FRAME

Fragility
Resilience
Assessment
Management
Exercise

Analysing risks and opportunities

ACROPOLIS

AID EFFECTIVENESS IN FRAGILE CONTEXTS

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ACROPOLIS - ACademic Research Organisation for POLicy Support.

The ACROPOLIS groups conduct academic research and provide academic services tailored to the Belgian development cooperation. Bringing together policymakers and researchers, their aim is continued professionalization and improvement in the quality and impact of the Belgian development cooperation policy. ACROPOLIS also contributes to the international visibility of Belgian academic expertise in development cooperation. The programme is funded by the Directorate-General for Development Cooperation and Humanitarian Aid (DGD) of the Ministry of Foreign Affairs, through ARES-CCD and VLIR-UOS. Three thematics of work have been chosen for the 2014-2017 period: Aid Effectiveness with a Focus on Fragile Contexts; BeFinD - Financing for Development; and KLIMOS - Integration of the Environmental and Climate Change Themes in the Transition towards Sustainable Development.

ACROPOLIS Aid Effectiveness with a Focus on Fragile Contexts

The research group working on Aid Effectiveness in Fragile Contexts gathers academic partners from Université St Louis Bruxelles (coordinating university), Universiteit Gent, Université libre de Bruxelles, Université Catholique de Louvain and Université de Liège. Its main areas of work are the operationalization of a fragile-sensitive approach for Belgium cooperation, risk analysis and management in fragile contexts, conditionality modalities, territorial multi-actor and multi-level approaches and support to local civil society organizations. The programme focuses its work on the Great Lakes Region of Africa and the Sahel.

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CHAPTER 1

Introduction

Programming in fragile contexts is inherently risky, in that we may have relatively limited control over the outcomes. Failure is therefore more likely, explaining the tendency towards risk aversion by many donors. However, fragile contexts also confront donors with high and urgent needs and therefore opportunities to support resilience where it is much needed. Therefore, in order to prevent failure and adapt interventions it is important to have an in-depth understanding of the risks and opportunities you will be confronted with when working in such fragile contexts.

FRAGILITY & RESILIENCE

Fragility can be defined 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 (OECD 2016: 16). A crucial aspect of this definition is the absence of coping capacity: a context with a high risk exposure is not necessarily fragile as long as there is sufficient capacity to cope with these risks. Thus, when engaging in fragile contexts you will be confronted with a double challenge: a higher exposure to certain risks, and insufficient capacity (or willingness) to cope with them.

This coping capacity reflects the **resilience** of a state, system and/or community. However, ideally, resilience is more than only coping: it is also positively adapting and transforming means for living in the long-term (OECD 2016: 102). Furthermore, fragility and resilience are not necessarily the opposite ends of a spectrum, and can co-exist. For example, although community-based service provision can increase resilience of households in the short term, it substitutes for service provision by the state, potentially further increasing fragility in the long-term.

FRAME (Fragility Resilience Assessment Management Exercise) has been developed as a supporting tool to assess and manage risks and opportunities when working in fragile contexts.

FRAME consists of three interrelated building blocks.

- The **guidelines** - the reminder of this document - present general **guiding principles** to conduct a risk exercise. They present a step-by-step guide how to define the scope of the exercise and identify, evaluate and respond to risks and opportunities related to fragile contexts.
- **Annex A** provides a list of the **10 fragility components** that can serve to structure the assessment. If this list is followed, a holistic and multi-dimensional approach to fragility can be guaranteed. However, this list is by no means complete and not all components will be relevant in all settings, hence the need to adapt to needs, objectives and the particular context.
- **Annex B** provides a **practical tool** that translates the guiding principles and annex A into a template that can be used to conduct the exercise and assure follow-up.

The tool has been developed through field-testing in Mali, Burkina Faso and the Democratic Republic of Congo. Initially it is designed to help the Belgian Embassies to identify the right priorities and modalities for their engagement in fragile contexts, and to monitor such contexts.

However, the analysis is flexible and can be adapted according to the needs and objectives of the end user.

FRAME

The name of the tool is not a coincidence. Risk is an exercise in power: whoever controls the definition of risk, controls the rational solution to the problem at hand (Slovic 2000). In other words, risk analysis has the ability to **FRAME** problems, and put some solutions in the picture while excluding others. Therefore, it is necessary that we are aware of the fact that a risk analysis is not a technical question, but a political one.

FRAME aims to be a powerful tool that brings together several of the **analytical frameworks** that are currently perceived as important to increase effectiveness of engagement in complex situations such as fragile and conflict-affected contexts. In particular it hopes to integrate:

- A **multi-dimensional and universal approach** to fragility: FRAME is based on the new OECD fragility framework built around five dimensions of fragility – economic, environmental, political, societal and security – and measures each of these dimensions through the accumulation and combination of risks and capacity. Therefore, the framework is relevant universally: each context experiences its own unique combinations of risks and coping capacities.
- A **systemic approach** to resilience: FRAME is inspired by resilience work that highlights the need to go beyond short-term coping capacities and focus on long-term systemic adaptation and transformation.
- A **political economy approach** to agency: FRAME starts from an actor-oriented approach that puts the (in)ability and/or (un)willingness of agents to change structural factors through blocking or facilitating particular risks and opportunities central.
- A **balanced approach** to risks management: FRAME aims at a balanced view of a particular reality whereby equal attention is paid to potential negative risks and positive risks or opportunities.

CHAPTER 2

Objective Setting

Q1 What am I trying to achieve, and what level of risk appetite is accepted to achieve these results?

The first step to achieve a useful risk exercise is to have a clear answer on the question why we need risk management. Risk management is not an end in itself. Risks are managed in function of the **objectives** you set. Thus, each time a risk exercise is done it is important to define your goal.

A second related question is one of timing: for what period do you want to assess risks? Risks are measured against a particular **time horizon**. Logically, this time horizon relates to the short or long term goals you have set to realize.

A **guiding question** that can help to identify objectives, scope and time horizon for a useful risk exercise is to ask the question: **what system de you want to change?** Or more concretely, what are the long-term transformational changes you want to realize in order to increase the resilience of that system? The advantage of starting from a systemic approach to analyze risks and fragility is that it forces you to take into account the broader context of the system instead of focusing on some part of it while also reflecting on long-term transformational change instead of short-term results.

SYSTEM
A unit of society (e.g. individual, household, a group of people with common characteristics, community, nation), of ecology (e.g. a forest) or a physical entity (e.g. an urban infrastructure network) (OECD 2014b: 5).

Third, at the policy level there should be clarity about the accepted level of **risk appetite**. What is the risk tolerance of the donor organization? What kind of risks are acceptable, what kind of risks are not negotiable?

The Risk Appetite Dilemma

This dilemma is about the 'green lights' and 'red lines' that define whether or not and how to engage or disengage in particular situations. In some circumstances development agencies are confronted with the difficult decision to engage or disengage from one day to another. These are difficult decisions with consequences that are difficult to predict and raise many questions: on what grounds should donors start with imposing conditionality or sanctions, what are minimal conditions to engage in the first place, and do donors have clear (similar) rules and procedures to decide when and on what grounds engagement should be put on hold or to an end?

In many cases it is difficult to define the tipping point when certain risks request engagement or disengagement. The Do No Harm principle can be used as a rule of thumb: when engagement/disengagement will do more harm than good, things should be reconsidered. Furthermore, identifying 'green lights' and 'red lines' can be helpful, i.e. conditions that should be met before engagement is possible (green lights), and signals that should lead to considering disengagement (red lines). These should present real and relevant changes that make sense in the context they will be applied to. Furthermore, if these 'green lights' / 'red lines' are communicated proactively, this will prevent ad hoc decision making once a crisis realizes, and they can also prove their usefulness in feeding the political dialogue on bi-lateral or multi-lateral level.

CHAPTER 3

Risk Identification

Q2 **How might the 10 components of fragility affect the achievement of these results?**

In order to answer the question how a fragile context can affect the achievement of the set objectives, a **holistic approach** of fragility is needed.

This new OECD framework considers **five dimensions** of fragility based on classic contextual risk typology: economic, environmental, political, security and societal risks (OECD 2016). Each of these dimensions is composed of two components. This gives 10 fragility components that can guide and structure the analysis of risks.

5 FRAGILITY DIMENSIONS	10 FRAGILITY COMPONENTS
Economic	Long-term drivers of economic growth
	Individual access economic opportunities
Environmental	Household, community and state resilience
	Natural disaster risks
Political	Checks and balances and protection of human rights
	Political stability
Security	Rule of law and state control of territory
	Armed conflict, terrorism, organized crime and interpersonal violence
Societal	Access to justice, accountability and horizontal inequality
	Vertical and gender inequalities

Each of these components can again be subdivided into different sub-components. On the following page you will find an illustration of how the economic fragility dimension can be subdivided into several components and sub-components. In Annex A you will find a similar detailed description of all 5 dimensions.

However, it remains crucial to highlight that these only can give guidance: not all components and sub-components will be relevant in all fragile contexts, hence the need for a flexible use of the tool while adapting it according to the particular context and the needs and objectives of the end user.

DIMENSION 1 : ECONOMIC FRAGILITY

Economic fragility is vulnerability to risks stemming from weaknesses in economic foundations and human capital including macroeconomic shocks, unequal growth and high youth unemployment.

COMPONENT 1 : Long-term drivers of economic growth

Food security: food security is a fundamental indicator of a country's resilience to economic shocks; refers to prevalence of undernourishment, access to food (subsistence agriculture, local markets, dependence on import), food price volatility.

Social development: refers to access to social services – in particular education and health services – guaranteeing a healthy and educated population (human capital) to support economic development.

Economic development: is there a pattern of progressive economic decline or growth shocks measured by per capita income, GNP, debt, poverty levels, inflation, and other economic measures? Or is it possible to observe economic growth?

Regulatory quality state: refers to the ability to implement policies that support sustainable economic development. Or is there a growth of hidden economies, including the drug trade, smuggling, and capital flight? Do economic state programmes or policies impose social hardship?

Resource rent dependency: refers to oil rents, natural gas rents, coal rents, mineral rents, and forest rents. Resource dependence leaves an economy open to (i) shocks in the global system as prices fluctuate and (ii) greed and grievance mechanisms that can result into conflict. But resource rents can also be invested to support sustainable economic development.

Aid dependency: similar to resource rents aid can be used by elites to maintain power. Similarly, aid shocks can alter the domestic balance of power and induce conflict. On the other hand, aid budgets can be necessary to prevent humanitarian crisis, conflict or to cover basic needs.

Remoteness: remoteness is a structural obstacle to trade and growth and is particularly harmful in the case of landlocked developing countries. New infrastructure or trade policies can reduce the isolation of such countries.

COMPONENT 1 : Individual access to economic opportunities

Unemployment rate: high rates of unemployment may lower the opportunity cost of alternative income through illegal activities (joining armed rebellion, looting and pillaging, drug trade, smuggling, …). High rates of unemployment may also breed or further grievances among ethnic groups or among opposition groups and government, further contributing to social and political discontent.

Youth not in employment, education or training (NEET): in particular youth unemployment can pose a threat to social stability. A specific case in question is when there is a substantial reservoir of highly educated youth without access to economic opportunities, acting as a catalyst for social grievances and protest

Vertical inequality: refers to income inequality (GINI coefficient) and unequal distribution of economic resources (e.g. land) between individuals/households.

Horizontal inequality: refers to any real or perceived inequalities along group lines in terms of income, access to education, land, jobs, or economic status?

Based on OECD 2016, adapted by the author on the basis of multiple field tests in Burkina Faso, Mali, DRC.

CHAPTER 4

Risk Evaluation

Q3 **What are the risks and opportunities that are very likely to occur and will have a high impact?**

Evaluating risks is asking the question if and how the 10 fragility components will change in the future.

- ***If*** relates to ***probability***: how likely is it that we will observe change with respect to certain fragility components?
- ***How*** relates to ***impact***: if change happens, what kind of effect can we expect? This effect or impact can be both positive and negative. If it is positive we call it an ***opportunity***, if the impact is negative, we call it a ***risk***. In other words, an opportunity reflects a potential improvement of one of the fragility components, a risk reflects a potential deterioration.

RISK
Risk is an uncertain event or condition that, if it occurs in the future, will have a negative impact on the achievement of your objectives.

OPPORTUNITY
Opportunity is an uncertain event or condition that, if it occurs in the future, will have a positive impact on the achievement of your objectives.

It is important to have a well balanced view of both opportunities and risks to avoid risk aversion: risk-taking is essential to effective engagement in fragile and transitional situations to deliver longer-term, transformational results. Only a dual focus on risks and opportunities will enable donors to take advantage of sometimes narrow windows of opportunity.

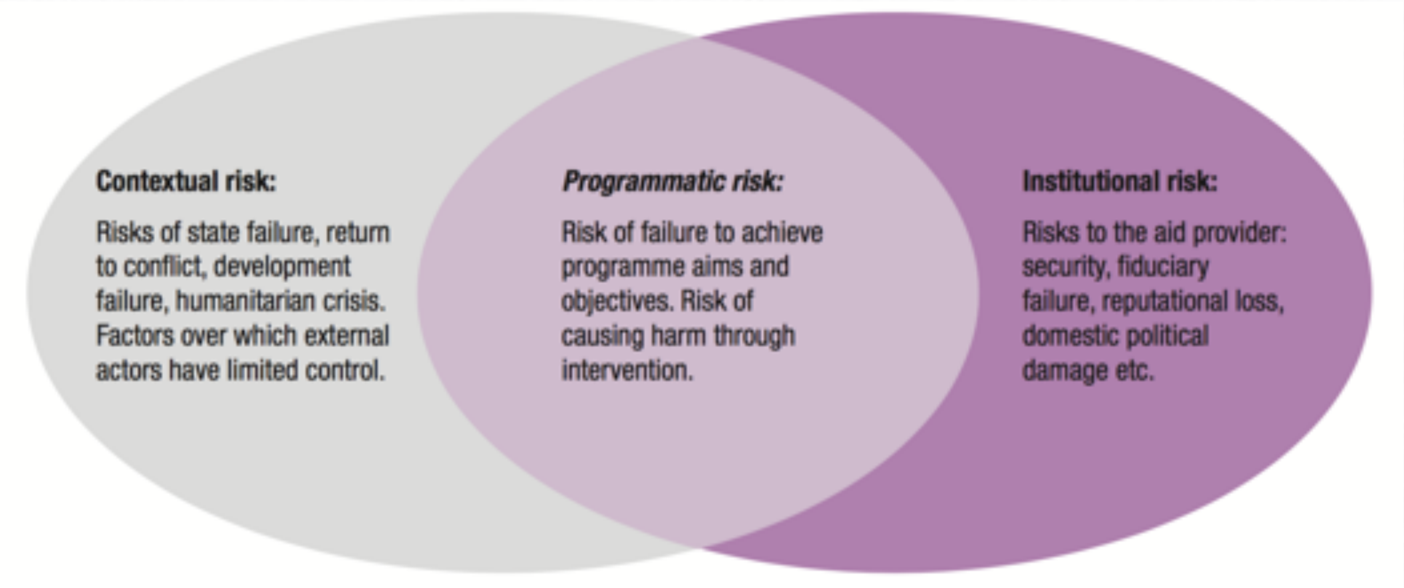
The Opportunity Dilemma

This dilemma is about finding a correct balance between risks and opportunities. If the aim is to increase impact in fragile situations it will be necessary to look for better options or opportunities to do so, however, focusing on risk management tends to close our eyes for such better options (OECD 2014a).

Three aspects seem crucial. First, only in-depth contextual knowledge will enable development agencies to find these opportunities: opportunities are always context-specific and therefore will only be revealed on the basis of situational knowledge. Second, it demands organizational flexibility to seizure these opportunities: new alternatives will not necessarily fit the existing frameworks of engagement, and will demand flexible and creative use of established rules, routines and modalities of engagement. Third, using an actor-oriented perspective to risk management enables to translate risks and opportunities into identifying concrete spoilers and drivers of change, which immediately balances risks with opportunities to mitigate them.

Contextual vs. Donor Risks

An important issue is that impact is not similar to everyone. In fragile contexts it is of crucial importance to differentiate between contextual and donor impact. The difference between donor and contextual risks can be explained by making reference to the Copenhagen Circles (OECD 2011). These differentiate between contextual, programmatic and institutional risks. Contextual risks are e.g. risk of state failure, return to conflict, development failure, humanitarian crisis, and so on. Aid risks are the combination of both other categories: the risk of failure to achieve programme aims and/or doing harm (programmatic risks), and security, fiduciary and reputational risks (institutional risks). In other words, fragility causes both risks for the population (contextual risks) and the donor (donor risks), and sometimes a trade-off exists between both: a donor needs to accept certain programmatic and institutional risks in order to reduce contextual risks.



The classical criteria of probability and impact will help you to prioritize the most important risks and opportunities. If it is very likely that a certain risk will realize and have a critical impact on both you as a donor and the population, it should draw your attention. Similarly, if it is very likely that a certain opportunity with a crucial positive impact will realize, it would be a pity if this opportunity is not exploited. In other words, risks and opportunities with a potential high impact that are likely to realize, should be prioritized. In below guiding questions and a scale are presented to help to evaluate both the probability and impact of the identified risks and opportunities.

Probability

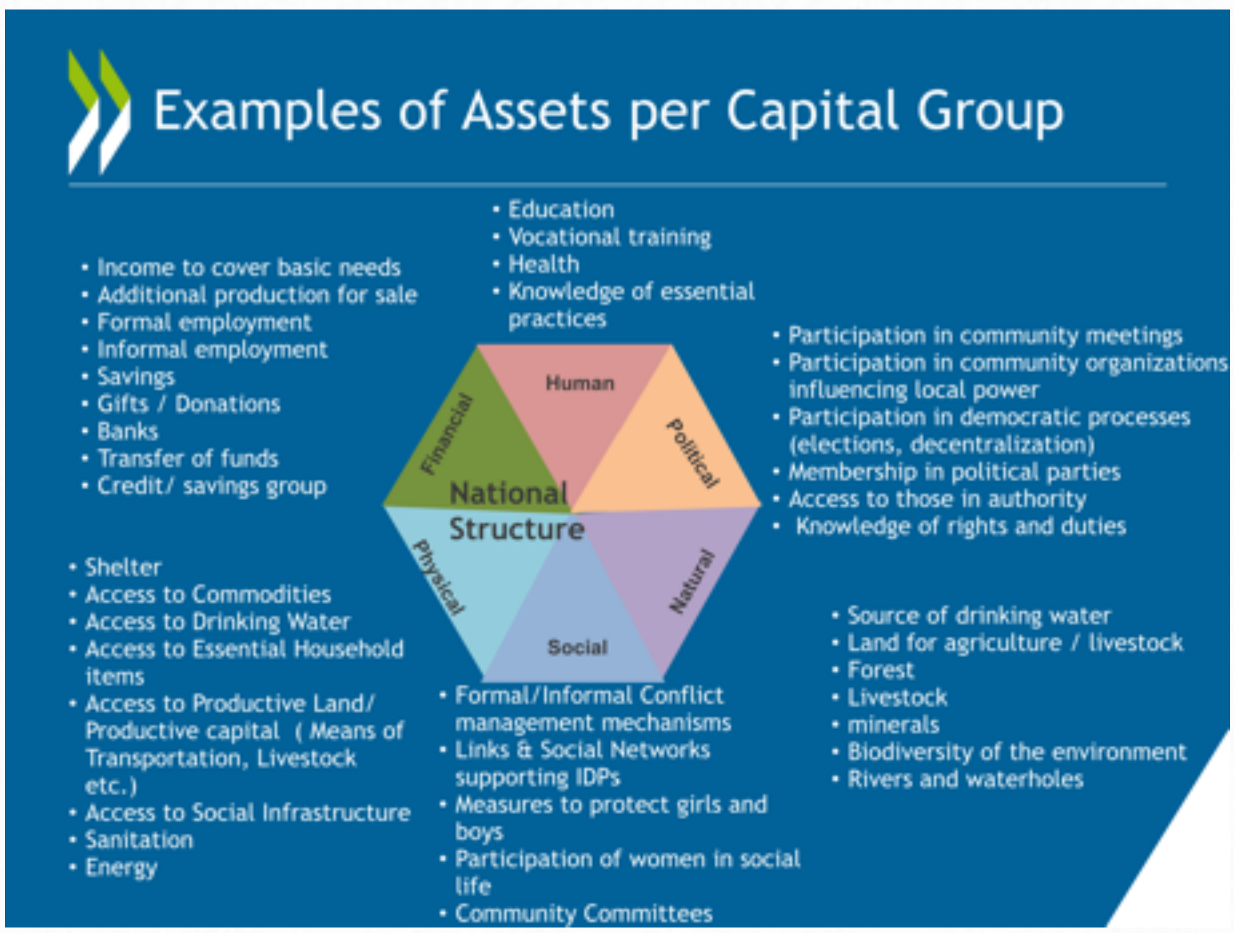
PROBABILITY CRITERIA
Are there • long term trends (structural causes) • short term dynamics (processes) • triggers (particular events) • spoilers/drivers of change (specific actors) that could signal that a particular risk or opportunity will occur?

PROBABILITY SCALE	
Very High	The chance that risk/opportunity will occur is **very likely**
High	The chance that risk/opportunity will occur is **likely**
Low	The chance that risk/opportunity will occur is **unlikely**
Very Low	The chance that risk/opportunity will occur is **very unlikely**

Impact

IMPACT CRITERIA
Contextual Impact
• Location (localized or widespread positive/negative impact?) • Time (short term and/or long term positive/negative impact?) • Actors (positive/negative impact on specific societal groups or widespread?) • Severity (positive/negative impact on livelihood assets, see figure 2)
Programmatic Impact
• Objectives (positive/negative impact on realization of objectives?) • Do no harm (increase/reduction of unintended negative effects of intervention?)
Institutional Impact
• Security (positive/negative impact on security risks for staff) • Fiduciary risks (positive/negative impact on corruption, fraud, …?) • Reputational risks (positive/negative impact on reputation?)

The asset or capital pentagram can be used to assess how a particular risk or opportunity will affect the different livelihood assets of households and communities (OECD 2014b).



IMPACT SCALE	
Very High	The impact of the risk/opportunity will be extreme
High	The impact of the risk/opportunity will be major
Low	The impact of the risk/opportunity will be minor
Very Low	The impact of the risk/opportunity will be trivial

Agency

In addition to the traditional criteria of probability and impact it is also useful to look at agency, i.e. the availability of certain actors that are (in)capable or (un)willing to mitigate risks and enhance opportunities. Risk management sometimes tends to focus too much on structural factors while forgetting that it is crucial to identify agency that is capable of changing these structural factors, for better or worse.

This focus on agency and this actor-oriented approach aims to integrate the main lessons learned from approaches such as Political Economy Analysis (PEA) (Mcloughlin 2014), Power Analysis, or Thinking and Working Politically (TWP) (Booth 2015). All these frameworks hint towards the crucial importance of domestic political factors and the need for a better understanding of the strategic interests of concerned actors to be able to foresee what kind of change is possible. Hence the need to look for spoilers and/or change agents when assessing risks and opportunities.

AGENCY CRITERIA & SCALE	
Spoilers	**Change agents**
Are there specific actors that have an interest in not managing or even exploiting the risk? Are there specific actors that have an interest in not exploiting or enhancing the opportunity?	Are there specific actors that have an interest or can be incentivized in mitigating the risk? Are there specific actors that have an interest or can be incentivized to exploit or enhance the likelihood and/or impact of the opportunity?
Is there a strong, moderate or low willingness to mitigate the risk or to exploit or enhance the opportunity?	

CHAPTER 5

Risk Management

Q4 **How will you accept, share, mitigate or avoid the identified risks, and how will you exploit, enhance, share or neglect the identified opportunities?**

Donors have different risk management options at their disposal: accept, mitigate, share or avoid risk. Donors should make efforts to find a correct balance between these options: not all risks can be reduced, but it is necessary to find an equilibrium between accepting certain risks, avoiding others, while mitigating some yourself and transferring/sharing certain risks with others. Evaluating risks on the basis of their probability and their impact is a good starting point: the more likely a risk will realize and have a substantial impact, the less likely it becomes to simply accept the risk.

AVOID, ACCEPT, MITIGATE, SHARE RISKS (DFID)

SHARE: for some risks, the best response may be to transfer or share them. This might be done by conventional insurance or by supporting a third party to take the risk in another way.

ACCEPT: the ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. This course of action is common for large external risks. As such, a substantial part of risks related to working in fragile contexts will fall in this category. In these cases the response may be toleration but the risk should be tracked, so managers are ready to reconsider should it start to escalate. Tolerance levels determining how much risk can be taken at each level need to be set and should inform your decisions (risk appetite).

MITIGATE: the purpose of taking action to reduce the chance of the risk occurring is not necessarily to obviate the risk, but to contain it to an acceptable level. Risk will be passed up and down the corporate chain. High-level risks may have to pass to a higher level of responsibility to decide on an action, whereas other risks may translate into activities designed to mitigate them. Decide what criteria will result in the risk being passed up to a higher level in the organization.

AVOID: removing the risk where it is feasible to do so through disengagement.

The Transfer Dilemma

This dilemma is about transferring risks to other actors because of deteriorating security situation or high fiduciary or reputational risks (through e.g. pooled funding mechanisms, delegated cooperation or other subcontracting mechanisms). However, it should always be closely monitored in how far risk transfer is not simply a way of risk dumping instead of proper risk management on the part of development agencies (OECD 2014).

In addition, risk transfer also creates new risks: in most cases transferring risks to others means a fall back in direct engagement with the local population, less knowledge of the context, and prolonging the chain of intermediaries, all factors that alienate development agencies of their final end-users and increase risk of programme failure.

Similarly, donors have several options at their disposal to deal with potential opportunities. A donor can decide to exploit, enhance, share or neglect opportunities. Also here it is important to prioritize as not all opportunities can be exploited (taking action that guarantees that the opportunity will realize) or enhanced (taking measures in the hope that the probability and/or impact of the opportunity will increase). Again, evaluating the probability and impact of opportunities may be a help: the more likely an opportunity will realize and have a high impact, the less likely it becomes to neglect the opportunity.

EXPLOIT, ENHANCE, SHARE, NEGLECT OPPORTUNITIES

EXPLOIT: the aim of this response strategy is to eliminate the uncertainty associated with a particular opportunity. In other words, the goal of the exploit strategy for opportunities is to raise the probability to 100%, i.e. the opportunity will definitely happen. The ability to use this strategy is dependent upon the level of control on the opportunities. Fragile contexts and in particular their volatile character inherently limit control over the outcomes, especially for external actors such as donors. Therefore, the capacity to exploit opportunities is limited. However, low hanging fruit is sometimes available and should not be missed.

ENHANCE: opportunities can be enhanced by increasing probability and/or impact of the opportunity, by identifying and working on the key drivers of the opportunity. Here, it is not possible to guarantee that the opportunity will occur, but it is possible to identify and try to influence certain factors that could cause the opportunity to happen.

SHARE: sharing an opportunity involves allocating ownership to a third party who is best able to handle it, both in terms of maximizing the probability of occurrence, and in increasing potential benefits should the opportunity occur.

NEGLECT: when the probability and the potential positive benefits of an opportunity are too low it is unlikely that any response will be cost-effective and therefore the opportunity can be neglected or ignored.

The Trade-Off Dilemma

This dilemma is about the trade-off between contextual (affecting the population), and donor (affecting donors and their programmes) risks. Indeed, a trade-off exists between these different risks: in order to prevent humanitarian crisis in insecure areas it is sometimes necessary to accept higher security risks for donors; tackling difficult and complex situations increases the risk of programmatic failure and reputational damage, the need to increase budgets for fragile situations brings higher fiduciary risks, and so on. So, there seems to be a constant trade-off between risks for the donor and the population.

A particular clear example in case is the problem of UN peacekeeping operations that fail to protect civilians, in part because of strict security measures for its own personnel and blue helmets. In other words: who's risks count, and how to find a balance between both? Because, low institutional risk for the donor ('playing it safe') may come at the cost of strategic failure to reduce or take away critical risks for the population (OECD 2011).

When deciding on how to respond and manage the identified risks and opportunities, the following criteria can help to assess the potential for success and effectiveness of the risk management response. Similarly, they can help to detect factors to explain failure when the risk response did not work.

RISK RESPONSE EFFECTIVENESS

Appropriate: the correct level of response must be determined, based on the "size" of the risk or opportunity and a cost-benefit analysis. This ranges from a crisis response where the intervention cannot proceed without the risk being addressed, through to a "do nothing" response for minor risks or opportunities.

Actionable: a time horizon should be determined within which responses need to be completed in order to address the risk or opportunity. Some risks require immediate action, while others can be safely left until later.

Achievable: there is no point in describing responses which are not realistically achievable or feasible, either technically (capacity), financially (budget) or politically (political backing).

Assessed: it should be assessed if and how the proposed response will indeed make a difference, and address the risk or opportunity.

Agreed: the consensus and commitment of stakeholders should be obtained before agreeing responses.

Allocated and accepted: each response should be owned and accepted on the most appropriate level within the organization.

CHAPTER 6

Resources

Key resources & references

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ANNEX A
10 FRAGILITY COMPONENTS

Introduction

Based on the OECD multi-dimensional fragility concept (OECD 2016), it is possible to differentiate between 5 fragility dimensions, each of them subdivided into two main fragility components. This results in a list of 10 fragility components. Each of these fragility components can in their turn be broken down to several sub-components. This annex presents a detailed description of each of the 5 fragility dimensions subdivided into components and sub-components, based on the OECD 2016 States of Fragility Report, but adapted on the basis of multiple field tests in Burkina Faso, Mali, DRC.

Not all sub-components will be relevant in all fragile contexts. As such, working with components and sub-components enables us to find a good balance between standardization and contextual adaptation.

In addition, whereas the OECD framework tries to quantify fragility, we prefer not to link components to a set of quantifiable indicators. There are several reasons why a qualitative approach is more suitable. First, whereas the OECD fragility framework aims at making a comparative analysis between countries and situations, our aim is to have an in-depth understanding of a particular situation, which makes that a qualitative analysis of the case in question is more appropriate. Second, the aim of the OECD framework is to present a current state of affairs of fragility and has no predictive value. Instead, our aim is to estimate future developments of the different fragility components: this means we need a more long-term trend analysis instead of a snap shot of the current situation. Third, mostly it is impossible to use high quality data sets on the basis of which indicators are constructed: at least these indicators reflect in many cases not the current situation in a particular country, but are based on data from several years ago.

DIMENSION 1: Economic Fragility

Economic fragility is vulnerability to risks stemming from weaknesses in economic foundations and human capital including macroeconomic shocks, unequal growth and high youth unemployment.

Component 1: Long-term drivers of economic growth

- **Food security**: food security is a fundamental indicator of a country's resilience to economic shocks; refers to prevalence of undernourishment, access to food (subsistence agriculture, local markets, dependence on import), food price volatility.
- **Social development**: refers to access to social services – in particular education and health services – guaranteeing a healthy and educated population (human capital) to support economic development.
- **Economic development**: is there a pattern of progressive economic decline or growth shocks measured by per capita income, GNP, debt, poverty levels, inflation, and other economic measures? Or is it possible to observe economic growth?
- **Regulatory quality state**: refers to the ability to implement policies that support sustainable economic development. Or is there a growth of hidden economies, including the drug trade, smuggling, and capital flight? Do economic state programmes or policies impose social hardship?
- **Resource rent dependency**: refers to oil rents, natural gas rents, coal rents, mineral rents, and forest rents. Resource dependence leaves an economy open to (i) shocks in the global system as prices fluctuate and (ii) greed and grievance mechanisms that can result into conflict. But resource rents can also be invested to support sustainable economic development.
- **Aid dependency**: similar to resource rents aid can be used by elites to maintain power. Similarly, aid shocks can alter the domestic balance of power and induce conflict. On the other hand, aid budgets can be necessary to prevent humanitarian crisis, conflict or to cover basic needs.
- **Remoteness**: remoteness is a structural obstacle to trade and growth and is particularly harmful in the case of landlocked developing countries. New infrastructure or trade policies can reduce the isolation of such countries.

Component 2: Individual access to economic opportunities

- **Unemployment rate**: high rates of unemployment may lower the opportunity cost of alternative income through illegal activities (joining armed rebellion, looting and pillaging, drug trade, smuggling, …). High rates of unemployment may also breed or further grievances among ethnic groups or among opposition groups and government, further contributing to social and political discontent.
- **Youth not in employment, education or training (NEET)**: in particular youth unemployment can pose a threat to social stability. A specific case in question is when there is a substantial reservoir of highly educated youth without access to economic opportunities, acting as a catalyst for social grievances and protest.
- **Vertical inequality**: refers to income inequality (GINI coefficient) and unequal

distribution of economic resources (e.g. land) between individuals/households.

- **Horizontal inequality:** refers to any real or perceived inequalities along group lines in terms of income, access to education, land, jobs, or economic status?

DIMENSION 2: Environmental Fragility

Environmental fragility is vulnerability to environmental, climatic and health risks that affect citizens' lives and livelihoods.

Component 3: Household, community and state resilience

- **Socio-economic vulnerability***:* vulnerable populations are less able to cope with hazardous environmental shocks such as natural disasters.
- **Food security**: food security is a fundamental indicator of a country's resilience to environmental shocks; refers to prevalence of undernourishment, access to food (subsistence agriculture, local markets, dependence on import), domestic food price volatility.
- **Environmental health**: measures the protection of human health from environmental harm; refers to air and water quality, pollution levels, and safe sanitation.
- **Uprooted people**: the forced uprooting and resettlement of refugees and internally displaced makes these households substantially more vulnerable and insecure, and can destabilize whole countries or regions; increase tensions between residents and 'newcomers'; and when resources are already scarce create humanitarian emergencies. It can lead to food shortages, disease, lack of clean water, land competition, and turmoil that could spiral into larger humanitarian and security problems both within and between countries.
- **Prevalence of infectious diseases**: refers to the prevalence of infectious diseases that substantially increase the vulnerability of the population.
- **Government effectiveness***:* level of government effectiveness (capacity in place and political will) to cope with hazardous environmental shocks.

Component 4: Natural disaster risks

- **Natural disaster risks**: refers to the likelihood of exposure to earthquake, tsunami, flood, cyclone, drought and other such events.

DIMENSION 3: Political Fragility

Political fragility is vulnerability to risks inherent in political processes, events or decisions; political inclusiveness (including of elites); and transparency, corruption and society's ability to accommodate change and avoid repression.

Component 5: Checks and balances and protection of human rights

- **Political terror**: refers to levels of state-sanctioned violence against its citizens and state repression that often forces opposition groups towards other means of expressing dissent including violence.
- **Voice and accountability**: refers to the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.
- **Judicial constraints on executive power**: refers to the extent to which the executive respects the constitution and complies with court rulings, and independence of the judiciary.
- **Legislative constraints on executive power**: refers to the extent to which legislature and government agencies are capable of questioning, investigating and exercising oversight over the executive.

Component 6: Political stability

- **Regime persistence**: refers to the number of years a polity has persisted and the probability of regime breakdown. Transitions between regime and regime types (from autocracies to democracies) are a manifestation of political instability, and which provide opportunities for political violence.
- **State legitimacy**: refers to widespread loss of popular confidence and support in state institutions because of (perceptions of) limited political representation, transparency, and accountability; or by rising corruption or profiteering by ruling elites?

DIMENSION 4: Security

Security fragility is the vulnerability of overall security to violence and crime, including both political and social violence.

Component 7: Rule of law and state control of territory

- **State control over territory**: refers to the ability of the state to control its territory and borders.
- **Security Apparatus**: refers to the legitimacy and capacity of the security forces, is it professional and answerable to legitimate civilian control, or is it operating with impunity, serving the interests of a dominating military or political clique?
- **Presence of non-state armed groups**: refers to presence of non-official armed groups, their aims and the scale of their weapons and activities.
- **Rule of law**: refers to the quality of the police and the courts and the extent to which the population has confidence in and abides by the rules of society.

Component 8: Armed conflict, terrorism, organized crime and interpersonal violence

- **Level of violent criminal activity**: may undermine a state's ability to exercise its monopoly on violence and increase risks to public security of persons and property. Refers to activity by criminal organizations (drug trafficking, arms trafficking, prostitution, etc.).
- **Interpersonal and social violence**: weak rule of law and prevalence of impunity increases the risk on use of violence for solving interpersonal and social conflicts.
- **Conflict risk**: refers to the risk of open armed conflict or relapse into conflict.
- **Terrorism**: terrorist attacks can cause already unstable situations to fall further into the precipice of violence.

DIMENSION 5: Societal

Societal fragility is vulnerability to risks affecting societal cohesion that stem from both vertical and horizontal inequalities, including inequality among culturally defined or constructed groups and social cleavages.

Component 9: Access to justice, accountability and horizontal inequality

- **Voice and accountability**: refers to the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.
- **Access to justice**: refers the extent to which citizens enjoy secure and effective access to justice.
- **Horizontal inequality**: refers to whether all social groups, as distinguished by language, ethnicity, religion, race, region or caste, enjoy the same access to socio-economic opportunities (or are there group-based inequalities, or perceived inequalities, in access to education, jobs, and economic status) and the same level of civil liberties (or is there a history of group-based hostilities, identity politics public scapegoating, patterns of atrocities with impunity)?
- **Inclusive civil society**: is there a legitimate civil society that is able to unite beyond existing social cleavages?

Component 10: Vertical and gender inequalities

- **Vertical inequality**: refers to income inequality (GINI coefficient) and unequal distribution of economic resources (e.g. land) between individuals/households.
- **Gender inequality**: refers to the social and legal environment with respect to restricted physical integrity of women (domestic violence, rape, sexual harassment, reproductive autonomy, …) and its effects on women's health and spill over into economic and social outcomes.

ANNEX B

FRAME Tool

Introduction

The FRAME Tool has three sections: an introduction and a risk and opportunity section.

The introductory section's aim is to clarify the objective setting of the risk exercise: objective, time horizon, risk appetite (conditions, red lines, …).

The risk and opportunity section are both subdivided into the following three components:

1) A fragility/resilience survey section that will guide you through the assessment of the 10 fragility components (as explained in Annex A) and the potential risks and opportunities related to each of them.

2) A risk/opportunity matrix section that presents a summary analysis of the 10 components based on the survey section. In particular it presents a prioritization of risks and opportunities.

3) A management section that can be used to structure management response on the identified risks and opportunities. It can be used to briefly summarize potential measures to manage these risks and opportunities.