

ADF-13 Second Replenishment Meeting
Common statement on Fragile States

[Belgium, Canada, France, Germany, Italy, Switzerland, United Kingdom, United States]

In the run up to AfDF-13 Second Replenishment Meeting, we would like to underline the critical role the AfDB (particularly through the AfDF window) plays in supporting economic development and poverty reduction in Fragile states. We welcome the Discussion Paper from Management on “Proposed Adjustments to the Bank Group Framework for Engagement in Fragile States” and recall that, as a result of the First Replenishment Meeting in February, and in line with President Sirleaf’s speech, the Chair’s Summary underlined “the need for sustained and deeper engagement so as not to lose the gains made” and “encouraged additional improvements in management and delivery of assistance to Fragile states” in coordination with the work of the Bank’s High Level Panel on Fragile States.

In this context, we believe that the AfDB should, building on the new ten-year Strategy and on AfDF-13 negotiations, substantially enhance its role and efficiency in Fragile states, and lead the way by fostering innovative solutions to better tackle the main challenges Fragile states are facing. This could include, among others:

1. *Regional implications of fragility*: we welcome the proposals made under paragraph 3.12 of the Discussion Paper, concerning the possibility to finance regional operations using FSF Pillar I resources, as well as the incentive cost sharing ratio of 1:2. We stress the importance of systematically considering the regional implications of situations of fragility, and welcome AfDB’s enhanced commitment to build up resilience and sustainable governance in regions such as the Horn of Africa, Sahel and the Mano river. We encourage the Bank to draw on its comparative advantages by making the regional dimension a priority for the upcoming Bank’s strategy on Fragile states and redoubling its efforts in early-stage project preparation to help expedite project execution.
2. *“Continuum” approaches to tackling fragility*: we welcome the various proposals in Management’s Discussion Paper to improve the assessment of eligibility for assistance from the FSF (proposals 1 and 2), but we encourage the AfDF to strike the right balance between flexibility (fine-tuning criteria) and objectivity. We also underscore the importance of allowing a more responsive approach (phasing in, but also phasing out) to situations of emergency and building on the “continuum approach of fragility” presented in the Bank’s Ten Year Strategy. We finally encourage the Bank to better identify and assess, especially in upcoming CSPs, situations of fragility in countries or sub-regions, taking the New Deal’s fragility assessments as a starting point. We note that situations of fragility can occur in countries that do not belong to the Fragile states category per se, and consider how best PBA resources should be used to address these and be prioritized on fragility challenges.
3. *Donor coordination*: the AfDB should consider how it will successfully implement the commitments under paragraphs 4.3 and 4.4 of the Discussion Paper on “Deepening Strategic partnerships under the New Deal for Engagement in Fragile states”, bearing in mind previous positive and less positive experiences of coordination at both strategic and implementing levels, especially with the World Bank, and taking advantage of the privileged relationship AfDB has with African countries. We encourage Management to consider more ambitious options to

ensure the best coordination possible among donors and with clients. In line with the New Deal and its Transition Compacts, key institutions could agree on a “single desk” approach, when appropriate in one or two pilot countries.

4. *Procedural efficiency*: we welcome the proposals made under paragraphs 4.10 to 4.14 of Management’s Discussion Paper on “Adapting procurement and fiduciary risk management frameworks and financing instruments to enhance responsiveness in situation of fragility”. We urge Management to propose concrete ways of improving procedural efficiency (including more responsive project monitoring, beneficiary feedback, *ex post* compliance assessments, swifter complaint mechanisms) to Fragile states, taking into account the political commitments to monitor risk. This should include how AfDF plans to take forward the study on fiduciary safeguards as envisaged under the decentralization road map and to empower & train staff to fully utilize the revised delegated authorities. We also urge the Bank to ensure that it posts staff with strong experience on fragility to lead and deliver the Bank’s representation, coordination and programme delivery in Fragile states.
5. *Long-term capacity building*: we take note of the developments on “Targeted Support Window (FSF Pillar III)” under paragraphs 3.28 to 3.30 of the Discussion Paper and are convinced that, in spite of very limited financial resources, sustainable capacity building in Fragile states requires innovative approaches of longer term cooperation programs rather than the too frequent very short technical assistance operations. We urge Management to consider new options to better leverage FSF Pillar III resources, including sharing programmes between clients for long-term technical cooperation in well-identified priority sectors to allow sufficient empowerment and sustainable capacity building.
6. *Private sector development*: we recognize the importance of considering innovative financing instruments (such as the proposed partial credit guarantee instrument or the private sector facility) and we are convinced that the Bank should play a major role in better advocating bankable projects and reducing – unrealistically high – risk perception by key stakeholders. We would welcome additional proposals regarding ways to foster private sector development in Fragile states. This dimension should become an important priority of the upcoming Bank’s strategy on Fragile states and Private sector development strategy.
7. *Youth and inclusiveness*: we note the importance of youth in the Bank’s new Long Term Strategy. We encourage the Bank to ensure that AfDF-13 specifically considers the situation of young people in Fragile states (health, education employment, access to opportunities, etc.) and set clear targets in order to promote a more inclusive growth model in the future, particularly through its design of CSPs. We hope that this dimension also becomes an important priority of the upcoming Bank’s strategy on Fragile states.
8. *Better supporting countries in arrears*: We welcome the proposal to reserve the necessary funds to clear the arrears for Somalia, Sudan or Zimbabwe over AfDF 13 (proposal 6). The political issues in these countries are very different, but equally challenging, and the operating environment can be very difficult. At the same time, we encourage the AfDF to explore options for returnable uses of FSF Pillar II resources, while maintaining a sufficient level of liquidity to ensure that the funds are available when they are needed: options could include initiatives to help Fragile states improve their public debt management, as well as a revision clause at the Mid-term review to take into account the latest developments in potential beneficiary countries.