

AFRICAN DEVELOPMENT
BANK GROUP

ANNUAL REPORT

2020



AFRICAN DEVELOPMENT BANK GROUP



African Development Bank Group

Member Countries

REGIONAL

Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia (The), Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé & Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

NON-REGIONAL

Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Korea, Kuwait, Luxembourg, Netherlands (The), Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, Turkey, United Arab Emirates (member of the African Development Fund only), United Kingdom, United States of America.

Contents





Boxes

BOX 2.1	Bank financing helped mitigate the health and economic impact of the COVID-19 pandemic	7
BOX 2.2	SPARK+ Africa Fund: Clean cooking solutions for Africa	12
BOX 2.3	Promoting agricultural value chains in Madagascar for more agricultural product processing	14
BOX 2.4	Promoting interstate trade between Chad and Cameroon	17
BOX 2.5	Curbing the spread of COVID-19 and mitigating its economic and social repercussions in Morocco	20
BOX 2.6	Africa's youth help mitigate the impact of COVID-19 on jobs and livelihoods	20
BOX 2.7	Modernizing air transport in the Central African Republic	26
BOX 2.8	Ethiopia: Preserving jobs and small enterprises during and after the COVID-19 pandemic	28
BOX 2.9	In Egypt, a 37-square-kilometer solar park, so large, it can be seen from space	29
BOX 2.10	Supporting small and medium-sized enterprises in Angola	30
BOX 2.11	Improve the food and nutrition security of rural households in Niger	31
BOX 3.1	WAKANDA and SAP	35
BOX 3.2	Statistics-related support to the High 5s	40

Figures

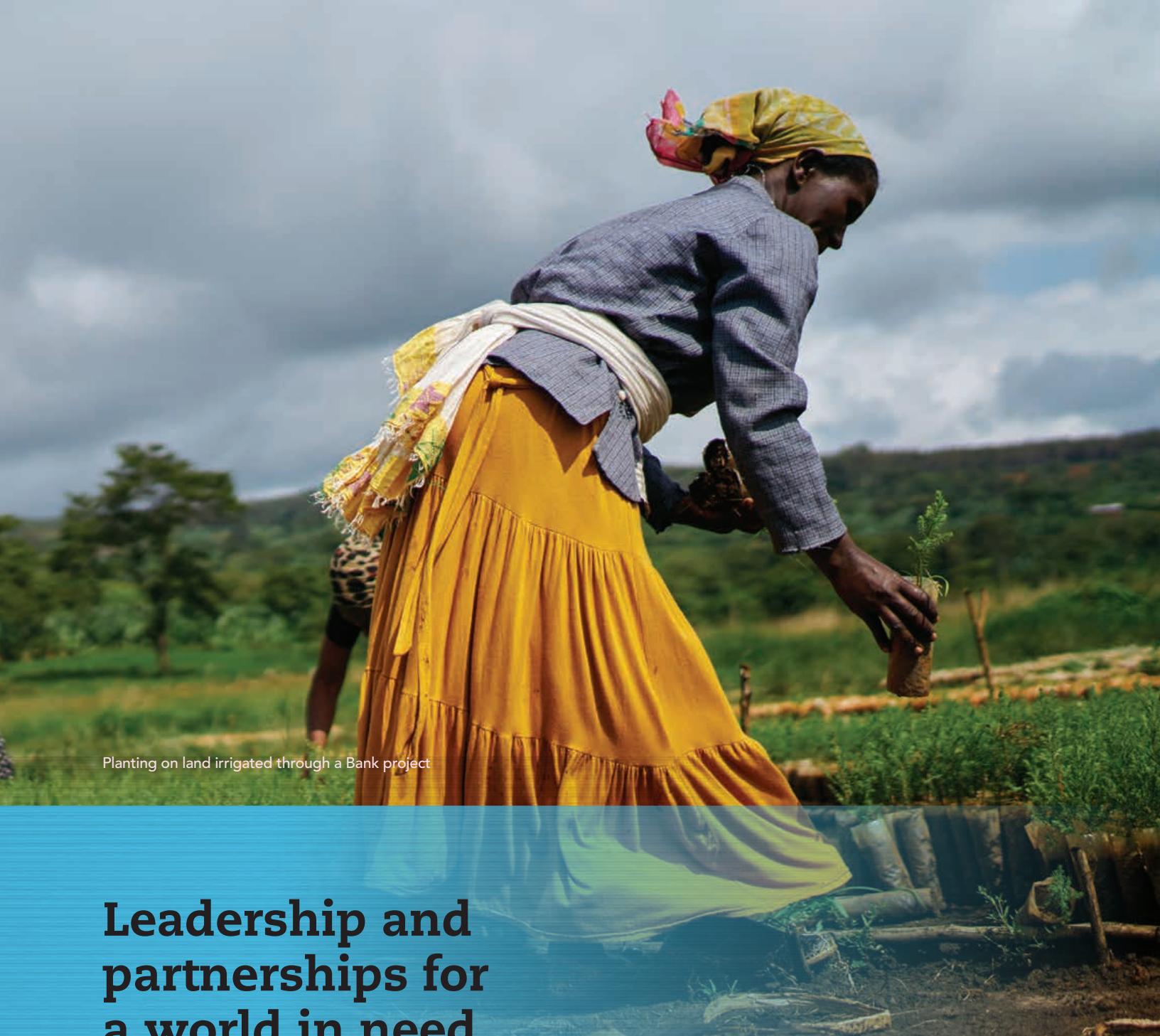
FIGURE 2.1	Bank Group approvals, 2018–20 (UA millions)	5
FIGURE 2.2	Bank Group approvals, by High 5 priority, 2018–20 (UA millions)	6
FIGURE 2.3	Bank Group disbursements, 2015–20 (UA millions)	8
FIGURE 2.4	Bank Group portfolio distribution, by sector as of 31 December 2020	8
FIGURE 2.5	Climate finance 2020	24
FIGURE 2.6	Bank Group approvals, by region, 2020	27
FIGURE 3.1	Aligning the People Strategy with other initiatives	37
FIGURE 3.2	Structure of the Operations Academy	38
FIGURE 4.1	Standing Committees of the Boards	46
FIGURE 4.2	BDEV evaluation products delivered in 2020	47

Tables

TABLE 2.1	Bank Group approvals, by source and financing instrument, 2020 (UA millions)	6
TABLE 2.2	In-house co-financing resources mobilized	9
TABLE 2.3	Bank Group portfolio, by region, 2020	25
TABLE 3.1	Resources mobilized through trust funds in 2020	36
TABLE 3.2	Bank Group staffing on 31 December 2020	38
TABLE 5.1	Abridged financial results of the Bank Group entities, 2019–2020 (UA millions)	51
TABLE 5.2	Selected financial metrics of the Bank Group, 2016–2020 (UA millions)	55

Appendices

APPENDIX 1	Abbreviations and acronyms	57
APPENDIX 2	Summary of Bank Group operations, resources, and finance, 2011–2020 (UA millions)	58
APPENDIX 3a	Bank Group approvals, by High 5, 2020 (UA millions)	59
APPENDIX 3b	Bank Group approvals, by sector, 2020 (UA millions)	60
APPENDIX 3c	Bank Group approvals, by financing instrument, 2020 (UA millions)	61
APPENDIX 3d	Bank Group total approvals, by region (UA millions)	62
APPENDIX 4a	Board of Governors and voting powers of member countries (as of 31 December 2020)	64
APPENDIX 4b	Board of Governors of African Development Fund: Voting powers of state participants and the African Development Bank (as of 31 December 2020)	66
APPENDIX 5	Directors of the Bank and Fund (as of 31 December 2020)	67
APPENDIX 6	Principal Officers of the Bank Group (as of 31 December 2020)	68
APPENDIX 7	Organizational structure of the Bank Group	69
APPENDIX 8	Classification of Regional Member Countries	70
APPENDIX 9	Oversight activities of the Boards' committees in 2020	71
APPENDIX 10	Progress in delivering on GCI–VII commitments	73



Planting on land irrigated through a Bank project

Leadership and partnerships for a world in need

The world has become more fragile as we all face common existential risks. All are affected. . . . There's no coronavirus for developed countries and coronavirus for developing countries.

Dr. Akinwumi Ayodeji Adesina

Message from the President



The year 2020 will go down in history as one of the most challenging years. More than 84 million people around the world were infected with COVID-19. Sadly, at least 1.8 million of them lost their lives. Africa was not spared, with more than 2.7 million confirmed cases of COVID-19 and more than 65,000 deaths recorded across the continent. Africa's public health services came under severe stress, and hard-earned progress was reversed, with more than 30 million additional Africans pushed into extreme poverty, according to estimates from the African Development Bank Group.

As a consequence of the global health crisis, Africa endured the worst economic shock in half a century, with GDP contracting by 2.1 percent in 2020, erasing gains and reversing economic growth achieved over the previous decade. Travel limitations imposed across the world meant tourism-dependent economies were hit particularly hard, while resource-intensive and oil-exporting economies were hurt by a collapse in oil and commodity prices. The crisis also accelerated pre-existing debt vulnerabilities, lowering the debt sustainability ratings for many African countries.

The African Development Bank Group responded swiftly and introduced a range of measures to support member countries in their battle against the pandemic. We launched a USD 10 billion COVID-19 Rapid

Response Facility (CRF) to support their immediate needs for liquidity. We provided USD 2 million in emergency assistance to the World Health Organization (WHO) to bolster their capacity for infection prevention, testing and case management. And we launched a USD 3 billion Fight COVID-19 Social Bond on the global capital markets, at the time of issuance the largest US-dollar-denominated social bond and now listed on the London Stock Exchange, Luxembourg Stock Exchange, and Nasdaq.

These actions signal our ambition, unwavering commitment, and unyielding responsibility to help stabilize and strengthen African economies. The African Development Bank Group had to drastically reshape and refocus its lending program to prioritize COVID-19 relief and address the immediate challenges. Approvals declined by 43 percent in 2020 compared with 2019, and disbursements increased by 44 percent, driven by CRF disbursements, representing 39 percent of the total.

The past 12 months have taught us that we must help Africa build back boldly but smartly, by recalibrating growth. We must give precedence to more equitable and sustainable growth, focusing on sectors that are better able to create jobs and protect the environment and our global commons.

We must build back by ensuring that women are strongly supported, with so many of them having seen their income reduced due to their greater

dependence on informal markets and on trade, tourism, and hospitality, all devastated by the lockdowns. This is why the African Development Bank approved the innovative Affirmative Finance Action for Women in Africa (AFAWA) Risk-Sharing Mechanism, which will provide partial credit guarantees of up to USD 750 million to implement partners' lending to women-empowered businesses, increasing their opportunities across the continent.

We must build back by paying greater attention to climate change and resilience. I am thrilled to have joined forces with former United Nations Secretary-General Ban Ki-Moon to establish the Global Center for Adaptation (GCA) in Africa—hosted by the African Development Bank Group—to leverage additional global resources to support Africa's climate adaptation. The share of climate finance in total Bank Group approvals has risen significantly over time, and we expect to increase it further from 34 percent in 2020, to 40 percent in 2021. Importantly, the allocation to climate adaptation has risen to 63 percent, the highest among all Multilateral Development Banks.

To ensure the safety of our people and facilitate business continuity in the face of COVID-19, in March 2020 we moved to a new Work from Home model. Staff surveys show not only that our employees are highly satisfied with this new way of working, but also that productivity has increased.

For the first time in our history, the Annual Meetings were held virtually. I was pleased to have the Republic of Ireland join us formally for the first time at the meetings. I was also deeply grateful and greatly honored and humbled by the shareholders' unanimous trust,

confidence, and support in re-electing me as President of the African Development Bank Group in August.

The overall financial performance of the Bank Group in 2020 was an improvement over 2019. Both income before distributions and net income across the Group's three lending windows were higher than in 2019, and the Bank maintained its Triple-A rating from the four leading international rating agencies, underscoring the Bank Group's resilience in an unusually challenging year.

The pandemic only heightened the urgency to address the many challenges facing our beloved continent—whether poverty, inequality, fragility, youth unemployment, significant infrastructure financing needs, or sustainable debt management. The COVID-19 pandemic has also shown us the need to urgently support Africa to build quality healthcare infrastructure and pharmaceutical manufacturing capacity. As Africa grows back, it must do so with economic, climate, and health resilience.

I would like to thank the Boards of Directors and our extraordinary staff for working so hard in steering us through this difficult year. Together, with the extraordinary support of our shareholders, we will continue to bolster Africa's accelerated growth and development.

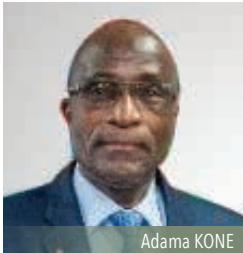


Dr. Akinwumi Ayodeji Adesina
President of the African Development Bank Group
Chair of the Boards of Directors

Letter of Transmittal

In conformity with Article 32 of the Agreement Establishing the African Development Bank, and Articles 8, 11, and 12 of the General Regulations adopted thereunder, and pursuant to Article 26 of the Agreement Establishing the African Development Fund, and Articles 8, 11, and 12 of the General Regulations adopted thereunder, the Boards of Directors of the Bank and of the Fund hereby submit to the Boards of Governors the Annual Report and the Financial Report of the African Development Bank and the African Development Fund for the financial year ended 31 December 2020. This Annual Report includes a review of developments in the operational activities of the Bank Group during 2020. The Financial Report contains the full set of audited financial statements of the Bank and the special purpose financial statements of the Fund, together with the approved administrative budget for 2021. Electronic versions of the two Reports are available on the Bank Group's website at www.afdb.org/annualreport.

Boards of Directors



Adama KONE



Paal BJORNESTAD



Judith KATEERA



Stéphane MOUSSET



Mohamed EL GHOLABZOURI



Maimouna NDOYE SECK



David STEVENSON



Mbuyamu MATUNGULU



Ahmed Mahmoud ZAYED



Cornelius DEKOP



Akinwumi ADESINA,
AfDB PRESIDENT



Vincent NMEHIELLE,
SECRETARY-GENERAL



Jessica ISAACS



Said MAHERZI



Amos CHEPTOO



Abdulhakim ELMISURATI



Kenyeh BARLAY



Niels BREYER



Bright OKOGU



Takuji YANO



Mmakgoshi LEKHETHE

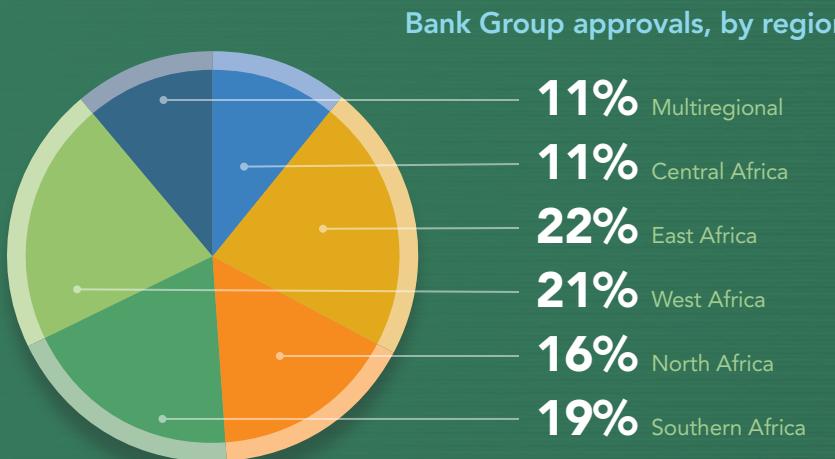


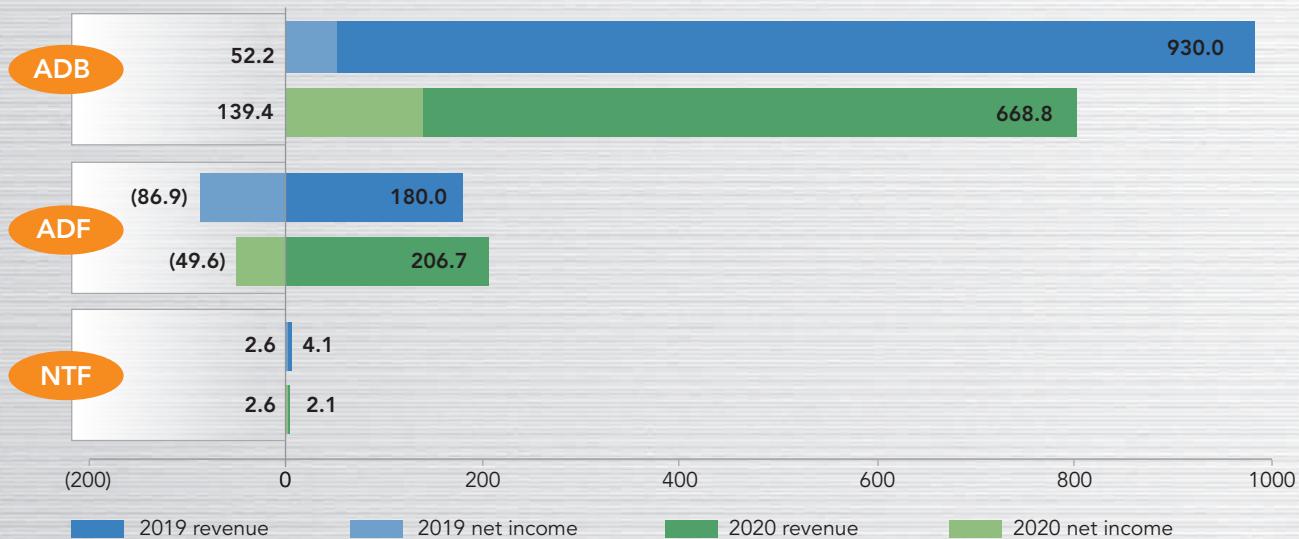
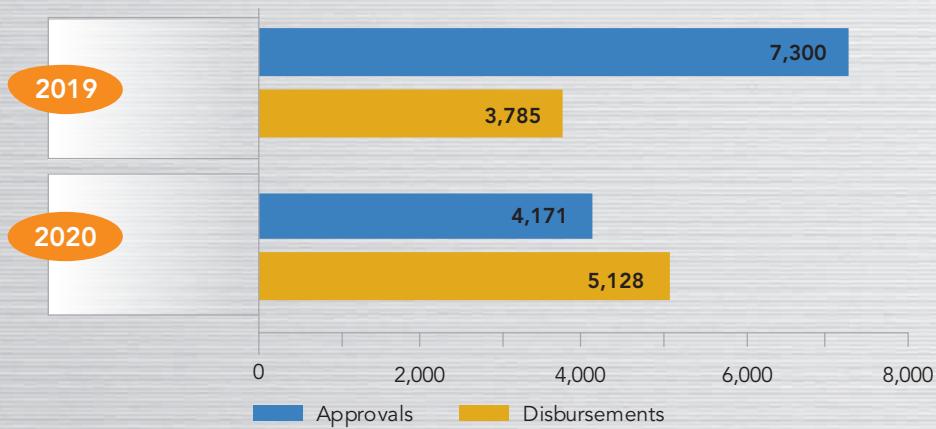
Chris CHALMERS

2020 Quick Facts

FINANCIAL HIGHLIGHTS

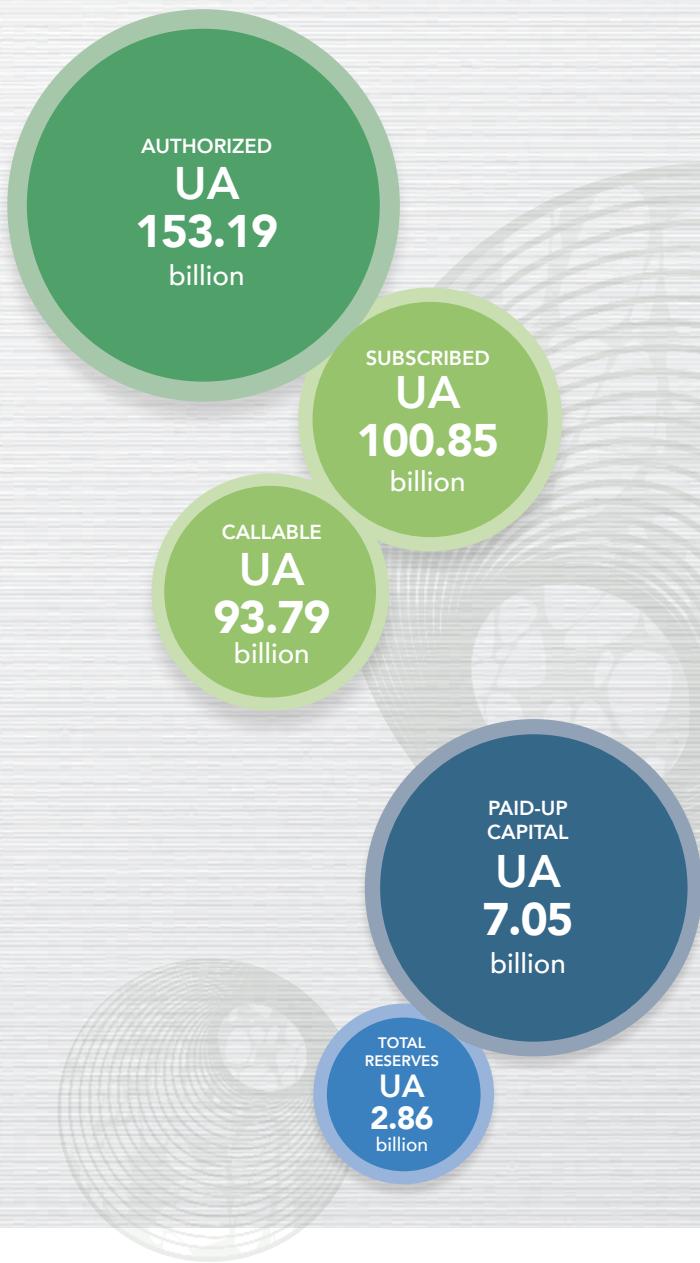
The Bank maintained a triple-A rating with a stable outlook from all four major global rating agencies



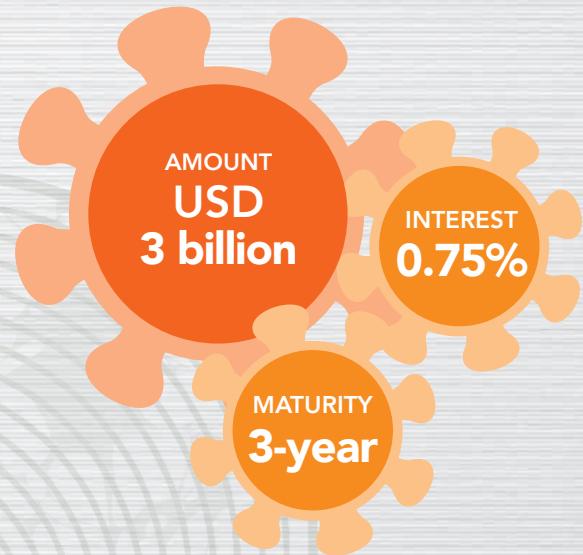
Bank Group revenue and income, 2019–20 (UA millions)**Bank Group approvals and disbursements, 2019–20 (UA millions)**

2020 Quick Facts

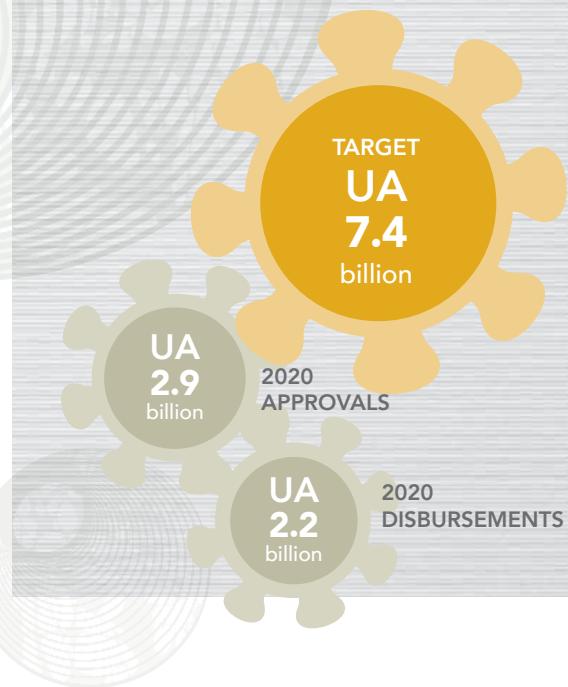
Capital as of 31 December 2020



Fight COVID-19 Social Bond



COVID-19 Rapid Response Facility



Highlights based on Bank Group projects completed in 2020¹

HIGH 5s

 Light Up and Power Africa	<ul style="list-style-type: none"> 260,000 people with new electricity connections, of whom 131,000 are women 327 km of new or improved power distribution lines 175 km of new or improved power transmission lines 202 MW new total power capacity installed, 101 MW of it renewable 1.6 million tons of carbon dioxide emissions reduced
 Feed Africa	<ul style="list-style-type: none"> 16.4 million people benefited from improvements in agricultural productivity, of whom 8 million are women 3,099 km of feeder roads built or rehabilitated 16,500 ha of land with improved water management
 Industrialize Africa	<ul style="list-style-type: none"> 926 km of roads constructed, rehabilitated, or maintained, 773 km of which are in low-income countries 1.4 million people benefited from investee projects, of whom 1 million are women 7,700 owner-operators and micro, small, and medium-sized enterprises provided with access to financial services
 Integrate Africa	<ul style="list-style-type: none"> 356 km of cross-border roads constructed or rehabilitated 9.2 million people gained access to better transport services
 Improve the Quality of Life for the People of Africa	<ul style="list-style-type: none"> 8.3 million people with new or improved access to water and sanitation, of whom 4.2 million are women 170,000 people benefited from better access to education, half of them women 118,000 people trained, 61,000 of them women

CROSS-CUTTING AREAS

	<ul style="list-style-type: none"> 30 governance lending operations Total amount, UA 2.65 billion: <ul style="list-style-type: none"> – UA 1.67 billion from ADB – UA 983 million from ADF – More than double the 2019 approvals of UA 1.1 billion
	<ul style="list-style-type: none"> 98% of sovereign operations categorized using the Gender Marker System (GMS), exceeding the 80% target for the year GMS has also been introduced as a key performance indicator, now reflected in the Bank's Result Measurement Framework
	<ul style="list-style-type: none"> 54 operations approved through the Transition States Facility <ul style="list-style-type: none"> – UA 471.9 million total amount – UA 425.0 million from Pillar I (32 operations)
	<ul style="list-style-type: none"> Climate finance accounted for 34% of total approvals <ul style="list-style-type: none"> – 63% adaptation – 37% mitigation

1

Africa's Development Context



Metal welding, cutting, and shaping
in an industrial shipyard, South Africa

Africa experienced in 2020 its worst recession in half a century, with a GDP contraction of 2.1 percent; the Bank responded swiftly and vigorously to the crisis to support its member countries.

In 2020, Africa, like the rest of the world, faced the challenge of the COVID-19 pandemic, which triggered a persistent health crisis (although one less severe than in other regions) and produced severe economic damage throughout the continent and across all its regions. As of 31 December 2020, more than 2.7 million COVID-19 cases and around 65,000 fatalities had been recorded across Africa.

Africa's public health systems came under severe stress. As healthcare facilities and professionals readapted to treat COVID-19 between March and June 2020, healthcare services in 90 percent of countries experienced disruptions. African countries proactively took preventive measures as soon as confirmed cases were reported, imposing lockdowns on schools, workplaces, and public transport, issuing stay-at-home requirements, canceling public events, restricting private gatherings, limiting domestic and international travel, and imposing curfews to contain the spread of the virus. Half of the African countries (with available data) restricted international travel—with arrival screening, quarantines, bans on arrivals from some or all regions, and even total border closures—one day after their first case was detected.

Hard-earned welfare gains were reversed in 2020 due to COVID-19. The proportion of people living on less than USD 1.90 a day increased by an estimated 2.3 percentage points in 2020, representing more than 30.4 million additional Africans forced into extreme poverty. These are mostly informal workers, those already living precariously, and people with low skills, few assets, and lower levels of education. The pandemic's effect on poverty was the most severe in oil-exporting economies as oil exports dropped. To bring all these new extremely poor people just to the USD 1.90 a day poverty line, the Bank estimates that African countries would have had to allocate more than 0.8 percent of their GDP, on average, in 2020.

Economically, Africa experienced its worst recession in half a century in 2020, with GDP contracting 2.1 percent, according to the African Development Bank's esti-

mates, compared with an estimated global economic contraction of 3.3 percent, according to the International Monetary Fund. But the recession was less severe than the Bank initially predicted, and its depth was less pronounced than in other regions of the world. Europe and Latin America were the most severely affected, with GDP contractions recorded at above 5 percent. Fatality rates have also been lower in Africa than in other regions.

There are promising signs of gradual economic recovery. Indicators of business confidence around the world, especially for Africa's main trading partners, started picking up in the second half of 2020. Stock market indices of main trading partners have bounced back from falls that surpassed 50 percent over March–May 2020, and commodity prices have recovered somewhat from their mid-2020 fall.

The pandemic-induced crisis has had differing impacts across African regions and types of economies, worsened by the global pandemic shock to international trade, investment, and people's movements. Southern Africa was the most affected region, contracting by 6.3 percent in 2020. In contrast, East Africa was the most resilient, with positive growth of 0.7 percent, given more diversified economies that are less dependent on primary commodities. In West Africa,



thanks in part to relatively limited COVID-19 spread, real GDP contracted by an estimated 0.8 percent in 2020, with a number of countries in the region showing positive growth due to more targeted and less stringent lockdowns—Benin (with 2.3 percent growth), Côte d'Ivoire (1.8 percent), and Niger (1.2 percent). The Central African economies contracted by 2.6 percent, with Cameroon (-2.4 percent), Republic of Congo (-6.8 percent), Democratic Republic of Congo (-1.7 percent), and Equatorial Guinea (-6.1 percent) among the countries that were significantly impacted by the crisis in the subregion. In North Africa, an economic contraction of 1.1 percent in 2020 was alleviated by Egypt's positive growth of 3.6 percent despite the pandemic's major health repercussions in that country as consumption remained strong, somewhat offsetting weakness in tourism and investment.

**2020
regional
economic
impacts**



The severity of the pandemic's impact on growth also varied depending on countries' economic structures. Tourism-dependent economies were the hardest hit (-11.5 percent) due to globally imposed travel limitations, followed by resource-intensive economies (-4.7 percent) and oil-exporting economies (-1.5 percent) due to the sharp drop in oil and commodity demand and prices. Economic contraction in non-resource-intensive countries was milder (-0.9 percent) due to relatively diversified economic structures and strong past public investments.

Macroeconomic fundamentals have weakened due to the pandemic. Average headline inflation in Africa rose to 10.4 percent in 2020 from 9.8 percent in 2019, though counterbalancing forces (such as cheaper imported oil) limited upward pressures. Significant currency depreciations occurred—especially in frontier markets—in part due to disrupted external financial flows, such as remittances, foreign direct investment, portfolio investment, and official development assistance.

Accommodative monetary policies and fiscal stimulus measures were implemented across the continent to alleviate the pandemic's socioeconomic impact. Most central banks in Africa cut monetary policy rates over the course of 2020. They also injected liquidity into the banking system, ranging from 0.5 percent of GDP in Angola to about 3.1 percent in Zambia. Unconventional monetary and macroprudential tools, such as temporary suspension of loan repayments by distressed firms and households and easing bank capital requirements, were also deployed to alleviate the crisis. Fiscal interventions with sizable stimulus spending took place in many countries, averaging 3 percent of GDP across the continent, ranging from 32 percent in Mauritius to 10 percent in South Africa to less than 1 percent in Tanzania. This spending, coupled with a drop in imports and exports, lower revenue for oil exporters, and shrinking tax revenue due to economic contraction, led to a surge in fiscal deficits, which almost doubled in 2020 to an average of 8.3 percent of GDP.

As a result, government gross financing needs have increased since the beginning of the pandemic. According to the Bank's estimates, additional funding needed to tackle the crisis in 2020 amounted to about USD 125–154 billion. This caused the average debt-to-GDP ratio in Africa to jump 10 percentage points from 60 percent in 2019 to 70 percent at the end of 2020. The main drivers of debt include depreciation in exchange rates, growing interest expenses, and high primary deficits. Other

pre-existing factors have also contributed to the debt build-up in some countries, such as poor governance, defense-related spending, and large public investment programs. African debt continues to shift away from traditional multilateral and Paris Club creditors toward commercial (bondholders and commercial banks) and non-Paris Club creditors. Commercial creditors have more than doubled their share of total external African debt over the past two decades, starting from 17 percent, and while multilateral lenders' share remained fairly stable around 30 percent, the bilateral share declined from 52 percent to 27 percent.

Debt vulnerabilities in Africa, accelerated by the COVID-19 crisis, are elevated, with debt sustainability ratings deteriorating. Rising debt in the past decade has lowered debt sustainability ratings for low-income countries in Africa. At the end of 2020, of the 38 countries for which ratings were available, 6 were in debt distress and 14 others were at high risk of debt distress, based on the debt sustainability analysis (DSA) framework. A decade ago, in contrast, 5 countries were in debt distress, and 6 at high risk. Emerging risks include expanding contingent liabilities, the fast growth of interest expense as a share of revenue, debt collateralization with limited transparency, the narrowing differential between the real interest rate and growth, and rollover risks due to shorter debt maturities as countries shift toward commercial creditors.

The Bank responded swiftly to support its Regional Member Countries (RMCs) during the crisis. Beginning in March 2020, it rolled out a package of financial relief and preparedness and response assistance. Within two weeks in late March and early April, the Bank raised USD 3 billion with the Fight COVID-19 Social Bond—the largest dollar-denominated social bond launched in international capital markets at that time; provided USD 2 million in emergency assistance to the World Health Organization (WHO) to bolster RMCs' capacity for infection prevention, testing, and case management; and announced a COVID-19 Rapid Response Facility committing to provide up to USD 10 billion—of which USD 3.04 billion (UA 2.11 billion) was disbursed in 2020—to African governments to tackle the disease and mitigate the suffering from the economic downturn and job losses. The Bank will sustain its support to RMCs to mitigate the socioeconomic impact of the pandemic and ensure the continued implementation of its High 5 priorities: Feed Africa, Industrialize Africa, Light Up and Power Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa.

Above:
View of empty
streets in
Cape Town,
South Africa,
during the
COVID-19
lockdown



Scenes from High 5 projects across Africa

The Bank will sustain its support to RMCs to mitigate the socioeconomic impact of the pandemic and ensure the continued implementation of its High 5 priorities: Feed Africa, Industrialize Africa, Light Up and Power Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa.

2

Bank Group Operations through a High 5 Lens



In Ethiopia, women work together building a well

The Bank has a special role as Africa's agent in helping to achieve the High 5 priorities.

The COVID-19 pandemic was a major exogenous shock affecting the work program of the African Development Bank Group.

This required the Bank to quickly evaluate options for responding to the crisis. The approved 2020 lending pipeline had to be quickly repurposed to help support Regional Member Countries (RMCs) to respond to the crisis. In April 2020, the Bank created the COVID-19 Rapid Response Facility (CRF), the primary channel for its efforts to help RMCs combat the crisis, funded the CRF by redirecting the 2020 lending program and the unused portion of the African Development Fund 14th Replenishment (ADF-14) resources, frontloaded ADF-15 resources, and repurposed resources of cancelable loans. The Bank also launched the award-winning USD 3 billion Fight COVID-19 Social Bond, the largest of its kind at the time.

The pandemic's economic damage also put pressure on the Bank's prudential ratios and required the Bank to change its 2020 lending program significantly to ensure that the Bank responded appropriately while ensuring that financial sustainability considerations were taken into account. The pandemic occurred after the approval of the 7th General Capital Increase (GCI-VII), the largest capital increase in the Bank's history; however, the majority of GCI-VII subscriptions were expected in 2021. The Bank adopted measures to provide fast, flexible, and effective responses to lessen the severe economic and social impact of COVID-19 on its RMCs and their private sectors, while ensuring strong risk management to protect its credit ratings as it dealt with the widespread downgrade of many RMCs.

Approvals

In 2020, the African Development Bank Group provided UA 4.17 billion in financial support to RMCs, 43 percent less than the UA 7.3 billion approved in 2019 (Figure 2.1). The 2020 target was scaled back from UA 6.94 billion to UA 4.25 billion, and the program was modified, to prioritize COVID-19 relief. This led to the postponement of more than 75 operations (UA 3.1 billion), some of which had already been appraised. Non-sovereign

operations were also subordinated to the primary focus of helping countries provide effective public health care and economic recovery responses through CRF operations. Approvals of the African Development Bank (ADB) amounted to UA 2.49 billion, and those of the African Development Fund (ADF) to UA 938.8 million. Approvals under special resources reached UA 739.7 million. There were no approvals under the Nigeria Trust Fund (NTF). Other approvals under special resources included UA 27.2 million under the Private Sector Credit Enhancement Facility (PSF), UA 471.9 million under the Transition Support Facility (TSF), and UA 240.5 million under Special Funds (Table 2.1).

The 2020 share of non-sovereign operations in the Bank was 11 percent, compared with 30.2 percent in 2019, owing to the focus on helping countries provide effective public healthcare and economic recovery responses through CRF operations.

Approvals under the Transition Support Facility, at UA 471.9 million, reflected an increase of 48 percent over the UA 319.3 million approved in 2019. Most of the increase was to support transition states in addressing the multiple challenges from the COVID-19 pandemic.

The 2020 approvals reflect an increase of 92 percent for the Improve the Quality of Life for the People of Africa High 5 priority to UA 3.2 billion, or 77 percent of total approvals. Approvals for Light Up and Power Africa accounted for 11 percent of total approvals, Industrialize Africa for 5 percent, Integrate Africa for 4 percent, and

FIGURE 2.1 Bank Group approvals, 2018–20 (UA millions)

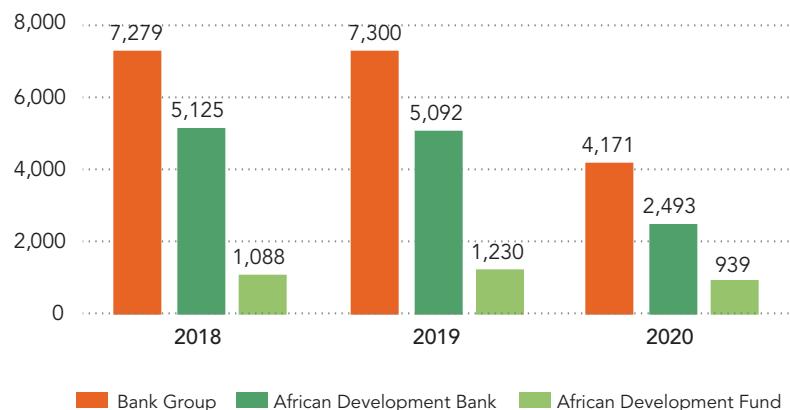
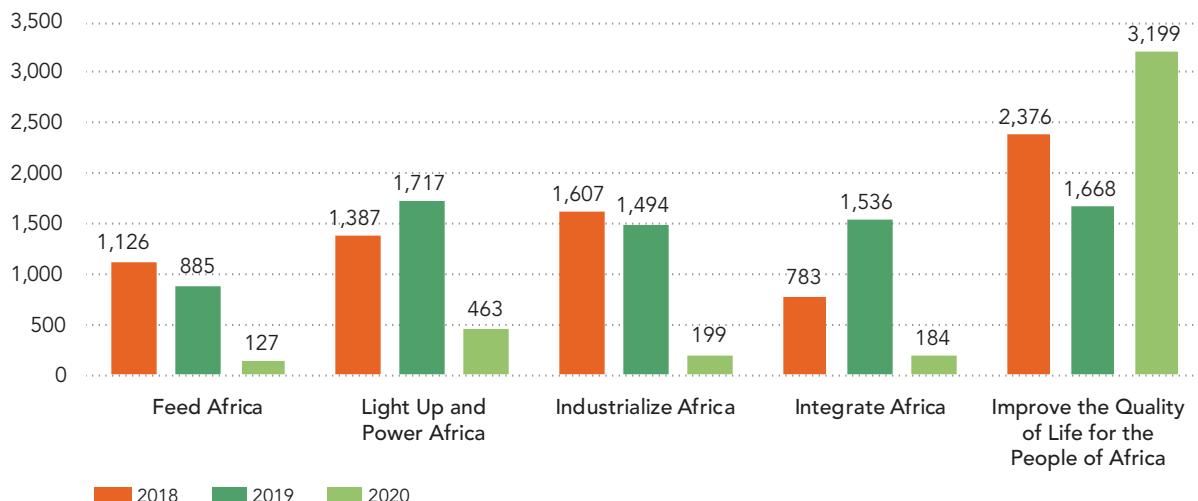


TABLE 2.1 Bank Group approvals, by source and financing instrument, 2020 (UA millions)

Financing instrument	Ordinary resources			Special resources					Bank Group
	African Development Bank*	African Development Fund*	Subtotal	Nigeria Trust Fund	Private Sector Credit Enhancement Facility	Transition Support Facility	Special and Trust Funds	Subtotal	
Total loans and grants	2,148.16	938.76	3,086.92	—	—	471.90	—	471.90	3,558.83
Other approvals	344.54	—	344.54	—	27.24	—	240.51	267.75	612.29
<i>Of which</i>									
Equity participation	16.85	—	16.85	—	—	—	—	—	16.85
Guarantee	327.68	—	327.68	—	27.24	—	—	27.24	354.93
Other	—	—	—	—	—	—	240.51	240.51	240.51
Total approvals	2,492.70	938.76	3,431.46	—	27.24	471.90	240.51	739.66	4,171.12

*Excluding special resources.

FIGURE 2.2 Bank Group approvals by High 5 priority, 2018–20 (UA millions)



Feed Africa for 3 percent. The decrease in approvals for these High 5s ranged between 73 and 88 percent from the 2019 approvals (Figure 2.2).

Approvals through the CRF totaled UA 2.9 billion, or 69 percent of total approvals. Budget support operations funded through the CRF (Crisis Response Budget Support, or CRBS) amounted to UA 2.5 billion and accounted for 86 percent of all operations funded through the CRF. In almost all countries, they targeted three key dimensions—the health, social, and economic impact—of the crisis (Box 2.1). As of the end of December 2020, UA 2.2 billion, or 80 percent of the resources provided through CRBS operations, was disbursed.

Another important dimension of the Bank's support has been to mitigate negative social impacts, targeting the most vulnerable. Through policy measures adopted under countries' COVID-19 response plans and the additional budgetary resources, the number of vulnerable households benefiting from support increased from about 3 million to 12.8 million. The CRBS operations also focused on measures safeguarding small and medium-sized enterprises (SMEs) and the private sector through such policy measures as the deferral of taxes and reductions in public utility costs for energy and water supply.

BOX 2.1

Bank financing helped mitigate the health and economic impact of the COVID-19 pandemic

Examples of how Bank operations contributed to addressing the pandemic:

HEALTH

- In **South Sudan**, 3,900 workers were equipped with PPE; and there was a stock of two tons of gloves and aprons awaiting distribution to 18 health care facilities.
- In **Ethiopia**, the daily testing capacity improved from 3,000 at the beginning of the outbreak to 12,400 by December 2020.
- In **Sierra Leone**, 80 field health personnel were trained on contact tracing at the national and district levels, including at points of entry (POEs).

SOCIAL PROTECTION

- In **Niger**, food aid benefited 2,052,000 people.
- In **Burkina Faso**, direct transfers of cash resources benefited 32,250 households out of a target of 43,000 vulnerable households. Some 150 demonstration stores were also opened to provide basic foodstuffs to low-income populations.
- In **Côte d'Ivoire, Ghana, and Senegal**, governments subsidized water and electricity payments for several months, benefiting close to 1 million citizens in each country.

BUSINESS

- **Sixteen countries** benefited from business tax deferrals/reductions.
- In **South Africa**, under the Credit Loan Guarantee Scheme, around USD 1.26 billion in loans were approved for 13,000 businesses.
- In **Mauritius**, the government announced that it would be allocating USD 12.5 million monthly towards supporting SMEs in the tourism sector.



Mask-making at full production in response to the COVID-19 pandemic.

Disbursements

Pandemic-related factors slowed project implementation, particularly due to travel restrictions and lockdowns, which delayed delivery, suspended work in some countries, and limited project teams from conducting field supervision. Although several disbursements on non-sovereign operations and other investment operations were postponed, the Bank Group disbursed UA 5.13 billion in 2020 (Figure 2.3). This represents a 44 percent increase from the UA 3.79 billion disbursed in 2019. Volumes were boosted by a rapid increase in disbursements from the COVID-19 CRF—UA 2.11 billion, or 39 percent of the total Bank Group disbursements—as the Bank supported RMCs in fighting the COVID-19 pandemic.

Bank Group portfolio

The Bank Group portfolio amounted to UA 42.5 billion at the end of 2020, an increase of 3 percent over the UA 41.1 billion at the end of 2019. The distribution by sector is shown in Figure 2.4. As of 31 December 2020, the Bank Group held 1,613 loans and grants in its active portfolio.

Largely due to the impact of the COVID-19 pandemic on project supervision and implementation, the share of flagged operations and those eligible for cancellation both grew. The share of problem or potential problem operations increased from 27 percent of the portfolio at the end of 2019 to 34 percent at the end of 2020. Delays in first disbursements² and the strain on

counterpart resources as RMCs prioritized measures to combat the pandemic were the main factors underlying the increase. The non-performing loan ratio (NPL) for the non-sovereign portfolio increased from 7.4 percent in 2019 to 8.6 percent in 2020 but is expected to decrease when the ongoing restructuring of projects is concluded.

Co-financing

The Bank mobilized UA 909 million in co-financing, 64 percent of the target of UA 1.4 billion. Of the amount mobilized, UA 773.3 million were allocated to public sector operations, and UA 135.7 million to private sector operations.

The Bank scaled up its efforts to leverage additional resources through co-financing partnerships. Engagement with the European Investment Bank (EIB) was strengthened, leading to a joint action plan to promote co-financing between the institutions. The plan builds on the two institutions' shared portfolio of EUR 3.4 billion, leveraging a total investment of just under EUR 10.2 billion for 26 projects across the continent over the past five years. Following a joint assessment, the co-financing agreement with the Islamic Development Bank (IsDB) was extended to promote co-financing in RMCs, with a combined target of USD 2 billion.

In-house co-financing mobilized UA 764.4 million under the three joint active co-financing facilities: UA 633.2 million from the Accelerated Co-Financing Facility (ACFA), UA 47 million from the Africa Growing Together Fund (AGTF), and UA 84.2 million from the EU Africa Investment Platform (AIP) (Table 2.2).

FIGURE 2.3 Bank Group disbursements, 2015–20
(UA millions)

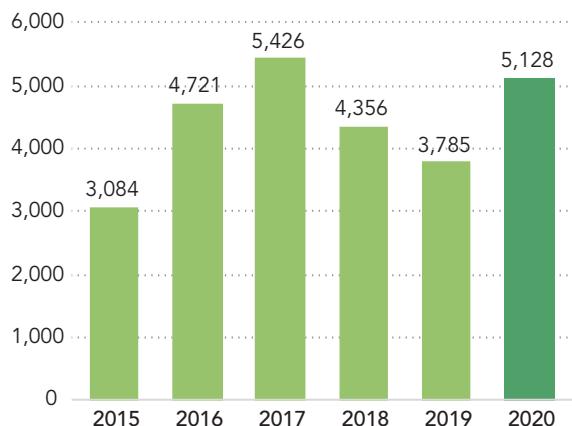
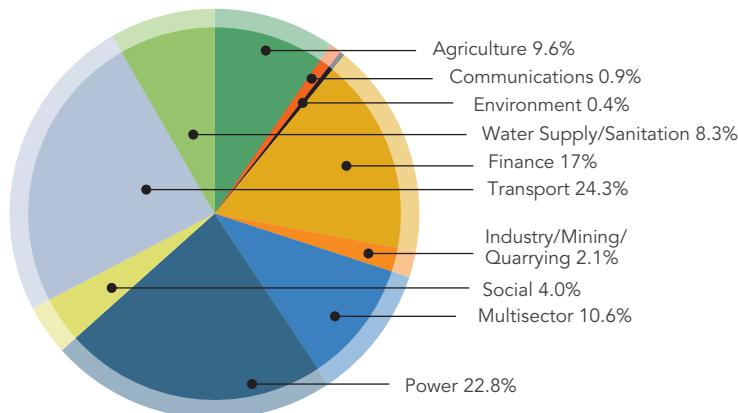


FIGURE 2.4 Bank Group portfolio distribution, by sector as of 31 December 2020





Workers prepare freshly harvested tomatoes for drying in the sun in the Western Cape, South Africa

TABLE 2.2 In-house co-financing resources mobilized

Facility	Donor	Resources in UA (millions)
Accelerated Co-Financing Facility (ACFA)	Japan	633.2
Africa Growing Together Fund (AGTF)	China	47.0
Africa Investment Platform (AIP)	European Union	84.2
Total		764.4

Innovative financing

The Bank approved the Affirmative Finance Action for Women in Africa (AFAWA) risk-sharing mechanism (RSM) to provide partial credit guarantees (PCGs) of up to USD 750 million to implementing partners, covering up to 75 percent of their risk exposure to partner financial institutions (PFIs) lending to women-empowered businesses (WEBs). Donor contributions (USD 300 million) will serve as a backstop to the Bank's exposure under its PCGs, in the form of funded and unfunded risk participation agreements. The RSM aims to shift the lending culture of PFIs significantly and sustainably toward increasing opportunities for women across Africa.

The Board approved the introduction of a complementary trade finance guarantee instrument, the Transaction Guarantee (TG). The TG is an unfunded trade finance guarantee instrument used by multilateral development banks (MDBs) on a single-transaction basis to cover up to 100 percent of selected local banks' non-payment risk that international confirming banks are unwilling or unable to take because of the country or single-obligor risk. TGs will allow the Bank to support more local banks, especially in low-income and transition states, and through them, to support more local corporations and SMEs active in international trade in Africa.

Highlights of the Bank Group's operations, by High 5 priority

Through the High 5s, the Bank works toward economic and social development and creating the jobs needed on the continent.



Light Up and Power Africa

The central vision of the Light Up and Power Africa High 5 is to achieve universal access to electricity.

Approvals for this priority totaled UA 462.7 million in 2020, representing 11 percent of total approvals. This High 5 played a key role in the Bank's COVID-19 response. Several CRF budget support operations approved in 2020 supported the electricity sector and the deferral of payment or reduction of electricity bills for SMEs and vulnerable households (for example, in Cameroon, Côte d'Ivoire, Gabon, and Mozambique).

Examples of multi-country operations include:

- The COVID-19 Off-Grid Recovery Platform (CRP) (USD 19.8 million concessional loans from the Sustainable Energy Fund for Africa, SEFA). It will add 200,000 new off-grid connections to households and reduce carbon dioxide emissions by over 40,000 tons CO₂ equivalent.
- An equity investment in the first-loss tranche of the SPARK+ Africa Fund (USD 5 million from SEFA) (Box 2.2).
- The Africa Mini-Grid Market Acceleration Program (AMAP) (USD 7 million SEFA grant). It will include

three core components: the implementation of a new and standardized framework for national-scale mini-grid acceleration programs (MAPs) in four countries; the design and enhancement of financial de-risking solutions; and support for knowledge, innovation, and skills development activities.

Examples of single-country operations include:

- The Electricity and Green Growth Support Program in Egypt (EUR 225 million ADB loan). The program will enhance the financial sustainability of public and private power energy projects and promote clean energy and energy efficiency. The percentage of installed renewables compared with the peak load will increase by more than 50 percent; private sector investment in the electricity sector will increase by 75 percent; and the level of cost recovery through electricity tariffs will increase by more than 40 percent.
- The Malagarasi Hydropower Power Project in Tanzania (USD 120 million ADB loan and USD 20 million AGTF loan). The expected average annual output of 181 gigawatt-hours will meet the electricity needs of over 133,000 households in the Kigoma area. The project is expected to create about 700 jobs during construction, cut the region's electricity generation costs from the current USD 0.33 per kilowatt-hour to



JUMEME, a mini-grid operator in Tanzania and a SEFA recipient

about USD 0.04 per kilowatt-hour, and reduce reliance on greenhouse gas-emitting fossil fuels.

- The Project to Strengthen the Structures of the Electricity System and Access to Electricity Phase I in Côte d'Ivoire (EUR 62.4 million ADB loan). The project aims to provide electricity to nearly 1,400 localities in 11 districts and to connect approximately 120,000 households to the national grid. Upon completion, the project will raise the national electricity access rate to more than 70 percent. More than 380 jobs will be created during construction, and about 60 during implementation.
- The Power Transmission Network Reinforcement and Interconnection Project Phase II in Madagascar (UA 30 million, of which UA 20 million is an ADF loan and UA 10 million a loan from Pillar 1 of the TSF, the Bank's financing mechanism for fragile and transition countries). The project will supply some 8 million people with an average of 1,650 gigawatt-hours a year of affordable and clean energy. It will also electrify 19 villages in four municipal councils of central Madagascar, a country that has an electricity access rate of only 15 percent nationally and 6 percent in rural areas, despite huge renewable energy potential.

Examples of knowledge activities include:

- Co-hosting, with the African Union Commission and the African Union Development Agency–New Partnership for African Development (AUDA-NEPAD), the Stakeholders Roundtable on the Integrated Continental Power Systems Masterplan. The master plan aims to identify the hard infrastructure requirements for power generation and transmission.
- Organization of the 4th Africa Energy Marketplace (AEMP), a virtual event themed “Unlocking the Solar Potential of the G5 Sahel Countries,” in the context of the Desert-to-Power (D2P) initiative. The AEMP mobilized a broad coalition of technical and financial partners in support of implementing the national D2P roadmaps developed and validated by them in 2020.
- Launch of the 2020 edition of the Electricity Regulatory Index, covering 34 countries. This diagnostic tool measures the development of the regulatory frameworks governing the electricity sectors of African countries.



“Life was difficult without electricity. Now I have an electric pump and machinery on the farm. I can irrigate and grow whatever I want, and I can do it alone.”

Peter M. Nzoka, *farmer
Ol Donyo Sabuk, Machakos County, Kenya*

RESULTS OF SOME OF THE LIGHT UP AND POWER AFRICA OPERATIONS COMPLETED IN 2020:

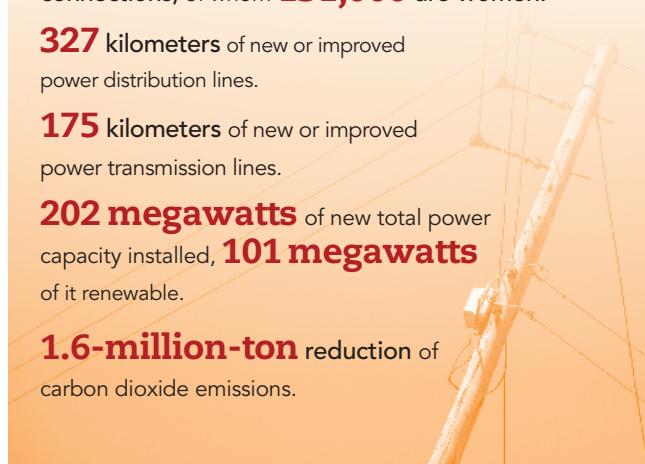
260,000 people with new electricity connections, of whom **131,000** are women.

327 kilometers of new or improved power distribution lines.

175 kilometers of new or improved power transmission lines.

202 megawatts of new total power capacity installed, **101 megawatts** of it renewable.

1.6-million-ton reduction of carbon dioxide emissions.



BOX 2.2**SPARK+ Africa Fund: Clean cooking solutions for Africa**

The SPARK+ Africa Fund was launched in 2020 by Enabling Qapital, an asset management and advisory company, and the Clean Cooking Alliance, a global organization, to channel debt and equity financing to enterprises that manufacture, distribute, and finance clean cooking solutions—such as biomass stoves, advanced biomass fuels, liquified petroleum gas (LPG) and ethanol, and biogas systems—across sub-Saharan Africa. The fund targets distributors and consumer finance providers, such as off-grid solar companies and microfinance institutions, that will extend their services to clean cooking products.

The Bank is making a USD 5 million equity investment from the SEFA Special Fund in the first-loss tranche of the SPARK+ Africa Fund. The European Union's Africa Investment Platform is contributing an additional EUR 10 million.

It is expected that the SPARK+ Africa Fund will contribute to delivering clean cooking solutions to around 2 million households and reduce around 15.9 megatons of CO₂ equivalent.

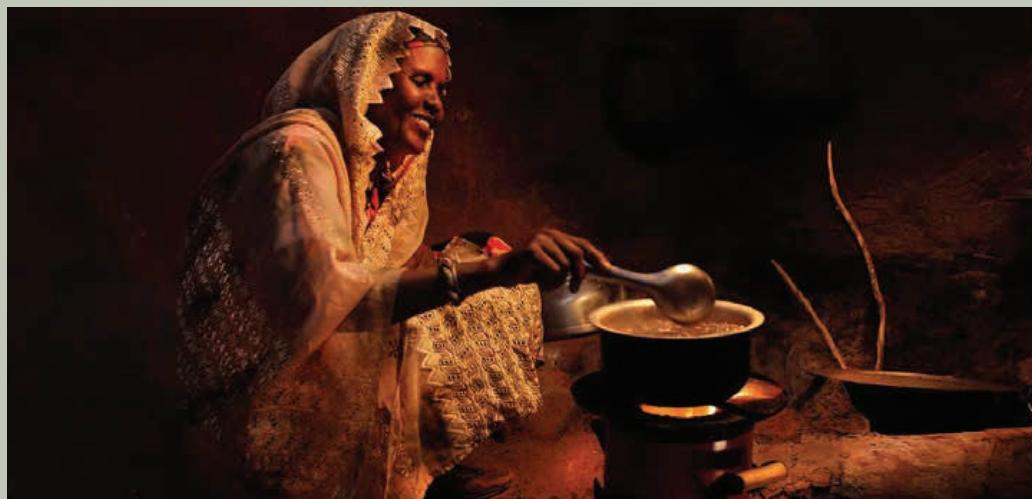


Photo: Clean Cooking Alliance

Woman cooking with a clean stove



Feed Africa

Feed Africa supports the transformation of African agriculture and rural areas to eliminate hunger and malnutrition and move Africa to the top of export-oriented global value chains consistent with its comparative advantage.

As part of the CRF, the Bank designed a Feed Africa Response to COVID-19 (FAREC) to address the specific issues faced by the agriculture sector. As part of FAREC, the Bank is restructuring 39 projects in 21 countries, with a total amount of USD 367.6 million applied to support RMC response programs to ensure food and nutrition security during the COVID-19 pandemic.

Two examples from FAREC implementation include:

- The Savannah Zone Agriculture Productivity Improvement Project (SAPIP) and Savannah Investment Program (SIP) in Ghana. USD 7.7 million was used to procure various inputs. This resulted in a total output with a market value of USD 28 million.
- The list of goods and services of two agriculture projects in Senegal was revised, amounting to a total of 3.8 billion CFA francs. This supported agricultural inputs and seed producers.

Approvals for the Feed Africa priority totaled UA 126.7 million in 2020, accounting for 3 percent of total approvals.

Examples of approved operations include:

- The Project to Improve the Livelihoods of Smallholders and Women in the N'zi region in Côte d'Ivoire (USD 14.7 million, of which USD 2.7 million is an ADF loan and USD 12 million is a grant from the Global Agriculture and Food Security Program). The project will directly affect 60,000 people—25 percent of the population of N'zi region, 50 percent of them women, and 35 percent of them young people. Project activities will yield an estimated additional annual output of 522 tons of vegetables, 4,500 tons of cassava, 3,750 tons of yams, and 1.5 million fowls.
- The Agriculture and Livestock Value Chains Sustainable Development Support Project (PADCAE-B) in Burundi (UA 15 million, of which UA 9.4 million is an ADF grant and UA 5.6 million is a TSF–Pillar I grant). Project interventions will focus on a few value chains (rice, maize, goats, pigs, and fish). The project will benefit 138,000 persons, 56 percent of them women. Some of the expected outcomes are a doubling in productivity of some crops and creation of job opportunities, resulting in a decrease of the poverty rate

from 72 percent to 60 percent and a decrease of the malnutrition rate in some areas from over 63 percent to 50 percent.

- The Mkondvo-Ngwavuma Water Augmentation Program (MNWAP) Study in Eswatini (UA 1.2 million). The objective of the program is to contribute to food security, poverty reduction, and resilience to climate change through water and irrigation infrastructure development in Eswatini.
- The Humanitarian Emergency Assistance to Overcome the Oil Spill Crisis in Mauritius (UA 0.5 million grant from the Special Relief Fund). The grant supported international recovery efforts after an oil spill off the coast of Mauritius that resulted in health, conservation, and economic challenges.
- The Agro-Industrial Processing Zone Development Project in the South-West Region of Madagascar (UA 20 million) (Box 2.3).



Livestock in Burundi

Examples of country-specific knowledge products published in 2020 include:

- The Olive Oil Value Chain in Tunisia. This analysis identifies the strengths and weaknesses of the olive oil value chain and proposes related actions.
- Development Opportunities for Rural Agro-Industry in Morocco: The Example of Rural Agro-Industrial Zones. This study identifies opportunities for the development of agricultural platforms in rural areas.
- Mauritius—Analysis of Non-Sugar Sector. This study identifies opportunities and potential in promoting the production of some priority value chains and strategic food crops.

RESULTS OF SOME OF THE FEED AFRICA OPERATIONS COMPLETED IN 2020:

16.4 million people, of whom **8 million** are women, benefited from improvements in agricultural productivity.

3,099 kilometers of feeder roads were built or rehabilitated.

16,500 hectares of land had improved water management.

BOX 2.3**Promoting agricultural value chains in Madagascar for more agricultural product processing**

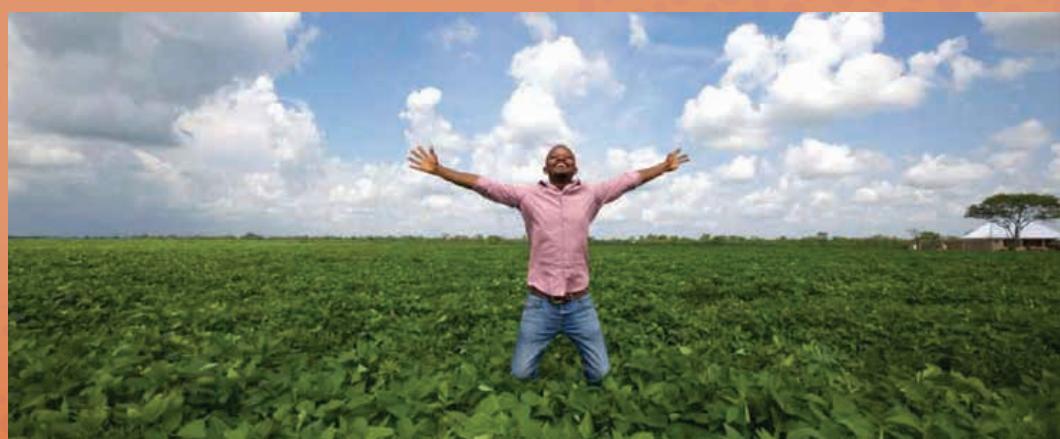
The Agro-Industrial Processing Zone Development Project in the South-West Region of Madagascar is the first project of an initiative that could be replicated at the national level to ensure more processing of agricultural products. The project will promote agricultural value chains and outputs such as rice, maize, cape peas, fishery products, and small ruminants through infrastructure development and measures to attract the private sector to operate in key areas of industrial processing and marketing.

The project will cover some 83,000 hectares and affect 152,000 beneficiaries directly and 460,000 indirectly, of whom almost 55 percent are women.

Bank financing will be through a UA 20 million loan from the TSF–Pillar I.



Worker harvesting rice in Madagascar



Isaac Papanko started farming on 8 hectares of farmland. Within a few years, his agribusiness has expanded to cover 425 hectares

“We will soon be counting money in dollars that will surprise Ghanaians.”

Isaac Papanko, 39-year-old CEO of Idan Agro Ventures in Northern Ghana.
Savannah Zone Agricultural Productivity Improvement Project



Industrialize Africa

The Industrialize Africa High 5 is about Africa's economic diversification to reduce Africa's reliance on mineral-based exports and to create jobs in a more diversified economy led by private entrepreneurs and businesses.

Approvals for Industrialize Africa amounted to UA 199.2 million, representing 5 percent of total approvals. Examples of 2020 approvals include:

- The Industrialization and Financial Sector Support Project (PAISF) in Madagascar (UA 12.1 million ADF loan). The project will support the government's post-pandemic recovery plan, highlighting an industrial strategy that prioritizes meeting domestic food demand. Domestic credit to the private sector will increase by more than 40 percent, and the financial inclusion rate will increase by more than 70 percent.
- The project for Enhancing Efficiency and Sustainability of Artisanal and Small-Scale Mining (ASM) through Climate Smart Actions in Guinea Bissau, Liberia, and Sierra Leone (UA 1 million). Key expected outcomes include improved regulation of the ASM subsector; strengthened institutional capacity to manage the ASM subsector; improved health, safety, and security in ASM; and reduced environmental degradation.

Examples of knowledge activities are as follows:

- The Bank prepared a comprehensive strategic note to guide the African continent and all active players to support the development of Africa's pharmaceutical industry between 2020 and 2030, in light of the COVID-19 pandemic.
- About 50 officials drawn from the Ethiopian Customs Commission were trained on customs modernization,

including the one-stop border post concept, practice, methodologies, and techniques.

- About 50 officials of the Malawi Revenue Authority were trained on concepts and practical applications of tariff origin and valuation (including transfer pricing) as well as other concepts.

Information and communication technology and digital transformation

The Bank continued to promote the African continent's adoption of Fourth Industrial Revolution (4IR) technologies and services. It held a 4IR Day in Abidjan, which included a trade show of key African 4IR suppliers. The findings of the Bank-financed report *Potential for the Fourth Industrial Revolution in Africa* were promoted during virtual events throughout the year.

The Bank financed studies in Côte d'Ivoire, Democratic Republic of Congo, Mali, Niger, Rwanda, and Tanzania on prospective projects ranging from implementing terrestrial fiber optic cable to e-government, digital identity, innovation hubs, and technology centers of excellence.

RESULTS OF SOME OF THE INDUSTRIALIZE AFRICA OPERATIONS COMPLETED IN 2020:

926 kilometers of roads constructed, rehabilitated, or maintained, of which **773 kilometers** are in low-income countries;

1.4 million people benefited by investee projects, of whom **1 million** are women.

7,700 owner-operators and micro, small, and medium-sized enterprises (MSMEs) provided with access to financial services.



Indorama Eleme Fertilizer Project, Nigeria

"When I used this fertilizer, my harvest increased by more than 40 percent. I can feed myself, pay for my children's education and even their medical expenses."

Shuaibu Yusuf, a farmer in his thirties who lives near Port Harcourt, Nigeria



Integrate Africa

African countries can achieve deeper integration through enhanced regional development and cooperation, and thus largely overcome the constraints of market size.

Approvals for Integrate Africa totaled UA 183.7 million in 2020, representing 4 percent of total 2020 approvals. Examples of operations approved in 2020 include:

- The Exceptional Project to Support ECOWAS Low-Income Member Countries, and Strengthening the Health Systems of The Gambia, Mali, and Niger to Combat the COVID-19 Pandemic (UA 12.6 million). Of that amount, UA 7 million is from the African Development Fund 14th Replenishment (ADF-14) Regional Public Goods envelope, and UA 5.6 million from the regional operations envelope to be shared among The Gambia, Mali, and Niger. The operation aimed to build the capacity of national and regional entities and to curb and eventually stop the spread of COVID-19. The project financed the purchase of 249,000 test kits and other inputs to the COVID-19 response, trained 600 health personnel, and renovated and equipped 40 isolation facilities.
- The Institutional Support Project to the African Civil Aviation Commission (AFCAC) for the implementation of the Single African Air Transport Market (SAATM) (UA 4.5 million loan) (see details under Multiregional operations).³
- The Project to Construct Access Roads to the Road-Rail Bridge over the Congo River—Phase I in Congo and the Democratic Republic of Congo (DRC) (UA 19.7 million loan). The project aims to contribute to regional integration in Central Africa. The aver-

age freight traffic cost per ton will be reduced by one-third, and the number of passengers crossing the Congo River between Congo and the DRC will increase by 20 percent.

- The Feasibility Study for the Proposed Standard Gauge Railway Connecting Ethiopia and Sudan (UA 2.2 million). The study will determine whether, and under what conditions, a railway line between Ethiopia and Sudan is technically, financially, economically, socially, and environmentally viable.
- The Lake Chad Basin Regional Road Network Integration Project—Construction of a Bridge over the Logone River between Yagoua (Cameroon) and Bon-gor (Chad) (UA 32.1 million) (Box 2.4).

Examples of knowledge outputs produced in 2020 include:

- The African Continental Free Trade Area (AfCFTA) Institutional Support Project. It will support the establishment of the AfCFTA Secretariat.
- The publication of Regional Integration Strategy Papers (RISPs) for Northern Africa (2020–2026), Southern Africa (2020–2026), and Western Africa (2020–2025).
- The launch of the Second Africa Regional Integration Index (ARI 2019), prepared with the African Union Commission and the United Nations Economic Commission for Africa. The ARII measures the progress of regional integration on the continent.
- The launch of the fifth edition of the Africa Visa Openness Index (AVOI). Findings show that a record 54 percent of the continent is accessible for African visitors, who either no longer need a visa to travel or can get one on arrival.

RESULTS OF SOME OF THE INTEGRATE AFRICA OPERATIONS COMPLETED IN 2020:

356 kilometers of cross-border roads constructed or rehabilitated.

9.2 million people with access to better transport services.



BOX 2.4**Promoting interstate trade between Chad and Cameroon**

The construction of a bridge over the Logone River between Chad and Cameroon will improve regional development and the transport system in the Lake Chad Basin region, thus contributing to the development and economic competitiveness of the cross-border area of the two countries.

Expected outcomes are strengthened bilateral and sub-regional integration, more official trading points on a common border of more than 1,000 kilometers, reduced loss of life and property during the crossing of the Logone River, and strengthened sociocultural exchanges between the peoples of the two countries.



Bridge over the Logone River between Yagoua (Cameroon) and Bongor (Chad)



Kenya–Tanzania border

“It used to take between one and a half to two hours for customs clearance. With a single checkpoint, that’s all changed now. [Crossing time is now less than 30 minutes.]”

Naftali Elude Mzota, a driver in Tanzania who has been driving between Tanzania and Kenya for more than 23 years.



Improve the Quality of Life for the People of Africa

Improving the quality of life for Africans and creating jobs can be regarded as the overarching objective of the High 5 agenda.

Approvals for Improve the Quality of Life for the People of Africa amounted to UA 3.2 billion, representing 77 percent of total approvals. Operations financed by the CRF accounted for 69 percent of total approvals for this priority.

Health

Approvals for health operations amounted to UA 349 million, or 8 percent of total 2020 approvals. With one exception, they supported RMCs in their fight against the COVID-19 pandemic. The exception was a USD 10 million equity investment in Razorite Healthcare Africa Fund 1 to help improve healthcare infrastructure delivery across the continent. Multiregional operations represented 13 percent of total approvals. Operations in Morocco and Tunisia accounted for 70 percent of total approvals in health (see the Human capital and North Africa sections below).

Other examples of operations approved in 2020 include:

- Support to the COVID-19 Pandemic Crisis Response in the Southern Africa Development Community (SADC) Region and São Tomé and Príncipe (UA 7 million ADF-14 grants, of which UA 6.5 million is to SADC, and UA 0.5 million to the country). The specific objectives of the operation are to increase the availability of personal protective equipment for front-line healthcare workers, community health workers, and other essential workers; increase the availability of testing kits, and reinforce the SADC Secretariat's capacity to coordinate pandemic response measures.
- Support to the COVID-19 Pandemic Response Project in South Sudan (UA 3 million TSF grant). The bulk of the activities focus on improving facilities for managing COVID-19 cases, including procuring oxygen cylinders and vital signs equipment, and recruiting and training health workers.

Water and sanitation

Approvals for water and sanitation totaled UA 204.45 million, or 5 percent of total approvals. Resource mobilization efforts for the African Water Facility yielded new commitments and pledges totaling EUR 30 million.



Water and sanitation in Namibia

Examples of 2020 approvals include:

- The Water Sector Support Program in Namibia (a UA 88.7 million ADB loan and a EUR 3 million grant from the Rural Water Supply and Sanitation Initiative—RWSSI—Trust Fund). The program's objective is to increase access to improved sanitation in rural areas. These will improve the health and livelihoods of an estimated 1,000,000 direct and 250,000 indirect beneficiaries.
- The Muvumba Multipurpose Water Resource Development Project in Rwanda (EUR 121.5 million loan). Project results expected at completion include installed hydropower capacity of 740 kilowatts and annual power generation estimated at 5,719 megawatt-hours; 7,380 hectares of irrigated land, which will create 37,000 jobs directly and 30,000 indirectly; and water supply for 300,000 people and for livestock.
- Four projects were approved under the African Water Facility (AWF) for a total of UA 3 million. They included project preparation studies in Ghana, Kenya, and Zambia and the establishment of a monitoring and reporting framework for the water sector in Africa, under the management of the African Ministers' Council on Water (AMCOW).

Human capital, youth, and skills development

The Jobs for Youth in Africa Strategy (JfYA) 2016–2025 forms part of the delivery on African Development Fund 15th Replenishment (ADF-15) commitments, specifically on ensuring that at least 40 percent of Bank operations approved for ADF countries integrate jobs and skills. In 2020, 49 percent of the Bank-approved operations for ADF countries integrated jobs and skills for young people. As part of the ADF-15 commitment to strengthen



Diana Kumi, known as “the Queen Mother of oranges,” at the Ashaiman market in Greater Accra, Ghana. Diana used to describe the crowded open-air market as more like an open sewer. A project funded partly by the African Water Facility improved access to sanitation in urban poor areas.

“Our work environment is much cleaner now. We save money instead of paying informal waste collectors.”

Diana Kumi, Ashaiman market in Greater Accra, Ghana.

the Bank’s Development Impact Approach to better assess the extent of its contribution to direct, indirect, and induced decent jobs, the Bank adopted the Joint Impact Model. This was done alongside the Dutch Entrepreneurial Development Bank (FMO), the Commonwealth Development Corporation (CDC), the Promotion et Participation pour la Coopération Économique (PROPARCO), the Belgian Investment Company for Developing Countries (BIO), and the Development Finance Institution Canada (FinDev Canada)—to monitor and measure the indirect and induced jobs arising from Bank operations.

The Bank is scaling up flagship programs in agriculture (for example, ENABLE Youth), industry (SAPZ Skills Enhancement Zones), information and communication technology (Coding for Employment), and entrepreneurship (Souk At-Tanmia and the Entrepreneurship and Innovation Lab) to equip youth and strengthen country policies and entrepreneurship ecosystems. The implementation of these flagship programs and Bank operations for youth is supported by the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI MDTF), including other recipients such as the Africa Guarantee Fund for access to finance for 400 micro, small, and medium-sized enterprises (MSMEs) in Ghana, Mali, Nigeria, Togo, and Zimbabwe, as well as the Tony Elumelu Foundation Entrepreneurship Program, which supports 10,000 youth entrepreneurs across Africa.

Some examples of 2020 CRF approvals that include measures saving jobs and livelihoods are:

- The COVID-19 Response Support Program (PARC-19) in Morocco (UA 264 million loan) (Box 2.5).

- The COVID-19 Crisis Response Budget Support (CRBS) in Ethiopia (UA 120 million grant from the country’s ADF-15 Performance-Based Allocation) (see Box 2.8).
- The multinational Crisis Response Support Program in Djibouti and Somalia (a UA 3 million grant from the ADF-15 Performance-Based Allocation and a UA 27 million ADF Regional Operations (RO) grant to Djibouti, and a UA 10.98 million RO grant and a UA 7.32 million TSF-Pillar I grant to Somalia). The program aims to support the upgrading of health system capacities, reinforce livelihoods and social protection mechanisms, and protect economic activities.

An example of a knowledge activity sponsored and financed by a trust fund intervention in support of youth entrepreneurs is presented in Box 2.6.

RESULTS OF SOME OF THE IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA OPERATIONS COMPLETED IN 2020:

8.3 million people with new or improved access to water and sanitation, of whom **4.2 million** are women.

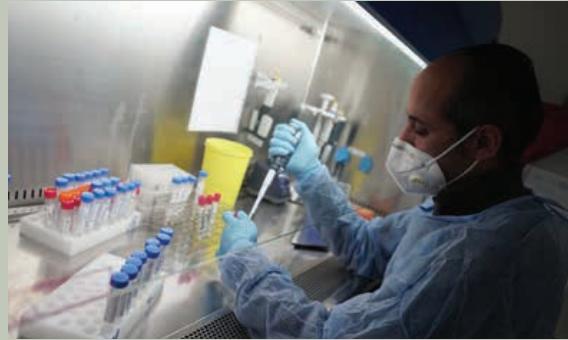
170,000 people benefited from better access to education, **half of them** women.

118,000 people trained, **61,000** of them women.

BOX 2.5

Curbing the spread of COVID-19 and mitigating its economic and social repercussions in Morocco

The Morocco COVID-19 Response Support Program (PARC-19) (UA 264 million loan) seeks to protect citizens against health risks, protect the jobs of citizens and preserve their purchasing power, and build private sector resilience to prepare for economic activity to resume. A recent AfDB and International Labour Organization study simulating the mitigation impact of the national measures targeting households and micro, small, and medium-sized enterprises (MSMEs) found 6 percent of GDP preserved and 65 percent of the jobs at risk saved, representing over 49,000 businesses, of which 85 percent were micro, small, and medium-sized enterprises benefiting from PARC-19.



Medical laboratory worker in Morocco

BOX 2.6

Africa's youth help mitigate the impact of COVID-19 on jobs and livelihoods

The Jobs for Youth in Africa Initiative organized the #AfricaVsVirus Challenge to create tech and non-tech solutions to some of the most pressing challenges posed by the novel coronavirus pandemic, bringing together, in a 72-hour collaborative digital process, socially committed citizens worldwide, problem solvers, creative minds, health experts, programmers, and graphic and web designers. Some 25,000 participants from across Africa and beyond joined and curated 750 solutions, from which an expert panel selected the top 100. In December 2020, the Bank announced 20 finalists, who will receive grants of up to USD 20,000, as well as access to business development and other in-kind services.





Project for Youth Employability and Integration in Growth Sectors
(PAEIJ-SP)

“We no longer have problems selling our products, and we are paid as soon as the purchase is made.”

Mawulawoe Kodokpo, President of *Lolonunywie*, a group specializing in organic agriculture in Togo.

Africa Investment Forum

The Africa Investment Forum (AIF) was directly affected by the pandemic, which caused the postponement of the Market Days planned from November 2020 to November 2021. Like other initiatives, the AIF portfolio also witnessed some volatility in estimated deal closure timelines as companies reduced or postponed their activities. Even so, the AIF recorded closures for two deals in its portfolio: AfricInvest IV, a continental fund with a target fund size of USD 500 million, achieved its second close of USD 213.5 million; and Infrastructure Credit Guarantee Company Limited (“*InfraCredit*”), Nigeria, with a size ask of USD 200 million, achieved its target capital call of USD 177 million. These two deals bring the number of AIF closed deals to 10, valued at USD 3.1 billion.

As the AIF’s founding partners responded promptly to the pandemic with individual multi-billion-dollar packages, the forum amplified the call to action by launching the AIF Unified Response to COVID-19 in July 2020—a united approach among its partners to boost private investment across 15 critical projects targeted to mitigate the medium- and long-term effects of the pandemic. The Unified Response to COVID-19 deals, which together amounted to USD 3.79 billion (none of them closed at the end of 2020), were selected for their potential to help the continent recover from the pandemic and build resilience against future shocks.

Cross-cutting areas

Countries in situations of fragility

In 2020, the Bank continued its leadership in promoting resilience and addressing fragility through several initiatives, including the allocation of dedicated resources through the TSF.

A total of 54 projects totaling UA 471.9 million were approved. This amount is comprised of 32 projects (UA 425.1 million) under Pillar I (supplemental resources for national and regional operations to support countries in their state-building efforts) and 22 projects under Pillar III (UA 46.8 million). Of the 32 Pillar I projects, 20 (representing a total of UA 213.9 million) were in response to the COVID-19 pandemic. An important milestone was the completion of the arrears clearance by Somalia to the Bank through a UA 89 million grant from Pillar II resources of the TSF to reach a historic debt relief agreement for Somalia.

The Bank also undertook a wide range of knowledge activities in 2020: fragility and resilience assessments in Chad, Guinea Bissau, Liberia, Sierra Leone, and Zimbabwe; a political economy analysis on food security in South Sudan; a study on urban drivers of fragility; and the development of a framework for the Adoption of a Fragility Lens for non-sovereign operations.

The Bank carried out virtual training events in 2020 on a number of topics as part of its capacity-building activities related to fragility. A total of 370 staff drawn from the Bank, RMCs, regional economic communities (RECs), the Islamic Development Bank, and partner agencies participated in the training.

To achieve better coordination, leverage resources, and build synergy in addressing fragility and building resilience, the Bank also partnered with other organizations active in fragile environments for a number of joint assessments, capacity-building programs, and critical operations in favor of vulnerable groups.

Promoting gender equality and civil society engagement

In 2020, the proportion of sovereign operations categorized using the Gender Marker System (GMS) rose from 60 percent at the end of 2019 to 98 percent, surpassing the 80 percent target. The GMS was also introduced as a key performance indicator in 2020 and is now reflected in the Bank's Result Measurement Framework.

All operations approved under the CRF were categorized using the GMS, with interventions such as the development of financial instruments and innovative financing schemes to sustain women-owned businesses; disease prevention information and supplies for women caring for sick household members; and innovative technology-based solutions to ensure children's continuation of education and reduce dropping out, ensure women's access to water, and boost compliance with social distancing at water collection points.

Examples of 2020 approvals include:

- The Accelerating Women Entrepreneurship and Access to Finance Project (AWEAF) in Sudan (USD 15 million grant). Under the project, 570 micro, small, and medium-sized enterprises owned or led by women are expected to receive high-quality technical and business development training and finance, leading to an average 10 percent growth in business revenue for the women business owners and the creation of 1,200 full-time equivalent jobs, especially for young women.
- The Affirmative Finance Action for Women in Africa (AFAWA) risk-sharing mechanism (RSM) (USD 250 million Partial Credit Guarantee), an innovative guarantee mechanism to de-risk the women's market and increase financing for women-owned small and medium-sized enterprises.
- The Bank approved the establishment of the Gender Equality Trust Fund (GETF), the largest trust fund for gender in Africa and the first thematic trust fund on gender at the Bank.

Examples of knowledge products include:

- Approval of the Bank Group Gender Strategy 2021–2025—Investing in Africa's Women to Accelerate



BRIDGING THE FINANCE GAP FOR WOMEN IN AFRICA

Establishment of the Affirmative Finance Action for Women in Africa (AFAWA) risk-sharing mechanism

Inclusive Growth—which was an ADF-15 and 7th General Capital Increase (GCI-VII) commitment for 2020.

- Production and publication of 11 country gender profiles: Burkina Faso, Chad, Comoros, Djibouti, Egypt, Eritrea, Malawi, Niger, South Sudan, Sudan, and Zimbabwe.
- Production and publication of 10 reports on gender-responsive climate-resilient solutions in Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda.
- Organization of a global dissemination webinar on the 2019 African Gender Index, produced in collaboration with the United Nations Economic Commission for Africa (UNECA).

Examples of 2020 activities in civil society engagement include:

- Development of a Guidance Note on mainstreaming civil society engagement to inform CRF projects.
- The annual Civil Society Forum in November 2020 under the theme “Engaging Civil Society in Building Africa Back Better after the COVID-19 Pandemic.”
- An inventory of initiatives called “African Civil Society vs. COVID-19.” The outcome of this inventory was the selection of six projects led by civil society organizations presented during the virtual exhibition of the 2020 Civil Society Forum.

Supporting governance and accountability

During 2020, the Bank approved a total of 30 governance lending operations for a total of UA 2.65 billion, of which UA 1.67 billion is from the ADB window and UA 983 million from the ADF window. This amount is more than double the 2019 approvals of UA 1.1 billion. The vast majority (25) of the operations were crisis response budget support (CRBS) operations prepared in response to the COVID-19 pandemic. These include 12 operations for ADB countries and 13 operations for 25 ADF countries (including 4 multicountry operations).

The substantial increase is explained by the alignment of the 2020 governance lending program with the focus of the CRF and the need to provide budget support focused on the required short-term emergency policies and responses aimed at mitigating the health, social and economic impacts of the COVID-19 pandemic. Emphasis was placed on ensuring the funds provided for the COVID-19 response would be effectively used and not diverted through leakages or cor-

rupt practices. All the CRBS operations approved under the CRF contain policy measures and commitments bolstering transparency and accountability in COVID-19-related expenditures, as well as general measures to reinforce public financial management systems and prevent leakages. These include measures such as the publication of COVID contract awards, strengthening of procurement regulations, timely expenditure reporting, and audits of COVID-19-related programs and expenditures. The vast majority of the CRBS operations require the publication of an audit of COVID-19 response expenditures as a policy action, due at the completion of the program. Ensuring that these commitments are met and that any reports on mismanaged funds or allegations of corruption are dealt with expeditiously and in accordance with relevant laws and policies remains an important point of policy dialogue with the relevant authorities.

Examples of 2020 approvals include:

- Crisis Response Budget Support in Kenya (UA 149.6 million). The social protection schemes have benefited around 1.5 million people, and tax relief measures have benefited more than 58,000 SMEs. Ongoing policy dialogue focuses on post-COVID-19 economic recovery and transparency in the use of COVID-19 resources, as well as structural transformation and economic competitiveness.
- Crisis Response Budget Support Program (RCRBS) in Rwanda (UA 71 million loan). This program includes the adoption by the government of new procurement regulations and standard bidding documents to ensure competition and transparency in the execution of COVID-19 responses, and the conduct of procurement audits.

An example of knowledge products:

The Bank supported and financed (through a UA 2.7 million ADF grant) the establishment of the Africa Debt Monitor as well as the development of a Health and Public Financial Management database by the Collaborative Africa Budget Reform Initiative (CABRI).

Climate change

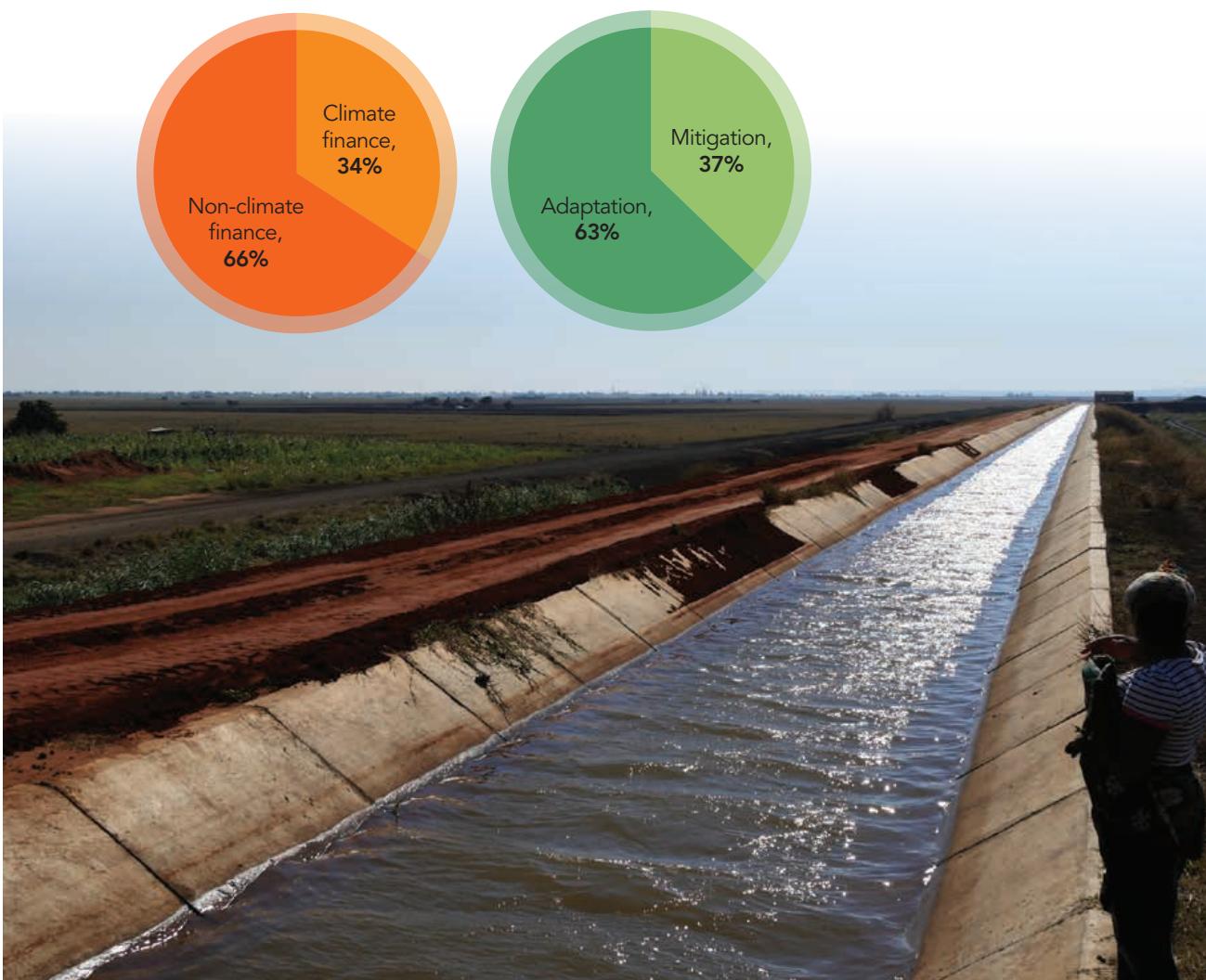
Climate finance worldwide, including multilateral development bank climate financing, was significantly affected by COVID-19 project prioritization in 2020. In the context of the CRF, focus shifted to policy-based operations in support of national economies, vulnerable people, and health services. Consequently, climate finance represented 34 percent of total approvals, nearly the same proportion as in 2019—higher than

the revised target of 20 percent but considerably lower than the original target of 40 percent. Bank approvals for climate finance attributed to adaptation and mitigation amounted to UA 1.5 billion. As part of its Climate Change Action Plan 2016–2020, and to meet the high adaptation finance needs and the prevailing gap in Africa, the Bank adopted a strategy to achieve parity between climate adaptation and mitigation finance. Following the trends of 2018 and 2019, 2020 climate financing reversed the historical imbalance that skewed towards mitigation, with the proportion of adaptation financing increased to 63 percent, compared with 37 percent for mitigation (Figure 2.5).

The Bank mobilized USD 108.8 million from external climate funds, including the Green Climate Fund (USD 10 million), the Global Environment Facility (USD 20.8 million), Climate Investment Funds (USD 68.7 million), and the African Climate Change Fund (USD 9.3 million).

In 2020, the Bank became host of the Africa Office of the Global Center on Adaptation (GCA) and formed a partnership with the GCA to implement the Africa Adaptation Acceleration Program. It is expected that the partners will commit USD 25 billion for adaptation in Africa by 2025, half of which would come from the Bank.

FIGURE 2.5 Climate finance, 2020



Baixo Limpopo Irrigation and Climate Resilience Program, Mozambique—a pilot program for climate resilience projects

Regional portfolio and approvals

The breakdown of the Bank's active portfolio of UA 42.5 billion at the end of 2020 by region is depicted in Table 2.3. The Bank Group's 2020 approvals were 43 percent lower than 2019 approvals, with the change by region ranging between 37 and 52 percent (Figure 2.6).

Central Africa

Bank approvals for Central Africa in 2020 totaled UA 456 million. Multisector operations, mostly COVID-19 related, accounted for 71 percent, transport projects for 18 percent, energy projects for 8 percent, and social projects for 4 percent of 2020 approvals. Operations in Cameroon, Democratic Republic of Congo, and Gabon accounted for 55 percent of approvals.

Approvals for multinational operations in Central Africa reached UA 104.7 million (23 percent of approvals) in 2020, a substantial increase from the UA 70.9 million (48 percent) in 2019.⁴ The increase reflects the multicountry approach adopted in the context of the COVID-19 Rapid Response Facility (CRF) for smaller budget support operations (those of UA 50 million or less) to reduce transaction costs and allow for rapid

response in countries facing similar needs and impacts arising from the pandemic. Delays in procurement, treasury challenges, and slow establishment of some government agencies affected the region's portfolio performance.

Examples of operations approved in 2020 include:

- The Budget Support Program in Response to the COVID-19 Crisis (PABURC) in Gabon (EUR 100.5 million ADB loan). The expected outcomes are containment of the spread of COVID-19, increased public resources allocated to the health sector, a boost in the resilience of the most vulnerable communities, and maintenance of productive capacity to facilitate the rapid post-crisis recovery of the economy.
- The COVID-19 Crisis Response Budget Support Program (PABRC) in Cameroon (EUR 88 million loan). The program objective is to build capacity for COVID-19 testing, management, and response. Additionally, income and livelihood support was aimed at sustaining the supply of goods and services, economic activity, and employment in the medium and long term.

TABLE 2.3 Bank Group portfolio, by region, 2020

Region	Amount (UA millions)	Percent
Central Africa	4,341	10.2
East Africa	9,806	23.1
North Africa	6,603	15.5
Southern Africa	9,405	22.1
West Africa	10,998	25.9
Multiregional	1,350	3.2
Grand total	42,502	100.0

The newly inaugurated medical center for hemodialysis and imagery in Bangui, Central African Republic



BOX 2.7

Modernizing air transport in the Central African Republic

The Bangui M'poko International Airport Modernization Support Project—Phase II (UA 8 million TSF grant) contributes to the development and modernization of aeronautical infrastructure in the Central African Republic, mainly through upgrading air transport facilities and services at Bangui M'poko International Airport to address safety and security issues and the limited space, capacity, and equipment for passenger and baggage traffic. The project will help to increase the compliance rate of the airport with relevant international standards from 8 percent in 2020 to 50 percent in 2022.

Two expected outcomes include increasing annual passenger traffic from 372,000 in 2020 to 450,000 in 2022 and improving airport users' satisfaction from the current unacceptable International Air Transport Association (IATA) Level F to the good IATA Level C.



International passengers waiting to board their flight



Kabale–Lake Bunyonyi/Kisoro–Mgahinga Road in Uganda

East Africa

Approvals for East Africa in 2020 amounted to UA 925.6 million. Multisector operations, mostly COVID-19 related, accounted for 63 percent of total approvals in 2020. Energy and water supply projects each accounted for 11 percent, and transport projects for 7 percent. Operations in Ethiopia, Kenya, Rwanda, and Tanzania accounted for 64 percent of total approvals for the region.

Examples of operations approved in 2020 include:

- The COVID-19 Crisis Response Budget Support (ECRBS) Program in Ethiopia (UA 120 million from the country's ADF-15 Performance-Based Allocation) (Box 2.8).
- The Kabale–Lake Bunyonyi/Kisoro–Mgahinga Road Upgrading Project in Uganda (UA 50 million ADF loan) to facilitate mobility, trade, and tourism in southwestern Uganda. The improved road will have multiplier effects throughout the economy—in agricultural output, the fishing industry, and other services.
- The Economic and Financial Reforms Support Program (EFRSP) in Somalia (UA 89 million TSF grant). The program supports government efforts to advance development in anticipation of arrears clearance. The expected outcomes are improved expenditure management, enhanced budget efficiency and transparency, improved revenue mobilization, and progress in normalizing correspondence banking relationships.

North Africa

Approvals for North Africa amounted to UA 663.2 million in 2020. Health operations accounted for 37 percent of 2020 approvals, and multisector operations for 33 percent. The vast majority of these were COVID-19 related. Operations in the energy sector accounted for 28 percent of approvals. UA 462 million went in direct support to combat COVID-19, including grants to Egypt and

FIGURE 2.6 Bank Group approvals, by region, 2020

BOX 2.8

Ethiopia: Preserving jobs and small enterprises during and after the COVID-19 pandemic

The Ethiopia COVID-19 Crisis Response Budget Support (ECRBS) (UA 120 million ADF grant) supports the government's efforts to contain the spread of COVID-19 and to mitigate the economic and social impact of the pandemic on local businesses and vulnerable households, particularly the urban poor.

The operation will contribute to stabilizing the economy through fiscal support to expand the government's financial ability to protect micro, small, and medium-sized enterprises (MSMEs)—40 percent of which are owned or headed by women and youth—and to preserve about 26,000 jobs. The operation will help 5,000 MSMEs access finance (loans and grants), help an additional 200 businesses benefit from a tax exemption for medical equipment, and support MSME access to financial support through commercial banks benefiting from National Bank of Ethiopia liquidity support.



In Addis Ababa, a fruit seller waiting for customers during the pandemic

Libya for emergency relief under the Special Relief Fund that totaled USD 1 million. Mauritania was included in a multiregional operation to combat COVID-19 across the G5 Sahel countries. Operations in Egypt, Morocco, and Tunisia accounted for more than 98 percent of approvals for the region.

Examples of 2020 approvals include:

- The Support Program for COVID-19 Response through Social Inclusion and Employment (PARISE) in Tunisia (EUR 180 million ADB loan). Nearly 623,000 families in need and low-income families were targeted to receive an exceptional cash allowance to deal with the negative repercussions of COVID-19. In the medium term, PARISE will allow at least 230,000

small-scale farmers to preserve their jobs and will contribute to the creation of at least 85,000 jobs in 2022 and 130,000 jobs by 2025 in six priority sectors of the Tunisian economy.

- The Electricity and Green Growth Support Program (EGGSP)—Phase I in Egypt (EUR 225 million). The EGGSP will enhance the resilience of the power sector and deepen private sector participation in support of the interconnected goals of ensuring the security of energy supply through enhanced sustainability, governance, and competition.
- The COVID-19 Response Support Program (PARC-19) in Morocco (EUR 264 million) (see Box 2.5).

BOX 2.9**In Egypt, a 37-square-kilometer solar park, so large, it can be seen from space**

Thirty international infrastructure developers got behind Egypt's 1.5 gigawatt Benban solar park in the Aswan desert with USD 4 billion in funding. It will be the largest park of its kind in the world upon completion, with over 7 million photovoltaic panels. Africa50 is one of the largest contributors to the project, with a 25 percent stake.

Now that the prices of solar energy components have fallen, solar energy has become competitive, allowing Benban to become a reality.

The Benban project, providing clean energy to hundreds of thousands of households, will help Egypt to reach its target of generating 20 percent of its power from renewable sources by 2022. It has put Egypt on the map as a major solar player in Africa and has set a precedent for using North Africa's ample solar resources to provide power while meeting climate change commitments.



Benban Solar Park, Aswan, Egypt

Box 2.9 offers an example of a major private sector operation involving Africa50, the project finance institution established by the African Development Bank.

Southern Africa

Bank approvals for Southern Africa in 2020 totaled UA 774 million. Multisector operations represented 71 percent of approvals, most of which supported efforts in the region to stem the effects of the pandemic. Water supply and sanitation projects accounted for 12 percent of 2020 approvals. Operations for Mauritius, Namibia, and South Africa represented 71 percent of approvals for the region.

Examples of operations approved in 2020 include:

- The COVID-19 Crisis Response Budget Support Program in Mauritius (EUR 188 million loan). The main expected outcomes of the operation are improved preparedness and response to the crisis, and support for vulnerable groups and the informal sector.
- The Water Sector Support Program in Namibia (UA 93.6 million ADB loan). It will contribute to Namibia's efforts to increase access by 2030 to universal cover-
- age for sustainable water from the current 85 percent and sanitation services from the current 54 percent.
- Support to Banco Millennium Atlântico (BMA) in Angola (USD 40 million, of which USD 32 million is a line of credit from the ADB and USD 8 million is in parallel financing from the Africa Growing Together Fund) (Box 2.10).



Warehouse worker, South Africa

BOX 2.10

Supporting small and medium-sized enterprises in Angola



Carpenter in
Angola making
a door

The Bank approved a USD 40 million financial package to support Angola's Banco Millennium Atlântico (BMA) to bolster local production and job creation through its SME portfolio. The package consists of a USD 32 million line of credit from ADB and USD 8 million in parallel financing from the AGTF, a co-financing fund sponsored by the People's Bank of China and administered by ADB.

The facility will provide the long-term financing required by BMA to support the expansion of growth-oriented SMEs operating mostly in agriculture, agro-industry, and domestic manufacturing. Against the backdrop of the COVID-19 pandemic and the collapse of oil prices, the package will also help to create jobs directly and indirectly, contribute critically needed foreign exchange savings through import substitution, and lay a foundation to boost exports to neighboring countries.

West Africa

Approvals for West Africa in 2020 totaled UA 880.4 million.

Multisector operations represented 77 percent of total 2020 approvals, most of which were COVID-19 related. Operations for Côte d'Ivoire, Niger, and Nigeria accounted for 51 percent of approvals for the region.

Examples of operations approved in 2020 include:

- The Project to Strengthen the Structures of the Electricity System and Access to Electricity Phase I (Proser I) in Côte d'Ivoire (EUR 63.4 million ADB loan). The project will bring electricity to nearly 1,400 localities in 11 districts of the country and connect about 120,000 households to the power grid, under very favorable social conditions. Upon completion, the project will contribute to raising the coverage of the electricity network to 100 percent and the rate of access to electricity in the country to more than 50 percent. It will create more than 500 jobs, including about 20 percent for women.
- The Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS) (UA 25.9 million TSF grant) (Box 2.11).
- The Yeelen Financial Sector Fund—WAEMU (West African Economic and Monetary Union). The Bank made a EUR 12 million equity investment at first closing in the EUR 65 million private equity fund that will invest equity and quasi-equity in 10 to 12 small



Small-scale mining in Sierra Leone

financial institutions in the WAEMU. The objective is to help such institutions as SME-lending banks, microfinance institutions, and insurance and financial technology (fintech) companies comply with new minimum capital requirements.

- A package to the WAEMU Regional Mortgage Refinancing Company (CRRH) (EUR 10 million loan from ADB and a EUR 5 million loan from the AGTF). CRRH is a key player in developing the WAEMU mortgage market and, through its bond issuance program, the regional financial market. The operation, considering CRRH's growing need for resources to meet housing demand, seeks to develop the mortgage market in WAEMU member countries through a package exclusively for financing affordable housing loans granted by CRRH's shareholder banks to low- and middle-income borrowers.



Women with hand sanitizers and face masks donated by the African Development Bank for Zambia's response to COVID-19 in June, 2020

Multiregional operations

Bank approvals for multiregional operations totaled UA 471.9 million in 2020. This was a 3 percent decrease from the UA 487.2 million approved in 2019, but represented 11 percent of total 2020 approvals, up from 7 percent in 2019.

In the context of the CRF, the Bank prioritized multinational and multiregional operations to allow for rapid action and reduce transaction costs in countries facing similar needs and impacts. Financial operations represented 73 percent of all multiregional operations approved in 2020—a share explained by the fact that three of the approvals were a guarantee and two risk participations amounting to UA 328 million. Energy operations accounted for 11 percent of approvals, and health operations for 10 percent.

Examples of multiregional operations approved in 2020 include:

- The Africa Centres for Disease Control and Prevention (Africa CDC) COVID-19 Response Project (USD 27.3 million technical assistance grants through the ADF Regional Operations/Regional Public Goods envelope and the TSF). The project supports the Africa CDC in providing technical assistance and building capacity in 37 ADF-eligible countries, particularly the transition states, to combat the COVID-19 pandemic and mitigate its impact.
- The Tripartite Capacity Building Program—Phase II (East African Community, Common Market for Eastern and Southern Africa, and Southern African Development Community) (UA 850,000 ADF grant). The TCBP supports the three regional economic communities and their Regional Member Countries in operationalizing the Tripartite Free Trade Area (TFTA), which consolidates the markets of the three RECs—a USD

BOX 2.11

Improve the food and nutrition security of rural households in Niger

The Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS) (UA 25.9 million TSF grant) aims to support small-scale producers sustainably and strengthen their resilience to climatic and environmental shocks by removing production and marketing constraints in the cereal, market gardening, poultry, and small livestock production subsectors.

Some expected outcomes include:

- Increased income for some 210,000 households, or approximately 1,470,000 persons.
- Creation or strengthening of 30,040 Rural Young Enterprises, at least 30 percent of them owned by women.
- Direct support for 35,000 households through nutrition education, benefiting 245,000 persons.
- Opening of 660 literacy centers with the creation or consolidation of approximately 45,060 direct jobs in rural areas.
- Rehabilitation of 348 kilometers of roads linking production areas to collection centers and semi-wholesale markets.



In Niger, growers inspecting their lettuce crop

1.3 trillion market representing 56 percent of Africa's GDP, with about 740 million consumers spread across 29 countries—into a seamless free trade area.

- The Institutional Support to the African Civil Aviation Commission (AFCAC) for the Implementation of the Single African Air Transport Market (SAATM) (UA 4.5 million loan). The project supports one of the flagship projects of AU Agenda 2063, which aims at promoting intraregional connectivity between the capital cities of Africa by creating a single unified air transport market.

3

Enhancing the Bank Group's Capacity to Deliver



A field visit on the occasion of Technologies for African Agricultural Transformation (TAAT), Zimbabwe

The Bank adopted several measures to strengthen its resource allocation processes and to optimize the use of resources in the wake of the COVID-19 pandemic.

In 2020, Management continued to implement reforms to move to One Bank principles and develop policies and strategies in order to better serve the Bank's clients.

The operational model and organizational structure established under the Development and Business Delivery Model (DBDM) allowed the Bank to respond quickly to the COVID-19 challenge, particularly in streamlining business processes. The changed global aid architecture and the impact of COVID-19 required a rethink of development finance and innovative ways to support Regional Member Countries (RMCs) during the pandemic. The Bank responded with required policies, strategies, and programs.

Institutional reforms

The Bank revised the Savings Utilization Policy to free up unused resources from completed or nearly completed operations for reuse by Regional Member Countries (RMCs) and revised the Policy on Guarantees to leverage additional development financing to Africa. It also approved two new strategies. First, the Bank Group Gender Strategy 2021–2025: “Investing in Africa’s women to accelerate inclusive growth” is an African Development Fund 15th Replenishment (ADF-15) and 7th General Capital Increase (GCI-VII) commitment for 2020. It has the overarching objective of reducing gender inequality (see “Promoting gender equality” in the section on Cross-cutting areas).

Second, the People Strategy 2021–2025 is a key management commitment made as part of GCI-VII. The broad objectives of the People Strategy include building a talented, resilient, and diverse workforce with the right skills, attitudes, and passion to deliver the best development solutions for Bank clients. The strategy seeks to create a forward-looking workplace, with staff equipped with the right tools and technologies to promote a culture of strong performance and accountability. It also aims to enhance collaboration among all Bank stakeholders to achieve the best results for Africa. More specifically, it aims to promote a stronger employee value proposition to attract and retain top-notch staff, and to raise the Bank’s employee engagement index to 85 percent or higher by 2025. The ambition is to enhance the



AfDB headquarters, Abidjan, Côte d'Ivoire

Bank’s standing as the continent’s premier development institution and make the Bank the best place to work for development in Africa.

Business process reform

The Bank adopted several measures to strengthen its resource allocation processes and to optimize the use of resources in the wake of the COVID-19 pandemic in 2020.

A new budgeting approach based on staff weeks and cost coefficients allocates resources for the key elements of the Bank’s operational work program. It uses historical time and cost trends to establish a baseline cost for the Bank’s key work-program deliverables. Resources are then allocated based on the program of approvals, the planned knowledge outputs (country strategy papers, economic and sector work, and others), and the size of the portfolio under supervision. The Bank also improved the Activity Time Recording System (ATRS) to enable better planning and monitoring of staff effort. The coefficient-based approach, supplemented with the ATRS, aims to improve efficiency and increase accountability in the use of Bank resources.

In fulfilling its GCI-VII commitments, the Bank implemented a new process for allocating resources to new initiatives and other corporate programs. Designed to promote the efficient and effective use of resources, the process incorporates a thorough and stringent prioritization and arbitration in allocating resources based on business cases with detailed cost-benefit analysis for each initiative.

Taking into account the working conditions during the COVID-19 pandemic, the Bank reviewed key cost drivers to identify all areas of potential cost savings and efficiency gains. This review was necessitated by the need to optimize the use of Bank resources. The review resulted in cost savings of UA 17 million, or 4.3 percent of the approved 2020 budget, across a number of expenditure categories, including travel, meetings, the use of consultants, and other cost types. The savings were made available for redeployment to finance priority initiatives and programs.

The continuing implementation of the Digital Strategy took an unexpected turn in 2020. As a result of the uncertainty of COVID-19 and the need to ensure efficient and safe continuity, the Bank moved to a new Work from Home (WFH) model. IT services—including technical support and collaboration tools such as the WFH Digital eSignature platform—were provided to staff to ensure that they could continue Bank operations. Staff survey results have shown that not only are employees

and managers highly satisfied with WFH, but productivity has risen through IT-enabled collaboration and continuing support.

The Bank also implemented several other IT solutions during the year (Box 3.1). The digitalization of Bank-wide document management (Sankofa) is being deployed in Regional Offices. The Audit Management Tracking System provides a platform to track and manage audit recommendations. The E-tendering System allows continuity in WFH tendering. The installation of a new financial information system (Ambit Focus Solution) has allowed the Bank to streamline its financial projections. In addition, the Bank enhanced connectivity across its network of offices—including the newly opened Regional and Country Offices. In addition, following the development of a secure voting application, the Bank successfully held the 2020 Annual Meetings virtually.

The Bank continued to implement and complete several capital projects in 2020, including acquiring new space for the Regional Resource Center for Southern Africa and relocating and outfitting Country Offices in Benin, Ghana, Niger, Sudan and the Asia Liaison office. Travel restrictions have also resulted in significant advances in configuring and integrating the Bank's travel policies and tools.

As part of its continuing commitment to excellence in all its activities, the Bank has begun the process to meet the standards for Gold-level Certification from the Chartered Institute of Procurement and Supply and remains on track to reach Platinum by 2025. It has also begun several reviews of its processes.

The Bank prioritized the Business Performance Review in 2020 in response to the process and policy gaps identified in several internal audits. Key process reforms include preparing a new Fixed Asset Policy and Manual, automating asset tracking, and offering related staff capacity development with a view to eventually devolving responsibilities for fixed assets to Regional and Country Offices. The Bank also identified key procurement functions to target efficiency gains and savings.



Beni Harchane, Tangier, Morocco:
400/225 kV gas-insulated switchgear (GIS) substation

Sharpening the focus on development impact

The Bank's Results Measurement Framework (RMF) underpins its principles and approach to development as an accountability tool—with metrics aligned to the High 5s and the DBDM—and a blueprint for strengthening impact. The framework assesses its performance against RMF metrics through its tenth Annual Development Effectiveness Review. The review showed that a number of investments completed by the Bank over the reporting period were helping to unlock Africa's economic potential and spur development. At the opera-

tional level, the Bank is implementing ambitious reforms to strengthen its portfolio, operations, and institutional capacity. As a result, the quality and speed of operations increased, projects are being implemented more quickly, the Bank's presence is greater in partner countries, and its development impact is deepening.

The Bank continued innovating in measuring the impact of its investments. In 2020, it collaborated with five other development finance institutions to introduce the Joint Impact Model, a tool that measures its impact on jobs. The model estimates that 91 operations approved by the Bank in 2018 will help create 1.9 million jobs, of which 800,000 can be attributed directly to Bank funding. A total of 2.6 million jobs will be supported from operations approved in 2019.

The Bank has also developed the use of satellite imagery and machine learning to assess the development impact of Bank-funded road projects in the West Africa Region. Its years of investment in strengthening data reporting of its operations and results through the International Aid Transparency Initiative have translated into global recognition. Publish What You Fund, an international transparency nongovernment organization, rated the Bank as one of the most transparent organizations globally (fourth) in 2020.

Accelerating delivery

Continuous improvement and accountability in key priority areas remain at the center of Management's performance agenda. In 2020, refinements and additions to key performance indicators were introduced to support the One Bank delivery model and boost results, performance, and accountability. The Bank's suite of business intelligence reports added a Disbursement Projection Monitoring System to proactively manage project disbursements, and regional delivery dashboards were enhanced. Cross-departmental meetings on operational work programs, including quarterly delivery targets and efforts to minimize end-of-year bunching, strengthened accountability for delivery. Responding to pressure on the Bank's risk capital utilization rate, Management instituted a task force to coordinate the prioritization of operations planned for approval, signature, and disbursement together with the cancellation of operations that had not been signed or were not disbursing.

Implementing GCI-VII reforms

The GCI-VII Program of Priority Reforms aims to strengthen the Bank's capacity to realize its mission and maximize its ability to use the pledged additional capital resources effectively. It outlines the critical steps the

BOX 3.1

WAKANDA and SAP

Following the successful technical upgrade of Systems Applications and Products in Data Processing (SAP) in 2019, the Bank's core IT system, Project WAKANDA (Working better, Accountability, Know-how, Accessibility, New, Decentralization, Accuracy), has continued to improve its efficiency and effectiveness through further enhancements of SAP and a review of business processes. The ongoing enhancements of SAP include the implementation of new modules to further automate and digitize human resources and mission travel processes. Business processes prioritized for streamlining include mission travel, the recruitment of consultants, human resources processes, sovereign and non-sovereign operations including project procurement, and work program and budget synchronization. These new processes were designed to significantly reduce processing times and remove redundancies while at the same time strengthening controls. Building on the achievements in 2020, work will focus on testing and piloting these before full implementation.

Bank must take to achieve the seven objectives delivered through 34 time-bound actions to:

- Increase strategic alignment and operational focus on the High 5s;
- Improve the quality and development impact of operations;
- Increase the effectiveness of policy dialogue;
- Strengthen the Bank's capacity to deliver on its mandate;
- Increase efficiency by fine-tuning the Bank's organization;
- Improve the Bank's long-term financial sustainability; and
- Increase relevance in ADF countries.

A monitoring system in the form of a tracking sheet and dashboard are continually updated, showing the status of each action and whether it is on track. The Board of Directors is a key player in this reform process, approving strategic decisions and exercising active oversight of implementation. Annual updates are presented to the Governors.

Of the 25 commitments targeted to the end of 2020, 15 were delivered. Among them are the Strategy on Gender Equality, the Right-Sizing and Strategic Staffing Review, the People Strategy promoting a stronger employee value proposition in the Bank, and the enhanced approach for delivering as One Bank. The Board of Directors approved the Bank's new Long-Term Financial Sustainability framework (LTFS), which replaces the old Income Model to enhance the management of the Bank's capital resources. The new LTFS incorporates principles for allocation of net income, the cost-sharing formula for the Bank Group, and revised prudential ratios and financial indicators. Analytical work and consultations are progressing well on the remaining GCI–VII commitments, initially due in 2020, are now expected to be concluded by the end of 2021.

Partnerships and resource mobilization

The Bank continued pursuing its selective efforts to scale up its resource mobilization and partnerships to provide complementary non-statutory financing. In light of COVID-19's economic and financial challenges, the Bank worked closely with donors to support programs across the Bank's portfolio as the Bank Group continued to pur-

sue the objectives of the Ten-Year Strategy 2013–2022 and the High 5 priority areas.

The ADF-15 cycle became effective on June 30, 2020, after the Fund had received Instruments of Participation representing 34 percent of the total pledges. These ADF resources were instrumental for the COVID-19 Rapid Response Facility (CRF), which had a target of up to UA 7.4 billion (USD 10 billion) in support to RMCs, with UA 2.3 billion of the amount allocated to ADF countries.

Trust funds

In 2020, the Bank mobilized a total of UA 111 million for multi-donor and bilateral trust funds, well above the target of UA 90 million (Table 3.1). Contributions to the Sustainable Energy Fund for Africa and to the Gender Equality Trust Fund accounted for 85 percent of total trust fund mobilization. Co-financing resources mobilized in-house amounted to UA 764.4 million.

Resource mobilization for the Africa Water Facility yielded new commitments and pledges totaling UA 8.2 million (UA 6.1 million from the Nordic Development Fund, UA 2.1 million from Austria, and UA 14,577 from Chad). The Nordic support is for the post-COVID-19 response in the Sahel and the Horn of Africa through

TABLE 3.1 Resources mobilized through trust funds in 2020

Vehicle	Partner	Resources in donor currency	Resources in UA (thousands)
Africa Climate Change Fund (ACCF)	Global Affairs Canada	CAD 7 million	3,796
	Quebec	CAD 2 million	1,084
	Government of Flanders	EUR 2.255 million	1,831
African Water Facility (AWF)	Nordic Development Fund	EUR 7.5 million	6,087
	Austria Development Agency	EUR 1.5 million	1,217
	Austria Ministry of Finance	EUR 1 million	812
	Government of Chad	USD 20,000	15
African Digital Financial Inclusion Fund (ADFI)	Luxembourg	EUR 500,000	419
Sustainable Energy for Africa (SEFA)	Nordic Development Fund	EUR 9.2 million	7,624
	Germany	EUR 50 million	41,434
	Swedish International Development Cooperation Agency	SEK 75 million	5,961
	Danish International Development Agency	DKK 65 million	7,317
Policy and Human Resources Development Grant of Japan (PHRDG)	Japan	JPY 165 million	1,098
Gender Equality Trust Fund (GETF)	France	EUR 22.5 million	17,909
	Italy	EUR 10 million	8,318
	Swedish International Development Cooperation Agency	SEK 75 million	6,116
Total			111,039

climate-resilient water, sanitation, and hygiene and integrated water-resource management interventions.

The Bank approved the establishment of the first thematic fund on gender, the Gender Trust Fund, which aims to push forward gender equality and women's empowerment across the continent. The funds support the delivery and scale-up of the Bank's Affirmative Finance Action for Women in Africa, which is supporting women entrepreneurs by increasing access to finance and providing capacity building to women entrepreneurs and financial institutions.

The Nigeria Technical Cooperation Trust Fund was extended until 2022, to continue providing direct support to the Bank and RMCs. Established in 2004 with an initial seed amount of USD 25 million, the grant facility was set up to promote development projects that support African solidarity, regional integration, technological advancement, and economic independence. It has so far financed more than 110 projects and activities in a range of sectors.

External representation

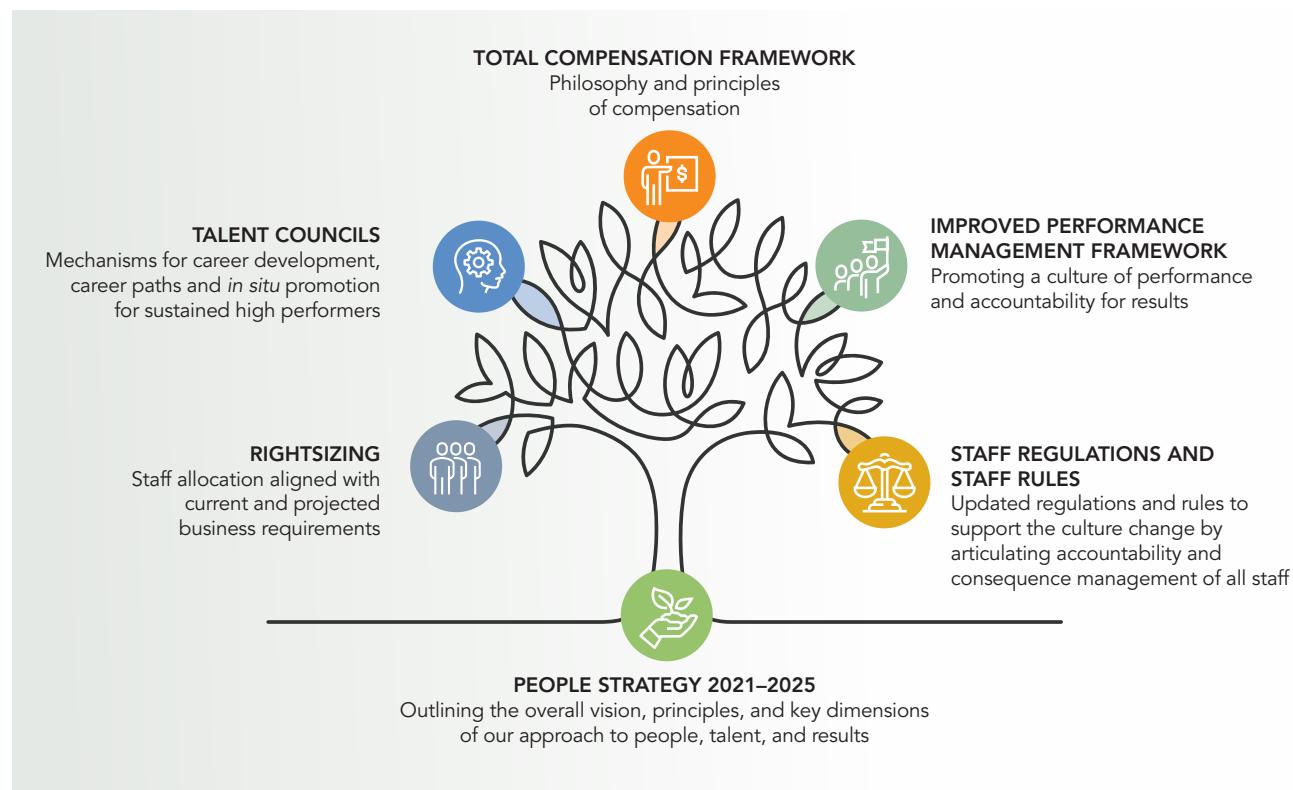
In 2020, the Asia External Representation Office ("Asia Office") organized online events aimed at promoting business in and with Africa and liaising with public,

private, and institutional stakeholders in Asia, mainly the Bank's four Asian member countries: China, India, Japan, and Korea. It co-organized and supported various webinars to enhance partnership and disseminate information on the Bank's activities relevant to the Asian business community. These included a webinar on the African Economic Outlook 2020 Supplement, webinars for the Asian and Japanese Private Sectors on Doing Business in Africa, and a webinar on the African Continental Free Trade Area (AfCFTA): COVID-19 as a Catalyst for Accelerating Trade and Investment in Africa.

Human resources

The Bank took important initiatives through Board approval, notably the People Strategy for 2021–2025, which is aligned with other initiatives (Figure 3.1). New Staff Regulations were approved by the Board of Directors in November 2020, subject to ratification by the Board of Governors at the next Annual Meetings. Management has so far approved the number and types of Talent Councils aimed at building support networks and mechanisms to provide relevant mentoring and coaching guidance to the respective job family members and affiliates. The right-sizing/strategic-staffing

FIGURE 3.1 Aligning the People Strategy with other initiatives



approach discussed at the Board in December outlined measures to increase efficiency and improve staff productivity.

As part of the continuing efforts to strengthen its capacity to deliver, the Bank made 256 appointments in 2020, including 128 external hires. The Bank had 2,058 active staff on board at the end of December (Table 3.2). The share of women in professional positions stood at 31 percent, and the share in management positions at 27 percent.⁵ The overall target vacancy rate for the Bank's approved headcount was also met, at 8.7 percent of the total approved headcount at the end of the year. Management remains focused on reducing the vacancy rate further through a strategic approach to talent acquisition.

The Bank launched the Operations Academy, one of the key initiatives in the Quality Assurance Plan, to deepen the culture of quality in the Bank and support career development by defining and providing essential knowledge for specific career pathways in operations (Figure 3.2). Having leveraged the experience of both the World Bank and the Inter-American Devel-

opment Bank, the African Development Bank joins a group of frontrunners by providing a well-structured e-learning approach for operations staff.

The first phase, the Operations Gateway, is delivering a wide range of courses covering 10 operational topics. The gateway has been mandatory for new staff joining an operations or operations support role since January 2020. Feedback on the gateway has been overwhelmingly positive, with 98 percent of the more than 500 graduates rating it excellent or good.

The Bank as a knowledge broker

The Bank must act more and more as the clearinghouse for knowledge and establish itself as the first "port of call" for knowledge on African development.

Despite the pandemic's impact on overall work program delivery, the Bank surpassed its planned targets for Economic Knowledge Products and Services—for example, delivering 211 publications, or 61 percent more than in 2019.

As in previous years, the key Bank publications included demand-driven economic and policy briefs and key flagship knowledge publications: the 2019 Bank Group Annual Report; the Additionality and Development Outcomes Assessment Annual Report; the Trade Finance in Africa report: Long Term Finance; the main report of the 2020 African Economic Outlook (AEO); and the midyear Supplement. The main AEO report provided analytical and policy-relevant analysis of the macroeconomic prospects for the continent, in addition to discussing the theme "Developing Africa's Workforce for the Future." The AEO 2020 Supplement assessed the economic and social implications of the COVID-19 pandemic on Africa. In addition, the Bank produced five issues of the *African Development Review* journal and published 42 journal articles and chapters in international journals and other outlets.

FIGURE 3.2 Structure of the Operations Academy



TABLE 3.2 Bank Group staffing on 31 December 2020

	Headquarters					Regional/Country Offices					Grand total
	Vice Presidents	Directors and Managers ^a	Other professional	General	Total	Directors and Managers	Other professional	Local professional	General	Total	
Total staff	6	132	750	377	1,265	47	358	174	214	793	2,058
Male	5	92	490	145	732	36	262	132	104	534	1,266
Female	1	40	260	232	533	11	96	42	110	259	792
Female %	16.7	30.8	34.7	61.5	42.1	23.4	26.8	24.1	51.4	32.7	38.5

a. Includes directors, managers, and other professional staff with EL4 and EL5 positions.

The Bank also organized 23 research seminars, trainings, and knowledge outreach activities. And it provided technical assistance on capital market development to the central bank in Ethiopia, on setting up an aid information system in Seychelles, and on advisory services in preparing the Bank's crisis budget support in Burundi, Comoros, and Djibouti.

The Bank conducted several studies to inform policymaking in the natural resource sector, including Value Chain Analysis of Lithium-Cobalt and Rare Earth Elements in Africa and Toward a Blue Economy Development Strategy for Africa. The Financial Modeling for the Extractive Sector project, launched in November 2020, is expected to build the capacity for financial modeling and strengthen domestic revenue mobilization in eight transitional resource-rich countries.⁶

For the RMCs and other stakeholders outside the Bank, the Bank finalized collaborative research with the International Monetary Fund that culminated in the report, "Debt, Investment, and Growth in Developing Countries with Segmented Labor Markets." It also organized the first fully virtual African Economic Conference in December 2020.

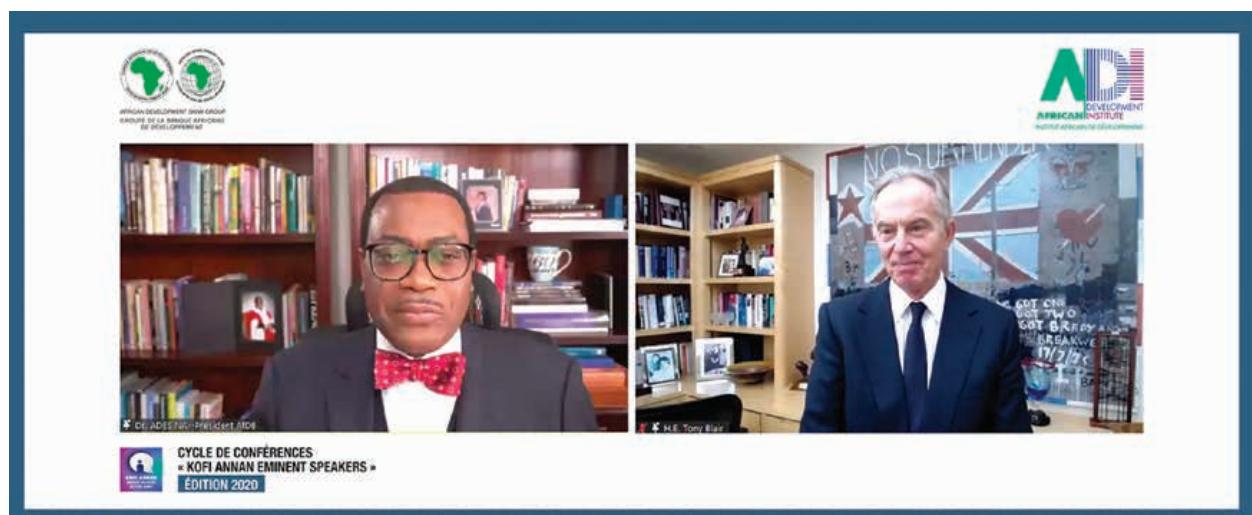
Capacity development

To help overcome capacity constraints in Africa, the Bank launched the Virtual Capacity Development Acad-

emy and the associated Bank-wide Global Community of Practice, convening more than 2,800 global experts in 2020 to discuss key economic topics. This has served to strengthen the Bank's position as a thought leader in capacity development and policy dialogue in Africa. It also expanded the training curriculum to address all aspects of the project cycle as a precursor to the Project Cycle Management Academy. And the Bank produced Country Capacity Diagnostic Notes in Cameroon and Djibouti. Management delivered 20 Institutional Capacity-building and Fiduciary Clinics (ICFCs) to improve capacity for such challenges as procurement and disbursement, which tend to slow the implementation of operations. The clinics trained 1,000 participants (90 percent virtually).

The 2020 edition of the Kofi Annan Eminent Speakers Lecture featured The Rt Honorable Tony Blair, who provided recommendations on how Africa can build back better and bolder after COVID-19. The lecture convened about 4,500 delegates from around the world, and policy documents were produced and disseminated to inform policies in the RMCs.

The inaugural seminar on public finance management (PFM) in Africa, in September 2020, engaged the public and private sectors to inform key policies for enhancing transparency and accountability in PFM in Africa. The Bank also provided considerable statistics-related support to RMCs on the High 5s (Box 3.2).



The Rt Honorable Tony Blair and Dr. Akinwumi Adesina speak at the 2020 Kofi A. Annan Eminent Speakers Lecture in November, 2020

BOX 3.2

Statistics-related support to the High 5s

Light Up and Power Africa. Through its infrastructure statistics program, the Bank provided technical and financial support to 48 RMCs to facilitate the collection of data on energy, information and communication technology, transport, and water and sanitation using new methods and to generate the 2020 Africa Infrastructure Development Index.

Feed Africa. The Bank supported RMCs in compiling and updating the minimum set of core agricultural data to inform agricultural policies in countries as well as the Bank's Feed Africa agenda. Master sampling frames underpin the design of cost-effective and quality statistical surveys. Systems for compiling agricultural costs of production are used in a wide range of decisions. Food balance sheets provide critical information for assessing a country's food security and, more broadly, the general strength of a country's food and agriculture sector.

Industrialize Africa. The Bank did a final validation of GDP data as part of the International Comparison Program (ICP). Quarterly data on national accounts were collected, particularly on machinery, equipment, construction, and civil engineering to generate prices for the 52 RMCs' basic and common resources for construction work. The survey provided relevant information on priorities, resource mixes, typical mark-ups and professional fees, and approximate project prices in building construction as one of the three categories under gross fixed capital formation that are part of industrialization. The choice of construction and civil engineering survey was to estimate purchasing power parities (PPPs) and ease comparison of construction costs in GDP-PPP terms across the continent.

Integrate Africa. Purchasing power parity statistics for comparing the size of economies were generated for 50 countries in the region. The Bank also continued to provide technical support to countries of the Common Market for Eastern and Southern Africa (COMESA) and the Southern Africa Development Community (SADC) in computing and disseminating the monthly harmonized consumer price index to facilitate monitoring of macroeconomic convergence criteria in the two subregions. It provided virtual training on ICP methodologies for the 52 RMCs expected to participate in the 2021 ICP.

Improving the Quality of Life for the People of Africa. The second edition of Labor Force Analysis Guidelines with African specifics (English and French versions) was completed and disseminated on the AfDB website and shared with national statistics offices in RMCs. The Bank developed and launched an interactive COVID-19 dashboard and platform to provide high-frequency updates on relevant COVID-19 indicators, such as daily statistics on the number of cases, deaths, recoveries, and tests conducted across Africa. The Bank also provided technical assistance to COMESA and Zimbabwe to develop COVID-19 dashboards.

The Bank provided virtual technical assistance to nine RMCs for their national strategies for the development of statistics, including a framework for coordinating statistical production and dissemination. It also provided remote support to three RECs updating their regional strategies for the development of statistics.

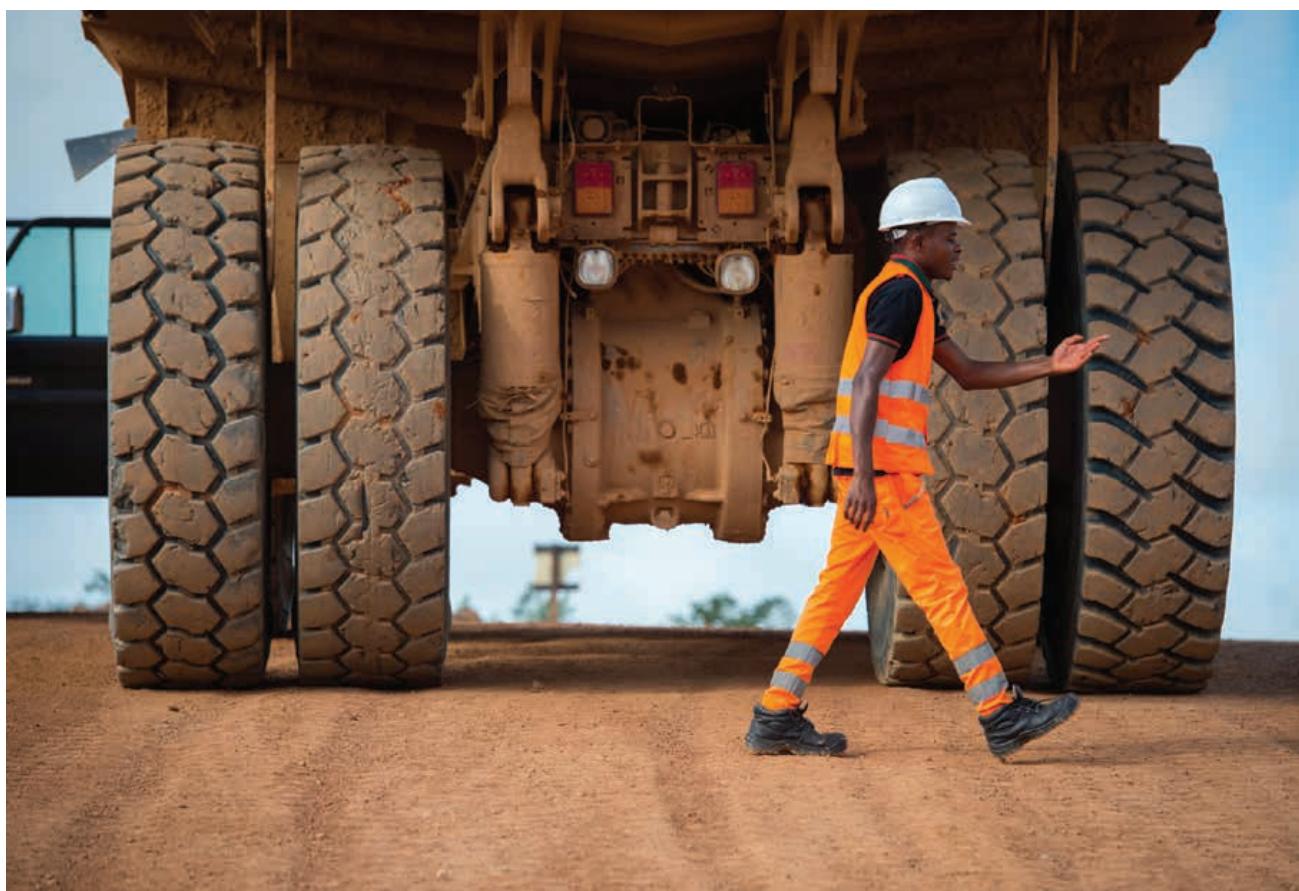


Workshop on public sector debt statistics in East Africa

Natural resource management

The Bank carried out research and policy analysis on the impact of the COVID-19 pandemic on renewable and non-renewable natural resource sectors. It provided technical support to Ethiopia and Rwanda on creating opportunities for local content in the mining and petroleum sectors, to Mozambique on integrating natural capital in economic policies, and to the Democratic Republic of Congo on land digitalization and titling. The Bank organized 10 policy dialogue and advocacy events, including a high-level ministerial session at the 26th African Mining Indaba in February 2020, and webinars on a broad range of issues in natural resource management. The webinars covered a wide range of topics, including

COVID-19 responses in the extractive sectors, local content and value addition in mining, a virtual platform for petroleum laws and legislation, biodiversity conservation, natural capital financing, the low-carbon transition, and blue economy and fisheries governance. The Bank is leading a new initiative with the Green Growth Knowledge Partnership on mainstreaming natural capital in African development finance—funded by the German Federal Ministry for Economic Cooperation, the German Agency for International Cooperation, and the MAVA Foundation. Under its COVID-19 emergency response support, the Bank provided technical inputs and policy advice on the role of natural resources in building resilience against economic shocks and enhancing social protection.



A worker at the Nyumba Ya Akiba Cement Plant (CIMKO), located 20 km from Kimpese, Central African Republic

4

Board Oversight



The conference hall during AfDB's Virtual Annual Meeting in 2020

During the challenging year of 2020, Executive Directors participated in 211 formal and informal meetings, seminars, and technical sessions while adapting to the new working modalities necessitated by the outbreak of COVID-19.

Highlights of the Boards' Oversight Activities

Boards of Governors

The Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) are the highest decision-making organs of the Bank Group. With representation from each of the 81 member countries—following the accession of the Republic of Ireland as the newest member of the Bank—the Boards of Governors execute their mandate with the support of five subsidiary organs: the Bureau, the Joint Steering Committee, the Steering Committee on the Election of the President of the Bank, the Standing Committee on the Conditions of Service of Elected Officers, and the Governors' Consultative Committee.

Sixth Extraordinary Meeting of the African Development Bank Board of Governors

The Board of Governors of the African Development Bank convened virtually at a Sixth Extraordinary Session on 27 July 2020. It considered and approved a recommendation from the Steering Committee on the Election of the President of the Bank that, in view of the COVID-19 pandemic and the resulting travel restrictions, the upcoming election be conducted in a virtual setting by electronic voting.

The 2020 Annual Meetings

The 55th Annual Meeting of the Board of Governors of the African Development Bank and the 46th Annual Meeting of the Board of Governors of the African Development Fund were held jointly on 26–27 August 2020. For the first time in the history of the Bank Group, the meetings were held virtually to comply with travel restrictions and social distancing guidelines necessitated by the COVID-19 pandemic.

Ahead of the meetings, the Boards of Governors discharged their statutory duties by approving the Annual Report and Audited Financial Statements for the financial year ended 31 December 2019, using the special procedure of the postal ballot. They also adopted resolutions pertaining to:

- Allocation and distribution of allocable income of the African Development Bank for the financial year ended 31 December 2019;
- Distribution of part of the income of the Nigeria Trust Fund for the financial year ended 31 December 2019;
- The by-election of Executive Directors of the African Development Bank; and
- Selection of an Executive Director of the African Development Fund.

At the virtual Annual Meetings, the Boards of Governors adopted further resolutions:

- Regarding the election of the President of the African Development Bank; and
- Concerning standards of institutional governance, oversight, ethics, and the handling of complaints, pursuant to which an ad hoc committee was established to review the related governance instruments of the Bank.

Governors' Dialogue

At the Governors' Dialogue at the 2020 Annual Meetings, the President discussed with Governors the progress made toward implementing the reform commitments made by the Bank Group within the framework of the 7th General Capital Increase (GCI-VII) and the 15th Replenishment of the African Development Fund (ADF-15), against the backdrop of the prevailing global pandemic. The Governors:

- Commended the prompt actions taken to lessen the pandemic's severe economic and social impacts in the Bank Group's Regional Member Countries (RMCs), including the COVID-19 Response Facility (CRF), which was made available to RMCs and their private sector entities, and the Fight COVID-19 Social Bond, which was floated on the Luxembourg Stock Exchange.
- Called for redoubled efforts to implement GCI-VII and the ADF-15 reform commitments including sharpening the Bank Group's strategic focus, enhancing efficiency and effectiveness, strengthening internal governance, compliance, control, and

- accountability functions to align with current best practices in other international financial institutions, and addressing operational and financial risks.
- Underscored the need for maintaining the Bank's AAA ratings, promptly paying GCI-VII subscriptions, adopting innovative solutions on a standalone credit rating for the Bank, and implementing cost-saving measures while working toward long-term financial sustainability.
 - Reaffirmed the continued relevance of the High 5 priority areas while emphasizing the need to be selective, with a focus on the Bank Group's comparative advantage, to bridge the infrastructure finance gap in such areas as energy, agriculture, telecommunications, digital economy, and health-care infrastructure.
 - Encouraged the Bank Group to provide adequate resources to address fragility in countries—including support for the private sector in fragile and conflict-affected countries—and to support regional integration, with a particular focus on the African Continental Free Trade Area (AfCFTA) as a catalyst

for pursuing Africa's economic prosperity in a sustainable and inclusive manner.

- Urged the Bank Group to support efforts to curb illicit financial flows from the continent; strengthen policy dialogue toward financial regulatory reforms; and intensify capacity building for public finance management and debt sustainability in the RMCs in collaboration with the International Monetary Fund, World Bank, and other development partners.
- Called for a sustained focus, with greater attention to impact, on the climate agenda as it relates to adaptation and mitigation and for a stronger commitment to gender equality and women's and youth empowerment.

Election of the Bank Group President

On 27 August 2020, the Board of Governors of the Bank, by electronic voting, unanimously re-elected Dr. Akinwumi Ayodeji Adesina as the eighth President of the Bank Group.

Dr. Adesina was sworn in for his second term by the Chairperson of the Boards of Governors and Ghana's



From left to right: Vincent Nmehielle, Secretary-General, African Development Bank; Nialé Kaba, Minister of Planning and Development, Côte d'Ivoire; Adama Koné, Executive Director for Côte d'Ivoire; and Souley Amadou, Acting General Counsel and Director of the Legal Services Department, African Development Bank posing for a group portrait during the Opening Session of AfDB's 2020 Virtual Annual Meetings on 26 August 2020

Finance Minister, Mr. Kenneth Ofori-Atta, on 1 September 2020, at a ceremony conducted in the presence of the Board of Directors and attended virtually by more than 400 persons, including Heads of State and Government, Governors of the Bank, representatives of the African Union Commission and the Regional Economic Communities, and Management and staff of the Bank.

Resident Boards of Directors mandate and composition

The resident Boards of Directors of the African Development Bank and the African Development Fund guide the strategic direction and general operations of the Bank Group pursuant to powers delegated by the Boards of Governors. The Bank Board has 20 members—13 representing the 54 RMCs and 7 representing the 27 non-regional Member Countries. The Fund Board has 14 members, with the Bank and the state participants of the African Development Fund each designating 7.

Executive Directors serve as shareholder representatives to the Bank Group and work to advance its development mission in their constituency countries.

Response to COVID-19

The Executive Directors approved *Interim Working Methods of the Boards of Directors of the Bank Group in Light of the COVID-19 Pandemic* to authorize Board members, on an exceptional and temporary basis, to connect to virtual Board meetings from their respective locations. This allowed the Boards and their subsidiary organs to make decisions at formal virtual meetings, on a non-objection basis, and under the question and answer (Q&A) approach. The Boards also approved the establishment of the Bank Group’s CRF with a global financing envelope of an amount not exceeding UA 7.4 billion. The funds were intended to finance eligible operations under the CRF to lessen the severe economic and social impact of the pandemic in RMCs, including on their private sector enterprises, through fast-tracked budget support. All CRF operations were fast-tracked for Board approval without compromising compliance or oversight standards. The timeline for distributing documents on all CRF operations to the Boards was set at five working days, and the threshold for Lapse of Time Basis (LOTB) approval was set at up to UA 100 million. By the end of December 2020, the Boards had approved 47 projects under the CRF framework for an amount of UA 2.47 billion, and 5 COVID-19 Emergency Assistance (SRF) grants for an amount of UA 2.8 million.

Strategic direction of the organization: Institutional reforms, effectiveness, and results

Following the successful GCI-VII and ADF-15 replenishment, the Boards provided strategic direction toward implementing the accompanying reform commitments. They approved key components of the Long-Term Financial Sustainability Framework for the GCI-VII Period, including the cost-sharing mechanism and the principles for net income allocation, with plans to consider other elements such as the cost-to-income ratio, the sovereign loan coverage pricing framework, and the cost containment framework in 2021; the People Strategy 2021–2025; and the Right-Sizing and Strategic Staffing framework.

The Boards continued to build on the accomplishments of 2019 by providing strategic and institutional direction to ensure delivery of the High 5 priorities, with specific emphasis on sustainable development, inclusive growth, and concrete impact on the lives of beneficiaries in RMCs. In this connection, the Boards approved strategies, policies, loans and grants, equity investments, guarantees, the 2021 work program and administrative budget, and the 2021 lending program.

In all, the Boards approved 126 projects, totaling UA 4.14 billion. Some 63 percent of these projects (30 percent of the amount) were approved through the lapse-of-time procedure, and 37 percent (70 percent of the amount) were approved in plenary sessions.

Highlights of these approvals are provided in Chapter 2 of this Annual Report. In addition, Senior Management approved technical assistance and other activities amounting to UA 28.65 million.

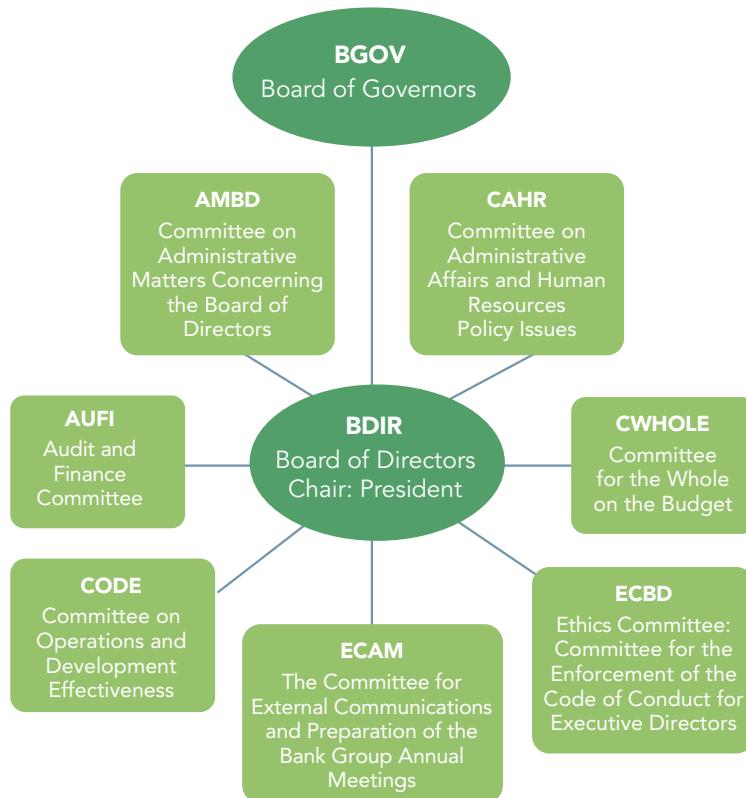
Consultative missions and study tours

Between January and the beginning of March 2020, Executive Directors undertook consultative missions to Cameroon, Ghana, Senegal, and Zimbabwe to engage governments, development partners, the business community, and civil society. These missions involved assessments of the quality and relevance of the Bank’s country strategies and of the socioeconomic and political challenges facing the countries, and the efforts of their governments to tackle them. The Executive Directors also assessed the condition and status of Bank Group operations, the Bank Group’s contribution to donor coordination, and implementation of the Paris Declaration on Aid Effectiveness. Similarly, the Senior Advisers and Advisers to Executive Directors (SAAs) undertook a study tour to Niger to assess the progress of Bank Group-financed projects. Planned study tours to other countries by SAAs were called off due to the COVID-19 outbreak.

Standing committees of the Boards

To ensure the effectiveness of their operations, the Boards work through seven standing committees and delegate certain responsibilities to them (Figure 4.1 and Appendix 9). The committees conduct exhaustive reviews of matters within their areas of competence and make recommendations to the Boards as appropriate. Each committee also oversees the performance of the various organizational units related to its responsibility.

FIGURE 4.1 Standing committees of the Boards



Independent evaluation of Bank Group interventions

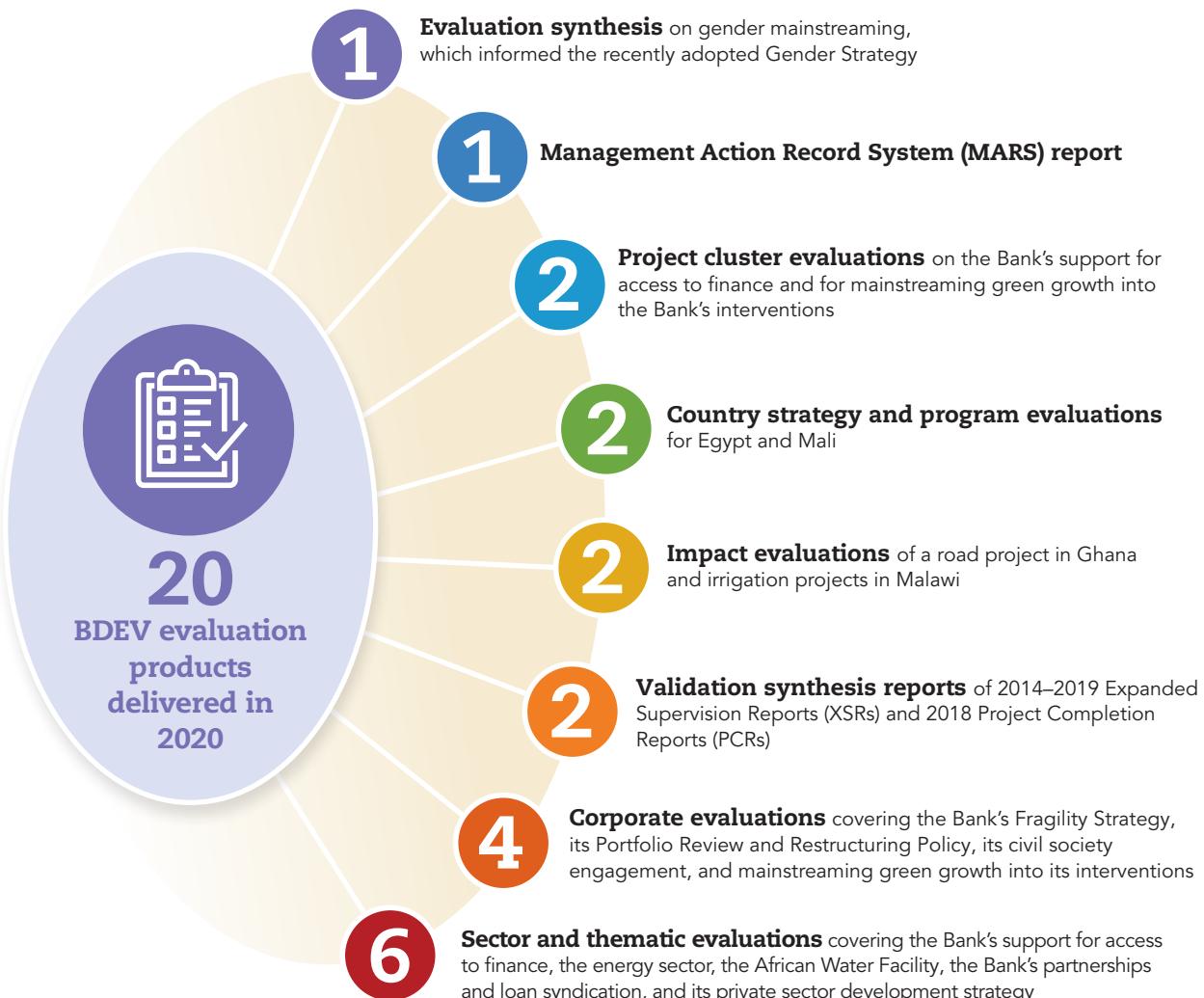
In 2020, despite the turbulence caused by the COVID-19 pandemic, the Independent Development Evaluation (BDEV) was able to ensure business continuity and even exceeded its target by delivering a record high of 20 evaluation products contributing to learning and accountability for achieving the Bank's High 5 priorities (Figure 4.2).

To continue progress on its ongoing evaluations and overcome COVID-19 travel restrictions, BDEV employed new approaches, remote data collection tools, and virtual and online communication tools.

The year 2020 marked 40 years of evaluation at the Bank. The demand for evaluative knowledge continues to be strong, both from the Board of Directors and Management. To support the Bank's response to COVID-19, BDEV prepared and published on a dedicated microsite, two lesson notes on the Bank's Response to the Ebola Crisis and on the Bank's Crisis Response Budget Support Operations. BDEV also organized virtual events to capitalize on the knowledge gleaned from evaluations of the water sector, irrigation, and gender mainstreaming. The Bank's Development Evaluation Week took place fully virtually from 2 to 4 December, with more than 600 participants. *Evaluation Matters*, BDEV's quarterly magazine dedicated to perspectives and insights on evaluation and development issues, and the BDEV 2019 annual report were also produced.

BDEV supported evaluation capacity development in the Bank and throughout the African continent on both the supply side and the demand side. In 2020, BDEV organized three training sessions for its staff as well as public webinars on rapid evaluation, remote data collection techniques, and implementing the United Nations 2030 Agenda for Sustainable Development and Sustainable Development Goals. BDEV also continued to support the Twende Mbele peer-learning partnership and the Secretariat of the African Parliamentarians' Network on Development Evaluation (APNODE), as well as the newly launched Global Evaluation Initiative.



FIGURE 4.2 BDEV evaluation products delivered in 2020

Compliance, accountability, and intermediate recourse mechanisms

Compliance

Compliance review and mediation

In 2020, the Compliance Review and Mediation Unit (BCRM) handled eight complaints submitted by civil society organizations and people affected by Bank-financed projects in both public and private sector operations. BCRM completed two monitoring reports for projects in Senegal and South Africa and continued its mediation efforts related to three projects in Kenya, Côte d'Ivoire, and Senegal, where three out of four engagements have resulted in agreements between project implementation units and affected communities.

BCRM also completed two spot-check missions in Kenya and conducted a desk review of documents and a virtual mission for two road projects in Liberia. In addition, it launched the third Independent Review Mechanism (IRM) policy review, which included broad-based consultation with stakeholders, to improve IRM's overall effectiveness and performance.

Ethics

In 2020, the Ethics Office provided advice for 237 ethical dilemma cases. The office aims to ensure that staff behavior is of a high ethical standard. The Ethics Office conducted virtual ethics awareness sessions to enhance employees' understanding of the Bank's Code of Ethics and highlight the importance of upholding acceptable conduct in the workplace. The office also organized



“It has always been uplifting to see how communities affected by AfDB projects can reconnect with hope, thanks to the handling of their requests by the Independent Review Mechanism.”

Aly Marie Sagne
President of a non-governmental
organization in Senegal

ethical leadership exchanges with Senior Managers and Directors. It also conducted training on Preventing Workplace Harassment to enhance a safe work environment where employees can confidently report sexual harassment and managers are capacitated to act promptly to detect and address these cases.

The Ethics Office chaired and led the organization of the 12th conference of the Ethics Network of Multi-national Organizations (ENMO), which virtually brought together heads of ethics from inter-governmental institutions, multilateral development banks, and the United Nations and its related agencies to discuss and share experiences to enhance ethics practice. The Ethics Office adopted the use of the Spot system—a third-party automated confidential system for employees to use in reporting ethical dilemma cases, including instances of Sexual Exploitation, Abuse, and Harassment (SEAH).

Accountability and control

Audit

Facing COVID-19, the Office of the Auditor General (PAGL) postponed audits that required travel and re-prioritized its work activities for the year. It focused on delivering corporate and operation audits that could efficiently be performed virtually. PAGL expects to complete 24 audits by 31 March 2021 (the cut-off date for annual work programs) in the Board, Presidency, Finance, and Corporate Complexes, and nine assignments in the Operations complexes, including three special requests. In 2020, PAGL increased the time allocated to advisory services to provide insight and foresight during the early stages in process improvement

activities. It provided 10 instances of advisory service and client assistance to various departments (including the ongoing WAKANDA program; see Box 3.1), among them, benchmark studies, process and system reviews, assistance in the review of policy and procedural documents, and data analytics scripts development and training, along with other areas across various departments. As moderator, PAGL participated in a webinar organized by the Governance and Public Financial Management Coordination Office and Fiduciary and Inspection departments, on “Promoting Accountability and Supporting a Transparent Recovery in the Context of COVID-19.” The webinar addressed mechanisms for the judicious use of the African Development Bank Group’s Crisis Response Funds. PAGL ramped up its efforts to implement a robust data analytics strategy, which is expected to improve risk profiling, and data testing and to provide quick and effective continuous auditing, where applicable.

Integrity and anti-corruption

In 2020, the Integrity and Anti-Corruption Department (PIAC) received 58 complaints of sanctionable practices, a 43 percent drop from 2019. Of the 2020 complaints, 25 were set aside after intake assessments, and 33 were assigned for investigation. Some 62 investigations were completed in 2020, up from 60 in 2019. PIAC filed six Findings of Sanctionable Practices in 2020 and completed three negotiated settlements after the respondents admitted wrongdoing, with sanctions imposed after clearance by the General Counsel and Sanctions Commissioner. No sanctions proceeding or settlement negotiation resulted in a fine or penalty being imposed on any of the entities found to have engaged in sanc-

tionable practices. PIAC trained 1,162 staff and 1,917 external staff to raise awareness on integrity issues through the Business Opportunity seminar, the Women in Compliance initiative, and fiduciary clinics conducted in RMCs.

Recourse Mechanisms

Office of the Ombudsman

In 2020, the Office of the Ombudsman successfully dealt with 38 cases, 45 percent from Headquarters and 55 percent from the Regional and Country Offices. In line with the key performance indicators, all cases were closed within four weeks. The cases from the Region and Country Offices were largely due to career concerns related to restructuring. Career development and job security took the highest proportion of cases (34 percent), followed by conduct and abuse of power (18 percent), benefits and compensation (11 percent), performance evaluation (11 percent), policy (5 percent), separation (5 percent), and others (16 percent).

The Bank successfully organized its 10th Annual Conflict Competency Week, themed “Working from a New Normal to a Better Normal,” and a three-day online training for 11 Values Promotion Champions (VPC), themed “Empowering the VPCs to be Conflict Competent,” and participated in various webinars with other multilateral development banks to foster best practices.

Administrative Tribunal

In 2020, the Administrative Tribunal handled 18 applications, eight of them newly registered in 2020 and 10 others pending. The Tribunal held two judicial sessions and one plenary session in 2020 and decided 11 applications. An order was issued to strike out one application after an amicable settlement was concluded between the parties. The 10 judgments related to the admissibility of application in favor of the respondent (1), judgments on the merits in favor of the applicant (6), a judgment on merit partially in favor of the applicant and the respondent (1), a revision of judgment in favor of the applicant (1), and a revision of judgment in favor of the respondent (1).

Staff Appeals Committee

The secretariat of the Staff Appeals Committee received 13 appeals in 2020 in addition to five carried over from 2019. Of the total of 19 appeals, 12 were completed by 31 December 2020, and one was withdrawn. One appeal proceeded directly to the Administrative Tribunal, and the remaining five will be completed in 2021. The appeals relate to seven contested performance evaluation outcomes, two cases of abandonment of post, and one case each of contested probation, alleged harassment, and non-compliance with the staff rules on suspension.

Sanctions Commissioner’s Office

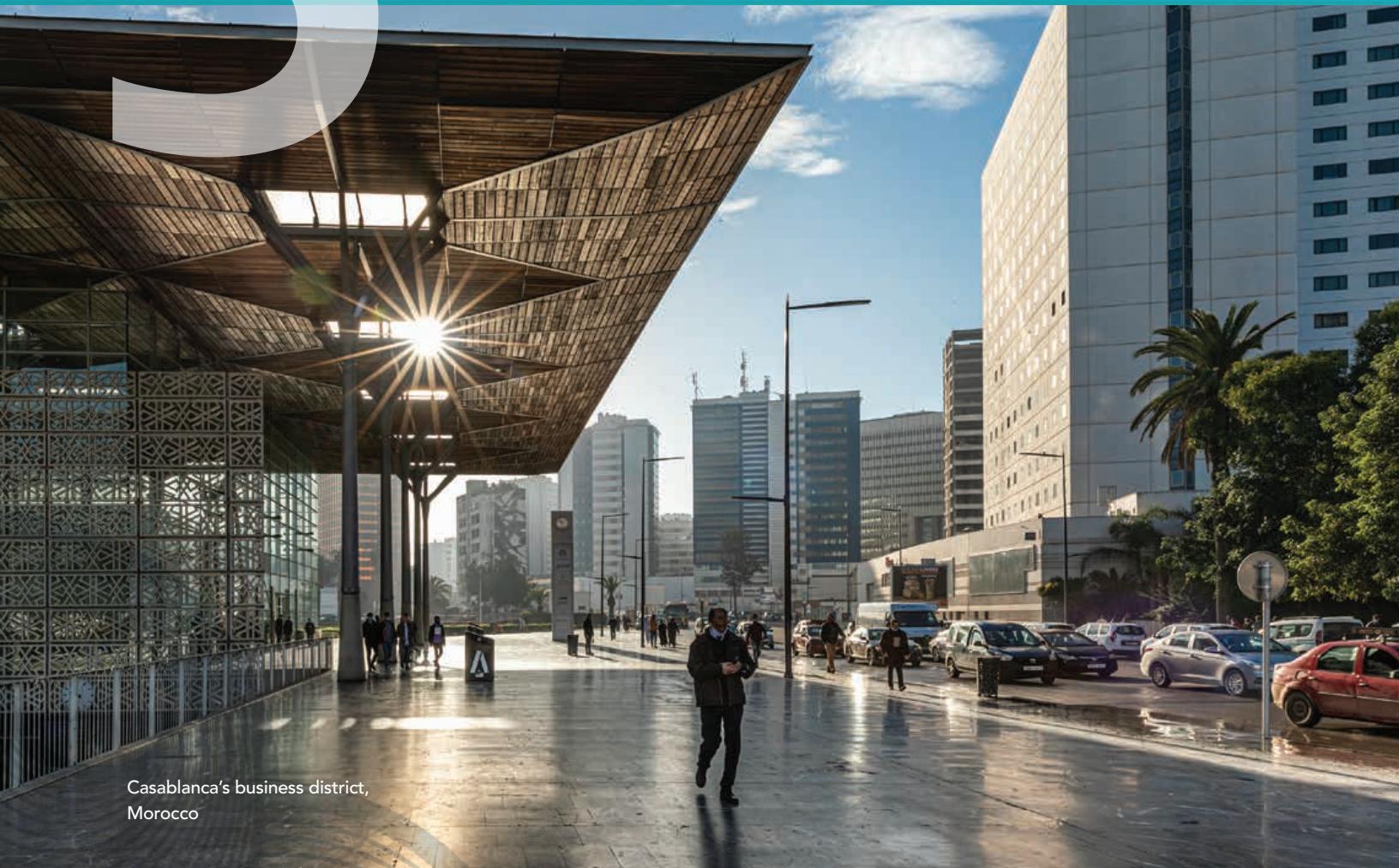
During the year, the Sanctions Commissioner reviewed 10 sanctions cases and three negotiated settlements, mostly involving fraud committed in connection with contracts for the procurement and execution of works and services relating to projects financed in RMCs. The Sanctions Commissioner cleared all three negotiated settlement agreements. Eight sanctions cases were concluded, resulting in six sanctions decisions and two cases closed for different reasons. The sanctions decisions declared a total of nine firms and one individual ineligible to participate in activities financed and managed by the Bank Group for periods ranging from one to three years. One respondent received a letter of reprimand.

Sanctions Appeals Board

In 2020, the Sanctions Appeals Board issued four final decisions and published them on the Bank’s website and intranet in cases submitted the year before. It also reviewed an appeal lodged before it, for which the related session will be held in 2021. Despite the COVID-19 pandemic, the Executive Secretary undertook four main prevention activities inside and outside the Bank as part of outreach activities. In particular, the Bank held consultations with other international finance institutions to discuss issues on the Agreement for Mutual Enforcement of Debarment to harmonize multilateral development banks’ approach in the fight against sanctionable practices.

5

Financial Highlights and Abridged Financial Statements



Casablanca's business district,
Morocco

The overall financial performance of the Bank Group in 2020, despite the negative effects of the pandemic on its member countries, was an improvement over 2019. Both income before distributions and net income across the Group's three lending windows—the African Development Bank (ADB), African Development Fund (ADF) and the Nigeria Trust Fund (NTF)—were higher than in 2019.

Bank Group

Financial results

The ADB and the NTF realized higher income before distributions in 2020 than in 2019, while the ADF deficit was significantly lower in 2020 than in 2019 (Table 5.1). Apart from transfers to reserves, the Bank continued to distribute part of its net income and surplus account to support development financing in low-income countries. Detailed information and analysis of each Bank Group entity's audited financial results are presented in a separate companion Financial Report 2020.

African Development Bank

Financial results and performance

ADB revenue decreased to UA 668.81 million in 2020, from UA 930.00 million in 2019, driven mainly by lower loan income and investment returns. However, this was offset by lower interest expense, which declined by 46.9 percent, reflecting lower interest rates, impairment provisions, and administrative expenses. The combined effect of these factors was a UA 72.23 million increase in income before distributions approved by the Board of Governors, which stood at UA 198.40 million at the end of 2020, compared with UA 126.17 million at the end of 2019.

Income from loans declined by 29.2 percent due to lower interest rates. While the treasury portfolio performed above its benchmarks, investment income from the trading investment portfolio declined by 31.1 percent, from UA 263.20 million in 2019 to UA 181.45 million in 2020, as a result of lower interest rates. As the trading investment portfolio is funded by debt, the negative impact on income of the decrease in interest rates was offset by lower interest rates.

Bank Group administrative expenses decreased by 6.07 percent, from UA 414.34 million in 2019 to UA 389.18 million in 2020, due primarily to reduced travel as a result of the COVID-19 pandemic. The Bank's share of administrative expenses, inclusive of charges for depreciation and sundry expenses, decreased from UA 215.39 million in 2019 to UA 196.12 million in 2020 due to lower operational expenses.

The Bank's reserves, plus accumulated loan loss provisions on outstanding loan principal and charges, increased by 3.21 percent to UA 3.69 billion at the end of 2020 from UA 3.58 billion at the end of 2019.

Net income and allocable income

For the period ended 31 December 2020, net income amounted to UA 139.40 million, compared with UA 52.17 million for the period ended 31 December 2019. This higher income is mainly attributable to lower inter-

TABLE 5.1 Abridged financial results of the Bank Group entities, 2019–2020 (UA millions)

	ADB		ADF		NTF	
	2020	2019	2020	2019	2020	2019
Income from loans, investments, and other income	668.81	930.00	206.74	179.86	2.14	4.10
Borrowing expenses and derivatives	(189.76)	(483.26)	(1.85)	(1.68)	—	—
Impairment charge on loans and investment and equity	(61.36)	(113.31)	—	—	1.28	(0.36)
Translation gains/(losses)	(23.17)	8.13	0.26	(4.36)	—	—
Net operational income	394.52	341.56	205.14	173.82	3.42	3.74
Other expenses	(196.12)	(215.39)	(254.73)	(260.71)	(0.50)	(0.84)
Income before distributions approved by the Board of Governors	198.40	126.17	(49.59)	(86.88)	2.92	2.90
Distributions approved by the Board of Governors	(59.00)	(74.00)	—	—	(0.29)	(0.27)
Net income/(loss) for the year	139.40	52.17	(49.59)	(86.88)	2.63	2.63

est expense, an increase in fair value gains on borrowings and related derivatives, and a decrease in impairment for credit losses on loans and charges.

Allocable income⁷ for 31 December 2020 amounted to UA 158.56 million, compared with UA 125.35 million for 31 December 2019. The increase is attributable to the lower impairment for credit losses on loans and charges, provision for actuarial valuation, and net realized and unrealized losses on investments and related derivatives.

Outstanding loans

Net outstanding loans as of 31 December 2020 increased to UA 20.85 billion from UA 19.82 billion as of 31 December 2019. The key driver of this increase is the positive net loan disbursements of UA 1,121.14 million for the period.

Borrowings

The borrowing portfolio decreased to UA 25.09 billion as of 31 December 2020, compared with UA 25.47 billion as of 31 December 2019. This marginal decrease was due to the net cash outflows arising from higher repayments during the period.

Investment portfolio

The treasury investment portfolio decreased by 14.5 percent from UA 10.32 billion as of 31 December 2019 to UA 8.83 billion as of 31 December 2020. Treasury investment income for 2020 amounted to UA 181.45 million, or a return of 1.53 percent on average liquidity of UA 11.83 billion, compared with an income of UA 263.20 million, or a return of 2.10 percent on average liquidity of UA 12.51 billion, in 2019. The decrease in investment income is a result of lower interest rates in USD. In the first quarter of the year, the performance of treasury investment portfolios was negatively impacted by the downturn in the financial markets and macroeconomic indicators, following the unprecedented measures taken by governments across the world to tackle the pandemic. Asset prices started to recover in April as tensions started to recede and market liquidity began to improve, positively impacting the investment portfolios. Despite risks from rising infection rates and a new variant of the COVID-19 virus emerging, portfolio performance ended above its benchmark as financial markets ended 2020 on an optimistic note.

Distributions approved by the Board of Governors

In 2020, the Board of Governors approved distributions of UA 59 million from 2019 income and surplus account to various development initiatives, compared with UA 74 million distributed in 2019. The beneficiaries of these distributions are listed in Note K to the financial statements in the Financial Report 2020. The Board of Directors agreed to recommend to the Board of Governors the distributions of UA 55 million from 2020 net income and surplus account to various development initiatives.

Risk management policies and processes

The Bank's balance sheet risks are actively monitored on a risk dashboard that is regularly updated to reflect the evolving risk profile of the Bank's operations. The policies, processes, and practices deployed by the Bank to manage these risks are described in more detail in Note C to the financial statements in the Financial Report 2020. Other activities undertaken by the Bank as part of its risk management are summarized below.

The Bank has strengthened the monitoring of its loan and equity portfolios via the Risk Capital Utilization Rate (RCUR) and other prudential ratios and metrics and through the launch of the RCUR Taskforce, with regular reporting to senior management and the Board of Directors via the Medium-Term Financial Outlook (MTFO).

In line with G20 calls for multilateral development banks to optimize their balance sheets while mobilizing additional financial resources, the Bank continued to undertake necessary portfolio optimization measures to free up capital to remain within its limits, despite the many negative rating actions on borrower member countries. The approval in February 2020 of the BSO Framework by the Board of Directors fully institutionalized balance sheet optimization (BSO) as a permanent tool for recycling lending headroom, thereby not only facilitating the Bank's counter-cyclical lending role during the pandemic but also supporting development financing long after its socioeconomic impact will have receded.

Building on the continued success of its earlier transactions, including the multilateral development bank Exposure Exchange Agreements (EEAs) and the synthetic securitization and credit insurance transactions on its sovereign and non-sovereign portfolio, in 2020, the Bank closed two credit transfer structures with an embedded capital consumption benefit, which would support new transactions at inception rather than existing seasoned portfolios. The first structure, approved in March 2020, is a Risk Participation Agreement (RPA) of USD 100 million between the Bank and the Republic of



Despite risks from rising infection rates and a new variant of the COVID-19 virus emerging, portfolio performance ended above its benchmark as financial markets ended 2020 on an optimistic note.

France and the Netherlands in support of the Affirmative Finance Action for Women in Africa (AFAWA) Guarantee for Growth (G4G). This USD 100 million RPA tranche will backstop a USD 250 million partial credit guarantee to the Africa Guarantee Fund (AGF). This will equip AGF to increase its lending, resulting in an estimated USD 2 billion in commercial financing reaching women entrepreneurs within 6 years. The second structure, approved in December 2020, is the Lusophone Compact Guarantee Program (LCG). The LCG is a EUR 400 million guarantee covering new non-sovereign transactions by the Bank in Portuguese-speaking countries over the next three years. The LCG transaction has the highest cost-benefit ratio of all BSO transactions executed to date and is the first-ever direct sovereign guarantee of the Bank's private sector assets.

The Bank has automated certain critical processes of the back-office BSO functions including premium payment and collateral management to ensure operational efficiency.

On 31 December 2020, the total outstanding notional BSO credit protection purchased or sold on the relevant underlying single reference entities was UA 4.6 billion. No significant default events have occurred on any of the exposures covered under the BSO transactions, and the Bank continues to expect its sovereign, sovereign-guaranteed, and non-sovereign exposures to be serviced in accordance with loan agreements.

Regarding operational risk, the Operational Risk Management Committee (ORMC) that was created in late 2019 has now completed its first full year of operation. The committee comprises representatives from several business units across the Bank, and exercises oversight over the operational risk management process to ensure that the Bank's operational risk exposure, including from new products, is well-managed.

In December 2020, the Board of Directors of the African Development Bank approved a new long-term financial sustainability framework, which was one of the Bank's key commitments following the 7th General Capital Increase (GCI-VII), approved in 2019. The main

objective of the new long-term financial sustainability framework is to integrate into a coherent framework all the decision-making elements that bear on operating efficiency and the sustainability of capital resources. The framework will use specific strategic control measures to guide the implementation of the Bank's strategy over the GCI-VII planning horizon.

Bank ratings

The four leading international rating agencies—Standard & Poor's, Fitch, Moody's, and Japan Credit Rating Agency—reaffirmed their ratings of the Bank's senior debt (AAA/Aaa) and subordinated debt (AA+/Aa1) with a stable outlook. These high credit ratings underline the Bank's strong financial position (as reflected in its capital and liquidity) and business profile. These strengths underscore the Bank's resilience amidst the increasingly challenging operating environment in Africa, and the downward pressure on the quality of funded development assets should the economic effects of the pandemic persist into the foreseeable future.

Accessing capital markets

The African Development Bank mobilizes resources from the capital markets to finance development projects and programs in RMCs and to meet its cash flow needs. Throughout the year, the Bank has continued to deepen and diversify its investor base and raise cost-effective resources in a broad range of markets, currencies, and instruments. The Bank has long issued large US dollar benchmarks, the backbone of its strategy, but as funding requirements changed, new markets were needed. The Bank issued its first Euro benchmark bond in 2016, driven by the need to expand its footprint and extend the maturity of its bonds at a reasonable cost, while accessing a reliable source of funds and, importantly, a new investor base. This strategy has been successful.

From its emergence in 2007, the Green Bond market has grown rapidly, closely followed by the Social

Bond market. The year 2020 was exceptional in many ways, and the circumstances surrounding the first benchmark issuance reflected that. In anticipation of the announcement of the COVID-19 Response Facility (CRF) in early April 2020, a landmark 3-year, USD 3 billion Fight COVID-19 Social Bond was executed. The transaction garnered strong interest with USD 4.6 billion in orders. This was the largest Social Bond ever issued in the market by any institution at the time. The Bank was awarded the “Best issuer of COVID-19 Bonds” by Global Capital for this landmark transaction. The benchmark was followed shortly thereafter by a more tailored USD 1 billion 2-year transaction in mid-April that was driven by strong reverse interest from investors in African Development Bank bonds.

The Bank was also able to bring its first-ever Social Bond issuance in Swedish Krona (SEK), a 3-year SEK 2.5 billion Fight COVID-19 Social Bond.

The Bank continued to meet demand from Japanese investors for theme bonds. Investor preferences for investing their savings are still focused on bonds that finance socially responsible projects and that meet their investment risk/return preferences. To date, the Bank has issued 19 theme bonds aligned with the High 5 operational priorities, including 17 Improve the Quality of Life for the People of Africa bonds and 2 Light Up and Power Africa bonds for a combined total of UA 65 million.

African Development Fund

ADF-15 replenishment

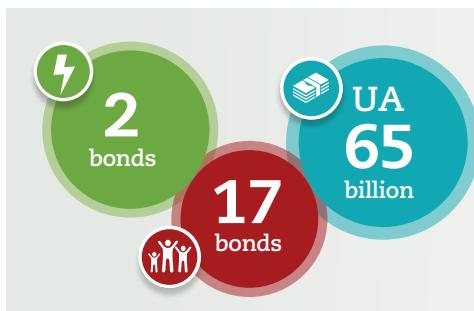
On 30 June 2020, the 15th African Development Fund replenishment (ADF-15) became effective with the deposit by State Participants and Donors of Instruments of Subscription (IoS) representing 33.78 percent (30 percent being the trigger for effectiveness) of the total intended subscriptions. This follows the successful completion of the 15th replenishment negotiations by State Participants in 2019.

A total of UA 3,614.92 million (excluding the grant element of Concessional Donor Loans) in IoS had been received as of 31 December 2020 from ADF-15 subscriptions.

Financial results and performance

The Fund’s revenue in 2020 increased by 14.94 percent to UA 206.74 million from UA 179.86 million in 2019, due to the receipt of arrears on loan charges of UA 14.77 million from Somalia in March 2020 and higher investment income mainly due to fair value gains on the Fund’s investments. The Fund reported a lower deficit of UA 49.59 million in 2020, a 42.92 percent decrease over the previous year’s deficit of UA 86.88 million. The reduction in the reported deficit arose from the increase in total income and decrease in total expenses for the period. The Fund’s share of total administrative expenses of the Bank Group increased to 61.32 percent in 2020, from 60.29 percent in 2019.

The persistent deficits experienced by the Fund in recent years are due primarily to structural changes. These include the cancellation of loans to certain beneficiaries under the Multilateral Debt Relief Initiative (MDRI), the increased grant component included in the recent ADF resource allocations, and the impact of low interest rates on subscriptions encashed early, leaving the Fund with a negative income gap. Although these structural changes affect the Fund’s reported income, their impact does not adversely affect the commitment capacity or the financial sustainability of the Fund because the Fund is expected to be ultimately compensated through additional donor subscriptions payable over the life of the canceled loans. The impact of the MDRI initiative is included in Note F to the special purpose financial statements in the Financial Report 2020. No new country reached Completion Point in 2020.



To date, the Bank has issued 19 theme bonds aligned with some of the High 5 operational priorities, including 17 Improve the Quality of Life for the People of Africa bonds and 2 Light Up and Power Africa bonds for a combined total of UA 65 million.

Nigeria Trust Fund

Loan income in 2020 amounted to UA 1.19 million, representing a 7.46 percent decrease over the UA 1.29 million for 2019, while investment income declined by 66.41 percent to UA 0.95 million, compared with UA 2.82 million in 2019. The decrease in the investment income is due to a decline in market interest rates. Notwithstanding the decline in total revenue, NTF income before distributions approved by the Board of Governors increased marginally from UA 2.90 million in 2019 to UA 2.92 million in 2020, driven by a write-back of UA 1.28 million in provisions for impairment following the clearance of long-term arrears by Somalia and a 47.87 percent reduction in NTF's share of Bank Group administrative expenses from UA 0.82 million in 2019 to UA 0.43 million in 2020.

The NTF's reserves, net of cumulative currency translation adjustments, decreased by 9.2 percent, from UA 49.69 million at the end of 2019 to UA 45.14 million at the end of 2020.

Financial impact of the COVID-19 pandemic

From a financial reporting perspective, the known and estimable effects of COVID-19 for the year ended 31 December 2020 have remained relatively stable and have been recorded in the financial statements. While price volatility has led to net fair value losses, market interest rates declined further, with the USD 6-month

Libor experiencing a significant dip, which resulted in a reduction in the interest income and expenses. Furthermore, the pandemic has caused an increase in credit risk, especially for the Non-Sovereign Operations (NSO) portfolio. Management has applied appropriate credit overlay adjustments in the estimation of expected credit losses (ECLs) in the financial statements. The credit overlay adjustment resulted in a 7.00 percent increase in ECLs on a year-to-date basis.

The Bank believes that the known and estimable effects of COVID-19 recorded in the financial statements for the year ended 31 December 2020 are adequate and reflect the pandemic's expected risk on its business. As the pandemic is not fully under control and the prospect of vaccination programs appears uncertain, the Bank will continue to anticipate and report other financial effects of COVID-19 in its financial statements as they become known and estimable while ensuring the well-being and safety of its clients and other stakeholders.

Selected financial metrics

A summary of selected financial metrics of the Bank Group entities (ADB, ADF, and NTF) for the past five years, ended 31 December, is presented in Table 5.2.

The full audited financial statements are available separately and can be accessed at:

<https://www.afdb.org/en/documents/financial-report-2020>.

TABLE 5.2 Selected financial metrics of the Bank Group, 2016–2020 (UA millions)

	2020	2019	2018	2017	2016
African Development Bank					
Assets	35,348.69	35,244.06	33,770.59	32,575.74	29,727.08
Net income/(loss)	139.40	52.17	41.68	176.43	25.07
Comprehensive income/(loss)	60.37	(9.41)	(3.43)	235.22	(174.41)
Cash and cash equivalents	2,456.29	2,317.89	2,179.64	1,719.78	2,035.87
African Development Fund					
Net development resources	4,719.76	4,883.11	4,953.58	5,219.81	5,457.84
Deficit	(49.59)	(86.88)	(74.07)	(118.78)	(67.26)
Cash and cash equivalents	1,170.86	1,505.50	1,373.14	564.19	874.80
Nigeria Trust Fund					
Assets	174.46	179.47	176.21	169.36	192.43
Net income/(loss)	2.63	2.63	2.44	1.99	1.76
Comprehensive income/(loss)	(4.56)	2.63	2.44	1.99	1.76
Cash and cash equivalents	17.55	11.11	10.07	12.20	21.57

Appendices

A young man attends a work-related webinar during the COVID-19 pandemic

APPENDIX 1

Abbreviations and acronyms

4IR	Fourth Industrial Revolution	EUR	Euro
ACCF	Africa Climate Change Fund	FAREC	Feed Africa Response to COVID-19
ACFA	Accelerated Co-Financing Facility	GCA	Global Center for Adaptation
ADB	African Development Bank	GCI-VII	7th General Capital Increase
ADF	African Development Fund	GDP	Gross domestic product
ADF-14	African Development Fund 14th Replenishment	GETF	Gender Equality Trust Fund
AFAWA	Affirmative Finance Action for Women in Africa	GMS	Gender Marker System
AfCFTA	African Continental Free Trade Area	IsDB	Islamic Development Bank
AGF	African Guarantee Fund	MSMEs	Micro, small, and medium-sized enterprises
AGTF	Africa Growing Together Fund	NTF	Nigeria Trust Fund
AIF	Africa Investment Forum	PAGL	Office of the Auditor General
AIP	Africa Investment Platform	PARC-19	COVID-19 Response Support Program (Morocco)
ASM	Artisanal and small-scale mining	PCG	Partial credit guarantees
ATRS	Activity Time Recording System	PFI	Partner financial institutions
AWF	African Water Facility	PSF	Private Sector Credit Enhancement Facility
BCP	Business Continuity Management Program	RISP	Regional Integration Strategy Paper
BCRM	Compliance Review and Mediation Unit	RMC	Regional Member Countries
BDEV	Independent Development Evaluation	SADC	Southern Africa Development Community
BSO	Balance Sheet Optimization	SAP	Systems Applications and Products in Data Processing
CDC	Centres for Disease Control	SEFA	Sustainable Energy Fund for Africa
CODE	Committee on Operations and Development Effectiveness	SMEs	Small and medium-sized enterprises
CRBS	Crisis Response Budget Support	TCF	Total Compensation Framework
CRF	COVID-19 Rapid Response Facility	TG	Transaction Guarantee
CSP	Country Strategy Paper	TSF	Transition Support Facility
DBDM	Development and Business Delivery Model	UA	Unit of Account
DRC	Democratic Republic of Congo	USD	US dollar
ECAM	External Communications and Preparation of the Bank Group Annual Meetings	WAEMU	West African Economic and Monetary Union
		WFH	Work from Home
		WHO	World Health Organization

APPENDIX 2

Summary of Bank Group operations, resources, and finance, 2011–2020 (UA millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cumulative 2020 Total ^b
OPERATIONS											
Bank Group Approvals ^b											
Number	184	199	317	232	241	305	249	341	293	217	6,379
Amount	5,720.29	4,253.75	4,385.78	5,049.92	6,334.69	8,035.34	6,195.95	7,278.81	7,300.11	4,171.12	120,954
of which HIPC	1,350.85	248.00	22.32	—	46.96	—	—	—	—	—	6,158
Disbursements ^c	3,174.11	3,379.53	3,193.00	3,202.31	3,084.00	4,720.92	5,425.83	4,365.26	3,785.37	5,128.03	75,029
ADB Approvals ^b											
Number	59	48	65	79	99	114	87	103	91	48	2,052
Amount	3,689.43	2,080.46	1,831.70	3,201.30	4,518.23	6,335.32	4,502.18	5,125.14	5,092.45	2,492.70	74,877
of which HIPC	1,178.04	134.58	9.64	—	—	—	—	—	—	—	3,158
Disbursements ^c	1,868.79	2,208.17	1,489.83	1,983.89	1,678.17	3,262.52	3,715.42	2,995.98	2,507.00	3,385.82	45,637
ADF Approvals ^b											
Number	56	65	121	77	70	94	76	87	82	71	3,164
Amount	1,647.67	1,773.08	2,064.87	1,338.23	1,307.36	1,267.91	959.48	1,088.20	1,230.46	938.76	38,813
of which HIPC	171.93	112.21	12.68	—	46.96	—	—	—	—	—	2,937
Disbursements	1,296.65	1,169.60	1,702.21	1,215.30	1,398.36	1,447.41	1,703.00	1,358.32	1,266.03	1,731.56	29,090
NTF Approvals											
Number	3	3	5	2	2	3	—	3	1	—	104
Amount	10.88	14.10	31.17	11.49	12.50	18.46	—	13.30	4.00	—	487
of which HIPC	0.88	1.20	—	—	—	—	—	—	—	—	63
Disbursements	8.67	1.76	0.96	3.13	7.47	10.98	7.41	10.96	12.34	10.65	301
PSF Approvals											
Number	—	—	—	—	—	8	10	9	2	3	32
Amount	—	—	—	—	—	90.78	150.70	119.45	19.61	27.24	408
TSF Approvals											
Number	31	33	35	35	28	31	35	33	59	57	399
Amount	184.19	117.09	204.68	254.68	207.75	162.55	302.78	224.51	319.26	471.90	2,961
Special Funds Approvals ^d											
Number	35	50	91	39	42	55	41	106	58	38	628
Amount	188.12	269.03	253.36	244.22	288.85	160.32	280.81	708.21	634.33	240.51	3,409
RESOURCES AND FINANCE (at year's end)											
ADB											
Authorized Capital	66,054.50	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	153,191.36	153,191.36	
Subscribed Capital ^e	37,322.00	65,215.04	65,210.13	65,133.22	65,482.51	65,486.17	65,497.96	65,107.91	66,146.32	100,846.68	
Paid-up Portion ^e	3,289.06	4,962.68	4,962.34	4,864.52	4,884.41	4,897.39	4,980.43	4,956.92	4,950.44	7,053.87	
Callable Portion	34,032.95	60,252.36	60,247.80	60,268.70	60,598.10	60,588.78	60,517.53	60,150.99	61,195.88	93,792.81	
Outstanding Debt	12,902.96	13,278.80	12,947.44	14,375.95	16,449.27	20,644.15	23,175.69	23,989.86	25,466.87	25,090.10	
Cumulative Exchange											
Adjustment on											
Subscriptions	(161)	(167)	(173)	(174)	(169)	(161)	(158)	(156)	(148)	(148)	
Reserves	2,536.18	2,667.44	2,856.88	2,815.32	2,921.25	2,746.84	2,982.05	2,806.65	2,797.24	2,857.61	
Gross Income ^f	489.18	553.64	479.64	484.73	455.77	536.02	665.76	847.57	930.00	668.81	
Net Income ^g	164.51	198.62	180.33	151.69	93.16	120.07	258.43	124.68	52.17	139.40	
ADF											
Subscriptions	20,428.32	21,622.28	23,084.05	24,921.04	26,122.31	27,226.94	28,601.22	29,785.35	30,924.91	32,261.33	
Other Resources	390.27	425.27	509.96	551.96	602.96	645.96	680.96	715.96	750.96	785.96	
NTF											
Resources (gross)	162.74	164.62	165.77	168.28	169.88	176.79	169.05	174.63	178.28	173.724	

a The cumulative figures go back to the initial operations of the three institutions (1967 for ADB, 1974 for ADF and 1976 for NTF).

The conversion rates are those for 31 December of each year.

b Approvals include loans and grants, private and public equity investments, emergency operations, HIPC debt relief, loan reallocations, guarantee and Post Conflict Country Facility and exclude PSF and TSF.

The conversion rates of the ADB, ADF and NTF Unit of Account (UA) to the US dollar USD for various years are as follows:

c From 2013, disbursements include Equity Participation.

2011 1 UA = 1.53527 USD 2016 1 UA = 1.34433 USD

d These are approvals on the operations of the African Water Fund and Rural Water Supply and Sanitation Initiative, Global Environment Facility, the Global Agriculture and Food Security Program, the Climate Investment Fund, the Congo Basin Forest Fund, the Fund for African Private Sector Assistance, the Zimbabwe Multi-Donor Trust Fund, Migration and Development Trust Fund, Sustainable Energy Fund for Africa, Africa Climate Change Fund, Migration & Development Initiative Fund, Micro-Finance Capacity Building Fund, MENA Trust Fund, Nigeria Technical Cooperation Fund, and OPEC.

2012 1 UA = 1.53692 USD 2017 1 UA = 1.42413 USD

e Subscribed capital and paid-up capital for 2005 were restated to exclude shares to be issued upon payment of future installments.

2013 1 UA = 1.54000 USD 2018 1 UA = 1.39079 USD

f From 2013 dividend from equity participations were reclassified and included in Gross income. Starting from 2015, the gross income is net of interest on loan swaps.

2014 1 UA = 1.44881 USD 2019 1 UA = 1.38283 USD

g Net income is before distributions approved by the Board of Governors.

2015 1 UA = 1.38573 USD 2020 1 UA = 1.44027 USD

APPENDIX 3a

Bank Group approvals, by High 5, 2020 (UA millions)

High 5	ORDINARY RESOURCES		SPECIAL RESOURCES				
	ADB	ADF ^a	NTF	PSF	TSF	SF and TF	Bank Group
Light Up and Power Africa	317.46	40.58	–	–	12.00	92.69	462.73
Power Generation, Transmission, and Distribution, Conventional	55.64	22.50	–	–	10.00	1.13	89.27
Power Generation, Renewable	78.20	8.96	–	–	2.00	18.31	107.47
Off-grid solutions	–	–	–	–	–	0.60	0.60
Energy Sector Strengthening and Reform	–	3.40	–	–	–	0.73	4.13
Infrastructure for Energy Sector Development	–	–	–	–	–	23.87	23.87
Multisector Operations (budget support)	182.62	2.50	–	–	–	–	185.12
Others ^b	1.00	3.22	–	–	–	48.05	52.27
Feed Africa	7.70	17.41	–	21.69	56.96	22.96	126.72
National and Regional Operations in Production and Value Addition	6.50	6.14	–	–	24.20	3.61	40.45
Investment in Infrastructure	1.20	3.05	–	–	2.46	10.85	17.56
Agriculture Finance and Agribusiness Environment	–	4.13	–	21.69	2.48	–	28.30
Inclusivity and Sustainable Development	–	4.09	–	–	27.82	8.50	40.41
Multisector Operations (budget support)	–	–	–	–	–	–	–
Industrialize Africa	132.39	13.17	–	5.55	7.50	40.63	199.24
Industrial Business Environment	–	0.69	–	–	–	0.16	0.85
Financial Sector and Capital Markets Development	18.01	12.48	–	–	1.50	6.34	38.33
Enterprises Development	41.56	–	–	5.55	2.00	34.13	83.24
Infrastructure for industry	–	–	–	–	–	–	–
Multisector Operation (budget support)	–	–	–	–	–	–	–
Regional Environment Improvement	72.82	–	–	–	4.00	–	76.82
Integrate Africa	72.82	45.04	–	–	13.73	52.11	183.70
Regional Infrastructure Connectivity	–	44.55	–	–	13.73	52.11	110.39
Trade facilitation and investment	72.82	0.49	–	–	–	–	73.31
Improve the Quality of Life for the People of Africa	1,962.32	822.57	–	–	381.72	32.11	3,198.72
Water Supply and Sanitation	189.90	–	–	–	–	14.63	204.53
Human and Social Development	279.69	4.64	–	–	23.96	17.48	325.77
Multisector Operations (budget support)	1,487.62	687.43	–	–	273.54	–	2,448.59
Others ^c	5.28	130.50	–	–	84.22	–	219.83
Total approvals	2,492.69	938.77	–	27.24	471.91	240.50	4,171.11

^a Excludes PSF and TSF.^b Others include the following subthemes: clean/efficient cooking, energy efficiency demand side management, oil and gas, utility transformation services, and energy finance.^c Others include the following subthemes: other social development, national infrastructure, urban development, natural disaster management, environment and natural resources management, transboundary water resources management, regional education, and health initiatives.

APPENDIX 3b

Bank Group approvals, by sector, 2020 (UA millions)

Sector	ORDINARY RESOURCES				SPECIAL RESOURCES							
	ADB		ADF ^a		NTF		PSF		TSF		SF and TF	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agriculture and rural development	10	10.67	6	22.90	–	–	1	21.69	4	55.96	2	17.22
Social	6	253.15	15	60.89	–	–	–	–	19	64.44	–	–
Education	–	–	1	4.64	–	–	–	–	–	–	–	1
Health	5	252.80	14	56.25	–	–	–	–	10	39.97	–	–
Other	1	0.35	–	–	–	–	–	–	9	24.47	–	–
Infrastructure	6	507.36	12	132.27	–	–	–	–	5	39.73	25	159.33
Water supply and sanitation	3	189.90	–	–	–	–	–	–	–	–	6	14.62
Energy supply	3	317.47	6	38.08	–	–	–	–	1	10.00	16	92.70
Communication	–	–	–	–	–	–	–	–	–	–	–	–
Transport	–	–	6	94.19	–	–	–	–	4	29.73	3	52.01
Finance	8	379.99	2	12.48	–	–	2	5.55	1	1.50	9	48.73
Multisector	18	1,341.53	36	710.21	–	–	–	–	21	304.28	2	15.23
Industry, mining, and quarrying	–	–	–	–	–	–	–	–	2	1.00	–	–
Urban development	–	–	–	–	–	–	–	–	–	–	–	–
Environment	–	–	–	–	–	–	–	–	5	5.00	–	–
Total approvals	48	2,492.70	71	938.76	–	–	3	27.24	57	471.90	38	240.51
											217	4,171.12

^a Excludes PSF and TSF.

APPENDIX 3c

Bank Group approvals, by financing instrument, 2020 (UA millions)

Financing instrument	ORDINARY RESOURCES				SPECIAL RESOURCES							
	ADB		ADF ^a		NTF		PSF		TSF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Project Lending	9	470.51	8	100.12	-	-	-	-	3	38.04	20	608.66
Public and Publicly Guaranteed	5	422.21	8	100.12	-	-	-	-	3	38.04	16	560.37
Project Loans	5	422.21	8	100.12	-	-	-	-	3	38.04	16	560.37
Sector Investment and Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Lines of Credit	0	-	-	-	-	-	-	-	-	-	0	-
Private Non-Publicly Guaranteed	4	48.29	-	-	-	-	-	-	-	-	4	48.29
Project Loans	3	24.85	-	-	-	-	-	-	-	-	3	24.85
Lines of Credit	1	23.45	-	-	-	-	-	-	-	-	1	23.45
Soft Commodity Finance Facility	-	-	-	-	-	-	-	-	-	-	-	-
Policy-Based Lending	14	1,667.68	11	268.05	-	-	-	-	5	74.38	30	2,010.11
Sector Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Structural Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support	14	1,667.68	11	268.05	-	-	-	-	5	74.38	30	2,010.11
Result-Based Financing	-	-	-	-	-	-	-	-	-	-	-	-
Grants	20	9.98	51	570.19	-	-	-	-	49	359.48	120	939.66
Technical Assistance	9	4.70	5	17.21	-	-	-	-	2	10.50	16	32.41
Project Cycle Activities	-	-	1	0.86	-	-	-	-	-	-	1	0.86
Institutional Support	-	-	4	16.35	-	-	-	-	2	10.50	6	26.85
of which Private Sector	-	-	-	-	-	-	-	-	-	-	-	-
Middle-income countries grant	9	4.70	-	-	-	-	-	-	-	-	9	4.70
Middle-income country institutional support	-	-	-	-	-	-	-	-	-	-	-	-
Project Grants	-	-	24	112.36	-	-	-	-	36	148.58	60	260.95
Structural Adjustment Grant	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support Grant	-	-	22	440.62	-	-	-	-	11	200.40	33	641.02
African Food Crisis Response Grant	-	-	-	-	-	-	-	-	-	-	-	-
Special Relief Fund	11	5.29	-	-	-	-	-	-	-	-	11	5.29
Emergency Assistance	11	5.29	-	-	-	-	-	-	-	-	11	5.29
Emergency Post-Conflict	-	-	-	-	-	-	-	-	-	-	-	-
Special Debt Relief Grant	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Capacity Building Loans	-	-	1	0.40	-	-	-	-	-	-	1	0.40
Project Preparation Facility	-	-	-	-	-	-	-	-	-	-	-	-
Debt and Debt Service Reduction	-	-	-	-	-	-	-	-	-	-	-	-
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	-	-	-	-	-	-	-	-	-	-	-	-
Post-Conflict Country Framework	-	-	-	-	-	-	-	-	-	-	-	-
Equity Participation	2	16.85	-	-	-	-	-	-	-	-	2	16.85
Public Equity	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity	2	16.85	-	-	-	-	-	-	-	-	2	16.85
Guarantee	3	327.68	-	-	-	-	3	27.24	-	-	6	354.93
Public Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Private Guarantees	3	327.68	-	-	-	-	3	27.24	-	-	6	354.93
Loan Reallocations	-	-	-	-	-	-	-	-	-	-	-	-
Special Funds and Trust Funds	-	-	-	-	-	-	-	-	-	-	38	240.51
Total Approvals	48	2,492.70	71	938.76	-	-	3	27.24	57	471.90	217	4,171.12

^a Excludes PSF and TSF.

APPENDIX 3d

Bank Group total approvals, by region (UA millions)

Region/Country	2012	2013	2014	2015	2016	2017	2018	2019	2020
Central Africa									
Cameroon	47.3	45.5	143.8	447.9	323.0	274.1	242.5	242.3	71.4
Central African Republic	38.1	–	15.6	27.6	3.9	26.2	39.0	2.1	22.0
Chad	24.0	6.4	14.9	60.9	32.1	47.4	29.9	31.3	53.0
Congo	10.6	3.2	7.5	15.1	41.9	–	–	209.1	0.8
Congo, Democratic Republic of	69.0	204.9	187.1	40.7	138.3	7.1	106.1	174.7	100.0
Equatorial Guinea	–	–	0.8	–	–	–	–	66.9	–
Gabon	145.4	–	1.6	–	68.5	490.7	229.1	144.9	81.6
São Tomé and Príncipe	0.5	7.7	–	14.0	2.0	1.5	0.7	–	22.5
Multinational						277.6	40.5	70.9	104.7
Central Africa Approvals	335.0	267.7	371.3	606.2	609.7	1,124.6	687.8	942.4	456.0
East Africa									
Burundi	17.8	17.6	41.8	–	0.5	25.8	1.0	8.7	16.0
Comoros	2.6	35.9	4.0	8.0	–	15.2	–	30.0	30.0
Djibouti	8.4	5.6	–	8.2	6.3	–	11.5	–	2.4
Eritrea	–	–	–	13.5	5.5	5.3	–	33.1	–
Ethiopia	166.0	85.7	66.6	182.3	314.4	140.4	99.7	8.9	121.6
Kenya	28.8	275.5	208.4	201.3	612.4	253.0	349.3	355.0	153.3
Rwanda	–	54.6	99.4	20.2	43.8	198.6	312.6	26.5	172.8
Seychelles	–	14.3	2.2	23.8	–	–	–	5.8	7.5
Somalia	–	3.5	2.9	1.9	22.7	6.2	0.7	55.7	89.0
South Sudan	4.8	27.4	0.7	2.0	5.0	35.4	–	31.5	14.0
Sudan	4.3	25.6	–	58.9	24.5	15.0	131.0	81.2	51.7
Tanzania	154.6	42.1	98.7	549.2	219.1	20.3	151.0	369.5	135.2
Uganda	67.6	73.8	127.5	89.4	138.0	152.4	231.5	200.7	73.0
Multinational						236.6	271.2	404.2	59.1
East Africa Approvals	454.9	661.7	652.1	1,158.7	1,392.0	1,104.3	1,559.5	1,610.8	925.6
North Africa									
Algeria	0.8	–	0.8	2.9	717.5	–	1.1	–	0.7
Egypt	–	3.7	4.6	512.8	370.7	144.9	355.2	87.4	198.9
Libya	–	2.5	–	–	–	–	–	–	0.3
Mauritania	9.1	1.7	4.5	–	26.5	43.2	13.0	0.7	9.4
Morocco	901.2	206.1	313.5	267.7	426.6	372.8	631.6	805.2	307.8
Tunisia	354.6	28.6	67.8	337.9	509.5	362.9	69.1	355.9	146.1
Multinational						4.7	95.6	14.4	–
North Africa Approvals	1,265.7	242.6	391.4	1,121.2	2,050.8	928.5	1,165.6	1,263.5	663.2

APPENDIX 3d, continued

Southern Africa									
Angola	–	22.9	662.1	385.7	–	71.4	69.3	511.0	29.4
Botswana	–	–	–	–	55.9	–	0.7	57.6	–
Eswatini	0.5	–	45.8	0.9	43.3	19.6	56.7	–	1.2
Lesotho	–	20.1	–	–	15.7	6.2	0.4	13.4	–
Madagascar	2.3	81.7	65.9	34.4	57.9	32.8	109.5	114.5	96.8
Malawi	52.6	59.0	23.1	35.1	38.4	1.5	42.0	11.5	33.6
Mauritius	–	99.0	76.8	1.2	–	70.7	–	–	152.4
Mozambique	78.0	26.5	28.7	18.6	60.0	1.4	35.9	322.4	30.0
Namibia	0.5	199.4	–	263.1	0.4	372.8	155.8	1.5	185.3
South Africa	273.1	–	264.8	274.5	30.3	123.1	382.5	–	210.5
Zambia	62.5	158.0	53.5	264.5	170.6	25.4	1.1	15.5	2.6
Zimbabwe	16.1	44.1	–	40.4	34.7	14.3	1.7	10.1	16.5
Multinational						171.7	–	180.4	15.8
Southern Africa Approvals	485.6	710.7	1,220.7	1,318.3	507.3	910.7	855.6	1,237.8	774.0
West Africa									
Benin	31.2	46.4	26.4	34.6	–	39.1	141.0	117.1	14.3
Burkina Faso	–	86.9	32.2	41.0	58.9	4.6	54.2	81.6	40.4
Cabo Verde	1.2	67.1	12.7	13.2	3.2	17.4	31.3	16.0	23.9
Côte d'Ivoire	238.6	63.4	30.6	169.8	305.6	270.3	339.9	524.9	121.2
Gambia (The)	6.9	18.3	6.3	2.0	6.7	4.8	17.2	28.3	10.0
Ghana	168.8	14.2	58.6	172.1	112.2	93.0	163.6	83.6	73.0
Guinea	113.6	22.4	13.1	–	16.5	73.1	8.9	16.2	34.1
Guinea-Bissau	0.7	–	0.6	24.0	0.7	5.5	20.7	9.6	6.9
Liberia	37.8	45.4	13.7	0.3	31.2	6.3	27.4	23.8	10.2
Mali	0.7	136.0	64.6	15.0	39.8	80.1	168.0	74.4	36.0
Niger	54.6	12.6	–	20.0	63.1	–	51.0	130.7	114.8
Nigeria	63.9	530.9	1,009.9	4.1	1,310.4	22.0	398.2	330.5	210.3
Senegal	4.8	111.1	52.7	145.8	99.1	237.8	637.6	234.9	88.6
Sierra Leone	23.5	28.6	7.0	29.5	11.2	5.2	35.7	25.0	18.2
Togo	2.9	2.3	8.6	15.1	18.1	10.2	21.0	14.5	21.0
Multinational						373.2	373.1	47.4	57.6
West Africa Approvals	749.2	1,185.6	1,337.0	686.6	2,076.8	1,242.7	2,488.6	1,758.4	880.4
Multinational	963.3	1,317.5	1,077.4	1,443.6	1,398.8				
Multiregional						885.2	521.8	487.2	471.9
Total Approvals	4,253.8	4,385.8	5,049.9	6,334.7	8,035.3	6,195.9	7,278.8	7,300.1	4,171.12

APPENDIX 4a

Board of Governors and voting powers of member countries (as of 31 December 2020)

Country	Governor	Alternate	Total Votes	Voting Powers %
1 Algeria	Aimene Benabderahmane	Ali Bouhabraoua	323,305	3.280
2 Angola	Vera Daves de Sousa	Sergio de Sousa Mendes Dos Santos	77,111	0.782
3 Benin	Abdoulaye Bio Tchane	Romuald Wadagni	29,062	0.295
4 Botswana	Thapelo Matsheka	Grace Muzila	112,161	1.138
5 Burkina Faso	Lassane Kabore	Inoussa Ouimbinga	57,912	0.587
6 Burundi	Domitien Ndihokubwayo	Vacant	15,384	0.156
7 Cabo Verde	Olavo Correia	Gilberto Barros	4,812	0.049
8 Cameroon	Alamine Ousmane Mey	Charles Assamba Ongodo	71,451	0.725
9 Central African Republic	Felix Moloua	Henri Marie Dondra	3,043	0.031
10 Chad	Issa Doubragne	Tahir Hamid Nguilin	4,453	0.045
11 Comoros	Said Ali Said Chayhane	Fouady Goulame	1,137	0.012
12 Congo	Ingrid Olga Ghislaine Ebouka-Babackas	Calixte Nganongo	27,046	0.274
13 Côte d'Ivoire	Niale Kaba	Adama Coulibaly	245,633	2.492
14 Democratic Republic of Congo	José Sele Yalaghuli	Deogratias Mutombo M. Nyembo	81,304	0.825
15 Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.019
16 Egypt	Tarek Amer	Rania A. Al-Mashat	378,859	3.843
17 Equatorial Guinea	Valentin Ela Maye Mba	Milagrosa Obono Angue	10,213	0.104
18 Eritrea	Giorgis Teklemikael	Martha Woldegiorghis	5,109	0.052
19 Eswatini	Neal Rijkenberg	Tambo Gina	8,013	0.081
20 Ethiopia	Ahmed Shide	Yasmin Wohabrebbi	103,999	1.055
21 Gabon	Nicole Jeanine Lydie Roboty épse Mbou	Sosthene Ossoungou Ndibangoye	66,010	0.670
22 Gambia (The)	Mambury Njie	Ada Gaye	9,454	0.096
23 Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	140,752	1.428
24 Guinea	Kanny Diallo	Ismaël Dioubaté	26,985	0.274
25 Guinea-Bissau	Victor Luis Pinto Fernandes Mandinga	Ilídio Vieira Té	1,691	0.017
26 Kenya	Ukur Yatani Kanacho	Julius Muia	205,106	2.081
27 Lesotho	Thabo Sophonea	Nthoateng Lebona	13,535	0.137
28 Liberia	Samuel D. Tweah Jr.	Augustus J. Flomo	12,582	0.128
29 Libya	Faraj A. Faraj Omar	Mustafa Ali Keshada	332,889	3.377
30 Madagascar	James Richard Randriamandrato	Ranjalahy Ihajambolatiana	43,143	0.438
31 Malawi	Felix Lafiel Mlusu	Chauncy Simwaka	23,731	0.241
32 Mali	Alousseni Sanou	Vacant	28,966	0.294
33 Mauritania	Ousmane Mamoudou Kane	Mohamed Salem Nany	4,308	0.044
34 Mauritius	Renganaden Padayachy	Dharam Dev Manraj	93,201	0.945
35 Morocco	Mohamed Benchaaboun	Faouzia Zaaboul	538,166	5.459
36 Mozambique	Adriano Afonso Maleiane	Rogerio Lucas Zandamelá	39,075	0.396
37 Namibia	Ipumbu Shiimi	Ericah B. Shafudah	23,084	0.234
38 Niger	Kane Aichatou Boulama	Ahmat Jidoud	14,301	0.145
39 Nigeria	Zainab Shamsuna Ahmed	Mahmoud Isa-Dutse	1,336,966	13.562
40 Rwanda	Uzziel Ndagiijimana	Claudine Uwera	19,933	0.202
41 São Tomé and Príncipe	Osvaldo Vaz	Américo Cardoso Soares de Barros	5,050	0.051
42 Senegal	Amadou Hott	Abdoulaye Daouda Diallo	150,879	1.531

APPENDIX 4a, continued

Country	Governor	Alternate	Total Votes	Voting Powers %
43 Seychelles	Naadir Hassan	Caroline Abel	2,462	0.025
44 Sierra Leone	Jacob Jusu Saffa	Sahr Lahai Jusu	16,876	0.171
45 Somalia	Abdirahman Beileh	Abdi Mohamed Abdullahi	2,566	0.026
46 South Africa	Tito Titus Mboweni	Dondo Mogajane	331,374	3.361
47 South Sudan	Athian Ding Athian	Gamal Abdalla Wani	19,388	0.197
48 Sudan	Hiba Mohamed Ali Ahmed	Vacant	16,783	0.170
49 Tanzania	Philip Isdor Mpango	Doto M. James	50,546	0.513
50 Togo	Sani Yaya	Demba Tignokpa	10,986	0.111
51 Tunisia	Ali Kooli	Kalthoum Hamzaoui	92,175	0.935
52 Uganda	Matia Kasaija	Keith Muhananizi	26,238	0.266
53 Zambia	Bwalya K.E Ng'andu	Fredson Kango Yamba	77,469	0.786
54 Zimbabwe	Professor Mthuli Ncube	George Tongesayi Guvamatanga	111,733	1.133
Total Regional			5,450,247	55.288
1 Argentina	Gustavo Osvaldo Béliz	Christian Gonzalo Asinelli	6,472	0.066
2 Austria	Harald Waiglein	Edith Frauwallner	63,801	0.647
3 Belgium	Meryame Kitir	Vincent Van Peteghem	42,623	0.432
4 Brazil	Roberto Fendt Junior	Erivaldo Alfredo Gomes	22,416	0.227
5 Canada	Karina Gould	Vacant	251,780	2.554
6 China	Gang Yi	Yulu Chen	171,936	1.744
7 Denmark	Flemming Møller Mortensen	Trine Rask Thygesen	166,444	1.688
8 Finland	Elina Kalkku	Satu Santala	32,601	0.331
9 France	Emmanuel Moulin	Guillaume Chabert	246,297	2.498
10 Germany	Maria Flachsbarth	Marianne Kothé	588,941	5.974
11 India	Nirmala Sitharaman	Tarun Bajaj	41,299	0.419
12 Ireland	Paschal Donohoe	Derek Moran	51,430	0.522
13 Italy	Roberto Gualtieri	Gelsomina Vigliotti	344,008	3.490
14 Japan	Taro Aso	Haruhiko Kuroda	777,713	7.889
15 Korea	Nam-Ki Hong	Juyeol Lee	32,090	0.326
16 Kuwait	Barrak A B Al-Sheatan	Marwan Al-Ghanem	29,833	0.303
17 Luxembourg	Pierre Gramagna	Georges Heinen	14,042	0.142
18 Netherlands	Sigrid Kaag	Kitty Van Der Heijden	125,546	1.274
19 Norway	Aksel Jakobsen	Bjørn Brede Hansen	167,360	1.698
20 Portugal	João Leão	Maria Teresa Ribeiro	16,361	0.166
21 Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	28,038	0.284
22 Spain	Nadia Calvino	Ana de La Cueva	152,324	1.545
23 Sweden	Per Olsson Fridh	Sigrun Rawet	222,998	2.262
24 Switzerland	Raymund Furrer	Peter Bieler	96,555	0.979
25 Turkey	Bülent Aksu	Serhat Köksal	26,217	0.266
26 United Kingdom	Dominic Raab	James Duddridge	254,510	2.582
27 United States of America	Steven T. Mnuchin	Keith Krach	434,069	4.403
Total Non-Regionals			4,407,704	44.712
Grand Total			9,857,951	100.000

APPENDIX 4b

Board of Governors of African Development Fund: Voting powers of state participants and the African Development Bank (as of 31 December 2020)

State Participants/Donors	Governor	Alternate	Total Votes	Voting Powers %
African Development Bank			1,000.000	50.000
Angola	Vera Daves de Sousa	Sergio de Sousa Mendes Dos Santos	0.495	0.025
Argentina	Gustavo Osvaldo Béliz	Christian Gonzalo Asinelli	0.058	0.003
Austria	Harald Waiglein	Edith Frauwallner	20.055	1.003
Belgium	Meryame Kitir	Vincent Van Peteghem	19.315	0.966
Brazil	Roberto Fendt Junior	Erivaldo Alfredo Gomes	4.477	0.224
Canada	Karina Gould	Vacant	67.246	3.362
China	Gang Yi	Yulu Chen	22.474	1.124
Denmark	Flemming Møller Mortensen	Trine Rask Thygesen	24.195	1.210
Finland	Elina Kalkku	Satu Santala	19.213	0.961
France	Emmanuel Moulin	Guillaume Chabert	104.011	5.201
Germany	Maria Flachsbarth	Marianne Kothé	105.998	5.300
India	Nirmala Sitharaman	Tarun Bajaj	3.526	0.176
Ireland	Paschal Donohoe	Derek Moran	1.643	0.082
Italy	Roberto Gualtieri	Gelsomina Vigliotti	57.910	2.896
Japan	Taro Aso	Haruhiko Kuroda	103.292	5.165
Korea	Nam-Ki Hong	Juyeol Lee	11.466	0.573
Kuwait	Barrak A B Al-Sheatan	Marwan Al-Ghanem	6.313	0.316
Luxembourg	Pierre Gramagna	Georges Heinen	1.007	0.050
Netherlands	Sigrid Kaag	Kitty Van Der Heijden	41.855	2.093
Norway	Aksel Jakobsen	Bjørn Brede Hansen	46.078	2.304
Portugal	João Leão	Maria Teresa Ribeiro	6.317	0.316
Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	9.559	0.478
Spain	Nadia Calvino	Ana de La Cueva	21.152	1.058
Sweden	Per Olson Fridh	Sigrun Rawet	51.343	2.567
Switzerland	Raymund Furrer	Peter Bieler	38.563	1.928
Turkey	Bülent Aksu	Serhat Köksal	1.307	0.065
United Arab Emirates	Vacant	Vacant	0.260	0.013
United Kingdom	Dominic Raab	James Duddridge	106.103	5.305
United States of America	Steven T. Mnuchin	Keith Krach	104.771	5.239
Total			2,000.000	100.000

APPENDIX 5**Directors of the Bank and Fund (as of 31 December 2020)****Board of Directors of the African Development Bank**

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors	
Names	Country
Kenyeh BARLAY	Sierra Leone
Paal BJORNESTAD	Norway
Niels BREYER	Germany
Christopher William CHALMERS	United Kingdom
Amos Kipronoh CHEPTOO	Kenya
Cornelius Karlens DEKOP	Botswana
Mohamed EL GHOLABZOURI	Morocco
Abdulhakim Mohamed ELMISURATI	Libya
Judith KATEERA	Zimbabwe
Adama KONE	Côte d'Ivoire
Mmakgoshi E.P. LEKHETHE	South Africa
Said MAHERZI	Algeria
Mbuyamu I. MATUNGULU	Democratic Republic of Congo
Stéphane MOUSSET	France
Maimouna NDOYE SECK	Senegal
Bright Erakpoweri OKOGU	Nigeria
David STEVENSON	Canada
Takuji YANO	Japan
Ahmed Mahmoud ZAYED	Egypt
(Vacant)	United States of America

Alternative Executive Directors	
Names	Country
Rufus N. DARKORTEY	Liberia
(Vacant)	
(Vacant)	
Pim DE KEIZER	Netherlands
Efrem Tesfai BIEDEMARIAM	Eritrea
Gerard Pascal BUSSIER	Mauritius
Yandja YENTCHABRE	Togo
Mohamed M. HAMMA KHATTAR	Mauritania
Joao Luis NGIMBI	Angola
Maria Del Mar BONKANKA TABARES	Equatorial Guinea
Khotso MOLELEKI	Lesotho
Alfredo Paulo MENDES	Guinea Bissau
Marie Salomé NDABAHARIYE	Burundi
Tomas FERNANDEZ GARCIA	Spain
Adalgisa BARBOSA VAZ	Cabo Verde
Maria Das Neves CEITA BATISTA DE SOUSA	São Tome and Príncipe
Thamer M. ALFAILAKAWI	Kuwait
Ibrahim M. I. ALTURKI	Saudi Arabia
Ali MOHAMED ALI	Djibouti
Jessica ISAACS	United States of America

Board of Directors of the African Development Fund

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors	
Names	Country
Paal BJORNESTAD	Norway
Niels BREYER	Germany
Christopher William CHALMERS	United Kingdom
Amos Kipronoh CHEPTOO*	Kenya
Mohamed EL GHOLABZOURI*	Morocco
Judith KATEERA*	Zimbabwe
Adama KONE*	Côte d'Ivoire
Said MAHERZI*	Algeria
Mbuyamu I. MATUNGULU*	Democratic Republic of Congo
Stéphane MOUSSET	France
Maimouna NDOYE SECK*	Senegal
David STEVENSON	Canada
Takuji YANO	Japan
(Vacant)	United States of America

Alternative Executive Directors	
Names	Country
(Vacant)	
(Vacant)	
Pim DE KEIZER	Netherlands
Efrem Tesfai BIEDEMARIAM	Eritrea
Yandja YENTCHABRE	Togo
Joao Luis NGIMBI	Angola
Maria Del Mar BONKANKA TABARES	Equatorial Guinea
Alfredo Paulo MENDES	Guinea Bissau
Marie Salomé NDABAHARIYE	Burundi
Tomas FERNANDEZ GARCIA	Spain
Adalgisa BARBOSA VAZ	Cabo Verde
Thamer M. ALFAILAKAWI	Kuwait
Ibrahim M. I. ALTURKI	Saudi Arabia
Jessica ISAACS	United States of America

*Representing the African Development Bank.

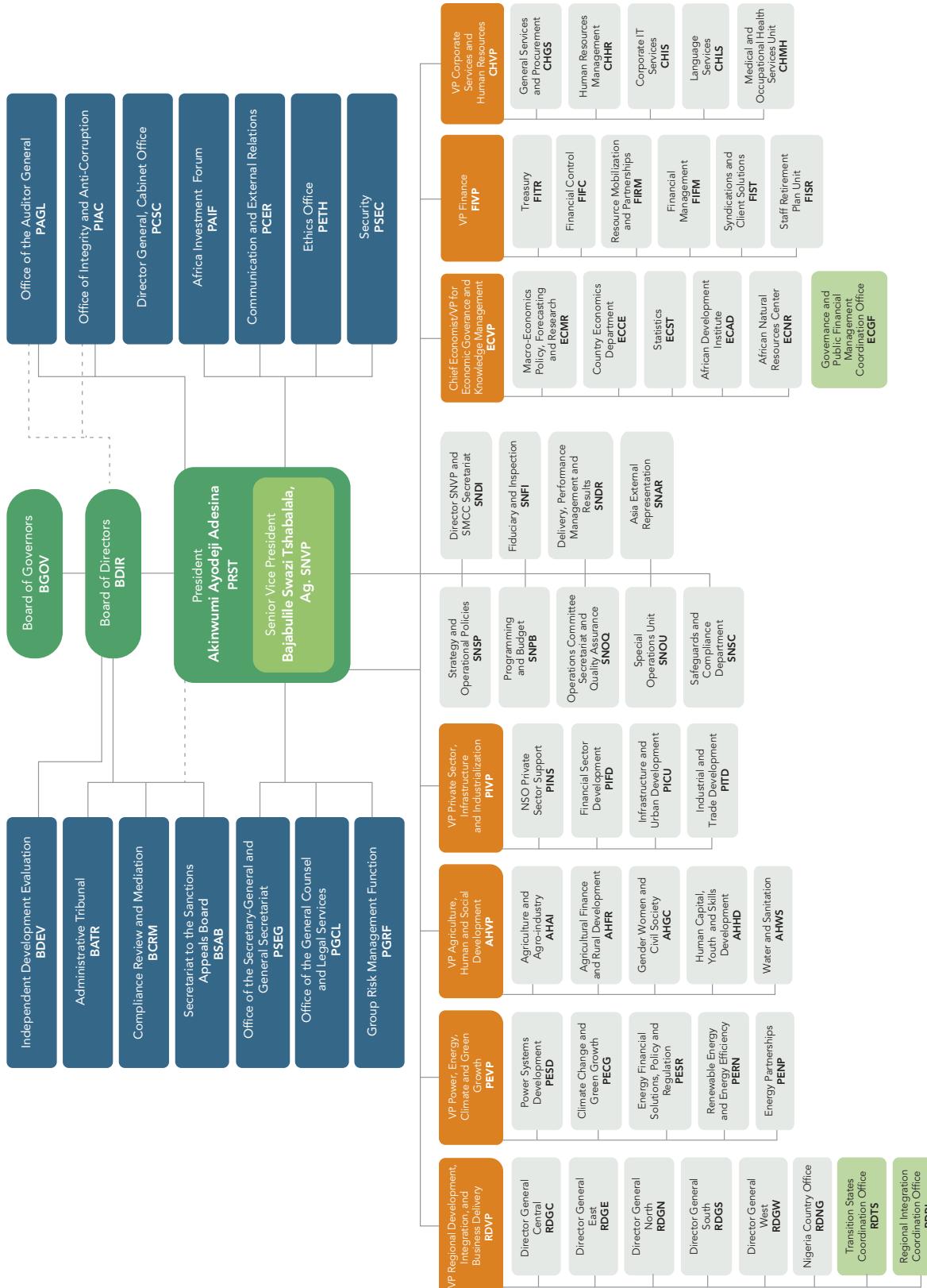
APPENDIX 6

Principal Officers of the Bank Group (as of 31 December 2020)

	Surname	Other name
Presidency, Units Reporting to the President and to the Boards		
President	ADESINA	Akinwumi Ayodeji
Director General, Cabinet Office of the President	FAL	Yacine
Secretary General, PSEG	NMEHIELLE	Vincent Obisienunwo Orlu
Group Chief Risk Officer, PGRF (Acting)	LAFHEL	Nourredine
General Counsel and Director, PGCL (Acting)	AMADOU	Souley
Auditor General, PAGL	OKONKWO	Chukwuma
Director, Integrity and Anti-Corruption	BACARESE	Alan
Director, Compliance Review and Mediation	SIMPSON	David James
Evaluator General (Acting)	ROT-MUNSTERMANN	Karen
Senior Presidency		
Senior Vice President (Acting)	TSHABALALA	Babajulile Swazi
Presidency, Units Reporting to the President and to the Boards		
Chief Economist and Vice President, Economic Governance and Knowledge Management	AREZKI	Rabah
Corporate Services and Human Resources		
Vice President	MAGALA	Mateus
Finance		
Chief Financial Officer and Vice President	TSHABALALA	Babajulile Swazi
Regional Development, Integration, and Business Delivery		
Vice President	SHERIF	Khaled
Director General, Central Africa (Acting)	KONE	Solomane
Director General, East Africa (Acting)	NWABUFO	Nnenna
Director General, North Africa	EL AZIZI	Mohamed
Director General, Southern Africa (OIC)	RIBEIRO	Joseph
Director General, West Africa	AKIN-OLUGBADE NDONGO-SEH	Marie-Laure
Power, Energy, Climate, and Green Growth		
Vice President	KARIUKI	Kevin Kanina
Agriculture, Human and Social Development		
Vice President (Acting)	GICHURI	Gladys Wambui
Private Sector, Infrastructure, and Industrialization		
Vice President	QUAYNOR	Solomon

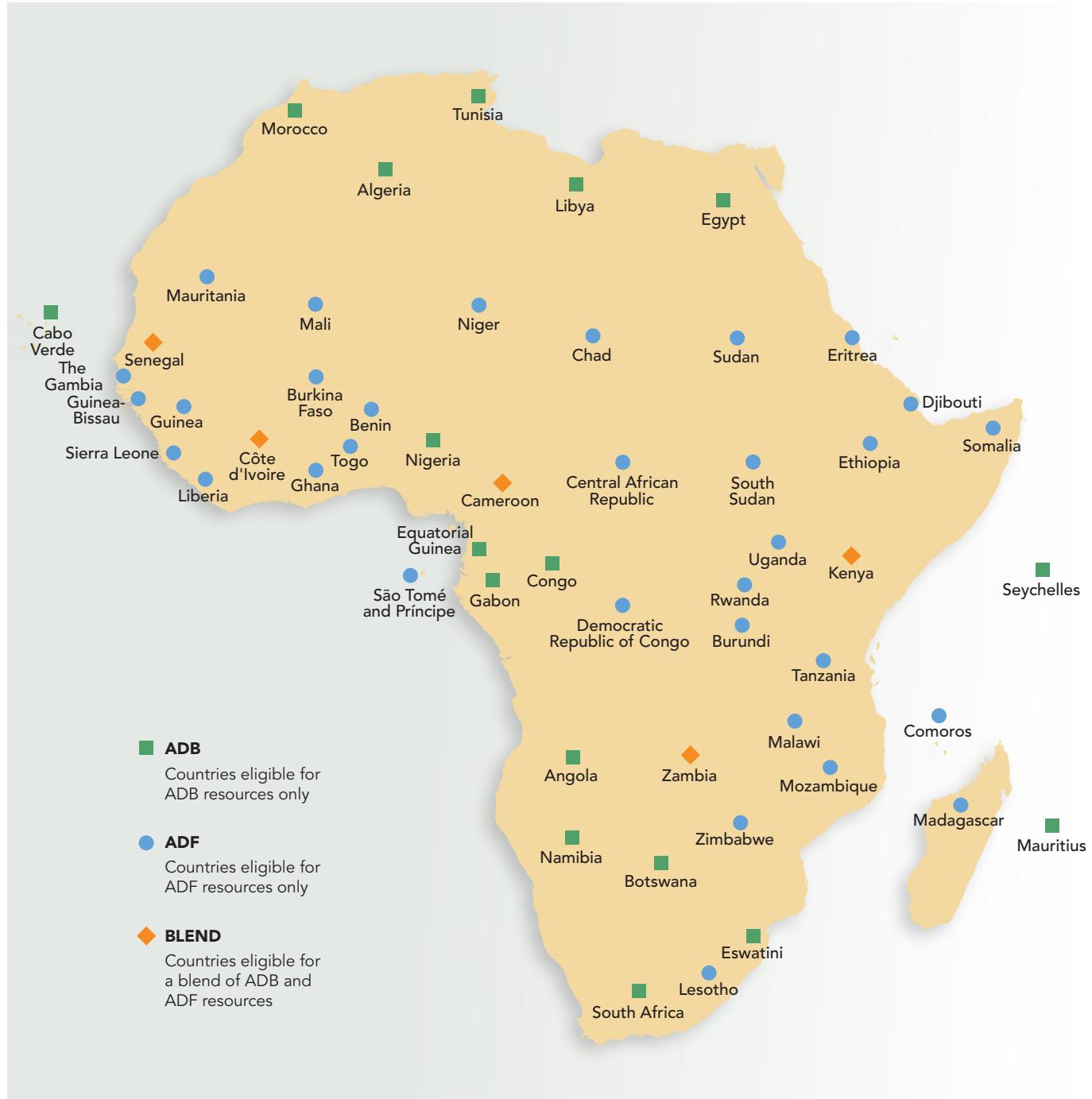
APPENDIX 7

Organizational structure of the Bank Group



APPENDIX 8

Classification of Regional Member Countries



APPENDIX 9**Oversight activities of the Boards' committees in 2020****Board effectiveness and welfare:****Role of the Committee on Administrative Matters Concerning the Board (AMBD)**

A major highlight of the AMBD's activities in 2020 was the successful convening of the Annual Board retreat, where participants brainstormed and adopted key recommendations on how to improve Board effectiveness and efficiency and on engaging partners, with an emphasis on policy dialogue. AMBD also concluded discussions and recommended amendments to the regulations governing the employment of Senior Advisers and Advisers of Board constituency offices. It considered reports from the Boards' consultation missions and the study tour of their Senior Advisers and Advisers to Niger, the outcomes of which were expected to be considered in joint AMBD/CODE sessions and to provide strategic input into the development of Country Strategy Papers. In addition, it considered measures to enhance the effectiveness of the Boards, including the speaking time for Board and Committee Meetings, modalities for virtual meetings of the Boards of Directors during the COVID-19 pandemic, and arrangements to grant Constituency Capitals direct access to Board information stored on the Bank's document depository system.

Accountability and risk management:**Role of the Audit and Finance Committee (AUFI)**

AUFI reviewed reports of several audits as well as the Audit Action Plan for Country/Regional Offices and continued to provide effective oversight and monitoring of the implementation of audit recommendations, the administrative budget, the 2020 lending program, the Special Operations Unit Portfolio, group risk management, reports on capital adequacy and exposure, and market risks. Further, AUFI reviewed and provided input into several documents, most notably the Long-Term Financial Sustainability Framework for the GCI-VII Period, the Action Plan to Strengthen the Bank's Compliance and Accountability Functions (with CODE), the Bank's risk appetite statement, enhancements to the fungibility and transfer rules of the budget process, the new Audit Monitoring Tracking System, the Model Risk Governance Framework, and proposals on strengthening the Bank's capital base in view of its medium-term financial outlook.

Staff welfare and corporate efficiency:**Role of the Committee on Administrative and Human Resource Policy Issues (CAHR)**

CAHR provided strategic guidance in 2020 on internal administration of justice to enhance the rule of law and accountability, and on implementing a roadmap and action plan for human resources-related initiatives for 2020 and beyond, including the Total Compensation Framework to Re-align Compensation Fundamentals with Bank Group Strategies (TCF), Right-Sizing and Strategic Staffing Review, new staff regulations, the People Strategy 2021–2025, performance-based remuneration for the 2019 cycle (pending the adoption of the TCF), and the Bank's Performance Management Framework. Further, it considered the Business Continuity Management Program (BCP), Board Committee Oversight of BCP Matters (with AUFI), and the implementation of the Digital Strategy 2018–2021.

Focus on results and impact:**Role of the Committee on Operations and Development Effectiveness (CODE)**

In 2020, CODE reviewed several evaluations of Country Offices and portfolio performance, the 2019 Annual Portfolio Performance Report, the Evaluation of the African Development Bank's Self-Evaluation Function, the Independent Evaluation of the Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019), the draft Report on the Third Review of the Independent Review Mechanism, the Independent Evaluation of the African Water Facility (2005–2018), the Evaluation of the Bank's Role in Increasing Access to Finance in Africa, the Evaluation of the Private Sector Development Strategy (2013–2019), and the 2019 annual report of the Africa Fertilizer Financing Mechanism. CODE also reviewed and provided significant input into a variety of operational documents, including the Annual Development Effectiveness Review 2020; an approach paper for increasing the Bank's selectivity; an action plan to strengthen the Bank's compliance and accountability functions; the Bank Group Gender Strategy (2021–2025); ADF Regional Operations Selection and Prioritization Guidelines; draft Country Strategy Papers (CSP) for Eswatini, Lesotho, Namibia, Nigeria, and Sierra Leone; updated CSPs for Ethiopia and Guinea

Bissau; an updated interim CSP for Eritrea; and Proposed Priority Arrears for a Country Brief for Zimbabwe. CODE ensured that the CSP-related instruments were aligned with each country's socioeconomic development priorities, focused on inclusion as well as selectivity, and addressed economic diversification, climate change, engagement with the private sector, fragility, gender mainstreaming, and regional integration.

**Client orientation and stakeholder management:
Role of the External Communications and
Preparation of the Bank Group Annual
Meetings (ECAM)**

ECAM oversees the Bank Group's external communications and preparations of the Annual Report and Annual Meetings. In 2020, ECAM oversaw the successful convening of the virtual Annual Meetings of the Bank Group. ECAM provided direction for preparing the 2020 edition of the African Economic Outlook and the Bank Group Annual Report for 2019.

**Fostering an ethical culture: Role of the
Committee for the Enforcement of the Code of
Conduct for Executive Directors (ECBD)**

ECBD enforces the Code of Conduct for Executive Directors, which applies to Executive Directors, the President of the Bank Group, and the Senior Advisers and Advisers of Executive Directors. In 2020, ECBD considered and disposed of one matter.

**Cost effectiveness and efficiency:
Role of the Committee of the Whole on
the Budget (CWHOLE)**

In 2020, CWHOLE conducted mid-term and end-of-year reviews of performance reports on the implementation of the budget and the work program. It also reviewed and shaped the strategic orientations for the three-year work program and budget framework paper (2021–2023) for consideration by the Boards.

APPENDIX 10**Progress in delivering on GCI-VII commitments**

Objective, reform area, and action	Initial date	Revised date	Status
Objective 1 Increase strategic alignment and operational focus			
Selectivity. Institutionalize greater selectivity and operational focus within the Bank's rules and operational procedures (action 1). ^{ADF-15}	Dec 2020	June 2021	In progress
Selectivity. Make selectivity and focus a centerpiece of future long-term strategy (action 2). ^{ADF-15}	Dec 2022	Dec 2022	In progress
Selectivity. Develop a strategy for the 5th High 5 on improving Africans' Quality of Life (action 2). ^{ADF-15}	Dec 2020	Dec 2021	In progress
Climate change. Develop a new climate change and green growth policy and strategy framework that sets out a clear vision for the future (actions 3-4). ^{ADF-15}	Dec 2021	June 2021	In progress
Climate change. Mainstream climate change actions and climate impact (action 5). ^{ADF-15}	Dec 2025	Dec 2025	In progress
Gender equality. Develop a new gender equality strategy cum action plan that sets out the Bank's organizational goals for promoting gender equality (action 6). ^{ADF-15}	Dec 2020	Dec 2020	Completed
Objective 2 Improve the quality and development impact of operations			
Quality. Fully implement the Quality Assurance Plan to improve the quality and the development impact of sovereign and non-sovereign operations (actions 7–8). ^{ADF-15}	Dec 2019	May 2020	Completed
Quality. Improve the quality, impact, and additionality of non-sovereign operations (action 7)	Dec 2020	Feb 2020	Completed
Safeguards. Prepare an action plan to strengthen compliance with its Integrated Safeguard System with a view to promoting environmentally sustainable growth (action 9).	Dec 2019	Feb 2020	Completed
Objective 3 Increase policy dialogue effectiveness			
Governance. Develop a new strategy to frame and drive its approach to governance with a view to strengthening the Bank's capacity to engage in policy dialogue (action 10).	Dec 2020	Feb 2021	Completed
Policy reforms. Systematic approach to identifying and supporting policy reforms (action 11).	Dec 2021	Dec 2021	In progress
Private sector development. Develop a new strategy to improve the enabling environment for private sector development (action 12). ^{ADF-15}	Dec 2020	Jun 2021	In progress
Debt management. Develop a Bank-wide action plan to better manage and mitigate the risk of debt distress in Africa (action 13). ^{ADF-15}	Dec 2020	May 2021	In progress
Debt management. Revise the policy on non-concessional debt accumulation (action 14). ^{ADF-15}	Dec 2021	Dec 2021	In progress
Objective 4 Strengthen the Bank's capacity to deliver on its mandate			
Right-sizing. Adopt a "right-sizing" approach to staff allocation aligned with business requirements to increase the Bank's capacity to deliver (action 15). ^{ADF-15}	Oct 2019	Dec 2020	Completed
People strategy. Finalize the People Strategy to promote a stronger employee value proposition (action 16). ^{ADF-15}	Dec 2020	Nov 2020	Completed
Compensation framework. Conduct a comprehensive review of total compensation (action 17). ^{ADF-15}	Dec 2020	Jun 2021	In progress
Staff performance. Improve systems and processes for managing staff performance (action 18). ^{ADF-15}	Dec 2020	Dec 2020	Completed
Accountability. Develop a plan to strengthen the Bank's oversight, compliance, and accountability functions (action 19). ^{ADF-15}	Dec 2019	May 2021	In progress
Anti-corruption. Improve fraud and corruption prevention and detection in Bank operations (action 20).	Dec 2020	Jul 2021	In progress
Objective 5 Increase efficiency by fine-tuning the Bank's organization			
Fine-tuning. Fine-tune and improve the Bank's organizational structure to enhance organizational efficiency (action 21).	Dec 2019	Dec 2021	In progress
One bank. Institutionalize the organizational arrangements that guide and underpin the matrix delivery model (action 22).	Oct 2019	Jul 2021	In progress
Objective 6 Improve the Bank's long-term financial sustainability			
Financial sustainability. Revise the Bank's income model to enhance the long-term financial sustainability of the Bank's partially sustainable financial framework (action 23).	Dec 2020	Dec 2020	Completed
Net income. Review principles for the allocation of net income (action 24).	Dec 2019	Dec 2020	Completed
Liquidity and debt ratios. Review the Bank's financial and risk policies to ensure adequacy with the regulatory environment and rating agency standards (action 25).	Dec 2020	Oct 2021	In progress

APPENDIX 10, continued

Objective, reform area, and action	Initial date	Revised date	Status
Prudential ratios. Review prudential ratios and financial indicators (action 26).	Dec 2020	Dec 2020	Completed
Budgetary procedures. Review and enhance the Bank's budgetary procedures (action 27). ^{ADF-15}	Dec 2019	Dec 2020	Completed
Cost sharing. Review the cost-sharing formula of the Bank Group (action 28). ^{ADF-15}	Dec 2019	Dec 2020	Completed
Cost-to-income. Review the cost-to-income ratio and cost containment framework of the Bank (action 29). ^{ADF-15}	Dec 2019	Oct 2021	In progress
Cost new initiatives. Develop tools to cost new initiatives (action 30).	Dec 2019	Dec 2020	Completed
Budget coefficients. Introduce budget coefficients to make it possible to use administrative resources more efficiently (action 31). ^{ADF-15}	Dec 2020	Dec 2020	Completed
Objective 7 ADB/ADF synergies: increase ADB relevance in ADF countries			
ADB/ADF synergies. Optimize lending to strengthen ADB/ADF synergies in Non-Sovereign Operations (NSOs) (action 32). ^{ADF-15}	Dec 2020	2020–2025	In progress
ADB/ADF synergies. Optimize lending to strengthen ADB/ADF synergies in graduation (action 33). ^{ADF-15}	Dec 2020	2020–2025	In progress
ADB/ADF synergies. Optimize lending to strengthen ADB/ADF synergies in regional integration (action 34). ^{ADF-15}	Dec 2020	2020–2025	In progress

Endnotes

- 1 Disbursement delays are also attributed to the complexity and difficulties of starting up infrastructure projects and regional projects.
- 2 Results data are presented as a three-year moving average.
- 3 Multiregional refers to operations that cut across more than one region.
- 4 Multinational refers to operations in more than one country within the same region.
- 5 Including Vice Presidents, Directors, and Managers.
- 6 Guinea, Liberia, Madagascar, Mali, Niger, Sierra Leone, South Sudan, and Zimbabwe.
- 7 Allocable income excludes the impact of volatile elements such as fair value changes on borrowings and related derivatives, and translation gains from income before distribution.

Acknowledgements

The Annual Report 2020 was prepared by the Macroeconomic Policy, Forecasting and Research Department (ECMR) under the general direction of R. Arezki, Vice President and Chief Economist (ECVP). Overall guidance was provided by the Boards' Committee on External Communications and Preparation of the Annual Meetings (ECAM), comprising S. Maherzi (Chairperson), T. Yano (Vice-Chairperson), and N. Breyer, W. C. Chalmers, A. M. Elmisurati, M. I. Matungulu and M. Ndoye (Members).

Report Team

H. Morsy (Director, Macroeconomics Policy, Forecasting and Research Department), O. A. Salami (Task Team Leader), F. Jaoui, A. Portella, and A. Sood

Finance Team

O. Hollist (Director, Financial Control Department), O. J. Onyango, H. Ben Othman, S. Jabri, M. W. Kariuki and C. U. Ndukaire

Editing and Translation

N. N. Nianduillet, U. Sanon Yameogo and S.R. Bandaogo (French Translation), and E.W. Goro (English Editor)

Office of the Secretary General

R. Y. K. Boadi

Design and Photographs

G. Kumar, J. Kabasele, and L. Yattien-Amiguet

The Report Team would also like to thank all Complexes that contributed to the Report and the Senior Management Coordinating Committee for its guidance.



AFRICAN DEVELOPMENT BANK GROUP

African Development Bank Group

Avenue Joseph Anoma Telephone: +225 2026 3900
01 BP 1387 Abidjan Email: afdb@afdb.org
Côte d'Ivoire Website: www.afdb.org

ISSN - 1737-8990



Smart Reader

Read the Annual Report on your smart device or screen at
<https://www.afdb.org/en/documents/annual-report-2020>

