DONOR COMMITTEE FOR ENTERPRISE DEVELOPMENT

SCOPING STUDY

Supporting Green Growth in Fragile and Conflict-affected Settings

GREEN GROWTH WORKING GROUP

DCED
The Donor Committee for Enterprise Development

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Supporting Green Growth in Fragile and Conflict-affected Settings
Green Growth Working Group Scoping Study
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1. Context and Objectives of the Scoping Exercise

1.1 Context

The Green Growth Working Group (GGWG) was set up by the Donor Committee for Enterprise Development (DCED) in 2011 as a response to an emerging interest in integrating Green Growth concepts in Private Sector Development (PSD). The working group is intended to support donors in their engagement to enable the private sector to generate environmentally sound and climate friendly growth in line with overall development goals such as poverty reduction. As a long-term goal, the GGWG "aims to mainstream green and inclusive growth strategies in private sector development, while advocating for the importance of private sector development when implementing green and inclusive growth strategies in other areas of development cooperation"[1]. As part of its mission to explore the role of different country contexts when it comes to supporting inclusive Green Growth through PSD programs; the Working Group has decided to explore the synergies between inclusive Green Growth and PSD programs (cf. work plan for 2017/18).

1.2 Objectives

This scoping paper explores **how inclusive and Green Growth can be supported in fragile and conflict-affected settings (FCAS)**, and if there are certain approaches and instruments to support Green Growth, which are more or less adapted for such settings. The main purpose of this scoping paper is to enable readers to develop a clearer picture as regards the possible influence of fragility and conflict-affected environments when it comes to designing and implementing Green Growth projects. In doing so the paper sets out to achieve the following:

- Provide a clear definition of all of the basic terminology (e.g. Green Growth and fragile environments), and explain the links between them
- Identify key outcomes which can be associated with interventions in the fields of Green Growth and fragile and conflict afflicted states, and the potential for synergy and trade-offs between them
- Understand how a sample of major donors (bilateral and multilateral) are addressing the two-fold objective of supporting Green Growth in fragile and conflict affected settings
- Give initial examples of existing cases of real life interventions aimed at supporting Green Growth in fragile and conflict affected settings, and identify key lessons

The target audience of this scoping paper is primarily the GGWG members. This scoping exercise is meant to enable GGWG members to develop a clearer picture of the possible influence of fragility and conflict-affected environments when it comes to designing and implementing Green Growth development interventions.

[1] https://www.enterprise-development.org/organisational-structure/working-groups/overview-of-the-green-growth-working-group

2. Key definitions and concepts: Green Growth and Fragility

2.1 Green Growth

From the mid-2000s onwards, the concept of Green Growth has become a growing object of interest among donor development organisations. Green Growth is considered as an aim to harness the benefits of continued economic development while preventing further damage to natural resources and adapting to changing conditions.

There are **various yet fairly similar definitions of what is considered Green Growth** in the literature as well as among DCED member agencies today. Organisations define Green Growth as economic growth that is environmentally sustainable. Common themes used to define Green Growth include low carbon development, macroeconomic growth, social inclusion, environmental sustainability and climate resilience. Generally speaking, **the objective of policies relating to Green Growth is to ensure environmental factors are taken into account when making economic decisions**. For instance, by introducing considerations of resource efficiency, transforming energy systems, valuing natural capital in the economic calculus, and pricing environmental externalities.

While there appears to be a consensus as regards what constitutes Green Growth and the policies that support it, it is also worth noticing that there are also **some divergences** :

- some agency definitions include a **stronger emphasis on the transition to a green economy** (agencies define a green economy as the ultimate goal of Green Growth);
- **most definitions do not explicitly mention biodiversity**, but a small number explicitly stress the importance of its preservation as part of natural capital
- some agencies **add the theme of social inclusiveness** to the definition of a green economy,

2.2 Fragility

While Green Growth is a term that is fairly consistent across donors, **the concept of fragile states, originally coined in the mid 1990s, generates a lot more debate among donor organisations**. It is important to distinguish a fragile state from a conflict affected state, the latter generally referring to a situation linked to armed conflict, whereas fragile states are not all conflict-afflicted. The concept of fragile states can **vary considerably according to the criteria, ranking systems, political and economic interests** of the parties engaged in efforts to support them.

One common element across all donor approaches is the **understanding that a fragile state refers to a low-income country, characterized by weak state capacity and/or weak state legitimacy, leaving citizens vulnerable to a range of shocks** (e.g. social, health/sanitation, environmental). In particular, in fragile regions the impacts of climate change on water, food and land multiply existing

pressures, where inequality persists, and governments have limited capacity to address these pressures. For a long time, the OECD defined fragility as:

> *"the combination of exposure to risk and insufficient coping capacity of the state, system and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes including violence, the breakdown of institutions, displacement, humanitarian crises or other emergencies" ((States of Fragility report, OECD).*

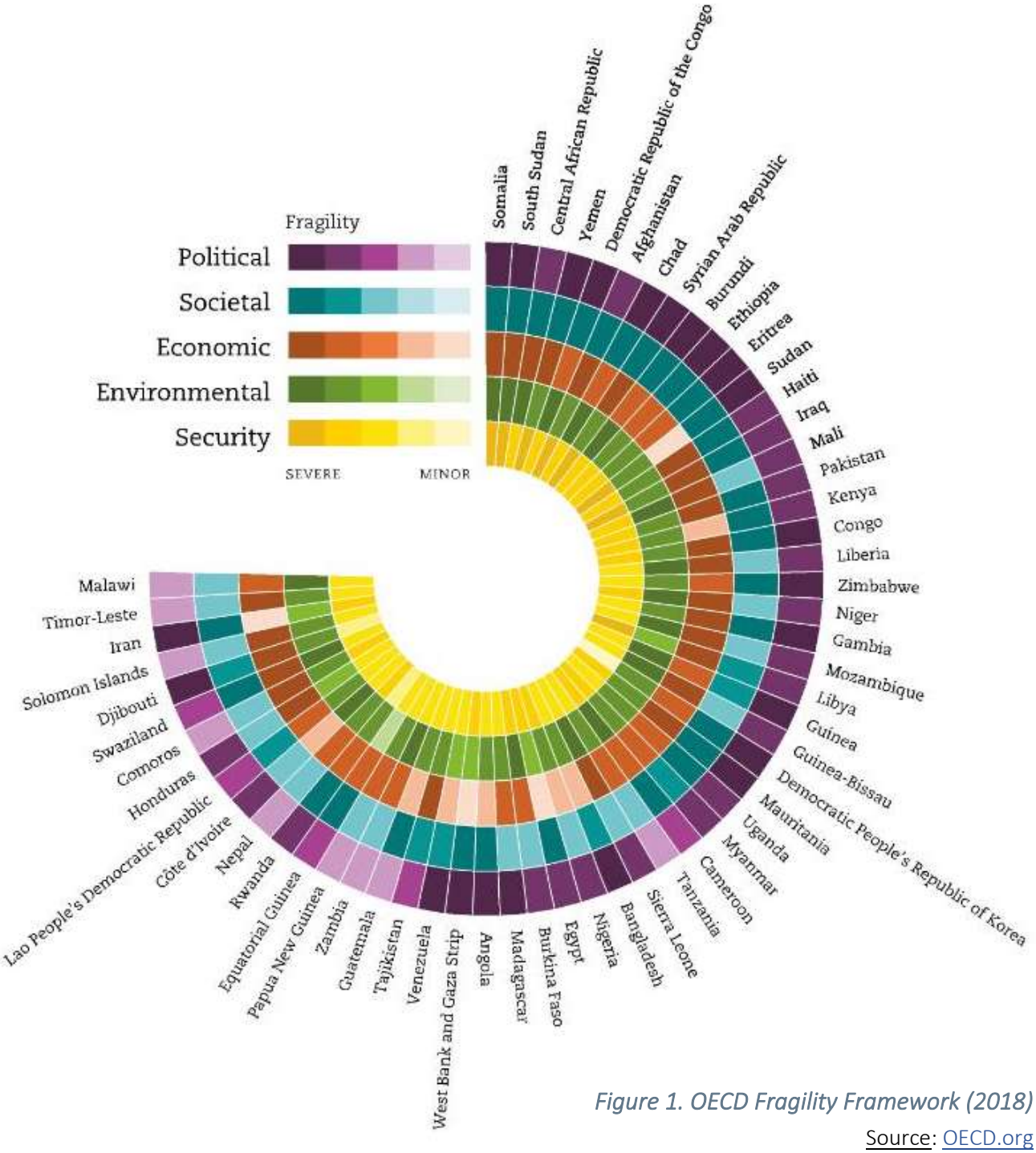


Figure 1. OECD Fragility Framework (2018)

Source: OECD.org

This definition was drawn upon extensively by other organisations. **Over the past five years, the definition of fragility has evolved from a binary "fragile states list" view of the world to take on a more nuanced approach**. Fragility has begun to be considered from an increasingly multidimensional perspective, where conflict, forced displacement, violent extremism, famine etc. should all be understood as causes and consequences of fragility (States of Fragility Report 2018, OECD, see Figure 1).

The uptake of multi-dimensional visions of fragility in official definitions and the design of programs is a work in progress. The OECD has fully integrated this multidimensional aspect (States of Fragility Report 2018, OECD). **SIDA's poverty tool box gathers tools and information to support the analysis and integration of multidimensional poverty throughout its operations.** SIDA analyses the development context along four areas, including the Conflict/Peaceful context.

The World Bank Group (WBG) annually releases its Harmonized List of Fragile Situations. The concept and the list have evolved as the WBG's understanding of the development challenges in countries affected by violence and instability has matured over the years, with new dimensions and contexts being taken into account. However, the Banks's definition of fragility is based on quantifiable indicators on the following:

- harmonized average CPIA country rating of 3.2 or less, or the presence of a United Nations and/or regional peace-keeping or peace-building mission during the past three years;
- specifically defined as the presence of a UN and/or regional (e.g.: AU, EU, OAS, NATO) peace-keeping operation in this country in the last three years, with the exclusion of border monitoring;
- specifically defined as the presence of a UN and/or regional peace-building and political mission in this country in the last three years.

According to the DCED, a conflict-affected setting refers to countries or regions where there is a high risk of violent conflict breaking out; that are in the midst of violent conflict; or have recently emerged from it, including countries classified as "post-conflict". While conflicts defy neat categorization, it is possible to distinguish three broad categories of conflict-affected environments[2]:

- **Latent conflict**: where there is currently no open armed violence, but where significant political, social and economic instability prevails;
- **Open and sustained violence**: countries currently experiencing organized armed violence in parts, or all, of their territory;
- **Conflict settlement or resolution**: countries that are currently transitioning out of armed conflict or have experienced armed conflict in the recent past.

[2] https://www.enterprise-development.org/wp-content/uploads/PSDinCAE_KeyResourcesforPractitioners_Final.pdf

Conflict-affected settings generally refer to situations which are linked to armed conflict, whereas a fragile-state refers to an environment that is particularly vulnerable to internal and external political, social and economic shocks. Not all fragile states are conflict afflicted, and vice- versa. However, there tends to be a positive correlation between conflict and fragility. In both cases (i.e. fragile and/or conflict afflicted settings), countries and regions are likely to display features which significantly impact the quality of their business environment or private sector development, and which make the task of policy planning particularly challenging.

3. Current state of Green Growth support in fragile contexts

3.1 Donor Strategies on Green Growth in Fragile Contexts

Fragile and Conflict Afflicted States (FCAS) are the object of specific interventions and strategies in almost all bilateral and multilateral development donors reviewed as part of this study. If not specifically addressed, they are encompassed more broadly in strategies related to peace and security. FCAS interventions mostly focus on achieving the following: **state building[3] and good governance, ending discrimination and a progressive return to long-term growth**.

Despite the fact that Sustainable Development Goals (SDGs) have given a new momentum to including Green Growth policies within aid and development organizations, FCAS support strategies in practice **seldomly address the issue of Green Growth directly and explicitly**. In spite of this, donor organizations have developed multiple programs and policies designed to develop private sector and Green Growth initiatives (more often than not as distinct policies) in fragile states. Some examples are provided in the literature review (e.g. IDA, GIZ). **Today, the African Development Bank is the sole organization to have a dedicated "Green Growth" strategy for fragile states**.
The lack of a more formal recognition of the link between GG and FCAS also applies to major international strategies aimed at supporting FCAS such a:

- The 2007 Principles of Good International Engagement in Fragile States[4] do not mention green or sustainable growth in their recommendations. The focus is rather on state building, ending violence, non-discrimination, and gender.
- The "New Deal" for engagement in fragile states, including the members of the International Dialogue on Peacebuilding and State building, do not include sustainable or green strategies in their focus.
- The European Practitioners Network "Improving European Coordination in fragile states" (2017) does not mention green or sustainable growth strategies. The document only recognizes that fragile states constitute extremely difficult environment in which to achieve sustainable development.

There is **a slow but visible evolution in recent years** in the way in which programs and policies for FCAS are designed and put in place by donor organizations. This is due in part to renewed debate on the effectiveness of interventions in these settings; and the introduction of SDGs which place a growing emphasis on issues such as affordable and clean energy (SDG 7), responsible consumption

[3] The OECD has published a paper on state-building in fragile states. The OECD-DAC "Principles for Good International Engagement in Fragile States and Situations" prioritize state building as the central objective of international partnerships in fragile situations and in countries emerging from conflict. In 2007, the DAC's Fragile States Group (FSG) initiated a workstream on state building to assist the international community arrive at a more consistent understanding of what state building means. https://www.oecd.org/dac/conflict-fragility-resilience/docs/41212290.pdf

[4] (OECD, 2011)

and production (SDG 12), and climate action (SDG13) for example. This evolution is illustrated by the following trends:

- Organizations are increasingly developing a "**cross-cutting**" approaches to development, whereby economic development, climate change, state and security building are increasingly intertwined (e.g. IDA, FAO).
- Specific tools are being developed, aimed at enabling the practical implementation of these cross-cutting approaches across all donor operations, including those in FCAS. For instance, SIDA has developed a "Green Tool Box", which contains a selection of key documents that support the **integration of the environment and climate change perspective in its operations in all sectors**. Some of its thematic briefs highlight areas of special interest for environment in development cooperation, such as human rights, biodiversity and ecosystems and climate change and conflict risks.

Overall, however, **Green Growth and more largely sustainable growth objectives tend to come second in FCAS support agendas of international donors,** compared to the more traditional fragility-remediation-related objectives. However, existing strategies and actions supporting Green Growth in FCAS tend to focus on:

- Sustainable resource management, for preventing or mitigating conflict (AFDB, IDA, GIZ)
- Sustainable energy (AFDB, IDA, US AID, SIDA)
- Sustainable and inclusive agriculture (AFDB, IDA, FAO)
- Increasing resilience to natural disasters and improving disaster management capacities (IDA, FAO, GIZ)

For more, read Annex B. Analysis of Donor Strategies on Green Growth & Fragility

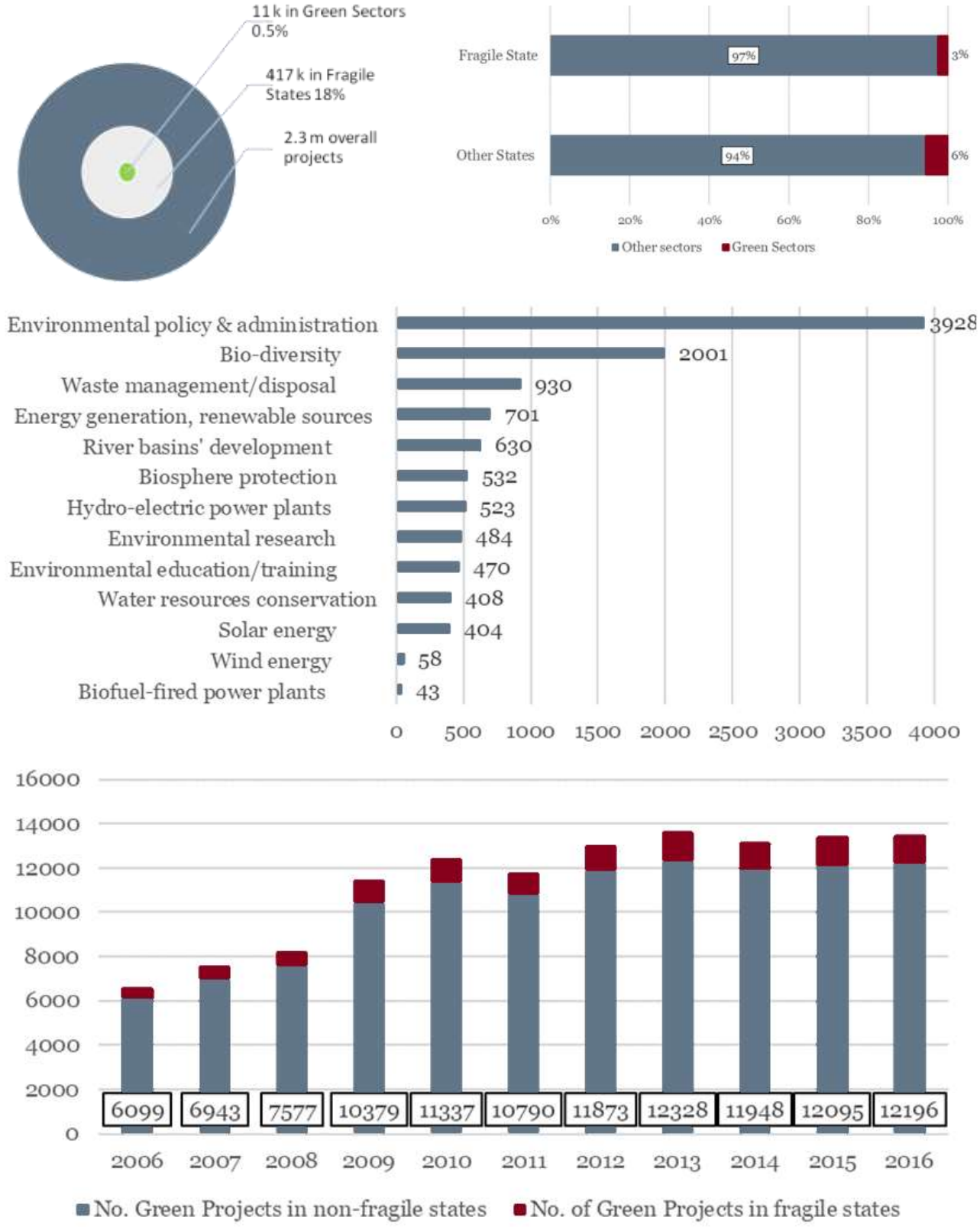
3.2 Donor Project Portfolios of Green Growth in Fragile States

Of course, a relative lack of strategic engagement with the 'Green Growth – fragility' nexus does not necessarily imply a dearth of actual investment in Green Growth in these context. An extensive analysis of the OECD-DAC Credit Reporting System (CRS) database (fully reported in Annex A) showcases that collectively, donors **still substantially invest in Green Growth areas in fragile states**[5], with over 11 thousand projects in fragile states in the period 2006-2016 (See Figures below). **However, Green Growth projects make up only 3% of the total portfolio in fragile states, opposed to 6% for non-fragile states**. Among the different policy areas, environmental policy and biodiversity are the largest funding areas, with domains closer to private sector development such as waste management, energy generation being relatively small funding areas (in terms of number of projects). A more dedicated search on high-potential areas for synergy between green-growth and

[5] We follow the World Bank definition for Fragile States here. Note that funding amounts were not consistently available. Green growth is broadly defined and include projects that focus relatively strongly on the environmental dimension.

fragility strategies found almost no results. In addition, an inventory of these 'high-synergy' areas among donors present in the DCED Green Growth working group resulted in a relatively short list of potential projects (<10). Combined, this assessment such that while there is some traditional investment in the area of energy (and also agriculture, which was excluded from this particular search) in fragile states, **explicit attention from donors for Green Growth in fragile countries is relatively limited.** More integrated, high-synergy approaches remain relatively niche.

Figure 2. Analysis of OECD-DAC CRS Data



For more, read Annex A. Analysis of Donor Green Growth Portfolio's in Fragile States

4. The Linkages between Green Growth and Fragility

Fragile contexts account for a large share of ODA (Official Developmenbt Assistance) and as such, they represent a large opportunity for ODA-driven Green Growth. In 2o16, earmarked funding from donors for fragile contexts was $68.2b USD, or 65.5% of total funding[6]. **Fragile contexts and natural resources challenges often coincide**: In 2016, 20 fragile contexts out of 58 were considered natural resource rich, including many extremely fragile states such as the Democratic Republic of the Congo, Iraq, Sudan, and Chad[7].

- **Fragility and Environmental threats are intrinsically linked in a 'vicious cycle' (see figure below)**
  - Fragile context often suffer some from limited resources, weak institutions and inequality. These factors are typically associated with ineffective environmental protection and natural resource management. This results in non-sustainable depletion of resources.
  - Such non-sustainable depletion leads to scarcity and degraded natural resources, e.g. in the form of deforestation, fresh water reduction or soil exhaustion.
  - Degraded natural resources and related scarcity makes communities more vulnerable for disasters, and may lead to increased tension over the remaining natural resources, especially if unequal power structures result in unequal access.
  - When this scarcity reaches a critical limit (e.g. food insecurity) or a disaster strikes, this can lead to actual conflict[8]. According to the joint UN and World Bank *Pathways for Peace* study[9], fragility is characterized to be the results of among other resources as an arena for contestation.
  - Open conflict further weakens institutions, inequality and resources available, worsening the fragility drivers in said country.

[6] OECD: The State of Fragility (2017).

[7] Ibid.

[8] Rüttinger et al., 2015.

[9] UN/World Bank, 2018, p. 142.

Figure 3. The Vicious Cycle of Fragility and Environmental Challenges

*NR: Natural Resources

- In order to prevent such vicious cycles, many organizations have set in place a a **bi-directional 'do no harm' approach:**
  - Programs investing in fragile states should employ a mainstreamed 'climate-smart' approach[10], which could be extended to a 'Green Growth-sensitive' approach. This approach ensures traditional PSD/fragility actions do not generate negative environmental spill-overs, or worsen environmental conditions in the target countries.
  - Green growth programs operating in fragile states should be sensitive to fragility drivers, in order not to worsen fragility outcomes.

However, since climate change and other environmental challenges can be considered **'threat multipliers'**, being limited to such a passive approach might not be sufficient. Neither is 'waiting until countries are rich' before going green, due to the highly integrated nature of fragility and Green Growth as explained earlier, and the relative urgency of many environmental challenges.

[10] Global Climate Change Alliance.

As such, looking into an active, synergistic approach where **vicious cycles turn into virtuous cycles could be promising, but has been relatively unexplored.** However, fragile states are also difficult countries for Green Growth policy and programmatic support. A recent DCED seminar on private sector development in fragile states highlighted that program development in fragile states is typically more costly and takes longer[11]. Any fragile-focused Green Growth strategy needs to take into account the challenging environment of fragile states. However, it should be stressed that some of the negative characteristics traditionally associated to fragility might have some unique contextual drivers beneficial **for Green Growth**, where synergy between both fields could be maximized:

- Decentralized approaches (e.g. renewable energy such as solar) might be comparatively economical in countries with weak infrastructure
- A recent crisis, shock or disaster may have made 'minds ready' for a significant economic or policy change ('never waste a crisis')
- Poor countries may be able, through technology leapfrogging, also avoid technology-related environmental problems (e.g. more environmentally friendly cooling technology)
- When regulatory or policies are de-facto not developed, they can be developed in a green-growth sensitive way from the start, which may be easier than retrofitting.
- Weak institutions may cause 'institutional voids' that may result in opportunity for the private sector (see box below)

Institutional Voids and Private Sector Development

The term institutional voids was originally coined to indicate an institutional gap in the business environment, such as a lack of good financial transaction or access to insurance, which creates challenges for firms to operate in[12]. Similarly, weak institutional performance of governments, for instance in the area of waste management or electricity provision in rural areas, may debilitate firms in developing and growing properly. However, research has shown that such voids may also create opportunity for private sector to feel these market or public service gaps by offering services that bridges the voids. For instance, SMEs may fill the gap of failing public waste management services by offering these services themselves (see for instance our case study ahead on waste management in Sierra Leone). Famous successful initiatives of Kenyan rural pay-as-you-go solar energy provider M-Kopa[13] was successful because there was a large group of underserved rural populations. An interesting and challenging aspect is how this affects subsequent incentives for governments to invest in these services, and whether there are any side-effects (e.g. distributional) when the private sector takes over, an area which requires more research

[11] DCED (2016) Summary Report: Seminar on Private Sector Development in Conflict and Fragility Affected Environments – Interventions, predicaments, complications and impact, Monday 7th November 2016.

[12] K. Phalepu and T. Khanna, 2010, Winning in Emerging Markets, Harvard Business Press.

[13] http://www.m-kopa.com

5. A Framework for a Green Growth Strategy in Fragile Contexts

Green growth strategies by nature challenging and complex to adopt and implement. In contrast to more generic PSD, Green Growth strategies inherently have to address multiple policy goals. Of course, there many cases of policy synergy between 'green' and 'growth', such as the emergence of new industries in the field of circular economy or renewable energy generation. However, there are also real cases of short-term and long-term trade-offs for stakeholders, including increased production and compliance costs for firms, or reduced (short-term) availability of natural resources for economic production. **Introducing *fragility as an intervention context and as a policy goal* makes things even more complicated.** As an intervention context, fragile regions are by definition challenging for policy/programme development & implementation. Including an additional policy goal, or combining several policy goals at once, has the potential of rendering policy strategies even more difficult to design and implement. However, context is a given and cannot be ignored, and **addressing fragile conditions in policy strategies and/or programme design shold not be seen as a bonus, but a prerequisite**. Similarly, there are many high-potential Green Growth policy areas (see Table next page) that can actively contribute to reducing fragility. However, these may not be viable or realistic in each situation due to complexity. As such, we arrive at a dual distinction of policy strategies:

- **Passive (Do no harm):** Ensure that Green Growth interventions are sensitive of fragility factors (see right hand box of the following figure) and vice versa. This is a relatively light approach, only requiring a due diligence during design and monitoring during implementation.
- **Active (Fragility Focused Green Growth)**: Interventions that are adapted to work well in fragile contexts, as well as contribute to resilience, thereby contributing to the development of a green-fragile 'virtuous circle'. Such approaches would require a much more elaborate design phase, and more focused monitoring and evaluation.

Figure 4. Green Growth and Fragility Nexus

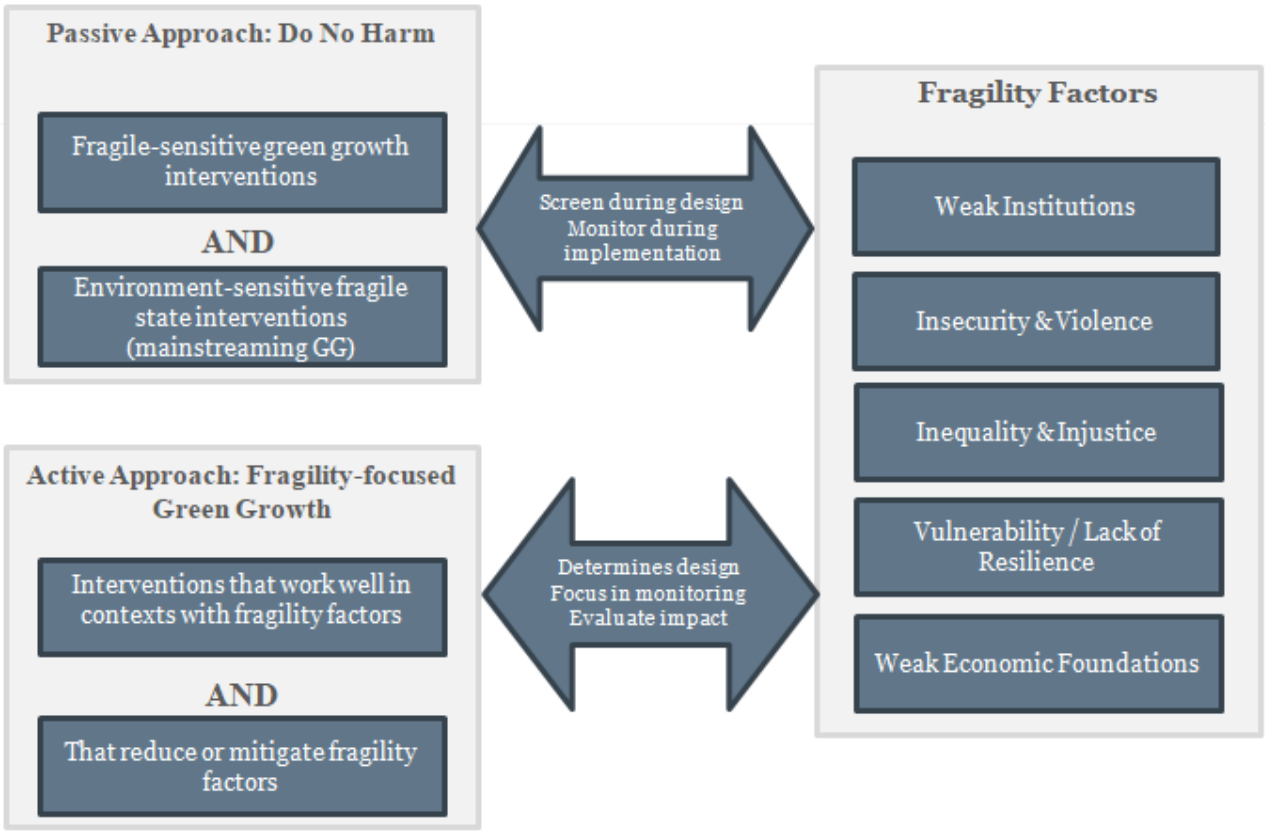


Table 1 (next page) shows a first selection of possible high-potential intervention areas that would fit the 'active' description, and the case studies (See summary in Section 6).

Table 1. High potential areas for fragility-focused Green Growth (i.e. active policy synergy stategy; risks in brackets)

Green Growth Intervention Area	Interventions that work well in fragile contexts	Interventions that reduce or mitigate fragility factors
Decentralized Sustainable Energy	• Does not rely on full grid coverage • E.g. Off-grid solar; cook-stoves; work well in informal settings (limited regulatory requirements) • Pay-as-you-go models reduce liquidity needs	• Decrease regional inequalities • Improve self-sufficiency (import substitution) • Supports the development of local supply chains
Climate change adaptation / Disaster Management Capabilities	• (Prioritising and mobilizing resources for prevention might be difficult in fragile states) • (Weak infrastructure may impede DMCs)	• Prevent the 'vicious' cycle from multiplying fragility through reduced resource pressure, conflict etc. after disasters
Improved Natural Resource (NR) Management (e.g. REDD, Ecosystem services approaches, Water Management)	• Fragile states often have relatively strong NR assets • (Good NR Management may be difficult with weak institutions present) • (Regional Insecurity/Vulnerability may make effective NR Management difficult)	• Good NR management prevent degradation and further scarcity challenges • Good NR can raise revenue both centrally and decentrally
Inclusive and sustainable land-use planning for farming (e.g. including agroforestry)	• Agriculture and forest-related agriculture are often relatively important in fragile states • Advances in technology can make land-use planning more affordable. • (Weak institutions may threaten fair land-use planning)	• Inclusive land-planning can resolve conflicts over land, a major source of conflict • Clear land-use planning (and titling) can lead to increased investment (collateral) and productivity
Sustainable and transparent extractive industries (EI)	• Extractive industries are often relatively important in fragile states • Extractive industries are typically resource-rich pockets	• Transparency in EI can boost equality, institution development and improve domestic revenue generation • Sustainable extractive

Green Growth Intervention Area	Interventions that work well in fragile contexts	Interventions that reduce or mitigate fragility factors
	• (Weak institutions may threaten transparent use of extractive industries)	industries reduce environmental pressures and damage to natural resources
Sustainable Trade & Value Chains	• Many fragile states are dependent on raw material exports • Private Sector organizations often have unique access to difficult areas	• Improved working conditions, reduced environmental impacts and improved productivity may b reduce inequalities. • Strengthening of local institutions due improved transparency
Waste Managemnet, Circular Economy Interventions, e.g. Industrial Symbiosis	• Typically many unused opportunities for re-use/recycling • (Some circular economy interventions are costly or require advanced infrastructure)	• Improve local resource generation, decrease reliance on imports • Improve resource-efficiency, decreasing environmental pressures
Supporting Frugal Innovation & Entrepreneurship	• Requires few resources • Entrepreneurship can take both formal and informal forms • (Scaling up might be difficult in contexts with insecurity or weak institutions)	• Provides post-conflict opportunities for youth • Provides affordable goods & services for people with little means • Entrepreneurial mindsets can also promote wider citizenship capacities.
Infrastructure (new/ retrofitting outdated infrastructure)	• Cross-cutting and present in aspects of all daily life: ties with energy, mobility, housing, transportation, the circular economy • Increases adaptation and mitigation capacities	• Increases adaptation and mitigation capacities

6. Case Study Summaries[14]

6.1 Sierra Leone: Waste Management

Sierra Leone is among the most vulnerable countries to Climate Change and is facing an increasing frequency and volume of rainfall. In recent years, still being in the recovery phase from the Ebola Virus pandemic, Sierra Leone experienced multiple times serious flash flooding. One of the most severe floodings caused in 2017 a mudslide and affected about 6,000 people and left 1,141 people declared dead or missing. The World Bank estimated the total economic damage at about SLL 237.37 billion (USD 31.65 million).

In addition to bad city planning, overpopulation in high-risk areas, and deforestation, the capital Freetown is in particular fragile in terms of flood risk due to waste dumping which clogs drainage systems and aggravates the potential damage of flooding in the city. Problems such as outstanding payments between the Freetown City Council and the waste management companies in charge of cleaning the city further worsened the waste problem. To mitigate these issues efforts were taken by UNDP Sierra Leone, based on best practice sustainable waste management solutions from other African countries. Funded with USD 400,000 UNDP Target for Resource Assignment from the Core resources (TRAC) funding, a pilot project was established to test the effectivity of waste management solutions in the Sierra Leone context.

The project had two main objectives which were to address the flood risks in vulnerable communities through drainage cleaning and to improve livelihood opportunities, in particular for women and youth, through entrepreneurship and training based on waste recycling. Following recent floods and increasing plastic waste accumulation in the streets and drainages of Freetown the project wanted to raise the importance of removing plastic as a mean of disaster risk mitigation and to highlight the potential value of plastic waste. Local enterprises in slum communities were created which address the waste problem through recycling and in particular upcycling to create economic opportunities and value from the waste. The project led to a supply chain of plastic pickers who collect and sell waste to the micro enterprises, effectively leaving drainages cleaner and making the slum communities more flood-risk resilient.

- **Interventions which highlight the harmful effects of something like waste work particularly well in a post-disaster period.** Recent strong floods made it easier to convince beneficiaries how important it is to remove litter from drainages in Freetown to mitigate the risk to flooding in the city. Furthermore, the failing of central waste management encouraged the local action as well.

[14] For full cases see separate Annex.

- **An intervention aimed at creating sustainable businesses needs to scope out the local market conditions first**. Because of the weak local market conditions and purchasing power there was weak demand for some of the produced recycled goods.
- **A well-designed green growth intervention can efficiently fill an institutional void i.e. the public service gap created by weak central institutions.** The creation of local waste management committees was possible and efficient because central waste management was nearly non-existent which made a strong case for local community-based action.
- **It is important to identify possible win-win settings when designing a project which address both threats and opportunities deriving from fragile environments.** The project hereby not only created micro enterprises with a supply chain of people who pick plastic and sell it to the ones who recycle it but also at the same time reduced the flood risk by clearing Freetown's drainage from plastic refuse.

6.2 African Enterprise Challenge Fund: Fragile States Window

The AECF is one of the most important organisations providing funding opportunities in the areas of agriculture and renewable energy today in Africa. It is chiefly funded by SIDA (Sweden) and the Department for International Development (DFID) (United Kingdom). The AECF intervenes in a number of states in Africa that are considered as "fragile" (Somalia, South Sudan, Zimbabwe…) and has designed one particular competition specifically tailored to fragile environments, the "Post Conflict Window" in 2012. Through its Renewable Energy and Adaptation to Climate Change (REACT) Funding Window however (providing funding opportunities for climate adaptation business models), the AECF has funded a series of projects in fragile environments, such as the Arid and Semi-Arid Lands (ASAL) in Kenya. These areas are considered both environmentally and politically fragile, and face conflict either locally or imported from neighboring regions which further reduce investment and increase pressure on institutions. The projects aim to help rural people in becoming more resilient to the adverse effects of extreme weather events (e.g. variability in rainfall patterns and changes in average temperatures), particularly in terms of food and income security.

The projects funded in the ASAL areas are first and foremost designed to reduce economic and environmental vulnerability, and thus prevent the emergence of conflict. There is no specific aim to address weak local political institutions, although the AECF has noted that its projects have the ability to trigger changes in the business or regulatory environment. An evaluation of the ASAL projects is ongoing. With over ten years of experience working with enterprises in fragile environments in Africa, **the AECF maintains that private sector interventions in fragile environments must be done in a very careful manner**. Fragile environments require carefully planned and tailored safeguards.

In terms of best practices for green private sector development in fragile states, AECF advises to make sure that you are **working with the right people**. For the past couple of years, AECF always

asks a local consultant to help AECF do some preliminary field work before launching a competition. This local consultant will help AECF target the right sectors of the economy and the most relevant organisations that will help reach its beneficiaries. This is particularly true in some fragile states where power is centralized and where the influence of the state does not extend very far in the country. The AECF also advises to **target "viable" projects that fit with the characteristics of a region and respond to its most pressing needs**, and **not to get too ambitious** (funding green growth is already a big challenge in itself, don't feel obliged to promote gender equality and social inclusion at the same time).

In terms of lessons learned, the AECF underlines that a low success rate for green growth projects but must expected, **lower than for other economic sectors.** The projects take some time to kick off the ground as they require specific skill and equipment that is not necessarily easy to access locally. "*We have set the failure rate at 30% at AECF, but it should really be 75% if we want to give a chance to more people*." Neither can you expect immediate impact: **existing local market dynamics and the habits of consumers are not always ready for the changes associated to green growth.** On a positive note, the AECF certifies that **funding green growth projects in the private sector in fragile states does make a considerable difference.** Business ideas in fragile and conflict affected states almost always stimulates additional private sector investment and development impact. Private sector initiatives in fragile and conflict affected states have the real potential to play a part in creating incentives for peace.

6.3 GIZ & IDH (Dutch MFA): Regional Landscape Approach in Côte d'Ivoire

Côte d'Ivoire, a country of 24m in West Africa, resurged economically after a decade long political crisis that ended in 2011. However, during the political crisis deforestation increased significantly also in protected areas, as oversight collapsed and internal and external migration, causing social and economic tensions regarding land rights and use. The Taï forest is a biodiversity-rich area, with an important ecological function for the wider region.

GIZ has a long history of supporting forest protection in the Taï region. In order to strengthen the biodiversity and forest resilience in the region, GIZ launched a project that aims to link the Taï forest to the Liberian Grebo-Sapo national park. In terms of engagement, the project is set up as a pilot to test co-decision mechanisms for land-use. IDH, the Sustainable Trade Initiative, was originally set up with support of the Dutch government to work towards more sustainable value chains with key private sector players. Having been active in Côte d'Ivoire in the cocoa sector since 2012, it launched the Landscape programme 'Wider Taï region' in 2016 with key public and private partners. The reasoning behind a more integral approach was the realization that key drivers of the one of the most important sustainability challenges in the cocoa sector, deforestation, was caused by many structural weaknesses in fragile regions.

Key outputs from the supported sub projects include capacity development of forest agencies, the development of a regional land-use plan, the work of private sector to promote economic diversification and forest-friendly agricultural practices (e.g. leaving a number of trees on cocoa plantations to improve the forest coherence of the wider region). These activities should result in improved forest protection, more productive and sustainable land-use by local farmers, and improved business environment in terms of traceability, standards and transparency. Both GIZ and IDH have been highly aware of the fragile context of the wider Taï region. Interestingly, they take relatively different perspectives in terms of including fragility in their program design. IDH focuses on *market transformation*, green growth, establishing itself squarely at the nexus of searching synergy between environmental protections (against deforestation) and private sector development. GIZ focuses more on the environmental and general social perspective in its framing of the project '*protection and development'.* Interestingly, while both identify fragility factors as drivers of currently challenges, they do not explicitly refer to related objectives in terms of fragility, nor do they appear as goals of their own. However, implicitly both projects identify substantial linkages between fragility and green growth.

- When working in fragile environments, a **deep understanding of local complexities** is needed for good programme design and implementation. This means reserving enough time for programme design and proactive inclusion of all stakeholders.
- In order to guarantee this deep understanding, as well as to ensure constant engagement with local stakeholders, effective **local presence in the region (not just capital city) is a prerequisite** to ensure appropriate follow-up, which is essential.
- **Private Sector is willing and able to substantially co-invest in sustainability and fragility reduction**, when the project is oriented towards guaranteeing long-term supply consistency and address traceability challenges for sourcing commodities through a secured sustainable supply.
- However, donors need to be aware of the complexities of political economy that may result in **different priorities between ministries among themselves and with local authorities.** An effective strategy may require engagement with the highest (i.e. prime minister) level, and linking an initiative to a wider national strategy.
- In case of environmental protection, in particular in fragile areas, local communities and business owners (including farmers) need to be aware of the linkages between environment, incomes and fragility. **Investment in awareness campaigns, tailored to the local setting, is important.**
- Interventions in fragile areas carry **higher reputation risks** due to the complexity of the situation. Donors, governments and other stakeholders are not in full control and the risk of adverse effects is higher compared to other situations. Adverse effects may, rightfully or wrongly, be blamed on the intervention.

6.4 FAO / The Netherlands: Gaza Strip Agricultural Development

With a fast-growing population[15], demands for water and food products are increasing in West Bank and Gaza Strip (WBGS). However, access to water as well as to international markets (for export of produce) is central to the Israeli- Palestinian conflict. Economic disparities, lack of substantial and sufficient infrastructure and of effective water-resource management, compounded by pollution and climate change have led to disproportionate allocation of water and to substantial depletion and contamination of water resources.[16] Agriculture plays an important role in providing employment opportunities.[17] In that respect, the vast water and agricultural disparities between Israel and Palestine have social and economic implications and have direct implications on resilience and fragility of communities in West Bank and Gaza Strip (WBGS).

In addition, since 2006, the agricultural sector has witnessed significant decline in the number of agricultural workers, for both women and men, due to restrictions imposed on the sector's development and its low production.[18] A more sustainable way is needed for agriculture production, both from a water and arable land perspective, to make agricultural products more competitive, provide income for farmers and build local resilience. In response, the Ministry of Foreign Affairs of the Netherlands funded, through the Food and Agriculture Organization of the United Nations, the project "Market Oriented and Sustainable High Value Crops Sector Development in the West Bank and Gaza Strip". This project contributed to a more feasible, sustainable and competitive production of agricultural products in WBGS. The project targeted farmer cooperatives with a specific focus on irrigation systems. Other stakeholders such as government and NGOs were also involved in the process. Indeed, the approach was also connected to the Palestinian national policies, especially with regard the National Strategy for Agriculture. It focused on strengthening the capacities of agricultural cooperatives to deliver value chain services to their farmers. It resulted in water and land use optimisation as well as higher profits for farmers.
Some key lessons of the project include having a flexible programme that best fits the specific needs of farmers and allows for the development of a shared vision with stakeholders. The collaboration with a private marketing company, also aided the needs of farmers to better market their products in the region and internationally. In order to sustain resilience successfully, the project supported farmers to structurally transition to a more feasible and sustainable agricultural systems. This was done by ensuring local ownership of the project as well as by including gender mainstreaming approaches. In that respect, an overall lesson that can be learnt is that transformational rather than short-term change is possible by including stakeholders from the design to the monitoring and evaluation phase of projects.

[15] http://worldpopulationreview.com/countries/palestine-population/

[16] Lazarou, E., Water in the Israeli-Palestinian Conflict (2016), European Parliament Think Tank.

[17] Interview with Thys Hoekman, Policy Officer at Stabilisation and Humanitarian Aid Department at Ministry of Foreign Affair of the Netherlands on Monday 10th of December 2018.

[18] National Agricultural Sector Strategu (2017-2022): Resilience and Sustainable Development, (2016), Ministry of Agriculture of the State of Palestine, pp. 9.

7. Conclusions & Recommendations

7.1 Conclusions

- Fragility has been an **increasingly prominent and evolving concep**t, covering political, societal, economical, environmental and security dimensions. Fragility can exist **at the sub-national or regional level,** and needs to be assessed at a relatively granular level.
- There are **clear linkages between fragility, environmental and PSD dimensions**, due to a vicious cycle between environmental degradation and inequality, conflict and weak institutions.
- **Fragile contexts are suitable for a specific set of high-synergy opportunity green PSD interventions**, that are either easier to adapt to specific fragile contexts, as institutional voids may create room for private sector development/ Examples include sustainable trade, land-use reform, climate change adaptation, decentralized renewable energy, circular economy, frugal innovation and improved natural resource management.
- Few Donors have dedicated strategies for Green Growth in fragile contexts, **but many donors are shifting to integral approaches** that cover both environmental and fragility dimensions. An increasing focus on climate adaptation also plays in to this trend.
- However, in terms of actual project portfolio's are fragile states have **50% less green-growth oriented projects compared to non-fragile states**. The number of projects that focus on highly integrated approaches remains relatively limted so far.
- However, combining many policy angles is often too complex outside a number of high-potential synergy areas (as defined in this paper), but **a minimum 'do no harm' approach through mainstreamed safeguards would be a good alternative** for many other projects.
- Case studies show that while many project and programmes are implicitly aware of fragility factors, they typically struggle to shape and implement 'do no harm', let alone synergy aspects, due to the difficult environment to work in.

7.2 Recommendations

- Despite its complexity, **do not avoid investing in Green Growth in fragile contexts**, due to the highly interlinked nature of these challenges.
- Do not think, communicate and frame only in terms of threats and weakness, but **identify context-relevant opportunities.** This may benefit stakeholder engagement and commitment.
- Apply **a flexible strategy** when operating in a fragile context for green PSD, depending on the complexity, scope and resourcing of the project:
  - **Passive Minimum**: Apply Do No Harm principles, ensure that the program design is equipped to prevent aggragavating fragility factors

  - **Active Synergy**: Design with fragility factors in mind, try to benefit from potential unique contextual drivers and aim to address underlying fragility causes with your intervention

- Even more so than with standard development policy design and implementation, long-term, **intensive regional presence** is a key success factor due to the the time it takes to understand complexity of fragility causes and
- **Investing in scoping & feasibility research and in-project monitoring** of fragility risks is a priority.
- Accepting a **higher degree of project failure** may be needed in fragile contexts. As such, rapid smart pilot-scaling sequencing may be needed for efficient use of funds.

Annex A. Analysis of Donor Green Growth Portfolio's in Fragile States

Introduction

In order to explore to what extent green growth has been supported in fragile states, the research team has utilised the OECD's Development Assistance Committee (DAC) databases, which provide annual statistical information on international aid flow from OECD countries.[19] Aid information by DAC donors has been collected since 1973 as part of the Creditor Reporting System (CRS) which produces comparable, consistent and coherent annual statistics.

The OECD-DAC datasets monitor donors, recipient country as well of sector of aid. A portfolio screening of OECD-DAC data has been carried out by the research team in order to assess the total scope of current green growth interventions in fragile states. It should be noted that although CRS System has a sector classification system for its projects, its dataset does not include a "green sector" variable. In order to create a variable to classify green growth interventions, the research team identified green categories that were already measured on the CRS database and created a unique "green variable".

The latter includes projects that fall under these categories:

- Energy generation, renewable sources
- Bio-diversity
- Biofuel-fired power plants
- Biosphere protection
- Energy generation, renewable sources - multiple technologies
- Environmental education/training
- Environmental policy and administrative management
- Environmental research
- Solar & Wind energy
- Water resources conservation (including data collection)
- Waste management/disposal
- Hydro-electric power plants
- River basins' development

In order to identify green projects that fell outside the above-mentioned categories, the research team also conducted an additional keyword search on project descriptions. Keywords such as circular economy, climate change, microgrid, frugal innovation, industrial symbiosis, resource

[19] https://www.iatistandard.org/media/documents/The-relationship-between-IATI-and-CRS.doc

efficiency, disaster management, agroforestry etc. were used and projects were added when relevant.

Apart from defining green growth, it was important to also understand what constitutes a fragile state. For this purpose, we have used the World Bank definition of fragile states which includes a total of 36 fragile states[20]. It must be noted, that due to inconsistent regional data, we have provided an analysis based at national level.

Moreover, while the OECD-DAC dataset provides reliable information on number of projects funded, the same cannot be said about the amounts received per project. In that respect, the research team was unable to calculate and summarise the amounts received for green projects in the countries under consideration.

The research team has identified green growth projects in fragile states in the last decade. The OECD-DAC dataset contains project information between 2006-2016. Data for 2017 is limited with only around 240 observations and has not been taken into consideration. Below we present an analysis of this data in different sections.

General Overview

Since 2006, there have been more than 2.3 million projects launched from donors in countries around the world. Out of these only 417,075 or 18% have been invested in fragile states. When looking at the number of green projects invested in fragile states, we can identify a total of 11,112 projects since 2006 (or 0.5% of all projects in the OECD database in the time period under consideration).

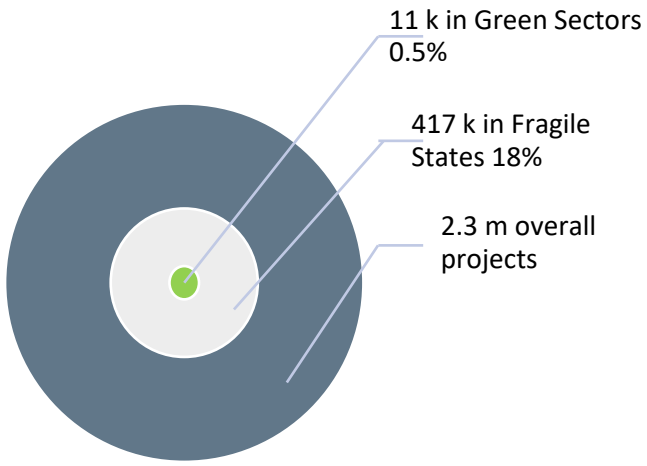
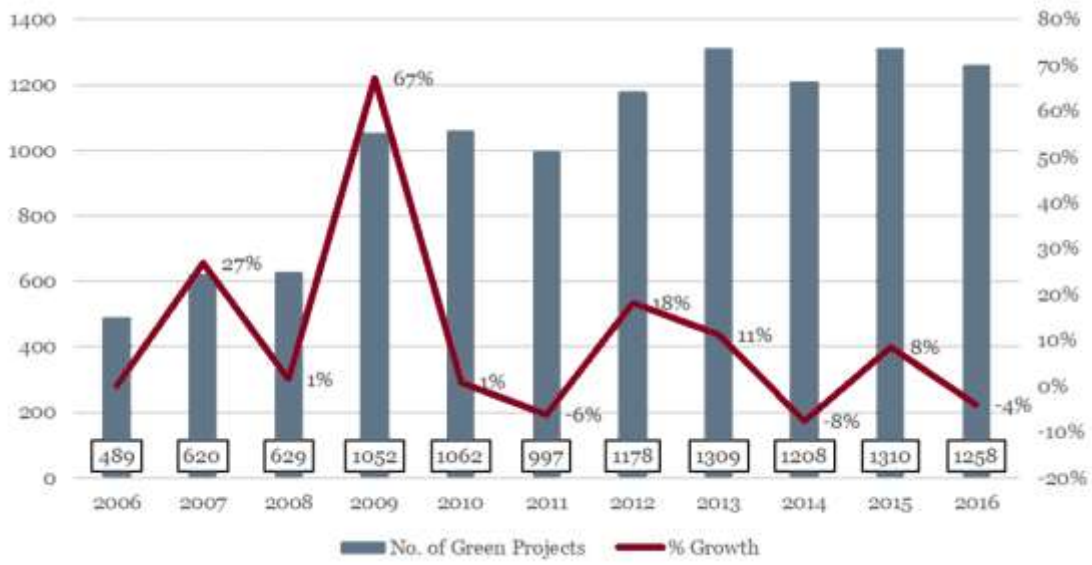


Figure 5. Projects overview

[20] Afghanistan, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Congo, Côte d'Ivoire, Djibouti, Eritrea, Gambia, Guinea-Bissau, Haiti, Kiribati, Kosovo, Liberia, Mali, Marshall Islands, Micronesia, Mozambique, Myanmar, Solomon Islands, Somalia, South Sudan, Sudan, Syria, Togo, Tuvalu, Yemen, West Bank and Gaza, Papua New Guinea, Timor-Leste, Zimbabwe, Iraq, Lebanon and Libya.

Despite the relative low number of green projects, **Error! Reference source not found.Error! Reference source not found.**6 shows a steady increase since 2006 with an average of 12% growth. The average number of projects since 2012 is around 1250 per year.

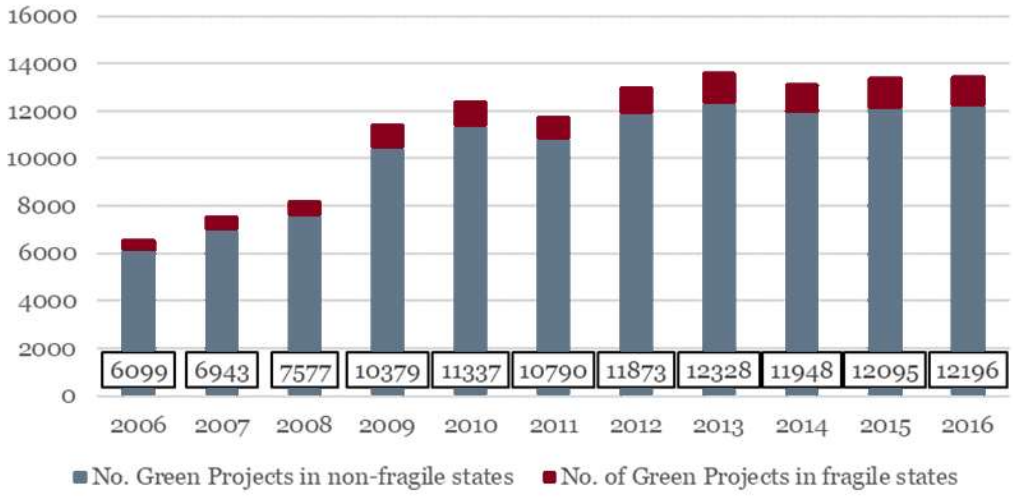
Figure 6. No. of Green Projects in Fragile State per Year



Source: Technopolis Group calculations using OECD-DAC data.

When looking at the share of green projects donors fund, there is a big difference between the number of green projects funded in fragile (11,112) vs non-fragile states (113,565). Figure 7 shows that OECD donors invest the vast majority of green projects in non-fragile states.

Figure 7. No. of Green Projects in Fragile vs Non-Fragile States per Year



Source: Technopolis Group calculations using OECD-DAC data.

On average, around 90% of green projects are funded in non-fragile states whereas only 10% of green projects are funded in fragile states.

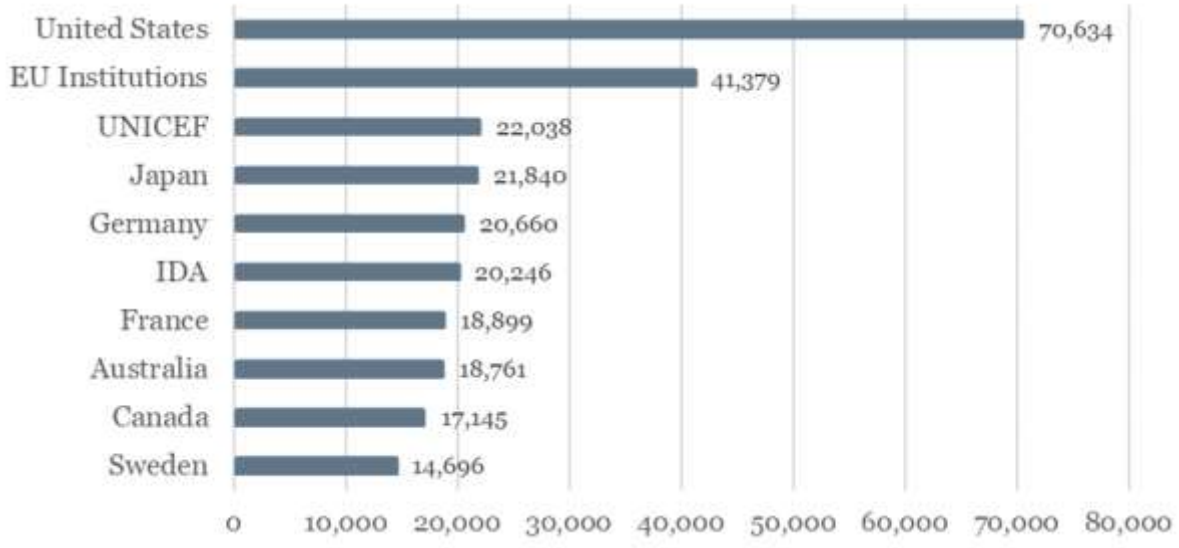
Donors

Through the OECD-DAC data (2006-2016) we have been able to identify numerous donors investing in green projects in fragile states. However, it must be noted that in some cases the data captures specific agencies that provide the grant/loan, while in others only the country of origin is specified.

More than 100 donor organisations/countries have been identified in the OECD-DAC dataset. Most of them (90%) have operated in fragile states.

The Unites States is by far the biggest donor in fragile states, followed by EU Institutions, UNICEF, Japan, Germany, International Development Association (IDA), and so on. Figure 8 provides a list of top ten donors present in Fragile states since 2006.

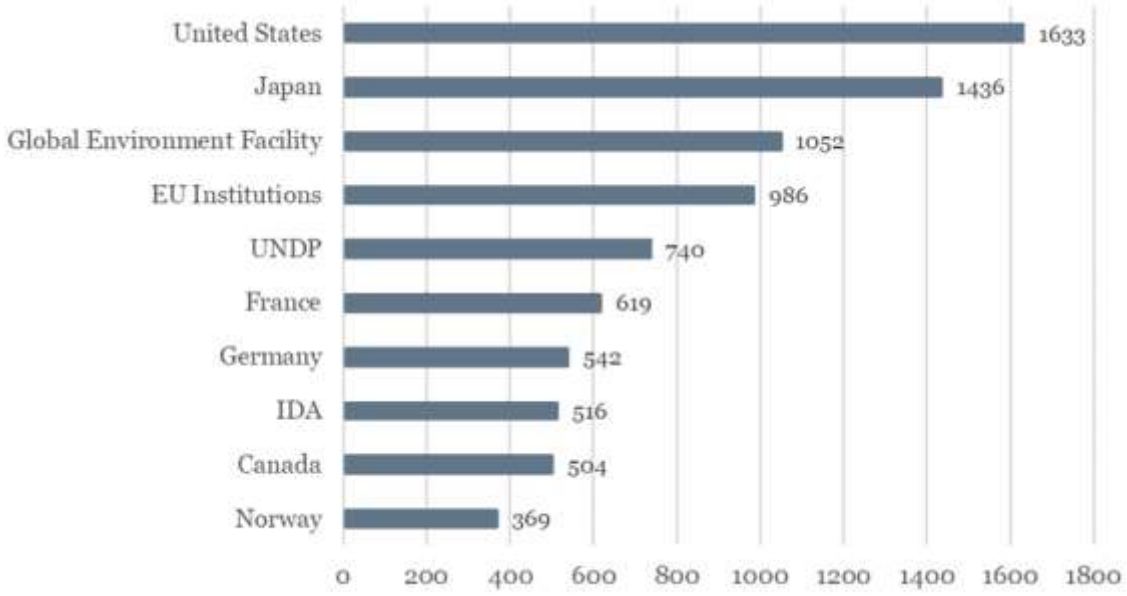
Figure 8. No. of Projects in Fragile State per Donor (2006-2016)



Source: Technopolis Group calculations using OECD-DAC data.

Since 2006 around 417,000 projects have been set in fragile states. However only 3% of those (11,112) have been in the green sector. Figure 9 provides the list of top ten donors with the highest number of green projects in fragile states.

Figure 9. No. of Green Projects in Fragile State per Donor



Source: Technopolis Group calculations using OECD-DAC data.

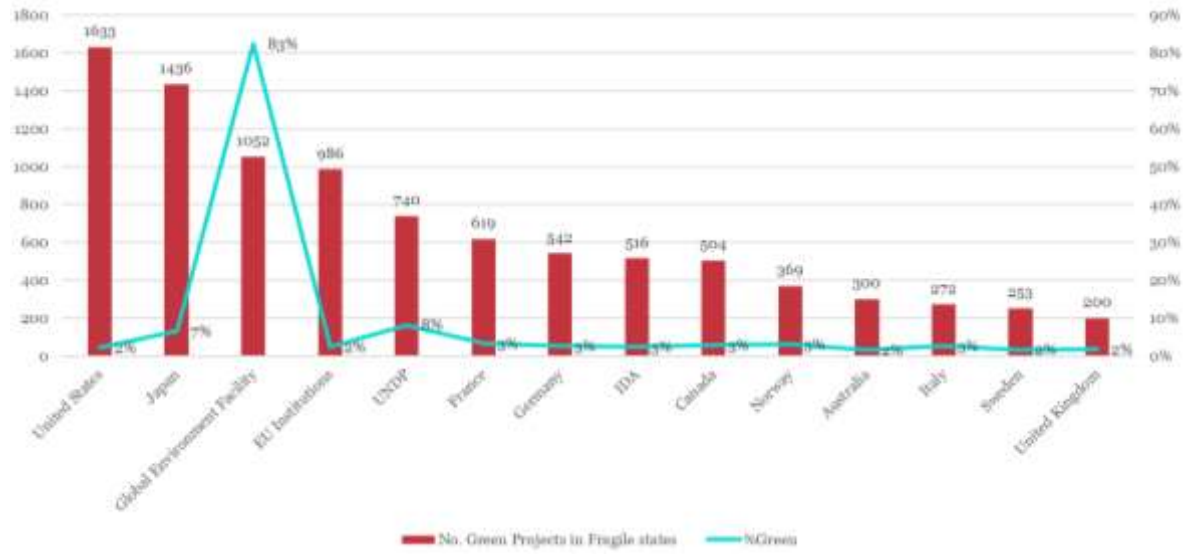
The United States are funding the highest number of green projects in fragile states with around 1633 projects in the decade under investigation, followed by Japan (1436), Global Environment Facility (1052), the European Institutions (986), the UNDP (740) and so forth.

Some donors are more focused on financing green projects in fragile states than others. This can be seen by the share of green projects compared to other sectors per donor (Figure 10).

What is interesting to see is that green projects represent only 2% of all projects funded by the US, Australia, Sweden and UK while, the Global Environment Facility has the biggest share of green projects (83%) compared to the rest of its portfolio in fragile states. This is not a surprise given the dedicated nature of the GEF. Green Climate Fund and Climate Investment Fund only finance 24% and 22% respectively in green sectors and so on.

All other donors not present in Figure 10 have less than 3% of their portfolio invested in green projects in fragile countries.

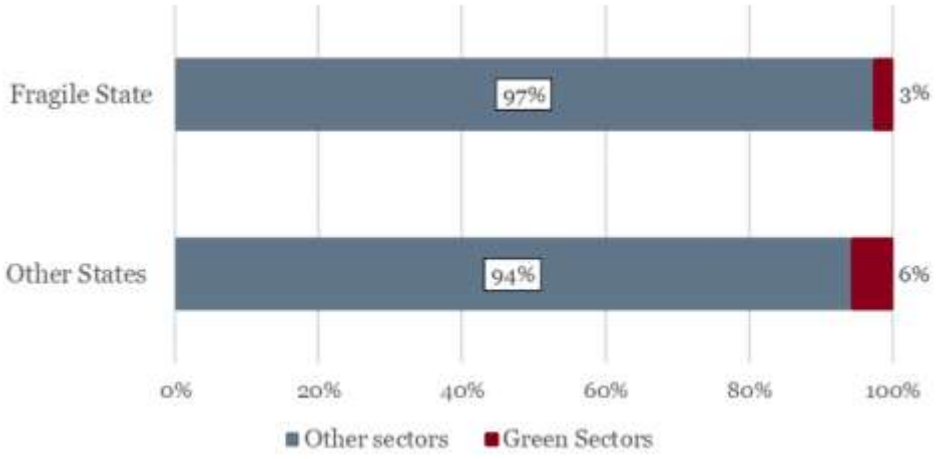
Figure 10. Share of Green Projects in Fragile Countries per Donor



Source: Technopolis Group calculations using OECD-DAC data.

When looking at the volume of green projects (Figure 11), we can see that the share of green projects is much higher in other states if compared to fragile states.

Figure 11. Share of Green Projects in Fragile Countries per Donor



Source: Technopolis Group calculations using OECD-DAC data.

In total around 124,677 projects have been funded by donors in green sectors between 2006 and 2016. Out of these only 9% (11,112) have been funded in fragile states.

Fragility and environmental threats are intrinsically linked, and donors could do more to finance a higher number of projects in fragile states.

Recipient Countries

In this project, recipient countries are the ones that have received funding for projects from OECD donors. Between 2006 and 2016 around 11,112 green projects have been developed in a total of 36 fragile states.

In Figure 12 we can see which fragile states had more green projects than others. The highest number of projects can be seen in Mozambique (1,048), followed by Mali (957), Democratic Republic of Congo (841), Haiti (654), Myanmar (500), Afghanistan (447) and so on. Libya, Eritrea and Somalia are the countries with only 33, 95 and 96 green projects respectively.

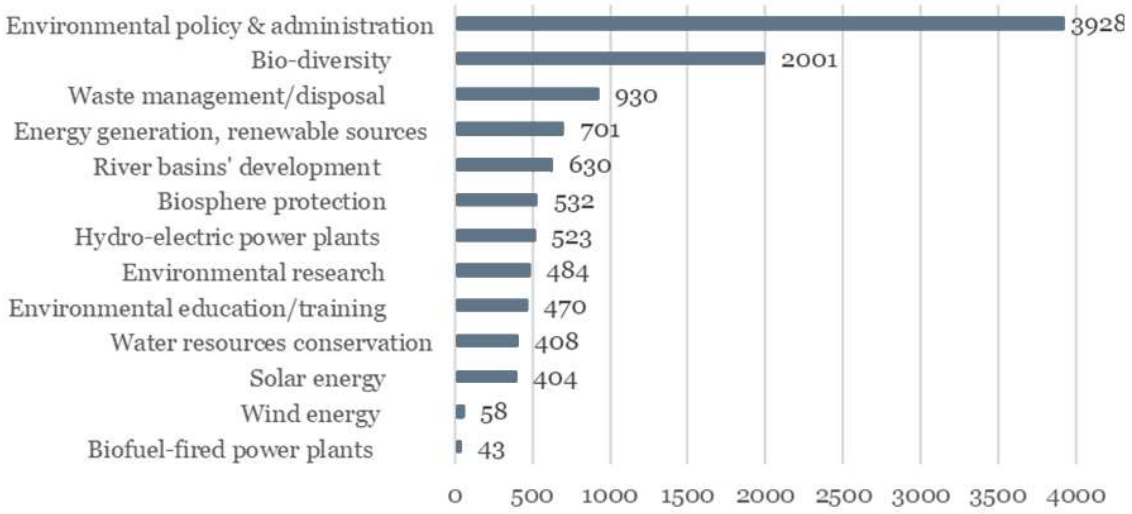
Figure 12 . Frequency of Green Projects per Fragile State (2006-2016)

Source: Technopolis Group calculations using OECD-DAC data.

Sectors

A total of 13 different sub-sectors have been identified in the dataset containing 11,112 green projects in fragile states. Figure 13 provides an overview on number of projects per subsector. Given that the states considered are fragile, it is understandable that almost one third of the projects (35%) are focused on Environmental policy and administration. This type of support is still crucial in creating green growth in fragile states. However, investment in infrastructure is also present, with donors financing hydro-electric power plants, solar and wind energy as well as biofuel-fired power plants.

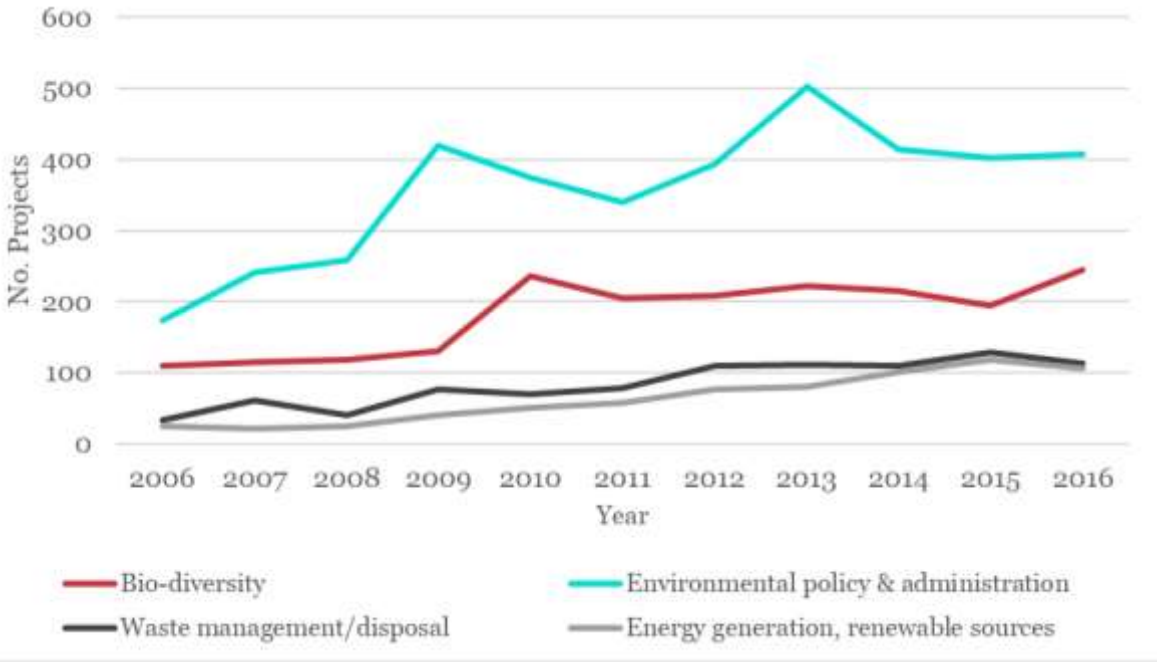
Figure 13. Type of Green Projects per Fragile State (2006-2016)



Source: Technopolis Group calculations using OECD-DAC data.

Figure 14 and Figure 15 provide an overview of the evolution of these sectors, in terms of project number, between 2006 and 2016. The Figure below presents the four sectors with the highest number of projects. In all sectors we notice a steady increase in number of projects. The Waste management and Energy generation sectors have on average increased with 19% and 18% respectively since 2006. Whereas projects in Environmental policy and administration and on Bio-diversity have on average increased with 11% since 2006.

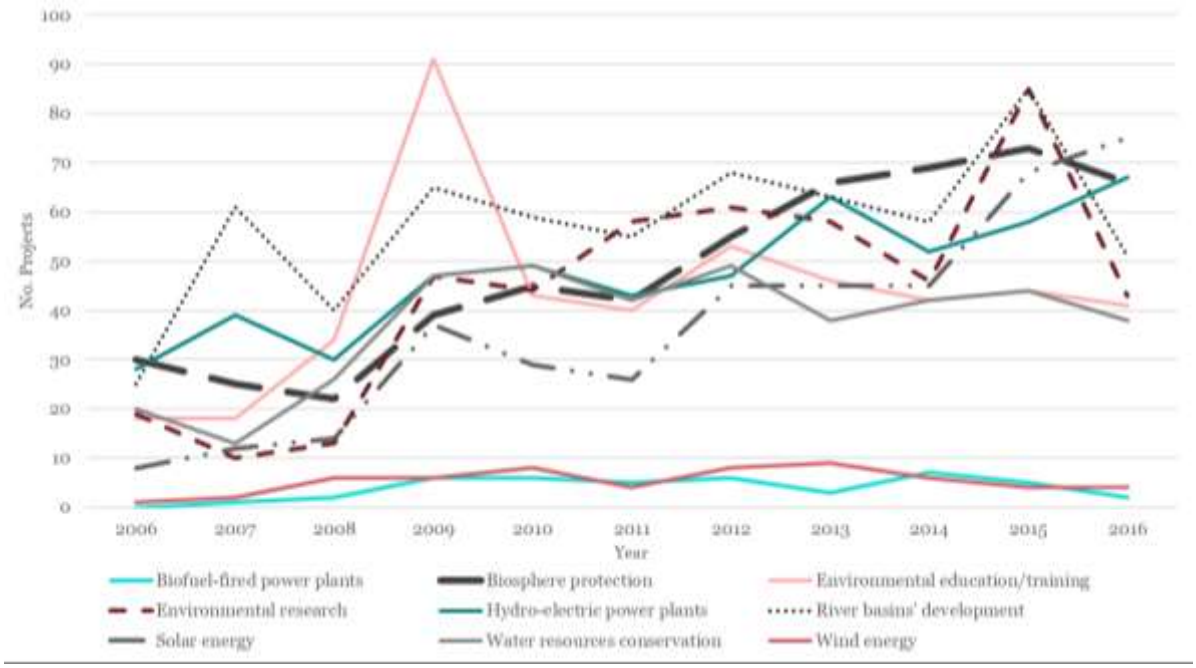
Figure 14. Evolution of Bio-diversity, Waste Management and Environmental policy and Administration and Energy Generation projects in Fragile States



Source: Technopolis Group calculations using OECD-DAC data.

In Figure 15 we see the evolution per year for all the other green sectors. Despite the numerous positive and negative peaks, we can see that the overall number of projects has on average increased since 2006. Solar energy, Wind energy and Biofuel-fired power plants have on average increased by 33%, followed by Environmental research (28%) and environmental education/training (21%).

Figure 15. Evolution of other green sectors in Fragile States



Source: Technopolis Group calculations using OECD-DAC data.

For ease of reference, below we present an overview of a selection of green projects per sector.

Figure 16. Frequency of Green Projects in Fragile States

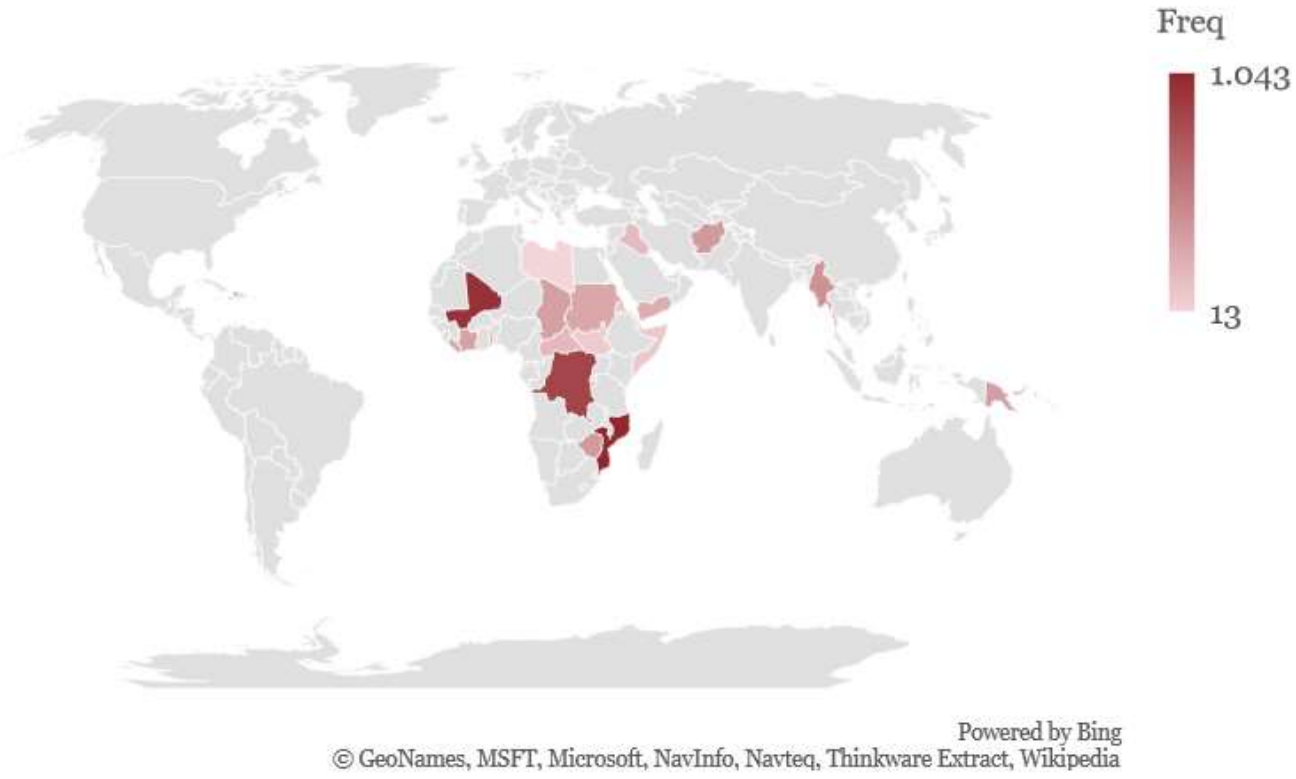


Table 2. Example of projects in fragile states

Year	Donor Name	Country (recipient)	Project tittle
Bio-diversity			
2016	United States	Democratic Republic of the Congo	Monitoring and Protecting the Nouabalé-Ndoki Landscape of Congo
2009	Norway	Papua New Guinea	Managalas Conservation Area Project
2013	United States	Liberia	Natural Resources and Biodiversity
2015	United States	Liberia	People, Rules and Organizations Supported for Protection of Ecosystem Resources (PROSPER) - Natural Resources and Biodiversity
Biofuel-fired power plants			
2013	Netherlands	Mozambique	DMW Sustainable biofuel MZ
2009	Norway	Eritrea	Provision of improved stove (Mogogo)
2011	Belgium	Democratic Republic of the Congo	Programme de développement des briquettes biomasse comme alternative énergétique au charbon de bois autour du Parc National des Virunga
2007	Norway	Eritrea	Provision of improved stove (Mogogo)
2015	EU Institutions	Mozambique	Building a sustainable Mozambican biomass supply chain for energy generation
Biosphere protection			
2016	Global Environment Facility	Haiti	Strengthening Climate Resilience and Reducing Disaster Risk in Agriculture to Improve Food Security in Haiti Post Earthquake
2016	United States	Haiti	Improved Cooking Technology Project - Clean Productive Environment
Energy generation, renewable sources - multiple technologies			
2016	EU Institutions	Guinea-Bissau	Programa Comunitário para Acesso a Energias Renováveis
2016	Norway	Myanmar	Climate-Smart Irrigation Products & Service for Rural Myanmar
2016	Germany	Afghanistan	Renewable Energies and Household Energy Efficiency for Sustainable Development
2015	EU	Burundi	Electrification des zones rurales au Burundi à travers la mise en

	Institutions		service de 2 micro et 2 mini centrales hydrauliques, le renforcement pho
Environmental education/training			
2016	EU Institutions	Kosovo	Environmentally Responsible Action (ERA) group
2013	Finland	Somalia	Ramaad - environment relief project in Somalia
2013	Food and Agriculture Organisation	Liberia	Improved access to and sharing of knowledge for natural resource management
2012	United Kingdom	Kiribati	Youth delegate to Climate Change Summit
Environmental policy and administrative management			
2016	Norway	Mozambique	Civil society engagement in extractive industry
2016	EU Institutions	Democratic Republic of the Congo	Promoting Forest Peoples' Rights and Food Security with Good Governance in Forest and Climate Policies: from principles to practice.
2015	Korea	Papua New Guinea	PIC Special Training on Climate Change
2015	Austria	Mozambique	Personnel deployment: consultant for programmes, Monitoring and Evaluation for ama, Pemba
Environmental research			
2016	Ireland	Mozambique	Climate Change: Food Security and Nutrition: 100% FUNDS TO INGC - RESPONDING TO CLIMATE CHANGE
2015	Canada	Myanmar	Strengthening Science-based Environmental Policy Development in Burma's Democratic Transition
Hydro-electric power plants			
2016	International Development Association	Liberia	Liberia Renewable Energy Access Project
2014	Australia	Solomon Islands	Solomon Islands Tina River Hydropower Project
2014	Asian Development Bank	Papua New Guinea	Town Electrification Investment Program - Tranche 1
2013	Norway	South Sudan	Fula Rapids: Aerial Mapping and Network Study

River basins' development			
2016	International Development Association	Yemen	IRRIGATION IMPROVEMENT PROJECT
2015	IDB Special Fund	Haiti	Water Availability and Integrated Water Resources Management in Northern Haiti
2013	Japan	Afghanistan	The Project for Construction of Retaining Wall in Nayak, Yakawlang District, Bamyan Province
2013	Canada	Haiti	Support for Local Development and Agroforestry in Nippes - Adaptation to Climate Change / Appui au développement local et à l'agroforesterie de Nippes - Adaptation au changement climatique
Solar energy			
2016	Islamic Development Bank	Chad	Solar Energy for Rural Development
2016	EU Institutions	Burundi	Rural Electrification by Photovoltaic solar systems of 30 secondary schools and 20 clinics
2015	Italy	Lebanon	Supply and installation of 21 solar street lights
2013	EU Institutions	Micronesia	Increasing access to modern, affordable and sustainable electricity services for the remote islands of Yap, FSM
Waste management/disposal			
2016	Spain	Mozambique	Health standards and quality of environment for sanitary infrastructures in Inhambane.
2015	Global Environment Facility	Mozambique	National Action Plan on Mercury in the Mozambican Artisanal and Small-Scale Gold Mining sector
Water resources conservation (including data collection)			
2016	Slovenia	Kosovo	Clean Water in Kosovo
2015	Germany	Mozambique	Adaptation to Climate Change
Wind energy			
2016	Global Environment Facility	Sudan	Promoting Utility-Scale Power Generation from Wind Energy

2016	Asian Development Bank	Micronesia	Yap Renewable Energy Development Project

Source: Technopolis Group selection from OECD-DAC data.

Annex B. Analysis of Donor Strategies

Introduction

The interventions of a number of bilateral and multi-lateral donors engaged in fragile and post-conflict affected settings have been analyzed for the purpose of this scoping paper. The scope of this analysis has been defined on the basis of the following:

- Exclusive focus on public sector donor support: the analysis does not cover the work of organizations involved in private sector loans or private sector support such as the International Finance Corporation (IFC), or the French "PROPARCO" agency.
- The first point of entry has been the analysis of FCAS-specific support in cases where it exists: rather than identifying the FCAS-specific dimensions of green growth donor strategies and programs, the analysis has begun by focusing on the green-growth-specific aspects of FCAS donor strategies and programs. For instance in the case of the World Bank, the analysis is exclusively based on the work conducted by the International Development Association (IDA).
- The sample of donors selected for analysis was defined on the basis of three main criteria:
  - Criteria 1 Organization active in fragile and conflict affected settings
  - Criteria 2 Organization with private sector development programs
  - Criteria 3: Strong programs supporting green growth & participation in the DCED green growth working group

The donors selected for this exercise are:

- International Development Association (IDA / World Bank)
- African Development Bank (ADB)
- Food and Agriculture Organization (FAO)
- German International Development Agency (GIZ)
- Swedish International Development Agency (SIDA)
- United States International Development Agency (USAID)
- International Labour Organisation (ILO)
- United Nations Development Programme (UNDP)
- The Netherlands Ministry of Foreign Affairs / International Trade and Development Aid (MFA NL)
- French Development Agency (AFD)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH provides services in the field of international development cooperation. **Over half of the countries in which it operates are considered fragile states** (2017[21]). GIZ's work for fragile states is concentrated in its security, reconstruction and peace division[22]. GIZ's main efforts are focused on **strengthening public institutions and promoting cooperation between civil society and the state** at all levels. GIZ values long-term reform processes and reliable partnerships to set up development programs in complex settings. It chooses to identify and bolster political actors who play a role in forming a new, peaceful system of government, and invest in risk containment and prevention to keep conflicts from recurring.

The GIZ has issued two documents related to intervention in fragile states, one related to *Rural development in fragile states*[23], and the other on *Employment promotion in contexts of conflict, fragility and violence*[24]. **Although neither directly mention green growth strategies, they are both looking at long-term and sustainable program set up in fragile states**. Some of the recommendations included in these documents can be seen a relevant to the promotion of green growth:

- Adopting a multi-**level governance-oriented approach that focuses on building and strengthening relationships between a broad range of local public and private actors and stakeholders** at the different administrative levels rather than seeing the state, especially at the central level, as the principal agent and counterpart;
- Employment opportunities encourage and guide tripartite dialogue between government, employers and employees. **Such measures have the potential to contribute to rebuilding government legitimacy and capacity.**
- Growth programs, whether targeted at the supply or the demand side of the labor market, or at the matching of both sides, will heavily **rely on and influence the level of trust within society and the willingness of adverse groups to cooperate**.

A recent program entitled "Water as a conflict risk – conserving resources and ensuring equitable water management" within the Security, reconstruction and peace Service of GIZ offers an indication that green, sustainable policies are being enforced in fragile states. On the subject of this project, GIZ's corporate Report (2016) states that "*national security and stability depend not only on whether people live in peace and address conflicts using non-violent means.* ***Security and stability is also threatened if a country is unable to preserve and equitably distribute its natural resources***".

[21] https://www.giz.de/en/ourservices/security_reconstruction_and_peace.html

[22] https://www.giz.de/en/ourservices/security_reconstruction_and_peace.html

[23] https://www.researchgate.net/publication/301869435_What_works_for_rural_development_in_fragile_states_Evidence_from_Afghanistan_the_Democratic_Republic_of_the_Congo_Yemen_Nepal_and_Bolivia

[24] https://www.clingendael.org/sites/default/files/pdfs/Employment%20promotion%20in%20contexts%20of%20conflict,%20fragility%20andviolence.pdf

Box 1. Water as a conflict risk – conserving resources and ensuring equitable water management

GIZ is implementing program measures in nine countries in Africa, the Caribbean and Asia. What makes this program special is that private households, civil society and companies are working with the public sector to **identify ways of protecting water resources and distributing water equitably**. That is important if companies that depend on water are to continue production and secure jobs. It also ensures that water need not be rationed and that no conflicts break out over the distribution of water resources. In Uganda, 500 hectares of wetlands have been rehabilitated, ensuring that water remains available to all, even during the dry season. 40 local leaders and more than 280 farmers were then trained to use the areas sustainably. Th e project has been partly financed by the Coca-Cola Africa Foundation as part of a public- private cooperation arrangement.

Source: GIZ corporate report (2016).

Other projects of interest mixing green growth in fragile environments supported by GIZ include:

- The INCLUDE project in Nepal[25]: a part of the program is supporting the **creation of new inclusive and green business models** to give 1,000 people the opportunity to earn an additional income;
- The PRODES project[26] in Colombia supports rural development, notably as a mean for peace-building with the FARC organization. The ambition is for the program to develop inclusive and sustainable agricultural projects in rural areas (national eco-tourism initiatives, alternative production methods in natural parks). The "green business" unit of the Colombian Ministry of the Environment will be closely associated to putting together the projects

SIDA (Swedish International development Cooperation Agency)

SIDA addresses fragile states within its **conflict, resolution, peace and security**[27] field of work. Within this field, SIDA develops programs related to peace building, state building, women, peace and security, dialogue and confidence building, transitional justice and reconciliation, demining and interventions for control of small arms and light weapons.

Although SIDA has not created green growth strategies for fragile states per say, it has become a key promoter of the green economy in recent years[28]. SIDA has developed a number of actions promoting greener economies in the partner countries where it intervenes, some of which are considered as fragile states: Green economy reform in Ethiopia; Promotion of green jobs in Zambia;

[25] https://www.giz.de/en/worldwide/17956.html
[26] https://www.giz.de/en/worldwide/35167.html
[27] https://www.sida.se/en/for-partners/methods-materials/peace-and-conflict-toolbox/
[28] https://www.sida.se/en/for-partners/methods-materials/green-toolbox/

Green Bonds to finance investments in green and low carbon development in SIDA partner countries; Public Environmental Expenditure Reviews (PEER) (examples from Tanzania and Mozambique show PEERs as useful eye openers to planners and decision-makers to inform policy processes and budgets[29]).

Additionally, SIDA has developed the Green Toolbox, which contains a selection of key documents that **support the integration of the environment and climate change perspective in Sida's operations in all sectors**[30]. Similarly, SIDA's Poverty Toolbox gathers tools and information to support the analysis and integration of multidimensional poverty throughout its operations. Some of its thematic briefs highlight areas of special interest for the environment in development cooperation, such as human rights, diversity and ecosystems, and climate change and conflict risks. For example, the thematic brief entitled "A human rights based approach to Environment and Climate Change" provides guidance on how to apply a human rights based approach when assessing, planning and monitoring initiatives related to the environment and climate[31]. SIDA also recently released a paper on the relationship between climate change and violent conflict[32].

The report shows that although there is no direct and linear relationship between climate change and violent conflict, under certain circumstances climate-related change can influence factors that lead to or exacerbate conflict. To reduce the risk of conflict, **policies and strategies need to consider the importance of good governance, interaction between sectors and policy areas, as well as unintended negative effects of climate adaptation or emission reductions**, including those that influence land, water and forest tenure. SIDA argues that it needs to systematically apply integrated environment, climate change and conflict analyses. The report shows that organizational structure (decentralized, close to events and with autonomy in decision-making), the way of working (long-term and flexible strategies, continuous monitoring) and financing (financing strategy with investments in credible and competent actors) can further promote aid that contributes to reducing the risk of climate-related conflict.

The notion of fragility was absent from SIDA's "Market development" note but nevertheless emphasizes the importance of setting up and designing **programs with sustainable and long-term visions**.

The above elements (development of the Green Toolbox, the Poverty toolbox and the thematic brief on the link between climate change and conflict risks, etc.) demonstrate SIDA's ambition to integrate a green growth approach to all its domains of interventions, including conflict, resolution, peace and security.

[29] https://www.sida.se/en/for-partners/methods-materials/green-toolbox/
[30] https://www.sida.se/en/for-partners/methods-materials/green-toolbox/
[31] https://www.sida.se/en/for-partners/methods-materials/green-toolbox/#block-27
[32] https://www.sida.se/en/for-partners/methods-materials/green-toolbox/#block-27

French Development Agency (AFD)

The AFD released several documents detailing its approach to intervention in fragile and conflict affected states. Although most of these documents are now outdated[33], they provide useful information on why intervention in fragile states is different to any other context. The fragile state, characterized by weak governance, **creates a situation where donors face difficulties in cooperating with existing institutions**. Local governments often prove incapable of taking ownership of measures related to basic universal services, such as access to food and clean water. Consequently, most fragile state programs are centered around, in the short term, **providing basic services and alleviating poverty**, and in the longer term, **state building**. Consequently, sustainable or green policies, which rely on strong government implication for large green infrastructure projects for example, are challenging from a design and implementation perspective. **The AFD prioritizes simple projects in terms of organizations, number of actors and necessary technical skills within fragile states.**

The AFD has not drafted a specific strategy for intervention in fragile states. Its approach to fragile state intervention relies largely on the ten Fragile State principles[34] of the OECD. Nevertheless, the AFD has developed a number of green growth programs, tailored to the 15 Sustainable Development Goals. There is not specific focus of the programs to specificities of FCAS however.

United States Agency for International Development (US AID)

US AID is one of the first contributing donors worldwide for fragile states. Its programmes for supporting in fragile states are focused on conflict resolution, emergency, health and governance. A document entitled "*New vision for fragile states*[35]" published in 2005 underlined the importance of fostering institutional and policy development that promote economic growth and **effective management of natural resources** in fragile states. US AID fully recognized that perceptions of unfair control of natural resources are often an exacerbating factor of violence and conflict in fragile states. Today there appears to be no explicit link between sustainable or green policies and USAID's approach to development in fragile states.

[33] https://www.afd.fr/fr/intervenir-dans-les-etats-fragiles-lecons-dexperiences
[34] http://www.oecd.org/countries/haiti/the10fragilestatesprinciples.htm
[35] https://pdf.usaid.gov/pdf_docs/pdaca999.pdf

World Bank's International Development Association (IDA)

The International Development Association (IDA) is the part of the World Bank that helps the world's poorest countries. According to IDA data, since 2000, the association has provided more than $38.3 billion in support for fragile and conflict-affected states[36].
IDA's Support to Fragile and Conflict-Affected States[37] (March 2013) called for a paradigm shift in the way assistance is delivered to fragile countries. **This five-point reform did not include any sustainable or green growth priorities**, but was instead focused on designing integrated country strategies, creating more agile policies that promote responsiveness and adaptation in low capacity and high-risk environments, building a community of practice, etc.

The IDA18[38] replenishment doubled its financial support for countries facing current or rising risks of fragility. In its IDA 18 Replenishment Final report entitled "*Towards 2030: Investing in Growth, Resilience and Opportunity*", IDA lays out its ambition to **strengthen the links among its special themes (jobs and economic transformation; gender and development; climate change; fragility, conflict and violence; governance and institutions)**. For example, the report states that WBG efforts to promote job creation (special theme 1) in fragile environments (special theme 4) should be targeted to both men and women (special theme 2), hence making policies and programs more cross-sectoral in their approaches.

Fragile states are addressed first and foremost in IDA18's Special Theme 4 "Fragility, conflict and violence" which does not include any specific reference to green growth. Nevertheless, in practice, IDA finances green growth projects in countries that are considered as fragile, predominantly in the energy sectors, resource management and infrastructure building. A new report, *Turbulent Waters: Pursuing Water Security in Fragile Contexts*[39], describes what happens when institutions in fragile countries fail to manage the range of challenges related to water.

Some examples of green projects and programs in fragile states are detailed in the box below. To our knowledge, the IDA has not developed any strategies or publications on building green growth programs in fragile contexts.

[36] https://ida.worldbank.org/results/abcs/abcs-ida-fragile-conflict-and-violence
[37] http://www5.worldbank.org/ida/papers/IDA17_Replenishment/FCS%20paper.pdf
[38] http://documents.worldbank.org/curated/en/348661486654455091/Report-from-the-Executive-Directors-of-the-International-Development-Association-to-the-Board-of-Governors-Additions-to-IDA-Resources-Eighteenth-Replenishment
[39] https://openknowledge.worldbank.org/handle/10986/26207

Box 2. IDA in practice : green and sustainable policies to address challenges in fragile environments

Resource management

The $1.1 billion Bank-funded program that supports **Africa's Great Green Wall Initiative**[40] has had a positive impact on local communities and farmers. In Ethiopia, for example, a government program supported by the World Bank has boosted the livelihoods of 30 million people and helped put 15 million hectares of communal and individual land to more productive use.

The **Cooperation in International Waters in Africa** (CIWA) program supported by the World Bank[41] assists riparian governments in Sub-Saharan Africa in unlocking the potential for sustainable, climate-resilient growth by addressing constraints to cooperative water resources management and development.

An **improved forestry management project** managed by local organization REDD+ Togo (CF-REDD+)[42] supported by the World Bank was launched in Togo. Togo is making strides to reduce its emissions from deforestation and forest degradation. A WhatsApp group has brought together members from women's organizations around the country focused on forest governance. The weekly WhatsApp meetings have helped improve CF-REDD+ member's knowledge of climate change and the status of forest emission reductions in Togo.

Energy

In Afghanistan, the Micro-hydroelectric Dams Sustain Life in Rural Communities project aims to increase access to electricity, such as the construction of micro-hydroelectric dams to help improve the lives of rural communities across Afghanistan. These sub-projects, funded by the National Solidarity Program, are part of the concerted effort by the Government of Afghanistan to significantly increase electricity coverage of the population. More than 8,000 energy sector sub-projects have been financed under the program, supported by the World Bank, Afghanistan Reconstruction Trust Fund (ARTF) and Japanese Social Development Fund (JSDF).

In Haiti, a project supported by the World Bank and Climate Investment Funds establishes a fund that will provide grants and loans to mini- and off-grid businesses. The project is expected to eventually mobilize $45 million in private financing and help bring electricity to 10 percent of Haiti's population[43]. In Bangladesh, the World Bank supports the largest off-grid solar program in the world, powering over four million households through solar home systems, 1,000 solar irrigation pumps, and 13 solar-based mini-grids. More than 18.5 million people in rural Bangladesh now have reliable access to solar-powered electricity through this program[44].

[40] http://www.worldbank.org/en/topic/environment/overview#3

[41] http://www.worldbank.org/en/programs/cooperation-in-international-waters-in-africa

[42] http://www.reddtogo.tg/index.php/composantes/organisation-et-consultation/organisation-et-consultation/124-le-consortium-femmes-redd-togo-est-en-campagne-de-sensibilisation

[43] http://www.worldbank.org/en/news/feature/2018/07/10/the-race-for-universal-energy-access-speeds-up

[44] http://www.worldbank.org/en/news/feature/2018/07/10/the-race-for-universal-energy-access-speeds-up

Climate-smart agriculture

Starting in 2015, a Bank-supported project[45] has been helping pastoralists adopt climate-smart agriculture in the Sahel—namely Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal. Interventions to improve animal health and rearing, and promote more sustainable rangeland management, are boosting productivity and resilience, and helping to reduce emissions.

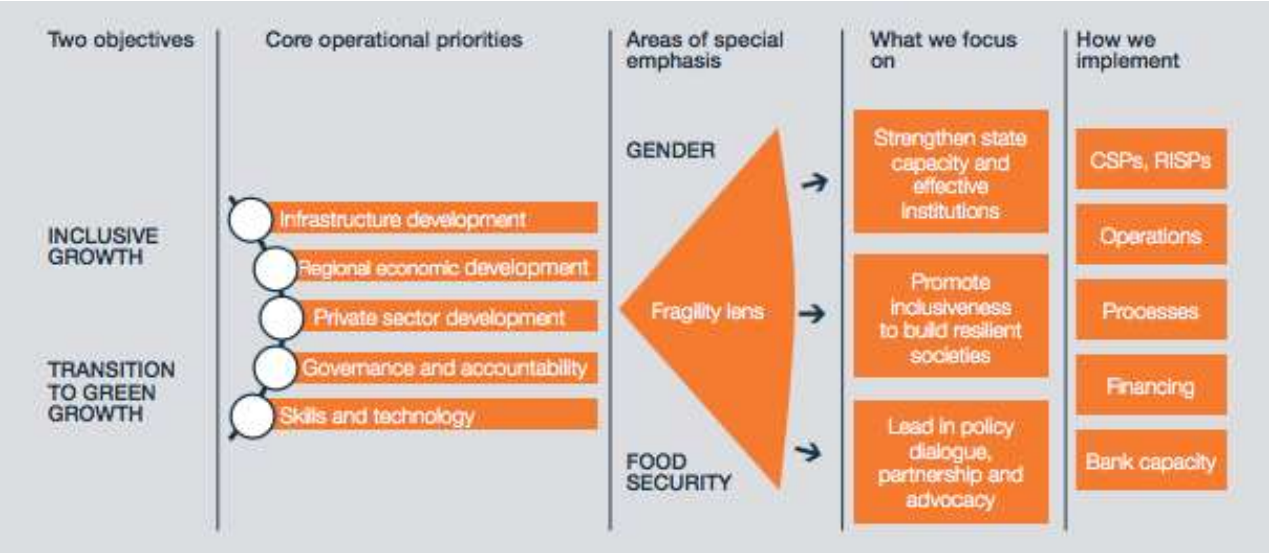
Risk management

Burdened by years of poor rainfall and heavy dependence on rain-fed agriculture, Ethiopia worked with the World Bank to create the $550 million Productive Safety Net Program[46] (PSNP), lifting over 7.5 million of its citizens from near-certain poverty with food, cash — or both — in exchange for directly helping build more resilient communities.

African Development Bank (AFDB)

The AFDB's ten-year strategy[47] (2013-2022) focuses on two objectives to improve the quality of Africa's growth: **inclusive growth, and the transition to green growth**. The first and overarching objective is to achieve growth that is more inclusive, leading not just to equality of treatment and opportunity but to deep reductions in poverty and a correspondingly large increase in jobs. The second objective is to ensure that **inclusive growth is sustainable, by helping Africa gradually transition to "green growth"** that will protect livelihoods; improve water, energy and food security; promote the sustainable use of natural resources; and spur innovation, job creation and economic development.

Figure 17. Addressing fragility and building resilience within the Bank's Ten-Year Strategy



[45] http://projects.worldbank.org/P147674?lang=en

[46] https://www.gfdrr.org/sites/default/files/publication/soi-ethiopia.pdf

[47] https://www.afdb.org/en/about-us/mission-strategy/afdbs-strategy/

The Bank aims to support green growth by finding paths to development that ease pressure on natural assets, while better managing environmental, social and economic risks. Priorities in reaching green growth include building resilience to climate shocks, providing sustainable infrastructure, creating ecosystem services and making efficient and sustainable use of natural resources (particularly water, which is central to growth but most affected by climate change).

Within these two objectives, the Bank has set five operational priorities: infrastructure development, regional economic integration, private sector development, governance and accountability and skills and technology.

One area of special emphasis of the Bank in implanting this strategy is supporting fragile states. The twin objectives of inclusive growth and the transition to green growth are also at the heart of its fragile state engagement. The AFDB's 2014-2019 *Group strategy for addressing fragility and building resilience in Africa* offers a renewed approach to fragile states, which is country-led and based on strong partnerships. According to the strategy, the role of non-state actors, such as NGO's but also the private sector, will be strengthened to provide key public goods and services.

In the eyes of the AFDB, promoting resilient societies in fragile states comes with expanding opportunities for private-led employment and livelihoods, and supporting the responsible management of natural resources and shared benefits for their revenues. Indeed, issues of natural resource management and extractive industries are particularly complex and linked to risks of fragility. Unsustainable management of natural resources, land, water, forest aggravates the impact of climate change and poses significant threat of over-consumption and regional conflict.

One practical example of how AFDB is helping fragile states promote green growth strategies is the AFDB's support in designing the green growth strategy in Sierra Leone.

Box 3. Sierra Leone's green growth strategy

Following a request from the Sierra Leonean authorities, the document ***Transitioning towards Green Growth, Stocktaking and the Way Forward*** was designed by the AFDB to assist government officials and national stakeholders to consider key challenges and identify major opportunities for mainstreaming inclusive green growth into the 2013–2018 Poverty Reduction Strategy Paper, known as the "Agenda for Prosperity".

The document was prepared in consultation with the Sierra Leonean stakeholders. The main document outlines principles of green growth with relevance to the specific context of Sierra Leone, the main development opportunities and challenges of Sierra Leone, structured along the three green growth pillars the country has identified, the institutional and policy challenges, as well as a possible framework for green growth. The document also summarizes development priorities identified and green growth options, as well as recommendations for efficient implementation.

Source: AFDB Sierra Leone - Transitioning towards Green Growth, Stocktaking and the Way Forward.

Food and Agriculture Organization (FAO)

The Food and Agriculture Organization does not have policies and programs specifically targeting fragile states. It refers to the most unstable countries as Low-Income Food-Deficit Countries (LIFDC) (countries with a GNI below the "historical" ceiling used by the World Bank to determine eligibility for IDA assistance and with a food trade position of a country averaged over the preceding three years).

The FAO has five strategic objectives: Help eliminate hunger, food insecurity and malnutrition; make agriculture, forestry and fisheries more productive and sustainable; reduce rural poverty; enable inclusive and efficient agricultural and food systems ; increase the resilience of livelihoods to threats and crises.

Although the FAO has no specific fragile-state program per say, it recognizes the need for coherent and effective national and international governance in reducing extreme poverty in countries that are most vulnerable to food shortages and crises. It also recognises that countries that are most vulnerable to climate change are often the poorest or most fragile, and that when governments are not equipped to manage the impacts of climate change, conflict risks can increase.

Indeed, rapid population growth, especially in areas vulnerable to the impacts of climate change, conflicts and fragile institutions presents special governance challenges. When the demand for access to natural resources for development collides with large population movements in response to natural disasters and human-induced crises, the pressure on natural resources can become a

source of violent conflict. The FAO underlines the need for **improved natural-resource governance based on the concepts of governance of tenure will be needed to establish a flexible framework for mitigating and resolving existential conflicts over access to land, water, fisheries, forests and for protecting biodiversity and ensuring ecosystem services**.

The FAO is consequently engaged, amongst other program, in **managing access to water** as the commodity is increasingly valued and contested, and hence a conflict risk in environments characterized by weak institutions.

Below are some programs for green growth that are being set up in some Low-Income Food-Deficit Countries the AFO has a presence in. The focus is placed on **creating resilient livelihoods** and **sustainable resource management**.

Based on input provided by the DCED green growth working group members, a key area of engagement with private sector in fragile contexts across the Sahel is with pastoralists, in terms of value chains around dairy and meat products. The FAO has also implemented a project aimed at developing an overview of small-scale energy business-models in Somalia. This is aimed to capture diaspora or remittances investment, across a number of areas such as fuel efficient stoves, household digests, electricity production from biogas, green charcoal, solar irrigation, etc.

Finally, two projects implemented in the West Bank Gaza Strip also combine green growth and FCAS-support objectives: the Belgian-funded "solar energy to protect and restore agricultural productive capacities and livelihoods in the Gaza Strip" project (OSRO/GAZ/802/BEL) and Netherlands-funded "Solar Energy for Agriculture in Gaza" (USD 900k) – OSRO/GAZ/704/NET. Additional examples of project pro-actively combining green growth and FCAS-oriented approaches are presented in the following boxes.

Box 4. Building resilience of livelihoods in Karamoja, Uganda

The Karamoja region, in North East Uganda, is one of the least developed regions of the country, and is highly vulnerable to resource-based conflict and climate change variability. Addressing food insecurity of vulnerable people is a major challenge in the region. Measuring resilience provides more informed policies for withstanding shocks. For this reason, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Children's Fund (UNICEF) and the World Food Program (WFP) developed a Joint Resilience Strategy (JRS) launched in January 2016.

Source: FAO (2016).

Box 5. Enhanced Cross-Boundary Water Resource Management in the Senegal River Basin

In the Senegal River Basin, water is shared amongst a range of livelihood-related sectors in the region: agricultural and agro-pastoral zones, fisheries zones, municipal water supply and hydropower. In the riparian countries, water scarcity relates primarily to a lack of infrastructure and capacity to access much of the available water, rather than physical water scarcity. Water withdrawals along the Senegal River remain relatively low, thus the development of water infrastructure to facilitate greater exploitation of the available water resources may help to reduce levels of water scarcity.

Initiatives led by the Economic Community of West African States (ECOWAS) at the regional and national levels, as well as by the Organization pour la Mise en Valeur du Fleuve Senegal (OMVS) at the basin level, have helped to increase the resilience of the Senegal River Basin's population to drought and climatic uncertainties and to improve the livelihoods of the population. The OMVS is a good example of equitable sharing of water resources, through development and management, between co-basin states of a transboundary river.

Source: FAO (2018).

The FAO has developed a number of guidance notes addressing crisis management in relation to energy access and land issues, although with no specific mention on promoting private enterprise development:

- the SAFE initiative (Safe Access to Fuel and Energy) which works on addressing the multi-sectoral challenges associated with access to energy and contribute to resilience-building in protracted crises[48];
- the Guidance Note for Land and People in Protracted crises details the people-centred, negotiated approach the GAO has taken

Ministry of International Trade and Development Cooperation the Netherlands

The Netherlands has a long tradition of focusing its development efforts on fragile states, and policy developments in recent years have increased its focus on fragile states. The new policy agenda, 'Investment in Perspective'[49], has three main policy goals:

- Prevention of conflict and reduction of poverty
- Sustainable, inclusive growth and climate action
- Strong international trade position for the Netherlands

[48] http://www.fao.org/emergencies/fao-in-action/safe/en

[49] https://www.rijksoverheid.nl/documenten/beleidsnota-s/2018/05/18/pdf-beleidsnota-investeren-in-perspectie

As can be seen, conflict prevention and mitigation is key in this policy under its first objective. Fragile states, in particular the Horn of Africa, Middle East, North Africa and West Africa are prioritized. An interesting perspective is the focus on prevention, which links to the resilience perspective in dealing with fragile states. Another key observation is that green growth (second objective) is a separate policy objective, and as such they are mostly not explicitly linked. However, there are implicit linkages in a number of key areas, such as food security, deforestation and the promotion of sustainable value chains. The Netherlands has played a leading role in promoting sustainable trade and its link to green growth (see box below).

Box 6. Sustainable Trade in Conflict Situations

The Netherlands has a long tradition of sustainable trade promotion, going back to the 'Max Havelaar' fair trade label, later joined by UTZ, a label for sustainable farming. In 2008, the Netherlands launched the 'Dutch Sustainable Trade Initiative (IDH)', which focused on promoting social and environmental protection in value chains such as coffee, cocoa, cotton and many others. In recent years, sustainable trade promotion has more and more included resilience aspects in their programmes. IDH now uses a landscape approach for combating deforestation, working with governments, communities and private sector to address post-conflict land right issues in an inclusive way in Colombia and Côte d'Ivoire, focusing on the Cocoa in its 'Cocoa and Forest Initiative'. According to the World Resource Institute, such an integrated approach promote social and environmental sustainability in an inclusive, conflict-sensitive way[50]

The Dutch Ministry of Foreign affairs has recently funded one research project[51] focused on **filling the knowledge gap on the role of conflict sensitivity and the contribution to peace and stability in Dutch Private Sector Development policies and instruments**.

In parallel, Dutch organizations such as the Food and Knowledge Business Network (one of the five Knowledge Platforms for global development initiated by the Dutch Ministry of Foreign Affairs) and ZOA International (Christian international non-governmental organization) have increasingly applied a multi-dimensional approach to their programs in fragile contexts. Two examples include:

- The Food and Business Knowledge platform's workshop on conflict sensitive Food and Nutrition Security (FNS) programming in fragile settings. The aim of the project was to identify the ways in which FNS programs can better contribute to stability;
- The FNS program, developed with a focus on sensitivity during its implementation by a Dutch NGO, the ZOA irrigation program Maji Ya Amani (Water for Peace) implemented in the Democratic Republic of the Congo (DRC)[52].

[50] http://www.wri.org/blog/2018/07/how-cocoa-farming-can-preserve-forests-and-peace-colombia
[51] http://knowledge4food.net/how-can-food-and-nutrition-security-programming-do-good-in-fragile-settings/
[52] http://knowledge4food.net/how-can-food-and-nutrition-security-programming-do-good-in-fragile-settings/

United Nations Development Program (UNDP)

The UNDP's action program until 2030 is guided by the Sustainable Development Goals. Although there has been a tendency among some development actors to consider that SDG's are not for countries affected by crisis and fragility, the UNDP argues the opposite, and has developed a practitioners booklet entitled "UNDP offer on SDG implementation in fragile situations" (2016)[53].

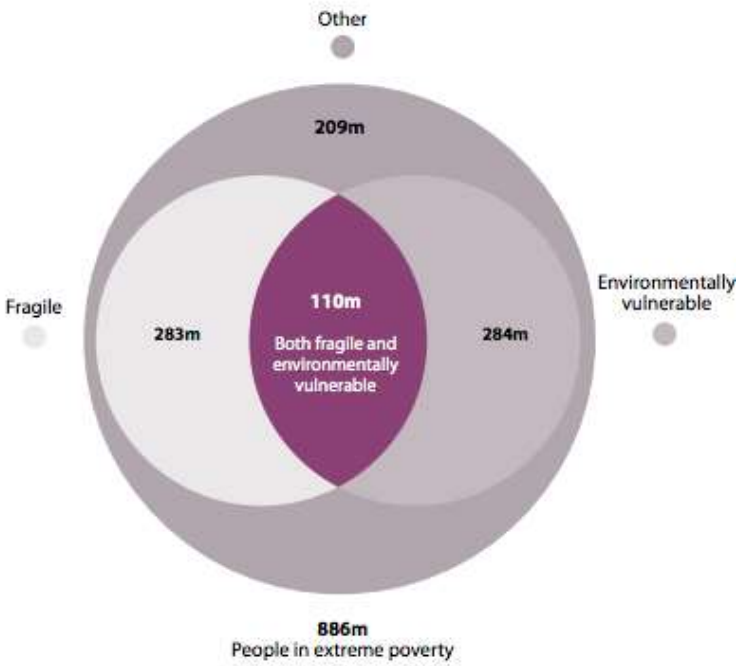
In this document, the UNDP underlines the "evolving" notion of fragility among international organizations such as the OECD, the World Bank, and the African Development Bank, which has now come to encompass new elements ("*a recognition of the multidimensionality of risks", "a recognition that a context can be fragile to a particular risk and less so to others", "emphasis on risk as a driver of fragility is more forward-looking).*

The UNDP's fragility sensate approach is defined as the following: "*a process of understanding the nature and extent of the risk of shocks and stresses, and the context and dynamics that shape people's responses; the interactions of different hazards and their impact on institutions and systems; and the* ***design and implementation of targeted development program to address the root causes of fragility, build resilience, protect sustainable development gains, and accelerate development progress***."

The UNDP fully recognizes that fragile states are the **most vulnerable to situations of natural disaster and climate change**. The report also underlines that **pro-poor sustainable development solutions that promote growth, protect the environment, strengthen diversified livelihoods and create decent employment opportunities can simultaneously eradicate poverty and reduce fragility**.

[53] http://www.undp.org/content/undp/en/home/librarypage/sustainable-development-goals/undp-offer-on-sdg-implementation-in-fragile-states.html

Figure 18. Number of people living in extreme poverty, environmentally vulnerable and political fragile situations



Source: Global Humanitarian Assistance Report, 2016.

The UNDP recognizes the need for private sector "association" in delivering the sustainable development goals in fragile states, although there is no direct link between private sector development and green growth policies helping to address climate change and natural disaster crises. Indeed, projects addressing disaster and climate change vulnerability are mostly focused on governance and institution building in fragile states. Private sector intervention is addressed independently: "*the private sector can create jobs, drive infrastructure development and strengthen the sense of normalcy and peace*".

A few priority green growth intervention areas in fragile states are mentioned in the report, which include: the sustainable use of natural resources; the promotion of jobs and livelihood programs to ensure effective management of biodiversity and ecosystem resources; sustainable mods of production and consumption.

Box 7. Projects promoting sustainable growth with private sector involvement by the UNDP

- The Biodiversity Finance Initiative (BIOFIN): address the biodiversity finance challenge in a comprehensive manner, pushing for increased investment in the management of ecosystems and biodiversity. The BIOFIN instrument will be drawn upon to support countries in fragile states also. One of the objectives is to mobilise private sector resources.
- Green Commodities Programme: helps address the sustainability challenges of highly-traded

commodities by helping governments create neutral spaces where stakeholders can collaborate on a shared vision and agenda for action, notably through public-private partnerships (projects include a partnerships to protect forests in Ghana, a new research on sustainable palm oil in Indonesia…[54]).

- **Climate change adaptation program**: a recently supported project within this program, designed to support vulnerable communities in building resilience to climate change, is managed by a coalition of non-state and state actors to reduce deforestation in Ecuador[55].
- The **SEED Low Carbon Award**[56]: recognizes the most innovative, inclusive and environmentally friendly start-ups in developing countries and provides them with business know-how support and profiles them regionally and nationally to help them grow and share their experiences. All five eco-inclusive enterprises are located in fragile states: Colombia, India, Tanzania, Uganda.

The above-mentioned initiative and programmes are examples of large-scale programmes that are funded and supported by the UNDP and other actors in order to support sustainable growth with a private sector association. They operate in fragile states and contexts.

International Labour Organization

In the period 2004-2014, ILO was active in 38 fragile and conflict-affected states[57]. ILO has long worked on the intersection of fragile states and private sector development (focusing mostly on employment), first formalized in its *ILO Action Programme on Skills and Entrepreneurship Training for Countries emerging from Armed Conflict* in 1997, later renamed to ILO Crisis. In 2013, the ILO opened its fragile States and Disaster Response (FSDR) Group to coordinate ILO-wide support to fragile states. Through these programs, ILO focuses on job creation, skills development and social protection[58], all key elements of building resilience. Current flagship programs is the 'Jobs for Peace and Resilience'[59] program, launched in 2017 and already active in Central African Republic, Comoros, Myanmar, Sierra Leone, Somalia and Sri Lanka. This program was launched after the official launch of new guidelines on Employment for Peace and Resilience[60]

While the ILO is also very active in green growth, see for instance its thematic focus on Green Jobs[61], the issues are not directly linked in its key publications. Its most recent analytical report does

[54] https://www.greencommodities.org/content/gcp/en/home/our-focus.html
[55] http://www.adaptation-undp.org/undp-welcomes-commitments-coalition-non-state-and-state-actors-reduce-deforestation-ecuador
[56] http://www.undp.org/content/undp/en/home/news-centre/announcements/2018/five-eco-inclusive-enterprises-receive-prestigious-seed-low-carb.html
[57] https://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_239406.pdf
[58] https://www.ilo.org/employment/areas/crisis-response/lang--en/index.htm
[59] https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/WCMS_495276/lang--en/index.htm
[60] https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_562665.pdf
[61] https://www.ilo.org/global/topics/green-jobs/lang--en/index.htm

discuss the implications of the green economy briefly, indicating that climate change can be a further threat, and that fragile states often lack institutional capacity for green growth[62]. Of course, in practice many project may operate at the nexus of fragile states and green growth intervention.

[62] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_141275.pdf

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