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## Special Programme for Countries with Fragile Situations: Operationalizing IFAD's Fragility Strategy

### Note to Transition Framework Working Group members

In this revised version, the feedback provided by members of the Working Group on the Transition Framework has been incorporated. Changes are highlighted in yellow for ease of reference

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## Abbreviations and acronyms

CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
FAO	Food and Agriculture Organization of the United Nations
FIPS	Faster Implementation of Project Start-up
IFI	international financial institution
MDB	multilateral development bank
NRM	natural resource management
PBAS	performance-based allocation system
UNDSS	United Nations Department of Safety and Security

## Special Programme for Countries with Fragile Situations: Operationalizing IFAD's Fragility Strategy

### I. Introduction

1. Fragility represents a serious threat to the implementation of the 2030 Agenda for Sustainable Development. The consequences of fragility – defined as a situation of weak institutions and vulnerability to man-made and natural shocks – are alarming and represent a serious challenge to the achievement of the Sustainable Development Goals. Recent studies show that while poverty will continue to decrease in most contexts, it will rise in fragile situations and conflict-affected countries: it is estimated that more than 80 per cent of the world's poorest people will be living in fragile situations by 2030.<sup>1</sup> Moreover, fragility is not confined to specific countries and/or regions – it has severe global impact on issues such as migration, economic and social disruption and insecurity.
2. International financial institutions (IFIs) and United Nations partners are increasing their support to address fragility. Both the countries affected by fragility and conflict and international partners have called for more effective engagement and greater investment to promote the transition from fragility to resilience.<sup>2</sup> Most IFIs have made addressing fragility a special objective and are allocating more resources accordingly. Sustaining peace, crisis response and resilient and sustainable development are objectives of the United Nations system.<sup>3</sup> In this context, effective coordination between humanitarian and development actors is key to achieving a meaningful impact on fragility.
3. **The IFAD Special Programme for Countries with Fragile Situations is an integrated framework for operationalizing fragility in IFAD to help IFAD** step up its efforts to better respond to the needs of countries with fragile situations. IFAD has always paid special attention to fragility, in line with its mandate of working with the poorest and most vulnerable people. But, as pointed out by the 2015 Independent Office of Evaluation of IFAD Corporate-level Evaluation (CLE) on IFAD's Engagement in Fragile and Conflict-affected States and Situations, while IFAD had a critical role to play in fragile situations, it lacked a comprehensive and coherent approach for engagement in fragile contexts. IFAD responded to this concern first with the IFAD Strategy for Engagement in Countries with Fragile Situations in 2016, followed by the present Special Programme, which provides an operational framework for the strategy, as a commitment for the Eleventh Replenishment of IFAD's Resources (IFAD11). The Special Programme will unify institutional thinking on the ways that fragility impacts IFAD's work, focus on the consequences of fragility, and adjust IFAD's activities to match such operating environments. It makes specific suggestions on how IFAD will identify, monitor and respond to situations of fragility.

<sup>1</sup> Organisation for Economic Co-operation and Development (OECD), States of Fragility 2016 – Understanding Violence.

<sup>2</sup> In 2011 at the High-Level Forum on Aid Effectiveness in Busan, Republic of Korea, governments of self-described fragile states (g7+) agreed on the New Deal for Engagement in Fragile States. See [www.pbsbdialogue.org/en/new-deal/about-new-deal](http://www.pbsbdialogue.org/en/new-deal/about-new-deal).

<sup>3</sup> See resolutions A/RES/70/262 and S/RES/2282.

## II. Context

### A. Fragility, a threat to development

#### 4. As defined in the 2016 IFAD Strategy for Engagement in Countries with Fragile Situations:

“Fragility is a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict. Weak governance structures along with low-capacity institutions are a common driver and consequence of fragile situations. Fragile situations typically provide a weaker enabling environment for inclusive and sustainable rural transformation and are characterized by protracted and/or periodic crises, often with implications for smallholder agriculture and food security.”<sup>4</sup>

5. As the definition above emphasizes, countries with fragile situations are usually characterized by weaker governance systems and institutions that lack the capacity and the ability to respond to shocks.<sup>5</sup> In such contexts, the ability of the authorities to provide basic functions needed for poverty reduction and development is particularly weak. Man-made disasters, such as conflict and violence, are widely recognized as both drivers and outcomes of fragility: the share of the extreme poor living in conflict-affected situations is expected to rise to nearly 50 per cent by 2030.<sup>6</sup> Fragility also has an environmental dimension.<sup>7</sup> Environmental fragility is the vulnerability of countries or regions to natural hazards such as droughts, floods, hurricanes, typhoons – often exacerbated by climate change – and disease outbreaks. In the presence of weaker governance structures, external shocks, both man-made and natural, can suddenly wipe out decades of economic investments as well as lead to forced mass migration, chaos and conflict.
6. Displacement and mass migration are global manifestations of the transboundary nature of fragility. The consequences of fragility are no longer confined to specific countries or regions. They spread across borders and have global impact as people affected are forced to migrate to escape conflict, hunger, violence or natural disasters. Recent estimates show that 68.5 million people around the world have been forcibly displaced, of whom 40 million are internally displaced people, 25.4 million refugees and 3.1 million asylum-seekers.<sup>8</sup>
7. Fragility negatively affects rural development and food security. Fragility can have severe consequences in rural areas on agricultural production and livelihoods in general, with the most vulnerable, particularly women and youth, bearing the heaviest burden. Safe and nutritious food may become unavailable and access to food may be disrupted, as populations lose access to the resources needed for food and agriculture production. The number of chronically undernourished people in the world increased from 777 million in 2015 to 815 million in 2016, with the vast majority of them (489 million) living in countries affected by fragility, conflict, violence and climate hazards.<sup>9</sup>

### B. IFAD’s role in addressing fragility

8. IFAD has a strong comparative advantage and a particular niche for addressing fragility. Despite its modest size and its primary financing mechanism of lending to sovereign governments, IFAD has a distinct comparative advantage for contributing to building and supporting transitioning to resilience in partnership with

<sup>4</sup> IFAD Strategy for Engagement in Countries with Fragile Situations, EB 2016/119/R.4.

<sup>5</sup> Overseas Development Institute, Six recommendations for reforming multilateral development banks: an essay series (London, 2017).

<sup>6</sup> World Bank, World Development Report 2011.

<sup>7</sup> OECD, States of Fragility 2018.

<sup>8</sup> Office of the United Nations High Commissioner for Refugees, 2018.

<sup>9</sup> Food and Agriculture Organization of the United Nations (FAO), Sowing the seeds of peace for food security (Rome, 2017).

governments, humanitarian actors and development partners that complement its own work. IFAD brings expertise in:

- (a) Achieving results at scale in terms of number of rural poor and vulnerable people, and mobilizing and transferring development finance from partners to governments or intermediaries in order to benefit the rural poor;
  - (b) Engaging with rural communities and subnational administrations, which complements the more national and sectoral focus of other IFIs;
  - (c) Fostering institutional development at community level, which supports broader state-building and peace-building objectives;
  - (d) Empowering and fostering inclusiveness of women and youth, as an effective instrument for preventing the spread of violence in the rural environment and for responding actively to external shocks;
  - (e) Complementing relief actions with measures focused on job creation, sustainable livelihood recovery, resilience and development, as well as addressing issues of social cohesion and community reconstruction;
  - (f) Continuing engagement in situations of conflict to assist the rural poor, or work with humanitarian actors as countries transition from humanitarian to development assistance.
9. The 2015 CLE acknowledged IFAD's comparative advantage and critical role in fragile situations. However, the CLE noted that IFAD lacked a coherent approach for engagement in contexts of fragility. In addition, the CLE found the performance of projects in countries with fragile situations to be weaker than in non-fragile situations. To address these shortcomings, the CLE identified the need to better understand the drivers of fragility and to further customize IFAD's development approaches and operating model to enhance performance.
10. IFAD's efforts to tailor its approach to the specific needs of fragile situations has led over the years to the development of a number of policies, strategies, guidelines and instruments. In 2006, the Board approved the IFAD Policy on Crisis Prevention and Recovery<sup>10</sup> to address issues caused by major natural hazards, violent conflicts and civil disturbances. Management then prepared the IFAD Strategy for Engagement in Countries with Fragile Situations, approved by the Executive Board in 2016. A number of organizational and operational instruments and initiatives have been developed that can help in implementing the Strategy:
- (a) The Revised Guidelines and Procedures for Results-based Country Strategic Opportunities Programmes (COSOPs), approved by the Executive Board in December 2018, require fragility assessments in countries with fragile situations;
  - (b) A new risk-based approach to project design considers fragility as one of the criteria to determine the riskiness of proposed IFAD-funded operations, while providing for accelerated processing when a rapid response is needed;<sup>11</sup>
  - (c) Commitment to allocate 25-30 per cent of IFAD core resources to fragile situations, as well as additional financing from the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS) to help addressing the consequences of the international migrant crisis, and from the Adaptation for Smallholder Agriculture Programme (ASAP), and future similar facilities, to help address environmental fragility;

<sup>10</sup> IFAD Policy on Crisis Prevention and Recovery, EB 2006/87/R.3/Rev.1.

<sup>11</sup> President's Bulletin: Recalibrating the IFAD project design process, PB/2018/04.

- (d) IFAD's decentralization brings continuous supervision and implementation support. Projects at risk are provided with additional budget allocations for supervision and implementation support, helping roughly one quarter of all problem projects that are in countries with fragile situations.

### III. Overview of the Special Programme

11. Definition and goal. The Special Programme is a comprehensive operational approach, combining existing and new arrangements, to enable IFAD to more effectively engage in fragile situations. Business as usual will not bring results in fragile situations. Therefore, the Special Programme will ensure that a fragility lens is applied by IFAD in the design and implementation of country strategies, programmes and projects. A new focal point for the Special Programme will help to disseminate knowledge and practice around what works in fragile situations and create a community of practice around fragility. The ultimate goal is for poor rural poor to sustainably move out of poverty and live in societies that are more resilient to natural and man-made shocks.
12. Main elements. The Special Programme's main elements, presented in detail in the next section, include:
  - (a) Harmonized list. Utilizes the World Bank Harmonized List of Fragile Situations to classify countries with fragile situations;
  - (b) Key entry points to address fragility. Identifies four main entry points to maximize impact in addressing fragility and building resilience: (i) gender empowerment; (ii) institution-building; (iii) food security; and (iv) natural resource management (NRM).
  - (c) A differentiated approach using four stages of fragility. Reinforces IFAD's position as a facilitator of the transition from humanitarian relief to development, with experience in complementing relief actions with measures focused on sustainable livelihood recovery and rebuilding of social cohesion;
  - (d) Fragility lens applied to IFAD's country programmes and projects. In line with the IFAD Transition Framework, the Special Programme will help design and implement country strategies and operations that are better tailored to fragile contexts.
  - (e) Financing. Identifies ways in which to augment IFAD's country allocations for additional and specific financing to address the drivers and consequences of fragility;
  - (f) Strategic partnerships. Focusing on fewer and more strategic partnerships enables a coordinated and coherent approach to fragility;
  - (g) Human resources. Establishes a fragility focal point in the Programme Management Department (PMD) to provide overall leadership of the Special Programme and guidance to country teams. Applicable human resource policies and procedures will provide adequate incentives to work in fragile situations.

### IV. Main elements of the Special Programme

#### A. Focusing on priority countries

13. IFAD will use the World Bank's annual Harmonized List of Fragile Situations to classify a country as affected by fragility (annex I). It will replace the 2016 IFAD-specific List of Most Fragile Situations, which drew on IFAD's rural sector performance assessment rather than the country policy and institutional assessment of the World Bank or other IFIs. The rationale for choosing the Harmonized List, which for 2019 contains 36 countries, includes: (i) alignment with other multilateral development banks (MDBs); (ii) the prominence given to

low-income countries and to the fragility dimension; and (iii) the fact that fragility and conflict are usually national conditions rather than rural ones, obviating the need for IFAD to define its own list based solely on rural factors.<sup>12</sup>

## B. Key entry points to address fragility

14. Using the fragility lens, the Special Programme will ensure that operations in fragile contexts focus on selected entry points with demonstrated effectiveness in addressing fragility and building resilience. The focus on a few priority areas will facilitate identification and replication of best practices, promoting **enhanced knowledge management** and resulting in faster outcomes.
15. The role of women in sustaining peace and building resilient communities. The Special Programme builds on the United Nations Security Council resolution 1325 on women, peace and security, which reaffirms the role of women for the maintenance and promotion of peace and security. IFAD will target women as the key entry point for engagement in fragile situations by promoting their economic empowerment, their right to access and use resources and services, and their decision-making power in NRM and community development. Studies show that such interventions not only help close the gender gap in agriculture but also lead to long-term positive gains towards building peaceful and inclusive societies.<sup>13</sup>
16. Strengthening communities, rural organizations and local institutions towards more resilient local governance systems. Community-level activities, such as strengthening governance of natural resources, fostering inclusive community-based organizations, also contribute to peacebuilding and state-building goals. Long-term capacity-building for local institutions, grassroots organizations and communities improve local service delivery, as well as their ability to prepare and respond to conflict and natural disasters.
17. Food security as a primary entry point to tackle fragility and conflict. IFAD endorses the Framework for Action for Food Security and Nutrition in Protracted Crises of the Committee on World Food Security,<sup>14</sup> which includes a specific principle for addressing food insecurity and undernutrition in a conflict-sensitive manner, and for contributing to peace objectives through food security and nutrition interventions. More broadly, the Special Programme will use food security as a primary entry point for addressing fragility and vulnerability to shocks. Particularly during a crisis or in its aftermath, IFAD will focus on relaunching agricultural production **and productivity** with technical packages for improved agriculture, rehabilitation of irrigation infrastructure, and on restoring access to markets to improve food availability and accessibility.
18. Sustainably managing natural resources and disaster risks to address environmental fragility. The Special Programme will build on IFAD's long experience in enhancing the climate resilience of rural farmers/herders and their communities through capacity-building in sustainable management of natural resources, particularly of scarce water resources, that have proved to be effective in local conflict prevention and in addressing issues of social cohesion. IFAD will continue to promote the use of climate adaptation and mitigation techniques and to foster natural disaster preparedness at local and community level to address environmental fragility. Engagement with governments and partners will be key to build an enabling legal and policy framework.

<sup>12</sup> Besides the countries on the Harmonized List, Management will also consider undertaking a specific analysis of fragility in projects or COSOPs for countries where fragility is: (i) caused by climate and environmental factors (e.g. countries vulnerable to natural disasters); (ii) impacted by regional or global negative public goods (e.g. countries hosting forcibly displaced people); or (iii) present in pockets at the subnational level.

<sup>13</sup> FAO. Sowing the seeds of peace for food security (2017).

<sup>14</sup> See [Framework for Action for Food Security and Nutrition in Protracted Crises](#).



## C. Four stages of fragility

19. The Special Programme recognizes four stages of fragility to differentiate IFAD's approach. Along a fragility spectrum adopted by the g7+ group of fragile and conflict-affected states,<sup>15</sup> the Special Programme identifies four stages of fragility in the transition from fragility to resilience – although it is not always a direct trajectory – that are relevant to IFAD and that require different operational responses:
  - (i) High vulnerability to shocks. The country is highly vulnerable to political, economic, environmental and other shocks that can lead to social and institutional disruption and conflict;
  - (ii) Crisis. The country is in a crisis, due to conflict or natural disaster;
  - (iii) Post-crisis and recovery. The country is in the immediate aftermath of a crisis, either a conflict or a disaster;
  - (iv) Transition to resilience. The country is in the early stages of the transition to resilience, or when the transition is prolonged.
20. Annex II provides country examples of IFAD's interventions in various stages.
21. The first and fourth stages, "high vulnerability to shocks" and "transition to resilience", are typically supported through IFAD's standard business model. Engagement consists of medium- to long-term development interventions aimed at reducing vulnerability to shocks and building resilience, with a fragility lens applied to the project cycle. Activities will focus on: strengthening the capacities of local institutions, communities and rural organizations to prevent, respond and recover from crises; promoting economic empowerment of the rural poor, particularly women and youth; strengthening disaster risk reduction and preparedness; and supporting effective natural resources management practices.
22. During the second and third stages, "crisis" and "post-crisis and recovery", IFAD will focus on livelihood reconstruction activities. In line with the IFAD Policy on Crisis Prevention and Recovery, during or in the immediate aftermath of a conflict or natural disaster IFAD will not engage in humanitarian relief operations, nor in peacemaking/peace-enforcing operations. IFAD will, however, facilitate the transition from humanitarian to development assistance through measures aimed at ensuring continuity of basic services, and reconstructing livelihoods and social cohesion, in order to mitigate the impact of crises on vulnerable people (e.g. revitalizing agricultural and livestock production **and productivity**, rehabilitating rural infrastructure, restoring social capital, setting up community networking to support local-level dialogue on NRM, supporting the recovery of financial systems, helping host communities cope with the influx of refugees and displaced people by strengthening their agricultural systems, and supporting displaced families by helping them develop marketable skills to enable their access to jobs in agriculture and the rural non-farm economy).
23. In line with the Agenda for Humanity,<sup>16</sup> IFAD embraces the "New Way of Working" framework to transcend the humanitarian-development divide by working with others towards collective outcomes and based on comparative advantages. The sequencing and complementarity with relief actions will be based on needs assessments, as agreed with governments and partners. In the presence of a crisis, IFAD **will supervise interventions directly, working with governments and existing partners; as an exception when security risks do not allow for this, IFAD may choose to partner with third parties that have the access, capacity and comparative advantage to work in affected areas, while preparing for later engagement.** For this

<sup>15</sup> The g7+ identified five stages of fragility: crisis, rebuild and reform, transition, transformation and resilience.

<sup>16</sup> Annex to the Report of the Secretary-General for the World Humanitarian Summit (A/70/709, 2 February 2016).

purpose, partnerships with other United Nations agencies, specifically with the World Food Programme (WFP) and FAO will be leveraged where possible, and with other partners as necessary on a case-by-case basis, particularly at the crisis or post-crisis stages.<sup>17</sup>

#### D. Adapting country strategies and projects for fragility

24. Strengthening resilience should be an explicit objective of country strategies in fragile situations, to shape and monitor IFAD's contribution to reducing fragility. To be effective, IFAD will need to adopt higher-level objectives that address fragility, while operating within its mandate and coordinating with partners. IFAD's interventions will continue to be designed to strengthen the voice of poor rural people so that they can utilize their local knowledge, further their interests, resolve collective action problems, or reduce social tensions that could lead to conflict.
25. Fragility assessments in country strategies are required for all countries on the Harmonized List. The 2018 Revised Guidelines and Procedures for Results-based Country Strategic Opportunities Programmes require all COSOPs and country strategy notes (CSNs) for countries on the Harmonized List to include a fragility assessment for a more in-depth analysis of the drivers of national and subnational fragility, in order to tailor IFAD's engagement accordingly.<sup>18</sup> Management may call for a fragility assessment in countries not on the list where deemed relevant to IFAD's effectiveness. Fragility assessments should draw, where possible, on the analysis of governments and other development partners.
26. Fragility assessments will help to understand countries' specific stages of fragility along the path to resilience. Depending on the stage of fragility and the country's specificities, the fragility assessment will inform IFAD's country strategy in terms of the appropriate phasing of engagement, inherent risks and associated mitigating measures, long-term goals, strategic partnerships, financing and implementation arrangements.
27. Flexible and better focused projects can accelerate results and improve portfolio performance in fragile situations. Projects in fragile settings should be flexible to easily adjust to shifts in priorities, simpler with fewer components, focus on limited but clear objectives, and have implementation arrangements tailored to counterpart capacity. Theories of change need to incorporate fragility in all its dimensions with monitorable performance indicators and relevant assumptions. Management will strengthen quality assurance to ensure that new operations in fragile situations follow these key principles.
28. Fragility assessments will inform project designs in fragile situations. Project design reports will contain a fragility analysis and detailed integrated risk frameworks depicting fragility-related risks and corresponding mitigation measures. Country teams will draw on the information contained in COSOP fragility assessments and update it as needed. The expected level of fragility in the project area, and the potential for the project to support strengthening resilience, will guide the need for more detail on subnational fragility in the geographical zones covered by the project.
29. Investment projects in situations of fragility tend to be processed as operations requiring high corporate-level attention. The President's Bulletin on recalibrating the IFAD project design process (2018) introduced a risk-based approach to project design, with projects assigned to three different tracks

<sup>17</sup> Efforts will be made to follow good development practice by leveraging the presence and capacity of other agencies or actors (including cofinanciers) where necessary. Costs for such arrangements will be negotiated on a case-by-case basis, based on the principle of minimizing charges to IFAD.

<sup>18</sup> Drivers of and strategies for addressing fragility related to climate change or social impacts may also be included in the Social, Environmental and Climate Assessment Procedures of IFAD analysis.

according to the associated risk. Several criteria are considered for project categorization, including the presence of fragile situations – given the generally weaker institutional and implementation capacities – and a range of operational and country risks. Projects in fragile situations are generally categorized as operations requiring high corporate-level attention (track 1). Process and documentation required are the same as for regular operations (track 2) but there is a higher level of strategic guidance by Management. However, when a rapid response is needed – for instance at the "crisis" and "post-crisis" stages – a new operation may be processed under streamlined fast track procedures (track 3) involving fewer steps.<sup>19</sup> Because the results of such projects are expected to be realized more quickly than those of standard projects, the Special Programme proposes that rapid response projects have a limited implementation period (up to three years), with projects scaled and activities sequenced accordingly. A relatively shorter project duration is deemed necessary when quick results are needed to prevent or mitigate the adverse impact of a crisis.

30. **The Fund** will apply **the 2006 IFAD** Policy on Crisis Prevention and Recovery<sup>20</sup> to prevent or respond to a crisis when a rapid response is required. While IFAD will design and implement development projects in fragile situations, in exceptional circumstances and particularly during the "crisis" and "post-crisis" stages, IFAD may be required to fund rapid response activities. Such cases would include recovery after a conflict or natural disaster, imminent conflict due to accelerating governance and institutional decay, or to avert a looming disaster such as a crop failure that could cause major social, economic or political disruption in a fragile context.
31. Ongoing projects could be restructured when national priorities change as a consequence of a crisis and a rapid response is needed. The IFAD Policy on Project Restructuring<sup>21</sup> provides a single policy framework, encompassing existing instruments and new policy elements, for project restructuring. In response to crises, restructuring and/or providing additional financing to existing projects can represent an alternative option to designing a new operation.
32. Achieving early results that lower fragility risks may require new project implementation arrangements, especially when institutions are weak. Government execution will remain IFAD's default approach in fragile contexts, as it supports institution-building through learning by doing, while providing incentives to counterparts when they are accountable for delivery. It also fosters sustainability beyond the end of the project. However, in countries with fragile situations where the government is a party to conflict, or where the implementation capacity of key public agencies is too weak, IFAD could consider alternative implementation modalities, namely third-party implementation, whereby a non-state organization such as a United Nations agency, an NGO or a private company implements the project on behalf of the government. With performance-based allocation system (PBAS) funded projects, government authorization would be required to directly channel the funds assigned to the country through a third party.
33. The Faster Implementation of Project Start-up (FIPS) instruments are expected to provide liquidity early on to initiate and finance project start-up activities as part of project design.<sup>22</sup> Provisions such as retroactive financing to accelerate project start-up and improve implementation readiness require the government to pre-finance these activities, which is often a limitation for countries

<sup>19</sup> Fiduciary safeguards will continue to be in place in all projects in fragile situations, including track 3 projects, to ensure that funds are used for the intended purpose. Approval processes will follow agreed procedures for projects based on risk classification. Where appropriate, Management may request the Board's approval for rapid response projects to be submitted for Board approval through a vote by correspondence or through the lapse-of-time (LOT) procedure.

<sup>20</sup> IFAD Policy on Crisis Prevention and Recovery, EB 2006/87/R.3/Rev.1.

<sup>21</sup> IFAD Policy on Project Restructuring, EB 2018/125/R.37/Rev.1.

<sup>22</sup> See Proposal for Faster Implementation of Project Start-up Instruments, EB 2018/125/R.38.

with fragile situations. The FIPS proposal, approved by the Executive Board in December 2018, is expected to address the issue by providing the recipient with liquidity to begin preparation activities prior to project approval and entry into force. All countries with fragile situations are eligible for the Technical Assistance for Project Start-up Facility (TAPS) of the FIPS.

## E. IFAD's financing options

34. One of the commitments under IFAD11 is to allocate 25 to 30 per cent of core resources to countries with fragile situations. Fragility is reflected in both the country performance and the country needs components of the PBAS formula through the rural sector performance scores and the IFAD Vulnerability Index (IVI) scores, respectively. Activities to address fragility will principally draw on funding from regular PBAS-funded operations, noting the IFAD11 commitment of allocating between 25 to 30 per cent of core resources to fragile situations.<sup>23</sup> In line with other MDBs, IFAD will use the World Bank Harmonized List of Fragile Situations to determine this share of core resource allocation and to monitor this commitment.<sup>24</sup>
35. Activities to address fragility will mainly draw on funding from regular PBAS-funded operations, but not all needs can be met through the PBAS. Additional funding sources will be sought for countries: (i) where a rapid response is needed either to prevent or respond to a crisis that cannot be financed by restructuring ongoing projects; or (ii) with specific needs that cannot be met through lending. Using the lens of fragility, the Special Programme will thus seek to mobilize additional funding potentially available from the following sources:
- (a) IFAD's administered funds and facilities, applying a fragility lens: (i) global/regional grants, as the priority grant-financing areas for IFAD11, include special commitments for IFAD11, including fragility; (ii) TAPS/FIPS to help finance project start-up activities, including technical assistance; (iii) FARMS to help address the consequences of the international migrant crisis; and (iv) ASAP and future similar facilities to address environmental fragility;
  - (b) Supplementary financing from multilateral and bilateral partners, including existing fragility multi-donor trust funds at the global, regional and country levels, as well as international cofinancing;
  - (c) Supplementary financing to specifically support gender empowerment in the context of fragility; and
  - (d) Private sector funds and foundations. While private investors traditionally avoid fragile situations, there are examples of transformational private investment in fragile areas.

## F. Strategic partnerships

36. In addition to financial collaboration, IFAD will collaborate operationally and exchange knowledge with the other Rome-based agencies, WFP and FAO, to ensure effective synergies and complementarities between humanitarian and development activities. Partnerships will be strengthened with other actors in the United Nations system, IFIs and regional development banks (e.g. African Development Bank), regional organizations (e.g. African Union), the private sector and other stakeholders, to bring a more coordinated and coherent approach to fragility. The spectrum of activities from conflict prevention to crisis response to resilient,

<sup>23</sup> The IVI was introduced in the PBAS formula as a measure of vulnerability, as part of the 2017 revisions (see EB 2017/121/R.3, PBAS formula enhancements). Through this addition, the more vulnerable the country, the higher the IVI score and thus the greater the impact of the IVI on country scores.

<sup>24</sup> For the first year of IFAD11 (2019), the share of IFAD11 core resources allocated to fragile situations is 25 per cent. 75 per cent of the countries on the Harmonized List are eligible for Debt Sustainability Framework terms.

sustainable development is an objective of the United Nations system overall.<sup>25</sup> IFAD will continue to use the United Nations Development Assistance Framework as the main entry point for collaboration with other United Nations agencies, contributing towards strengthening a United Nations-wide comprehensive vision on fragility ranging from relief to long-term development.

## G. Organization of the Special Programme

37. A fragility focal point within PMD will provide an institutional locus for the Special Programme. In order to bring together lessons of experience in working in fragile situations, the focal point will provide overall leadership of the Special Programme and guidance to country teams on engaging in fragile situations. More specifically, the focal point will be responsible for dissemination of good practices, providing technical support to operational units, ensuring knowledge management, promoting South-South and Triangular Cooperation, monitoring programme implementation,<sup>26</sup> partnering with multilateral and bilateral organizations on fragility, and providing learning materials and staff training related to fragility. The focal point will also advise teams on identifying and accessing potential funding sources.<sup>27</sup>
38. IFAD will pursue efforts to provide incentives to ensure that staff with the required skills are assigned to fragile situations. IFAD has recently accelerated the relocation of staff to field offices, which will enhance the institutional ability to engage in situations of fragility. Moving forward, IFAD's human resources framework will ensure that staff experience and good performance in fragile situations are suitably recognized. IFAD will continue to follow the United Nations Common System for human resources management, which provides for post allowances and other benefits for staff in hardship assignments. Reassignment to new locations will include, to the extent possible, rotation between fragile and non-fragile situations, as well as between assignments in fragile situations and assignments at headquarters.
39. Staff development will be enhanced to facilitate the effective implementation of the Special Programme. The curricula of the Operations Academy will be adjusted to ensure that fragility is mainstreamed into the standard learning modules. As there is a compelling need to develop in-house expertise in addressing fragility, including building a theoretical and political understanding of the topic, IFAD will prepare a specialized learning module to increase staff skills related to fragility and risk assessment, and also allow selected staff to participate in relevant training offered by other partners.

## V. Balancing and mitigating risks

40. Fragile situations present additional risks that need to be balanced and mitigated. In fragile situations, it is more likely for IFAD to face fiduciary, legal and reputational risks, risks related to the failure of an IFAD-supported project to achieve its objectives, contextual risks that may affect the wider region beyond the project area (e.g. humanitarian crisis or a return to conflict), and other risks associated with the security of staff and country facilities. While the outcome of fiduciary risks may have greater short-term reputational impact and will need to be specifically addressed, other risks have the potential to undermine IFAD's relevance and support from funders. Some risks can be prevented or mitigated through programme and project design and special measures such as third-party

<sup>25</sup> Sustaining peace is defined in United Nations General Assembly and Security Council resolutions A/RES/70/262 and S/RES/2282 respectively.

<sup>26</sup> The success of the Special Programme will be monitored through the following key indicators: (i) 100 per cent of country strategies for countries with fragile situations include a fragility assessment; (ii) 100 per cent of project design reports for countries with fragile situations take fragility into account; and (iii) at least 25 per cent of IFAD core resources are allocated to fragile situations.

<sup>27</sup> Management is committed to ensuring that a focal point is in place, initially within existing resources.

implementation or use of fiduciary agents in country. Broader contextual risks cannot be managed by IFAD alone, and require partnerships with governments and other actors.

41. Increasing public financial management capacity can mitigate risks, reduce project implementation delays and create greater financial accountability. In consultation with governments and partners, agreement will be sought on arrangements that maintain high fiduciary standards and allow for timely and effective project implementation. Such arrangements may include: capacity-building for relevant project staff or the use of firms contracted by the government to help the project perform fiduciary tasks while project capacity is being built. Any residual fiduciary risks will be subject to IFAD's policy of zero tolerance for fraud or corruption in the use of funds. Managers will encourage staff to report suspected fraud or corruption early and provide support in addressing them, including through the Office of Audit and Oversight.
42. IFAD depends on the United Nations and partners to manage field security risks. The United Nations Department of Safety and Security (UNDSS) is IFAD's security partner, and provides advice on fragile situations and clearance of IFAD missions to the field. All IFAD staff are required to have mandatory UNDSS training, and additional training is available to staff travelling to countries with fragile situations. IFAD is usually hosted by a United Nations or MDB partner in the field, which provides security for staff and facilities at or above the UNDSS Minimum Operating Security Standards.

## World Bank 2019 Harmonized List of Fragile Situations

<i>Region</i>	<i>Country</i>
APR	Afghanistan
ESA	Burundi
WCA	Central African Republic
WCA	Chad
ESA	Comoros
WCA	Congo
WCA	Côte d'Ivoire
WCA	Democratic Republic of the Congo
NEN	Djibouti
ESA	Eritrea
WCA	Gambia (The)
WCA	Guinea-Bissau
LAC	Haiti
NEN	Iraq
APR	Kiribati
NEN	<i>Kosovo*</i>
NEN	<i>Lebanon</i>
WCA	Liberia
NEN	<i>Libya</i>
WCA	Mali
APR	<i>Marshall Islands</i>
APR	<i>Micronesia (Federated States of)</i>
ESA	Mozambique
APR	<i>Myanmar</i>
APR	<i>Papua New Guinea</i>
APR	<i>Solomon Islands</i>
NEN	<i>Somalia</i>
ESA	South Sudan
NEN	Sudan
NEN	Syrian Arab Republic
APR	<i>Timor-Leste</i>
WCA	Togo
APR	<i>Tuvalu</i>
NEN	<i>West Bank and Gaza**</i>
NEN	Yemen
ESA	Zimbabwe

\* Not an IFAD Member State.

\*\* At IFAD, referred to as Palestine.

*Italics* = countries without an IFAD11 allocation.

Source: World Bank.

Note: APR – Asia and the Pacific; ESA – East and Southern Africa; LAC – Latin America and the Caribbean; NEN – Near East, North Africa and Europe; WCA – West and Central Africa.

## Examples of IFAD-funded projects and activities addressing fragility

Presented below are examples of IFAD-funded activities designed and implemented prior to the Special Programme that contributed significantly to addressing causes and/or consequences of fragility. Overall the performance of these projects was moderately satisfactory despite the fragile contexts. The examples include successful interventions that have been replicated and scaled-up in other projects, and also lower-performing operations where security conditions placed significant constraints on implementation. These examples also informed the development of the Special Programme.

Livestock transfer to address unemployment and poverty as root causes of conflict

Fragility stage: 2 – crisis

IFAD has pioneered a focus on the rural smallholder in Afghanistan, one of the poorest countries in the world, rocked by a series of conflicts that have continued for more than three decades. Launched in 2010 under the Rural Microfinance and Livestock Support Programme (2009-2016), IFAD's pilot Targeting the Ultra Poor project has been successful in empowering poor rural people in certain Afghan remote areas, particularly women, by providing them with subsistence allowance, asset transfer, enterprise development training, social development and essential health care training. The project exceeded all impact expectations and has become a transformative socioeconomic movement with a positive impact on two of the root causes of the ongoing conflict in Afghanistan – poverty and unemployment.

Community development to reconstruct social cohesion disrupted by a civil war  
Fragility stage: 3 – post-crisis and recovery

Decades of recurrent ethnic and political conflict in Burundi, a country already affected by extreme poverty, have been disruptive to agriculture and have led many development actors to pull their support. In 2004, in the immediate aftermath of the Burundian civil war, IFAD intervened with the Transitional Programme of Post-Conflict Reconstruction (2004-2012) to support rehabilitation of agriculture and rural infrastructure, as well as community development for reconciliation and participatory transition and development. By continuing activities in the face of insecurity and within the constraints of an international embargo on Burundi, IFAD has helped communities maintain a sense of normality.

Livelihoods rehabilitation after a natural disaster

Fragility stage: 3 – post-crisis and recovery

In 2010, a magnitude 7.0 earthquake struck Haiti causing 222,000 deaths, almost 2.3 million displaced people, and severe damages to homes, supplies and infrastructure. Those who lost their homes migrated to unaffected areas of the country, increasing pressure on local food supplies and the need for employment and revenues for migrants. IFAD's immediate response included the 18-month Haiti Post-Earthquake Support Programme for Food Security and Employment Generation in Affected Rural Areas, which focused on rehabilitating infrastructure, increasing food security and generating employment. The programme's objectives were successfully met and the Government of Haiti expressed its appreciation for IFAD's support.

Enhance stability and resilience to conflict through microfinance

Fragility stage: 2 – crisis

Apart from its severe humanitarian impact, the armed conflict in Syrian Arab Republic has devastated infrastructure and, as a result, the provision of basic services and access to food and income-generating activities have been severely compromised. Even under



challenging security conditions in highly fragile contexts, IFAD-supported projects have proved effective: 130 microfinance revolving funds called *sanadiq*, or “savings boxes” were established by three IFAD-supported rural development projects – the Idleb Rural Development Project (2002-2013); North-eastern Region Rural Development Project (2007-2014); and Integrated Livestock Development Project (2010-2018)<sup>28</sup> – and many of them are still operational today, despite the conflict. IFAD’s community-driven approach has been realized as a tool to increase stability and enhance resilience to conflict.

#### Securing infrastructure sustainability in a humanitarian crisis

Fragility stage: 2– crisis

The 2012 coup d’état in Bamako cut off the country leaving northern Mali under the control of rebels, with thousands of people forced to leave their homes. Staff of the two IFAD projects had to withdraw from the north to Bamako to address how to support IFAD-funded operations, exploring ways to promote the sustainability of IFAD-funded infrastructure. With IFAD support, they worked with government representatives, financial and technical partners and other reliable partners operating in northern Mali to boost agricultural productivity for poor farmers in the region and contribute to better healthcare, while securing the infrastructure. IFAD’s long-standing engagement and experience in the north of Mali allowed the Fund to participate actively both in this collective effort and in policy dialogue on how to combine humanitarian response to crisis with post-conflict recovery.

#### Strengthening the capacity of rural development institutions to address weak governance

Fragility stage: 1 – high vulnerability to shocks

Besides being affected by an overall poverty prevalence and an over 60-year-long internal ethnic conflict, Myanmar is one of the world’s most disaster-prone countries, exposed to multiple hazards, including floods, cyclones, earthquakes, landslides and droughts. Among the critical interventions IFAD put in place in Myanmar are the capacity development activities developed through the project Strengthening Capacity of the Department of Rural Development for Coordination of Rural Development Activities to Implement the Government’s Poverty Alleviation and Rural Development Action Plan (2013-2016). The capacity of the rural development institutions to implement the Government’s Action Plan, both at national and local level, was bolstered through well-coordinated participatory and sustainable models and approaches.

#### Community-based natural resource management interventions to solve conflict around natural resources

Fragility stages: 2 – crisis; and 3 – high vulnerability to shocks

Sudan has been beset by conflict for most of its independent history and, following the independence of South Sudan in 2011, lost human and land resources and three quarters of the country’s oil wealth. Poverty and undernourishment, already serious, have worsened. So enhancing the performance of agriculture, including crops, livestock, fisheries and forestry, is vital for poverty reduction. The projects funded by IFAD in Sudan – the Butana Integrated Rural Development Project (2006-2017)<sup>29</sup>; Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project (2010-2017); and the Western Sudan Resources Management Programme (2004-2015) – have demonstrated how appropriate incentives can significantly improve agricultural production, for example through the adoption of conservation agriculture and distribution of improved seeds, and

<sup>28</sup> Project has been suspended due to force majeure.

<sup>29</sup> Project is ongoing.

how community-based natural resource management, as well as conflict resolution centres along the stock routes, can contribute to consolidating peace initiatives.

Combining short-term recovery with long-term development in highly vulnerable contexts

Fragility stages: 3 – post-crisis and recovery; and 1 – high vulnerability to shocks

Eritrea is one of the least developed countries in the world. The economy has yet to fully recover from the effects of 30 years of war, leading to high unemployment, few income-generating opportunities and food insecurity. Periodic droughts have worsened the situation. IFAD response has been twofold: crisis prevention and recovery is reflected in two programme assistance projects – the Eastern Lowlands Wadi Development Project (1994-2005) and the Gash Barka Livestock and Agricultural Development Project (2002-2008) – which focused on re-establishment of independent livelihoods for crisis-affected (drought/war) rural households. Subsequent projects, such as the Post-crisis Rural Recovery and Development Programme (2006-2012), initiated the process of sustainable agricultural and livestock development through the introduction of productivity enhancing technology, improvement of natural resource management and capacity-building at all levels to support community driven development initiatives.