This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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PPPs in Fragile and Conflict-Affected States (FCS)

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Private sector investment plays a vital role in helping governments fund and deliver basic public infrastructure services. Especially in developing countries, PPPs can expand access, improve quality, and speed up delivery of basic public services. However, several barriers make it challenging for the private sector to engage in public infrastructure projects, especially in countries that are affected by fragility and conflict, also known as fragile and conflict-affected situations, or **fragile and conflict-affected states (FCS).**

Countries are classified as FCS for diverse reasons. The OECD Principles for Good International Engagement in Fragile States describe FCS as facing specific development challenges, such as "weak governance, limited administrative capacity, chronic humanitarian crisis, persistent social tensions, violence or the legacy of civil war." FCS have also have the highest vulnerability to climate change risks, natural disasters, pandemics and global economic crisis.

Conflict-affected states differ from post-conflict states, and fragility takes different forms depending on the strength of their institutions and their ability to enforce the rule of law. A legacy of corruption and cronyism hinders trust between the public and private sector (How Can Multinationals Engage with Government to Support Economic Development? by Nelson, Jane, Brookings Institution 2014, p.10). These conditions create an **unstable and high-risk business environment** that is likely to deter the private sector from getting involved. More than 70 percent of FCS rank in the bottom quartile of the World Bank Group's Doing Business rankings. In addition, **essential infrastructure facilities are usually scarce and in poor condition**; access to public services is limited; and the **quality of service delivery is poor**. The OECD report on Service Delivery in Fragile Situations shows that the lack of government capacity to provide services creates a vicious cycle of poverty that reinforces fragility and may exacerbate or renew conflict.

This section of the Public-Private Partnership Resource Center gives an overview of common success factors for private engagement in FCS and models that are often used and provides tools, publications and sample legal documents that have been developed and implemented with a view to incentivize private investment in low-income, fragile and conflict-affected environments and respective case studies. A specific focus is on how the legal environment may contribute to promoting private sector involvement under otherwise difficult circumstances.

For the purpose of this section, the term FCS refers to those countries included in the World Bank's Harmonized List of Fragile Situations. The topic directly aligns with many other topic pages on the site that have a focus on the most vulnerable and marginalized people in countries impacted by fragility, conflict, and violence, in particular PPP for the Poor and Gender Equality & PPPs but also Climate-smart PPPs, as well as Small and Medium Enterprises & PPPs.

Related Content

- **PPPs in Fragile and Conflict-Affected States (FCS)**
- **Models for Private Sector Engagement in FCS**
- **Success Factors for Private Engagement in FCS**
- **PPP Institutional, Legal, and Regulatory Frameworks in FCS**
- **Sample PPP Project Documents, Contracts and Contractual Provisions in FCS**
- **Case Studies in FCS**

- **[Further Reading and Resources on FCS]**

Additional Resources

- Infrastructure in Fragile and Conflict-Affected States

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Further Reading and Resources on FCS

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