



## SUMMARY NOTE

## IFC: CASA INITIATIVE MIDTERM REVIEW

**S**upporting development in countries recovering from conflict is a priority for IFC and an increasing focus of our work in Africa. With donor partners Ireland, the Netherlands, and Norway, we launched the Conflict Affected States in Africa (CASA) Initiative to help coordinate our advisory services activities in countries such as Liberia and Sierra Leone. We knew CASA was producing results – but we wanted to know how we could do even better. The CASA Mid Term Review provided us and our donors with an objective analysis of CASA's progress, and is helping inform our strategy for expanding our work in conflict affected countries".

- Oumar Seydi, IFC Director for East and Central Africa

### Introduction

Dalberg Global Development Advisors conducted an independent, mid-term review of IFC's Conflict Affected State in Africa Initiative (CASA) in 2012, covering its activities from inception in 2008 until December, 2011. The root-and-branch review looked at CASA's activities and effectiveness in promoting private sector development in the seven conflict-affected countries CASA covered at the time, basing its findings on interviews with 91 CASA stakeholders and experts, including with CASA's main donor partners Ireland, the Netherlands, and Norway. The review asked whether CASA is a good model for promoting development in fragile countries, and sought to find areas where the model could be improved. The Dalberg review's headline finding was that: **'CASA is highly relevant based on industry best practices for private sector development in fragile and conflict affected states.'**

### The Mid Term Review Summarized

#### Context and Overview

Fragile and conflict affected states are expected to be home to 80 percent of the world's poorest people by 2030. Today, half of these states are in Africa, a rising continent that nevertheless remains shackled to poverty and a violent history of coups and civil wars. IFC, the World Bank, and large parts of the international development community have made supporting development in conflict affected states a priority. In 2008 IFC launched CASA, an Initiative that is now IFC's main delivery model for advisory services in fragile states in Sub Saharan Africa. CASA was originally active in the Central African Republic (CAR), the Democratic Republic of Congo (DRC), Liberia and Sierra Leone. Burundi and Côte d'Ivoire were added in 2010. In 2011, South Sudan was added. CASA, with its in-country coordinators, promotes private sector development by supporting small business growth, helping increase access to finance and financial services, and by promoting investment cli-

mate improvements. The review covers all four IFC Business Lines that CASA works with (Access to Finance, Investment Climate, Sustainable Business Advisory, and Public Private Partnerships) and all seven countries CASA supported at the time of publication. Dalberg visited Burundi, DRC, Liberia and South Sudan for stakeholder interviews, and conducted less intensive phone interviews in the remaining countries. The review sought to answer the question: "Does the CASA business model actually work?"

#### Financial Snapshot

At the time of the review's publication, the CASA multi-donor trust fund had a total of US\$ 20.3 million, out of the US\$ 25 million target. More than 50 percent of all program funds came from the government of the Netherlands, 25 percent from the government of Norway, 16 percent from the government of Ireland, and the remaining amount from IFC. This core funding supports all aspects of CASA's activities including project funding, costs of CASA Coordinators, program management, travel and knowledge management. Approximately US\$15 million is allocated to project funding, and the rest to all other activities. In addition, Denmark, the Netherlands and Sweden have committed additional funding of US\$15.2 million, or equivalent of seventy-five percent of the CASA multi-donor trust fund funding. This additional funding (bilateral funding) is dedicated to country programs in South Sudan and Liberia.

#### Key Findings

##### Relevance and Additionality

CASA is highly relevant based on industry best practices for private sector development in fragile and conflict affected states. By focusing on private sector development (PSD) in FCAS in Africa, CASA addresses one of the most important elements in post-conflict reconstruction (as per the World Development Report 2011). Moreover, according to stakeholder feedback, no other agency is addressing PSD in FCAS as comprehensively as IFC through CASA. A full 100 percent of IFC Business Line staff rated CASA's relevance and additionality 'high' or 'very high'. Over 80 of local stakeholders (i.e., government and private sector counterparts in CASA countries) and over 70 percent of donor agencies interviewed rating CASA's relevance 'high' or 'very high'.

##### Effectiveness and Impact

CASA's project support and funding components help generate more AS projects and sustain the quality of existing projects. During the review period, the IFC AS portfolio in CASA countries increased in volume while the overall PEP Africa portfolio shrank. Feedback from

IFC Business Line staff provided evidence that CASA significantly impacted portfolio performance. CASA Coordinators' local presence and close engagement with local stakeholders were highly valued by stakeholders, leading to improved quality ratings for some projects. CASA's effectiveness varies across countries. Due to differences in program duration, and complexity of individual country dynamics, it is difficult to draw general conclusions on success factors.

## Efficiency and Accountability

The report found that CASA is operating efficiently toward its program and funding targets, but that its human resource approach may not ensure the business model's sustainability. In order for CASA to continue attracting staff, the career trajectory of Coordinators needs to be defined. Retaining Coordinators who have the right expertise and experience is critical, as the primary determinant of the Program's success is the effectiveness of its Coordinators.

## Strategic Recommendations

### Business Model

The Dalberg review found that CASA could achieve better results if it engaged with IFC's four Advisory Services business lines (Access to Finance, Investment Climate, Public Private Partnerships,) more effectively. The recommendation (now implemented) was to have CASA 'champions' for each business line. Additional business model recommendations include: establish a dedicated budget for hiring short-term consultants (STCs) and support staff as needed; regularly update and ensure consistent development of Country Engagement Strategies.

### Funding

CASA's funding should remain flexible, but resource allocation (project funding and staff) should be formalized to 1) potential future CASA countries and 2) new products tailored for the CASA context.

## Knowledge Management

CASA needs to invest significantly to enhance the KM component, building on the initial "tool development" phase and strengthening its role as a thought leader in FCAS. Accomplishing this requires hiring a full-time KM Coordinator who works to provide key stakeholders with CASA expertise and insights.

## Cross-Cutting Recommendations

- CASA should widen its foot print by establishing CASA programs in new countries. (CASA has since added Guinea, Mali, Somaliland, and Zimbabwe to its roster of countries.)
- CASA should advocate for wider adoption of the CASA model within the WBG and push for the institutional flexibility required for the model's effectiveness.
- CASA should improve M&E and finance support functions to increase accountability and enable fact-based strategic planning

## Conclusion

CASA's current model successfully enhances IFC's advisory services in conflict affected states. However, CASA's business model should be adapted to better anchor CASA within the Business Lines, and to allow CASA greater flexibility in scaling the model to additional countries. The four years of the pilot program have proven that a comprehensive approach to Funding, Project Support and Knowledge Management is effective, and that the key principles of engagement, and particularly flexibility, are critical. Moving forward, CASA can greatly enhance its relevance, additionality, effectiveness, efficiency and accountability by addressing the lessons learned and implementing the recommendations outlined above.



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IFC's Results Measurement Network is a global network of approximately 100 professional results measurement staff from Advisory and Investment Services. It covers all IFC regions, industries and Advisory business lines, in addition to staff in the Development Impact Department based in Washington DC.

The Results Measurement Network seeks to improve IFC's development impact by setting standards and ensuring consistency in results measurement. The network also works ensure that results continuously inform strategy, operations, and incentives.

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