IDEV conducts different types of evaluations to achieve its strategic objectives.
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## Acronyms and Abbreviations

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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>ADF</td>
<td>African Development Fund</td>
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<td>AfDB</td>
<td>African Development Bank Group</td>
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<td>ALSF</td>
<td>African Legal Support Facility</td>
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<td>AsDB</td>
<td>Asian Development Bank</td>
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<td>CODE</td>
<td>Committee on Operations and Development Effectiveness</td>
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<td>CPIA</td>
<td>Country Policy and Institutional Assessment</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<td>CWIQ</td>
<td>Core Welfare Indicator Questionnaire</td>
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<td>CRFA</td>
<td>Country Resilience and Fragility Assessment</td>
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<tr>
<td>DBDM</td>
<td>Development and Business Delivery Model</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<td>ECG</td>
<td>Evaluation Cooperation Group</td>
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<td>EQ</td>
<td>Evaluation Question</td>
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<tr>
<td>ERG</td>
<td>Evaluation Reference Group</td>
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<tr>
<td>FCV</td>
<td>Fragility, Conflict and Violence</td>
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<td>FCS</td>
<td>Fragile and Conflict-affected States</td>
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<tr>
<td>FERDI</td>
<td>Foundation for Studies and Research on International Development</td>
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<tr>
<td>FIRM</td>
<td>Resource Mobilization and Partnerships Department (formerly FRMB)</td>
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<td>FNVP</td>
<td>Complex of the Finance Vice President</td>
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<td>FRA</td>
<td>Fragility and Resilience Assessment</td>
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<td>FSF</td>
<td>Fragile States Facility</td>
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<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries initiative</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IDEV</td>
<td>Independent Development Evaluation</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISV-COM</td>
<td>Innovative Solutions to Support Livelihoods of Vulnerable Communities</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>MDB</td>
<td>Multilateral Development Bank</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>ORTS</td>
<td>Transition Support Department (now RDTS)</td>
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<td>OSFU</td>
<td>Fragile States Unit (now RDTS)</td>
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<td>PAR</td>
<td>Project Appraisal Report</td>
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<td>PBA</td>
<td>Performance-Based Allocation</td>
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<td>PCCF</td>
<td>Post-Conflict Country Facility</td>
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<td>PCEF</td>
<td>Post-Conflict Enhancement Factor</td>
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<td>PCR</td>
<td>Project Completion Report</td>
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<td>PCREN</td>
<td>Project Completion Report Evaluation Note</td>
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<td>PIU</td>
<td>Project Implementation Unit</td>
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<td>PMATG</td>
<td>Multi-sectoral Technical Assistance Project in the Field of Gender</td>
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<td>PPAR</td>
<td>Project Performance Assessment Report</td>
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<tr>
<td>PPER</td>
<td>Project Performance Evaluation Report</td>
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<tr>
<td>PRA</td>
<td>Project Results Assessment</td>
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<td>RBM</td>
<td>Results-Based Management</td>
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<tr>
<td>RECSA</td>
<td>Regional Centre on Small Arms (Great Lakes Region, Horn of Africa and bordering states)</td>
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<td>RMC</td>
<td>Regional Member Country</td>
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<td>RDGS</td>
<td>Regional Development, Integration and Business Delivery Department - South</td>
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<td>RDGW</td>
<td>Regional Development, Integration and Business Delivery Department - West</td>
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<td>RDTS</td>
<td>Transition States Coordination Office</td>
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<td>RISP</td>
<td>Regional Integration Strategy Paper</td>
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<td>RO</td>
<td>Regional Operation</td>
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<tr>
<td>SEEFS</td>
<td>Strategy for Enhanced Engagement in Fragile States</td>
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<tr>
<td>TSF</td>
<td>Transition Support Facility</td>
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<tr>
<td>UA</td>
<td>Unit of Account*</td>
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<td>WB</td>
<td>World Bank</td>
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* AfDB Unit of Account (UA) = 1.37 United States Dollar (USD), as at December 2019
Executive Summary

Background

An evaluation of the African Development Bank Group’s (AfDB’s) Transition Support Facility (TSF) was introduced in the Independent Development Evaluation function’s (IDEV’s) 2021 work program, following a request from the Bank’s Committee on Operations and Development Effectiveness (CODE). The evaluation follows on from IDEV’s 2020 evaluation of the Bank Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019), (hereafter the “2020 Fragility Strategy Evaluation”), and serves to inform further decision-making about the TSF.

The TSF was established in 2008 (initially as the Fragile States Facility) as an operationally autonomous entity within the AfDB and designed to complement the Performance-Based Allocation (PBA) of African Development Fund (ADF) resources, which tends to be low relative to the needs of states affected by fragility and conflict. The TSF targets a subset of ADF beneficiary countries that are also deemed eligible for TSF funding. The main objective 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). It is managed and administered by the Bank’s Transition States Coordination Office (RDTJS), in partnership with the Resource Mobilization and Partnerships Department (FIRM).

This TSF evaluation follows on closely from the evaluation of the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019). This latter “2020 Fragility Strategy Evaluation” was broad, and appraised components and tools used to achieve the Bank’s Strategy. The role of the TSF was assessed in this regard, but the assessment of the TSF instrument was not comprehensive given the wide scope of the Evaluation. The 2020 Fragility Strategy Evaluation did, however, trigger a conversation within the Bank on the need to develop a deeper understanding of the TSF instrument.

Despite several positive results and achievements, the 2020 Fragility Strategy Evaluation noted that the Bank’s work on reducing fragility continued to face limitations. These include the challenge of translating strategic engagements into fragility-sensitive programming, identifying entry points for building resilience in public and private sector operations, and balancing selectivity with flexibility for increased responsiveness. This current evaluation aims to provide a better understanding of how the TSF instrument can address these challenges.

Purpose and Scope of the Evaluation

The objective of this evaluation, therefore, is to examine the TSF in-depth and to generate lessons that would feed into future Bank planning, programming and strategic frameworks. It has evaluated the TSF holistically as a core instrument in the Bank’s toolbox for addressing fragility and, in particular, it has assessed the relevance, coherence, effectiveness, efficiency, and sustainability of the TSF instrument.

The evaluation takes a deep dive into the TSF activities over the 2014–2019 period. This period allows the evaluation to cover the two most recently completed ADF funding cycles (ADF-13 and ADF-14), as well as the implementation period of the Operational Guidelines for the Implementation of the Strategy.
for Addressing Fragility and Building Resilience in Africa (approved in January 2015), and of the TSF itself. The evaluation addressed the following core questions:

i. to what extent is the Transition Support Facility relevant to provide additional funding and operational flexibility in Regional Member Countries (RMCs) and regions in fragile situations?

ii. to what extent have TSF operations under the three pillars been effective in addressing fragility and building resilience?

iii. how efficiently and coherently have TSF-funded operations been managed and delivered?

iv. to what extent can the results generated by TSF-funded operations be considered sustainable?

v. what lessons can be learned to ensure the Bank optimises its use of the TSF to help RMCs and regions in fragile situations?

Methodology

The evaluation was guided by the Bank’s Independent Evaluation Policy, the international evaluation criteria, and the latest Evaluation Cooperation Group (ECG) Good Practice Standards for Public Sector Operations (ECG 2012). The evaluation was theory-based (see details in Technical Annex 1) and used both quantitative and qualitative methods. The evaluation benefitted from a substantial amount of relevant evaluation evidence generated by IDEV, together with other internal and external reviews.

The report’s evidence comes from a triangulation of data-collection methods to answer the evaluation questions. The evaluation was informed by five main lines of evidence: (i) a desk review, including collecting, organising and synthesising available relevant evaluations, internal audits, Bank policy and strategy documents, and documentation on TSF systems and procedures; (ii) interviews with Bank resource persons involved in the design, management or review of the TSF; (iii) online surveys, with three groups targeted for tailored questionnaires, namely the Board of Directors, Bank Management and Bank Staff; (iv) case studies of selected projects, with a purposive sample of Pillar I, II and III operations drawn from 13 TSF beneficiary countries for in-depth analysis; and (v) benchmarking with comparator institutions, with the evaluation reviewing TSF-like facilities used by three comparator institutions, namely the Asian Development Bank, the International Fund for Agricultural Development and the World Bank.

Limitations and Mitigation Measures

Data collection and analysis for the evaluation were desk-based due to the COVID-19 pandemic, and interviews with key stakeholders were conducted remotely. Limitations in the methodology include a low response rate in the online survey and gaps in the availability of relevant data to effectively assess the achievement of outcomes. The low response rate was mitigated by widening the scope of semi-structured interviews with key resource persons, while the limited availability of data for the outcome analysis was mitigated by the use of case studies. The use of triangulation further helped in mitigating these limitations.

Main Findings

Relevance: The evaluation assessed to what extent the TSF is relevant to provide additional funding and operational flexibility in RMCs and regions in fragile situations.

The TSF was found to be highly relevant to the RMCs and regions in fragile situations. It was especially important for Transition States receiving limited funding from the Bank’s PBAs. The TSF also performed well in terms of its flexibility, rapidity and responsiveness. Within the Bank, the TSF is the flagship instrument for supporting countries and
regions in fragile situations and has grown in financial importance during the ADF-13 and ADF-14 period, despite the overall decrease in ADF resources.

However, the evaluation identified some concerns regarding the scale of funding in relation to the needs, the limited degree of leverage being achieved, the effectiveness of the targeting and, to a lesser extent, the level of ownership of the TSF among Bank staff.

The TSF is deliberately structured to be flexible, as evidenced by the reserve of unallocated resources under Pillar I, which makes it possible for new initiatives to be financed without a prior adjustment of country allocations, as would be the case with PBAs. Pillar II operations support the clearance of long-standing debt arrears to restore credit-worthiness and thus enhance the development potential of fragile states. Pillar III supports critical capacity-building interventions and technical assistance that cannot be adequately supported through the Bank’s traditional instruments. It enables the Bank to meet the specific needs of RMCs, especially through the annual call for proposals, to provide tailor-made and country-driven initiatives. Furthermore, the TSF is programmed in such a way as to permit transfers between the three pillars, where priorities have changed and/or resources have remained undisbursed. For example, during ADF-14, there was a transfer of UA$ 89 million from Pillar II to Pillar I.

The TSF eligibility criteria have remained largely unchanged during both the ADF-13 and ADF-14 periods. The 2020 Fragility Strategy Evaluation found the eligibility criteria for TSF funding to be insufficiently flexible. Furthermore, the benchmarking study also identified similar challenges across the comparators. Nevertheless, the benchmarked International Financial Institutions (IFIs) have revised their eligibility criteria. Such a revision of the eligibility criteria by the TSF would serve to increase selectivity and transparency, while promoting further harmonisation and coordination with other multilateral and bilateral development partners.

Finally, although it has clearly defined objectives, the TSF does not have a robust results framework comprising appropriate performance indicators with baselines and specific targets to enable effective measurement, tracking and reporting on results, especially for outcome-level results, and the Bank’s contribution to development impacts in supported regions and RMCs.

**Coherence:** The evaluation examined the synergies and interlinkages between TSF-funded operations across the three pillars and other interventions of the Bank, as well as the consistency of TSF-funded operations with the interventions of other actors in the same context.

The performance on coherence was found to vary significantly by pillar and type of project. Overall, Pillar I and Pillar II operations scored well on coherence, whereas Pillar III operations did not.

The evaluation found the following:

i. Pillar I operations perform well on coherence, although this is mainly limited to those operations with co-financing from ADF PBAs.

ii. Pillar II operations had the highest level of coherence compared with the other two pillars. The Pillar II case studies in Somalia and Sudan provide strong evidence of close collaboration and coordination with IFIs and other development partners.

iii. The coherence of Pillar III operations, based on the selected sample of projects, is somewhat mixed. For example, the requirement to adhere to specific themes for each call for proposals may have contributed to the fragmentation of projects in some instances.

**Effectiveness:** The effectiveness of the TSF was assessed by examining the extent to which TSF operations under the three pillars delivered the planned results (outputs and outcomes), and how these have contributed to enhanced resilience and reduced vulnerability in RMCs and regions in fragile situations.
Overall, the available evidence on the effectiveness of TSF operations points to a mixed performance across the three pillars, with Pillar II operations being most effective after concluding arrears clearance operations in Somalia (2020) and Sudan (2021) and contributing to reduced vulnerability and increased resilience. The performance of Pillar I and Pillar III operations was mixed but generally poorer than that of non-TSF-funded projects.

The evaluation found the following:

i. The available documentation shows a relatively low percentage of Pillar I projects achieving a satisfactory or higher rating on effectiveness - 57 percent as assessed from Project Completion Reports (PCRs) and only 33 percent as assessed from Project Performance Assessment Reports (PPARs).

ii. Pillar II operations were the most effective, especially in terms of development outcomes, concluding arrears clearance operations in Somalia (2020) and Sudan (2021), in collaboration with other IFIs. These have resulted in a major change in the credit-worthiness, and thus the development potential, of these two countries. This success is partly attributable to complementary Pillar I and Pillar III projects that helped create a positive enabling environment, and the requisite capacities to manage the arrears clearance process.

iii. Two-thirds of the Pillar III projects assessed had satisfactory ratings for effectiveness, but this was mainly the result of achieving planned output targets, with limited evidence of progress against outcomes and impacts.

iv. The contribution to reducing fragility and increasing resilience by Pillar I and Pillar III operations was hampered by the weak design of programmes and projects, as well as inadequate results monitoring and reporting frameworks at the project and facility levels.

The evaluation findings suggest a number of reasons for limited effectiveness. First, there are indications that the design of Pillar I and Pillar III projects does not adequately address the complexity of customising projects to the difficulties of operating in situations of fragility. The Bank’s strategy aims to address this concern through the systematic application of the fragility lens, but the 2020 Fragility Strategy Evaluation noted deficiencies in the coverage of training on fragility issues, particularly regarding sectoral and operations staff. Second, the modest scale of funding seems likely to limit the effectiveness and sustainability of impacts, most particularly in relation to Pillar III, the impact of which is further reduced by the short timeframes for which funding is made available. Third, as noted in the previous section, the Pillar III case studies indicate shortcomings in the coherence of projects with other initiatives, and deficiencies in the structures and mechanisms of collaboration.

Efficiency: The evaluation examined the TSF operations’ efficiency in terms of timeliness of implementation and completion, disbursement times and rates, and perceptions on the level of transaction costs involved in TSF implementation.

Overall, the findings indicate 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.

The evaluation found the following:

i. Timeliness: Although TSF projects performed better than non-TSF projects in terms of time to signature and entry into force, they performed worse than non-TSF projects in terms of timeliness of completion. Only 71 percent of TSF-funded projects had a completion time rated at least satisfactory, compared with 91 percent of non-TSF-funded projects in fragile countries. In addition, TSF projects experienced significant delays. On
average, there was a delay of more than two years (24.6 months) between planned and actual completion dates, while the delay for non-TSF-projects in fragile countries averaged 16 months.

### ii. Disbursement

The Portfolio Review indicated that, compared with non-TSF projects, the time to first disbursement was lower for TSF projects by 2.3 months during ADF-13 and by 1 month during ADF-14. Unfortunately, the efficiencies in time to first disbursement were not reflective in the disbursement ratios, which depend on implementation progress of projects started in each funding cycle. Consequently, the disbursement ratio for ADF-12 of 94.8 percent was higher than that of ADF-13 at 74 percent, with the ADF-14 having the lowest ratio of 36.5 percent as of May 2021. With regard to Pillar II operations, allocations were not disbursed as foreseen, requiring a partial roll-over of allocations from ADF-13 to ADF-14, and a full roll-over from ADF-14 to ADF-15.

### iii. Transaction costs

Available evidence on Pillar I operations indicated that transaction costs were reasonably controlled. However, Pillar II operations scored poorly on transaction costs. In particular, the process of programming and committing Pillar II allocations was characterised by a number of challenges. Transaction costs also emanated from the legal impediments preventing the use of ADF resources to clear ADF arrears (Article 15.8 of the ADF Charter), as well as protracted collaborative arrangements with other IFIs to reach consensus before the process of clearing areas commenced. Pillar III projects also scored poorly on transaction costs. The evaluation points to the small scale of Pillar III projects vis-à-vis the wide variety of objectives that Pillar III projects address as being the main issue. Given their small scale, only limited resources could be dedicated to design and management, but because many Pillar III projects were complex they actually required significant time and resources.

### Sustainability

The evaluation assessed to what extent the results generated by TSF-funded operations could be considered sustainable and the extent to which the Bank’s procedures promote and ensure the sustainability of results. This assessment covers financial and institutional sustainability and the sustainability of operational results.

Overall, 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. At the operational level the performance among the pillars is mixed.

Ninety-five percent of the respondents of the online survey indicated that they were aware of the TSF and that they felt a sense of ownership of TSF operations. However, this observation is only considered as indicative, owing to the limited number of respondents. In contrast, resource persons interviewed expressed the view that Bank staff and potential beneficiaries were not sufficiently aware of the TSF. In terms of financial sustainability, the Bank and its ADF partners’ decision to increase the ADF-13 and ADF-14 allocations to the TSF in a context of declining overall ADF resources demonstrated the Bank’s commitment towards increasing its support to Transition States. However, to remain financially viable, the TSF needs to improve its capacity to leverage external funding, which was considered very modest during the period under review. At the institutional level, the TSF has a clear institutional anchoring, being managed by RDTS in collaboration with FIRM and other departments of the Bank’s finance complex.

Evidence on the sustainability of Pillar I projects shows mixed performance, with less positive case study results which may be a result of a small sample size while the Portfolio Review based on Project Completion Report Evaluation Notes (PCRENs), indicated that 90 percent of co-financed TSF-funded projects and 80 percent of projects only funded by TSF resources were rated as satisfactory or better.
While it is still too early to assess the sustainability of the results achieved through Pillar II operations, there are concerns relating to the lack of sufficient legal assurance and a structured programme post-arrears clearance phased to prevent countries from falling back into arrears. The Bank’s Legal Service is currently drafting a new policy aimed at reducing this risk.

The Pillar III case study indicates that the performance with respect to sustainability appears to be generally satisfactory, although the findings can only be considered as indicative given the small purposive sample of projects. Four out of six projects assessed achieved satisfactory ratings for sustainability due to positive ratings for institutional capacity development and project ownership by stakeholders during the design step. Pillar III projects are initiated through a call for proposals, which enhances the ownership of projects. However, there are concerns over the involvement of key coordinating ministries, inadequate sustainability plans, and the sustainability of a PIU-based model of implementation. The findings are also less positive regarding the practicality of the Bank’s procedures to promote and ensure the sustainability of TSF results. Although improvements were consistently introduced by the Bank during the ADF-13 and ADF-14 periods, evidence points to a number of areas where greater investment is needed in order to plan more effectively for sustainable results, and to monitor progress towards this goal.

**Lessons**

The following are the key lessons from this evaluation:

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

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

**Lesson 3:** Strong partnerships and collaboration among the Bank, RMCs and other multilateral and bilateral development partners are critical for the success of TSF operations.

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

**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 regions and countries in fragile situations, but also to ensure more effective implementation and to increase the likelihood of sustainability.

**Recommendations**

IDEV makes the following recommendations:

**Recommendation 1:** Enhance the quality of project design, implementation, monitoring, and the reporting of results of TSF operations, tailoring them better to the difficult implementation context of fragile situations. The Bank is advised to put in place adequate mechanisms to monitor and track TSF results throughout the project cycle to: (i) improve TSF project designs with clear results frameworks that are adequately funded and last long enough to achieve the envisaged development
An IDEV Thematic Evaluation

results; (ii) promote continued attention for TSF operations during project implementation; and (iii) improve measurement and reporting on the results achieved.

**Recommendation 2:** Increase the scale of funding for the TSF through greater leverage of external funding, as well as through the use of other Bank financial instruments. The Bank is advised to develop an appropriate and proactive strategy to attract additional “leveraged” resources through: (i) establishing the right balance between flexibility and selectivity; (ii) focusing on developing a programme with clearer linkages between funding and targeted results; and then (iii) promoting these TSF intervention packages to potential traditional and non-traditional partners across the Humanitarian, Development and Peace nexus.

**Recommendation 3:** Review the eligibility criteria of the TSF and if necessary, its pillar structure. This should be undertaken with a view to enabling the TSF instrument to better address structural issues, pockets of conflict, emerging fragility, and crisis-related issues in Transition States and non-Transition States.

**Recommendation 4:** Improve the efficiency and the sustainability of the Bank’s support for arrears clearance. The Bank is advised to explore ways to enhance the programming and utilisation of Pillar II resources and to reduce the transaction costs for Pillar II operations. With regard to sustainability, points for attention include legal assurance and post-arrears clearance support programmes to minimize the risk of countries falling back into arrears.
Management Response

Management welcomes IDEV’s evaluation of the Transition Support Facility (TSF). The evaluation draws a comprehensive picture on strengths and weaknesses underpinning the design and implementation of TSF-funded interventions. Management agrees with most of the evaluation’s findings, lessons, and recommendations. These provide valuable and timely inputs to the operationalization the Bank’s 2022–2026 Strategy for addressing fragility and building resilience in Africa, as well as the review of the TSF foreseen under the negotiations of the sixteenth replenishment of the African Development Fund (ADF-16). This note presents Management’s responses to key issues raised by the evaluation and provides planned actions in line with its recommendations.

Introduction

The Bank’s 2022-26 strategy for addressing fragility and building resilience in Africa (hereafter ‘the 2022 Strategy’) identifies ‘financing’ as one of the key operational levers necessary for its successful implementation. While it sets the ambition to create stronger synergies between the Bank’s full range of sovereign and non-sovereign instruments, it seeks to scale-up the value addition of the TSF by mainstreaming tailored resilience-based considerations in its programming and operations.

Management therefore values IDEV’s evaluation of the TSF and takes note of the following lessons:

- The unique structure and multifaceted design of the TSF, which also embodies flexibility, has enabled the Bank to respond effectively to the multidimensional needs of transition states.
- Success in reducing the structural drivers of fragility requires a continuous commitment over time and significant financial resources.
- Strong partnerships and collaboration among the Bank, RMCs, and other multilateral and bilateral development partners are critical for the success of TSF operations.
- Greater flexibility of eligibility criteria would allow the TSF to address a wider range of drivers and pockets of fragility in non-transition states, and to anticipate the risks of new countries or regions from falling into fragility.
- Robust monitoring, evaluation and reporting are critical not only to enhance the Bank’s accountability and learning in its support to regions and countries in fragile situations, but also to ensure more effective implementation and to increase the likelihood of sustainability.

Management is internalizing these lessons and firmly willing to use them to guide the operationalization of the 2022 Strategy and shape the direction of the ADF-16 negotiations.

Relevance

Management welcomes the ‘highly relevant’ rating indicated in IDEV’s report with respect to the relevance of the TSF in providing additional funding and operational flexibility in RMCs and regions in fragile situations. The evaluation also indicates that the TSF has performed well in terms of flexibility, rapidity, and responsiveness. It underscores that these features rely on the TSF unallocated
reserve, which can finance new initiatives without a prior adjustment of country allocations, and the possibility of the Facility to transfer resources between its three pillars in case priorities change and/or resources are unutilized.

Meanwhile the evaluation finds that more needs to be done to increase the scale of the TSF size, its financial leverage, as well as its ownership among the Bank staff. It also highlights the need to establish a robust results framework to enable an effective measurement of the TSF performance.

While agreeing with these findings, in line with the action plan of the 2022 Strategy, Management firmly commits to: (i) scaling up the internal ownership of the Facility; (ii) sustaining resource mobilization efforts from traditional and non-traditional donors; (iii) bolstering financial synergies with the Bank’s existing instruments, including the ADB private sector window, de-risking, and guarantee instruments; (iv) forging opportunities of greater partnerships, co-financing, and private sector engagement in the design and implementation of TSF-funded projects; and (v) strengthening the accountability, monitoring, and reporting of the TSF activities through a dedicated dashboard to help measure the performance and the efficiency of its portfolio of operations.

In addition, the evaluation pinpoints the rigidity of the TSF eligibility criteria and recommends introducing greater flexibility to extend the Facility’s capacity to cope with pockets of fragility beyond transition states. Management concurs with this recommendation, which aligns with its proposal discussed with the ADF shareholders under the ADF-16 Working Group. Under the upcoming ADF-16 replenishment negotiations, Management looks forward to building on this recommendation and further refining the TSF eligibility criteria, alongside the proposed programmatic approach, to reach a better balance between ‘flexibility’ and ‘selectivity’ while addressing pockets of fragility, structural vulnerabilities, and situations of emerging crises in transition states, and beyond.

**Coherence**

Management welcomes the good level of coherence indicated for operations funded through the Supplemental Financing Window (Pillar I) and the Arrears Clearance Window (Pillar II) of the TSF and recognizes the importance of maintaining a strong consistency in the Facility’s programming and implementation in complementarity with the internal and external instruments.

Based on the successful arrears’ clearance operations in Somalia (2020) and Sudan (2021), Management agrees on the strong coherence of Pillar II of the TSF. This is mainly explained by the coordinated nature of this type of operations that entails a prior coordination process leading to a collective convergence of all financiers towards a common debt resolution agreement.

Management also takes note of the lower coherence observed by the evaluation in programs financed through the TSF Targeted Support Window (Pillar III). Based on a selection of sample projects from ADF-13 and ADF-14, it is stated that there is limited evidence of internal and external synergies between TSF Pillar III programs with other development projects. According to IDEV, this might be due to the requirement to adhere to specific themes set for each call for proposals for Pillar III resources.

Management acknowledges the small scale of TSF Pillar III resources and has already taken action to maximize the impact of their capacity building and technical assistance programs in synergy with other instruments to support larger scale infrastructure and regional integration projects. Moreover, thematic calls for proposals of TSF Pillar III are increasingly focusing on activities to complement the Bank’s comparative advantage by working effectively with partners across the humanitarian, development, and peacebuilding (HDP) nexus.

In this context, since the onset of the COVID-19 pandemic in 2020, the TSF Pillar I and Pillar III have also proven their capacity to be highly
Management Response

An IDEV Thematic Evaluation

coherent in addressing root causes of fragility, bridging institutional capacity gaps, and enabling action-driven partnerships with humanitarian and peacebuilding actors on the ground. Examples of TSF Pillar III interventions include the joint programming with the International Committee of the Red Cross (ICRC) for the economic empowerment of women in conflict zones in the Sahel region and the capacity building program provided to the G5 Secretariat in support of the implementation of a COVID-19 response with the United Nations High Commissioner for Refugees (UNHCR) for the benefit of refugees, forced displaced persons, and host communities.

Abiding by the selectivity principle, Management has already taken steps to guide the utilization of TSF resources by the rigorous application of the fragility lens and the systematic quality assurance through the Enhanced Readiness Reviews. The Facility is increasingly creating synergies with other financing instruments, generating value addition, and promoting resilience-based considerations in operations. Looking forward, under the operationalization of the 2022 Strategy and the upcoming review of the TSF under the ADF-16 discussions, Management will further create interlinkages between TSF funded operations and other internal and external sources of financing.

**Effectiveness**

In terms of delivering anticipated outputs and outcomes, IDEV concludes that the effectiveness of the TSF has varied across its three pillars.

Just as the debt reliefs of Somalia and Sudan have shown a strong consistency, the evaluation finds that the execution of these Pillar II operations enjoys the highest level of effectiveness. In addition to the external coordination and the good preparedness of such operations, there is evidence of their immediate outcome on creditworthiness, which contributes to creating a positive impact on the development prospects by reopening the space for collaboration with financial institutions and the international community.

Management appreciates the evaluation’s recognition of the overall effectiveness of the outputs of TSF Pillar III programs and concurs that they have a positive catalytic effect when integrated with Pillar I and Pillar II projects. As observed by the evaluation, despite its little pool of resources, Pillar III has the advantage of providing targeted capacity building and technical assistance activities that could not easily be undertaken through traditional institutional support projects and that have the potential to improve the overall operational environment, to allow implementation of greater and more impactful hard infrastructure operations.

In recognition of its limited envelope, a priority was given in ADF-15 to TSF Pillar III activities with high impact, innovative character, strategic positioning, and potential for scaling up.

Notwithstanding the fact of achieving planned outputs, the evaluation concludes there is limited evidence clearly demonstrating the achievement of outcomes and impacts through Pillar III programs. The evaluation concludes that this is mainly due to the limited funding, scope, and timeframe of these programs. It particularly gives the example of the limited attention given to activities supporting private sector development.

While agreeing with this diagnostic, Management will build on the ADF-16 Working Group discussions and continue exploring options under the negotiations of the ADF-16 replenishment to expand the scope of the facility’s interventions, including upstream activities for enhancing the business environment. Among others, these options will aim to achieve transformational results with greater funding and longer time scales.

As for Pillar I, Management understands that the evaluation finds that only 12 projects out of a sample of 21 completed TSF-funded projects (57%) in transition states have achieved a ‘satisfactory’ or better rating of effectiveness. Meanwhile, in a
demonstration of the catalytic role of the Facility when working with other financing instruments. Management notices that, out of 8 TSF Pillar I co-funded projects, 7 were among the most effective in the sample (88%).

Management agrees on the need to constantly sustain efforts to improve the effectiveness of TSF Pillar I investments to achieve anticipated outputs and outcomes. Meanwhile, it should be recognized there are structural challenges that underpin the operating environment in transition states, especially those affected by conflict, weak institutional capacity, and political instability. The evaluation confirms this as it indicates that a lower percentage of only 45% of non-TSF projects implemented in transition states have met a ‘satisfactory’ or better rating of effectiveness.

The outcomes of the analytical case studies clearly demonstrate the significant contribution of TSF Pillar I to the development of national capacities, the enhancement of economic management, and the delivery of public services in transition states. Moreover, the e-survey further triangulates the findings and reflects the highly effective impact of Pillar I operations in increasing access to basic services, as perceived by Bank staff.

The evaluation states that the achievement of outcomes and high-level results has been constrained by inadequacies in the monitoring and reporting frameworks, both at the facility and the project level. It suggests that this might be another reason that impairs the ability to capture TSF results, even when they were effectively achieved.

The regular use of the Bank’s Executive Dashboard will support a stronger monitoring of the TSF portfolio. Moreover, the Bank overhauled its approach to results planning and revised its Results-Based Logical Framework (RBLF). Since 2021, TSF operations, require: (i) a theory of change underpinning the intervention; (ii) a simplified results framework with a limited number of measurable and realistic indicators; (iii) a separate monitoring plan to ensure that data can be collected; and (iv) a risk-to-results matrix. In addition, through the Enhanced Readiness Review, project teams are now regularly questioned when targets seem over-ambitious. While these tools facilitate tailoring for different contexts, work will be undertaken to further look at the specificities of fragile situations, including the sizable resources needed for results monitoring and reporting.

Efficiency

Management notes with satisfaction the performance stated by the evaluation in terms of the rapid start-up of TSF operations, particularly with respect to time to signature and entry into force. Management also takes note of the longer time needed for the completions of TSF operations, as well as the observed delays in their execution, as compared to non-TSF operations.

In terms of disbursement, the evaluation finds that time to first disbursements after approvals are generally faster for TSF operations. It also points to delays in follow-up disbursements during implementation, but there is no evidence of performance being inferior to non-TSF operations. Moreover, the evaluation indicates that the costs of TSF Pillar I operations were reasonably controlled, whereas Pillar II and Pillar III operations have higher costs during the design and implementation phases. For example, the evaluation notes that, given the complexity of the issues to address, Pillar III programs required a relatively significant amount of time and resources compared to their small scale. Delays during the execution of such programs further increase their costs.

Cognizant of the challenges underpinning the operating environment, the evaluation alludes to weaknesses in national capacities and project implementation units that generally undermine the implementation performance and the cost of development projects. It particularly refers to inefficiencies of National Audit Institutions and recurrent changes in their working procedures as factors delaying the execution of TSF programs.
Management appreciates and agrees with this contextualization and will endeavor to further enhance the efficiency of TSF interventions going forward. Meanwhile, in coherence with the ‘patience’ guiding principle of the 2022 Strategy, Management is of the view that transition states are prone to episodes of instability. Therefore, the Bank will be a patient and long-term partner, helping to create the stability required for incremental progress in strengthening capacity of national institutions and implementing units on core operational functions. In this context, the TSF should remain engaged even during phases of instability and conflict, while adapting its support, if necessary, at the expense of efficiency, execution performance, and transaction costs.

The evaluation notes that there was high transaction cost associated with Pillar II operations. It also observes that the clearance processes for Somalia and Sudan required a rollover of TSF Pillar II resources over two consecutive ADF cycles. Both the transactions costs and the rollover are fundamentally inherent to the model that was agreed with ADF Deputies in the course of ADF-13 and ADF-14. The rollover of resources from one ADF cycle to another is required, in large part, to accommodate the economic uncertainties and political sensitivities around arrears clearances. Another important factor that needs to be considered is the need to coordinate the Bank’s actions with the International Monetary Fund (IMF), the World Bank (WB), and other key members of the international community. Against this background, the rollover of resources enabled the Bank to engage on a credible dialogue with national authorities and partners, while allowing for a quick turnaround in mobilizing partners towards an effective and well-coordinated arrears clearance for both countries.

**Sustainability**

Management welcomes the overall ‘satisfactory’ rating provided by the evaluation to the sustainability of achieved results throughout the three pillars and takes a careful note of the recommended avenues to improve the Facility’s leveraging of external funding and its ownership.

As indicated by the evaluation, co-financing has raised to more than 90% the proportion of TSF Pillar I operations rated ‘satisfactory’ or better in terms of sustainability of results. Management recognizes the positive impact of working in complementarity with partners on the long-term sustainability of TSF operations. In this context, actions have already been taken in ADF-15 to forge action-driven partnerships and monitor co-financing in the Bank’s operations, which in itself has been elevated to become a corporate KPI. This allowed to leverage UA 617 million for co-financed operations from UA 71 million engaged through TSF Pillar I in 2020 and 2021. In line with the ‘partnerships’ principle of the 2022 Strategy, Management is committed to keeping on this approach and looks forward to building greater collaboration around the TSF with HDP partners.

While noting with satisfaction the strong perception of financial sustainability and country ownership of TSF Pillar I operations, Management recognizes the need to strengthen operational procedures to plan more effectively for sustainable results. In the context of Pillar II operations, this entails sustaining lending and policy dialogue interventions to prevent the risk of countries falling back into arrears. As for ‘ownership’, the operationalization of the 2022 Strategy provides a renewed opportunity for working more closely with governments, implementation units, non-state actors, and beneficiary communities, listening and supporting their priorities, and putting them at the center of the TSF engagement.

In terms of financial sustainability, Management remains committed to do more for mobilizing additional resources in the TSF from bilateral contributions. Management also looks forward to making a strong case for the Facility—in complementarity with the full range of the Bank’s sovereign and non-sovereign
instruments—to sustain its financial capacity at the upcoming ADF-16 replenishment.

**Conclusion**

Lessons and recommendations provided in the evaluation present a valuable body of knowledge that will inform the implementation of the TSF during the operationalization of the 2022 Strategy.

Equally, building on the ADF-16 Working Group discussions, the evaluation will help Management to shape its proposals for the holistic review of the Facility under the upcoming ADF-16 negotiations.

Most of the recommendations are in line with the thrust of the 2022 Strategy and the proposals initiated under ADF-16 Working Group. This gives Management confidence that the TSF is moving in the right direction.

<table>
<thead>
<tr>
<th>IDEV's Recommendation</th>
<th>Management Response</th>
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<tbody>
<tr>
<td><strong>Recommendation 1</strong>: Enhance the quality of project design, implementation, monitoring, and the reporting of results of TSF operations, tailoring them better to the difficult implementation context of fragile situations.</td>
<td><strong>AGREED</strong> — Management agrees with this recommendation.</td>
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<tr>
<td>- Improve the design of TSF operations with clear results frameworks that are adequately funded and last long enough to achieve the envisaged development results.</td>
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<td>- Promote continued attention for TSF operations during project implementation.</td>
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<td>- Improve measurement and reporting on the results achieved.</td>
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<td>Further actions:</td>
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<td></td>
<td>1. SNOQ and RDTS will work with relevant operational units to ensure that all new TSF operations adequately consider the new results tools and apply the fragility lens, including the design of context-specific implementation arrangements. This also includes advising task teams to ascertain targets are realistic given the timeframe and the size of each project, as well as the operating context. [SNOQ, and RDTS, Q2 2022]</td>
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<td></td>
<td>2. SNOQ and RDTS will work with relevant operational units to increase the compliance of TSF operations with the Bank's monitoring and project completion reporting requirements. This will improve the coherence of TSF operations, as well as availability of robust results data. [SNOQ, and RDTS, Q4 2023]</td>
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<td>IDEV's Recommendation</td>
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<td><strong>Recommendation 2:</strong> Increase the scale of funding for the TSF through greater leverage of external funding, as well as through the use of other Bank financial instruments.</td>
<td><strong>AGREED</strong> — Management agrees with this recommendation.</td>
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<tr>
<td>— Establish the right balance between flexibility and selectivity.</td>
<td>Further actions:</td>
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<tr>
<td>— Focus on developing programs with clearer linkages between funding and targeted results.</td>
<td>3. FIRM will work with RDTS, and relevant operational and sectoral units, to mobilize resources, from traditional and non-traditional sources, and channel more funding to fragile and conflict-affected situations, leveraging the flexibility of the TSF and promoting synergies with other Bank instruments. [FIRM, and RDTS, Q4 2023]</td>
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<td>— Promote TSF intervention packages to potential traditional and non-traditional partners across the Humanitarian, Development, and Peace nexus.</td>
<td>4. FIST will work with RDTS and SNDR, and relevant operational and sectoral units, to increase and monitor external co-financing for projects and initiatives in fragile and conflict-affected situations. [FIST, and RDTS, Q4 2022]</td>
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<td><strong>Recommendation 3:</strong> Review the eligibility criteria of the TSF, and if necessary, its pillar structure.</td>
<td><strong>AGREED</strong> — Management agrees with the recommendation.</td>
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<tr>
<td>— This should be undertaken with a view to enabling the TSF instrument to better address structural issues, pockets of conflict, emerging fragility, and crisis-related issues in transition states and non-transition states.</td>
<td>Further actions:</td>
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<td></td>
<td>5. RDTS will work with FIRM, and relevant units, to build on the outcomes of the ADF-16 Working Group and pursue discussions under the ADF-16 negotiations on the holistic review of the TSF—including the structure of the TSF, its eligibility criteria, and the proposed programmatic approach—to help reach the right balance between the need to selectively address structural issues, prevent negative turnarounds, and respond flexibly to crisis situations. [RDTS, and FIRM, Q2 2023]</td>
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<tr>
<td><strong>Recommendation 4:</strong> Improve the efficiency and the sustainability of the Bank’s support for arrears clearance.</td>
<td><strong>AGREED</strong> — Management agrees with the recommendation.</td>
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<tr>
<td>— The Bank is advised to explore ways to enhance the programming and utilization of Pillar II resources and to reduce the transaction costs for Pillar II operations. With regard to sustainability, points for attention include legal assurance and post-arrears clearance support programs to minimize the risk of countries falling back into arrears.</td>
<td>Further actions:</td>
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<td></td>
<td>6. FIRM and RDTS will work with relevant units to develop an arrears clearance framework including considerations for efficiency and post-arrears clearance support, coordinated with the WB and the IMF. [FIRM, and RDTS, Q4 2025]</td>
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<td>7. Consistent with the Bank’s Multidimensional Action Plan for the Management and Mitigation of Debt Distress Risks in Africa, ECGF will work with RDTS, and relevant units, to sustain lending and policy dialogue interventions that minimize the risk of countries falling (back) into arrears. [ECGF, and RDTS, Q4 2025]</td>
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Introduction

Background and Objective

An evaluation of the African Development Bank Group’s (AfDB’s) Transition Support Facility (TSF) was introduced in the Independent Development Evaluation function’s (IDEV’s) 2021 work program, following a request from the Bank’s Committee on Operations and Development Effectiveness (CODE). The evaluation follows on from IDEV’s 2020 evaluation of the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019) (the 2020 Fragility Strategy Evaluation), and serves to inform further decision-making about the TSF.

The 2020 Fragility Strategy Evaluation was broad and appraised the components and tools used to achieve the Bank’s Strategy. The role of the TSF was assessed in this regard, but the assessment of the TSF instrument was not comprehensive given the wide scope of the evaluation. The 2020 Fragility Strategy Evaluation did, however, trigger a conversation on the need to have a deeper understanding of the TSF instrument and, in particular, its contributions to reducing fragility and building resilience. Therefore, the main purpose of this evaluation is to examine the TSF in-depth and to generate lessons that can feed into future Bank planning, programming and strategic frameworks.

Rationale

There are several justifications for evaluating the TSF at the present time. These can be separated into three main reasons, as follows:

- The important role the TSF has played in the Bank’s interaction with countries experiencing situations of fragility and/or transitioning from fragility;
- The need to explore further the important issues raised in previous evaluations of the 2014 Fragility Strategy; and
- The need for an evidence-based evaluation of the TSF instrument to feed into: (i) the Bank’s reassessment of its broader strategy and engagement with countries experiencing situations of fragility, and (ii) the forthcoming ADF-16 replenishment discussions in 2022.

The Bank’s Transition Support Facility (2014–2019)

The TSF was established with a specific mandate to address fragile situations. The TSF targets a subset of African Development Fund (ADF) countries that are deemed eligible for TSF funding. The main objective of the TSF is to provide additional funding and operational flexibility for Bank operations in eligible countries classified as being in fragile situations. This allows the Bank to assist eligible Regional Member Countries (RMCs) to address fragility issues and build resilience. The facility is managed and administered by the Transition States Coordination Office (RDTS), in partnership with the Resource Mobilization and Partnerships Department (FIRM). Together, RDTS and FIRM are responsible for ensuring proper management, financial administration and reporting of TSF activities, in line with commitments under the respective ADF cycles.

The TSF and its predecessors have historically been closely aligned with the Bank’s overarching...
strategy and policies related to fragility (Figure 1). The AfDB was one of the first multilateral organisations to embrace the fragility agenda and to institutionalise it as part of its business model. In 2004, the Bank established the Post-Conflict Country Facility (PCCF) to assist post-conflict countries in clearing their arrears to the Bank. This was the first specific instrument targeting the unique challenges faced by Transition States. A year later, in 2005, the Bank introduced a Post-Conflict Enhancement Factor (PCEF) into the formula of the Performance-Based Allocation (PBA) system in ADF-10, again with the aim of specifically targeting what were then classified as fragile states. In 2008, during ADF-11, the PCCF was transformed into the Fragile States Facility (FSF) because the Post-Conflict Enhancement Factor (PCEF) in the PBA formula was found to be insufficiently effective at allocating additional resources to fragile states.

In 2015, the FSF was renamed the Transition Support Facility (TSF) and aligned with the 2014–2019 Strategy for Addressing Fragility and Building Resilience in Africa (hereafter the “2014 Fragility Strategy”). Unlike the 2008 Strategy for Enhanced Engagement in Fragile States (SEEFs) that emphasised Fragile States, the 2014 Fragility Strategy shifted its focus to situations of fragility. In considering situations of fragility, the 2014 Fragility Strategy is based on an understanding of fragility as a condition of elevated risk of institutional breakdown, societal collapse or violent conflict. The 2014 Fragility Strategy sees situations of fragility as cross-border phenomena and as issues that need to be addressed in order to minimise the risks posed to Africa’s development potential. Central to the 2014 Fragility Strategy is the application of the fragility lens. The application of the fragility lens in the Bank’s engagement refers to the use of a range of analytical tools that assess and monitor the drivers and manifestations of fragility, their interactions, the political economy behind the changes, and the role of the Bank. Such tools include watching briefs, and country and regional fragility assessments, each of which are designed to better inform the Bank’s engagement with countries and regions experiencing situations of fragility. In terms of operational engagement in these contexts, the TSF is a key instrument.

The TSF is an integral tool for achieving the objectives under the Bank’s 2014 Fragility Strategy and, by extension, its development

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**Figure 1:** Timeline of Fragility-related Policies within the Bank

- **2004**
  - Establishment of Post-Conflict Country Facility (PCCF)
- **2005**
  - Introduction of Post-Conflict Enhancement Factor to channel more resources to transition countries under allocation of ADF-10
- **2008**
  - Adoption of the Bank Group’s Ten-Year Strategy (2013-2022)
  - High Level Panel on Fragile states
  - FSF renamed as Transition Support Facility (TSF)
- **2013**
  - PCCF evolved into Fragile States Facility
- **2014**
- **2015**
  - Adoption of the High 5s
- **2016**

goals on the African continent. According to the Operational Guidelines for the Implementation of the 2014 Fragility Strategy (p.19): “The use of resources of the TSF is determined within the framework of the Strategy for Addressing Fragility and Building Resilience (2014–2019) in support of the operational priorities articulated in the Bank’s Ten-Year Strategy.” Based on its current structure, the TSF aims to target situations of fragility, build resilience, and impact on development through its three pillars of funding. It is structured into three financing windows, namely: (i) the Supplemental Support Window (Pillar I); (ii) the Arrears Clearance Window (Pillar II); and (iii) the Targeted Support Window (Pillar III). Figure 2 illustrates the objectives of the three pillars, as established in 2015 and applied under ADF-13 and ADF-14.

The TSF is one of the main instruments used by the Bank to channel financial resources to the least-developed countries in Africa. The TSF funding accounted for 26 percent of total resources allocated to Transition States during the 2014–2019 period. Resources allocated to the TSF increased by 7.5 percent between ADF-13 and ADF-14, rising from UA 661.5 million to UA 711.15 million, despite an overall decline in ADF funding of 17.9 percent over the same period. The increase in resources allocated to the TSF under the ADF-14 cycle demonstrates the

Figure 2: Three-pillar Structure of the Transition Support Facility

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**TSF**

The TSF is managed and administered by ORTS, in partnership with FNVP (in particular FRMB, FFCO, FFMA and FTRY).

### I. Supplemental support

**Objective:** Supplements PBA allocations to eligible countries for country and regional programs aimed at supporting their transitions towards greater resilience.

**Eligibility:** ADF-only countries identified by ORTS/FRMB based on quantitative and qualitative assessments.

**Resources:** The resource envelop is determined during each ADF cycle and through mobilization of additional resources. Re-allocation of resources between Pillars is possible, subject to review and approval by the Board of Directors and/or ADF Deputies.

**Financing terms:** Pillar I is a mix of grants and loans in line with PBA. Pillars II and III are grants.

### II. Arrears clearance

**Objective:** Provides grant resources to assist in the clearance of arrears of eligible countries, thus enabling them to gain access to broader debt relief and to normalize relations with the Bang Group and the international community.

### III. Targeted support

**Objective:** Provides grant resources to support capacity building and technical support activities that cannot otherwise be provided through the Bank Group’s existing instruments and programs.

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Note: ORTS is now designated as ROTS and FRMB as FIRM. FIRM now has the lead role on Resource Mobilization and External Finance, assimilating the role previously played by the Complex of the Finance Vice President (FRVP) and its various sub-units, FFMI, FFMA and FTRY.
Bank’s commitment towards increasing its support to Transition States in line with its 2014 Fragility Strategy. Over the 2014–2019 period, both Pillars I and III had high absorption rates. Through these two pillars, the Bank financed 88 projects in 21 Transition States between 2014 and 2019, with a cumulative absorption rate of 95 percent (2020 Fragility Strategy Evaluation, p. iii).

The key elements that emerge from the quantitative analysis of (i) portfolio data, and (ii) a country database undertaken by the evaluation team are as follows:

- Out of the 37 ADF-eligible countries, 18 accessed TSF resources under ADF-13, rising to 21 under ADF-14. Côte d’Ivoire graduated out of Transition States status after ADF-13, while three new countries became eligible for TSF support, namely Gambia, Niger and Mozambique.

- The evolving use of the TSF is also observed in the regions covered during the two cycles. During both the ADF-13 and ADF-14 cycles, the projects funded under Pillar I covered four regions. During ADF-13, the West Africa region received most of the funding, representing 39 percent, followed by the East Africa region with 29 percent and the Central Africa region with 25 percent. During ADF-14, the East Africa region was the region with the highest share of approvals (35 percent), followed by the West Africa region (32 percent), the Central Africa region (26 percent) and the Southern Africa region with only 7 percent. Performance-Based Allocations (PBAs) to TSF beneficiary countries were marginally higher than total TSF allocations under Pillars I and III. For the majority of countries, TSF allocations and PBAs are similar, but under ADF-13, Liberia, Togo and Zimbabwe and under ADF-14 Sierra Leone, Somalia and South Sudan, received TSF allocations that were at least double their PBAs. Thus, TSF allocations were sufficient to complement PBAs and also to provide a ‘safety net effect’, in cases where PBAs are particularly low.

- The number of sectors covered by the TSF increased from six to nine between ADF-13 and ADF-14, indicating an expansion in the sectoral focus of the TSF.

- The importance of Policy Based Operations (PBOs) also increased between ADF-13 and ADF-14, expanding from UA 148 million (23 percent of approvals) to UA 362 million (33 percent of approvals).

- There is an increasing number of multi-country projects funded by the TSF, from 15 projects during ADF-13 to 37 projects during ADF-14. This represents about 16.7 and 19 percent, respectively, of the total TSF allocations during the two ADF cycles, indicating a move towards addressing the regional drivers of fragility.

### Evaluation Scope and Questions

**The evaluation limits its scope to TSF activities over the 2014–2019 period.** This period allows the evaluation to cover the two most recently completed ADF funding cycles (i.e., ADF-13 and ADF-14), and the implementation period of the TSF itself and of the Operational Guidelines for the Implementation of the 2014 Fragility Strategy, which were approved in January 2015.

While IDEV fully evaluated the 2014 Fragility Strategy in the 2020 Fragility Strategy Evaluation, this present evaluation limits its scope to the TSF instrument and dives deeper into TSF-specific activities, also taking into account the recent Internal Audit exercise that addressed the operational aspects of the TSF.

The evaluation was designed to address the following five main questions:

- **to what extent is the TSF relevant to provide additional funding and operational flexibility in Regional Member Countries (RMCs) and regions in fragile situations?**
ii. to what extent have TSF operations under the three pillars been effective in addressing fragility and building resilience?

iii. how efficiently and coherently have TSF-funded operations been managed and delivered?

iv. to what extent can the results generated by TSF-funded operations be considered sustainable?

v. what lessons can be learned to ensure the Bank optimises its use of the TSF to help RMCs and regions in fragile situations?
Methodological Approach

The evaluation includes a retrospective aspect, as well as an explicitly forward-looking dimension. Thus, it is both summative, assessing the ‘sum’ of the TSF outputs and outcomes to date, and making a judgement on its efficacy, and also formative or forward-looking, providing a synthesis of the lessons from TSF implementation to date and developing specific recommendations to improve the design, programming and implementation of the TSF.

The AfDB Evaluation Policy and international Good Practice Standards have guided the evaluation. It has applied a mix of quantitative and qualitative methods, structured around a set of Evaluation Questions (EQs), which have been examined using a range of evidence sources. This has permitted an adequate triangulation of evidence for all of the findings presented. Where it has proven impossible to triangulate a potential finding from at least three sources of reasonable evidence, these have been presented as hypotheses for discussion and further testing. However, the distinction between the two is clearly maintained.

The evaluation is designed to ensure that any findings and recommendations are based on a strong foundation of evidence. The evaluation is theory-based and, as such, its starting point is the Theory of Change (see Annex 1 in the technical annexes of this report). This is based on an analysis of the documentation outlining the objectives and operational guidelines of the TSF, as well as from discussions with key resource persons within the Bank. The Theory of Change seeks to illustrate in visual form the objectives and strategy underlying the design of the TSF and its complementarity to the PBAs for Transition States. It also postulates a series of cause-and-effect linkages between TSF inputs and subsequent outputs, outcomes, and impacts. These linkages illustrate how the TSF is expected to generate results under certain reasonable assumptions.

The Evaluation Questions (EQs) and sub-questions formulated along the five international evaluation criteria compose the Evaluation Matrix (see Annex 2 in the technical annexes of this report). This framework helps to assess how effectively the transmission mechanisms underlying the Theory of Change have operated in practice. The Evaluation Matrix includes Judgement Criteria (JC), potential indicators and sources of evidence. The Evaluation Matrix assesses the following criteria:

- The relevance of the TSF in providing additional funding and operational flexibility in RMCs and regions in fragile situations. This EQ considers the scale of TSF funding, the continuing appropriateness of its targeting, the extent to which it has contributed to leveraging increased funding for fragility needs, the flexibility, rapidity and responsiveness of the TSF, and the extent to which there is a sense of ownership over the TSF instrument by Bank staff.
- The coherence of the TSF operations across the three pillars, with other Bank instruments (internal) and with other development partners (external).
- The effectiveness of the TSF operations under its three pillars, assessing indicators of the TSF outputs and outcomes identified in
the Theory of Change,⁴ and the evidence of a contribution by the TSF to the achievement of these outputs and outcomes.

- **The efficiency of TSF-funded operations**, considering timeliness, disbursement rates and perceptions on the level of transaction costs involved in TSF implementation.

- **The sustainability of the TSF as an instrument and its results (outputs and outcomes)**, considering where there is evidence of outputs and outcomes being sustained over time, where there is evidence of high potential for sustainability, and to what extent the Bank’s procedures promote and ensure the sustainability of results.

- **The lessons that can be drawn**, so as to improve the design, programming and implementation of the TSF.

In accordance with the IDEV evaluation manual, a four-level rating scale was used for each criterion, namely: highly satisfactory - 4, satisfactory - 3, partly unsatisfactory - 2 or unsatisfactory - 1. To apply this four-level scale, a scoring grid was developed to define how to rate each evaluation criterion (see Annex 3 in the technical annexes of this report).

The evaluation has drawn evidence from five separate sources, allowing for wide triangulation of most findings (Table 1). These sources include secondary sources of quantitative data, documentary analyses and primary sources of qualitative data from interviews, an e-Survey and case studies. These data have been systematically organised, using appropriate classification and ranking systems, so as to permit a range of cross-tabulations and analyses. The conclusions and recommendations were validated by the Reference Group.

The case studies of Pillar I, II and III operations were drawn from 13 TSF beneficiary countries, providing a reasonable coverage of different regions. The selection of Pillar I case studies analysed the 12 operations for ADF-13 with independent PPARs (Project Performance Assessment Reports),⁵ while the Pillar II case studies covered the two countries where arrears clearance operations have been completed, namely Somalia and Sudan. By selecting a purposive

<table>
<thead>
<tr>
<th>Information Type</th>
<th>Source of Evidence/ Data Gathering Instrument</th>
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</thead>
<tbody>
<tr>
<td>Desk review</td>
<td>Document Review — including collecting, organising and synthesising available relevant evaluations, internal audits, Bank Policy &amp; Strategy Documents and documentation on TSF systems &amp; procedures.</td>
</tr>
<tr>
<td></td>
<td>TSF Country Data Base — compilation of key economic, social, fiscal and institutional indicators for TSF beneficiary countries, structured for easy cross-tabulation with the Portfolio Review.</td>
</tr>
<tr>
<td>Portfolio review</td>
<td>Analysis of spending by TSF Pillar, Country, and Region under ADF-13 and ADF-14.</td>
</tr>
<tr>
<td>Benchmarking with comparator institutions</td>
<td>Analysis of practices of three comparable institutions (Asian Development Bank, IFAD and World Bank) for support to countries and regions in situations of fragility.</td>
</tr>
<tr>
<td>Interviews with Bank resource persons</td>
<td>Semi-structured interviews with Bank resource persons involved in design, management or evaluation of the TSF.</td>
</tr>
<tr>
<td>Online surveys</td>
<td>E-Survey of Bank staff and Board Members, working at headquarters, regional and country levels with TSF.</td>
</tr>
<tr>
<td>Case studies of TSF operations</td>
<td>Case studies of Pillar 1 operations — review of existing PPARs of ADF-13 operations for six countries against a standard assessment grid to score performance on relevance, coherence, effectiveness, efficiency and sustainability and to identify potential lessons.</td>
</tr>
<tr>
<td></td>
<td>Case studies of Pillar 2 operations — review of documentation and interviews with Task Managers for Pillar 2 operations in Somalia and Sudan.</td>
</tr>
<tr>
<td></td>
<td>New case studies for Pillar III operations, based on analysis of documentation of operations in six TSF beneficiary countries, and interviews with Task Managers, other involved Bank staff, and representatives of RMCs and Implementing Partners.</td>
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</tbody>
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Methodological Approach, Sources of Evidence and Limitations

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Table 2: Countries Included in the Case Studies for Pillars I, II and III

<table>
<thead>
<tr>
<th>Pillar I Case Studies</th>
<th>Pillar II Case Studies</th>
<th>Pillar III Case Studies</th>
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<tbody>
<tr>
<td>Chad, Comoros, Côte d’Ivoire, Liberia, Mali, South Sudan</td>
<td>Somalia, Sudan</td>
<td>DRC, Liberia, Madagascar, Sierra Leone, Somalia, Zimbabwe</td>
</tr>
</tbody>
</table>

sample of completed Pillar III operations from different countries, a reasonable geographical spread of case studies was obtained. This sample was selected so as to include completed Pillar III projects with PCRs, from different countries representing each of the regions of the Bank where TSF-eligible countries are to be found. The sample also permitted the assessment of Pillar III operations of different types (emergency response projects, as well as regular projects responding to Pillar III calls for proposals) and covering different sectors (see Technical Annex 4).

Methodological and Data Limitations

The design and implementation of this evaluation faced a number of constraints. Mitigation measures were introduced to overcome these as much as possible, but a small minority of findings should still only be considered indicative, as opposed to conclusive. This distinction is clearly made in the presentation of findings and conclusions.

The primary constraints were as follows:

- The travel restrictions resulting from the COVID-19 pandemic made it impossible to collect primary data as had originally been envisaged, in particular primary data on the performance of Pillar III operations.

- The limited range of good quality secondary data relevant for output or outcome analysis. This was due to a number of factors, notably: (i) the absence of annual Key Performance Indicators (KPIs) and country reports on the performance of TSF-funded operations (including indicators for outputs and intermediate outcomes); (ii) the incomplete coverage and mixed quality of Project Completion Reports (PCRs); and (iii) the small number of independent assessments or evaluations (such as PPARs or PPERs) of TSF-funded operations for the period, mainly due to the small number of 2014–2019 Pillar I operations with completed status, and the absence of such evaluations for Pillar III operations, due to their small scale.

- The relatively low response rates for the e-Survey. Due to the low response rates achieved from RMC officials in the 2020 Fragility Strategy Evaluation, and given the inability to visit TSF beneficiary countries to make the face-to-face contacts with RMC officials that might have stimulated participation, it was decided not to include RMC officials in the e-Survey. The response rates from Board Members also proved to be low but the responses from Bank staff were generally adequate to provide a representative range of views in relation to most questions, and the number of respondents to each question is explicitly and clearly reported in the e-Survey.

A number of mitigating measures were introduced to compensate for these deficiencies where possible. In particular, the scope of the semi-structured interviews with resource persons and informed observers within the Bank was broadened, as well as the scope and depth of the document review. This additional evidence allowed for more triangulation and thus provided greater confidence in the key findings. In summarising findings and conclusions, the evaluation team has been explicit in distinguishing the quality of supporting evidence for findings. Despite the data limitations, the majority of the evaluation’s findings had evidence that was of more than satisfactory quality, making it possible to develop evidence-based conclusions and recommendations that address the significant strategic and policy issues facing the TSF.
Findings

Relevance

The evaluation assessed to what extent the TSF is relevant to provide additional funding and operational flexibility in RMCs and regions in fragile situations. The relevance of the TSF was assessed by: considering the scale of TSF funding; the continuing appropriateness of its targeting; the extent to which it has contributed to leveraging increased funding for fragility needs; the flexibility, rapidity and responsiveness of the TSF; and the extent to which there is a sense of ownership over the TSF instrument by the Bank staff.

The TSF was found to be highly relevant to the RMCs and regions in fragile situations. It was especially important for Transition States receiving limited funding from the Bank’s Performance-Based Allocations. The TSF also performed well in terms of its flexibility, rapidity and responsiveness. However, concerns were expressed regarding the scale of funding in relation to the needs, the limited degree of leverage being achieved, and the level of ownership of the TSF among Bank staff.

Scale and Targeting

The TSF is an important source of funding to countries and regions in fragile situations and its importance has grown over time. Despite the 17.9 percent reduction in overall ADF resources between ADF-13 and ADF-14, ADF allocations to the TSF increased by 10.9 percent, while combined performance-based and TSF allocations to eligible countries increased by 6.2 percent over the two funding cycles. Moreover, there was a further increase of 14.3 percent in ADF resources allocated to the TSF from ADF-14 to ADF-15.

The country allocations from the TSF on their own, and in combination with PBAs, are significant when measured as a share of public expenditure in recipient countries. For the majority of recipient countries, TSF funding represents at least 3 percent of total government expenditure, both during ADF-13 and ADF-14. In over 60 percent of TSF beneficiary countries, TSF and performance-based allocations together comprise over 10 percent of government expenditure. Nonetheless, compared with funding by other development agencies, ADF allocations to TSF beneficiary countries remain modest. On average, Official Development Assistance (ODA) as a share of government expenditure was at least twice as high as the sum of TSF allocations and PBAs, both for ADF-13 and ADF-14. All Bank resource persons interviewed expressed the view that TSF resources were inadequate, with interviewees from FIRM reporting that they were very substantially lower than the resources allocated by the World Bank’s IDA window to address fragility.7

Evidence from interviews, case studies and the e-Survey suggests that demand from target countries for TSF financing is not fully met, although concerns about the adequacy of resources differ between the three TSF pillars. The evidence on the adequacy of resources by pillar is summarised as follows:

For Pillar I, of the seven relevance indicators identified in the e-Survey, the lowest ratings related to the perceived adequacy of funding. Indeed, respondents identified the volume of funding as one of the main hindering factors to the implementation of the TSF: one respondent, for example, noted that “funds are not sufficient in relation to the magnitude of work needing to be done”. A simple analysis of the volume of funding by country appears to confirm this perception:
the average Pillar I allocation by country was UA 33 million in ADF-13 and UA 36 million in ADF-14, corresponding to about USD 45 million and USD 50 million, respectively, i.e., USD 15 to 17 million per year.8

For Pillar II, the resources allocated proved adequate to enable clearance of arrears to the African Development Bank for Somalia and Sudan, and to permit a parallel process of arrears clearance with the IMF and the World Bank. With further Technical Assistance (TA) support provided to both countries through Pillar III, the evaluation team considers that the funding through the TSF was adequate, timely and of major relevance. Resources were not allocated to arrears clearance for Zimbabwe but resource persons within the Bank reported that Zimbabwe would not have been ready for such a process during ADF-13 or ADF-14.

For Pillar III, AfDB regional and country staff highlighted the limitations in funding, with the country cap on allocations considered grossly insufficient in relation to capacity-building needs. The wide range of beneficiaries, including a number of regional and Africa-wide institutions, as well as TSF beneficiary countries, further limits the country allocations.9 The evaluation noted earlier that the flexibility of the pillars may also reduce selectivity, certainly with regard to Pillar III, where nearly 42 percent of the resources during ADF-13 and 29 percent during ADF-14 were allocated to regional institutions. It is worth noting that some of these regional operations ultimately support the RMCs. However, this flexibility will require further analysis given the potential of reducing the level of capacity-building support that might be focused on projects in Transition States.

Moreover, the maximum three-year time period for Pillar III projects and the changing thematic focus in each cycle are reported to be major constraints in providing sustained, long-term support to capacity building. The Pillar III case studies undertaken demonstrate that positive results were achieved; new laws developed and approved, debt/aid management and other systems established, etc. However, these results were consistent with the modest scale and scope of the operations and could not be described as transformational with respect to the structural problems of fragility faced by these Transition States.

With respect to targeting, the TSF is perceived by most Bank interviewees as a crucial source of funding in those Transition States receiving limited funding from other Bank instruments. E-Survey respondents echoed this view. One respondent, for example, stated: “most countries in transition are debt-strapped and many development partners are not willing to lend to them, hence Pillar I has been a major source of development funding for these countries.” A comparison of PBAs and TSF allocations to Transition States also confirms this “safety net” role of the TSF.

However, country-level allocations under Pillar I are linked to the PBA formula, which drives the division of resources among Transition States, meaning that allocations are only partly targeted by fragility measures. This was confirmed in interviews with FIRM and RDTS, both of which emphasised the importance attached to performance by the Board of Directors and the ADF Deputies. This is aimed at promoting good performance among TSF-supported RMCs.

Eligibility Criteria and Focus of the TSF

The TSF eligibility criteria remained unchanged during ADF-13 and ADF-14. TSF eligibility is mainly driven by the MDBs harmonised list of countries in fragile situations, although in practice the list differs from one MDB to another. In addition, a case-by-case eligibility assessment is undertaken to determine if a country is eligible for Pillar I and Pillar III funding. Within this case-by-case assessment, additional countries may become eligible if exposed to sudden events and changing circumstances that could lead to a deterioration in security, political stability, state institutions, governance, or economic performance. In addition, a country could be made eligible for
Pillar III funding, although it may not be eligible for Pillar I funding, based on decisions made by the Board of Directors—for example, in the case of Djibouti under ADF-15.

**Over the evaluation period, the TSF eligibility criteria were similar to those of the World Bank, but in 2019 the latter refined its criteria.** For its 2020–2025 Strategy, the World Bank sought to refine the Fragility, Conflict and Violence (FCV) typology, and developed a new list of Fragile and Conflict-affected States (FCS) to inform the WBG engagement. The new list is based around the concept of FCV, which distinguishes between countries facing fragility (‘F’), conflict (‘C’) and violence (‘V’), while still recognising that these challenges are inter-related. As such, the World Bank’s response can now be more tailored to country needs. According to the World Bank’s Strategy document (p.83), countries are separated into two main categories: (i) countries with high levels of institutional and social fragility, identified based on public indicators that measure the quality of policy and institutions, as well as specific manifestations of fragility; and (ii) countries affected by violent conflict, identified based on a threshold number of conflict-related deaths relative to the population.

The Asian Development Bank (AsDB) utilises a multi-dimensional fragility index as the basis of a more differentiated approach to fragility. Based on this index, the AsDB seeks to ensure that its projects target the most important aspects of fragility based upon the specific context of each country. Although this approach has not changed the set of countries classified as “fragile”, it takes into account the fact that they can be fragile in different ways, and that this should be reflected in programming and project design.

**The 2020 Fragility Strategy Evaluation found the eligibility criteria for TSF funding to be insufficiently flexible.** Specifically, it concluded that the TSF eligibility criteria were not flexible enough to address fragility as a phenomenon that can affect non-Transition States, either through problems of security or fragility in specific regions, or through cross-border issues, such as the displacement of people. The 2018 report of the Foundation for Studies and Research on International Development (FERDI) also argued that the assessment and subsequent categorisation of Transition States primarily on the basis of Country Policy and Institutional Assessment (CPIA) measures might miss some types of vulnerabilities, such as regional fragility, spill-over effects of conflict, displacement from neighbouring countries, the political economy, inclusive politics, security, justice, etc. The Bank is already making efforts to address these issues. By improving the timing of the qualitative evaluation on a case-by-case basis, 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. Nonetheless, it seems that further enhancement of the flexibility of the eligibility criteria for the TSF is warranted.

The 2020 Fragility Strategy Evaluation and the FERDI report conclude that it would be desirable for the TSF to address additional measures of fragility. Some interviewees also stressed the importance of emerging “situations of fragility”, and the majority of Bank resource persons interviewed asserted that fragility should be regarded as a structural rather than a temporary issue. A focus on structural issues would entail that the TSF targets deep-rooted structural weaknesses that hold back development in Transition States, rather than more temporary manifestations of fragility. At the same time, greater flexibility in the eligibility criteria could result in spreading the TSF resources across more countries and situations, thereby reducing selectivity.

The “selectivity vs flexibility” tension is recognised within the Bank, and the new 2022-2026 Strategy for Addressing Fragility and Building Resilience in Africa aims to find coherence between these issues. According to the draft Strategy, which has been discussed at CODE, it is aimed at “optimising effectiveness
through selectivity and enabling greater flexibility for increased responsiveness." Greater flexibility should enable the Bank to respond to changing needs, as well as to prevent a country from transitioning into a situation of fragility in the first place. At the same time, the new Strategy stresses that responsiveness and flexibility should not be achieved at the expense of selectivity. This may prove difficult, however, without either an increase in overall resources or a more careful prioritisation of interventions to avoid spreading available resources too thinly.

Rigorous application of eligibility criteria requires robust mechanisms for continuously assessing and monitoring fragility to effectively monitor changing fragility situations at the regional and country levels. This was highlighted as an area for improvement in the 2020 Fragility Strategy Evaluation, which noted the lack of a coherent country-level monitoring framework of sources and situations of fragility. However, the new Strategy aims at mainstreaming fragility assessments across all ADF countries, and not only those countries classified as Transition States. This type of monitoring of fragility through the Country Resilience and Fragility Assessments (CRFAs) would help operations to better focus on strengthening resilience. It may also provide the opportunity to introduce a higher level of multi-dimensionality to the CRFA process—similar to the approach of the AsDB—to facilitate more differentiated approaches in each country.

**Efficacy of the TSF in Leveraging Additional Funding for Fragility**

The TSF is deliberately structured to attract additional resources from both within the Bank and from external sources. However, during the evaluation period, the scale of resources directly leveraged through the TSF was modest. Only two external funding agencies provided additional resources to the TSF during ADF-14. Specifically, the TSF mobilised additional resources from the United Kingdom (UA 23.6 million) and Italy (UA 7.3 million). Italy’s contribution represented one percent of total Pillar I resources under ADF-14, while assistance from the United Kingdom represented about three percent. Resource persons interviewed reported that co-financing options with other donors, such as the World Bank, have been exclusively project-specific, involving parallel financing rather than any direct transfers to the TSF. The Comparative Institutional Review provides a useful example of the International Fund for Agricultural Development’s (IFAD) leverage (see Box 1).

**Box 1: Inspirational Example of IFAD in Terms of Leverage**

The experience of the International Fund for Agricultural Development (IFAD) is instructive in terms of leveraging funding. IFAD has leveraged funds by having very specific, targeted facilities and initiatives (China-IFAD South-South and Triangular Cooperation Facility, and the IFAD Rural Poor Stimulus Facility, RPSF). Such initiatives were successful in attracting donor funding because programmes were well targeted with clear objectives and results frameworks, and because they enjoyed a high level of visibility. For instance, the RPSF is a short-term strategy that feeds into IFAD’s longer-term development objectives. IFAD initiated the RPSF with USD 40 million of seed funding from grant resources and has since mobilised a further USD 53 million from Member States to scale up support. Contributions to the facility include CAD 6 million from the Government of Canada, EUR 27 million from the Government of Germany, EUR 6 million from the Government of the Netherlands, SEK 50 million from the Government of Sweden, and CHF 2 million from the Government of Switzerland.

Sources: TSF Evaluation - Comparative Institutional Review, 2021
mechanism allowed TSF beneficiary countries to leverage up to two times (a ratio of 1:2) their national allocations from the Regional Operations (RO) envelope. Since ADF-14, the standard multiplier of the RO envelope for eligible Transition States has been reduced to 1:1.5. During both cycles, the TSF managed to leverage additional resources for a total of UA 447.3 million. The average ratio of RO funding to TSF projects is 1.92, which indicates a rather successful leveraging. The leverage capacity of the TSF improved between the two cycles. Indeed, the TSF leveraged UA 265.15 million from the RO envelope for an amount of UA 147.86 million for Pillar I projects during ADF-13 (multiplier of 1.79). During ADF-14, UA 182.15 million was leveraged from the RO envelope for a total funding of UA 84.82 million for Pillar I projects (multiplier of 2.14). The high leverage ratio is driven by countries such as Guinea Bissau, which benefit from the exception given to countries with small ADF allocations. Since ADF-13, countries with small ADF allocations are now required to contribute at least 40 percent of project costs and up to 10 percent of their allocation for each regional project. Through the RO envelope, Guinea Bissau leveraged up to nine times additional resources. The number of countries that leveraged additional resources through the RO envelope also increased from nine during ADF-13 to 11 during ADF-14.

Flexibility, Rapidity and Responsiveness

A reserve of unallocated resources under Pillar I is a feature of the TSF and its relative importance increased over the period. The share of unallocated Pillar I reserves increased from 10 percent under ADF-13 to 15 percent under ADF-14. Unallocated reserves within the TSF make it possible for new initiatives to be financed without a prior adjustment of country allocations, as would be the case with Performance-Based Allocations. These unallocated reserves were therefore utilised to address new needs that emerged during the two periods, largely due to emergencies related to political or weather events, or health related emergencies (e.g. including Ebola), and to provide resources to countries that may not have qualified as beneficiaries at the beginning of the cycle. For example, support was provided to Guinea, Liberia and Sierra Leone in 2014 to assist the response to the Ebola crisis, and to Mozambique, Malawi and Zimbabwe in 2019 to support the emergency recovery programme from cyclones IDAI and Kenneth.

Pillar III provides support to critical capacity-building interventions and technical assistance that cannot be adequately sourced through traditional Bank instruments. The major part of Pillar III is allocated to Transition States through an annual call for proposals linked to specific themes. Pillar III can also be used to address short-term needs for technical support, to support regional institutions or to provide blended support alongside Pillar I or Pillar II resources. Therefore, Pillar III is also deliberately structured to provide a degree of flexibility in supporting the needs of Transition States. Moreover, the TSF as a whole is also programmed in such a way as to permit transfers between the three pillars, in situations where priorities have changed and/or resources have remained undisbursed. For example, during ADF-14, UA 89 million in funds were transferred from Pillar II to Pillar I.

In terms of rapidity, TSF-funded projects under ADF-13 and ADF-14 had a shorter time to first disbursement than non-TSF-funded projects in Transition States. The time from approval to first disbursement for TSF-funded projects under ADF-13 was 6.4 months, compared with 8.7 months for non-TSF-funded projects, while under ADF-14 it was 5.4 months for TSF-funded projects and 6.4 for non-TSF-funded projects. The time to signature and the time to entry into force were also lower for TSF-funded projects, contributing to this more favourable performance on first disbursements.

Thus, there is an indication that the TSF performs well in terms of flexibility, rapidity and responsiveness. Clearly, responses to emergency needs should be mobilised rapidly if
they are to be effective. The Pillar III case studies suggest that emergency Pillar III support can be designed and mobilised in a period of four months, which compares favourably with the performance of other MDBs. However, there is some evidence that the quality of Pillar III project design suffers in such cases. Indeed, this was one of the findings of the six case studies of Pillar III projects: “TSF Pillar III projects developed through fast-tracked project preparation and appraisal processes seem to have considerable weaknesses in the design and implementation of monitoring, reporting and evaluation systems, e.g., the Ebola crisis response project.” Furthermore, as noted under scale and targeting above, the balance between flexibility and selectivity is of concern, with the allocation of resources between RMCs and regional and continental bodies having the potential to reduce available resources for TSF operations at the country level if additional resources are not mobilised or leveraged. The evaluation noted earlier that the flexibility of eligibility criteria may also have reduced selectivity, certainly with regard to Pillar III, where nearly 42 percent of the resources during ADF-13 and 29 percent during ADF-14 were allocated to regional institutions. At the same time, it is noteworthy that the capacity weaknesses of regional institutions such as the Regional Economic Communities are well-known and also require addressing if they are to fulfil their mandates and support their member countries more effectively.

Ownership

Evidence on ownership was drawn primarily from the e-Survey and from the case studies on Pillar II and Pillar III operations. Due to COVID-19-related travel restrictions, it was not possible to meet directly with RMC officials and, consequently, only a limited number of RMC officials were interviewed virtually in the context of these case studies.

The e-Survey generated positive results regarding awareness of the TSF and the sense of ownership by Bank staff. Respondents’ perceptions on ownership and awareness were favourable, although the number of respondents was low. Details are as follows:

- 95 percent of the 64 respondents declared themselves to be aware of the TSF.
- Of those aware of the TSF, 48 percent had received some form of training on the TSF instrument, either through a webinar or a “brownbag” session.
- Of the 32 respondents with direct experience of TSF operations, 94 percent viewed their role as integral to the success of the operations, 78 percent had a high engagement in the design process and 88 percent had a high engagement in the implementation process—all indicators of a high level of ownership by Bank staff.
- Of this group of respondents, 75 percent stated that there was a strong partnership between the Bank and in-country stakeholders regarding TSF-funded interventions, thus also indicating a strong degree of ownership among in-country stakeholders.

An alternative viewpoint is that levels of awareness of the TSF among Bank staff should be virtually universal, given that it has existed in its current form since 2015 and prior to that as the Fragile States Facility (FSF) from 2008. Informed resource persons expressed the view that Bank staff and potential beneficiaries are not sufficiently aware of the TSF, especially some operations staff at the country level. Deficiencies in communication and coordination at the central level may be a contributing factor to this lack of awareness. Supporting this observation, the 2020 Fragility Strategy Evaluation reports that there is no centralised archiving mechanism for Fragility and Resilience Assessments (FRA), thus limiting access to information, particularly for country team members, and especially those working at the sector level. The incomplete coverage of training efforts also compounds this problem. The 2020 Fragility Strategy Evaluation noted that
Findings

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more people had been trained on fragility issues than planned, especially country economists, but some respondents noted that “the Bank had failed to train its staff in charge of project preparation and implementation, as well as sectoral and operations staff.”

Effective sensitisation, mainstreaming and training in the use of the TSF requires strong organisational and institutional capacity at the heart of the TSF process. Significant concerns were expressed in the 2020 Fragility Strategy Evaluation and by resource persons regarding the capability of RDTS to champion the fragility lens and, by extension, the TSF instrument, specifically with respect to training operations staff on the mainstreaming and monitoring of sources and levels of fragility.

The case studies on Pillar II and Pillar III operations showed a positive appreciation of the TSF by RMC officials. The small number of RMC officials interviewed means that this evidence must be considered indicative rather than conclusive, but the findings are nevertheless interesting:

In relation to Pillar II, an official of the Somali Government stressed that it was “a crucial tool to help Transition States leave a vicious cycle of unsustainable debt”. He also noted that the debt management unit in the Somalian Ministry of Finance was founded and financed through TSF Pillar III funding in preparation for the arrears clearance and that the unit is still active, working to help the country avoid falling back into arrears.

In relation to Pillar III, five of the six case studies scored satisfactorily on “the effective involvement of relevant stakeholders and the promotion of a sense of ownership among stakeholders and beneficiaries.” This suggests a high level of ownership by RMC officials, a perception also supported by the fact that in calls for proposals for Pillar III operations, the demand regularly exceeds the available resources.

Coherence

This section assesses the synergies and interlinkages between TSF-funded operations across the three pillars and other interventions of the Bank, as well as the consistency of TSF-funded operations with other actors’ interventions in the same context.

The performance on coherence was found to vary significantly by pillar and by type of project. Overall, Pillar I and Pillar II operations scored well on coherence, whereas Pillar III operations did not.

Given the relatively small scale of the TSF, strong synergies with other instruments of the AfDB and with those of RMC governments and other development partners are fundamental to its effectiveness. Ensuring coherence in TSF programming and implementation, as well as complementarity with other Bank financing instruments, is of great importance. There is also a need to ensure that the TSF functions in a complementary manner with the instruments of RMC governments and other development partners. Since the Bank established the TSF, many other multilateral institutions have also launched instruments targeting Transition States. Clearly, the efforts of various partners, including the Bank, should be complementary for the benefit of recipient countries. The 2020 Fragility Strategy Evaluation notes that “the Bank has been very active in terms of partnerships and dialogue on fragility issues at international and regional levels.” Furthermore, the 2020 Annual Report of the TSF also outlines various partnerships established by RDTS for more effective implementation of TSF operations. Although evidence is limited, the fact that interviews and other data-collection processes raised few issues on partnerships would tend to suggest that this function is working reasonably well.

At the operational level, available evidence indicates that Pillar I performs well on coherence, although this is mainly limited to
co-financing with ADF PBAs. In the review of Pillar I PPARs, satisfactory ratings were accorded to the four out of five projects where complementarity with other projects was assessed. Pillar I operations are designed as a complement to PBAs and close to half of all Pillar I projects are co-funded with ADF PBAs, especially in the transport, agriculture, power and water sectors.

Based on interviews with Bank staff and some RMC officials in conjunction with the case studies, Pillar II operations were found to have the highest level of coherence compared with the other two pillars. The two Pillar II case studies in Somalia and Sudan provide strong evidence both of close collaboration and coordination with IFIs and other partners in the preparation and implementation of arrears clearance, and of coherence with Pillar III operations to support the implementation of agreed policy measures and improvements in debt management.

In contrast, the coherence of Pillar III operations, based on the selected sample of projects, was found to be mixed. The Pillar III case studies involved an extensive review of project documents and national strategic and planning frameworks, and interviews and discussions with Bank staff in country offices and representatives of RMCs and Implementing Partners. The scale of these interactions was limited to the few projects selected for case studies. The synthesis of Pillar III PPAR case studies indicated that four out of the six projects reviewed were rated as less than satisfactory with regard to coherence. The evaluation found limited evidence of effective mechanisms for either internal or external synergies, i.e., mechanisms linking Pillar III projects to complementary projects within the Bank and those implemented by other stakeholders, respectively. More specifically, one notable finding from the case studies with respect to Pillar III projects was that the average rating on coherence for all selected projects was only 2.6, with the lowest rating being 2.0 for the Multi-sectoral Technical Assistance Project in the Field of Gender project in Madagascar, while the highest rating was 3.0 (satisfactory), which was attained by two projects in Liberia and Zimbabwe. The rest of the projects achieved similar ratings of 2.5.

The requirement to adhere to specific themes for each call for proposals may have contributed to the fragmentation of projects in some instances. The Pillar III Innovative Solutions to Support Livelihoods of Vulnerable Communities (ISV-COM) project in Zimbabwe was one of two projects that achieved satisfactory ratings for both internal and external coherence, but also had significant gaps in both these areas. While the project fit well with other Bank projects through the Country Strategy Paper (CSP) coordination mechanisms, the other TSF Pillar III projects implemented in Zimbabwe were different, and supported different geographical areas and themes. No significant synergies were noted between the INV-COM project and the two other TSF (Pillar I) projects in terms of design and operations, or in terms of coordinated reviews and the sharing of lessons.

Effectiveness

The effectiveness of the TSF was assessed by examining the extent to which TSF operations have delivered their planned results (outputs and outcomes), and have contributed to enhanced resilience and reduced vulnerability in RMCs and regions in fragile situations (see details in Technical Annex 3).

Overall, the available evidence on the effectiveness of the TSF-funded operations points to a mixed performance across the pillars with Pillar II operations being the most effective after concluding arrears clearance operations in Somalia (2020) and Sudan (2021), and contributing to reduced vulnerability and increased resilience. The performance of Pillar I and Pillar III operations was mixed but generally poorer than that of non-TSF-funded projects.
Effectiveness of Pillar I TSF Operations

An analysis of Project Completion Report Evaluation Notes (PCRENs) for 32 completed projects in TSF beneficiary countries between 2014 and 2019 reveals that 57 percent of projects funded through TSF Pillar I resources in these countries scored satisfactory or higher ratings on effectiveness, compared with 45 percent for non-TSF-funded projects (Table 3). However, their performance was poorer than co-funded TSF-Pillar I projects in TSF beneficiary countries, with 88 percent of these projects achieving satisfactory or higher ratings on effectiveness.

The evaluation found that the performance of Pillar I projects in terms of their effectiveness to achieve outputs and contribute to the realisation of outcomes needs improvement. The evaluation found the following: (i) Evidence from the analysis of a sample of 27 operations completed from 2014 to 2019 in non-Transition States indicated that they performed better than TSF Pillar I projects. About 96 percent of projects in non-Transition States achieved a rating of satisfactory or higher, compared with only 57 percent of those for TSF Pillar I-funded projects in Transition States. (ii) In addition, the Pillar I case studies based on an analysis of independent PPARs from six countries also revealed a similar result, with only three out of nine projects scoring satisfactory or more for effectiveness, and four out of nine (44 percent) scoring unsatisfactory. In total, five of the nine projects (56 percent) were assessed as not delivering their expected outputs.

Nevertheless, most Bank staff who participated in the e-Survey perceived Pillar I operations as being highly effective in increasing access to basic services (92 percent) and reducing fragility or increasing resilience in targeted countries (77 percent). This emanates from their vital role as a key source of resources for Transition States to enable effective government operations, especially when provided as budget support, but also supporting the provision of basic services when implemented as projects. Pillar I projects often have more resources, are of larger scale, and have longer durations than Pillar III projects. Furthermore, the portfolio review also indicates an improvement in the overall effectiveness of TSF Pillar I projects between ADF-13 and ADF-14. The percentage of completed TSF projects that achieved satisfactory or better performance on effectiveness was 47 percent for ADF-13 compared with 83 percent under ADF-14 (Table 3). This development is noteworthy given that it signals an improvement in the achievement of results and is indicative of increasing benefits from TSF projects accruing to targeted beneficiaries.

An analysis of selected Pillar I projects through the case studies indicates that they have made significant contributions to the development of national capacities and the creation of a positive enabling environment for enhanced governance and economic management, as well as public service delivery. This is demonstrated by the following results (see Technical Annex 5):

- First, TSF Pillar I projects made a significant contribution to strengthening the capacities for public financial management in Chad, Mali, and Niger;
- Second, TSF Pillar I projects made a significant contribution in restoring and increasing public

<table>
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<th>Table 3: Effectiveness Rating of Projects in Transition States</th>
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<tr>
<td>Non TSF-funded (N=11)</td>
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<tr>
<td>Effectiveness Score of Satisfactory (3) or more</td>
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service delivery in Comoros and Côte d’Ivoire, focusing on access to electricity and health services, respectively; and

Third, TSF Pillar I projects continued to contribute towards social cohesion and reconciliation in Côte d’Ivoire, and towards increasing resilience to food and nutritional insecurity, as well as women’s empowerment in Niger.

**Effectiveness of Pillar II Operations**

Pillar II aims to provide funding to clear debt arrears, thus facilitating the normalisation of the relationships of eligible RMCs with the Bank and with other potential lenders. Eligibility for the arrears clearance window (Pillar II) is open to Transition States with chronic arrears with the Bank, and support under this window is given on a grant basis. An overall allocation of UA 392.29 million was made available to TSF beneficiary countries under ADF-13 for this purpose. As none of the eligible countries (Somalia, Sudan and Zimbabwe) met the criteria during ADF-13, the total allocation was carried over into ADF-14, with additional funding of UA 20 million. Somalia’s arrears were cleared in March 2020 from this allocation, with non-disbursed allocations of UA 412.29 million being carried over into ADF-15, thereby permitting the clearance of Sudan’s arrears in 2021.²⁰

Within the evaluation period, the clearance of the long-standing debt arrears of Somalia and Sudan is the most tangible reduction in vulnerability to which the TSF has contributed. Arrears clearance operations in Somalia and Sudan were successfully concluded in collaboration with other IFIs, thus clearing all arrears to the AfDB, IMF and WB after being respectively 30 years and 26 years in arrears. This resulted in a major change in the credit-worthiness, and thus the development potential, of these two countries, to a large extent attributable to successful complementary Pillar I and Pillar III operations. While there is currently insufficient legal assurance in place to prevent countries from falling back into arrears, interviewees agreed that the risk of moral hazard is low given that the conditions to receive Pillar II financing are stringent and are addressed in the TSF guidelines. As a legal safeguard, the Bank’s Legal Service is currently drafting a new policy aimed at reducing this risk further.

**Effectiveness of Pillar III Operations**

The Targeted Support Window (Pillar III) had a positive effect on the effectiveness of the TSF. While Pillar III projects only provide a limited pool of resources to support capacity building and technical support activities in ADF countries, they provided targeted support that could not easily be undertaken through traditional institutional support projects and programmes. Priority was given to activities that had high potential impact due to their catalytic role, innovative character, strategic positioning, or potential for scaling up. Other attributes included the potential to leverage other development-related resources, including private sector investment financing.

Overall, Pillar III projects scored higher on effectiveness than Pillar I projects. Two-thirds of the six projects that were assessed by Pillar III PPARs had satisfactory or higher ratings for effectiveness. Generally, the projects achieved planned outputs but, due to their limited funding, scope, and duration, they did not perform well in terms of the achievement of outcomes and impacts. There was also evidence of weak results frameworks and reporting systems, which meant that even when projects were implemented very well, they lacked the adequate capacity to report on the projects’ contribution to outcome and impact-level results within the targeted sub-national areas, sectors or at the country level.

The successes at the output level indicative the potential to achieve more transformational results with greater funding and longer timeframes. Within the current scope and scale of Pillar III operations, it is only as components of larger, collaborative approaches to institutional
development that these projects can be expected to achieve transformational and sustainable change. In addition, Pillar III operations demonstrated the catalytic role they can play when properly integrated with Pillar I and Pillar II projects, as observed in Somalia, in the example provided in Box 2.

**Contribution of the TSF to Institutional Development and Reducing Fragility**

There is clear evidence that the TSF has institutionalised CRFAs and contributed towards evidence-based Country Briefs, Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISP). The TSF contributed to increasing the resources the Bank has allocated to countries in fragile situations and also ensured that the support has been provided in a more rapid, flexible and responsible manner. However, the achievement of outcome and higher-level results was constrained by weaknesses in the results and reporting frameworks at the facility and project levels. In both cases, the results frameworks are characterised by: (i) weaknesses in the specification of results to meet the Results-Based Management (RBM) principles; (ii) a lack of milestones or targets and inadequate reporting systems; and (iii) significant design constraints, especially for Pillar III projects.

In addition, although the 2020 Fragility Strategy Evaluation rated the quality of the results framework as satisfactory, it recommended the need for more concrete content to strengthen the implementation of the Strategy’s results framework, particularly on monitoring the achievement of objectives, the provision of targets, and the utilisation of results to facilitate dialogue on fragility issues.

In view of the above, the evidence for the achievement of results is strong for output results at both the facility and project levels, but generally weak for outcomes and impacts of TSF operations. Following the 2020 Fragility Strategy Evaluation, RDTS commenced the preparation of annual reports in 2021. However, due to challenges with the application of the results framework, the inaugural annual report focused on Bank-level KPIs, while considerable effort went into the preparation of a comprehensive results framework for the follow-up strategy. As a result, the analysis of the contribution of the TSF to the development status of supported countries is only indicative but, nonetheless, it does provide a snapshot of the development status of these countries during the evaluation period.

**Box 2: Integrated TSF Support and Sustaining Debt Management in Somalia**

The Bank provided multifaceted and mutually reinforcing support initiatives through all the three TSF pillars. Pillar II provided crucial support to help highly indebted countries to transition from the vicious cycle of unsustainable debt, and to restore access to concessional finance. This was ring-fenced by Pillar I, which supported government operations and targeted service delivery, while Pillar III projects provided a limited pool of resources to support targeted capacity building and technical support activities that could not easily be undertaken through traditional Bank support projects and programmes.

One of the Pillar III projects implemented was aimed at strengthening the capacity of the Ministry of Finance, within the broader framework of the Somali Development and Reconstruction Facility (SDRF), to set up and effectively manage debt/aid coordination and management systems and re-engagement mechanisms with donors. Through this project, an effective debt and aid management information system was established. The system is still operational and has been recognised as being best practice in the region. The project also facilitated the reengagement of other MDBs and key bilateral donors, supported external and domestic resource mobilisation, and addressed capacity constraints to enable the Ministry of Finance to effectively execute its mandate under the new policy and strategic frameworks.

The Somalia Aid Coordination Project played an important role in safeguarding the reduction in debt vulnerability and fragility that was mainly achieved through arrears clearance via Pillar II. The system established promotes effective management and transparency of national debt, as well promoting dialogue around this issue.

Source: TSF Pillar II and Pillar III Evaluation Case Studies, August 2021.
Available evidence demonstrates that Pillar II operations were the most effective in contributing to reducing fragility through the clearance of long-standing debt arrears in Somalia (2020) and Sudan (2021). This success is also attributable to complementary Pillar I and Pillar III projects that helped create a positive enabling environment and the requisite capacities to manage the debt clearance process. However, more broadly, the contribution of Pillar I and Pillar III operations to reducing fragility and increasing resilience was hampered by weak results monitoring and reporting frameworks at the project and facility levels. In the case of Pillar III operations, the case studies revealed that only 50 percent of the projects assessed had satisfactory ratings on effectively monitoring and reporting on how the projects addressed fragility. Technical and resource constraints were found to exacerbate poor implementation of monitoring and reporting systems.

On institutional development, the evaluation focused on generating evidence of increased funding and the provision of more support to enable institutional development in RMCs and regions in situations of fragility. The strengthening of public, community and social institutions was considered fundamental in addressing situations of fragility. Unfortunately, data on institutional development in Transition States are limited to indicators on governance, for instance, the Mo-Ibrahim Index, which by their very nature change only slowly. Within the evaluation period, no obvious patterns emerged from an analysis of governance indicators and their relationship to TSF disbursements. For instance, 62 percent of TSF-supported RMCs between 2014 and 2019 experienced either a decrease or no change in their CPIA score\(^2\). The actual percentage of RMCs with decreasing CPIA scores was 48 percent, while 14 percent recorded no change. This means that only 38 percent of RMCs recorded improvement in their CPIA scores.\(^2\)

Pillar III, the main vehicle of TSF support to institutional development, is modest in scale and, consequently, focused predominantly on short-term outputs. Pillar III funding was just under UA 65 million for both ADF-13 and ADF-14, equivalent to about USD 90 million. With 41.7 percent of these resources under ADF-13 and 29.3 percent under ADF-14 being dedicated to regional and continent-wide institutions, allocations by country averaged only UA 2.02 million during ADF-13 and UA 2.29 million during ADF-14. As a result, Pillar III projects focused on specific outputs achievable within a short timeframe. Nevertheless, five out of the six case study projects were rated as satisfactory or higher for effectiveness, mainly on account of the achievement of outputs. Moreover, the emphasis on institutional capacity building contributed to the development and institutionalisation of various systems, legal and policy frameworks, staff capacities and other outputs that should continue despite the completion of the projects. In particular:

- The establishment of the Ebola incident reporting and tracking systems in the Ministries of Health made in collaboration with other relevant ministries and communities in Guinea, Liberia and Sierra Leone. In addition, the training of local health workers by external experts has sustained the skills and enabled the establishment of a regional response team of experts.

- The ability of the Institute of National Statistics in the Democratic Republic of the Congo (DRC) to carry out future large-scale surveys for development indicators using modern ICT tools through the support provided by the Core Welfare Indicator Questionnaire (CWIQ) project.

- The establishment of a Debt and Aid Management System in Somalia, recognised as best practice and shared with several countries in the region and beyond.

- The development and institutionalisation of a mandatory entrepreneurship course at the University of Liberia for all students, under the Youth Employment and Entrepreneurship Programme (YEEP).
The Multi-sectoral Technical Assistance Project in the Field of Gender (PMATG) in Madagascar and Comoros has left in place a legal framework that will continue to protect women’s rights once approved by their National Assemblies.

The Innovative Solutions to Support Livelihoods of Vulnerable Communities (ISV-COM) in Zimbabwe will continue to sustain the livelihoods of refugees and host communities through the irrigation infrastructure and systems established, coupled with the skills acquired by the beneficiaries.

There is also evidence of limited attention to private sector development issues. For example, only two of the six Pillar III case studies addressed issues relating to the enabling environment for private sector development. Although the two projects in question had satisfactory ratings for this dimension in terms of design, their implementation fell short of the required level of private sector involvement. The 2020 Fragility Strategy Evaluation also reported that ‘partnerships with civil society organisations (CSOs) and the private sector remained limited to consultations and rarely culminated in concrete cooperation actions.’

In terms of reducing vulnerability and building resilience, the performance of the TSF is modest but falls below expected levels, given the level of resources made available to these countries and other hindering factors. Undoubtedly, this is due to a multitude of challenges faced by these countries, which require even more resources and a long period of continued investment in economic, social, environmental and political spheres to effect measurable changes in the high-level indicators used to track performance at this level. Of the 21 RMCs classified as Transition States between 2014 and 2019, the majority (90.5 percent) recorded improvements in the Human Development Index (HDI), but only two (Comoros and Zimbabwe) moved from Low to Medium HDI Status. The two countries with declining HDI status were Burundi and Chad. Only one country (Côte d’Ivoire) has graduated out of the TSF, while three new countries (Gambia, Mozambique and Niger) became beneficiaries of the TSF. This indicates that, while there are slow but steady improvements in these countries, this is happening at a much slower rate in an environment with increasing risk of adverse climate events and conflicts. The poverty data also indicate that up to 50 percent of the Transition States have at least half of their populations living in poverty, although they generally have lower levels of inequality than non-Transition countries.

### Efficiency

The evaluation examined the TSF operations’ efficiency in terms of the timeliness of implementation and completion, disbursement rates and times, and perceptions on the level of transaction costs involved in TSF implementation (see Technical Annex 3).

Overall, the findings indicate 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.

### Timeliness

Overall, the process of developing and commencing TSF operations was more rapid than non-TSF projects, particularly with respect to time to signature and the entry into force. During ADF-13, TSF projects had a quicker time to signature, averaging 2.4 months compared with 4.3 months for non-TSF projects. However, during ADF-14, the reverse is noted: the average number of months to signature was 3.5 months for non-TSF projects against 3.6 months for TSF projects. This may indicate a shift away from fast-track processes to address some of the weaknesses noticed among TSF projects during ADF-13, while increasing the efficiency of non-TSF projects. This finding requires further study.

Available evidence also shows that TSF projects had a quicker entry into force than
non-TSF-funded projects. The average number of months between the approval date and the entry into force was 3.5 months and 3.6 months for TSF-funded projects during the ADF-13 and ADF-14 cycles, respectively, against 5.5 months and 5.8 months for non-TSF-funded projects. The time between approval and entry into force was consistently lower for Pillar III projects than for Pillar I projects. The entry into force averaged 2.7 months and 3.2 months for Pillar III projects during ADF-13 and ADF-14, respectively, against 3.9 and 3.4 months for Pillar I projects. Some interviewees also confirmed that the processes of project development, approval and first disbursement were fast-tracked compared with non-TSF projects.

However, the Portfolio Review found that TSF-funded projects performed worse than non-TSF-funded projects in Transition States on the timeliness of completion. Based on an analysis of 82 PCRENs, it was observed that 71 percent of TSF-funded projects had a completion time rated at least satisfactory, compared with 91 percent of non-TSF-funded projects in Transition States (Figure 3). At the same time, TSF projects in general performed better than projects in non-Transition States, which had a satisfactory completion rate of only 67 percent. However, TSF projects in fragile countries experienced significant delays. On average, there was a delay of more than two years (24.6 months) between planned and actual completion dates for TSF projects in fragile countries. This was significantly longer than the average delay of 16 months for non-TSF-funded projects in fragile countries.

The findings indicate that while TSF projects were more efficient during the design and start-up phases than non-TSF-funded projects, they were characterised by delays and other challenges during the implementation phase. More than half of the respondents (58 percent) of the e-Survey indicated not having observed any significant differences in the disbursement processes for Pillar I and III projects compared with those of other ADF instruments. Furthermore, only 11 percent and 8 percent rated Pillar I and Pillar III, respectively, as more efficient than other ADF instruments. Evidence from interviews and the e-Survey indicates that disbursement processes remained the same, although the approval processes were different and this was explicitly noted by one of the e-Survey respondents as follows: ‘Ideally there should be more flexibility in procurement and
**Findings**

**An IDEV Thematic Evaluation**

**Funds Disbursement**

While evidence points to disbursement delays for Pillar I and III operations, there is no evidence of performance being inferior to non-TSF-funded projects. The Pillar III case studies report indicates that four out of six projects had unsatisfactory ratings for efficiency, with most projects exceeding their planned implementation durations and experiencing delays in the disbursement of funds, although the Bank met its funding commitments. The analysis of PPARs for Pillar I projects showed better performance, with seven out of 10 projects having disbursed resources on time. Regarding Pillar I projects, the 2020 Fragility Strategy Evaluation reported that while budget support operations were implemented rapidly, most infrastructure projects and emergency assistance operations suffered significant implementation delays.

The comparative data collected for the Portfolio Review show that time to first disbursement was lower for TSF-funded projects by 2.3 months during ADF-13 than for non-TSF-funded projects, although this difference narrowed to 1 month during ADF-14 (Figure 4). Furthermore, the data,

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**Figure 4:** Time to First Disbursement: TSF Funded and non-TSF Funded Projects in Transition Countries

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<tr>
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<th>ADF13</th>
<th>ADF14</th>
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<tbody>
<tr>
<td>Non TSF</td>
<td>8.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Overall TSF</td>
<td>6.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Pillar I</td>
<td>6.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Pillar III</td>
<td>6.1</td>
<td>4.3</td>
</tr>
</tbody>
</table>

*Source: TSF Evaluation Portfolio Review, 2021*
also show that TSF Pillar III projects have a shorter time to first disbursement than TSF Pillar I projects, and this gap is widening from 0.5 months during ADF-13 to 1.2 months during ADF-14. Despite these differences, there is an overall improvement in the time to first disbursement for both ADF-13 and ADF-14 cycles which indicate that the continued streamlining of Bank operations is paying dividends in terms of increasing efficiency in the design and implementation of projects.

Unfortunately, the efficiencies in time to first disbursement are not reflective in the overall disbursement ratios during both ADF-13 and ADF-14. The disbursement ratios of TSF projects in ADF-13 and ADF-14 were lower than for ADF-12. Overall, the disbursement ratio during ADF-13 was 74 percent and this was higher than the disbursement ratio during ADF-14, which was 36.5 percent as of May 2021. However, several projects during ADF-14 were still ongoing at the time of the evaluation, making any comparison misleading. Nonetheless, the TSF disbursement ratio during ADF-13, at 74 percent, was lower than the disbursement ratio during ADF-12, which was 94.8 percent.

With regard to Pillar II projects, allocations were not disbursed as foreseen, requiring a partial roll-over of allocations from ADF-13 to ADF-14, and a full roll-over from ADF-14 to ADF-15. As a consequence, allocations equivalent to 29 percent of total TSF resources under ADF-13 and 28 percent of those under ADF-14 were left unutilised until their eventual disbursement in 2020 and 2021. Interviewees for the Pillar II case studies all shared the opinion that the declared availability of TSF resources to clear arrears was important in facilitating a good dialogue with the beneficiary countries and with other IFI partners. Moreover, the political nature of the structural policy measures needed to reach the Heavily Indebted Poor Countries Initiative (HIPC) decision point made it difficult to predict when this might happen and to plan the timing of allocations accordingly. Notwithstanding these challenges, the process of programming and utilising Pillar II allocations appears to have been prolonged, and has resulted in high volumes of committed TSF resources remaining undisbursed throughout the entire ADF-13 and ADF-14 period.

Pillar III case studies also revealed that follow-up disbursements after the first disbursement were usually delayed due to reporting challenges by Implementing Partners and, in some instances, changes to audit procedures requiring audits to be undertaken by National Audit Institutions, which are not as efficient as private audit firms. The change in this process while implementation was already ongoing also implied that many Implementing Partners needed time to adjust and remodel their operations. Ultimately, this led to delays in the completion of audit reports that affected up to 50 percent of the selected projects for the Pillar III case studies.

Transaction Costs

While Pillar I transaction costs were found reasonable, concerns were expressed over Pillar II and III costs. The available evidence on Pillar I operations indicates that transaction costs were reasonably well controlled. However, Pillar II operations scored poorly on transaction costs. In particular, the process of programming, committing and disbursing Pillar II allocations appears to have been affected by a number of challenges. Transaction costs also emanated from the legal impediments inhibiting the use of ADF resources to clear ADF arrears (Article 15.8 of the ADF Charter). Pillar III projects also scored poorly on transaction costs. The evaluation points to the small scale of Pillar III projects in comparison with the wide variety of objectives that Pillar III projects address as being the main issue of concern. Furthermore, given their small scale, only limited resources could be dedicated to design and management, but because many Pillar III projects were complex they required significant time and resources for this.

With regard to approval procedures, the TSF performed well in terms of flexibility and rapidity,
indicating relatively low transaction costs at this stage of the project cycle. However, it was also noted that Pillar III projects were characterised by delays in completion, resulting in increased operation costs as indicated by the findings of the six case studies of Pillar III projects. Regarding implementation procedures for Pillar I, the limited available information suggests that transaction costs are reasonably well controlled. Of the 11 Pillar I projects covered in the review of PPARs, eight scored satisfactory or better for efficiency. Only two projects reported directly on the control of transaction costs, but both received satisfactory ratings.

Regarding Pillar II, the arrears clearance process was characterised by high transaction costs. In both Somalia and Sudan, legal impediments inhibiting the use of ADF resources to clear ADF arrears (Article 15.8 of the ADF Charter) required a convoluted process to access bridging finance from donor partners. It emerged from discussions that the World Bank did not suffer from this constraint, but the evaluation was unable to verify this information despite multiple attempts to connect with relevant informants at a distance. An amendment to Article 15.8 of the ADF charter would be required to address this constraint. In addition, the process of arrears clearance could only commence once the Bank had reached an agreement with other IFIs and the Government on the process and the necessary policy measures to be implemented, which took long to accomplish with no clear timeline as to when these agreements would be concluded.

Pillar III projects scored less well on this aspect of efficiency, and the case studies provided significant evidence of high transaction costs. Four of the six Pillar III projects evaluated did not have satisfactory ratings for efficiency. Most Pillar III projects exceeded their planned implementation durations. Delays in follow-up disbursement of funds were common due to slow implementation in some instances, and delays in submission of progress and financial reports, as well as the completion of audits. There were also many challenges experienced with regard to the establishment and operationalisation of Project Implementation Units (PIUs). Related to this, survey respondents mentioned the need for flexibility in procurement procedures for Pillar III operations, given their small scale and the consequently heavy management burden imposed on staff. In short, there is strong evidence that, despite taking into account the issue of fragility in the Bank’s procurement documents, existing procurement and other implementation requirements impose relatively high transaction costs given the small scale of Pillar III operations.

Despite the challenges of TSF projects, especially Pillar III projects, there is a need to strike a balance between high transaction costs and continued support. Given the sub-optimal operating environment in Transition States and that TSF projects play a pivotal role in keeping the Bank engaged during periods of distress and conflict, there is a need to strike a balance between high transaction costs and ensuring continued support to countries in need, especially in cases that may lead to a deterioration in security, political stability, state institutions, governance, or economic performance.

**Sustainability**

The evaluation assessed to what extent the results generated by TSF-funded operations could be considered sustainable, and how sustainability issues were addressed during the design and implementation of the TSF. This assessment covers financial and institutional sustainability, and the sustainability of operational results (see Technical Annex 3). Overall, the TSF’s operations sustainability was found to be satisfactory, although there is room for improvement in terms of ownership and leverage of external funding. Available evidence points to specific outputs from Pillar III projects that are likely to be sustained, and gives a positive outlook on the potential for maintaining low debt vulnerability and reduced fragility as a result of arrears clearance through Pillar II. Case study evidence on Pillar I projects is less positive.
Financial and Institutional Sustainability

Overall, as an instrument, the TSF’s sustainability was rated as satisfactory, although there is room for improvement in terms of ownership and leverage of external funding. Bank staff perceptions on ownership and awareness are favourable, with 95 percent of the 69 respondents declaring themselves as being aware of the TSF. Of those aware of the TSF, 48 percent received some form of training on the TSF instrument. However, some resource persons interviewed expressed the view that Bank staff and potential beneficiaries were not sufficiently aware of the TSF, especially some operations staff in the country offices. In terms of financial sustainability, the Bank and its ADF partners demonstrated their commitment to increase the support to Transition States and regions in fragile situations by deciding to continuously increase ADF-13 and ADF-14 allocations to the TSF in a context of declining overall ADF resources. However, to remain financially viable, the TSF needs to improve its capacity to leverage external funding, which was considered very modest during the period under review. At the institutional level, the TSF has a clear institutional anchoring to sustain its activities, being managed by RDTS in collaboration with FIRM and other departments of the Bank’s finance complex.

Sustainability of Achieved Results of TSF Operations

In the analysis of Pillar I PPARs, only two out of nine projects attained ratings of satisfactory or better for sustainability. This result may be related to the small sample size, given that the Portfolio Review based on PCRNs, which covered a larger sample of projects, offers a different picture, with more than 90 percent of co-financed TSF-funded projects rated as satisfactory or better in terms of the sustainability of results. However, when projects only funded with TSF resources are considered, this percentage decreases to 83 percent. Evidence is incomplete and in some cases contradictory, but there are indications of deficiencies in the mainstreaming of sustainability, especially for Pillar I and Pillar II operations. In relation to Pillar I, while the PPAR assessments indicate that only 45 percent of projects had adequately implemented sustainability provisions, the Portfolio Review notes that TSF-funded projects have the highest proportion of projects with a score of at least satisfactory (83 percent) for sustainability, compared with non-TSF-funded projects in fragile countries (73 percent).

Sustainability of Pillar II operations look promising at this stage. While it is still too early to assess the sustainability of the results achieved through Pillar II operations, interviewees from the case studies in Somalia and Sudan indicated that TSF support before and after arrears clearance (through dialogue and through Pillar III support) was successful in preparing the countries for the arrears clearance process. In relation to Pillar II, the concern relates to the lack of sufficient legal assurance and a structured programme post-arrears clearance phased to prevent countries from falling back into arrears. The Bank’s Legal Service is currently drafting a new policy aimed at reducing this risk.

Pillar III operations appear to be generally satisfactory in terms of sustainability. Of the Pillar III operations assessed, four out of six had satisfactory ratings for sustainability, which was mainly based on positive ratings for institutional capacity development and project ownership by stakeholders. There was also evidence of important outputs being achieved, such as the establishment of Ebola response reporting and monitoring systems, legal and policy frameworks, building staff capacities and other such institutional processes that would continue beyond the completion of the projects. However, there were concerns over the involvement of key coordinating ministries, inadequate sustainability plans, and the sustainability of a PIU-based model of implementation, which may prove financially unsustainable for the beneficiary government.
upon project completion. Further analysis of the appropriate implementation modalities will be crucial to inform future operations.

Evidence of Attention to Sustainability Issues in Bank Procedures

This section examines the extent to which Bank procedures for the design and implementation of TSF operations under each pillar give adequate attention to issues of sustainability, specifically regarding technical, financial, institutional and environmental sustainability. The primary sources of evidence are the case studies for Pillar I, II and III operations:

- In six out of nine completed Pillar I projects for which such ratings were given, operational procedures to ensure sustainability were rated as less than satisfactory. According to the PPARs, in two cases there existed no operational procedures to ensure the sustainability of the results.

- In relation to the Pillar II operations, interviewees considered that there is currently insufficient legal assurance in place to prevent countries from falling back into arrears. Interviewees agreed that the risk of this moral hazard is low given that the conditions to receive Pillar II financing are stringent and clearly laid out in the TSF guidelines. Moreover, there is limited evidence of the existence of a systematic follow-up support process. As part of the process of address this risk, the Bank’s Legal Service is putting in place legal safeguards and is currently drafting a new policy.

- Based on assessments of ownership and institutional capacity development, four out of six Pillar III projects had satisfactory ratings for sustainability. However, some projects encountered sustainability challenges due to the financial difficulties faced by beneficiary governments in maintaining PIUs. Pillar III projects are commonly implemented through PIUs as a way of mitigating the weak implementation capacities of host institutions. However, PIUs impose a high administrative cost for relatively small technical assistance or capacity-building operations where there is little scope for economies of scale. In addition, the sustainability of project activities is threatened if the PIU has to be disbanded upon the completion of the project.

Most Bank staff responding to the e-Survey perceived both Pillar I and Pillar III operations as having clear operational procedures for addressing sustainability. There were significant differences in the perceptions for each pillar regarding the dimensions of environmental and institutional sustainability, which largely reflected the different nature and scope of Pillar I and Pillar III projects (Figure 5). However, overall ratings were strong, especially for financial and institutional sustainability. The significant difference in ratings for Pillar I from the e-Survey in comparison with the analysis of Pillar I PPARs may reflect a time inconsistency in that the PPARs cover completed projects, mainly from ADF-13, whereas e-Survey respondents’ perceptions relate to the current situation under ADF-15. They may also reflect a lack of detailed knowledge by respondents as to whether sustainability guidelines are actually correctly applied in Pillar I projects.

The difference in respondents’ perceptions over the extent to which procedures ensure strong country ownership for Pillar I and Pillar III projects was also notable. This may be partly due to the nature of Pillar III projects, which are usually implemented without counterpart funding, in contrast to Pillar I-funded projects. The small scale of operations and their narrowly targeted nature also often entail a limited involvement of a government’s coordinating ministries, such as planning and finance, with the implementation often led by line ministries and, in many cases, also delegated to sub-national and non-state organisations.

The 2020 Fragility Strategy Evaluation also noted some concerns with respect to sustainability. In the four countries examined by
the 2020 Fragility Strategy Evaluation (i.e., Chad, DRC, Liberia and South Sudan), the sustainability of outcomes was deemed unsatisfactory despite generally satisfactory technical compliance and some good examples of ownership. The report further noted: ‘At the level of reforms, high mobility of qualified staff and lack of political will were among the reasons for concern in Transition States. In the case of infrastructure, its sustainability was imperilled by weak institutional capacity, lack of ownership and limited resources for maintenance.’

**Figure 5:** Percentage of e-Survey Respondents Who Perceived Pillar I and III Projects as Having Clear Operational Procedures for Addressing Sustainability Issues

<table>
<thead>
<tr>
<th>Country ownership</th>
<th>Environmental sustainability</th>
<th>Financial sustainability</th>
<th>Institutional sustainability</th>
<th>Pillar I (n=13)</th>
<th>Pillar III (n=19)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92.3%</td>
<td>68.4%</td>
<td>84.2%</td>
<td>92.3%</td>
<td>84.6%</td>
</tr>
<tr>
<td></td>
<td>84.6%</td>
<td>76.9%</td>
<td>84.2%</td>
<td>94.8%</td>
<td>76.9%</td>
</tr>
<tr>
<td></td>
<td>94.8%</td>
<td>72.0%</td>
<td>76.9%</td>
<td>92.3%</td>
<td>72.0%</td>
</tr>
</tbody>
</table>

Source: Staff e-Survey by IDEV, June–July 2021
Conclusions, Lessons and Recommendations

Conclusions

The evaluation finds the TSF to be a highly relevant instrument that has enhanced the level and timeliness of the support provided by the Bank to countries and regions in fragile situations. The TSF has increased the volume of ADF resources allocated to Transition States and enabled the provision of other types of support, such as targeted institutional capacity development and technical assistance, which would not have otherwise been possible under the traditional Bank instruments. At the same time, the evaluation also notes significant challenges in the design and implementation of the TSF that have affected its effectiveness, coherence, efficiency and sustainability. The findings outline both enabling and hindering factors that have led to a mix of positive and negative results in each of these evaluation criteria. The results also vary across the three pillars and require different sets of solutions. The evaluation finally outlines a structured set of lessons, as well as measures, to strengthen future Bank support to regions and countries in fragile situations.

Relevance: The TSF has been highly relevant to RMCs and regions in fragile situations. It has been especially important for those Transition States receiving limited funding from other Bank instruments, as well as other multilateral and bilateral development partners. The TSF has also performed well in terms of its flexibility, rapidity and responsiveness, and is considered highly relevant by RMCs. Within the Bank, it has become the flagship instrument of support to Transition States and regions in fragile situations, growing in financial importance during ADF-13 and ADF-14, despite the overall reduction in ADF resources. In addition, the fragility lens application, reinforced by the quantitative findings of the CRFAs, has been institutionalised in support of the TSF’s strategic and operational engagement. However, the insufficient flexibility in its eligibility criteria limited the Bank’s ability to address certain drivers of fragility and pockets of fragility in non-Transition States, despite the introduction of the possibility of assessments on a case-by-case basis. Also, concerns have been expressed regarding the scale of funding in relation to the needs, coupled with the limited degree of leverage being achieved and, to a lesser extent, the level of ownership of the TSF among Bank staff. Other concerns include: (i) resources being spread too thinly across many eligible countries and entities which, while demonstrating responsiveness, may result in a reduction in selectivity; (ii) the wide range of beneficiaries, including regional and continent-wide institutions as well as Transition States; and (iii) a short predetermined three-year maximum time period combined with the changing thematic focus in each cycle, especially for Pillar III projects, which when taken together can hinder the provision of sustained, long-term support to enable an effective reduction in vulnerability and the building of resilience in Transition States.

Coherence: Performance with respect to the coherence of TSF operations was mixed, varying significantly by pillar and by type of project. Overall, Pillar I and Pillar II operations scored well on coherence, mainly as a result of Pillar I operations being linked with PBA resources and the multi-stakeholder nature of arrears clearance support under Pillar II. In contrast, Pillar III operations performed less well, with two-thirds of its projects being rated as less than satisfactory with regard to coherence. The evaluation found limited evidence of effective mechanisms to ensure synergies and
interlinkages between TSF-funded operations across the three pillars and other interventions of the Bank, as well as the consistency of TSF-funded operations with other actors’ interventions in the same context.

**Effectiveness:** The available evidence on the effectiveness of the TSF also points to a mixed performance across the pillars. Pillar II activities were very targeted, with their conclusions in Somalia (2020) and Sudan (2021) having a direct impact on credit-worthiness and enabling significant development potential of these countries. Regarding Pillar I and Pillar III projects, only 57 percent and 66 percent, respectively, had satisfactory ratings for effectiveness. The effectiveness of TSF projects increased dramatically to 88 percent when co-financed with other resources within the Bank. Overall, projects in non-TSF beneficiary countries were also more effective than projects in Transition States. In addition, the TSF at both the facility and project levels demonstrated effectiveness in achieving outputs, but was generally limited in the achievement of outcomes and other high-level results, such as changes in the development status of supported countries (institutional capacity, reductions in poverty and inequality, and increasing resilience). This may have been impaired by inadequacies in monitoring, evaluation and reporting frameworks, which made it difficult to capture results, even when they were actually achieved.

Furthermore, the evaluation identified a number of potential reasons for limited effectiveness, several of which were also highlighted in interviews and document analysis. First, there were indications that the design of Pillar I and Pillar III projects did not adequately address the complexity of customising projects to the difficulties of operating in situations of fragility. The 2014 Fragility Strategy aimed to address this concern through the use of CFRAs, but the 2020 Fragility Strategy Evaluation noted deficiencies in the coverage of training on fragility issues, particularly for sectoral and operations staff. Second, the modest scale of funding seems likely to limit the effectiveness and sustainability of impacts, most particularly in relation to Pillar III, the impact of which is further reduced by the short timeframes for which funding is made available. Third, the observed difference could be attributed, in part, to the fact that the defining features of fragility—notably, weak institutions, limited human resources and precarious security situations—themselves impact negatively upon the effectiveness of projects.

**Efficiency:** Overall, the findings indicate 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. The process of developing and initiating TSF projects was found to be more efficient than for non-TSF projects. This is demonstrated by low average months to signature, entry into force and disbursement. At the same time, the limited resources available for Pillar III projects require the adoption of effective implementation modalities, with a review of PIUs, which significantly increase operational costs, with most of these projects characterised by delays in the completion of projects. For Pillar I and Pillar III projects, possible improvements include the careful adaptation of project design to the fragility context, strengthening of the infrastructure for implementation, improving resource levels, and increasing the efficiency of implementation measures, among others. For Pillar II projects, the need to streamline the resource commitment and disbursement process is highlighted.

**Sustainability:** As an instrument, the TSF is sustainable, although there is room for improvement in terms of ownership and the leverage of external funding. Regarding TSF operations, the Portfolio Review in particular indicates that 83 percent of projects only funded with TSF resources had satisfactory ratings or higher for sustainability, compared with 73 percent of non-TSF projects in fragile countries. However, the level of sustainability increased with co-financing, with at least 90 percent of the co-financed TSF projects achieving sustainability ratings of at least satisfactory. Most Bank staff also perceive Pillar I and Pillar III projects to be sustainable. However, case study evidence on
the sustainability of Pillar I and Pillar III projects is less positive, with 45 and 66 percent of projects, respectively, having satisfactory or higher ratings. The findings are also less positive regarding the effectiveness of Bank procedures to protect and enhance the sustainability of TSF results. Although improvements were consistently introduced by the Bank during ADF-13 and ADF-14, evidence points to a number of areas where greater investment is needed to plan more effectively for sustainable results and to monitor progress towards this goal. Furthermore, there is a need to strengthen project-level safeguards of sustainability, both at the design and implementation stages. More analysis is needed to assess the extent to which this is a problem of project design and “quality at entry” or project supervision and monitoring, and to introduce appropriate improvements at both stages. Finally, the evaluation pointed to a lack of sufficient legal assurance and structured programmes in place to prevent countries from falling back into arrears. The Bank’s Legal Service is currently drafting a new policy aimed at reducing this risk, and this should be expedited and supported.

Lessons

Based on the findings and conclusions, the evaluation has drawn the following key lessons to inform future TSF operations and related activities by the AfDB:

**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 programme, with a coherent and cohesive three-pillar support structure, to address fragility and improve resilience in targeted RMCs. This 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 MDBs harmonised 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, leading to a deterioration in security, political stability, state institutions, governance or economic performance. Nonetheless, the Bank could also look to the experience of other MDBs in defining their approach to fragility to inform its own eligibility criteria.

**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, and RDTS has only commenced on the preparation of comprehensive facility level reports since 2021. In some instances where programmes had results frameworks and articulated the Bank’s contribution, data collection and reporting mechanisms were inadequate to effectively report on these results. This 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 a lack of the necessary “early warning” information to introduce timely course correction measures.

**Recommendations**

IDEV makes the following recommendations:

**Recommendation 1:** Enhance the quality of project design, implementation, monitoring, and the reporting of results of TSF operations, tailoring them better to the difficult implementation context of fragile situations. The Bank is advised to put in place adequate mechanisms to monitor and track TSF results throughout the project cycle to: (i) improve TSF project designs with clear results frameworks that are adequately funded and last long enough to achieve the envisaged development results; (ii) promote continued attention for TSF operations during project implementation; and (iii) improve measurement and reporting on the results achieved.

**Recommendation 2:** Increase the scale of funding for the TSF through greater leverage of external funding, as well as through the use of other Bank financial instruments. The Bank is advised to develop an appropriate and proactive strategy to attract additional “leveraged” resources through: (i) establishing the right balance between flexibility and selectivity; (ii) focusing on developing a programme with clearer linkages between funding and targeted results; and then (iii) promoting these TSF intervention packages to potential traditional and non-traditional partners across the Humanitarian, Development and Peace nexus.

**Recommendation 3:** Review the eligibility criteria of the TSF and if necessary, its pillar structure. This should be undertaken with a view to enabling the TSF instrument to better address structural issues, pockets of conflict, emerging fragility, and crisis-related issues in Transition States and non-Transition States.

**Recommendation 4:** Improve the efficiency and the sustainability of the Bank’s support for arrears clearance. The Bank is advised to explore ways to enhance the programming and utilisation of Pillar II resources and to reduce the transaction costs for Pillar II operations. With regard to sustainability, points for attention include legal assurance and post-arrears clearance support programmes to minimize the risk of countries falling back into arrears.
The technical annexes of this summary report are available on the following page: https://idev.afdb.org/en/document/evaluation-african-development-bank-groups-transition-support-facility

1. Annex 1: Theory of Change for the TSF Instrument and Strategy
3. Annex 3: Summary of Ratings for Evaluation Questions
4. Annex 4: Lists of Projects Selected for Case Studies
5. Annex 5: Summary of Key Output Results from Selected Pillar I projects
References

Strategy and Operational Documents


Other Country Strategic, Planning and Operational Documents


Endnotes

1 The Bank uses a unit of account (the “Unit of Account” or “UA”) as its reporting currency. Conversions to United Stated Dollars (USD) in this report are done at the December 2019 rate of UA 1.00 = USD 1.37. See Endnotes 7 and 8.


3 The TSF countries during the ADF-14 included: Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Eritrea, Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Madagascar, Mozambique, Niger, Sao Tome and Principe, Sierra Leone, Somalia, South Sudan, Sudan, Togo, and Zimbabwe.

4 Most TSF Pillar I allocations provide supplemental financing on top of PBA resources. Thus, outputs and outcomes may be co-financed with PBA allocations and not exclusively TSF financed.

5 The Project Performance Assessment Reports (PPARs) were undertaken by the evaluation team members comprising staff of IDEV and FISCUS using templates to assess and rate selected TSF Pillar I and Pillar III projects on different evaluation criteria in line with the scope of the evaluation. They were informed by the review of project documents including PCRs, PPERs and PCRENs, and other related country and sector documents.

6 The operations of Pillar III were selected according to the following four criteria, in order of importance: (i) the overall level of budget allocations for Pillar III operations over ADF-13 and ADF-14; (ii) the presence of at least one completed Pillar III project (so as to allow some judgement to be reached on effectiveness and sustainability); (iii) the presence of at least one regional/multi-country project in one of the sample countries; and (iv) a reasonable balance across the African regions and official languages.

7 It was not possible to obtain precise data on IDA disbursements from the fragility window for the evaluation period. However, World Development Indicators report IDA net financial flows to Sub-Saharan Africa in 2019 of USD 8.042 billion, which compares with overall ADF resources in 2019 of about USD 1.867 billion, less than one-quarter of the IDA flows. (This assumes ADF-14 is divided evenly over three years, and takes an exchange rate of UA 1.00 = USD 1.37.)

8 Again, we have used the December 2019 exchange rate of UA 1.00 = USD 1.37 for this ‘order of magnitude’ calculation.

9 An important proportion of available Pillar III resources is allocated to regional bodies and initiatives, including the African Union, ALSF, RECSA, and the Mano River Union amongst others. Such allocations comprised 41.7% of the Pillar III envelope under ADF-13 and 29.3% under ADF-14.

10 IDA19 Second Replenishment Meeting, 2019: Special Theme - Fragility, Conflict and Violence, p.6.


12 Operational guidelines of the ADF-14 resource allocation framework.

13 For example, the Africa Legal Support Facility (ALSF) is financed primarily through TSF Pillar III, having received an allocation of UA 16 million in 2016, nearly 25% of the available Pillar III resources under ADF-13.

14 The analysis was based on a total sample of 226 TSF-funded projects and 150 non-TSF-funded projects, TSF Portfolio Review 2021.

15 See Table 4 for the total Pillar III resources committed in each period and Table 5 for the country level allocations.

16 Pillar I case studies were based on a review of PPARs (Project Performance Assessment Reports) and PCRs (Project Completion Reports), and did not involve interviews. They thus did not include an assessment of ownership.

17 TSF Evaluation, e-Survey of Bank Staff.

18 Interview 1, Multiple dates; Interview 3, 26 January 2021; Interview 5, 27 January 2021.

19 The precise figures are 46% for ADF-13 and 47% for ADF-14, (TSF Portfolio Review).

20 Pillar II case study, Evaluation of the Bank Group’s Transitional Support Facility, August 2021.

21 As noted in the TSF operational guidelines, RMCs are eligible for TSF support if they have a CPIA that is less or equal to 3.2.

22 RDTS Country Database


24 Due to the nature, short time-scale and scope of Pillar III projects, certain sustainability requirements were not applicable, in particular requirements for environmental sustainability.
About this evaluation

This report summarizes the findings of an independent evaluation of the African Development Bank Group’s Transition Support Facility (TSF) over the 2014–2019 period. The TSF is an instrument that provides additional funding and operational flexibility for Bank operations in eligible countries to address fragility issues and build resilience, under its three pillars: Pillar I, Supplemental Support Window; Pillar II, Arrears Clearance Window; and Pillar III, Targeted Support Window. The objective of the evaluation was to examine the TSF in-depth and to generate lessons that would feed into future Bank planning, programming, and strategic frameworks. It assessed the relevance, coherence, effectiveness, efficiency, and sustainability of the TSF instrument.

The evaluation found the TSF to be a highly relevant instrument that has provided operational flexibility and enhanced the level and rapidity of the support provided by the Bank to countries and regions in fragile situations. However, it did identify some concerns regarding the scale of funding in relation to the needs, the limited degree of leverage being achieved, and the effectiveness of the targeting. Both the coherence and effectiveness of the TSF varied across the three pillars of support: Pillar I and Pillar II operations scored better on coherence than Pillar III, while Pillar II operations were found more effective than Pillar I and Pillar III operations.

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.

In terms of recommendations, the evaluation points to enhancing the quality of project design, implementation, monitoring, and the reporting of results, tailoring them better to the context of fragile situations; increasing the scale of funding for the TSF through greater leverage of external funding and using other Bank financial instruments; and improving the efficiency and the sustainability of support for arrears clearance. It is also recommended to review the eligibility criteria of the TSF to enable the instrument to better address structural issues, pockets of conflict, emerging fragility, and crisis-related issues in both Transition States and non-Transition States.