Lessons from the AfDB Group’s Transition Support Facility

Background

Despite sustained socioeconomic development across most of Africa, poverty is increasingly concentrated in communities and areas affected by conflict and fragility. In Africa’s most fragile contexts, the number of people living in absolute poverty has been rising. In early 2020, before the onset of the COVID-19 pandemic, countries affected by conflict and fragility were home to 34% of Africa’s population and 48% of those living in extreme poverty. It has been predicted that by 2030, the majority of the world’s poor will live in countries affected by conflict and fragility, with most of them in Africa.1 Furthermore, in fragile situations, institutional weaknesses, mismanagement of resources, and inadequate private investment have combined with entrenched poverty, inequality and marginalization, undermining progress on the United Nations Sustainable Development Goals and the African Union’s Agenda 2063.

1 Estimates based on the World Bank’s FY22 classification of Fragile and Conflict-affected Situations.
The African Development Bank Group (AfDB or the Bank) has led the agenda to address fragility in Africa for the past two decades. In 2004, the Bank established the Post-Conflict Country Facility to assist post-conflict countries in clearing their arrears to the Bank. This was followed by the establishment, in 2008, of the Fragile States Facility - now the Transition Support Facility (TSF) - through which more than UA 3.7 billion has been mobilized. The TSF was endowed with a specific mandate to address fragile situations. It targets a subset of African Development Fund (ADF) countries that are deemed eligible for TSF funding. The main purpose of the TSF is to provide additional funding and operational flexibility for Bank operations in eligible countries to address fragility issues and build resilience. The TSF provides support through three financing windows: (i) the Supplemental Support Window (Pillar I); (ii) the Arrears Clearance Window (Pillar II); and (iii) the Targeted Support Window (Pillar III).

This note draws out key lessons from an evaluation of the TSF recently conducted by the AfDB’s Independent Development Evaluation function (IDEV) that can inform the implementation of the Bank’s new Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026), as well as the review of the TSF foreseen under the discussions on the sixteenth replenishment of the African Development Fund (ADF-16).

What did IDEV evaluate and find?

The objective of the evaluation of the TSF was to examine the facility in-depth and to generate lessons that would feed into future Bank planning, programming, and strategic frameworks. It evaluated the TSF holistically as a core instrument in the Bank’s toolbox for addressing fragility and Building Resilience in Africa (2022-2026), as well as the review of the TSF foreseen under the discussions on the sixteenth replenishment of the African Development Fund (ADF-16).

Overall, the evaluation found that while TSF projects were more efficient than non-TSF projects during the design and start-up phases, they experienced more delays in completion due to various difficulties of the implementation context in fragile situations. There were also challenges with timely disbursement (in all pillars) and transaction costs (particularly in Pillars II and III). Finally, as an instrument, the TSF’s sustainability was found to be satisfactory, although there is room for improvement in terms of ownership and leverage of external funding.

What lessons did IDEV draw?

Lesson 1: The unique and multifaceted design of the TSF, which also embodies flexibility, has enabled the Bank to effectively respond to the multidimensional needs of Transition States.

The TSF has established its status as the Bank’s flagship program, with a coherent and cohesive three-pillar support structure, to address fragility and improve resilience in targeted Regional Member Countries (RMCs). Flexibility in the design of the TSF has made it possible for the Bank to address structural and emerging situations of fragility, while also meeting the specific needs of RMCs through tailor-made and nationally-owned and -driven initiatives. Within the Bank, the TSF has succeeded in attracting additional ADF resources to Transition States, even during a period when the volume of ADF resources was itself declining. The TSF has also facilitated the continued engagement by the Bank in Transition States that would not have otherwise been possible through the Bank’s traditional instruments.

Lesson 2: Success in reducing the structural drivers of fragility requires a continuous commitment over time and significant financial resources.

The scale of the resources in relation to the vast and pressing needs of Transition States and regions in fragile situations has been identified as the most significant constraint for Pillar I and Pillar III operations—resources were spread too thinly across many eligible countries and entities, consequently limiting the Bank’s contribution to reducing fragility and having a significant development impact. Concentrating Pillar I and Pillar III resources on a narrower set of focused outcomes that are adequately funded and last long enough to contribute to transformational change in target RMCs could serve to enhance the Bank’s contribution.
Lesson 3: Strong partnerships and collaboration between the Bank and RMCs, and other multilateral and bilateral development partners, are critical for the success of TSF operations.

Perhaps the clearest manifestation of the strength of these partnerships has been the success of the Pillar II arrears clearance process in Somalia and Sudan. Integral to this success has been the perceived role of the Bank as a ‘trusted broker’ on behalf of these RMCs. This demonstrates that using the TSF to put in place strong partnerships is critical in achieving significant development impact in Transition States and regions in fragile situations, and this should be extended to Pillar I and Pillar III operations.

Lesson 4: Greater flexibility of eligibility criteria would allow the TSF to address a wider range of drivers of fragility and pockets of fragility in non-Transition States, and to control against the risks of countries or regions sliding back into fragility.

The TSF eligibility criteria remained largely unchanged during the ADF-13 and ADF-14 period, and are mainly driven by the multilateral development banks’ (MDBs’) harmonized list of fragile situations. The Bank allows some flexibility for intervening in other areas on a case-by-case basis, and additional countries may become eligible if exposed to sudden events and changing circumstances. Also, by improving the timing of the case-by-case country evaluations, it has
enhanced its capacity to take into account the specific circumstances underlying the national and/or regional contexts, as well as non-TSF beneficiary countries in some cases.

The AfDB could look to the experience of other MDBs in defining their approach to fragility to inform its own eligibility criteria. For example, the World Bank updated its criteria, distinguishing between countries facing fragility, conflict, and violence while still recognizing that these challenges are interrelated. As a result, the World Bank’s response can now be more tailored to country needs. Similarly, the Asian Development Bank uses a multidimensional fragility index which takes into account the fact that countries can be fragile in different ways.

At the same time, it is vital to recognize that greater flexibility could result in spreading the TSF resources across more countries and situations, thereby reducing selectivity. The new Bank Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026) aims to find coherence between the issues of selectivity and flexibility by stressing that responsiveness and flexibility should not be achieved at the expense of selectivity.

Lesson 5: A robust monitoring, evaluation and reporting framework is critical not only to enhance the Bank’s accountability and learning in its support to Transition States and regions in fragile situations, but also to ensure a more effective implementation and to increase the likelihood of sustainability.

The TSF has lacked a robust monitoring, evaluation and reporting framework for most of the ADF-13 and ADF-14 period. In some instances, data collection and reporting mechanisms were inadequate to effectively report on operations’ results. A lack of regular country-level reports on the annual achievement of outcomes and the Bank’s contribution to development impacts may have affected the implementation of TSF operations, through insufficient “early warning” information to introduce timely course correction measures. A robust monitoring, evaluation and reporting framework is therefore critical to enable learning, to make corrections and to improve the functioning of the TSF. In addition, the rigorous application of eligibility criteria requires robust mechanisms for continuously assessing fragility to effectively monitor changing fragility situations at the regional and country levels.

About IDEV

Independent Development Evaluation (IDEV) at the African Development Bank carries out independent evaluations of Bank operations, policies and strategies, working across projects, sectors, themes, regions, and countries. By conducting independent evaluations and proactively sharing best practice, IDEV ensures that the Bank and its stakeholders learn from experience and plan and deliver development activities to the highest possible standards.