

Evaluation of African Development Bank Assistance to Fragile States

Approach Paper **FINAL (January 2010)**

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“Reconstruction is a matter of the utmost urgency and importance where we should, therefore, press forward to reach agreement on methods and on details . . . The countries chiefly concerned can scarcely begin to make their plans until they know upon

what resources they can rely. Any delay, any avoidable time lag will be disastrous to the establishment of good order and good government.”

Lord Keynes, Bretton Woods (3 July 1944.)

1. Introduction

Reconstruction and rehabilitation for post-conflict and crisis ravaged countries has been one of major historical justifications for the Multilateral Development Banks. The World Bank (IBRD) and International Monetary Fund (IMF) were both created during the final years of World War II to assist Europe and other countries to rebuild their economies. The Charter of the African Development Bank does not specifically mention post-conflict reconstruction but the institution has played and continues to play a role in the reconstruction of those Regional Member Countries (RMCs) coming out of conflict and crisis. Currently, 20 RMCs¹, about 40% of all African countries are classified as post-conflict / crisis which presents the Bank with a significant reconstruction challenge.

From late 2003, the African Development Bank has placed an institution-wide emphasis on fragile states in its strategic plan and medium-term strategy to provide assistance for macro-economic stabilization and governance reform, institutional capacity building and provision of basic infrastructure and clearance of arrears². The emphasis broadly builds and draws on regional and international consensus that preventing and reducing conflict are closely related to lifting African countries out of poverty, stagnant and / or low economic growth and vice-versa³. More recently, the Bank has aimed to integrate fragile state issues throughout the Bank by establishing a Fragile States Facility (FSF) and a Fragile States Unit (FSU) manage the FSF⁴.

As the Bank moves towards ADF – 12 and continued implementation of the medium term strategy the Operations Evaluation Department (OPEV) will produce the fragile states evaluation to independently assess Bank performance, results and sustainability⁵ in this area of assistance. In doing so, it will provide an opportunity to reflect on the following strategic issues: (a) the extent to which Bank assistance can effectively support social and economic recovery and reconstruction in order to support state(s) transition out of fragility; and (b) the extent to which the Bank requires a specific fragile states approach to achieve state building. These issues will be considered within the context of drawing lessons and recommendations based on Bank experiences and those of other comparator institutions to guide future engagement.

¹ Based on CPIA score. However, only 17 are currently eligible under the Bank’s Fragile State Facility (see Annex 1)

² *Inter alia*

³ Collier, P (2007) Post-conflict Recovery: How should the Strategies of the African Development Bank be Distinctive. Department of Economics, Oxford University.

⁴ Created in 2008, to replace the previous post-conflict policy guidelines and Post-conflict clearance facility (PCCF)

⁵ See ADB/ADF/2008/12 – OPEV 3-year Rolling Work Program and Budget.

The evaluation scope will address a 10-year period of Bank engagement with fragile states looking at the period immediately *before* the Bank wide policy (1999 – 2003) and the period from 2004 to present *after* the development of the policies and strategies to guide engagement with fragile states (see Section 2).

This approach paper provides a – brief overview of the background to the evaluation and the Bank’s engagement with fragile states; the proposed evaluative scope and limitations; objectives and questions; evaluation design, methodological and sampling considerations; stakeholder consultation; communication strategy; management and governance; process; outputs; budget and task management.

The approach paper will subsequently inform the development of individual terms of reference for the evaluation and the inception report.

2. Background

While there is no internationally agreed definition of a ‘fragile state’⁶ the characteristics and dynamics of fragility that states tend to exhibit are: poor institutional capacities and governance; lower and more volatile investment, and political instability which is often associated with past or ongoing civil conflict. In Africa 20 countries, or approximately 40% of the Bank RMCs are classified as fragile states according to the Multilateral Working Group assessment⁷ (see Annex 1). The Bank predicts that most of these RMCs are unlikely to achieve Millennium Development Goals (MDGs). Furthermore, with other RMCs in the region continuing along more stable socio-economic growth paths emerging imbalances and spillover effects are likely to persist and be exacerbated⁸.

The Bank has examined underlying factors contributing to conflicts and the fragility of development processes in Africa such as widespread poverty, social inequity, elite capture and competition for control of economically strategic resources such as minerals and oil *inter alia*⁹. The Bank’s engagement with fragile states is premised on assumptions that programs and projects that address poverty reduction (reducing inequity), promotion of governance reform, reconstruction of capable institutions and infrastructure will contribute to state and peace building and prevent a reoccurrence of conflict¹⁰. The Bank does not become directly involved in initiatives to mediate and solve

⁶ See www.oecd.org/dac/incaf - Ensuring fragile states are not left behind – summary report (March 2009) and also ADB (2008) African Development Report: Conflict Resolution, Peace and Reconstruction in Africa. Oxford University Press. Oxford. Chapter 5 (Box 5.1)

⁷ Based on (a) Country Policy and Institutional Assessment (CPIA) score of 3.2 or less; (b) low income and no CPIA score; (c) UN or regional peace building and / or peace keeping operations.

⁸ For example, conflict induced migrations and / or socio-economic refugees

⁹ ADB (2008) African Development Report: Conflict Resolution, Peace and Reconstruction in Africa. Oxford University Press. Oxford.

¹⁰ This is broadly congruent with current research on causes, consequences and pathways out of fragility outlined by Collier *et al.*

conflicts within and between RMCs, but re-engages at the point of post-conflict / crisis reconstruction and development.

Prior to late 2003¹¹ there was no Bank-wide specific strategy or policy to address fragile / post-conflict states. According to the Bank¹², this period of assistance to fragile states was characterized by 'ad-hoc and limited' support for economic reform; building institutional capacities; investment in income-earning areas and also arrears clearance, with the context of specific country dialogue and strategies. Since 2004, two main documents describe the Banks strategic approach and changes: (a) Bank Group Post-Conflict Assistance Policy Guidelines (2004 – 2007) and (b) Strategy for Enhanced Engagement in Fragile States (2008 to present).

(a) Post Conflict Assistance Policy Guidelines (2004 - 2007) and Post-Conflict Countries Fund (PCCF)¹³

The Bank set out its initial institutional policy and guidelines based on the principle of 'focus and selectivity', recognizing that the Bank cannot intervene in all post-conflict situations, the stated goal was to (re) assert the Bank's core mission to reduce poverty in RMCs with the operational priorities in fragile states to be placed on:

- Provision of basic social and economic infrastructure
- Reconstruction and rehabilitation recovery
- Institutional reform and capacity development
- Promotion of good governance

The Bank intended to utilize the following non-lending and lending instruments for delivery of operational objectives: capacity development and technical assistance grants; project and program loans; and policy-based lending. The delivery of operations emphasized: partnership, coordination and participation with a broad range of stakeholders local, national and international; country ownership; early and sustained engagement; regional dimensions to conflict and post-conflict engagement; and flexibility and a tailored country specific approaches.

Given that most post-conflict RMCs exhibit loan arrears the Bank also set up the PCCF to assist fragile states to clear arrears and normalize relations with the Bank. The Bank's stated intention was to closely coordinate the PCCF with the World Bank and IMF debt relief under Highly Indebted Poor Countries (HIPC) initiative.

(b) Strategy for Enhanced Engagement in Fragile States (2008 – to present)

¹¹ Ibid, Chapter 5.

¹² ADF/BD/WP/2003/184 Bank Group Post-Conflict Assistance Policy Guidelines

¹³ Covering the ADF-9 and 10 replenishment periods.

The Bank conducted a review of its engagement with fragile states, which also coincided with renewed international emphasis on assisting post-conflict development¹⁴. The review was driven by need to ‘refocus and deepen’ Bank assistance to fragile states. The key findings of the review were: (i) Bank support in the early stages of post-conflict reconstruction were limited in relation to RMC demands; (ii) the Bank groups set of standard programming and financing instruments were limited in addressing post-conflict development challenges; (iii) standard operational systems and methods can result in substantive delays in delivering assistance; and (iv) field presence is critical in ensuring more effective delivery. As a result the strategy for enhanced engagement was developed. The goal of the strategy is to:

“...To restore stability and foster socio-economic recovery and development in targeted fragile states *with the objective* to increase the number of fragile states transitioning out of fragile situations.” (Emphasis added)

The strategy created a dedicated Fragile States Facility (FSF), which absorbed the activities and funds of the PCCF. The Bank allocated 7.5% of the ADF-11 funds the facility, equivalent to UA 420 million, increasing to UA 647.8 million on absorption of the remaining PCCF funds and the ADB net income for 2008. The strategy is built on three pillars or funding windows:

- Pillar 1 – Supplementary Support Window: top ups to regular Performance-based Allocations for enhanced Bank engagement in post-crisis and transition contexts. Eligibility dependent on (a) peace agreement; and (b) implementing of programs aimed at macro-economic stability, accountability and transparency. Type of assistance – rehabilitation and reconstruction of basic infrastructure (transport, water supply and sanitation, energy and power) and governance structures; and capacity development.
- Pillar 2 – Arrears Clearance Window: one-off support for clearance of arrears, based on quantitative and qualitative assessment of ability to pay and two tier burden sharing between the Bank and the RMC
- Pillar 3 – Targeted Support Window: to provide supplemental support for technical assistance and knowledge management that cannot be provided through existing instruments. Type of assistance – secondments for capacity building; small grants to non-sovereigns for service delivery; and knowledge building and dialogue.

The Bank strategy is implemented according to the OECD-DAC ‘principles of good international engagement in fragile states’ which compliments the Paris Declaration commitments to fragile states¹⁵ including – support for integrated peace-building strategies in partnership and coordination with World Bank, IMF and UN agencies; and

¹⁴ See for example, OECD-DAC Principles of Good International Engagement with Fragile States: http://www.oecd.org/document/12/0,3343,en_2649_33693550_42113676_1_1_1_1,00.html

¹⁵ Ibid

collaboration with other African institutions (e.g., NEPAD and African Union). In order to improve Bank delivery the strategy proposes streamlining of operational processes and flexible waivers, procurement improvements, rapid response measures for more efficient disbursement. Finally, the strategy created a Fragile States Unit (FSU) to provide a facilitation / coordination, advisory services, fund provision and leveraging, and monitoring and knowledge building role.

3. Scope and Limitations

The evaluation scope will cover a ten-year period from 1999 to present. This takes into account the three periods:

- a) **Immediate Pre-strategy period (1999 – 2003):** No specific Bank-wide strategic focus on post-conflict / fragile states. Bank assistance based on individual country dialogue and strategies;
- b) **Initial Bank-wide strategic focus on post-conflict states (2003 – 2007):** Strategic Plan (2003 – 2007) and the post-conflict policy guidelines, including the operations of the Post-Conflict Country Facility (PCCF) for arrears clearance¹⁶
- c) **Enhancement of strategy and focus on Fragile States (2008 to present):** Mid-term Strategy (2008 – 2012) including the creation of the Fragile States Facility (FSF)¹⁷.

Looking back over a 10 year period will allow the evaluation to comprehensively assess changes in the nature of the Bank's engagement with fragile states before and after a specific set of Bank-wide strategies. Importantly, it will also enable the evaluation to assess Bank results and sustainability in many of the RMC fragile states and also with regard to countries that have transitioned out of fragility with a Bank contribution, for example drawing on well-documented experiences of Mozambique, Rwanda and Uganda.

The evaluation recognizes that the Bank often works in partnership or coordination with other donors (e.g., World Bank and IMF) to assist fragile states. Furthermore, the areas where the Bank is giving assistance such as to governance reform and institutional capacity development are predominantly open systems with a high degree of uncertainty. Therefore, since it will be difficult in most cases to attribute measurable results to specific AfDB interventions, the evaluative emphasis will be limited to assessing the Bank's 'contribution' to results and the sustainability of results.

Given the recent enhancement of a Bank-wide strategy for fragile state engagement, with the creation of the FSF, many of the current projects and programs approved under

¹⁶ See ADB (2002) Strategic Plan 2003 – 2007; ADF/BD/WP/2003/184/Rev.1/Approval – Bank Group Post-Conflict Policy Guidelines; ADF/BD/WP/2003/184/Rev.1/Approval/Add.1 – Bank Group Post-Conflict Assistance Policy Guidelines Arrears Clearance Framework.

¹⁷ See ADB (2007) Medium-Term Strategy 2008 – 2012. ADB. Tunis; ADF/BD/WP/2008/10 – Strategy for Enhanced Engagement in Fragile States.

the FSF may be too immature for an assessment of results and sustainability. This imposes some limitations on scope and depth of the evaluation¹⁸. Therefore, it is likely that for the more recent strategy and operations the evaluative emphasis will be placed on issues of relevance and efficiency.

4. Objective

The goal of the evaluation is to help to clarify fundamental issues concerning the linkages between Bank assistance for economic recovery and reconstruction and transition out of fragility; and, in this light, consider the need for dedicated Bank approaches. These issues will be considered within the context of drawing lessons and recommendations based on Bank experiences and the evaluated experience of other comparator institutions to guide future engagement.

The overarching objective for the evaluation is to:

- **Evaluate the extent to which Bank assistance have successfully supported recovery and reconstruction within fragile states, identifying good practice in the design and delivery of such assistance**

The evaluation will be based on three sub-objectives:

- a) To evaluate the **relevance** of the Bank's approach to fragile states in terms of:
 - (i) Bank-wide strategy and country specific strategy
 - (ii) Policy and guidelines
 - (iii) Operational appropriateness and distinctiveness vis-à-vis operations in non-fragile low income regional member countries
 - (iv) Responsiveness to regional member country contexts and needs
- b) To evaluate the **effectiveness and results** of the Bank's approach to fragile states, and the **sustainability** of these results, with regard to:
 - (i) Pre-2003 operations in fragile states (before Bank-wide strategy)
 - (ii) 2003 – 2008 operations in fragile states (Strategic plan and post conflict assistance policy and PCCF)
 - (iii) Non-Sovereign Operations of the Bank, primarily private sector (before and after bank strategy)
- c) To evaluate the **efficiency** of the Bank's approach to fragile states with regard to:
 - (i) Internal policies and procedures (including procurement and eligible expenditures); organizational structure (e.g., decentralization), resources and incentives structures;
 - (ii) External delivery of support to fragile states and the appropriateness of operational instruments; partnership(s); and country ownership

¹⁸ Although this may not apply to individual fragile states where data on country strategies (before and after the Bank-wide strategy) and portfolios will be available and allow qualitative and quantitative observations to be made.

- (iii) Compare and contrast with Bank operations in non-fragile low income regional member countries¹⁹

5. Questions

The following questions were developed based on a preliminary review of literature relating to the Bank's approach to fragile states (see also Annex 2 – Evaluation Matrix). The questions will undergo further refinement during the preliminary consultations with the FSU and other Bank staff and be finalized in the forthcoming inception report.

a) **How relevant is the Bank's assistance to Fragile States?**

- How does the Bank define and / or conceptualize fragile state engagement? And how is does this inform operations?
 - i. To what extent do the Bank's definition(s) and concepts compare with those of other international donors?
 - ii. To what extent is the Bank's analytical work (economic and sector work) informing operations?
- To what extent has the Bank's strategy and operations changed?
- What is the level of Bank-wide awareness of the fragile states strategy?
- How have the Bank-wide strategies been integrated and operationalized in country strategies and portfolio development?
 - i. How does strategic integration into operations take place? What is the internal institutional process utilized by the Bank to ensure operational relevance?
- To what extent has the Bank's selection and sequencing of financial instruments been relevant to fragile state contexts?
 - i. What differences are there in the selection of financial instruments between countries and why?
 - ii. To what extent does the Bank tailor its country strategies to take account of difference in resource-rich and non-resource rich fragile states?
 - iii. How is the Bank's strategy in fragile states different from its approach in other Regional Member Country (RMC) low-income countries?
 - iv. How does sequence the application of financial instruments / operations in fragile states? (e.g., Projects, Policy-based lending, economic and sector work)
- How does the Bank allocate resources to fragile states?
 - i. How relevant is the Bank's fragile state assessment (based on the CPIA) as part of the PBA?

¹⁹ For example, financial resources, time taken to develop and implement operations and disbursement schedules.

- ii. To what extent has the Bank fragile state assessment been changed over time? How has this changed PBA resource allocations?
 - To what extent has Bank engagement with non-sovereign stakeholders in fragile states enhanced relevance?
 - To what extent does the Bank require a specific fragile states approach to enable countries to transition out of fragility?
- b) **To what extent has the Bank’s approach to fragile states produced sustainable results and contributed to recovery and reconstruction?**
- What are the results of the Bank’s mature and / or completed projects in fragile states?
 - i. What are the results with regard to:
 - Basic infrastructure reconstruction and recovery
 - Governance reform
 - Capacity building
 - Non-sovereign operations with the private sector and civil society
 - ii. To what extent have the results been sustained and assisted states in transitioning out of fragility?
 - What are the main factors required for sustainability
 - How does the Bank address issues of ‘exit’ from fragility?
 - iii. How does effectiveness and results vary between fragile states and why?
 - How appropriate and effective have the Bank’s financial instruments been in delivering results?
 - i. Projects
 - ii. Policy-based lending / budget support
 - iii. Non-sovereign operations (private sector / civil society)
 - How effective has the Bank’s economic and sector work (ESW) been in shaping and improving operations with fragile states?
 - How does the bank respond to fragile (conflict) situations?
 - i. What factors influence the Bank’s responsiveness?
- c) **To what extent are the Bank’s organizational resources and internal processes efficiently deployed to support the fragile states strategy?**
- What percentage of the Bank’s operational budget is allocated to fragile states operations?
 - How do fragile state operational budgets compare to those in non-fragile low income RMCs?
 - To what extent has the Bank’s decentralization process enhanced operational efficiency across fragile states?

- What effects has the Bank policy on eligible expenditures and procurement on project delivery (responsiveness / timing)?
- What internal incentive has the Bank offered staff to encourage work in fragile states?
- To what extent has the Bank's strategy and operational approach to fragile states taken account of lessons and experiences from other IFIs and bilateral donors?
- What partnerships and collaboration has the Bank developed with other donors and in-country partners? And to what extent has this enhanced or detracted the Bank's strategy and operations?
- To what extent has the Bank leveraged (or been leveraged) financial support from other donors?

6. Design and Methodology

Evaluation Design

The evaluation will combine four approaches to assess Bank assistance to fragile states:

- a) A *program theory*²⁰ approach will be developed based on intervention and results frameworks developed at the Bank-wide scale to develop a cause – effect model. The theory (-ies) will take into account contexts, assumptions, risks or threats and factors required for the Bank to achieve intended results / in fragile status. The program theory will be used to guide case desk and field studies of specific interventions in fragile states²¹ (see Annex 3 for an example derived from the Banks FSF);
- b) *'Before and after'* strategy comparative analysis of relevance, efficiency and results:
 - Internal comparison: Country strategies and operations in fragile states with and without a Bank-wide approach to fragile states:
 - i. Before Bank-wide strategy: 1999 – 2003
 - ii. After Bank-wide policy and strategy: 2004 to present
 - iii. Compare 'regular' operations in non-fragile low-income countries with fragile states

The comparative analysis will be used to highlight areas of congruence and difference with respect to portfolio development, temporal, regional, Bank and country performance. Furthermore, attention will be given to assessing Bank assistance to those countries that have transitioned out of fragility / post-conflict status (e.g., Mozambique, Rwanda and Uganda).

²⁰ A program theory approach can be defined in several ways (1) It is a framework which makes explicit what must be done to achieve desired results, what other results may also be anticipated and how the results could be generated (Chen & Rossi, 1992); (2) It establishes causal linkages between what programs assume their activities are accomplishing and what actually happens (Weiss, 2000).

²¹ The program theory will be refined during the country case studies to take account of national contexts.

- *External* – to compare and contrast Bank strategy and activities with those of other multilateral development banks and bilateral donors.
- c) *Fragile State Country Case studies*: The program theory and comparative approaches will be merged together to produce case studies of Bank support to fragile states.

The evaluation design does not include a provision for a counterfactual analysis (e.g., a fragile state that has not received Bank financing). This is for several reasons: Firstly, counterfactual designs are best applied to discrete development interventions (e.g., projects) with opportunities for detailed and rigorous data collection. Such as situation does not reflect the realities often found in fragile states with poor capacities for monitoring and evaluation. Secondly, assistance to fragile states provided by Bank and other donors involves many complex interventions encompassing a wide array of activities from infrastructure reconstruction, governance and policy change, and institutional and individual capacity building *inter alia*. It is often difficult to isolate which actions lead to specific results and also what would occur if a certain intervention (or set of interventions) was not undertaken. Finally, the inherent uncertainty of post-crisis and conflict contexts in countries reduces the ability to identify a clear ‘without intervention’ scenario.

Under such circumstances a program theory approach that establishes causal linkages in the Bank’s approach to economic recovery and reconstruction and assesses this through a combination of desk and fieldwork (see methodology below).

Evaluation Methodology

The evaluation will use the following methods:

- a) *Contextual Literature review and Meta-evaluation*: will cover the literature on post-conflict states, fragile and / or failed states including definitional issues *inter alia* as well as internal Bank reports and official documents. Furthermore, a meta-evaluation of Bank evaluative literature and that available from the other multilateral development banks will be conducted. This will also include an assessment of integration of lessons into Bank projects and country strategies;
- b) *Comparative Review of the Bank’s portfolio in fragile states and non-fragile low-income states 1999 – 2009*: addressing trends in fragile state country classification (according to the CPIA); in country ESW / loans and grants / non-sovereign operations (before and after Bank-wide strategy): trends PBA resource allocation(s); disbursement; portfolio investment and expected and achieved results by sector²²;
- c) *Semi-structured interviews*: with Bank staff involved in performance based allocation, FSF, credit risk and country operations; member country

²² The comparative review will take stock of existing OPEV evaluations at country, program and project level in fragile states since 1999 and also countries that have transitioned out of fragility.

government officials; non-sovereign stakeholders and beneficiaries. Qualitative data collection will be important to capture perceptions on project implementation, expected and achieved results, risks and assumptions, and sustainability and contextual factors which can feed into (and be used to confront) the logic models which will be initially constructed through desk review²³;

- d) *Questionnaire Survey*²⁴ of:
- Fragile state member countries: which will collect views on the relevance, design and implementation efficiency and results;
 - Bank staff will assess the effectiveness and efficiency of the Bank's internal support / human resources and incentives for fragile states operations

Sampling

The sampling strategy²⁵ for the evaluation will be tailored according to the design and methodological approach outlined above:

- a) Before and after review: The entire universe of projects / programs will be used in order to provide a comprehensive overview of the Bank's fragile state operations and portfolio trends by country since 1999. As of 2008, 20 countries currently score <3.2 on the joint Bank – World Bank CPIA of which 17 are eligible for the FSF²⁶.
- b) Fragile state country case studies: Purposive sample will be selected based on regional; temporal (time in conflict and post-conflict); type of conflict crisis (civil war / political) or non-conflict crisis (financial / food / natural disaster such as drought); resource-rich and non-resource rich; size and type of Bank investment (e.g., non-lending / lending; project or policy-based lending; non-sovereign)²⁷
- Field case studies: 3 countries
 - Desk case studies: 3 countries
- c) Non-Fragile state low income countries (including former fragile states)
- Desk studies: 3 countries²⁸

Coordination with other OPEV Evaluations

The evaluation will be coordinated with two related studies being conducted by OPEV in 2010 – 11 to ensure complementarities are developed and duplication of issues are avoided.

²³ The semi-structured data will be analyzed using qualitative data analysis software.

²⁴ Questionnaire survey will draw on data collected through semi-structured interviews

²⁵ The sampling strategy will be further elaborated in the inception report.

²⁶ It will be important for the sample to take account of changes in country eligibility since 2003.

²⁷ The evaluation will also consult the Fragile States Unit and other operation staff on the selection of case study countries.

²⁸ Drawing on existing OPEV country evaluation data

- a) Policy-based Lending (PBL) Evaluation. This evaluation will focus on assessing the performance of the Bank's PBL portfolio in RMC, including fragile states.
- b) Paris-Declaration Evaluation. This evaluation will focus on assessing the Bank's reaction to and incorporation of Paris Declaration principles at headquarters and in RMC field offices, including fragile states.

7. Stakeholder Consultation

Stakeholder consultation for the evaluation will be extensive but carefully targeted. OPEV will provide appropriate periods during the evaluation process to ensure that 'reality checks' are made, and that stakeholders are kept informed of emerging findings and lessons. In this respect the consultation process will aim to mitigate the extent to which findings surprise stakeholders and cause unproductive conflict, and so adversely effect learning opportunities under the communication strategy (see next section).

Key points for interaction will be during the discussion of the approach paper and inception report, preparation and execution of the country fieldwork visits, and the draft report workshop. The draft report workshop will be held in the fall of 2010 (location tbd) and will provide an important opportunity for stakeholders to provide feedback on the findings, lessons and recommendations of the evaluation prior to the official Bank management response and presentation to CODE. During the execution of the evaluation regular contact will be maintained with the Bank's FSU both to brief them on progress. The evaluation will request that the FSU provide a contact / liaison for the evaluation through which day-t-day matters such as sharing and requests for information can be made.

The stakeholders²⁹ for the evaluation are: Bank staff involved in setting strategy, performance-based resource allocations; operations in member country fragile states; member country governments; direct beneficiaries (e.g., government staff, NGOs, private sector and / or local communities); and other multilateral and bilateral donors involved in providing assistance to fragile states.

The evaluation will seek to address stakeholder needs for systematic learning opportunities grounded in thorough analyses of Bank operations in fragile states. In essence, addressing the need to know 'what works, why and under what contexts', particularly as the Bank looks to improve its operation performance and scale up good practices to achieve results.

8. Communication Strategy

The objective of the communication strategy will be to ensure that the findings and lessons are communicated in relevant and appropriate ways to Bank staff and other stakeholders to ensure effective institutional learning during and after the evaluation. In doing so, it will respond to stakeholder needs for particular outputs and / or evaluation

²⁹ A comprehensive stakeholder analysis will be presented in the inception report

products – what they want and need to know to improve Bank performance, and how they want to learn.

Lesson learning products (reports, lesson notes) and processes (e.g., workshops, follow up country dialogue visits³⁰ working with Bank operations and the FSU) will be developed and directed at Bank staff (working with FSU to jointly identify appropriate means and timing).

The evaluation will take advantage of opportunities to attend Bank and non-Bank meetings or conferences at which the design and / or findings of the evaluation can be discussed and disseminated more broadly.

9. Management and Governance

This section provides an overview of the management responsibilities, human resources and governance of the evaluation process. More detail will be provided in the overall evaluation terms of reference and those of the study components.

Management and Resources

- OPEV has the overall responsibility for the design, implementation and production of key outputs. The evaluation will be task managed by a Principal Evaluation Officer with managerial oversight from the Division Manager and the Director.
 - OPEV research staff will be responsible for producing the initial portfolio, literature review and meta-evaluation under the guidance of the Task Manager
 - The Task manager will have responsibility for the evaluation process, with management and participation in country case studies, consultation processes, day-to-day interaction with FSU and also the drafting of the final synthesis report
 - OPEV Division Manager and Director in coordination with the Task Manager will have responsibility for oversight and interaction regarding higher level governance of the evaluation process
- Consultants will be hired to provide substantive support to OPEV in the implementation of the evaluation and production of outputs:
 - International / Senior consultants (2) will conduct the country field case studies (with OPEV) and also co-write the final synthesis report
 - National consultants (3) will be contracted to work alongside the International consultants and OPEV staff to implement the country field case studies

³⁰ An 'evaluation road show'

Governance

The overall responsibility for the evaluation and its findings and lessons will be with OPEV. However, the evaluation will set up two governance reference groups to inform on and ensure quality of the process and outputs:

- Stakeholder Reference Group (SRG): will consist of representatives from FSU and other relevant parts of the Bank. The SRG role will be to review and comment on evaluation outputs and interact with the evaluation at milestone points. The FSU will be requested to organize the SRG and provide a person who will be the day-to-day contact point for the evaluation task manager.
- Peer Reference Group (PRG): Will provide external and independent quality assurance and comment on the outputs. The PRG will consist of a post-conflict / fragile states expert, and evaluator³¹.

10. Process

The key activities, responsibilities, opportunities for external input and timetable for the evaluation are set out in the table below. More detail on specific roles and responsibilities will be provided in the forthcoming Terms of Reference for the overall evaluation and subsidiary components.

Evaluation Activities and Milestones	Responsibility	Inputs / Consultation	Timeframe
Approach Paper circulated for discussion and formulation of TOR	OPEV	<i>FSU, ORQR, OPSCOM, CODE etc.</i>	October – December 2009
Milestone: Evaluation Approach Paper- Approved by CODE			
Formation of Stakeholder Review Group (SRG) and Peer Review Group (PRG)	OPEV (for TOR)	<i>FSU</i>	January – December 2010
Literature Review(s) on Fragile States and Post-Conflict Countries	OPEV	<i>FSU</i>	January 2010
Desk review of Bank portfolio in Fragile States	OPEV	<i>FSU</i>	January 2010

³¹ Terms of reference are being prepared for the SRG and PRG.

OPEV FRAGILE STATES DRAFT APPROACH PAPER - FINAL

Inception report	OPEV	<i>SRG & PRG</i>	February 2010
Milestone: Inception report			
Overall Terms of Reference	OPEV & Consultants	<i>Coordination with FSU</i>	March – May 2010
Selection and hiring of consultants			
Preparation for Country fieldwork visits (Selection and consultation with 3 fragile states)			
Desk reviews of 3 other fragile states);			
Desk review of 3 non-fragile low income countries			
Country fieldwork (Consultants & OPEV)	OPEV & Consultants	<i>Bank in-country offices and RMCs</i>	April - June 2010
Analysis and drafting of report	OPEV & Consultants		July – August 2010
Draft report review workshop for the Bank and case study countries	OPEV	<i>SRG, other Bank staff + Representatives from RMC's</i>	October - November 2010
Milestone: Draft Report Review Workshop (to be held in RMC)			
Submission of the report to CODE with Management Response	OPEV	<i>Bank management</i>	December 2010
Milestone: Completed Report			
Communication / dissemination	OPEV & FSU	<i>Bank staff and RMCs</i>	Thru 2011

11. Key Outputs

The key outputs for the evaluation will be:

- Inception Report
- Literature and portfolio review which will be presented as an *interim report*
- Country case studies (6: 3 field / 3 desk) providing an assessment of the contribution the Bank has made to recovery and reconstruction
- Final report: providing synthesis of issues, main conclusions, recommendations and opportunities for the Bank
- Post-evaluation lesson notes; presentations and seminars aimed at encouraging institutional learning and change

12. Task Management

The evaluation will be prepared by team of consultants and OPEV staff and under the task management of Lee Alexander Risby, and the guidance and direction of Division Manager OPEV.

Annex 1: Regional Member Countries current classified as Fragile (according to CPIA scores)

	Country	Eligibility under the FSF		
		Pillar I (Supplemental contributions to PBA)	Pillar II (Arrears Clearance)	Pillar III (Targeted Support)
1	Angola			
2	Burundi	•	•	•
3	Central African Republic	•	•	•
4	Chad			
5	Comoros	•	•	•
6	DR Congo	•	•	•
7	Republic of Congo			•
8	Ivory Coast	•	•	•
9	Djibouti			•
10	Eritrea			
11	The Gambia			
12	Guinea			•
13	Guinea-Bissau	•	•	•
14	Liberia	•	•	•
15	Sao Tome & Principe			•
16	Sierra Leone	•	•	•
17	Somalia			•
18	Sudan			•
19	Togo	•	•	•
20	Zimbabwe			•

Annex 2: Evaluation Matrix: African Development Bank Assistance to Fragile States

EVALUATION MATRIX

OVERARCHING OBJECTIVE(s):

- Evaluate the extent to which Bank assistance have successfully supported recovery and reconstruction within fragile states, identifying good practice in the design and delivery of such assistance

SUB-OBJECTIVES:

1. To evaluate the relevance of the Bank's approach to fragile states;
2. To evaluate the effectiveness, results and sustainability of the Bank's approach to fragile states;
3. To evaluate the efficiency of the Bank's approach to fragile states

Key Questions And Issues	Sub-questions	Indicators / Basic Data	Sources of information	Methodology components
How <u>relevant</u> is the Bank's assistance to Fragile States?	RELEVANCE			
Definitions and Concepts	How does the Bank define fragile states and / or conceptualize fragile state engagement?	Definition used by the Bank Conceptual frameworks developed by the Bank	Official bank documents	Internal Literature review of Bank documentation
	To what extent do the Bank's definition(s) and concepts compare with those of other international donors?	Definitions and conceptual frameworks developed and used by other donors	Official documents of other donors	External literature review of other donor documentation
	How is the Banks conceptual and analytical work informing operations	Use of ESW / FS concepts in Programs and projects / country strategies	Project and program documents	Portfolio review

<p>Strategy Development & Integration</p>	<p>To what extent has the Bank’s strategy and operations changed?</p> <p>What is the level of Bank-wide awareness of the fragile states strategy?</p> <p>To what extent have the Bank-wide strategies been integrated and operationalized in country strategies and portfolio development?</p> <p>How does strategy integration into operations take place? What is the internal institutional process utilized by the Bank to ensure operational relevance?</p>	<p>Changes in Bank-wide strategy since 2003</p> <p>% Of Bank staff aware of the fragile states strategy: objectives; activities</p> <p>Strategy elements integrated into Bank country assistance strategies Portfolio composition reflecting strategy</p> <p>Minutes of country assistance strategy meetings with RMCs Internal meeting records</p>	<p>Bank strategy documents Bank staff statements Results of survey</p> <p>Country assistance strategies</p> <p>Country portfolios of Bank operations</p> <p>Country assistance strategies Bank staff statements Internal records / emails / memos etc</p>	<p>Internal Literature review of Bank strategies Semi-structured interviews Survey of Bank staff</p> <p>Country strategy and portfolio review(s)</p> <p>Review of internal documentation Semi-structured interviews (at HQ and in-country)</p>
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<p>Relevance of Financial Instruments</p>	<p>To what extent has the Bank’s selection and sequencing of financial instruments been relevant to fragile state contexts?</p> <p>What differences are there in the selection of financial instruments between countries and why?</p> <p>To what extent does the Bank tailor its country strategies to take account of difference in resource-rich and non-resource rich fragile states?</p> <p>How is the Bank’s strategy in fragile states different from its approach in other Regional Member Country (RMC) low-income countries?</p> <p>How does the Bank sequence the application of financial instruments / operations in fragile states (e.g. project, PBL, ESW)</p>	<p>Types of financial instruments (grants / loans / private sector) employed in fragile states</p> <p>Timing of sequencing</p> <p>Differences in financial instrument by country and context</p> <p>Country assistance strategies of resource and non-resource rich fragile states</p> <p>Differences in country assistance strategies</p> <p>Differences in country assistance strategies: fragile state vis-à-vis RMC low-income countries</p> <p>Country contexts</p> <p>Differences between sectors (Gov; Infrastructure; arrears)</p>	<p>Portfolio analyses Bank staff statements</p> <p>Portfolio and country analyses Bank staff statements</p> <p>Country assistance strategies Bank staff statements</p> <p>Country assistance strategies</p>	<p>Country strategy and portfolio reviews</p> <p>Semi-structured interviews (at HQ and in-country staff; RMC government staff)</p> <p>Survey of Bank staff</p>
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<p>Performance-based allocation</p>	<p>How does the Bank allocate resources to fragile states?</p> <p>How relevant is the Bank’s fragile state assessment (based on the CPIA) as part of the Performance-based Allocation(s) mechanism?</p> <p>To what extent has the Bank fragile state assessment been changed over time? How has this changed PBA resource allocations?</p>	<p>PBA allocations / Internal records</p> <p>CPIA indicators</p> <p>Historical PBA allocations</p> <p>Changes in methodologies</p>	<p>PBA documentation</p> <p>Bank staff statements</p> <p>PBA documentation</p> <p>Bank staff statements</p>	<p>Review of PBA calculations and literature</p> <p>Semi-structured interview (HQ based resource staff)</p>
<p>Non-sovereign relevance</p>	<p>To what extent has Bank engagement with non-sovereign stakeholders in fragile states enhanced relevance?</p>	<p>Number and type of private sector and / or civil society operations</p> <p>Country contexts</p>	<p>Private sector documentation</p> <p>Country assistance strategies</p> <p>Portfolio analyses</p>	<p>Portfolio review of non-sovereign engagement in fragile states</p> <p>Internal review of country assistance strategies</p>

Key Questions & Issues	Sub-questions	Indicators / Basic Data	Sources of information	Methodology components
<p>To what extent has the Bank's approach to fragile states produced sustainable results and contributed to recovery and reconstruction</p>	<p>EFFECTIVENESS, RESULTS / SUSTAINABILITY</p>			
<p>Results & Sustainability</p>	<p>What are the results of the Bank's mature and / or completed projects in fragile states? To what extent have the results been sustained and assisted states in transitioning out of fragility?</p> <p>What are the results with regard to: Basic infrastructure reconstruction and development; Governance reform; Institutional capacity building; Non-sovereign operations with the private sector and civil society</p> <p>How does effectiveness and results vary between fragile states and why?</p>	<p>PCR and PPER ratings Country assistance evaluation</p> <p>Changes in countries listed as 'fragile'</p> <p>Changes in Human Development Index</p> <p>Improvement in delivery of basic services (water supply, energy)</p> <p>Changes in CPIA indexes</p> <p>Increase in private sector investment flows</p> <p>Increase in civil society activities / projects</p> <p>Difference between fragile states</p>	<p>Project and country evaluations</p> <p>PPERs and country evaluations</p> <p>In-country data sources CPIA scores (over time) In-country data sources</p>	<p>Meta-evaluation</p> <p>Semi-structured interview (HQ and in-country; RMC government staff)</p> <p>Direct observation and interviews with direct beneficiaries</p> <p>Portfolio review of non-sovereign operations</p>

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<p>Effectiveness of instruments</p>	<p>How appropriate and effective have the Bank’s financial instruments been in delivering results?</p> <ol style="list-style-type: none"> 1. Projects 2. Policy-based lending / budget support 3. Non-sovereign operations (private sector / civil society) <p>How effective has the Bank’s economic and sector work (ESW) been in shaping and improving operations with fragile states?</p>	<p>PCR and PPER ratings by instrument</p> <p>Linkage between ESW and strategy / operations</p> <p>References to ESW in country assistance strategies</p>	<p>Project and country evaluations</p> <p>ESW documents and country assistance strategies</p>	<p>Meta-evaluation</p> <p>Data from PBL evaluation</p> <p>Semi-structured interviews (HQ and in-country staff; RMC government staff)</p> <p>Direct observation and interviews with beneficiaries</p> <p>Survey of Bank staff</p> <p>Literature review of ESW</p> <p>Semi-structured interviews (HQ and in-country staff; RMC government)</p>
<p>Responsiveness</p>	<p>How does the bank respond to fragile (conflict) situations?</p> <p>What factors influence the Bank’s responsiveness?</p>	<p>Responsiveness: time / choice of instrument / country-strategy / disbursement</p> <p>Country contexts</p>	<p>Bank internal records; supervision reports</p> <p>ESW</p>	<p>Internal review of documents</p> <p>Semi-structured interviews (HQ and in-country staff; RMC staff)</p> <p>Survey of Bank staff</p>

Key Questions & Issues	Sub-questions	Indicators / Basic Data	Sources of information	Methodology components
<p>To what extent are the Bank's organizational resources and internal processes <u>efficiently</u> deployed to support the fragile states strategy?</p>	<p>EFFICIENCY</p>			
<p><i>Operational Budget</i></p>	<p>What percentage of the Bank's operational budget is allocated to fragile states operations? How has this changed since 1999?</p> <p>How do fragile state operational budgets compare to those in non-fragile low income RMCs</p>	<p>% Administrative budget allocated to fragile states 1999 – 2009</p> <p>Comparison of operation® budgets</p>	<p>Bank records</p>	<p>Review of internal literature</p> <p>Semi-structured interviews (HQ based and in-country staff)</p> <p>Bank staff survey</p>
<p><i>Decentralization</i></p>	<p>To what extent has the Bank's decentralization process enhanced operational efficiency across fragile states?</p>	<p># Regional and country offices operating in fragile states</p> <p>Relationship between country office presence and disbursement profiles</p> <p>Relationship between country office presence and size of portfolio</p>	<p>Decentralization evaluation</p> <p>Disbursement(s)</p>	<p>Literature review</p> <p>Semi-structured interviews (HQ based and in-country staff; RMC government staff)</p> <p>Bank staff survey</p>

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Processes	What effects has the Bank policy on eligible expenditures and procurement had on project delivery (responsiveness / timing)?	Project and program preparation time Project and program disbursement schedules Relationship between preparation and delivery times / disbursement and Bank policies and procedures on eligible exp and procurement # Of projects and programs with disbursement lags	Bank policies and guidelines on procurement and eligible expenditures Project disbursement profiles Interviews and survey data	Portfolio review Semi-structured interviews (HQ based and in-country staff; RMC government staff) Bank staff survey
Incentives	What internal incentive has the Bank offered staff to encourage work in fragile states?	Incentives (Bonuses; promotions; pay increases and enhanced benefits)	HR policy and benefits	Literature review Semi-structured interviews (HQ HR staff; in-country staff) Bank staff survey
Lesson learning	To what extent has the Bank's strategy and operational approach to fragile states taken account of lessons and experiences from other donors?	Incorporation of donor lessons into Country assistance strategies and projects	Country assistance strategies Portfolio analyses	Country portfolio reviews Semi-structured interviews (HQ and in-country staff, other donors and RMC government staff)

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<p><i>Partnership and coordination of aid</i></p>	<p>What partnerships and collaboration has the Bank developed with other donors and in-country partners?</p> <p>To what extent has this enhanced or detracted the Bank's strategy and operations?</p> <p>To what extent has partnership and coordination simplified processes for RMCs?</p> <p>To what extent has the Bank leveraged (or been leveraged) financial support from other donors?</p>	<p># of partnerships at Bank-wide level</p> <p># of partnerships at country level</p> <p>Focus of partnerships</p> <p>Activities coordinated (e.g., M&E / supervisions)</p> <p># of joint missions / supervisions</p> <p>\$ of co-financing commitments</p>	<p>Bank reports / partnership reports</p> <p>Supervision reports</p>	<p>Literature review</p> <p>Semi-structured interviews (HQ and in-country staff, other donors and RMC government staff)</p> <p>Bank staff survey</p>
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Annex 3 Draft Theory of Change for Bank Assistance to Fragile States (2008 Strategy – Fragile States Facility) – Bank TOC



Strategy	Expected Outcomes?	What key drivers and assumptions that are responsible for delivery (or non-delivery) of results	What are the risks or threats that will prevent results / impacts	What has happened since the intervention(s) ended, or still needs to happen, to achieve impacts?	What was the strategy ultimately aiming to achieve? - IMPACTS
To restore stability and foster socio-economic recovery and development in targeted fragile states	Enhanced governance	A: Bank develops internal institutional capacity for working in fragile states	Conflict resumption	Rebuilt public financial management and administration Rebuilt infrastructure (including cross-border infrastructure) Social inclusion and equity Reduced debt	FRAGILE STATES TRANSITION OUT OF 'FRAGILE SITUATIONS'
		A: Bank establishes strong co-financing partnership arrangements with other multilateral, bilateral and non-sovereign actors	Poor government implementation because of weak capacity		
	Strengthened economic recovery	(ID: Government committed to improving governance)	Complexities of working in partnership with other donors		
		(ID: Other donors committed to supporting government)	Long-term required to achieve successful turnaround		
	Improved social recovery	(ID: Private investment flows)	(Corruption)		
		(A: Natural resources governance and use improves)	(Lack of Government commitment)		
	Enhanced debt sustainability	A: Increased and effective field presence in the most marginalized fragile states	(Lack of co-financing from partnerships)		
(Lack of Bank capacity and internal commitment)					

