notes: *Commitments do not include grants from special programs of the World Bank Group, such as the LICUS Trust Fund. DPO = development policy operation; INV = investment projects

⁴ See the new PCPI framework (<http://siteresources.worldbank.org/IDA/Resources/73153-1311878911579/PCPI-Q&A.pdf>)

8. New investments by the International Finance Corporation (IFC) in post-conflict and fragile states grew from around \$200 million in FY05 to more than \$400 million annually in FY11-12. IFC's investments in FCS totaled \$2.8 billion in net commitments between FY06 and FY12; during the same period, IFC undertook 243 Advisory Services activities in FCS for a total expenditure of \$184 million. The Multilateral Investment Guarantee Agency (MIGA) has also been active in FCS, issuing guarantees for \$1.4 billion in FY06-12, or 11 percent of its total.

9. **The World Bank has become more dependent on multidonor trust funds (MDTFs) for financing FCS.** A recent evaluation of MDTFs found that financing for FCS increased from \$2.2 billion in FY04 to \$3.2 billion in FY09. Of this amount, funds channeled through MDTFs grew from \$304 million in FY04 to \$1.8 billion in FY09, while the IDA allocation to FCS fell from \$1.9 billion in FY04 to \$1.4 billion in FY09 (Scanteam 2010).

10. **Despite the increasing financial commitments by the World Bank Group,** the complex political economy situations existing in FCS have a significant bearing on the ability of World Bank Group operations to be effective. Analysis of fragility and conflict and the underlying political economy drivers is vital to design and implement effective assistance programs in FCS.

Purpose, Objectives, and Audience

11. **To help address the operational challenges in FCS, which represent a crucial challenge to the Bank Group's mission of poverty reduction, IEG is planning to undertake an evaluation of the Bank's support for FCS in FY13.** The purpose of the proposed evaluation is to inform the Bank Group's shareholders, Board of Executive Directors, management, and other stakeholders of the extent to which the Bank Group's support is responsive to the development challenges, opportunities, and risks in FCS and the extent to which it has engaged in and is effective in its support for a broader peace and statebuilding agenda. In addition to assessing the effectiveness of Bank Group assistance—policy advice, institutional strengthening, financing, knowledge and advisory services—the evaluation will draw lessons from evaluative evidence to identify good practices and systemic challenges that can be replicated in the case of good practice and addressed where shortfalls hinder the Bank Group from attaining its highest results and performance in FCS.

12. **The Bank Group's FCS agenda is of high priority for internal and external stakeholders.** The internal audience comprises Bank Group management and, in particular, the CCSD, as well as all operational units and staff working in FCS. Stakeholders also include the Bank Group's Board both for governance oversight of development effectiveness and as representatives of Bank borrowers and donor partners. The FCS agenda has a significant external constituency among the Bank Group's client countries and citizens of FCS countries, the g7+ as

well as United Nations agencies, humanitarian organizations, civil society organizations, and the private sector engaged in peacebuilding, statebuilding, humanitarian assistance, and development activities. The evaluation is also expected to generate insights and lessons for Bank Group support to FCS which will also be relevant for the discussions around the IDA17 replenishment.

Bank Group Actions to Enhance Support to FCS

13. **The Bank’s work in post-conflict environments initially arose as an extension of its work on emergency recovery in response to natural disasters.** Operational Directive 8.50 *Emergency Recovery Assistance*, issued in 1989, emphasized emergency recovery after natural disasters. It was reissued without any major conceptual changes as Operational Policy 8.50 in 1995. In April 1997, the Bank issued a framework paper for post-conflict reconstruction (World Bank 1997). An evaluation by the Operations Evaluation Department – *The World Bank’s Experience with Post-Conflict Reconstruction* (Kreimer and others 1998) – recommended that the framework be revised and transformed into an Operational Policy that addresses how the Bank designs its policy dialogue with a post-conflict country and how it assesses its performance in countries recovering from conflict (Kreimer and others 1998: 45). A policy on *Development Cooperation and Conflict* (OP/BP 2.30) was issued in January 2001 and, aside from minor revisions in 2005 and 2009, still largely governs the Bank’s work in conflict-affected countries.⁵

14. **The Bank has undertaken further steps to strengthen its operational framework for FCS during the evaluation period.** While OP/BP 2.30 remains the overarching policy for engagement in FCS, these have included a revised policy framework for responding to emergencies (World Bank 2007a), and a revamped human resources approach that increases staff incentives to work in FCS (World Bank 2007b), establishment of a Global Center on Conflict Security and Development (CCSD) in the Operations Policy and Country Services (OPCS) vice presidency led by a director based in a newly established hub in Nairobi, and launch of the 2011 *World Development Report*. Other actions include the renewed spotlight on governance since the 2007 Governance and Anticorruption (GAC) strategy and attention to IDA’s support to FCS⁶ in the IDA15 and IDA16 Mid-Term Reviews. Together, these efforts have signaled the Bank Group’s intention to address operational challenges in FCS.

15. **The 2007 initiative to revamp emergency assistance involved revisions to the Bank Group’s operational policy and accompanying procedures to improve the flexibility, speed, and effectiveness of the Bank’s emergency response and approach for disaster risk reduction and crisis prevention in high-risk countries.** The new policy framework—reflected

⁵ This was supplemented by another policy on *Dealings with de facto Governments* (OP/BP 7.30) in July 2001 to make provisions for situations where a constitutional government does not exist.

⁶ See IDA15 Mid-Term Review “IDA’s Support to Fragile and Conflict-Affected Countries: Progress Report 2007-09,” Operations Policy and Country Services.

in Operational Policy 8.00, *Rapid Response to Crises and Emergencies*—replaced OP/BP 8.50 and provided more balanced attention to emergencies arising out of conflict and natural disasters. It also provided for more rapid processing and shifts some of the up-front requirements, such as for procurement and safeguards assessments, until after Board approval.⁷ It also permitted the Bank to assist member country agencies and institutions involved in emergency recovery efforts and to develop partnership arrangements with other donors in line with their comparative advantage (World Bank 2007: 37).

16. The 2007 human resources reforms in the Bank were designed to strengthen support to high-risk environments by increasing field presence on the front-line in fragile states. A 2007 management review drew attention to the importance of field presence and detailed knowledge of country circumstances in fragile states, and concluded that there was a strong business case to place around 50 additional staff in or near fragile states. Incentives were increased to make postings in such high-risk environments attractive to staff. Management also proposed to establish a callable roster of staff and consultants with appropriate expertise and experience to supplement country presence and provide operational support to teams in fragile states.

17. The private sector can play an important role in FCS, mitigating fragility risks by creating jobs, enabling economic opportunities, and supporting livelihoods. The Bank Group has supported private sector development in FCS through lending, analytical work, and technical assistance to governments by the Finance and Private Sector Vice Presidency (IBRD/IDA); investment and advisory services operations by IFC; and MIGA political risk insurance. The Bank Group has become more aware of, and sought to adapt to fragility risks in recent years to expand its support to the private sector in FCS.

18. IFC's approach to FCS has also evolved and in FY10, IFC added support to FCS to its strategic priorities. IFC launched the Post-Conflict Countries Initiative in 2007 and has used trust funds to support advisory services in FCS since 2008 through the Conflict-Affected States in Africa (CASA) initiative.⁸ In 2009, IFC added FCS to its first strategic pillar by including it in the definition of frontier markets.⁹ In 2012, IFC has designated two directors to provide strategic leadership for FCS and created a small unit to coordinate FCS efforts within IFC, and with the World Bank, MIGA, and external parties. IFC has identified advisory services operations and short-term finance products (especially Global Trade Finance) as entry points for early engagement in FCS.

⁷ Most of the provisions of OP/BP 8.00 to deal with crises and emergencies have been integrated in the consolidated policy on investment lending (OP/BP 10.00) approved by the Board in 2012.

⁸ The CASA mid-term review, being undertaken by IFC, will inform the evaluation.

⁹ IFC 2009: "IFC Road Map FY10-12: Creating Opportunity in Extraordinary Times."

19. **Support to projects in FCS has been a strategic priority for MIGA since 2005.** The Agency has used special instruments to respond to demand for political risk insurance in FCS, such as Bosnia-Herzegovina (established FY97), West Bank and Gaza (established FY97), and Afghanistan (established FY05).¹⁰ The FY12-14 strategy confirmed this priority.¹¹ MIGA has defined its additionality in supporting projects in FCS based on the perception of high risk that may preclude other providers from offering coverage in these countries. More recently, the Agency has explored the establishment of a broader, multicountry trust fund to expand MIGA insurance in certain high-risk FCS.

Conceptual evolution at the Bank Group

20. A 2003 policy research report made a seminal contribution to the understanding of an intrinsic link between conflict and development. “The risk of civil war is much higher in low-income countries than in middle-income countries. Civil war thus reflects not just a problem *for* development but a failure *of* development” (World Bank 2003: ix). The report found that civil wars could not be ignored as a local, historical problem as they tend to have a spillover effect from the country in conflict to the region (especially to neighboring countries), and also tend to have global effects as the epicenter of crime, violence and disease. While the risks of civil war differ according to country characteristics, they tend to be much more acute in low-income countries. This justifies an international response of external military support for peacekeeping, development aid and policy reform can help these countries break out of the conflict trap (World Bank 2003).

21. **The 2011 World Development Report (WDR) calls for sequencing of interventions and accepting the fact that transformation of FCS is a long-term agenda that requires measures for restoring confidence and transforming institutions.** The central message of the WDR is that “strengthening legitimate institutions and governance to provide citizen security, justice and jobs is crucial to breaking the cycles of violence” (2011: 2) that plagues FCS. This needs to be preceded, or at least accompanied by, measures to restore confidence in collective action before embarking on wider institutional transformation. Trust in government institutions is vital to ensure peace and prosperity (Braithwaite and Levi 1998; Fukuyama 1995) but typically, fragile and conflict-affected situations are plagued by a legacy of mistrust (2011: 100). Confidence building measures require deliberate efforts to build inclusive-enough coalitions and early results to replace violence with resilience that helps build trust in government institutions and state legitimacy. Focusing on institutions for citizen security, justice, and jobs means that other reforms will need to be sequenced and paced over time (2011: 13).

¹⁰ The Investment Guarantee Trust Fund for West Bank/Gaza is the only fund that remains active. The Fund was relaunched in 2010 with broadened eligibility criteria, including insurance for local in addition to foreign investment.

¹¹ MIGA/R2011-0027: “MIGA FY12-14 Strategy: Achieving Value-Driven Volume.” April 2011.

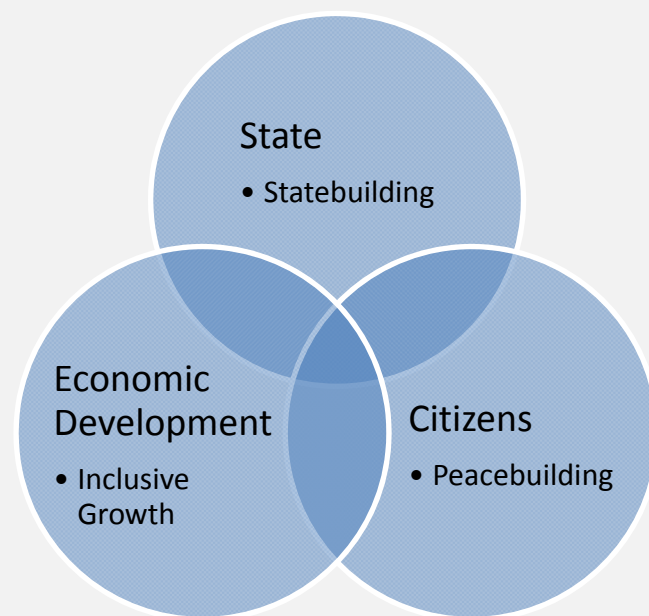
22. **The 2011 WDR’s framework, derived from operational practice in FCS over the preceding decade, places citizens squarely at the center of engagement in FCS both as active participants in reconstruction and development processes, and as beneficiaries of assistance to FCS.** Security is a prerequisite for external development actors and governments to engage in reconstruction and development as well as a very high priority, in many instances the highest priority, of citizens whose lives and property remain at risk from repeated cycles of violence. The purpose of building institutions and improving governance is to enhance state capacity to create the enabling conditions for the economy and society to function by providing security and delivering public goods and services. The 2011WDR recognizes that the success of work in FCS depends heavily on partnerships with multilateral and bilateral organizations, civil society organizations and the private sector, each operating in their domains of comparative advantage but with more explicit recognition of, and support to ensure that the linkages between support for **statebuilding, peacebuilding and economic development** are integrated within Bank Group assistance (Figure 1). Activities within these domains are listed in attachment 2 However, the interventions for economic development need to be adapted to FCS to ensure equal attention to growth and jobs to ensure inclusive growth.

23. The Development Committee of the Board of Governors considered the implications for the Bank Group and endorsed actions in six dimensions to operationalize the 2011 WDR and transform the way the Bank Group engages with fragility, conflict and violence. The six dimensions, each of which have corresponding immediate and medium-term actions are:

- Making country strategies more fragility-focused
- Strengthening partnerships on development, security and justice
- Increasing attention to jobs and private sector development
- Realigning results and risk management frameworks
- Seeking less volatility in financing
- Striving for global excellence.

24. **Attention to gender is crucial in FCS.** Women tend to be disproportionately

Figure 1. Objectives of interrelated Domains of Engagement in FCS



affected by conflict, violence and displacement. In many instances, women also have to shoulder a major burden in economic recovery due to the absence or demise of adult male members of the household. A corporate commitment was made to strengthen efforts to integrate a gender perspective in IDA’s support to FCS countries. The “Progress Report on IDA Support to Fragile and Conflict-affected Countries” prepared for the IDA 16 mid-term review states that all Country Assistance Strategies (CASs) and Interim Strategy Notes (ISNs) presented to the Board in FY12, including for FCS countries, specifically address gender issues,¹² either based on gender analysis, or through design of gender informed operations. The 2011 WDR states that "Involving women in security, justice, and economic empowerment programs can deliver results and support longer-term institutional change." (World Bank 2011: 258). In this evaluation, gender equality will be an important part of the focus on citizens and on economic development.

25. The 2013 World Development Report highlights the centrality of jobs, relevant to the FCS evaluation. “The concept of a job is actually much broader than wage employment. Jobs are activities that generate actual or imputed income, monetary or in kind, formal or informal” (2012: 49). In FCS, many jobs are informal or based on agriculture or other family enterprises. The nature of interactions through jobs affects the degree of social cohesion in communities and societies. Two measurable indicators of social cohesion—trust and civic engagement—are positively influenced by jobs (2012:127-129). Jobs can help manage social tensions by encouraging people to straddle ethnic lines or, in extreme cases, a lack of job opportunities can contribute to violence or social unrest, especially among the youth. (2012: 132). Certain jobs can also contribute to social cohesion by facilitating demobilization of soldiers, providing short-term employment through community driven development and expanding opportunities for excluded groups through anti-discrimination policies. While not all jobs affect social cohesion, those that shape social identity, build networks and increase fairness, particularly for excluded groups, can defuse tensions (2012: 140-144). The message most relevant for this evaluation is that the related social benefits of jobs in countries at risk of social fragmentation renders the simultaneous focus on jobs and growth an essential part of economic development in FCS.

Links to IEG Evaluations

26. Previous evaluations of the Bank’s work on conflict and fragility are useful reference points for this evaluation. The first independent evaluation of the Bank’s work on post-conflict reconstruction was conducted by the Operations Evaluation Department (IEG’s predecessor) in 1998. The main conclusion was that the Bank needed to revise its policy framework to enable the Bank to increase its effectiveness in post-conflict aid coordination and to play an active role as an adviser on peace negotiations. The evaluation recommended integrating macroeconomic stabilization with reconstruction and development, promoting equitable development to minimize the risk of recurring conflict, and adopting flexibility in

¹² ISNs submitted to the Board in FY12 include those for Nepal, Haiti, Togo and Afghanistan.

programming, design and implementation. It also recommended strengthening the Bank’s institutional arrangements and staffing in post-conflict situations and allocating sufficient budget resources for adequate monitoring (Kreimer and others 1998: 46-48). These insights continue to be relevant to current work in FCS.

27. **IEG’s 2006 evaluation – *Engaging with Fragile States: An Evaluation of World Bank Support for Low-Income Countries Under* – highlighted the need for a more strategic approach to fragile states** and recommended measures to strengthen the Bank Group’s ability to assist LICUS countries in statebuilding and to improve Bank Group systems to enhance responsiveness to these countries. The specific recommendations of the 2006 LICUS evaluation were to:

- Clarify the scope and content of the Bank’s statebuilding agenda and strengthen the design and delivery of capacity development and governance support in LICUS.
- Develop aid-allocation criteria for LICUS that ensures that they are not under- or over-aided.
- Strengthen internal Bank support for LICUS over the next three years.
- Reassess the value added of the LICUS approach after three years.

28. The internal reforms for FCS undertaken by the Bank Group during FY07-09 have been in place long enough to make it feasible to assess how they have affected Bank Group performance. More recent evaluation work points to additional challenges in FCS as the Bank seeks to expand its engagement to strengthen partnerships within client countries between the state, civil society, and the private sector.

29. **IEG project and country evaluations show that results in FCS are more difficult to attain than those in non-fragile states, but the gap has narrowed at the project level.** Of the 422 lending operations in FCS exiting the portfolio over FY06-12, more than half have been validated by IEG through Implementation Completion and Results (ICR) Reviews (Table 2). During the same period, IEG undertook 10 Country Program/Assistance Evaluations (CPE/CAE) and 16 Country Assistance Strategy (CAS) Completion Report Reviews.

Table 2. IEG ICR Reviews for Fragile and Conflict-Affected Countries

Region	Number of FCS countries	2000-2005		2006-2012	
		Number of projects exited	Of which evaluated by IEG	Number of projects exited	Of which evaluated by IEG
Africa Region	24	137	137	200	95
Other regions	18	151	147	222	123
Total	42	288	284	422	218

Note: includes IDA, blend and IBRD countries

Table 3. IEG Country Evaluations in Fragile and Conflict-affected Countries (FY00-15; FY06-12)

Regions	Africa Region		Other regions		All regions		Grand total
	CPE/CAE	CASCR-Rs	CPE/CAE	CASCR-Rs	CPE/CAE	CASCR-Rs	CPE/CAE and CASCR-Rs
Subtotal FY00-05	3	2	7	1	10	4	14
Subtotal FY06-12	3	4	7	12	10	16	26
Total	6	6	14	13	20	20	40

Note: includes IDA, blend and IBRD countries

30. **Development outcomes of projects in FCS countries have improved markedly and now compare favorably with those in non-fragile IDA countries.** Project outcome ratings at exit in FCS IDA countries improved from 61.5 percent moderately satisfactory or better (MS+) during FY 00-05 to 72 MS+ in FY06-12, averaging 68 percent MS+ over the period FY00-12, compared to the target of 70 percent moderately satisfactory or better for FCS countries. In contrast, project performance in non-FCS IDA countries has remained stagnant averaging 69 percent MS+ over the period FY00-12 (Attachment 3, table 3.1), compared to the 75 percent MS+ target for IDA countries. At the country level, evaluation findings on assistance programs varied. In the CPE/CAE reviews for IDA and blend countries, outcome ratings of fragile and non-fragile states are similar (50 percent MS+). However, in CASCR reviews FCS countries posted lower ratings on outcomes, the gap being higher in IDA only countries than if blend countries are included (see Attachment 3, table 3.2).

31. **Country program evaluations undertaken more recently also offer insights into the relevance and realism of the Bank Group’s assistance program and the difficulty of achieving and measuring results in high-risk fragile environments.** These include IEG country evaluations for Timor-Leste (2011a), West Bank and Gaza (2011b), Afghanistan (2012a), and Liberia (2012b). The evaluations indicated that sustained support for core government functions, delivery of public goods and services, and citizen engagement can yield results for peacebuilding, statebuilding, and promoting legitimacy of the state. They called for a better balance between long-term economic development and growth and short-term needs to strengthen institutional capacity. The evaluations identified programmatic approaches, including budget support for reforms and sectorwide approaches, as well as partnerships with donors and civil society, as vital for effective delivery of services. Security risks and restrictions also impacted Bank Group support to conflict-affected countries both due to risks to personnel and constraints on field supervision, as well as due to constraints on the private sector and citizen engagement.

32. **A 2009 evaluation of MIGA’s engagement in conflict-affected countries concluded that the Agency had adopted a non-strategic approach.** The evaluation found that although its engagement in conflict-affected countries is a strategic priority, its approach to underwriting guarantees in FCS was ad-hoc. Its projects in FCS tended to be very small projects compared to

MIGA’s business as a whole, with projects concentrated in manufacturing, services, and agribusiness, rather than in financial sector guarantees and infrastructure, which figure most prominently in the rest of MIGA’s portfolio. Guarantee projects in conflict-affected countries did not lead to higher instances of claims against MIGA compared to the overall portfolio. The evaluation concluded that although trust funds were useful in expanding MIGA’s coverage in FCS, they were not a necessary condition for MIGA engagement. MIGA’s project-level risk management was thus not fully aligned with its engagement strategy (World Bank-MIGA 2009: 25-36).

33. The significantly lower result of country assistance programs in fragile states has led to a debate about the metrics for assessing country programs in FCS. Assistance programs are evaluated against their stated objectives. As discussed above, country-level outcomes have been found to be significantly lower in fragile than in non-fragile states. Bank management has expressed concern about risk aversion due to a higher risk of failure in FCS. At the project level this concern has been addressed by management through a lower target for outcome ratings in FCS compared to non-fragile countries¹³. Project outcome ratings are already very close to this target. However, country program outcome ratings are much lower. Findings from recent country evaluations in FCS suggest that the Bank Group has not yet found the right approach to accommodate varying degrees of risk tolerance to country conditions in FCS. The challenge is to design and evaluate assistance programs with a modulated approach that clearly signals Bank Group willingness to take higher risks in FCS with greater client ownership for reforms, while maintaining a focus on development effectiveness. The proposed evaluation will examine the extent to which risks are assessed, mitigated, and monitored to provide a basis for adjustment when the country context changes, which will permit a more informed consideration of the concerns expressed by management.

34. IEG’s GAC evaluation found that the quality of governance and political economy analysis was better in fragile than in non-fragile countries but institutional strengthening had mixed results, particularly at the country-level. Since the introduction of the GAC strategy, the responsiveness of project design to governance and political economy constraints in fragile states has improved compared to the pre-GAC period, and is comparable to that in non-fragile countries. However, risk management intensity is associated more with the choice of instrument than the risk profile of the country or of Bank operations. Although the quality of institutional strengthening improved in fragile countries during the post-GAC period, quality was markedly better at the project-level than at the country- and sector-levels (IEG 2011c).

¹³ The target for project outcomes is 70 percent for FCS, 75 percent for IDA, and 80 percent for IBRD.

Insights from Research and Other Evaluations in FCS

35. **A synthesis of research on governance and fragile states over 2001-10 prepared by the U.K. Department of International Development (DFID) reports that the inability of government institutions to prevent conflict or provide basic security and services can have life-or-death consequences; lack of opportunity can prevent generations of families from lifting themselves out of poverty; and the inability to grow economically and collect taxes can keep countries trapped in a cycle of aid dependency.** The report draws four conclusions. First, citizen engagement in governance is more important than previously thought as it helps to get better outcomes on service provision, and contributes to building more effective and accountable states. Second, security is a precondition for development. Third, conflict is three times more likely in countries where there are high levels of inequality between different ethnic and religious groups; consequently, aid needs to take into account the risk of conflict arising out of inequality. Fourth, effective taxation policies are crucial to building effective and responsive states and provide a critical path out of aid dependence (DFID 2010).

36. **The engagement of citizens is important not only in making governments more inclusive and accountable but also in allowing the poor themselves to participate in development processes.** A recent paper presents evidence that citizens in countries vulnerable to conflict are less able to act collectively often because their leaders are reluctant to encourage citizen voice. The donor community has begun to focus on improved service delivery in post-conflict settings as a way to reduce tensions and build state legitimacy. However, if conflict is most likely in countries where leaders are reluctant to allow citizen collective action, these strategies may be least likely to succeed precisely where their success is most needed (Keefer 2012: 2-3).

37. **Recent evaluations by the African Development Bank (AfDB) and the Asian Development Bank (AsDB) report increased financial assistance to fragile and conflict affected states but call for greater sensitivity to the country context and more effective capacity building.** AfDB's contribution has not been underpinned by systematic analysis of the political context and drivers of conflict, as envisaged by the strategy, leading to an incremental approach with partnerships at the project level rather than a strategic approach at the country level (Operations Evaluation Department 2012: 17). AsDB found that many of the former FCS countries rely on natural resources exports and extractive industries which protect them against economic shock but sustainability remains a critical issue due to capacity constraints. "More important than large resource transfers is the need to understand the countries and the counterparts, to produce better, simpler designs, and to commit to work consistently over a longer-term horizon" (Independent Evaluation Department 2010: 42).

38. An evaluation framework for evaluating conflict prevention and peacebuilding activities produced by the DAC networks on Development Evaluation and Conflict, Peace and Development Cooperation (Figure 2) offers insights but is not readily transferable to the Bank

Group. This framework is based on the premise that “work ‘in’ and ‘on’ conflict involves activities that differ from well established development operations and take place in highly politicized environments (OECD/DAC 2008:1). The framework is organized around four dimensions—socioeconomic development; good governance; reform of justice and security institutions; culture of truth, justice and reconciliation. The first dimension and many activities under the second overlap with the Bank Group’s programs for FCS. Under the third dimension the Bank has financed some demining, demobilization and reintegration of combatants, justice sector activities and community policing operations, and limited activities in the security sectors in collaboration with other partners. Activities under the fourth dimension and some of those under the second and third, fall outside the scope of the Bank’s work and under the purview of the United Nations and humanitarian organizations.¹⁴ While these organizations have become important partners of Bank Group engagement in FCS, a more customized framework for this evaluation that draws on the OECD/DAC framework and recent OECD guidance on evaluating peacebuilding (OECD 2012) is needed to address the Bank Group’s primary mandate of development, and the relationship of development both to fragility and conflict.

Figure 2. OECD/DAC Evaluation Framework

SOCIO-ECONOMIC DEVELOPMENT	GOOD GOVERNANCE	REFORM OF JUSTICE & SECURITY INSTITUTIONS	CULTURE OF TRUTH, JUSTICE AND RECONCILIATION
Balanced physical reconstruction	Civil society development	Security sector reform (police, military, intelligence)	Enhancing non-violent dispute resolution systems
Sound and equitable economic management	Freedoms of expression association, press	Small arms and light weapons reduction	Dialogue among conflicting groups
Equitable distribution of development benefits	Media development	Nonviolent accompaniment	Prejudice reduction or diversity training
Gender equality	Power sharing	Community policing	Trauma healing
Equitable access to services	Participatory processes	Peacekeeping	Conflict resolution skills training
Repatriation/reintegration of displaced persons	Improved access	Nonviolent observers	Peace education
Sustainable use of (and equitable access to) natural resources	Democratisation	Disarmament, demobilization and reintegration of combatants	Transitional justice
	Electoral processes	De-mining	War crimes trials
	Transparency and accountability		Raparations
	Anti-corruption and good governance programs		
	Human rights protection		
	Rule of law		

TRANSFORMING ATTITUDES, STRUCTURES, RELATIONSHIPS AND BEHAVIOURS ⁸

Source: OECD/DAC

¹⁴ See OP 2.30 *Development Cooperation and Conflict*, paragraph 3(a).

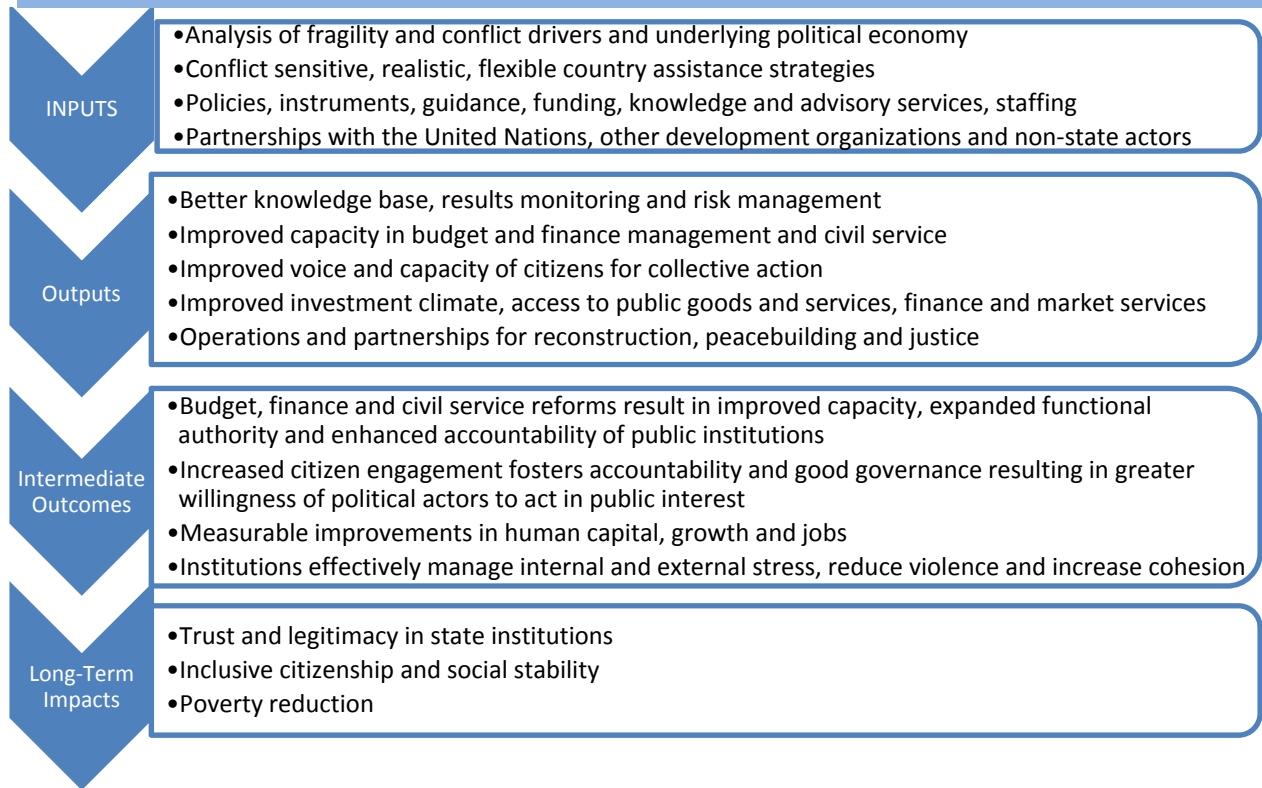
Evaluation Framework

39. The results chain for the evaluation (Figure 3) combines attention to fragility and conflict with the Bank Group's core development mandate. It draws on the synergies arising from support for building state capacity, citizen engagement to enhance social cohesion and peacebuilding, and economic development through inclusive growth to sustain state revenues while investing in jobs and sustainable livelihoods. The assessment of risks, design of risk-adjusted strategies and assistance programs, and their implementation arrangements are captured under inputs. Relevant results in the short and medium-term are reflected under outputs and outcomes. This framework has been derived from the concepts and priorities articulated in recent WDRs, policy papers and progress reports issued by management, based on past experience, to draw lessons from FCS. The domains of Bank Group support for statebuilding, citizen engagement and peacebuilding, and economic development through equal attention to growth and jobs are detailed in Attachment 2. The framework recognizes that transnational forces have a bearing on conflict and violence, particularly in fragile environments. Cross-border engagement can facilitate economic development as well as foster peacebuilding and conflict prevention. Nonetheless, since the country model is the primary vehicle for delivery of the Bank Group's assistance program, the country level will remain an important unit of analysis along with the project and program levels. However, the evaluation will include consideration of regional impacts on development and peacebuilding outcomes where relevant.

40. The evaluation will examine the actions taken by the Bank Group to operationalize the 2011 WDR, including the support to country teams by the global hub on Conflict, Security and Development, the WDR's effect on subsequent country assistance strategies, and the reflection of the enhanced focus on citizen security, justice and jobs in the lending program. Although it is too soon to evaluate impacts of the 2011 WDR on the ground, the evaluation will report on the evidence found of actions taken and relevant outputs discernible since 2011.

41. The evaluation will assess the Bank Group's support to FCS both through its examination of country assistance strategies and operations as well as the corporate role of the Bank Group in engaging with international partners and the UN to enhance knowledge, operational experience and coordination to strengthen state- and peacebuilding objectives in FCS. A considerable body of this work will build on previous evaluations of country assistance programs and operations and utilizing the criteria – relevance, effectiveness, efficiency – against which achievement of objectives have been assessed. Given the importance of donor alignment and coordination in FCS, the evaluation will also assess the efficacy of coordination efforts with other partners, including UN agencies and the G7+.

Figure 3. Results Chain of World Bank Group Assistance to FCS



Evaluation Questions and Coverage/Scope

42. The key questions for this evaluation are:

(1) *To what extent have Bank Group assistance programs in FCS been strategically relevant to the needs of, and tailored to the risks in FCS contexts?*

- To what extent do the Bank Group’s assistance strategies make use of analyses of fragility and conflict drivers that are the key obstacles to peacebuilding, statebuilding and development in FCS, and tailor country and program strategies to those risks?
- To what extent has the 2011 WDR framework, and its priorities, been reflected in subsequent analytical work and country assistance strategies, and led to an enhanced focus on citizen security, justice and jobs in the lending program?
- To what extent has the Bank Group analyzed (a) the potential for civil society and citizen engagement in peacebuilding and development and (b) the role of the private sector in FCS, and tailored its approach and instruments to enhance such partnerships in FCS?
- To what extent were the assistance strategies relevant to the country context and designed to enhance the reach and capability of the state, promote inclusive citizenship, and overcome the constraints to growth and jobs?

- How do country assistance strategies promote peacebuilding and address conflict drivers, such as the resource curse and cross-border risks of conflict and violence, which are disproportionately present in FCS?
- To what extent were the assistance strategies and programs designed realistically, using scenarios as appropriate based on an analysis of fragility and conflict risks, with appropriate results frameworks¹⁵ and risk monitoring?
- To what extent did the assistance strategies promote flexibility in adapting assistance programs and projects to respond in a timely and appropriate way to changes in needs and risks?

(2) How effective has implementation of the Bank Group's assistance programs and projects in FCS been in achieving results and strengthening institutional capacity?

- What has been the performance and outcomes of the Bank Group's lending / grant / investment / guarantee portfolio to the public and private sector in FCS?
- What has been the contribution and results of the Bank Group's analytical work, technical assistance, and advisory services in FCS?
- How have the results varied across Bank Group support for the state, citizens, and the economic development; to what extent has this support enabled synergies among these three areas?
- To what extent has attention to gender, ethnic and regional diversity resulted in inclusive distribution of benefits in FCS and enhanced equity of opportunity for all social groups?
- To what extent were partnerships with the private sector and civil society used to overcome capacity and governance constraints, and contribute to peace and statebuilding?
- To what extent was the Bank Group able to coordinate its assistance programs in FCS with other donors effectively to achieve program and project objectives?
- What role has monitoring and evaluation played in measuring outcomes and adapting to changing contexts, and to what extent has measurement of outcomes generated better results or resulted in greater risk aversion?

(3) What drivers of success and failure in FCS were under the Bank Group's control, and how have they affected the results and performance of the Bank Group's assistance to FCS?

- To what extent have changes in operational policy increased Bank Group efficiency in FCS?

¹⁵ OPCS issued a Guidance Note on "Ensuring a Results Orientation During Project Preparation Under OP/BP 8.00" in April 2009.

- To what extent have changes in human resources systems affected Bank Group incentives, and led to increased field presence and effectiveness in FCS?
- To what extent has operationalization of the 2011 WDR increased the effectiveness of Bank Group support in FCS?
- To what extent have Bank Group inputs (strategy, financial instruments, and analytic and advisory activities) increased the effectiveness of engagement in FCS?
- To what extent have synergies across the Bank Group enhanced the effectiveness of its support in FCS?
- To what extent has the Bank Group’s increasing efforts at regional integration contributed to peacebuilding and development in FCS?
- To what extent has the quality of monitoring and evaluation of outcomes and risks enabled a learning process and focus on results in FCS?
- What lessons can be learned to identify what approaches and systems worked in FCS and what did not, and why?

(4) What external drivers have been most critical and what have been their effects on the results of Bank Group assistance to FCS?

- How did security and violence affect the Bank Group’s ability to operate in, and achieve its intended objectives, and how did the Bank Group respond to or manage this risk?
- To what extent were weaknesses in government capacity, which could not have been anticipated and ameliorated with external assistance, the binding constraint preventing the achievement of program objectives?
- To what extent were opportunities and risks arising from the regional context anticipated and integrated into the assistance programs?
- To what extent did resources constrain statebuilding, peacebuilding and economic inclusive growth both in terms of timely availability and absorptive capacity in FCS?
- How effective is the collaboration with UN agencies in FCS, and how has the nature and extent of collaboration been affected by the 2011 WDR?
- How did multidonor trust funds and donor coordination assist in or hinder the achievement of program objectives?

43. **This evaluation will not assess the effects of the Bank’s procurement policies and procedures or GAC strategy on Bank engagement in FCS.** The assessment of procurement issues in FCS is being covered explicitly by a concurrent IEG evaluation of the World Bank’s public procurement. Similarly, IEG’s GAC evaluation (2011c) compared results on GAC from 9 fragile states with 32 non-fragile states. Consequently, this evaluation will draw on the evaluative evidence generated by the GAC evaluation rather than duplicating those efforts.

Evaluation Design and Evaluability Assessment

44. **Data for the FCS evaluation will be obtained from multiple sources and results triangulated and synthesized to answer the evaluation questions** (see Attachment 1):

- **Assessment of country assistance strategies** in FCS, including a review of evaluation findings from CPE/CAEs and CASCR Reviews undertaken by IEG and a review of CASs and Interim Strategy Notes from FCS countries not covered by IEG evaluations using a structured evaluation template.
- **A review of the most recent country assistance strategies** to compare ISN/CAS objectives, risks, and risk management in FCS and non-FCS IDA countries and assess how state and peacebuilding objectives and the particular risks and constraints of FCS are reflected in the assistance strategies and how these could be internalized in subsequent evaluations.
- **Assessment of the Bank Group’s analytical work** to determine how risks, especially those related to political economy and conflict, were analyzed and how such analyses were used to design country strategies and operations, and to adjust them when country conditions changed.
- **Review of the scale and distribution of the Bank Group’s knowledge services** (economic and sector work, technical assistance, advisory services) in case study countries to determine how much was done for each strategic domain, which knowledge instruments were used, how much they cost, and the role and impact of Bank analytical and advisory activities and IFC advisory services.
- **Secondary analysis of IEG’s micro-evaluations** of the Bank Group’s lending/grant/investment/guarantee portfolio in FCS from Bank ICR Reviews and Project Performance Assessment Reports, IFC Expanded Project Supervision Reports (XPSRs), Advisory Services Project Completion Reports (PCRs), and MIGA Project Evaluation Reports.
- **Country case studies** in selected FCS IDA countries with persistent fragility and countries that have come out of fragility to assess the Bank Group’s assistance programs and review the role and efficacy of partnerships. These will include interviews with in-country stakeholders and field investigations in those countries.
- **Assessing timeliness and effectiveness of Bank Group response to inflection points.** To the extent that Bank Group engagement in case study countries and those evaluated by the CPEs included reengagement after prolonged absences or emergence of unforeseen risks, the timeliness and effectiveness of the Bank Group’s response will be closely examined.
- **Analysis of staffing data** including front-line staff based in-country, extended country team based elsewhere, and back-line support from the Global Expert Team, networks, and other operational units. This analysis will be supplemented by qualitative assessments of staff support to FCS in the case study countries.

- **Analysis of quality of public services and citizen trust** in government institutions through comparative analysis of data from regional polls and opinion surveys.
- **Assessment of gender as a cross-cutting theme.** The evaluation will include a review of Bank Group support for gender in FCS through an assessment of the contributions of relevant analytical and advisory activities to country assistance strategies and gender mainstreaming in the lending/grant/guarantee portfolio. More specific analysis of the impact of gender support on the policy dialogue and country programs will be drawn from the country case studies.
- **Analysis of growth and its determinants** in FCS based on comparative analysis of macroeconomic indicators of growth, consumption, investment, trade, and revenue generation, controlling for country variables including natural resource endowments, incidence of conflict, geographic proximity to violence-prone country, poverty, and inequality.
- **Analysis of jobs in FCS**, including the sources of, constraints on, and Bank Group contribution to job creation and productivity enhancement in FCS. The analysis will use cross-sectional survey data and country case materials to compare matched pairs of countries with similar economic and demographic characteristics.
- **Interviews with managers and focus group meetings with staff** working on, or having worked in, FCS.

45. **The evaluation will use quantitative and qualitative methods for the assessment.** Portfolio data and human resources data will be obtained from the Bank Group and other data will be obtained from previous IEG evaluations. Data from existing opinion surveys will be compiled and analyzed to assess responsiveness to citizens and perceived legitimacy of, or confidence in, government institutions. These data will be examined through statistical analysis, including regression analysis where feasible, to yield relevant results for FCS countries and within non-fragile countries. To the extent that data permits, the analysis will be undertaken to correlate results with indicators of the country context (inflection points, country governance, or external shocks). Qualitative analysis will be done on information from semi-structured interview questionnaires and country case study findings.

46. **Analysis of existing databases will be comprehensive, drawing on the entire universe available, while sampling will be used for more targeted research methods.** Countries will be identified through purposive sampling to supplement IEG’s current knowledge base on FCS for the country cases and for the matched pairs for the labor market study. Sampling will be undertaken for the manager interviews. Focus groups with staff working on FCS will be conducted in the case study countries as well as at headquarters.

47. **Results from the evaluation (covering FY06-12) will be compared with results from the period covered by IEG’s LICUS evaluation (FY00-05).** Some data, such as project portfolio performance will be more easily comparable across time. The labor markets study will

rely on matched pairs of countries for comparison. These analyses will be supplemented by qualitative and quantitative data from the case study countries. Because of wide variations in fragility, governance, and conflict across countries,¹⁶ a comparison across country types does not appear feasible. Nor is it possible to do a “with” and “without” comparison for countries where severe conflict led to Bank disengagement. However, at the aggregate level, since half of the FCS countries are in the Africa Region, in addition to a temporal comparison, data will also be reported separately for the Africa Region and FCS in other regions.

48. The selection of countries is being undertaken through a purposive sample to include the variation within FCS. The sample of countries for the case studies will consist of 6 FCS countries to be complemented by evaluation results from the 4 FCS countries where IEG undertook Country Program Evaluations in the last two years. All 6 countries are IDA eligible and conflict-affected. To enrich the analysis, half of the case study countries will be from the Africa Region, which has the largest concentration of FCS, while the other three are distributed across three other Regions and offer lessons for other FCS IDA-eligible countries. Half of the case study countries have had persistent fragility and been on the FCS list from FY00-13. Two case study countries have had volatility moving out of and back into the FCS list. One country was on the FCS list until FY09 when it graduated from the list and has been included to learn lessons for others that remain classified as fragile. Based on these criteria the six countries for the case studies will include three from the Africa Region and one each from East Asia and the Pacific, South Asia and the Middle East and North Africa regions. Haiti was considered as a possible candidate but is the only FCS country in the Latin America and the Caribbean Region (compared to 11 in East Asia and the Pacific) and was excluded as the conditions of fragility and conflict there are fundamentally different from those in other countries affected by violence in that region and lessons would not be transferable elsewhere. These country studies will be supplemented by a desk review of lessons on small or micro states. Fragility in IBRD countries will not be covered by this evaluation. The selection of countries has been finalized after consultation with CCSD and IFC and a review of country conditions in accordance with the selection criteria.

49. Effects of reforms that are internal to the Bank Group will factor in the dates when those reforms were introduced. While evaluating the effects of internal FCS reforms, the dates on which those reforms have been carried out (mostly FY07-09) will be taken into consideration. Consequently, the discussion of staffing in FCS will compare data from FY08 onward with those from previous periods.

50. The evaluation will assess the strategic relevance of Bank Group assistance to FCS, including the extent to which the assistance programs take account of fragility and conflict risks, the effectiveness of the programs in achieving results, and the efficacy of the internal

¹⁶ This also prevented the WDR 2011 from arriving at a meaningful typology of countries.

reform measures undertaken to enhance its support to FCS. The evaluation will seek to learn what actions and implementation arrangements enabled successful outcomes, what constrained them, and what could enhance the effectiveness and impact of future Bank Group support to FCS. It is expected that the evaluation will enable a more informed discussion of the benchmarks for risk tolerance, and the risk management and monitoring being used in FCS. The evaluation will draw implications from these findings for the approach and criteria used in evaluating the Bank Group's programs in FCS, while maintaining a focus on development effectiveness.

Quality Assurance Process

51. **Quality will be assured through the use of peer reviewers and an Independent Advisory Panel.** Peer reviewers for the evaluation are Ashutosh Varshney (Sol Goldman Professor of International Studies and the Social Sciences, Watson Institute of International Studies, and Department of Political Science, Brown University); Soniya Carvalho (Lead Evaluation Officer, IEGPS); Philip Keefer (Lead Research Economist in the Development Research Group, DECMG); and Ted Kliet (Policy and Operations Evaluation Department, Netherlands Ministry of Foreign Affairs). An Advisory Panel will also be appointed to provide guidance and an independent view on the study. IEG intends to include a representative of g7+ and a representative of the UN on the Advisory Panel. A representative of the private sector will be included as a peer reviewer or panel member on completion of the report. The evaluation report will be prepared under the direction of Ali Khadr, Senior Manager, and undergo the usual IEG quality assurance process, involving review by the Extended Leadership Team and final clearance by the Director-General, Evaluation.

52. **The proposed team consists of IEG staff and external consultants who do not have any conflict of interest in undertaking this evaluation.** The core team consists of Anis Dani (task team leader), Aida Tapalova, Amnon Golan, Ann Flanagan, Christopher Nelson, Disha Zaidi, Emily Harwit, Inder Sud, J. van Holst Pellakaan, Judy O'Connor, Lauren Kelly, Nestor Ntungwanayo, Shoghik Hovhannisyanyan, Stephan Wegner, Victor Eduardo Macias Essedin and William B. Hurlbut. Although preference has been given to staff and consultants with prior experience in FCS, care has been taken to avoid conflict of interest by ensuring that none of the team members evaluate any programs or projects to which they provided operational support during the current evaluation period (FY06-12).

Expected Outputs and Dissemination

53. **The primary output of the evaluation will be the report to the Committee on Development Effectiveness (CODE), which will contain the main findings and recommendations of the study.** The report will also identify areas where further work is needed for development of more in-depth reform proposals. The report will be disseminated widely across the Bank Group in collaboration with CCSD. In addition, two or three of the background papers prepared for the study—on gender, labor markets, and citizen engagement and trust—are

expected to be published separately as working papers. The portfolio data will be in the public domain on completion of the evaluation. Background work undertaken for the individual country case studies will be considered deliberative in nature and will therefore not be disclosed.

54. **Some bilateral partners have expressed interest in hosting a conference to discuss and disseminate the findings from the FCS evaluation in 2013.** The conference will be the major external dissemination event for the evaluation. Given the interest in this topic among other development partners, the report will also be disseminated outside the Bank to OECD/DAC and at other forums, on demand.

55. **Ongoing consultations with key stakeholders during the evaluation process will be undertaken to enhance the relevance and robustness of the evaluation.** Consultations with staff at CCSD and other operational staff based in several FCS countries were held during the design phase as inputs toward preparation of the Approach Paper. This dialog will continue during the evaluation process to ensure that the evaluation team has access to relevant information and support from relevant Bank Group units. IEG will also reach out to stakeholders including the g7+ and the UN and engage in relevant international forums that address FCS issues. Such stakeholder consultations will have three objectives:

- Make the evaluation process transparent to interested stakeholders and the public.
- Gather information and relevant data to triangulate results with those from other research and development organizations working on FCS.
- Develop an FCS constituency to validate and disseminate the findings and recommendations when the evaluation is complete.

Timeline and Resources

56. The evaluation work will be undertaken in FY13. The evaluation will be reviewed by IEG management by the end of FY13 and a draft submitted for comments from Bank Group managements in July 2013. The revised evaluation report is expected to be submitted to CODE in September 2013 for discussion before the 2013 Annual Meetings.

57. The administrative budget for undertaking the evaluation is estimated at around \$990,000.¹⁷ This does not include dissemination costs which will be incurred after CODE discussion of the evaluation.

¹⁷ The administrative budget includes overheads for staff and extended-term consultants. Without these sustaining costs the administrative budget would be \$749,000.

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Attachment 1

Evaluation Design Matrix

Key Questions	Information required	Information sources	Data collection methods	Data analysis methods	Strengths and limitations
<i>To what extent have Bank Group assistance programs in FCS been strategically relevant to the needs of, and tailored to the risks in FCS contexts?</i>	Country context and governance risk profile; analytical underpinnings of strategies; country assistance strategies; country risk profiles and risk monitoring data	Country strategies (ISN/CAS), country evaluations (CAE/CPE), and CASCR Reviews; AAA and other risk assessments; CPIA, EIU ICRG, Freedom House and Fragile States Index profiles and ratings	Standard set of documents will be made available to the evaluators. This will be supplemented by more in-depth analysis of core AAA and feedback from country management, clients and stakeholders	A semi-structured template will be used for the assessment of country strategies. In case study countries, the portfolio and AAA reviews will be based on a standardized template	The qualitative assessment of ISN/CAS will cover the recent period and the last period prior to FY06 to allow comparison before and after FCS reforms. The evaluation will compare ISN/CAS objectives, risks, and risk management in FCS and non-FCS IDA countries to assess how state and peacebuilding objectives differed among them. The review of AAA/Advisory Services will establish a profile for all countries, and in-depth reviews will be undertaken in case study countries of selected AAA most relevant to building core government capacity and assessing political economy and conflict risks
<i>How effective has implementation of the Bank Group's assistance programs and projects in FCS contexts been in achieving results and strengthening institutional capacity?</i>	Distribution of operations across 3 domains; performance of completed projects; implementation status and results of current portfolio; results of partnerships with donors, civil society and private sector on peacebuilding and development objectives; disaggregated data across social groups; data on	ICR/XPSR reviews and PPARs from IEG database; portfolio status and risks from business warehouse; CAE/CPE, CASCR reviews; country case material on implementation; external studies; government statistics; panel data from surveys; Afrobarometer and other opinion polls	Secondary analysis of data will be structured to allow inter-temporal and inter-country comparisons; country case studies will provide supplementary data on partnerships, social inclusion, citizen engagement, livelihoods and peacebuilding	Portfolio data; analysis of panel data from matched pairs of countries for labor market analysis; case studies; secondary analysis of data from opinion polls	Much of the analysis will be based on existing data. However, extracting disaggregated data on social inclusion and on job creation may not be possible in all countries and will depend largely on the quality of government statistics and project-level monitoring and evaluation

	employment, public services and trust in public institutions				
<i>What drivers of success and failure in FCS were under the World Bank Group's control, and how have they affected the results and performance of the Bank Group's assistance to FCS?</i>	Use of emergency policy (Operational Policy 8.00); distribution and results for different lending instruments; Staffing data for FCS; M&E indicators and systems, and third party monitoring;	Portfolio review, CAEs and CASCR reviews; human resources analytics; Business Warehouse	Bank databases; interviews with country teams; focus groups with task team leaders	Comparison of results before- and after- changes in operational policy and human resources policy were adopted; Statistical analysis	A counterfactual cannot be established; comparisons before and after will be used to show correlations rather than causality
<i>What external drivers have been most critical and what have been their effects on the results of Bank Group assistance to FCS?</i>	Information on key inflection points on security and governance	CAE, CASCR-reviews, CAS/ISN assessment; external evaluations; feedback from stakeholders in case study countries	Assessments discussed above, and in-country stakeholder interviews, and staff focus groups	Timeline analysis to relate performance downturns to country conditions; comparative analysis of multidonor trust funds across time and countries	Comparative analysis across FCS will allow the evaluation to benchmark performance among FCS; in-depth information will be obtainable on case study countries only, although multidonor trust funds can be compared at the aggregate level in terms of volume and performance

Attachment 2: Domains of Bank Group Engagement in FCS

	STATE	CITIZENS	ECONOMIC DEVELOPMENT
OBJECTIVES	<ul style="list-style-type: none"> • Statebuilding 	<ul style="list-style-type: none"> • Peacebuilding 	<ul style="list-style-type: none"> • Inclusive Growth
STRATEGIC RELEVANCE <ul style="list-style-type: none"> • Realism of strategy and design in keeping with fragility and conflict risks and country capacity • Flexibility to adapt to opportunities and shocks • Risk assessment and monitoring 	<ul style="list-style-type: none"> • Macroeconomic stabilization • Public financial management • Civil service reform • Governance reform for service delivery • Efficacy and impact of knowledge services • Partnership with relevant actors, such as United Nations agencies on security, peacebuilding and institutional development • Partnerships on capacity building with bilateral agencies 	<ul style="list-style-type: none"> • Reconstruction and peacebuilding activities • Human capital development • Inclusive access to public services • Community-driven development • Civil society partnerships • Equity of opportunity across gender and ethnicity • Justice sector and conflict resolution • Transparency, voice, and accountability • Efficacy and impact of knowledge services on inclusion, civil society, and citizen engagement 	<ul style="list-style-type: none"> • Policy and Institutional Reform • Private sector development • Regional integration • Access to credit • Job creation and livelihood support • Agricultural development • Small and medium enterprises and urban development • Efficacy and impact of knowledge services on growth and jobs
EFFECTIVENESS <ul style="list-style-type: none"> • Timeliness and continuity of Bank Group engagement • Achievement of risk-adjusted objectives at project-level and country-level in FCS • Contributions to statebuilding and peacebuilding 	<ul style="list-style-type: none"> • Policy and institutional reforms • Results of lending/grant portfolio to public sector • Distribution of public sector employment across gender, ethnicity, and other relevant groups • Operational design and implementation support • Program and risk monitoring mechanisms 	<ul style="list-style-type: none"> • Capacity and reach of mechanisms for service delivery • Results of program and project assistance • Inclusive citizenship, with equitable access to goods and services across gender, ethnicity, and geographically dispersed groups • Community and third-party monitoring 	<ul style="list-style-type: none"> • Investment climate reform • Financial sector reform • Program and project assistance • Partnerships with private sector • Equity of opportunity in skills development and jobs • Growth and job outcomes

Attachment 3: Preliminary Portfolio Review

Table 3.1. Project Outcome Ratings by exit year, in FCS and Non-FCS IDA countries

Country fragility	FY2000-05		FY2006-12		Total FY2000-12	
	Number of projects	Outcomes rated MS+	Number of projects	Outcomes rated MS+	Number of projects	Outcomes rated MS+
FCS IDA						
Investment	156	62%	128	63%	284	62%
DPL	23	61%	38	82%	61	74%
Total FCS IDA	179	62%	166	72%	345	68%
Non-FCS IDA						
Investment	324	68%	253	68%	577	68%
DPL	65	72.3%	68	75%	133	74%
Total Non-FCS IDA	289	69%	321	69%	710	69%

Notes: MS+ = moderately satisfactory or better

Table 3.2. Ratings of CAEs and CASCR-Reviews in IDA and blend countries

Evaluation	Countries	FY2006-12 IDA only		FY2006-12 IDA and blend	
		Number of countries	Outcomes Rated MS+	Number of countries	Outcomes Rated MS+
CASCR-Rs	FCS	7	29%	10	40%
	Non-FCS	39	54%	53	57%
CAEs	FCS	6	50%	6	50%
	Non-FCS	13	46%	14	50%

Notes: MS+ = moderately satisfactory or better

Table 3.3. Harmonized List of Fragile Situations FY13 ^{a/}

Country	WB CPIA score	ADB/AfDB CPIA score	Harmonized average	Political and peacebuilding missions ^{b/}	Peacekeeping missions ^{c/}
Afghanistan	2.68	2.8	2.74	P	PK
Angola	2.69	3.2	2.95		
Burundi	3.11	3.1	3.1	P	
Central African Republic	2.76	2.93	2.84	P	
Chad	2.43	3.18	2.8		PK
Comoros	2.65	2.46	2.55		
DRC	2.67	3.04	2.85		PK
Congo, Rep	3	3.33	3.17		
Cote d'Ivoire	2.87	2.83	2.85		PK
Eritrea	2.16	2.14	2.15		
Guinea	2.86	3.29	3.08		
Guinea-Bissau	2.83	3.26	3.04	P	
Haiti	2.9	-	2.9		PK
Kiribati	3.03	2.69	2.86		
Kosovo	3.43	-	3.43		PK
Liberia	3.03	3.72	3.38		PK
Marshall Islands	2.71	2.79	2.75		
Micronesia, FS	2.71	2.74	2.72		
Myanmar	-	-	-		
Nepal	3.28	4.09	3.69	P	
Sierra Leone	3.31	3.34	3.33	P	
Solomon Islands	2.93	3.29	3.11		
Somalia	-	-	1.13	P	
South Sudan **	-	-	-		PK
Sudan	2.36	2.61	2.48		PK
Timor-Leste	3.02	3.3	3.16		PK
Togo	2.99	2.88	2.94		
Tuvalu **	-	-	-		
Yemen	2.98	-	2.98		
Territories	-	-	-		
West Bank & Gaza	-	-	-	P	
Blend	-	-	-		
Bosnia & Herzegovina	3.64	-	3.64	P	
Zimbabwe	2.19	-	2.16		
Middle Income	-	-	-		

Country	WB CPIA score	ADB/AfDB CPIA score	Harmonized average	Political and peacebuilding missions ^{b/}	Peacekeeping missions ^{c/}
Iraq	-	-	-	P	
Libya	-	-	-	P	
Syria	-	-	-	P	

Notes:

a/ "Fragile Situations" have: either a) a harmonized average CPIA country rating of 3.2 or less, or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years.

This list includes only IDA eligible countries and non-member or inactive territories/countries without CPIA data. It excludes IBRD only countries for which CPIA scores are not currently disclosed.

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

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

** CPIA scores are not disclosed publicly for countries in the first year in which the CPIA exercise is undertaken, therefore, South Sudan and Tuvalu CPIA scores are not listed here.

Table 3.4. FCS List by Year

FCS (LICUS) COUNTRIES	2012	2006	2003
Afghanistan	Y	Y	Y
Angola	Y	Y	Y
Bosnia and Herzegovina	Y	--	--
Burundi	Y	Y	Y
Cambodia	--	Y	Y
Cameroon	--	--	Y
Central African Republic	Y	Y	Y
Chad	Y	Y	Y
Comoros	Y	Y	Y
Congo, Democratic Republic of	Y	Y	Y
Congo, Republic of	Y	Y	Y
Côte d'Ivoire	Y	Y	Y
Djibouti	--	Y	Y
Equatorial Guinea	--	--	Y
Eritrea	Y	Y	Y
Gambia, The	--	Y	Y
Georgia	Y	--	--
Guinea	Y	Y	Y
Guinea-Bissau	Y	Y	Y
Haiti	Y	Y	Y
Iraq	Y	--	--
Kiribati	Y	--	--
Kosovo	Y	Y	Y
Kyrgyz Republic	--	--	Y
Lao Peoples Democratic Republic	--	Y	Y
Liberia	Y	Y	Y
Libya	--	--	--
Marshall Islands	Y	--	--
Micronesia, Federated States of	Y	--	--
Myanmar	Y	Y	Y
Nepal	Y	--	--
Niger	--	--	Y
Nigeria	--	Y	Y
Papua New Guinea	--	Y	Y
Sao Tome and Principe	--	Y	Y
Sierra Leone	Y	Y	Y
Solomon Islands	Y	Y	Y
Somalia	Y	Y	Y
South Sudan	--	--	--

FCS (LICUS) COUNTRIES	2012	2006	2003
Sudan	Y	Y	Y
Syria	--	--	--
Tajikistan		Y	Y
Timor-Leste	Y	Y	Y
Togo	Y	Y	Y
Tonga	--	Y	Y
Tuvalu	--	--	--
Uzbekistan	--	Y	Y
Vanuatu	--	Y	Y
West Bank and Gaza	Y	Y	Y
Yemen, Republic of	Y	--	Y
Zimbabwe	Y	Y	Y

2013: The 2013 list is identical to the 2012 list, except for the addition of Libya, South Sudan, Syria and Tuvalu.

2012: *a/* "Fragile Situations" are either: a) IDA-eligible countries with a harmonized average CPIA country rating of 3.2 or less (or no CPIA), or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. This list includes non-member or inactive territories/countries. It excludes IBRD only countries for which the CPIA scores are not currently disclosed. This definition is pursuant to an agreement between the World Bank and other MDBs at the start of the IDA 15 round in 2007.