Fragility in the PBA System

ADF-14 First Replenishment meeting
March 2016
Abidjan, Côte d’Ivoire
ADF-13 Resources & Envelopes

PSF

TSF

RO

PBA

165

662

1,046

3,109

985 (2016)

1,090 (2015)

1,033 (2014)

UA Million
## Components of the PBA Formula

<table>
<thead>
<tr>
<th>Needs</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNI pc</td>
<td>Country Policy and Institutional Assessment (CPIA)</td>
</tr>
<tr>
<td>Population</td>
<td>Portfolio Performance Assessment (PPA)</td>
</tr>
<tr>
<td>Africa Infrastructure Development Index (AIDI)</td>
<td></td>
</tr>
<tr>
<td>New Fragility Index</td>
<td></td>
</tr>
</tbody>
</table>
# Indices measuring fragility

Reviewed 9 indices. The following retained:

<table>
<thead>
<tr>
<th>State Fragility Index</th>
<th>Fragile State Index</th>
<th>Economic Vulnerability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center for Systemic Peace</td>
<td>The Fund for Peace</td>
<td>Committee for Development Policy of the UN</td>
</tr>
<tr>
<td>• Ability to deal with conflict</td>
<td>• Pressures that states can experience</td>
<td>• Structural economic vulnerability</td>
</tr>
<tr>
<td>• Make &amp; implement public policy</td>
<td>• Identify social, economic and political pressures</td>
<td>• Exposure to external shocks (prices &amp; interest rates fluctuations)</td>
</tr>
<tr>
<td>• Deliver essential services</td>
<td>• When pressures could push a state towards the brink of failure</td>
<td>• Exposure to exogenous factors (remoteness)</td>
</tr>
<tr>
<td>• Maintaining system coherence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cohesion and quality of life</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Produced annually for 167 countries. The latest published data is for 2014.

Produced annually for 178 nations. The latest published data is for 2015.

Compiled every three years. The latest published data is for 2011.
## Simulations

<table>
<thead>
<tr>
<th>Input Data</th>
<th>Same as ADF-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Envelopes</td>
<td>PBA</td>
</tr>
<tr>
<td></td>
<td>PBA plus TSF</td>
</tr>
</tbody>
</table>

For each option, 3 weights considered:

- Option 1: SFI in the PBA Formula
- Option 2: FSI in the PBA Formula
- Option 3: EVI in the PBA Formula
- Increasing the Impact of AIDI

Input Data: Same as ADF-13
A sample of the simulations - Resources to TSF Countries

Baseline
Current formula

PBA + TSF envelopes
818

TSF envelope
0.98

PBA envelope
1.48

Option 3: EVI

PBA + TSF envelopes
848

TSF envelope
1.01

PBA envelope

1.51

AIDI

PBA + TSF envelopes
898

TSF envelope
1.08

PBA envelope
1.56

Billion UA
Take away

A fragility index added to the formula
– Three different indices considered

Increasing the weight of AIDI in the formula

• Increasing the weight of AIDI in the PBA formula mirrors results obtained by adding a new measure of fragility in the formula.

• Resources to transition countries higher with TSF than when all resources lumped together and allocated through the PBA irrespective of the index used.
Thank you