AFRICAN DEVELOPMENT BANK GROUP

2019
Annual Report

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, 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.

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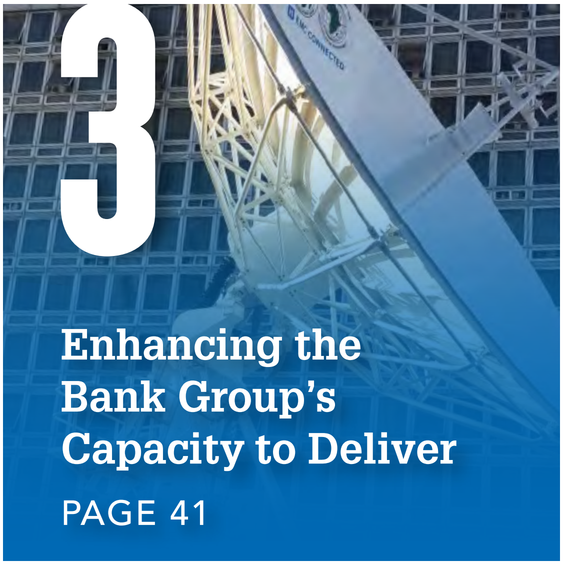

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Message from the President

The 2019 Annual Report is published when the international community is fighting one of the worst health crises in living memory. At the time the Annual Report went to print, nearly 8 million people around the world including more than 230,000 people in Africa had contracted COVID-19. The pandemic presents our continent with an unprecedented challenge. National health and social protection systems are being severely tested, while African economies are reeling from the global economic impact.

Despite all the headwinds, the African Development Bank Group has remained firm in its commitment, fundamental promise and mission to press ahead with the continent's economic transformation. As we reflect on the past year, we have reasons to be hopeful.

In 2019, Africa was home to five of the world's fastest growing economies. With its rapid urbanisation, youthful labour force and rising middle class, Africa's growth is driven increasingly by investments.

Sustained growth has made African countries ambitious to accelerate their economic transformation, diversify their economies and close the gap with other regions. We see this ambition in the growing demand for the Bank's development finance. Our portfolio has grown 47 percent in value since 2015. In 2019, new approvals reached USD 10 billion, on the back of strong growth in both sovereign and non-sovereign operations. With a robust pipeline of operations ahead, it is clear that the demand for our finance remains strong.

In 2019, the international community recognised the Bank's central role in meeting Africa's finance needs. Following a series of discussions in Rome, Washington DC, Malabo and Sharm el-Sheikh, the Board of Governors endorsed a 7th General Capital Increase (GCI-VII), at an extraordinary meeting in Abidjan, Côte d'Ivoire, agreeing a historic USD 115 billion capital injection. This was accompanied by a successful 15th replenishment of the African Development Fund (ADF-15), which at USD 7.5 billion was 28 percent higher than the previous replenishment.

Both of these unique moments in the life of the Bank demonstrated a strong vote of confidence — in the Bank and in Africa's development prospects. The additional resources will enable us to scale up results for the people of Africa. We are working with African governments to deliver strategic infrastructure projects that promote inclusive growth and regional integration.

As we look back at some of the transformative projects we commissioned, I take pride in the landmark Senegambia bridge. The bridge is the culmination of a 40-year dream of an efficient transport link between the north and south of the two countries. The 942-metre infrastructure masterpiece is the first phase in the development of a transport corridor that will bring an end to delays caused by ferry crossings, poor roads and numerous inefficiencies at the border.

On the southern tip of Africa, our investment in Namibia's Walvis Bay Port, with a new container terminal built on reclaimed land complemented with enhanced logistics capacity, will most importantly, pave the way for landlocked neighbouring countries to find a gateway to the world.

In a similar vein, Somalia offers a remarkable story of progress and confirms our resolve to address fragility and ensure that no one is left behind. In 2019, we helped Somalia clear its debt arrears and regain access to international finance.

We fast-tracked a regional emergency recovery programme to reduce vulnerability to climate change and natural disasters in Mozambique, Zimbabwe, Malawi and the Comoros following the 2019 Cyclones Idai and Kenneth. And as a founding member of the Sahel Alliance, we continue to build strategic partnerships in the G5 Sahel and the Lake Chad Basin.

At the level of the broader continent, the Bank has thrown its weight behind several game-changing initiatives.

Take the African Continental Free Trade Area (AfCFTA), which entered its operational phase in July 2019. The AfCFTA was established to strengthen the economic foundations of the continent and thereby create the world's largest free-trade zone worth USD 3.3 trillion. Since July, much ground has been covered, with the establishment of the AfCFTA Secretariat, funded with a USD 4.8 million grant from the Bank.

Our Technologies for African Agricultural Transformation (TAAT) initiative is deploying high-impact technologies to boost food production and build agricultural value chains, with the goal of enhancing incomes for 40 million farmers across 28 countries over the next five years.

And more than ever, we are committed to empowering women in Africa and increasing their access to finance. Through the Affirmative Finance Action for Women in Africa (AFAWA) initiative, we have mobilised over USD 300 million in additional support from the G7 and other donors. With AFAWA, we are using innovative financial instruments to incentivise Africa's financial institutions to support women-led businesses.

As our portfolio grows, more of our support will go towards ADF countries, a growing number of which have access to ADB lending. Our Transition Support Facility is also providing targeted support for countries emerging from fragility and conflict. We recognise the trust that the international community has placed in the Bank through GCI-VII and ADF-15. We are undertaking an ambitious programme of reforms, to ensure we maximise development impact from the additional resources. And become an even more effective, efficient and accountable development partner.

We are implementing a comprehensive quality assurance plan, covering every step in the project cycle, to enhance the quality of our operations. We are introducing new selectivity guidelines, to drive a tighter focus on fewer but more strategic investments.

We are working to strengthen our capacity to 'Deliver as One Bank' across an increasingly decentralised organisation. We are undertaking a comprehensive review of our financial and risk policies, to ensure we continue to retain our Triple-A credit rating and secure the Bank's long-term financial sustainability. We are expanding our investments in climate action and green growth, with the target of reaching USD 25 billion in climate finance by 2025. And we are investing in building up the Bank's internal capacities, through high calibre staff and enhanced performance management.

I am therefore confident that, with the support of our shareholders, the Bank will continue to build on its achievements and go from strength to strength. In the short term, we are moving rapidly to mobilise the finance that African countries need to manage the COVID-19 pandemic. Our COVID-19 Rapid Response Facility will provide up to USD 10 billion in emergency support for African governments and the private sector, including fast-tracked budget support for urgent public health, social protection and economic stimulus measures.

We are determined to do all to help keep African countries on a robust development path.

Dr. Akinwumi Ayodeji Adesina
President of the African Development Bank Group
Chairperson 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 2019. This Annual Report includes a review of developments in the operational activities of the Bank Group during 2019. 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 2020. Electronic versions of the two Reports are available on the Bank Group's website at www.afdb.org/annualreport.

The President and Executive Directors

First row from left to right:

Adama **KONE**, Vincent O. **NMEHIELLE** (Secretary General), Kenyeh **BARLAY**, Takuji **YANO**, Catherine **CUDRE-MAUROUX**, Bright E. **OKOGU** (Dean), Akinwumi A. **ADESINA** (President), Paal **BJORNESTAD**, Abdulhakim Mohamed **ELMISURATI**, David **STEVENSON**, Steven **DOWD**, Mohamed **EL GHOLABZOURI**

Second row from left to right:

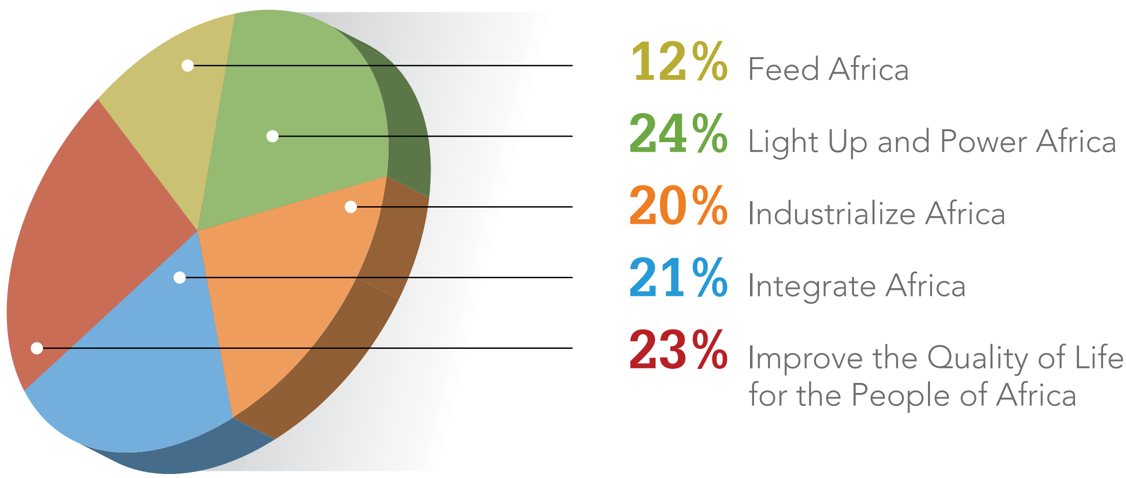
Mmakgoshi E. **LEKHETHE**, Dominique **LEBASTARD**, Judith **KATEERA** , Chris **CHALMERS**, Amos Kipronoh **CHEPTOO**, Maimouna **NDOYE SECK**, Said **MAHERZI**, Mbuyamu Ilankir **MATUNGULU**, Ahmed M. **ZAYED**, Cornelius K. **DEKOP**

2019 Quick Facts

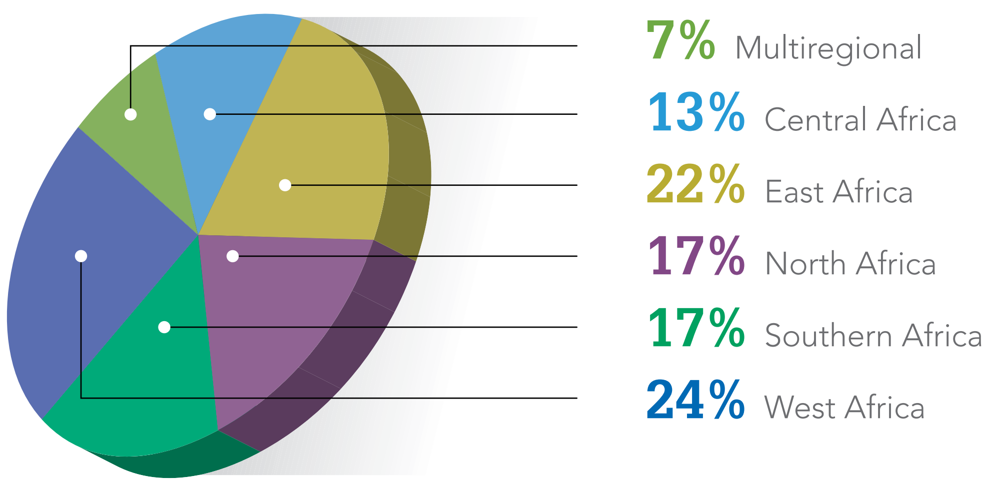
FINANCIAL HIGHLIGHTS

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

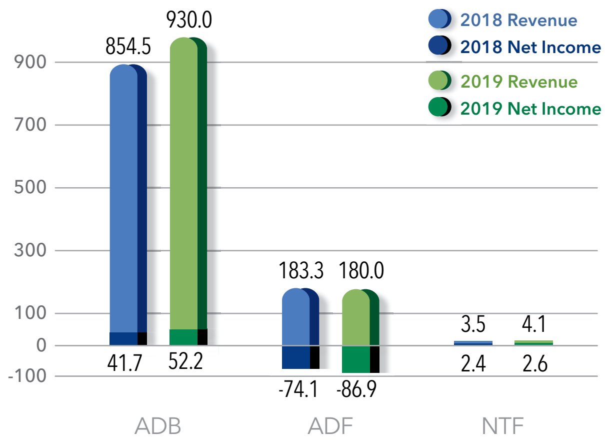
Bank Group 2019 approvals, by High 5



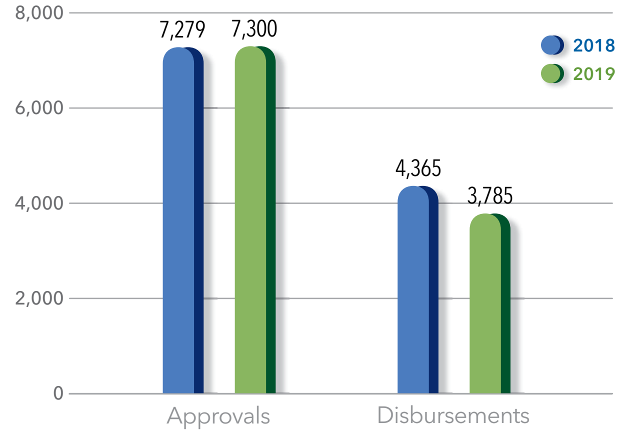
Bank Group 2019 approvals, by region



Bank Group revenue and income, 2018–19 *(UA millions)*



Bank Group approvals and disbursements, 2018–19 *(UA millions)*



Capital as of 31 December 2019

Authorized ..... UA 153.19 billion

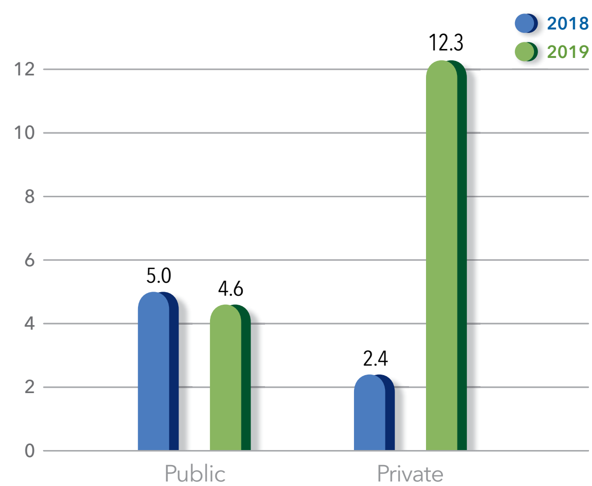
Subscribed .... UA 66.15 billion

Callable .... UA 61.20 billion

Paid-up capital ... UA 4.95 billion

Total reserves ..... UA 2.80 billion

Co-financing resource mobilization by the Bank, 2018–19 *(UA billions)*



Africa Investment Forum

698 investors

from **101** countries

Investment interest secured

across 52 deals

worth USD **40.1** billion

2019 Quick Facts, cont.

HIGHLIGHTS: HIGH 5s *Based on Completed Projects in 2019*

Light Up and Power Africa

People with new electricity connections

468,000

218,000 **women**

291 MW capacity installed

174 MW **renewable**

678,000 **tons** of carbon dioxide emissions reduced

Feed Africa

People who benefited from improvements in agriculture

20.3 million

9.6 million **women**

3,919 km

of feeder roads rehabilitated or built

Industrialize Africa

53,300 **owner-operators**

and micro, small, and medium enterprises provided with **access to financial services**

People who benefited from investee projects

1 million

500,000 **women**

Integrate Africa

436 km

of cross-border roads constructed or rehabilitated

People who gained access to better transport services

17.7 million

Improve the Quality of Life for the People of Africa

10.1 million

people with new or improved access to water and sanitation

4.9 million **women**

180,000

People with better access to education

90,000 **women**

CROSS-CUTTING AREAS

A key priority of ADF-15 was addressing the

roots of fragility

and improving resilience, leading to a **13%** increase in resource allocation to the Transition States Facility from ADF-14

60%

of sovereign operations were categorized using the

Gender Marker System

ahead of target

Support to strengthening governance included:

Results-based financing

UA 160 million

Program-based operations

UA 861.66 million

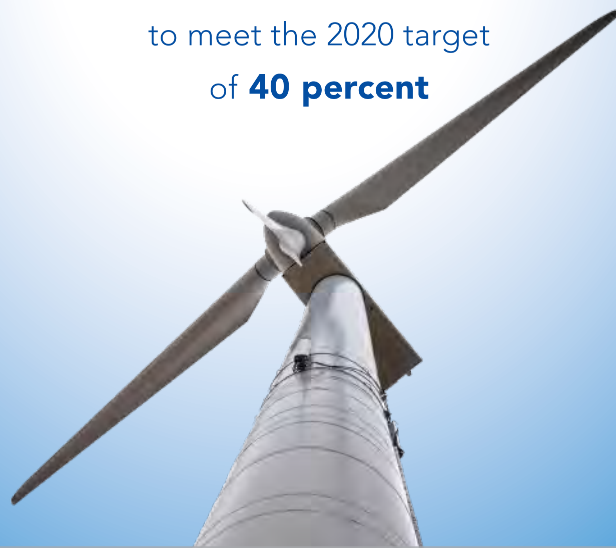
Institutional support projects

UA 82.81 million

Share of climate finance

increased to **36%**

of all approvals, on track to meet the 2020 target of **40 percent**



CHAPTER 1

Africa's Development Context

Growth fundamentals have improved, as its drivers gradually shift toward investments and net exports.

Africa's estimated overall growth masks significant cross-regional and cross-country variations.

Africa faced an increasingly difficult external environment in 2019, as annual growth of global trade volumes slowed from 5.7 percent in 2017 to 1.1 percent in 2019, with an especially acute slowdown for metals and food, two of Africa's major export commodities. The global industrial production index continued to show signs of weakness, explained partly by the slowdown in China, Europe, and the United States but also by the trade tensions between China and the United States. Extreme weather events—particularly the devastating storms and floods that afflicted Southern Africa in the first half of 2019—suppressed agricultural output and growth. These developments moderated Africa's growth prospects.

Economic growth in Africa is estimated at 3.2 percent for 2019, slightly below the 3.4 percent registered in 2018. Côte d'Ivoire, Ethiopia, Mauritania, Rwanda, and Tanzania lead the way and are among the world's fastest-growing economies. Although stable, this rate is below the decadal average of 5 percent growth for the region. The slower than expected growth is due partly to the moderate expansion of the continent's big five—Algeria, Egypt, Morocco, Nigeria, and South Africa.

Africa's estimated overall growth masks significant cross-regional and cross-country variations. East Africa maintained its lead as the continent's fastest-growing region, with average growth estimated at 5.2 percent in 2019 and Ethiopia, Rwanda, and Tanzania leading. North Africa is the second fastest, at 3.7 percent, explained by the growth momentum in Egypt (5.6 percent in 2019) due to the vigorous implementation of economic reform programs and gas extraction in the Zohr field.

West Africa's growth rose to 3.6 percent in 2019 (from 3.4 percent in 2018). Top performers included Ghana (6.1 percent in 2019) and Côte d'Ivoire (6.9 percent in 2019), while Nigeria continued to recover gradually (to 2.3 percent in 2019). Central Africa is estimated to have grown at 2.8 percent in 2019 (remaining unchanged compared to 2018). Southern Africa's growth slowed from 1.2 percent to 0.3 percent, dragged down by the devastation of Cyclones Idai and Kenneth, as well as a drought that affected the region.

Growth fundamentals have improved, as its drivers gradually shift toward investments and net exports and away from private consumption. In 2019, for the first time in a decade, investment expenditure accounted for a larger share of GDP growth than consumption (54 versus 31 percent). Net exports were also a strong contributor, especially among commodity exporters, as oil prices recovered.

Inflation declined moderately but remains high. The average inflation rate for the continent inched down by 2.2 percentage points, from 11.2 percent in 2018 to 9.0 percent in 2019, with notable variations across countries and economies. Central banks reacted by adjusting interest rates to manage domestic demand. In countries with downward inflationary pressures, interest rates were reduced to encourage investment and spur growth. Examples include Egypt, where interest rates declined by 150 basis points in August 2019, Nigeria and Namibia by 50 basis points in March, and Botswana by 25 basis points in August. By contrast, Zimbabwe raised interest rates by 2,000 basis points in September to rein in runaway inflation of more than 200 percent, and Sudan raised interest rates by 220 basis points in July to alleviate inflation running above 60 percent.

Fiscal balances improved over the past two years, with the weighted average deficit-to-GDP ratio in Africa declining from 5.9 percent in 2017 to 4.7 percent in 2019. This resulted mostly from stabilization in commodity prices and higher tax and non-tax revenues for large natural resource exporters. The revenue-to-GDP ratio rose by 0.3 percentage point, on average, for the 54 African economies, but by more than 1 percentage point among oil exporters, such as Angola, whose ratio rose by 2.2 percentage points.

The composition of African government debt shifted, with a lower share of concessional lending.

Public and publicly guaranteed debt levels are high and rising in most African economies, with the median ratio of government debt-to-GDP climbing above 55 percent in 2019, up from 35 percent 10 years earlier. The upward trend in external debt ratios is driven partly by the end of the commodity super-cycle and slowing growth and export revenues, especially among commodity producers. But it also stems from a more stable macroeconomic and governance environment, which allowed more African countries to tap into international bond markets for the first time, some at 30-year maturities.

The composition of African government debt shifted, with a lower share of concessional lending from multilateral institutions and official Paris Club creditors, broader access to long-term finance from international capital markets, and financing from bilateral creditors, such as China. Similarly, higher domestic borrowing (reaching more than 35 percent of GDP) reflects in part elevated government spending and capital investment to close the infrastructure gap. It also reflects gradually slowing inflation, greater monetary credibility, and stronger ability to market domestic currency debt to international creditors.

The rising debt trend across African economies conceals substantial heterogeneity. On 31 August 2019, the International Monetary Fund's (IMF's) Debt Sustainability Assessment report for Africa's low-income countries showed 8 of them classified in debt distress and 11 at a high risk of debt distress. Debt vulnerabilities in these economies could undermine long-term growth prospects. The continent's other 18 low-income countries all had moderate to low risk of debt distress. Africa needs to substantially improve the debt-investment and investment-growth links to ensure long-run debt sustainability. One lever for African countries to foster efficient use of government borrowing is improving the transparency, timeliness, and governance of debt burdens. A second is leveraging their increased borrowing capacity to fund crucial infrastructure investment while sharing macroeconomic risk with creditors—through automatic maturity extensions after adverse terms-of-trade, climatic, or macroeconomic shocks or through GDP-growth-linked sovereign interest rates to smooth repayment obligations.

African economies should also focus more on strengthening the quality of Public Fnancial Management (PFM). While many African governments have made significant progress with several rounds of PFM reforms, major issues remain—such as those related to accounting systems, growth and revenue projections, and unbudgeted spending pressures—and progress has been unevenly distributed.

On current trends, Africa remains off track to meet the target of eradicating extreme poverty by 2030. The extreme poverty rate (weighted by population) is projected to fall from 32.5 percent in 2019 to 24.7 percent in 2030, far higher than the 3 percent targeted under the Sustainable Development Goals. Unless bold policy measures improve both the quality and quantity of growth, Africa would only meet the 3 percent target by 2045.

On current trends, Africa remains off track to meet the target of eradicating extreme poverty by 2030.

The March 2019 Tropical Cyclone Idai that pummeled Southern Africa was a reminder of the severe economic and social costs of extreme weather shocks. More broadly, the continent's vulnerability to climate change challenges has significant welfare implications if not well managed. Disasters interrupt transportation systems, damage infrastructure, and divert government resources. Sound fiscal policies, government institutions' effectiveness, and sustained public investment at adequate levels could mitigate the adverse effects of weather shocks. Additionally, investing in adaptation strategies—such as well-targeted social safety nets, climate-smart infrastructure, and appropriate technology—can increase resilience to weather shocks.

As the magnitude and intensity of such extreme events increase, the consequences also increase, often resulting in the creation of environmental refugees, as people migrate to less vulnerable locations. Such migrations further exacerbate conflicts and feed a vicious cycle of vulnerability. Currently, up to 20 African states are severely affected by high levels of fragility, according to the African Development Bank's criteria for rating fragility risk. The world is witnessing the highest levels of displacement on record, and Africa is at the heart of this global manifestation of fragility. Young people, in particular, make up the majority of the most affected among the African populations. The Bank's hosting of the third edition of the Africa Resilience Forum in March 2019, and its new Country Resilience and Fragility Assessment tool, which it continued rolling out over the year, re-emphasized its unwavering commitment to help tackle the root causes of fragility and strengthen resilience on the continent.

Currently, up to 20 African states are severely affected by high levels of fragility.

African countries have some of the world's youngest and fastest-growing populations. Over the last decade,

Human capital contributes less to labor productivity and economic growth in Africa than in other developing regions.

Africa's population under the age of 20 grew by 25.6 percent, the fastest increase ever, while the same cohort declined in Asia and Latin America. Meanwhile, human capital contributes less to labor productivity and economic growth in Africa than in other developing regions. This is due partly to the low quality of education, lack of complementary physical capital, and widespread skill and education mismatches. Investing in the quality of education can, therefore, increase the productivity of African workers and firms. In order to fully benefit from the demographic dividend, African countries need to reassess their education systems to ensure that youth become a productive force in economies that are being increasingly transformed by changes in the nature of work, brought about by the technological disruptions of the Fourth Industrial Revolution.

The African Development Bank, guided by its High 5 priorities to Feed Africa, Industrialize Africa, Light Up and Power Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa, is well-positioned to support economic transformation and inclusive growth in Regional Member Countries. As a knowledge institution with an overview of Africa, the Bank produces, manages, and disseminates analytical and policy-relevant knowledge work. The Bank remains committed to providing sound policy advice to African decision-makers and to developing capacity for policy formulation and implementation.

The landmark capital increase of USD 115 billion approved by the Bank's Governors in October 2019, the largest in the Bank's history, combined with the successful ADF-15 replenishment of UA 5.55 billion (32 percent higher than ADF-14), will solidify the Bank Group's leadership in development financing for the continent. This will help fast track the delivery of its High 5 development strategies, the Sustainable Development Goals, and the African Union Agenda 2063.

CHAPTER 2

Bank Group Operations Through a High 5 Lens

Guided by its High 5 priorities, the Bank is well-positioned to support economic transformation and inclusive growth in Regional Member Countries.

The African Development Bank Group provided UA 7.3 billion of financial support to Regional Member Countries (RMCs) in 2019. The distribution of approvals across the High 5 priorities was more balanced than in previous years, with four of the five priorities receiving between 20.5 percent and 23.5 percent of total approvals; the Feed Africa priority received 12 percent of total approvals. In addition, the Bank mobilized UA 16.93 billion in co-financing, nearly double the amount targeted for the year.

Approvals

Bank Group approvals for 2019, at UA 7.3 billion, were in line with the UA 7.28 billion approved in 2018 (Figure 2.1). Although the increase was small (0.3 percent), it reinforces the 17 percent rise from 2017 to 2018. Approvals of the African Development Bank (ADB) totaled UA 5.09 billion, and those of the African Development Fund (ADF) reached UA 1.23 billion, resulting in an increase of almost 2 percent for ordinary resources. Table 2.1 shows approvals by source and financing instrument. Approvals under special resources, UA 977.2 million, were slightly lower than the UA 1.05 billion approved in 2018. Approvals under

Figure 2.1: Bank Group approvals, 2017–19 *(UA millions)*

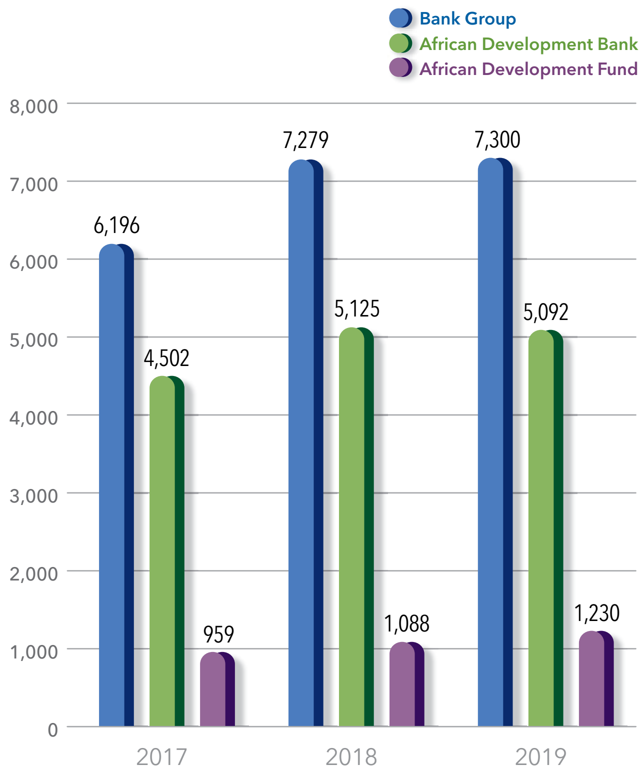


Table 2.1: Bank Group approvals by source and financing instrument, 2019 *(UA millions)*

	ORDINARY RESOURCES			SPECIAL RESOURCES					
Financing instrument	African Development Bank[a]	African Development Fund[a]	Subtotal	Nigeria Trust Fund	Private Sector Credit Enhancement Facility	Transition Support Facility	Special and Trust Funds	Subtotal	Bank Group
Total loans and grants	4,678.5	1,149.6	5,828.1	4.0	-	319.3	-	323.3	6,151.3
Other approvals	413.9	80.9	494.8	-	19.6	-	634.3	653.9	1,148.8
Of which									
Equity participation	103.6	-	103.6	-	-	-	-	-	103.6
Guarantee	310.3	80.9	391.2	-	19.6	-	-	19.6	410.8
Other	-	-	-	-	-	-	634.3	634.3	634.3
Total approvals	**5,092.5**	**1,230.5**	**6,322.9**	**4.0**	**19.6**	**319.3**	**634.3**	**977.2**	**7,300.1**

[a] Excluding special resources.

the Nigeria Trust Fund (NTF) were UA 4 million, and the agreement between the Bank and the Republic of Nigeria was extended to 2023. Other approvals in 2019 included UA 19.6 million under the Private Sector Credit Enhancement Facility, UA 319.3 million under the Transition Support Facility (TSF), and UA 634.3 million under the Special Funds.

The 2019 share of non-sovereign operations in the Bank was 30.2 percent, compared with 32 percent in 2018.

ADF approvals in low-income countries increased significantly, by 88 percent, from UA 245.8 million in 2018 to UA 461.7 million in 2019, and represented 30 percent of the total 2019 ADF approvals, compared with 15 percent in 2018. Approvals in transition states increased significantly, by 243 percent, from UA 110.1 million in 2018 to 377.2 million in 2019—including UA 319.3 million from the Transition Support Facility (TSF)—representing 31 percent of total ADF approvals, compared with 7 percent in 2018. Accelerated pipeline development in low-income countries and transition states contributed to the result of increasing Bank financing in countries that historically experience low private sector financing due to their profile. With bankability of projects presenting a major challenge in these countries, concerted efforts in collaboration with other development finance institutions are needed for the deployment of blended financing to unlock transformative projects.

Hydroelectric power station, Itezhi Tezhi, Zambia

Approvals for Light Up and Power Africa, at UA 1.72 billion, were 24 percent higher in 2019 than in 2018 and 52 percent higher than in 2017. Approvals for Feed Africa, at UA 885 million in 2019, were more in line with approvals in previous years, except for the 2018 peak. Approvals in 2019 for Industrialize Africa, at UA 1.49 billion, were close to the average of the past two years. Integrate Africa approvals, at UA 1.54 billion, were almost twice the 2018 approval levels. Improve the Quality of Life for the People of Africa experienced a sharp drop in approvals, receiving UA 1.67 billion in 2019 (Figure 2.2).

Figure 2.2: Bank Group approvals by High 5 priority, 2017–19 *(UA millions)*

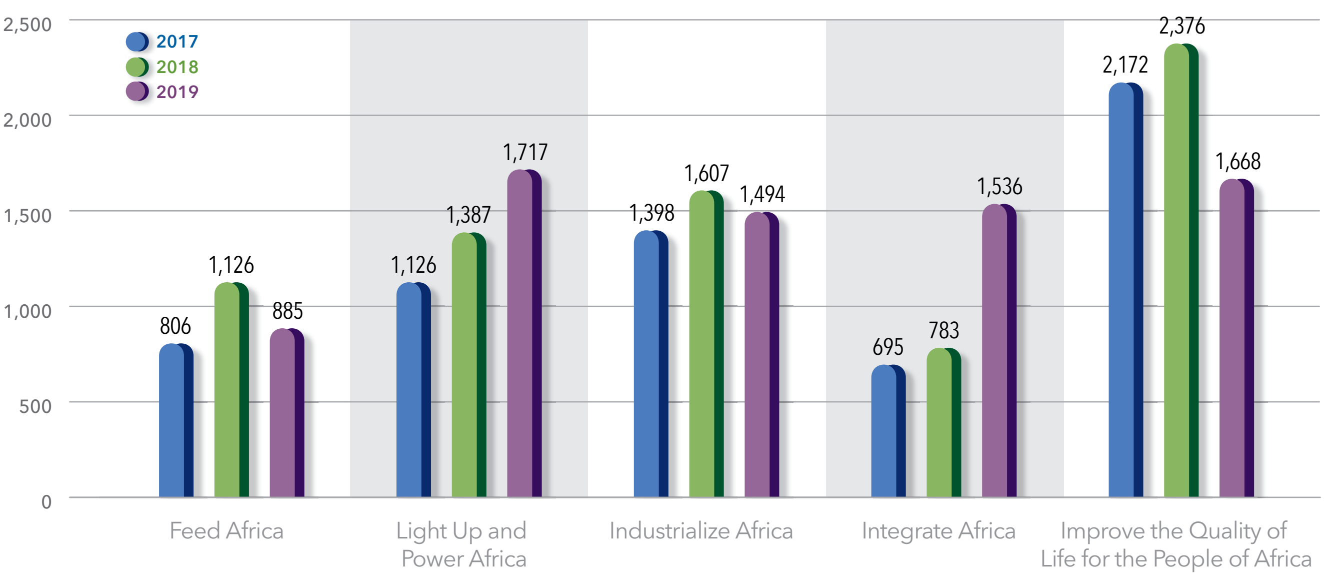
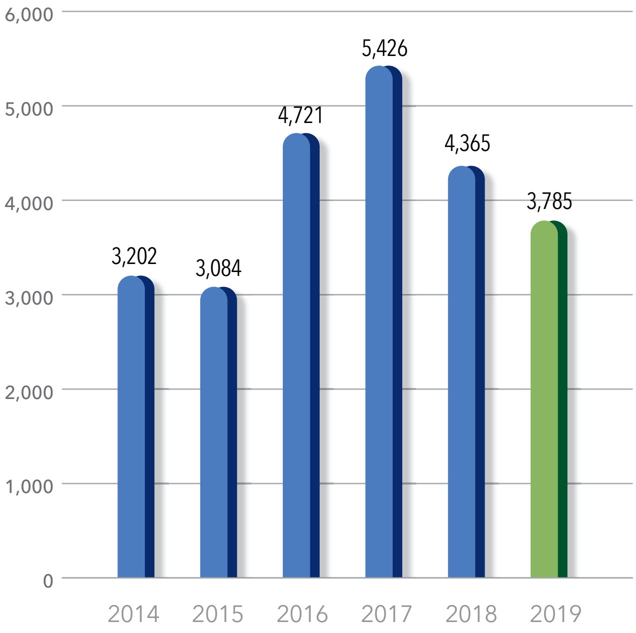


Figure 2.3: Bank Group disbursements, 2014–19 *(UA millions)*



Disbursements

In 2019, total disbursements reached UA 3.79 billion, 13 percent lower than the 2018 level of UA 4.37 billion, and lower than the levels in 2016 and 2017 (Figure 2.3). The decline is due largely to a drop in ADB sovereign and non-sovereign operations, from UA 3.0 billion in 2018 to UA 2.51 billion in 2019. The drop in disbursement volumes on ADB sovereign and non-sovereign operations is partly a result of the close monitoring and phasing of disbursements for fast-disbursing operations in 2019, as Management sought to preserve the Bank's triple-A rating pending the conclusion of negotiations for the Seventh General Capital Increase (GCI-VII). A revised limit of UA 2,583 million was set on total ADB disbursements to maintain the Fitch ratio within prudential levels. Leveraging on the Bank's country and regional presence, Management undertook reforms and initiatives aimed at addressing these issues and gradually improving portfolio performance.

Bank Group portfolio

The total Bank Group portfolio reached UA 41.1 billion at the end of 2019. Problem or potential problem operations[1] represented 27 percent of the portfolio at end 2019, an increase over the 23 percent in 2018, but still lower than the 36 percent at end 2017.

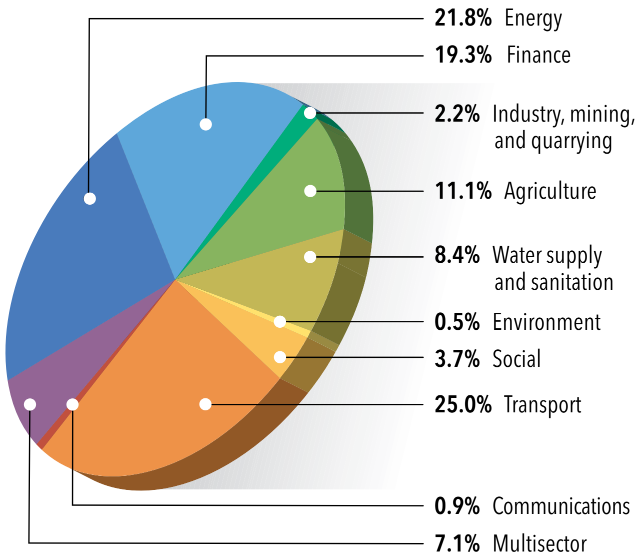
There was a 62 percent increase in loans and grants eligible for cancellation, from UA 3.69 billion at end 2018 to UA 5.97 billion at end 2019. During 2019, loans and grants totaling UA 727 million were cancelled, 75 percent of them sovereign.

The main factors accounting for implementation delays (one of the main performance issues) were delays in mobilizing funds from counterparts, slow procurement and execution of project contracts due to capacity constraints at the level of project implementation units, and slow processing and transmission of payment requests to the Bank. In some RMCs, security concerns and political transitions negatively impacted projects while institutional management arrangements posed the major constraint to implementing regional projects. To address these performance issues, Management has actively established country action plans, which are being closely monitored during project supervision.

1 Operations flagged as problem or potential problem operations in the portfolio based on 10 criteria.

Container ship, Walvis Bay, Namibia

Figure 2.4: Bank Group portfolio distribution across sectors at end 2019



The breakdown by sector of the Bank's active portfolio at end 2019 was very similar to what it was at end 2018. Transport continued to lead with 25 percent, followed by energy supply at 22 percent, finance at 19 percent, agriculture at 11 percent (1 percentage point more than in 2018), and water supply and sanitation at 8 percent (1 percentage point less than in 2018) (Figure 2.4). Financial sector loans benefited many sectors.

Co-financing

The Bank mobilized UA 16.93 billion in co-financing, nearly double the target of UA 9.49 billion. This was thanks in large part to private sector resource mobilization reaching UA 12.35 billion, almost triple its target of UA 3.9 billion. The public sector resource mobilization achieved UA 4.58 billion in co-financing.

Contributors for various in-house co-financing facilities approved participations of UA 319 million[2] through the Japan International Cooperation Agency (JICA), UA 172 million from the co-financing arrangement with the European Commission (Pillar Assessed Grant or Delegation Agreement—PAGODA), and UA 363 million for the Africa Growing Together Fund (AGTF). Non-sovereign operations transactions accounted for UA 36 million (10 percent) of the co-financing and included co-financing through the AGTF for the first time since the Fund's inception in 2014.

The Bank and JICA launched the fourth phase of the Enhanced Private Sector Assistance (EPSA) initiative—committing to a joint target of USD 3.5 billion for priorities such as quality infrastructure, health, and debt sustainability—and promulgated the revised operational guidelines for use under the Accelerated Co-financing Facility for Africa (ACFA).

Innovative financing

The Bank approved EUR 70 million for investment in social impact funds across the continent. This financing is a pilot phase for the Bank's engagement in this activity and will be invested in approximately 10 impact funds across the continent over the coming three to four years. Under the Social Impact Investment Program for Africa (SIIPA), the Bank proposes a new approach to impact investing, by putting social needs at the core of entrepreneurship. It will contribute to unlocking entrepreneurial capital through equity investments to deliver basic services in key sectors of the economy across Africa. SIIPA will seek to bring positive change to vulnerable, low-income, and marginalized populations (women, youth, and populations living in rural areas, low-income countries, landlocked countries, and fragile situations) and to unlock a new wave of business opportunities for new and early-stage, socially driven small and medium enterprises (SMEs).

As for structured finance in 2019, the Bank led the financial close of a USD 470 million, 15-year partial credit guarantee in favor of Senegal, for a USD 1.4 billion currency hedge, thus allowing the country to manage its Eurobond obligations. In addition, the Bank purchased EUR 128 million in credit protection from AA- and A-rated private insurers.

[2] UA 319 million on the Mombasa Gate Bridge project—transaction not yet approved by the Board as of end December 2019.

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

The High 5 investment priorities, designed to unlock and accelerate Africa's transformation, are at the heart of Africa's development agenda.

However, investments are well below the USD 170 billion each year that the Bank estimates is required to implement the High 5s. Attracting resources from a rapidly developing private sector is essential for RMCs to fill this gap and achieve the High 5s. The Bank therefore aims to step up its efforts to improve the enabling business environment, to develop a pipeline of investable projects, and to increase non-sovereign operations and public-private partnerships (PPPs).

The investment challenge has been compounded by climate-related shocks and security concerns. The unprecedented organized violence in 2019 in the Sahel region, particularly in Burkina Faso and Mali, have posed serious risks to the delivery of the Bank's agenda on the continent. To address the lack of access to electricity faced by 60 million people in the region, the Bank has decided to sharpen its strategic focus and allocate a greater share of its investment to Light Up and Power Africa in the G5 Sahel countries, in the context of the Desert to Power initiative, which aims to accelerate economic development in the Sahel region through the deployment of solar technologies at scale. On 13 September 2019, Heads of State from G5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania, and Niger) endorsed the overarching plan for implementing the initiative in their countries and the establishment of a joint Desert to Power-G5 Sahel Implementation Taskforce to act as the one-stop unit for fast-tracking implementation.

In front of Corimau Cooperative, Rwanda

LIGHT UP AND POWER AFRICA

Access to energy is crucial for improving health and education outcomes, reducing the cost of doing business, unlocking economic potential, and creating jobs.

Insufficient energy access manifests itself in hundreds of thousands of deaths annually due to the use of wood-burning stoves for cooking. It handicaps the operations of hospitals and emergency services, compromises educational attainment, and drives up the cost of doing business. Energy access for all is thus one of the key drivers of inclusive growth—creating opportunities for women, youth, and children in both urban and rural areas.

Approvals for Light Up and Power Africa reached UA 1.72 billion in 2019, the largest share (24 percent) of 2019 total approvals, 24 percent more than in 2018. This amount includes UA 240 million directly mobilized from other facilities or financing sources, including China's Africa Growing Together Fund, the European Union, Climate Investment Funds, the Green Climate Fund, and the Bank's Sustainable Energy Fund for Africa. The Bank's private sector lending increased to UA 440 million, up 58 percent over 2018. Several energy projects approved in 2019 will draw on renewable resources, including solar energy (Box 2.1). (See the section below on Climate Change under Cross-Cutting Areas).

Aïn Sokhna power plant, Egypt

Several other operations approved in 2019 will contribute to expanding access to reliable, sustainable, and affordable power for households, businesses, industries, schools, and health centers. And the following projects will enhance regional integration:

- The multinational financing program for Distributed Energy Service Companies (DESCOs) will support the deployment of off-grid solutions in Sub-Saharan Africa at scale (see Box 2.1) and will provide local lenders with risk mitigation instruments to support DESCOs. A EUR 50 million first-loss guarantee and a EUR 6 million technical assistance grant were mobilized from the European Commission.
- The Chad Djermaya Solar Power Plant (EUR 18 million)—the first sizable independent power producer (IPP) and the first electricity sector project in Chad to be delivered by a PPP—will contribute 10 percent of the country's power generation, while reducing high reliance on diesel generation.
- Phase 1 of the Democratic Republic of Congo Green Mini-Grid Program (USD 20 million) will support three private sector solar mini-grids (3–10 MW) and will pilot a private-led electrification approach with renewable mini-grid solutions.

Box 2.1

DESCOs–Deploying off-grid solutions throughout Africa

The multinational financing program for distributed energy service companies (DESCOs) will support the deployment of off-grid solutions in Sub-Saharan Africa at scale. To implement the program, the Bank mobilized a EUR 50 million first-loss guarantee and a EUR 6 million technical assistance grant from the European Commission.

The DESCOs financing program is designed to innovate using securitization financing techniques, which lower access to finance barriers for DESCOs, while supporting their growth and expansion into current and new countries. It will also promote local currency financing for DESCOs and provide local lenders with risk mitigation instruments to support DESCOs. The targeted beneficiaries are DESCOs with proven capacity and a track record in providing energy as a service or rent-to-own models to consumers in Sub-Saharan Africa, as well as financial intermediaries engaged on DESCO portfolios.

The overall program will contribute to installing an estimated 45 MW of distributed solar photovoltaics, which will provide clean energy access for 900,000 households (4.5 million people) by 2025. It will also create approximately 6,000 new direct jobs, mainly for youth, and contribute to avoiding nearly 37.08 kilotons of carbon dioxide equivalent of emissions per year.

RESULTS FOR LIGHT UP AND POWER AFRICA

468,000 people

with new electricity connections, **218,000** of them women

435 km

of new or improved power distribution lines

432 km

of new or improved power transmission lines

291 MW

new total power capacity installed, **174 MW** of it renewable

678,000 tons of carbon dioxide emissions reduced

Box 2.2

Metrics and expected outcomes of operations approved for Light Up and Power Africa in 2019

- UA 1.72 billion in approvals, the largest share of total approvals in 2019 (24 percent) and an increase of 24 percent over 2018.
- Private sector lending of UA 440 million, an increase of 58 percent over 2018.
- 42 percent of power generation investments focused on renewables. Out of the 940 MW additional installed generation capacity expected, renewable energy represents 297 MW.
- Around 2,900 km of transmission lines—of which 657 km are cross-border transmission lines—and 15,000 km of distribution lines and associated substations.
- An additional 190,000 on-grid connections and around 12,000 green mini-grid connections.
- The Liberia Renewable Energy for Electrification project (UA 23.7 million) will add 9 MW of capacity, connect to the existing cross-border line between Liberia and Côte d'Ivoire, allow grid expansion to isolated localities and remote areas, and significantly reduce the number of fossil energy units. Liberia's electrification rate is expected to increase from 9.3 percent in 2019 to 30 percent by 2024.
- The Mozambique Temane Transmission Project (USD 33 million) will construct a 563 km transmission line. This will link with the national transmission grid and subsequently with the Southern Africa Power Pool grid exporting power from the Central Térmica de Temane (a gas-driven electricity generation plant) to Eswatini, Malawi, South Africa, and other regional countries, providing employment and training for 1,760 people, 10 percent of them women.
- The Nigeria Transmission Expansion Project Phase 1 (USD 210 million) will increase power transmission over the grid from 7,000 MW in 2018 to 10,000 MW by 2024. This will allow distribution companies to improve the electricity supply to end-consumers, increase electricity exports to the subregion through the West African Power Pool, and create jobs.

The following were other notable achievements in 2019:

- Several non-sovereign operations reached critical milestones. The ARCH Africa Renewable Power Fund, in which the Bank has an equity stake, reached first close and will provide equity for the development and construction of 10–15 greenfield renewable energy projects, adding approximately 533 MW of installed energy generation capacity from renewable sources in the region. The Redstone 100 MW Concentrated Solar Power IPP in South Africa, for which the Bank provided a senior loan and mobilized the remaining debt from nine banks, reached dry financial close. Another milestone is the newly commissioned Lake Turkana Wind 310 MW IPP in Kenya.

- The Board of Governors approved the conversion of the Sustainable Energy Fund for Africa into a special fund, with significant additional contributions expected from donors.

- The Bank strengthened its policy dialogue, notably through the Africa Energy Market Place, successfully organizing its third round in 2019, bringing five more countries onboard (Angola, Botswana, Democratic Republic of Congo, Ghana, and Madagascar).

- The Bank also launched three flagship knowledge products: the 2019 Electricity Regulatory Index for Africa, the ECOWAS Tariff Comparison Study, and the Power Sector Reform Study.

Power substation, Belém do Huambo, Angola

"Before water was connected to our compound, availability was limited, and we couldn't get access to water whenever we wanted. **Now, I have water in my house, and I save my energy.**"

Megerfu Seboka, farmer in Mazoria District, Ethiopia, where wind and solar pumps are replacing diesel generators to supply water.

Solar & Wind Energy for Rural Water Supply–Phase I–Pilot (USD 2.4 million grant from the African Water Facility of the AfDB).

FEED AFRICA

The agriculture sector employs more than 60 percent of the African workforce and accounts for around a third of the continent's GDP.

Africa is the world's most food-insecure region, with more than 232 million undernourished people. Structural food insecurity is a particular challenge in transition economies, which are disproportionately susceptible to resource and commodity price shocks and where weak institutions and inadequate agricultural infrastructure result in low productivity and a heavy dependence on food imports.

Approvals for the Feed Africa priority totaled UA 884.7 million in 2019, which represents 12 percent of total approvals, compared with 2018 approvals of UA 1.13 billion. Of approvals for this priority, 29 percent were for non-sovereign operations. Projects approved in 2019 included multinational emergency humanitarian relief assistance related to the 2019 Tropical Cyclone Idai for Malawi, Mozambique, and Zimbabwe, some program-based operations that address policy constraints in agriculture, direct investments to increase agricultural productivity to support agribusiness, and development of agricultural value chains. Among the noteworthy approvals were:

- The African Agriculture Impact Investments Ltd. (Mauritius) transaction (EUR 100 million) catalyzes pension fund investments in African agri-assets. It leverages the Bank's partial credit guarantee to catalyze critical long-term financing from European pension funds for investment in sustainable farmland and agricultural infrastructure development across Africa.

- The Trade Finance Intervention in the Côte d'Ivoire Cocoa Sector (EUR 100 million) will support a pre-export and value-chain trade finance facility to SUCDEN Côte d'Ivoire, to provide vital liquidity to at least 20 cooperatives with close to 18,000 farmers. It will have a strong impact on women in the cocoa value chain, who account for 60 percent of the labor force and own 25 percent of the farms.

- The Equatorial Guinea Support Project for the Development of Value Chains in the Fisheries and Aquaculture Sector (UA 45 million) will support the country's economic transformation strategy in which the fisheries and aquaculture sector play a pivotal role. The project aims to enhance fish production through sustainable development of industrial fishing, artisanal fishing, and aquaculture—and to strengthen the drinking water and sanitation infrastructure. It will increase fish supplies to the domestic market and to countries in Central Africa, reducing imports. It will also increase incomes, jobs for youth, and access to drinking water and sanitation.

Sugarcane farming, Lower Usuthu, Eswatini

"In a few days, we will deliver 200 tonnes of organic soya meal to an international client. In 2011, we produced only 50 tonnes of meal for the local market. **We want to better meet demand. I now have machines that can process in 5–8 seconds, while in the past it took an hour. I will hire and train more youth.** The goal is to produce 10,000 tonnes per year by 2021."

Daniel Komlan, Managing Director of Agrokom, a small business specialized in soya processing in Togo.

Support Project for Youth Employability and Integration in Growth Sectors (USD 20.3 million loan).

Agricultural entrepreneurs, Togo

Box 2.3

Metrics and expected outcomes of some of the operations approved for Feed Africa in 2019

- 29 percent of approvals were for non-sovereign operations.
- In Côte d'Ivoire, vital liquidity will be provided to at least 20 co-operatives with close to 18,000 farmers. It will have a strong impact on women in the cocoa value chain, who account for 60 percent of the labor force and own 25 percent of the farms.
- In Equatorial Guinea, the contribution of the fisheries sector to GDP will grow ten-fold, from about 0.5 percent to 5 percent, and more than 15,000 direct and indirect jobs will be created, with women and youth accounting for at least 70 percent.

RESULTS FOR FEED AFRICA

20.3 million people benefited from improvements in agriculture, **9.6 million** of them women

100,000 people used improved farming technologies

3,919 km of feeder roads built or rehabilitated

- The Congo Integrated Agricultural Value Chains Development Project (EUR 73.2 million) targets agriculture as a pillar of diversification, growth, competitiveness, and sustainable job creation and poverty reduction. The objective is to promote competitive and resilient agriculture by developing agri-food value chains.

- The Côte d'Ivoire Government Social Program Support Project (UA 90 million) aims to intensify government social action so that it has a greater impact on people, especially the most vulnerable groups. This would support making social services more accessible, thus increasing their purchasing power.

- The South Agro-Industrial Processing Zone Project (UA 34.6 million), in the Casamance area of Senegal, will reinforce the greater connectivity enabled by the new (Bank-funded) bridge over the Gambia River, by catalyzing private investment, largely by small and medium enterprises in agro-processing.

- The Sierra Leone Agribusiness and Rice Value Chain Support project (UA 8 million ADF grant) (see Box 2.4).

The Bank issued several knowledge products in support of its Feed Africa priority. Some key products were:

- The "Continental Investment Plan for Accelerating Rice Self-sufficiency in Africa" was published in collaboration with AfricaRice, a leading pan-African rice research organization. The report provides a roadmap for accelerated action to reach self-sufficiency in rice by 2025 for 10 countries in Africa that are important for rice production and consumption.

- The Global Food Safety Partnership report, "Food Safety in Africa: Past Endeavors and Future Directions," was launched at a workshop with 120 participants from RMCs, development partners, and research/academic institutions. Participants agreed that multisectoral and cooperative actions were needed to elevate food safety as a development imperative and agreed to devise actions for various stakeholders to improve food safety.

- A study titled "The Implications of Korea's Experience in Developing Agriculture Value Chains in Africa," funded by the Korean Trust Fund, was conducted to deepen the understanding and insights into Korea's agricultural transformation, particularly the policy, investment, and capacity-building requirements, in addition to other relevant lessons for Africa.

Box 2.4

Sierra Leone—Promoting food security and employment through agribusiness

The Global Hunger Index 2018 ranked Sierra Leone as the sixth hungriest country in the world, with an estimated 35.7 percent of the population undernourished, exposed to acute fragility, and unable to cope with socio-economic and environmental shocks, such as drought, floods, and fluctuating food prices.

The Sierra Leone Agribusiness and Rice Value Chain Support Project aims to stimulate a viable upstream agribusiness sector in order to promote economic diversification focusing on priority agricultural value chains, food security, sustainable employment opportunities, and improved livelihoods of men and women beneficiaries. The project will focus primarily on the rice value chain, which is the staple food in Sierra Leone. It will also support the emergence of maize and livestock as secondary value chains that have the strong potential for meeting domestic food demands, allow import substitution, improve nutrition, and boost farmers' incomes.

The project benefits from parallel co-financing from the Islamic Development Bank (USD 34.12 million) and the International Fund for Agricultural Development (USD 11.2 million).

INDUSTRIALIZE AFRICA

To unleash their full potential, African countries must continue the bold agenda for industrial transformation and economic diversification driven by private sector–led investment.

Africa has a real opportunity to create jobs and promote inclusive economic transformation through domestic manufacturing and commodity-based industrialization, capitalizing on the continent's resources and opportunities in the new structure of global production. Africa's opportunities for industrialization involve adding value to domestic products, exploiting soft and hard commodities, and developing forward and backward linkages to regional and global value chains.

Approvals for Industrialize Africa reached UA 1.5 billion in 2019, representing 20 percent of total approvals. The Bank continued to support RMCs in their efforts to accelerate industrialization by fostering successful industrial policies, catalyzing funding for infrastructure and industry projects, driving enterprise development, promoting strategic partnerships in Africa, and developing efficient industry clusters across the continent.

The Bank's non-sovereign operations approved in 2019 amounted to about UA 833 million for the financing of industrial activities in Africa in priority sectors. The Bank provided two senior loans to the industry sector—Mozambique LNG Area 1 Project (Box 2.5) and Indorama Fertilizer Project II—and a corporate loan to the Seychelles Cable Systems Company. It also provided equity participation of UA 60.5 million in four private equity funds, with an emphasis on developing manufacturing value chains, creating jobs, and empowering women.

Approvals for sovereign operations amounted to UA 615 million in 2019.

- The Morocco Results-based Financing Program for the Improvement of Territorial Competitiveness (PARACT-M) provided UA 160 million to improve territorial industrial competitiveness, attract more investors to the region, and create sustainable jobs. The program is a continuation of the Bank's interventions to improve the business climate and strengthen its industrial fabric.

- A line of credit of EUR 100 million will be granted to the Municipal Equipment Fund in Morocco to enable it to finance equipment and investment projects in the region. This funding will be accompanied by a grant of technical assistance to local authorities. Among the expected results are local economic and industrial activities that favor the creation of jobs and businesses.

Cable and electronics manufacturer, Tunisia

"The OneTechGroup differentiates itself by its strong investments, by its skill level, and by its **strategic focus on high technologies** in the car industry, aeronautics, and the medical field."

Slim Sellami, Director EleOneTech Company, Tunisia, a company that has shifted from the production of cables to electronic components.

Supported through a Bank investment in the AfricInvest fund.

Box 2.5

Mozambique—Largest foreign direct investment in Africa from all sources

Mozambique received the largest-ever foreign direct investment (UA 18.4 billion) into the African continent. The Bank approved senior debt of UA 289 million in support of the Mozambique Liquified Natural Gas Project, a trailblazing and transformative project that raises the bar in supporting RMCs in critical phases of economic development.

The Bank's support will partially address the project's funding gap and help to make the project economically viable. In addition, the Bank is working on two unique work streams within the project: climate change monitoring and good governance and anti-corruption compact. The policy dialogue led by the Bank provides a powerful platform for efficiently using gas revenues through the public budget, developing a policy framework to attract private investment in downstream processes, and strengthening linkages between small and medium enterprises (SMEs) and the gas value chain.

The project will turn Mozambique into a leading global gas producer and help power domestic industrialization. The switch from carbon-heavy coal and biomass to gas will spur a transition to a green growth path for Mozambique and the rest of Southern Africa. Part of the gas production is earmarked for domestic use and transformation, with downstream projects being developed for energy generation, fertilizer production, and gas-to-liquid.

Other significant achievements in knowledge and other non-lending activities included:

- Evaluating the Bank's experience in enhancing private sector financing in RMCs by attracting participation in public-private joint infrastructure projects, especially in power and telecommunications. The second pillar of the Bank 2012–2017 Private Sector Development Strategy, extended by the Board to 2020, identifies one output of the strategy as activities supporting government efforts to establish a regulatory and institutional framework that facilitates PPPs and private participation in infrastructure and social services. The Bank's PPP interventions are based on the Bank's long-term strategic priorities, as defined in the Ten-Year Strategy 2013–2022 and reflected in the High 5s. The sectoral strategies of the Bank also encourage PPPs. The Bank's involvement in PPPs in RMCs consists of preparing the enabling policy, regulatory, and governance environment "upstream" through its public sector window, together with transaction support and finance "downstream" through both the public and private sector windows. The evaluation found the Bank's PPP interventions to be largely relevant and effective, with the benefits likely to be sustained.

- Developing a mapping methodology that grouped RMCs based on their competitiveness and readiness for industrialization to identify industrial sector priorities and engage in policy dialogue. The Bank also conducted in-depth industrial analyses for five pilot countries—Congo, Côte d'Ivoire, Egypt, Madagascar, and Nigeria—and has plans to roll this out to the rest of the continent after identifying RMC needs for industrial reform.

- Providing a UA 3.5 million institutional support grant to the African Union for the Africa Continental Free Trade Agreement (AfCFTA), which was ratified in May 2019. As a member of the AfCFTA Continental Task Force, the Bank used its convening power, technical expertise, and oversight responsibility to help shape the direction of the Agreement. The Bank also collaborated with the Economic Commission for Africa (ECA) to develop an AfCFTA Country Business Index, to assess how businesses are taking advantage of the AfCFTA and the constraints they face, thus providing feedback to governments to improve policies and legislation accordingly.

Shopkeeper, Morocco

RESULTS FOR INDUSTRIALIZE AFRICA

1 million people benefited from investee projects, **500,000** of them women

53,300 owner-operators and micro, small, and medium enterprises provided with access to financial services

Box 2.6

Metrics and expected outcomes of some of the operations approved for Industrialize Africa in 2019

- In Morocco, the Souk At-Tanmia project will improve employment and encourage entrepreneurship for micro, small, and medium enterprises. One of the goals is to increase the proportion of supported projects managed by women from zero to 30 percent.
- In Kenya, manufacturing (among other sectors), small and medium enterprises will get access to finance through a Bank loan to Credit Bank.

INTEGRATE AFRICA

Regional integration aims to create larger, more competitive markets, link landlocked countries to international markets, and support intra-African trade.

Approvals for Integrate Africa totaled UA 1.54 billion in 2019, almost double the amount approved in 2018. About two-thirds of Bank Group financing was dedicated to infrastructure, and the remaining third to lines of credit and technical assistance. The Bank Group invested more than UA 500 million to finance regional infrastructure projects across the continent, mainly in power pools and transport corridors. Lines of credit of more than UA 170 million were provided to boost regional trade and trade finance, including a UA 72 million line of credit to the Trade Development Bank to establish the Common Market for Eastern and Southern Africa (COMESA) Regional Trade and Project Finance Support Facility, a funded trade finance and project finance facility, and an unfunded trade finance risk participation agreement. Another line of credit is the UA 136 million approved for technical assistance and capacity building support to African institutions to accelerate regional integration by enhancing capacity to implement the AfCFTA, which the Bank supported through an ADF grant.

Some of the key operations approved in 2019 to support regional energy and transport in order to strengthen regional integration were:

- Phase 1 of the Ethiopia-Djibouti Transport Corridor Project (UA 73 million)—part of the Kampala-Juba-Addis Ababa-Djibouti Corridor that interconnects Uganda, South Sudan, Ethiopia, and Djibouti—provides the three geographically landlocked countries with access to the Red Sea through the Port of Djibouti (Box 2.8).

- The 175-km Bagamoyo-Horohoro-Lunga Lunga-Malindi Road Project Phase 1 (UA 279 million) is part of the East African transport corridor network, connecting mainly Kenya and Tanzania. Regional spillovers will additionally benefit the hinterlands of other East African Community (EAC) member countries, such as Burundi, Democratic Republic of Congo, Rwanda, South Sudan, and Uganda, which depend on the Mombasa Port as their gateway to global markets. More than 3 million people will benefit from improved access, including food producers, small and medium manufacturers, and wholesale and retail traders that move goods in the corridor.

- The Côte d'Ivoire, Liberia, Sierra Leone, and Guinea Electricity Network Interconnection Project (UA 8 million) comprises the construction of a 1,357-km-long double-circuit high-voltage (225 kV) line to connect the national networks of the four countries. A priority project of the West African Power Pool Master Plan, it will help establish a dynamic electric power market and secure power supply in the West African region. It will electrify nearly 115 communities and supply electric power to 70 schools, 30 health centers, and approximately 1,500 small businesses, 25 percent of them operated by women.

Kenya-Ethiopia Border

"It's an opportunity of a lifetime," says Fabiola Hindjou, Namibian freight and logistics worker, responsible for assessing TransNamib's local, regional, and global transport rates, a job she got following training.

Walvis Bay Port New Container Terminal Expansion Project (USD 1.24 million grant for logistics and capacity development).

436 km of **cross-border roads** constructed or rehabilitated

17.7 million people gained access to better transport services

Box 2.7

Metrics and expected outcomes of some of the operations approved for Integrate Africa in 2019

- Approval totaled UA 1.54 billion in 2019, almost double the amount approved in 2018.
- Lines of credit of more than UA 170 million were provided to boost regional trade and trade finance.
- More than 3 million people in seven EAC member countries will benefit from a 175-km road project in terms of improved access, including food producers, small and medium manufacturers, and wholesale and retail traders who move goods on the corridor.
- A 1,357-km double-circuit voltage (225 kV) line will connect the national networks of four countries in West Africa.

Minibus driver, Nairobi, Kenya

- The Lake Tanganyika Transport Corridor Development Project Phase 1—Bujumbura Port Development (UA 35 million) will unlock the region's untapped potential for multimodal transportation to provide affordable and environmentally friendly maritime transportation. Other operations include the Nacala Corridor Development Project Phase 5 (UA 26.7 million), the Mueda-Negomano Road Upgrade Phase 2 (Lot A) (UA 24 million), and the Construction of Access Roads to the Road-Rail Bridge over the Congo River (up to UA 40 million).

Knowledge outputs to support Integrate Africa in 2019 included:

- Producing a Trade and Transport Facilitation Toolkit to guide Bank project teams in mainstreaming soft infrastructure in physical infrastructure projects.

- Developing and disseminating the Central Africa Regional Integration Strategy Paper (2019–2025).

- Preparing the 2019 Africa Regional Integration Index Report to measure the progress of regional integration on the continent, in collaboration with the African Union Commission and the Economic Commission for Africa.

- Launching the fourth edition of the Africa Visa Openness Index Report at the Africa Investment Forum, which tracks progress in abolishing all visa requirements to promote talent mobility and intra-regional trade, investment, and tourism. The 2019 edition shows that 47 of the 54 African countries improved or maintained their visa openness scores. Seychelles and Benin are the top-performing countries, offering visa-free access to all Africans, and Ethiopia moved up a record 32 places on the index to enter the top 20.

Box 2.8

Access to the Red Sea for Ethiopia, South Sudan, and Uganda

The Ethiopia-Djibouti Transport Corridor Project Phase 1 (USD 98 million ADF grant) consists of the construction of the first 60 km of a four-lane expressway section of the new 126-km stretch from Adama to Awash and includes the design of a one-stop border post at Dewele. It is part of the Kampala-Juba-Addis Ababa-Djibouti Corridor that interconnects Uganda, South Sudan, Ethiopia, and Djibouti. The corridor provides the countries with access to the Red Sea through the Port of Djibouti, helping to generate economic activity and jobs, including in Djibouti. Once fully developed, the Kampala-Djibouti transport corridor will improve regional connectivity and integration through the provision of an integrated transport infrastructure that facilitates trade and the free movement of people.

The project will enhance trade by relieving congestion on the Addis Ababa-Djibouti road and cutting transport costs.

The expressway is expected to open new markets to farmers and rural communities. Other beneficiaries will include some 3,000 truck-drivers who work the 900 km between Djibouti and Addis Ababa and youths, who will get more than 95 percent of the job opportunities during the construction phase.

Africa's growth and entry into higher value-added areas of production and competitiveness will enable Africans to develop their potential, escape poverty, and support the continent's trajectory toward inclusive growth and economic transformation.

Approvals for Improve the Quality of Life for the People of Africa totaled UA 1.67 billion (23 percent of total approvals), compared with UA 2.38 billion in 2018.

Water and sanitation

Approvals for water and sanitation totaled UA 334.5 million in 2019. They support one regional operation, cutting across Malawi and Tanzania, and 12 country operations to provide access to improved water and sanitation for an estimated 7.4 million people as well as create 6,400 jobs. These multisectoral projects aim to expand water supply and sanitation services; improve water resource management for productive use, disaster risk management, and ecosystem integrity; and strengthen institutional and human capacity. Projects in urban and rural areas as well as at the national and regional levels target the needs of the poor, including women, children, youth, and vulnerable groups. Approvals in 2019 will support, among others:

- The Program for Integrated Rural Sanitation in Upper Egypt (Luxor) (EUR 108 million from a Bank loan and EUR 1 million through a grant), with Egypt contributing more than 50 percent of the project costs. Other technical and financial partners will also participate.

Urban Water Supply and Sanitation Project, Malawi

- The Support Project for the Cotonou Storm Water Drainage Program (EUR 65 million) in Benin, will improve health conditions through improved drainage, construction of latrines, behavior change sensitization, and the creation of 1,000 temporary jobs for women and youth in excavation, backfilling, brick-making, site restoration, masonry services, and itinerant trade.

- The Urban Water Reform and Akure Water Supply and Sanitation Project in Nigeria (USD 124.2 million) is designed to increase the coverage and service level of water supply and public sanitation, and also improve the hygiene and environmental practice in Akure city and its environs, improve the service delivery and commercial viability of the Ondo State Water Corporation, and reform the provision of urban water supply and sanitation services in the state.

Urban development

The Bank Group approved:

- A financing of UA 180 million (UA 142 million ADB loan and UA 42 million AGTF loan) for the construction of a new dual-carriageway Outer Ring Road of 110.2 km around Tanzania's capital city, Dodoma.

- A financing of UA 275 million (UA 224 million ADB loan and UA 51 million ADF loan) to tackle congestion in the city of Kampala, Uganda, by improving the road network, upgrading traffic junctions, and enhancing drainage capacity to mitigate flooding on the streets.

- A EUR 100 million line of credit to a municipal development fund in Morocco, the Fonds d'Equipement Communal.

- A USD 3 million grant for the Greater Banjul Area Sustainable Urban Development Plan 2020–2040. The plan aims to scale up the capacity of municipalities in The Gambia to respond to urbanization challenges, introduce innovative mechanisms that support revenue generation and collection, and improve the decentralized delivery of basic services.




"When the water was first released, we filled up all our water containers for the days ahead when the taps would go dry again. **Surprisingly, the next day the taps were still flowing; they haven't stopped since then.**"

Hauwa Sani, Housewife, Zaria City, Nigeria.

Zaria Water Supply and Sanitation Expansion Project (USD 100 million).

Other noteworthy achievements in 2019:

- The publication of *Creating Livable Cities: Regional Perspectives*, a joint effort with the other regional development banks, will contribute to understanding the comparative dynamics of urbanization and inform policy formulation, planning, and investments for socially inclusive cities that are more economically competitive and environmentally sustainable and resilient.

- The *Port Data Book 2018 Edition* provides data on the operations of 70 ports and presents port performance through 10 comparable key performance indicators to improve the analytical capability of governments, port authorities, and port operators to review, evaluate, and benchmark their operations.

- Launch of the Urban and Municipal Development Fund to support African cities and municipalities to better manage urban growth and climate-resilient development by improving governance and the quality of basic services. The initial donors are the Nordic Development Fund, the Wallonia Exports and Foreign Investments Agency, Belgium, and the Switzerland State Secretariat for Economic Affairs.

Information and communication technology

Some of the main operations approved in 2019 were:

- The Lesotho eGovernment Infrastructure Phase II project (UA 10.2 million) will drive digital finance and financial inclusion by improving access to reliable digital services, particularly among citizens in rural and unserved areas. It will also develop digital payment infrastructure, strengthen the digital services ecosystem, and improve government skills to oversee and implement information and communications technology initiatives.

- The Multinational Trans-Saharan Optical Fiber Backbone (TSB) Project (UA 62.8 million) is one of the largest Bank-financed information and communications technology projects, which aims to interconnect the West, Central, and North African regions. Africa needs to speed up the internet connections across the continent. In 2019, the Bank approved an addendum of UA 23.4 million for Niger and Chad, thanks to European Union co-financing. The project plans to extend the national optical fiber backbone over 1,007 km in Niger and 503 km in Chad, with interconnections among Algeria, Benin, Burkina Faso, Chad, Niger, and Nigeria.

- The Seychelles Cable Systems Company Ltd. received a UA 5.3 million corporate loan to build a second fiber-optic cable. The communications upgrade, likely to come late next year, should ensure that users can stay connected to the rest of the world if the first cable is not available.

Knowledge generation, management, and dissemination are linked to the Fourth Industrial Revolution (4IR) and Africa's Digital Economy. As a first step of the Bank's intervention for the take-up of the 4IR, it commissioned the flagship report, "Potential of the Fourth Industrial Revolution in Africa," to raise awareness of the opportunities and challenges. The study analyzes some frontier technologies that have a direct impact on development and business, as well as artificial intelligence, blockchain, big data analytics, drones, and the internet of things. It offers business cases for the development, supply, and adoption of a dynamic and emerging marketplace in Africa. Its recommendations include a strategic and collaborative approach for policymakers, the private sector, and citizens to build infrastructure, cultivate energy and creativity, and mobilize finance to capitalize on these opportunities.

Human capital, youth, and skills development

The Bank made progress on its Jobs for Youth in Africa Strategy 2016–2025. The Bank's lending and non-lending operations completed in the 2016–2019 period facilitated the creation of 3.8 million direct jobs, with more than USD 10 billion in 102 projects in 32 countries, a 73.6 percent completion rate against the 5.2 million direct jobs target. In the same period, the Board approved USD 19.5 billion for 318 projects in 46 African countries, from which another 4.2 million direct jobs are expected by 2025. Progress on the 19.8 million indirect and induced jobs target is yet to be reported. The Bank, in conjunction with other development finance institutions, is developing a joint impact model to capture data on direct jobs, calculate and report on indirect impacts, and disaggregate data to regions, countries, youth, and women.

In October 2019, Seedstars World, a Swiss-based start-up competition in emerging markets, and the Bank announced a strategic partnership to implement the innovative "job creation track" model, to support youth employment and entrepreneurship in Africa. The partnership is part of Boost Africa, a joint initiative between the Bank and the European Investment Bank (EIB), and one of the flagship initiatives of the Bank's Jobs for Youth in Africa Strategy. It aims to support creating 25 million jobs and equipping 50 million young people with skills to enhance their employability and entrepreneurial success by 2025—by supporting countries to stimulate entrepreneurship, youth employment, and economic development, with a focus on young women.

Box 2.9

Morocco—Improving the living conditions of poor populations

The Morocco Support Program for the Improvement of Social Protection (UA 148.6 million) contributes to improving the living conditions of poor populations, particularly women in vulnerable situations, children, and people with disabilities, through inclusive access to social protection and improved governance of social assistance. The program focuses on health and social protection through extending compulsory medical insurance, reducing territorial disparities in low-level medical coverage, and providing social protection training at two new regional centers.

The expected outcomes are:

- 10 million beneficiaries of the medical assistance scheme by 2023.
- Rehabilitating, equipping, and reopening 100 primary health care institutions in rural areas.
- Capacity building for association staff.

"My job is to transport the limestone to the cement processing site. **The money I make here made me independent. With this money, I also get to help my sister in her studies.** Before, I was unemployed. My family and my community lived in great difficulty. It was complicated for everyone."

Bienvenu Nsindani, 24, the Nyumba Ya Akiba Cement Plant, Democratic Republic of Congo.

Nyumba Ya Akiba Cement Plant Project.

The Bank published a policy research document on creating decent jobs—policies, strategies, and instruments to equip Bank staff and RMCs. A policy advisory support unit will be established under the USD 40 million Youth Entrepreneurship and Innovation Multi-Donor Trust Fund to provide technical assistance to RMCs. In addition, the Enabling Youth Employment Dashboard, developed in 2019, will provide policymakers and development actors with a comprehensive view of a country's youth employment situation and assist them in evidence-based policy formulation and implementation, to create better enabling environments for youth employment.

The Innovation & Entrepreneurship Lab profiled 1,080 enterprise support organizations from across the continent. The objective is to develop an online platform of ecosystem actors that the Bank will work with in promoting youth entrepreneurship and innovation. The lab received 3 million Swiss francs from Switzerland and EUR 4.3 million from the European Commission to increase the outreach, scale, and impact of enterprise support organizations across Africa.

The 2019 African Economic Conference leveraged the Bank's long-standing partnership, convening power and influence in Africa to promote action-oriented dialogue among youth, policymakers, and development partners. Such a dialogue will assist in identifying urgent and critical areas of support through its financing instruments to scale up youth employment outcomes. Follow-up actions will feed into the 2020 Annual Meetings theme, "Creating decent jobs for Africa's youth bulge."

Some of the operations approved in 2019 in the health, nutrition, and social protection sectors were:

- The Morocco Support Programme for the Improvement of Social Protection (UA 148.6 million) contributes to improving the living conditions of poor and vulnerable populations (Box 2.9).

- A UA 3.6 million grant from the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund was approved in 2019 for the capacity building of youth-led start-ups and micro, small, and medium enterprises under the Tony Elumelu Foundation Entrepreneurship Programme. The support will make it possible to reach an additional 1,000 high-potential youth start-ups in Africa and provide them with business development services. The goal is to equip 1,000 youth (50 percent female) with the basic skills to launch and run their businesses in the early stages of their growth. Selected entrepreneurs receive non-refundable grant funding of USD 5,000 to support early growth, proof-of-concept, and enhance their business operation.

- The Democratic Republic of Congo Support Project for Alternative Welfare of Children and Young People Involved in the Cobalt Supply Chain (UA 60 million) seeks to ensure the social reintegration of about 14,850 girls and boys working in cobalt mines (Box 2.10).

Box 2.10

Metrics and expected outcomes for some of the operations approved for Improving the Quality of Life for the People of Africa in 2019

- Water and sanitation: about 7.4 million people will have improved access to water and sanitation, and 6,400 jobs will be created in 14 countries.
- Urban development: In Kampala, Uganda, the average travel time to work will be more than halved, from 65 minutes to 30.
- Information and communications technology: Lesotho's ranking in the Global Competitiveness Index will improve from 137 to 125 out of 144 economies.
- In the Democratic Republic of Congo, the percentage of children working in mines involved in the cobalt supply chain will be reduced from 37 percent to zero.

RESULTS FOR IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA

10.1 million people with new or improved access to water and sanitation, **4.9 million** of them women

---

180,000 people benefited from better access to education, **half of them women**

140,000 people trained, **71,000** of them women

Students, Kigali, Rwanda

Africa Investment Forum

The Africa Investment Forum (AIF) is the African Development Bank's innovative marketplace dedicated to advancing projects to bankable stages, raising capital, and accelerating the financial closure of deals. Bringing together pension funds, sovereign wealth funds, private investors, policymakers, private equity firms, and heads of government, the Forum is a platform to attract private investment to support the achievement of the High 5s. In 2018, the first AIF resulted in 49 deals, securing USD 38.7 billion. Eight deals closed in 2019, for a total of USD 2.2 billion. The second AIF reinforced its role as the premier investment platform for fast-tracking Africa's transformation. With the clear objectives of advancing projects to bankable stages, raising capital, and accelerating financial closure of deals, the Forum attracted huge participation from leading policymakers, African and global investors, and project sponsors. In addition to the focus on transactions, the forum also featured high-quality panel sessions that generated strong thought leadership on critical themes for Africa's transformation under the overall theme, "An integrated Africa: consolidating investment opportunities."

The AIF profiled bankable transformational projects, matching them with investors, convening project stakeholders, and offering de-risking tools designed to accelerate the closure of deals. The Mozambique LNG project, at USD 24.6 billion, was the largest deal. Six projects eligible for financing under the Lusophone Compact for Development were featured. The Lusophone Compact for Development is an investment platform to accelerate private sector development in the six Portuguese-speaking countries in Africa. Also noteworthy were the signing of a UA 434

THE AFRICA INVESTMENT FORUM, 2019—KEY FACTS AND OUTCOMES

2,258 participants

101 countries represented

698 investors

Investment interest secured across **52 deals** worth USD **40.1 billion**

57 deals

discussed in boardroom with value of **USD 67.7 billion** (44 percent more than in 2018), covering all High 5 priorities:

13 Light Up and Power Africa

11 Feed Africa

11 Integrate Africa

8 Industrialize Africa

14 Improve the Quality of Life for the People of Africa

million syndication to transform the cocoa sector in Ghana (Box 2.11) and the proposed port expansion project to provide direct access to Zambia for Burundi, Democratic Republic of Congo, and Tanzania, three African Development Fund–only countries.

Cross-cutting areas

Countries in situations of fragility

In 2019, the Bank continued its leadership in promoting resilience and addressing fragility through a number of initiatives, including the allocation of dedicated resources through the Transition Support Facility (TSF), the main vehicle for financing interventions in fragile contexts.

The Bank approved UA 319.3 million through the TSF in support of 59 operations, of which UA 283.8 million was for 38 operations from Pillar I (supplemental resources for national and regional operations to support countries in their state-building efforts). The Bank also approved UA 35.5 million from Pillar III (support to critical capacity-building interventions and technical assistance that cannot be adequately addressed through traditional projects and instruments) for 21 operations. Approvals under the TSF supported agriculture and rural development (24.3 percent), social (21.6 percent), transport (19.3 percent), power (13.6 percent), multisector (12 percent), and operations in water supply and sanitation, environment, finance, and urban development (9 percent).

The Bank also undertook a wide range of knowledge activities in 2019 that were critical to its leading role in addressing fragility on the continent. Fragility-sensitive analyses were carried out in Burkina Faso, Democratic Republic of

Box 2.11

Transforming the cocoa sector in Ghana

The Bank signed a UA 434 million (USD 600 million) Ghana Cocoa Board (COCOBOD) syndicated receivables-backed term loan to boost cocoa productivity and transform the cocoa sector in Ghana—the world's second-largest cocoa producer.

Cocoa plays a crucial and strategic role in Ghana's economic development, employing about 800,000 cocoa farmer families from six of the country's ten regions. The COCOBOD transaction is poised to transform a key economic sector for Ghana through increased yields and improved quality. This is complemented by core ancillary activities such as effective warehousing and value addition.

The transaction, signed at the 2019 Africa Investment Forum, demonstrates the Forum's ability to raise much-needed financing, including from international commercial financiers, for projects in Africa. Other partners in the syndication include Credit Suisse AG, the Industrial and Commercial Bank of China Limited, and Italy's Cassa Depositi et Prestiti.

COCOBOD will use the facility to raise cocoa yields and increase Ghana's overall production, increase plant fertility, improve irrigation systems, and rehabilitate aged and disease-infected farms. The funds will also help increase warehouse capacity and provide support to local cocoa-processing companies.

Ghana's cocoa sector employs some 800,000 rural families and produces crops worth about USD 2 billion in foreign exchange annually. COCOBOD is a fully state-owned company, solely responsible for Ghana's cocoa industry, controlling the purchase, marketing, and export of all cocoa beans produced in the country.

Congo, Guinea, Guinea-Bissau, Liberia, Sierra Leone, Somalia, and Zimbabwe. These analyses will assist in identifying strategic entry points to strengthen resilience and provide the analytical underpinnings. They will also help tailor engagement to the unique circumstances of each member state and guide adjustments in strategic programming, project design, and policy dialogue.

As part of the operationalization of the Country Resilience and Fragility Assessment (CRFA) tool, financed by Switzerland, the Bank Group produced the first quantitative dataset of scores measuring capacities and pressures of all RMCs and regions through 57 indicators, grouped into 28 sub-dimensions, and 7 dimensions. This data will be used as a reference baseline to strengthen the quality of assessments, advocacy, and policy dialogue under the Bank Group's fragility agenda. To put the spotlight on fragility issues, the Bank hosted the third African Resilience Forum in March 2019 in Abidjan, bringing together leaders, experts, and policymakers from around the globe. The forum debated the overarching theme of migration and reached a consensus on the links between fragility, migration, and resilience.

Promoting gender equality and civil society engagement

The proportion of sovereign operations categorized using the Gender Marker System rose to 60 percent at end 2019, compared with 40 percent at end 2018. Gender specialists participated in 51 percent of project appraisal missions and provided technical support and peer review to project teams in cases where they were not able to participate directly.

The Bank is investing in accelerating the production of Country Gender Profiles and availability of sex-disaggregated and gender data as part of Country Strategy Papers. The profiles will inform impactful operations as well as underpin evidence-based policy dialogue. In total, seven Country Gender Profiles were drafted in 2019 for Burkina Faso, Chad, Comoros, Djibouti, Egypt, Seychelles, and Somalia.

During the 2019 G7 summit in France, AFAWA mobilized USD 67.95 million from the Netherlands and USD 61.8 million from the Women Entrepreneurs Finance Initiative (We-Fi).

In November 2019, the Bank organized the Global Gender Summit 2019 in Rwanda, in collaboration with the Government of Rwanda and the Multilateral Development Bank Working Group on Gender. Over 1,400 delegates participated. Key highlights from the Summit include the launch of the following:

- The risk-sharing facility for the Bank-led Affirmative Finance Action for Women in Africa (AFAWA) program. AFAWA seeks to quickly close the gender gap by facilitating access to finance, providing technical assistance, and creating an enabling business environment for women-led businesses to thrive.

- 50 Million African Women Speak, a new pan-African networking platform and web- and mobile-based application to directly connect 50 million African women entrepreneurs.

- The joint UNECA–AfDB Africa Gender Index, a report that assesses African countries on gender equality.

- The Gender Data Portal: An Interactive Gender Data and Information Sharing Portal.

For civil society engagement, the main highlight of 2019 was the social mobilization and advocacy campaign to support ADF-15, launched by civil society organizations active throughout Africa. In 2019, the Bank laid the groundwork for mainstreaming civil society engagement in Bank operations and policies, through such key activities as:

- Organizing Civil Society Open Days in six RMCs (Burkina Faso, Eswatini, Lesotho, Liberia, Mauritius, and Mozambique).
- Developing strategic partnerships with the Islamic Development Bank (IsDB) and the International Committee of the Red Cross (ICRC).
- Celebrating the Bank-Civil Society Forum's 10th anniversary.
- Mainstreaming civil society engagement in the West and South Regional Integration Strategy Papers.

Supporting governance and accountability

Governance, an area of special emphasis in the Bank's Ten-Year Strategy, is key to realizing the High 5 priorities. During 2019, the Bank approved 25 projects—across program-based operations, institutional-support projects, and results-based financing—for a total of UA 1.1 billion, 15 percent of the Bank's approvals. The focus was on improving economic and financial governance, strengthening the capacity of RMCs to deliver public services, and creating an enabling environment for private business and investment.

Operations approved in 2019 included the following:

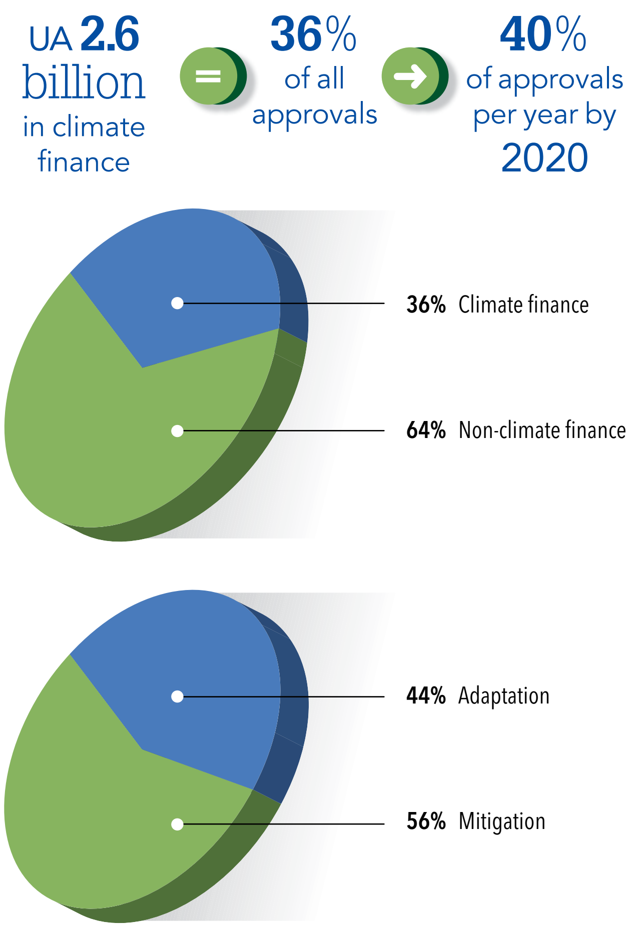
- In Senegal, through both a program-based operation and an institutional support project, the Bank provided support to policy reform, institutional strengthening and capacity building. This was in the area of tax transparency and information exchange and compliance with the Financial Action Task Force standards. The Zimbabwe Tax and Accountability Enhancement Project aimed to enhance domestic resource mobilization through streamlining and automating tax management systems and promoting public sector accountability. Priority continues to be given to building capacity for public finance management and domestic resource mobilization in fragile countries, with support also given to Eritrea and Somalia.
- Bank operations helped in augmenting the debt management capacities in RMCs: the Ghana Strengthening Institutional Capacity for Public Sector Delivery Project, the Sierra Leone Fiscal Consolidation Support Program, the Zambia Capacity Enhancement for Public Finance and Economic Management Project.
- In Morocco, a UA 160 million results-based finance operation was approved to support inclusive and private sector-led growth through local industrial development and enhanced competitiveness. In Botswana, the Bank is providing support to build capacity, establish the legal regulatory frameworks for PPPs, and develop a pipeline of PPP projects. The proposed project is awaiting approval from Austria and Japan, the donor partners for the Fund for Africa Private Sector Assistance. The Bank supported countries such as Angola, Benin, Niger, and Morocco in enhancing their private sector competitiveness and strengthening their enabling environments, two core areas of Bank governance work.

The focus was on improving economic and financial governance, strengthening the capacity of RMCs to deliver public services, and creating an enabling environment for private business and investment.

TOP: Irrigation project, Lower Usuthu, Eswatini

BOTTOM: Truck driver, Mombasa-Nairobi-Addis Ababa road corridor

Figure 2.5: Climate finance, 2019



Climate change

Bank approvals for climate finance for adaptation and mitigation components totaled UA 2.6 billion in 2019, or 36 percent of the Bank's total approvals of UA 7.3 billion (Figure 2.5), exceeding the 2019 target of 35 percent and well positioned to meet the 2020 target of 40 percent. While climate finance approvals are currently weighted toward mitigation finance on account of energy sector approvals, the Bank is targeting parity between adaptation and mitigation in 2020. In 2019, the Bank mobilized about UA 96 million of external climate finance from four sources—the Green Climate Fund (UA 14.5 million), the Global Environment Facility (UA 39 million), the Climate Investment Funds (UA 41 million), and the Africa Climate Change Fund (close to UA 1 million).

In addition, the Bank published Climate Change Profiles for 25 countries and helped the African Financial Alliance on Climate Change to mobilize 100 insurance companies under the umbrella of the Organization of Eastern and Southern African Insurers, as well as a collective of Caisses des Dépôts of Morocco.

Environmental and social sustainability

In line with its Integrated Safeguards System, the Bank continued to mainstream sustainability considerations into its operations. In 2019, the Bank performed environmental and social due diligence for 530 public and private sector projects. They comprised 217 projects approved in 2019 and 313 projects under implementation.

Root and vegetable stand, Marsabit, Kenya

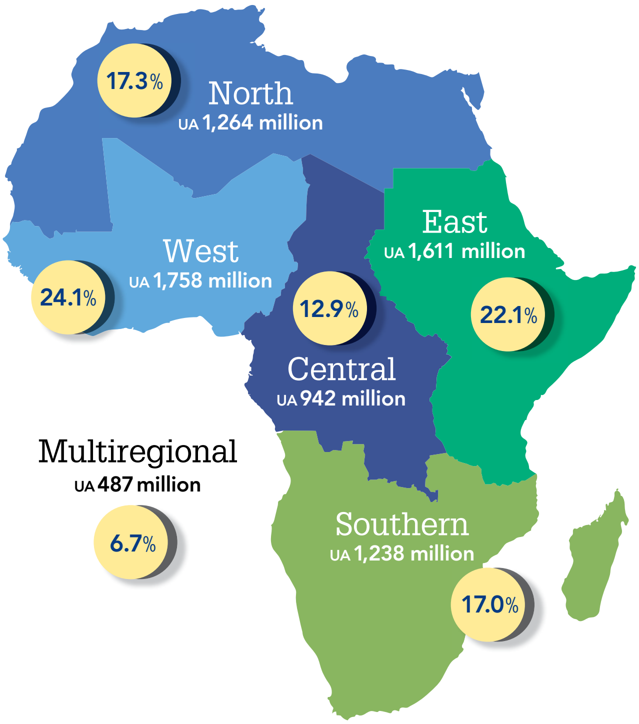
Regional portfolio and approvals

The breakdown by region of the Bank Group's active portfolio of UA 41.1 billion at end 2019 is shown in Table 2.2. Figure 2.6 shows the regional breakdown of the Bank Group's 2019 approvals, which amounted to UA 7.3 billion.

Table 2.2: Bank Group portfolio by region, 2019

REGION	AMOUNT (UA BILLIONS)	PERCENTAGE
Central Africa	4.60	11.2
East Africa	9.20	22.4
North Africa	6.28	15.3
Southern Africa	8.88	21.6
West Africa	10.76	26.2
Multinational	1.34	3.3
Total	**41.06**	**100**

Figure 2.6: Bank Group approvals by region, 2019



Thika Highway Project, Nairobi, Kenya

East Africa

Approvals for East Africa in 2019 amounted to UA 1.61 billion, a slight increase over the 2018 approvals of UA 1.56 billion.

Kenya, Tanzania, and Uganda together accounted for 55 percent of total approvals, and multinational operations accounted for another 29 percent. The largest share of approvals was for transport operations (66 percent), followed by finance (16 percent). Some of the key operations approved in 2019 were:

- The Msalato International Airport Construction Project in Tanzania (UA 161.5 million loan from ADB and ADF and UA 36.4 million loan from the AGTF), to meet the anticipated increase in connectivity and access needs following the government decision to relocate administrative functions to Dodoma.
- The Kampala City Roads Rehabilitation Project in Uganda (UA 200 million) to contribute, among others, to a reduction in traffic congestion and create employment.
- The Sudan Sustainable Rural Water Supply and Sanitation Project for North and South Kordofan (UA 22.1 million grant from ADF and UA 1 million from RWSSI) to provide reliable water and sanitation services, including for nomadic communities.

Box 2.12

Bank response to the cyclones in Malawi, Mozambique, and Zimbabwe

Cyclone Idai struck Malawi, Mozambique, and Zimbabwe in March 2019. A few weeks later Cyclone Kenneth struck. Catastrophic flooding from the two storms affected close to 2.2 million people in the three countries, destroying infrastructure, properties, and crops.

Cyclone Kenneth also caused significant damage in the Comoro Islands and Tanzania.

The Bank provided UA 66 million in grants to the three countries to support the Post Cyclones Idai and Kenneth Emergency Recovery and Resilience Program. Its development objective is to restore and improve sustainable livelihoods of the affected vulnerable groups of the population; enhance disaster risk reduction, early warning, and preparedness; support inclusive social and economic recovery empowerment; and enhance post-recovery adaptive capacity. The program aims to reconstruct and rehabilitate damaged infrastructure, including roads, bridges, and water supply and sanitation facilities. It also seeks to restore agricultural livelihoods, paying special attention to resilience to future climate shocks and disaster, and to enhance the adaptive capacities and preparedness of vulnerable communities.

An estimated one million people will benefit directly from the program, which has three components: enhanced agricultural productivity and resilience, sustainable socio-economic infrastructure, and institutional strengthening and program coordination.

Southern Africa

Bank approvals for Southern Africa in 2019 totaled UA 1.24 billion, a 45 percent increase over the UA 856 million approved in 2018.

Twenty-five country-specific operations were approved for a total of UA 1.03 billion and 13 regional operations for a total of UA 210 million, including:

- The Post Cyclone Idai Emergency Recovery and Resilience Program for Malawi, Mozambique, and Zimbabwe (UA 66 million) (Box 2.12).
- The Angola Energy Sector Efficiency and Expansion Program (UA 36 million) aims to strengthen Angola's power transmission and distribution system.
- A partial risk guarantee (UA 73 million) for the Madagascar Sahofika Hydropower Project will add 205 MW of renewable energy generation capacity to the national grid, benefiting more than 2 million people.

Central Africa

Bank approvals for Central Africa in 2019 totaled UA 942.4 million, an increase of 37 percent over the 2018 approvals of UA 688 million.

Transport and agriculture accounted for 59 percent of total approvals. Economic and financial reforms accounted for another 32 percent. Some of the key operations were:

- The construction of access roads to the future road-rail bridge over the Congo River (Box 2.13).
- The Support Project for the Development of Value Chains in the Fisheries and Aquaculture Sector in Equatorial Guinea (UA 55.5 million), to increase and enhance fish production through sustainable development of industrial and artisanal fishing and aquaculture.

• The Cameroon Competitiveness and Economic Growth Support Programme, Phase 1 (UA 65 million), which aims to improve the quality of public expenditure and strengthen governance and competitiveness in the productive sectors.

• The multinational Program for Integrated Development and Adaptation to Climate Change in the Niger Basin (UA 45 million). Its objective is to contribute to improving the people's resilience and ecosystems of the Niger River Basin.

Knowledge products in 2019 include the Central Africa Regional Integration Strategy Paper 2019–2025, which builds on the lessons from implementing previous regional initiatives and addresses plans on how to accelerate intra-regional trade, inclusive economic growth, and the structural transformation of the Central Africa region.

North Africa

North Africa received UA 1.26 billion of approvals in 2019, an increase of 8 percent over the UA 1.17 billion approved in 2018.

These approvals support, for example:

• The Integrated Rural Sanitation in Upper Egypt (Luxor) (UA 86 million) is set to boost sewage coverage in the region from 6 to 55 percent.

• The Tunisia Project to Develop and Promote Agricultural Subsectors in Zaghouan Governorate (UA 20.6 million) seeks to enhance production and productivity and to increase opportunities in terms of product development.

• The Morocco Industrialization Acceleration Support Programme (UA 219 million) aims to lay the foundations for a sustainable, diversified, and inclusive economy, resilient to external shocks, particularly climate shocks.

Date Palm Company, Tunisia

Box 2.13

Expanding access to the future road-rail bridge over the Congo River linking Congo and the Democratic Republic of Congo

The Bank approved UA 40 million to the Democratic Republic of Congo, and UA 1.86 million to Congo to finance access roads to the future 1.8 km road-rail bridge over the Congo River, which will link Congo and the Democratic Republic of Congo.

The absence of a permanent crossing between the two banks of the Congo River constitutes a major handicap to the implementation of economic development and regional and continental integration policies. The road-rail bridge construction project aims to speed up trade between the two countries. It will ensure continuity and free flow of traffic along the Tripoli-Windhoek corridor and its road networks—adopted as part of New Partnership for Africa's Development (NEPAD) Short-Term Action Plan—whose backbone will connect the capital cities of N'Djamena, Yaoundé, Libreville, Brazzaville, and Kinshasa. It will also reduce travel time and transport costs and improve access to basic services for residents in the project impact area.

Box 2.14

Burkina Faso– Ten-fold increase in rural electrification

In 2019, the Bank approved a loan for EUR 48.82 million to support the Burkina Faso Yeleen Solar Plants Development and National Power System Reinforcement Project to deploy solar power plants and reinforce the power grid. Specifically, the project will increase and diversify electricity supply through the construction of four new 52 MW photovoltaic plants, and connect 30,000 new households, or about 200,000 people.

The project is expected, upon completion, to increase the national electrification rate to 60 percent (from 21 percent in 2018), with the urban electrification rate reaching 90 percent (69 percent in 2018), and the national rural electrification rate reaching 30 percent (3 percent in 2018). It will also diversify energy supply and raise the share of renewable energy (mostly solar) to 50 percent (14 percent in 2018).

West Africa

Approvals for West Africa in 2019, at UA 1.76 billion for 62 operations, were lower than approvals of UA 2.5 billion in 2018.

Among the 2019 approvals were:

- The Yeleen Solar Plants Development and National Power System Reinforcement Project in Burkina Faso (EUR 48.82 million) (Box 2.14).
- The Gambia Electricity Access Project (ADF grant of UA 2.77 million, TSF grants of UA 9.8 million) to increase the Gambian population's access to affordable and reliable electricity services. It will involve the construction of medium and low voltage lines, erection of transformers, and connection of about 61,000 customers.
- The Niger-Kandadji Ecosystems Regeneration and Niger Valley Development Programme Support (ADF loan of UA 46.52 million, ADF grant of UA 35.48 million, and TSF loan of UA10 million), to regenerate the river ecosystems and increase agricultural and energy production through the construction of a regulatory dam on the Niger River.

Multiregional operations

Bank approvals for multiregional operations totaled UA 487 million in 2019, a small decrease compared with the 2018 approvals of UA 522 million.

The majority of these approvals support funds:

- African Agriculture Impact Investments Ltd. (UA 81 million), to leverage the Bank's partial credit guarantee to catalyze deployment of international pension and asset management funds to Africa's agriculture sector.
- African Development Partners III (UA 21.7 million), to foster the growth of companies at a continental scale to create the next African and global champions.
- A UA 14.6 million equity investment into the Africa Forestry Fund II, a private equity fund focused on investing in sustainable forestry value chains in Sub-Saharan Africa.
- A UA 14.6 million investment into the Metier Sustainable Capital International Fund II, which channels funds to renewable energy and resource-efficient infrastructure projects across Sub-Saharan Africa.

Solar powered water pump, Ethiopia

CHAPTER 3

Enhancing the Bank Group's Capacity to Deliver

Ultimately, the quality of the Bank's operations will determine our development impact.

Management continued to implement important institutional reforms and associated improvements in its organization, institutional capacity, and business processes. Consolidation of the Development and Business Delivery Model and further progress on the move to One Bank demonstrated efforts to promote seamless delivery of operations through clear accountability and responsibility. These efforts were supported across Headquarters (HQ), Regional, and Country Offices and achieved through greater collaboration among sector complexes, between complexes and regions, and between public sector and non-sovereign operations.

Headquarters, Côte d'Ivoire

Institutional reforms

The Bank's commitment to implementation of the One Bank vision in 2019 emphasized quality, delivery, and joint accountability. Ultimately, the quality of operations will determine the Bank's development impact, and quality assurance is therefore at the forefront of the Bank's priorities. Following the independent evaluation of Bank results and its assessment of operational quality,[3] Management began implementing the Integrated Quality Assurance Plan (IQAP) in 2019. IQAP is a program of priority actions that will enhance the quality and impact of the Bank's sovereign and non-sovereign operations (Box 3.1).

Business process reform

The Bank continued to improve resource planning and allocation in 2019 with measures to strengthen the Bank Group's budget systems, guidelines, processes, and reporting. The budget fungibility and transfer rules were revised to ensure that business units make better assessments and adequately project their resource requirements, so that their work programs are executed with limited budget transfers. The capital budget expenditure guidelines were improved to enhance the planning, efficient use, and reporting of the Capital Investment Budget. Steps were taken toward full implementation of budgeting, based on coefficients for key operational deliverables for the 2021–23 work program and budget cycle. To achieve a transition from cost-based to delivery-based budget control, Management implemented a System Application Products Funds Management and Budget Control System. The new budget system will enhance budget execution processes, ensure strong alignment of budget planning with budget execution, foster a strong link between budget execution and work program delivery, and result in more informed decision-making on resource planning and allocation.

In 2019, the Bank Group continued to implement its Digital Strategy to build the information technology infrastructure to support the Development and Business Delivery Model, realize the High 5s, and digitize the One Bank. The implementation of the strategy included Bank-wide deployment of the new SAP S/4 Hana Enterprise Resource Planning (ERP) system. Moreover, dashboards and reports with key performance indicators facilitated strategic decision-making in the Bank's daily

3 Comprehensive Evaluation of Development Results.

Box 3.1

The Integrated Quality Assurance Plan

The Integrated Quality Assurance Plan covers both sovereign and non-sovereign operations and includes 40 prioritized, sequenced, and time-bound deliverables—all to strengthen the quality of Bank operations. The Plan has been central to the GCI-VII and ADF-15 discussions, and executing it is a high priority for the Bank between now and the end of 2021. Commitments under the plan focus on five reform areas:

1 **Reinforcing the knowledge of operations staff.** Management is developing an Operations Academy to ensure that all operations staff have similarly strong foundations in Bank rules, tools, standards, and procedures. The Academy will become the central pillar of training for all operations staff and will align with the Operations Manual and other core guidance documents. It will supplement—not replace—specific training in priority themes and specialized functional areas (such as procurement and anti-corruption). A *Gateway* training of 10 foundational e-courses will be mandatory for new operations staff, complemented by a set of *Pathways* for specific groups in key operational roles.

2 **Strengthening project preparation.** Management will ensure that projects included in the Indicative Operational Program meet minimum readiness standards. Actions are also proposed to ensure that country and sector contexts are factored into pipeline development processes, and information on available project preparation facilities will be disseminated Bank-wide.

3 **Refining the framework for quality-at-entry.** For sovereign operations, reforms of the existing tools to support quality-at-entry are under way to sharpen the focus on implementation readiness and results. Similarly, management is taking steps to increase the quality-at-entry of non-sovereign operations, including a sharper focus on development outcomes.

4 **Sharpening the focus on delivery and results.** Management is adopting a number of measures to develop a stronger results culture. Reforms to results measurement are also under way to help the Bank better capture and aggregate its development outcomes.

5 **Improving planning, programming, budgeting, and monitoring.** In tandem with the planned systems upgrade, the Bank is improving and integrating its systems for planning, programming, budgeting, and monitoring. Budget reforms are also under way to support strong teams throughout the project cycle.

operations. The Bank-wide project-processing schedule was enhanced, and a mobile version developed. The results reporting system was integrated into SAP and migrated to the S/4 Hana environment. The Document and Archiving Management System (DARMS 2.0) was upgraded, and digital collaboration sites, in SharePoint, improved information sharing, collaboration, and archiving. The leveraging of technology extended to language services, increasing output and reducing average translation turnaround times by 15 percent.

For the Regional and Country Offices, a backup satellite hub at the Southern Africa Regional Development and Business Delivery Office, and the digital network

Regional Development and Business Delivery Office, South Africa for Regional and Country Offices improved video conferencing connectivity, quality, reliability, resilience, and security. Office 365, e-Learning, and performance management were implemented as steps toward adopting cloud solutions. The IT Service Management (Service Now) improved IT support, and the Information Technology Operations Center monitors the performance of the IT infrastructure for HQ and the Regional and Country Offices.

With these improvements in information and communication technology, resource-planning processes are leveraging the capacity of Bank staff and increasing productivity, moving toward the vision of a smart, efficient, and digital One Bank.

The Bank's VSAT (very-small-aperture-terminal) Hub—Headquarters, Côte d'Ivoire

Sharpening the focus on development impact

The Bank's Results Measurement Framework underpins its principles and approach to development as both an accountability tool—with metrics aligned to the High 5s and the Development and Business Delivery Model—and a blueprint for strengthening impact. The framework assesses its performance metrics and reports them in the Annual Development Effectiveness Review (ADER). The 2019 ADER focused on the Bank's role in promoting regional integration and economic transformation in Africa through investments to improve infrastructure connectivity, increase access to services, strengthen skills, and promote regional cooperation across the continent.

The Bank adopted a new annotated format for Country Strategy Papers (CSPs) and related strategic documents. The Bank published country results briefs on Guinea and Morocco, grounded in the development results of Bank-supported interventions, particularly for job creation. Scaling up an East Africa pilot, the Bank is improving the methodology for measuring job creation in all Regional Member Countries (RMCs) in cooperation with other development finance institutions.

The Bank began the development of an innovative instrument to systematically plan, implement, monitor, and assess the impact of key policy reforms supported by the Bank in all 54 RMCs.

The Bank continued to enhance transparency and disclosure. Building on its work with the International Aid Transparency Initiative, the Bank maintains the projects data portal, a web platform to enhance transparency and support its development effectiveness.[4] With more than 4,500 projects, the portal showcases resource flows for development at the country level, thus providing national and subnational decision-makers with information to support resource allocations. MapAfrica, an interactive platform that tracks the Bank's investments in Africa, enables users to navigate through Bank-funded projects by High 5, country, sector, and signature year of approval or simply to zoom in on a region or country.[5] More than 160 project results briefs are also available, providing snapshots of development results for specific interventions.

4 https://projectsportal.afdb.org/dataportal/
5 https://mapafrica.afdb.org/

Accelerating delivery

Accountability for delivery was strengthened with the top-level key performance indicators and targets assigned to Vice-Presidencies and Regional hubs. The enhanced key performance indicators reflect renewed emphasis on portfolio performance and quality to deliver results to Bank clients. The Bank further enhanced its suite of business intelligence reports with the deployment of a Disbursement Projection Monitoring System. In-depth analyses were carried out in support of management efforts to improve portfolio performance, minimize year-end bunching of loan approvals, and review the impact of loan cancellation guidelines.

Capital increase, replenishment, and partnerships

Seventh General Capital Increase (GCI-VII)

In October 2019, the Board of Governors, during its Fifth Extraordinary Meeting in Abidjan, Côte d'Ivoire, approved a resolution authorizing the Seventh General Capital Increase of the African Development Bank, having considered the report of the Governor's Consultative Committee and the institutional reform agenda proposed. The authorized capital of the Bank was increased by 125 percent from UA 69.47 billion to UA 153.19 billion.

Under GCI-VII, the Bank will undertake measures to further strengthen the complementarity between the ADF and the ADB in three areas: expanding ADB non-sovereign operations and its support for private sector development in ADF countries, using ADB re-sources to more actively promote ADF countries' graduation to blend and ADB status, and increasing ADB resources for regional integration projects that benefit ADB and ADF countries alike. This will ensure that not only will lending levels to ADB countries rise, but also ADF countries will see tangible benefits from their increased capital subscriptions. Further information on the program of reforms supported by GCI-VII is in Appendix 10.

ADF-15 replenishment

At their final meeting in Pretoria, South Africa, on 4–5 December 2019 and in subsequent announcements, the Deputies reached agreement on the 15th replenishment of the African Development Fund (ADF-15). They agreed on an ADF-15 resource level of UA 5.6 billion for the three-year operational period 2020–2022. Three RMCs—Angola, Egypt, and South Africa—pledged contributions to ADF-15.

Addressing the roots of fragility and improving resilience were confirmed as key ADF-15 priorities, with a 26.4 percent increase in resources allocated to the Transition Support Facility (TSF). Management also agreed with ADF donors to replenish the ADF Project Preparation Facility with UA 75 million and to increase the Regional Operations Envelope from 21 percent to 25 percent of the total resources available for commitment. Finally, donors confirmed the relevance of the Private Sector Credit Enhancement Facility in low-income countries, particularly in transition states, and approved an additional allocation of UA 100 million. Further information on commitments under ADF-15 is provided in Appendix 11.

With more than **4,500 projects**, the portal showcases resource flows for development at the country level, thus providing national and subnational decision-makers with information to support resource allocations.

Raising of the La Gogue Dam under the Mahe Sustainable Water Augmentation Project in Seychelles

TOP: Market, Uganda
MIDDLE Lekki-Ikoyi Link Bridge, Nigeria
BOTTOM: Electronic component manufacture, Tunisia
RIGHT: Luanda, Angola

Trust funds

The Bank continues to engage with traditional and emerging donors, including foundations, to mobilize additional resources across various themes and sectors. The Bank launched two new trust funds in 2019—the Urban and Municipal Development Fund (UMDF) and the Africa Digital Finance Inclusion Facility (ADFI)—and a number of others are in the pipeline. The UMDF is a timely response to the challenges of rapid urbanization in Africa and the strong need for integrated city planning expertise. The ADFI is a new innovative financing vehicle designed to accelerate digital financial inclusion across Africa. In addition, high-value legacy bilateral funds—the Korea-Africa Economic Cooperation and the Nigeria Technical Cooperation Fund—are being extended to provide direct support to the Bank and its RMCs. The Bank continues to explore options to better rationalize the use of thematic trust funds (such as the efforts to merge several funds in the water sector) and innovative partnerships with regional organizations (such as the NEPAD Infrastructure Project Preparation Facility), in support of the Bank's operational priorities.

In 2019, the Bank mobilized UA 174.3 million from multidonor and bilateral trust funds, almost double the UA 90 million target (Table 3.1). This performance is driven largely by the contributions to the Affirmative Finance Action for Women in Africa (AFAWA) from the Netherlands (UA 49.1 million) and the Women Entrepreneurs Finance Initiative (UA 44.6 million). Management will continue engaging potential donors and conducting awareness and campaigns to user departments in order to improve the mobilization and utilization of trust fund resources.

Table 3.1: Resources mobilized through trust funds in 2019

Development Partner	Purpose	Amount (donor currency)	Amount (UA thousands)
Switzerland	Contribution to UMDF	CHF 200,000	147
Nordic Development Fund	Contribution to UMDF	EUR 4.5 million	3,691
Wallonia Region	Contribution to UMDF	EUR 500,000	410
Spain	Contribution to Sustainable Energy Fund for Africa (SEFA)	EUR 4 million	3,238
Spain	Contribution to NEPAD IPPF	EUR 3 million	2,429
Women Entrepreneurs Finance Initiative	Contribution to AFAWA	USD 61.8 million	44,596
United Kingdom	Additional Contribution to SEFA 2.0	GBP 16 million	16,814
Government of Flanders	Contribution to African Climate Change Fund	EUR 1.04 million	847
Norway	Contribution to SEFA	NOK 200 million	15,876
Netherlands (The)	Contribution to AFAWA	USD 67.9 million	49,135
Denmark	DANIDA contribution to the Sustainable Energy Fund for Africa (SEFA2.0)	DKK 235 million	25,223
Sweden	SIDA contribution to SEFA2.0	SEK 50 million	3,798
Netherlands (The)	Contribution to the CMDTF	USD 7 million	5,135
Luxembourg	Contribution to the CMDTF	EUR 1 million	799
Switzerland	Contribution to Boost Africa/ Elab	CHF 3 million	2,203
		Total	**174,341**

a. A more detailed trust funds data is available on the Bank's Group website at https://www.afdb.org/en/documents/african-development-bank-group-annual-report-2019-annexes.

External representation

In 2019, the Asia External Representation Office emphasized development needs in Africa, the Bank's High 5 priorities, and the importance of the Africa Investment Forum, particularly through the Seventh Tokyo International Conference on African Development (TICAD7) and the First China–Africa Economic and Trade Expo. At TICAD7—attended by representatives of 53 African states, including 42 Heads of State—the President of the Bank strongly urged Japan's business community to invest in the continent. Together with the Senior Management of the Bank, the Bank's delegation to TICAD7 emphasized the importance of investing in Africa to support development. The Office also organized other events to promote the Africa Investment Forum in Seoul (July) and in Tokyo (February, May, and July).

Tokyo International Conference on African Development, Japan




FROM LEFT TO RIGHT:
2019 Staff Events
Fashionomics Africa; Cultural Days;
Digital Days; eProtocol

Human resources

The Bank ramped up recruitment efforts and made 315 appointments in 2019, including 197 external hires, reducing the vacancy rate for executive and professional staff from 14.5 percent in January 2019 to 9.9 percent in December and the vacancy rate for all staff from 13.4 percent to 9.0 percent. The right-sizing initiative is ensuring that the right talent is in the right place to deliver the Bank's work program.

Diversity continued to be considered during the recruitment process —including gender, language, and regional representation—and 44 percent of new hires were female. The proportion of women in managerial positions[6] and in other professional role at end 2019 stood at 27 percent and 31 percent respectively (Table 3.2). The Bank conducted four career fairs in regional and non-regional countries and worked with the Executive Directors to drive more applications to the 2020 Young Professionals Program, with the aim of increasing representation in underrepresented member countries.

The Bank commenced work in 2019 on the People Strategy, the Total Compensation Framework, the realignment of the Bank's Performance Management framework, and Talent Boards with internal consultations and focus groups with staff and managers. Talent Boards establish and implement career paths, addressing one of the key concerns identified in the staff survey. Processes for recruitment and contract renewals were also reviewed under the corporate business process reengineering initiative to drive efficiency, and the roadmap for an integrated human resources system is currently being implemented.

Importantly, efforts are also ongoing, through the right-sizing initiative, to align the Bank's staffing and skills mix to the requirements of the work program and to ensure that the right talent is in the right place for effective delivery.

[6] Including Vice Presidents, Directors and Managers.

Table 3.2: Bank Group staffing on 31 December 2019

	HQ					Regional/Country Offices				GRAND TOTAL
	Vice Presidents[a]	Directors and Managers[b]	Other Professional Level	General Services Staff	Total	Regional Directors and Managers	Other Professional Level	General Services Staff	Total	
Total staff	**6**	**134**	**724**	**374**	**1,238**	**53**	**529**	**218**	**800**	**2,038**
Male	4	96	473	143	716	41	391	105	537	1253
Female	2	38	251	231	522	12	138	113	263	785
% female	**33.3**	**28.4**	**34.7**	**61.8**	**42.2**	**22.6**	**26.1**	**51.8**	**32.9**	**39**

a. Including five Vice Presidents and one employee with grade EL3.

b. Including Directors, Managers and staff with EL4 grade.

c. A more detailed staffing data is available on the Bank's Group website at https://www.afdb.org/en/documents/african-development-bank-group-annual-report-2019-annexes.

The Bank as a knowledge broker

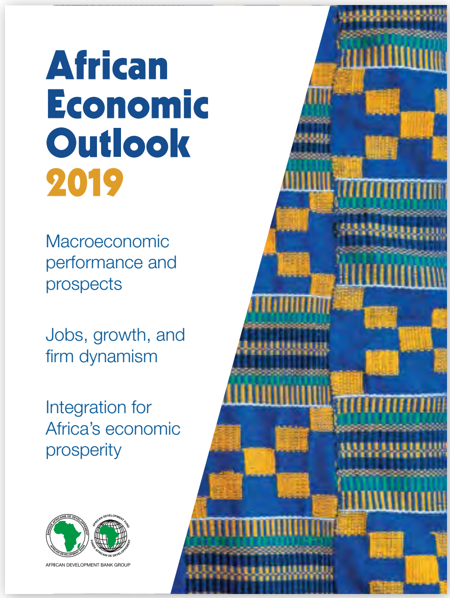
The Bank produced the *African Economic Outlook 2019* with 54 country notes. The theme of the report was "Integration for Africa's Economic Prosperity." The report emphasized the gains possible from building regional public goods such as financial governance frameworks, open skies, open borders, and connected energy pools. Specifically, the report showed that if five trade policy actions from the African Continental Free Trade Area (AfCFTA) agreement were implemented, Africa would stand to gain up to 4.5 percent of its GDP, or about USD 134 billion a year.

The Bank also published the well-received research report, *Creating Decent Jobs: Strategies, Policies, and Instruments*, bringing together some of the world's leading labor and development economists to provide policy recommendations for creating decent jobs. The report argues that policy-makers need to recognize that their government budgets and administrative capacity must be allocated not to generic, broad-based reforms or to vaguely defined "priority sectors," but to an initial small number of strategically targeted programs, reforms, and industries in which private firms can emerge, become competitive domestically and internationally, and create strong demand for formal sector employment.

The Bank collaborated with the International Monetary Fund's Research Department to build a dynamic stochastic general equilibrium model for deeper debt sustainability analysis for African economies. RePEc (Research Papers in Economics), a reputable global depository of economic knowledge, ranked the African Development Bank as seventh among nearly 300 Africa-based economic and development research institutions in 2019.

The Bank disseminated its knowledge products to internal and external stakeholders, including policymakers, development partners, and investors through a variety of research seminars, training events, and knowledge outreach activities. These included a highly successful African Economic Conference in Sharm el-Sheikh, Egypt, held jointly with the Economic Commission for Africa, and the United Nations Development Programme, under the theme "Jobs, Entrepreneurship, and Capacity Development for African Youth." A second edition of the Bank Group's Publication Catalogue, produced in 2019, provides URL links and QR codes for all the publications featured to give global audiences easy access to electronic versions of the Bank's major publications.

The Bank continued its leadership in supporting statistical activities in RMCs to generate the data needed to inform national development policies, pursue the Sustainable Development Goals (SDGs), and underpin the Bank's High 5 agenda (Box 3.2). The Bank's statistical activities focused on niche areas with regional public goods characteristics. This approach was adopted to ensure comparability and harmonization of statistics generated in RMCs. The Bank also provided technical and financial support to 11 RMCs during the year to develop national strategies for the development of statistics, as frameworks for setting priorities and guiding statistical development in a country.



The report, ***African Economic Outlook 2019***, emphasized the gains possible from building regional public goods such as financial governance frameworks, open skies, open borders, and connected energy pools.

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 Regional Member Countries (RMCs) to facilitate collecting data on energy, information and communications technology, transport, water, and sanitation using new methods. Key publications in 2019 included the *African Mobile Infrastructure Investment Needs 2018–2020*, and *Estimating the Investment Needs for the Power Sector in Africa 2016–2025*.

Feed Africa

The Bank's agricultural statistics activities included undertaking several technical assistance missions across various components of the program. This included support to 52 RMCs in compiling and updating the minimum set of core agricultural data needed to inform them of agricultural policies to end hunger, achieve food security, improve nutrition, and monitor the Sustainable Development Goals (SDGs) and the Bank's Feed Africa agenda.

Industrialize Africa

As part of improving the delivery of high-quality national accounts data, the Bank provided technical support and training to experts from 52 RMCs on compiling GDP data from the expenditure side as part of the International Comparison Program for Africa.

Integrate Africa

The Bank finalized the collection and validation of price data and national accounts expenditure data for 50 RMCs under the International Comparison Program for Africa. The data will generate purchasing-power-parity statistics for 8 of the 17 SDGs, including setting international poverty lines. The Bank also continued to provide technical support to the Common Market for Eastern and Southern Africa and the Southern African Development Community in computing and disseminating the monthly, harmonized consumer price index, to facilitate monitoring of macroeconomic convergence criteria in the two subregions.

Improving the Quality of Life for the People of Africa

The Bank supported improving civil registration systems in RMCs, helping countries improve their labor statistics, supporting population census activities, and facilitating the compilation of poverty and inequality statistics. Technical assistance to Kenya for a paperless census exercise, using handheld devices, enabled the country to disseminate its census results less than two months after the field work, a record for Africa.

As part of cross-cutting activities, the Bank mobilized USD 4.95 million to support activities under the **Strategy for the Harmonization of Statistics in Africa**, approved by the African Union Summit of Heads of State. The Bank also organized the **5th International Conference on Big Data** for official statistics, to explore mechanisms for exploiting new data sources in this digital era.

Agricultural information referencing, South Africa

Mr. Tharman Shanmugaratnam at the Kofi A. Annan Eminent Speakers' Lecture Series

Capacity development

A key area of intervention in 2019 was strengthening capacity for project development and project cycle management—to improve the quality of Bank Group–financed and other development operations. The Bank provided training to support institutional capacity and fiduciary clinics in 15 RMCs.

The Bank also provided training to strengthen capacity for policy development and policy cycle management. This included executive training programs on macroeconomic modelling, public finance, and fiscal policy management—as well as tools to strengthen public accountability systems and strengthen supreme audit institutions to reduce leakages and illicit financial flows.

The Bank hosted high-level knowledge events, knowledge seminars, and training workshops covering a number of topics. These included the Kofi A. Annan Eminent Speakers Lecture featuring Mr. Tharman Shanmugaratnam, Senior Minister and Coordinating Minister for Social Policies, Singapore, initiating a collaboration between the African Development Institute and the Lee Kwan Yew Institute of Public Policy.

To increase transparency and accountability in public service delivery and assessing capacity development impacts of policies, programs, and projects in Africa, the Bank Group commenced development of a Public Service Delivery Index and a Capacity Development Effectiveness Index in 2019.

The Bank is working on capacity development coordination platforms—and on creating communities of practice to support capacity development in RMCs. The Bank also provided a grant to the Sustainable Development Goals Centre for Africa for a joint work program on capacity development to accelerate implementing the Sustainable Development Goals in Africa.

Natural resource management

In November, the Bank hosted the 3rd Conference on Land Policy in Africa, in Abidjan, in partnership with the African Union Commission, the United Nations Economic Commission for Africa, and the Government of Côte d'Ivoire. A book commissioned as part of the conference—*Rethinking Land Policy in Africa: New Ideas, Opportunities, and Challenges*—draws on the expertise of the world's foremost scholars on land reform in Africa and provides insights on fundamental questions of land reform and governance on the continent. The Bank also convened, facilitated, and engaged in natural resource policy dialogues globally, continentally, and regionally to inform and elevate fundamental issues in natural resource governance in Africa. The dialogues covered mining, fisheries, the "blue economy," extractive industries, gas-based industrialization, and petroleum and resource value chains.

CHAPTER 4

Board Oversight

The year 2019 was a particularly busy one, during which Executive Directors participated in 187 formal and informal meetings, seminars, and technical sessions.

Boards of Governors

The highest decision-making organs of the African Development Bank and African Development Fund are the respective Boards of Governors, with representation from each of the 80 member countries. 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.

The activities of the Boards of Governors in fulfilling their mandate included the 2019 Annual Meetings of the Bank Group; Consultative Meetings of Governors of each of the five Regions of the Bank; the 17th, 18th, and 19th Meetings of the Governors' Consultative Committee; and the 5th Extraordinary Meeting of the Board of Governors of the African Development Bank.

Major highlights of the 2019 Annual Meetings

The 54th Annual Meeting of the Board of Governors of the African Development Bank and the 45th Annual Meeting of the Board of Governors of the African Development Fund were held jointly on 11–14 June 2019 in Malabo, Republic of Equatorial Guinea. The theme of the meetings was "Regional Integration for Africa's Economic Prosperity."

In exercising their statutory duties, the Boards of Governors approved the Annual Report and Audited Financial Statements for the financial year ended 31 December 2018 and adopted resolutions pertaining to:

- The Annual Report and Audited Special Purpose Financial Statements for the financial year ended 31 December 2018.

- General election and the by-election of Executive Directors of the African Development Bank.

- Selection of Executive Directors of the African Development Fund.

- Extension of the term of current Executive Directors to 31 July 2019 and adjustment of the commencement of the term of new Executive Directors to 1 August 2019.

- Accession of Ireland to the agreement establishing the African Development Bank.

- Authorizing a Special Capital Increase.[7]

- Allocation and distribution of the allocable income of the African Development Bank for the financial year ended 31 December 2018.

- Distribution of part of the income of the Nigeria Trust Fund for the financial year ended 31 December 2018.

- Authorizing an increase in the Authorized Capital Stock without Voting Power and the Subscription thereto by Canada.

- Convening of an extraordinary session of the Board of Governors in the context of the 7th General Capital Increase (GCI-VII).

- Conditions of service of elected officers: Annual and comprehensive review of the remuneration of the President.

- Timetable and procedure for the election of the President of the African Development Bank.

- Venue of the 2020 Annual Meetings of the Boards of Governors of the African Development Bank and the African Development Fund (Abidjan, Côte d'Ivoire).

[7] To allow for subscription by a non-regional country (Ireland) of the maximum number of shares required for it to become a member—and subscription by regional members of the number of shares necessary to comply with the 60:40 ratio required between the shareholdings of regional and non-regional members.

Governors' Dialogue on the theme, "Regional Integration for Africa's Economic Prosperity"

A major highlight of the 2019 Annual Meetings was the Governors' Dialogue, which presented an opportunity for the President to discuss with the Governors the Bank Group's role in accelerating regional integration for the economic development and social transformation of the African continent. Specifically, the Governors:

- Encouraged the Bank Group to continue to work with the African Union and the Regional Economic Communities to fast-track Africa's integration and economic and social transformation, particularly in view of the entry into force of the agreement establishing the African Continental Free Trade Area (AfCFTA). The agreement has the potential to boost growth, enhance competitiveness, improve the business climate, and ensure greater investment in and development of regional and continental global value chains.

- Expressed support for an adequately capitalized African Development Bank to help bridge the infrastructure finance gap in such areas as telecommunications, railroads, energy, and the digital economy—and in areas where the Bank Group has a comparative advantage.

- Urged the Bank Group to pursue its regional integration agenda in a sustainable and inclusive manner and, in this connection, called for strengthening project preparation facilities, particularly for low-income countries, to finance priority regional integration projects.

- Encouraged the Bank Group and other development partners to consider additional support to countries that are using a disproportionate portion of their resources to address threats to regional peace and security.

- Stressed the importance of sustained lending and support for policy and regulatory reforms, including harmonizing trade-related policies that foster business-friendly environments and enhance regional integration.

- Called for a well-resourced African Development Fund to sustain support to low-income countries, especially those in fragile and conflict situations.

Mobilizing shareholder support for a capital increase for the African Development Bank

In the first half of 2019, the President and Senior Management of the Bank Group held five separate consultative meetings at the Bank's Headquarters, with Governors from the five regions of the continent: Central, East, North, South, and West. The Governors unanimously reiterated their urgent and strong positive response to the call for a GCI-VII. The President also continued to engage bilaterally with Governors of the non-African member countries of the African Development Bank for a possible capital increase for the Bank.

Continuing Governors' Consultative Committee discussions for a possible capital increase for the African Development Bank

As a follow-up to its 16th Meeting in Rome, Italy, on 5 December 2018, the Governors' Consultative Committee (GCC) convened three meetings in 2019—on 17 April in Washington, DC (United States of America), 18 June in Malabo (Equatorial Guinea), and 19 September in Sharm El-Sheik (Egypt)—to continue discussions on a possible GCI-VII for the African Development Bank.

The meetings culminated in the endorsement by the GCC, at its 19th Meeting, of a "Programme of Priority Reforms," structured around 35 actions and designed to achieve seven strategic objectives:

1. Increase the strategic alignment and operational focus on the High 5s.
2. Improve the quality and development impact of operations.
3. Increase the effectiveness of policy dialogue.
4. Strengthen the African Development Bank's capacity to deliver on its mandate.
5. Increase efficiency by fine-tuning the organizational structure.
6. Improve the African Development Bank's long-term financial sustainability.
7. Increase the Bank Group's relevance in African Development Fund countries.

The GCC members reached a consensus on the level of the capital increase and agreed to recommend a GCI-VII of 125 percent, together with the associated institutional reform commitments, for consideration by the Board of Governors at the 5th Extraordinary Session in October 2019.

Fifth Extraordinary Meeting of the African Development Bank Board of Governors to consider a proposal for a capital increase

The Board of Governors of the African Development Bank convened at a fifth Extraordinary Session in Abidjan, Côte d'Ivoire, on 31 October 2019. It considered and approved the GCC's recommendation for a GCI-VII of 125 percent, translating into an increase in the Bank's authorized capital from UA 69.47 billion to UA 153.19 billion (from the equivalent of USD 96.07 billion to USD 211.84 billion).

The Governors approved the institutional reform commitments envisaged under a GCI-VII and called for their full and timely implementation and the submission of annual progress reports.

The Governors commended the Board of Directors, Senior Management, and Staff of the Bank Group for their collaboration in developing a strong institutional reform agenda for a more efficient and effective Bank—a Bank that can deliver on the Sustainable Development Goals, on the Addis Ababa Action Agenda, and on the international climate agreements.

At the fifth Extraordinary Session in Abidjan, The Board of Governors of the African Development Bank approved the GCC's recommendation for a GCI-VII of 125%, increasing the Bank's authorized capital from **UA 69.47 billion to 153.19 billion** (USD 96.07 billion to 211.84 billion.) The **largest capital increase** in the history of the African Development Bank since its establishment in 1964, is a remarkable show of confidence by shareholders.

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 under powers delegated from the Boards of Governors. The Bank Board comprises 20 members, 13 representing the 54 Regional Member Countries (RMCs), and 7 representing the 26 Non-Regional Member Countries. In August 2019, 11 new members joined the Board following their election in June. The Fund Board comprises 14 members, with the Bank and the state participants of the African Development Fund each designating 7 members. Executive Directors serve as shareholder representatives to the Bank Group and work to advance its development mission in their constituency countries.

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

The year 2019 was a particularly busy one, during which Executive Directors participated in 187 formal and informal meetings, seminars, and technical sessions. In the context of the discussions for a GCI-VII and ADF-15 Replenishment, the Boards provided strategic direction toward developing a reform package to increase the Bank Group's strategic focus on the areas of its comparative advantage, strengthen its capacity to deliver results at scale, and strengthen the synergies between the Bank and the Fund. The Boards also position the Bank Group to better respond to the unique needs of its member countries, including those in fragile and conflict situations and small, middle-income, and island states. The Bank Group will therefore:

- Mainstream fragility, gender, and climate in its operations.
- Enhance its capacity for policy dialogue and the strategic management of resources and development activities to ensure long-term financial sustainability and resilience.
- Reinforce the capacity to manage risk and quality controls.
- Build a stronger performance culture.
- Strengthen implementation of social and environmental safeguards.
- Enhance accountability and efficiency.

The Boards also continued to build on the achievements of 2018 by providing strategic and institutional direction to ensure delivery of the High 5s, with specific emphasis on sustainable development, inclusive growth, and concrete impact on the lives of beneficiaries of the Bank Group's interventions. In this regard, the Boards approved strategies, policies, loans and grants, equity investments, guarantees, the 2020 work program and administrative budget, and the 2020 lending program. In all, the Boards approved 172 projects, totaling UA 7,264.39 million—48 percent of these projects (12 percent of the amount) were approved through the lapse-of-time procedure, and 52 percent (88 percent of the amount) were approved in plenary sessions. Highlights of these approvals are provided in Chapter 2 in this Annual Report. In addition, Senior Management approved technical assistance and other activities amounting to UA 35.7 million.

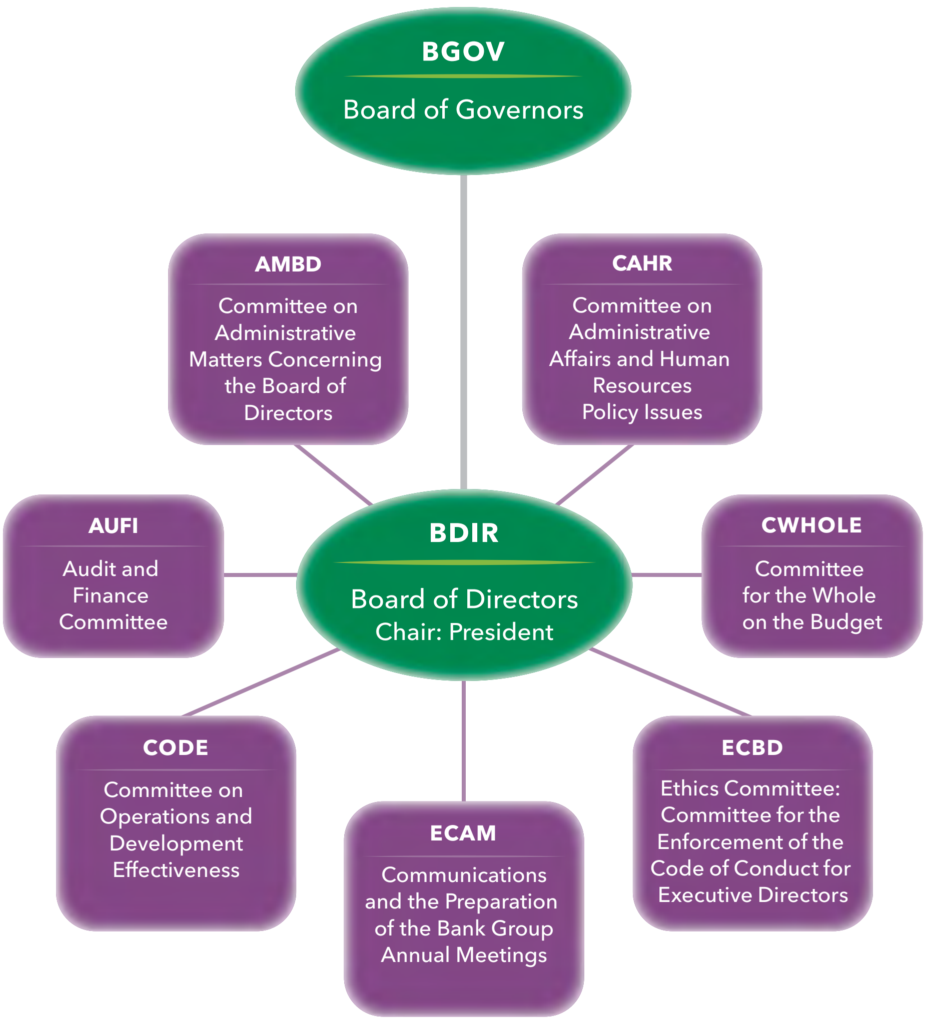
Consultative missions and study tours

Executive Directors undertook consultative missions to Burkina Faso, Burundi, Eswatini, and São Tomé and Príncipe to engage governments, development partners, the business community, and civil society. These missions involved a wide range of actions. Some involved assessments on the quality and relevance of the Bank's country strategies. Others involved the assessment of the socio-economic and political challenges facing the countries and the efforts of the respective 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 undertook study tours to Mozambique and Zambia to assess the progress of Bank Group–financed projects.

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



BDEV Achievements in 2019

Independent evaluation of Bank Group operations

The mission of Independent Development Evaluation (BDEV) is to help the African Development Bank foster sustainable growth and poverty reduction in Africa through independent and influential evaluations of its strategies, policies, and operations. Since the first evaluation unit was set up at the Bank 40 years ago, the function has grown in scope, scale, and depth alongside the Bank, taking on greater challenges. In 2019, BDEV conducted evaluations and facilitated knowledge-sharing events and capacity development activities in more than 26 countries. It delivered 13 evaluation products, including an evaluation manual, contributing to learning and accountability for achieving the Bank's High 5 priorities.

The independent evaluation of the Bank's implementation of its Development and Business Delivery Model was the most influential. It was presented to the Board of Governors at the 2019 Annual Meetings and informed the discussions on a general capital increase for the Bank and the replenishment of the African Development Fund. Corporate evaluations also assessed the Middle-Income Countries Technical Assistance Facility and the Bank's Integrated Safeguards System. BDEV was also involved in other significant evaluations, as outlined below. Two project completion report validation syntheses (2016 and 2017) evaluations were undertaken. Another report involved a project cluster evaluation on Strengthening Agricultural Water Management to Feed Africa and a country strategy and program evaluation for Eswatini. Validations of the completion reports for the Country Strategy Paper for South Africa and the Regional Integration Strategy Paper for West Africa also formed part of the evaluations during the year. BDEV also undertook thematic evaluation of the Bank's use of its public-private partnership mechanism, and an evaluation synthesis of partnerships.

BDEV also organized eight knowledge-sharing events in various African countries to disseminate and discuss evaluation findings with Bank operations' staff and contribute to better serving the RMCs. In addition, four quarterly editions of *Evaluation Matters* were published to provide perspectives and insights on evaluation and development issues. As part of BDEV's mandate to promote an evaluation culture, 12 evaluation capacity development activities were undertaken in 2019. These included six webinars, to elucidate specific evaluation methodologies and to share lessons from BDEV evaluations both within the African Development Bank and with stakeholders in RMCs.

Compliance, accountability, and intermediate recourse mechanisms

Compliance

Compliance review and mediation

The Compliance Review and Mediation Unit (BCRM) administers the Bank Group's Independent Review Mechanism (IRM). BCRM handled 10 complaints, submitted by non-governmental organizations and affected persons and related to different Bank-financed public and private sector operations. The IRM completed six reports for the Boards of Directors (two compliance reviews, two monitoring, one closure of monitoring, and one closure of problem-solving exercise). To enhance institutional learning, BCRM facilitation led in the approval by the Boards of the findings and recommendations in three spot-check advisory reports prepared by IRM experts (one private sector operation in the gas industry and two public sector operations—a water and sanitation project and a road project in Cameroon). Through its outreach activities, BCRM sensitized 98 civil society organizations, 14 government officials, and nine project implementation units about the role and functions of the IRM, including procedures for handling complaints.

Ethics

In 2019, the Ethics Office provided advice for 178 ethical dilemma cases. The office coordinated with the Regional Development, Integration, and Business Delivery Complex in facilitating the first Country Manager exchange program. The Office led discussions on ethical leadership and code of ethics to support Country Managers as the face of the Bank in RMCs. Similar training on ethical leadership was conducted for all other supervisory staff in the Bank. The office also developed the Ethics Guidelines for Management on Conflict of Interest to enhance understanding of conflict-of-interest situations.

Accountability and control

Audit

On a year-to-year basis, the cut-off for each annual work program is the end of March of the new work program year. In this regard, The Office of The Auditor General (PAGL) expects to complete the following audits by 31 March 2020: 16 audits in the Operations complexes, including country portfolios and Country Offices, and 18 assignments in the Board, Presidency, Finance, and Corporate Complexes. In addition, the department carried out various client assistance activities, follow-up on the implementation of past recommendations, and other program management activities during fiscal year 2019.

To enhance performance and ensure continuous alignment with the delivery of the High 5s and the requirements of a decentralized Bank, PAGL introduced the "guest auditor" program, aimed at increasing the risk and control awareness of operations staff. Country Office staff were co-opted, on a pilot basis, to participate in audit assignments.

In 2019, PAGL allocated more time to advisory services as a means of providing insight and foresight at the early stages of implementation of process improvement activities. In this regard, advisory services were provided to Project WAKANDA and the Africa Development Institute (ECAD).

Integrity and anti-corruption

In 2019, the Integrity and Anti-Corruption Department received 78 complaints of sanctionable practices, a 24 percent decline from 2018; 19 complaints were set aside after intake assessments, with 59 assigned for investigation. The Department filed five findings of sanctionable practices in 2019, and four negotiated settlements were completed after the respondents admitted wrongdoing, with sanctions imposed subsequent to clearance by the General Counsel and Sanctions Commissioner. Of the 51 complaints of staff misconduct under review during the year (34 in 2018), investigations of 34 were completed (24 in 2018), with investigation reports submitted to Management for administration under the Bank's disciplinary mechanisms. The department also conducted 19 integrity and anti-corruption training sessions across the Bank's Country Offices, with 739 Bank staff participating. To encourage the continued development of the ethical business environment on the continent in 2019, the Bank engaged with 1,835 stakeholders, including individuals from project executing agencies, contractors, and suppliers through integrity sensitization meetings, and debarred/cross-debarred 246 entities for sanctionable practices.

Recourse mechanisms

Office of the Ombudsman

In 2019, the Office of the Ombudsman and Mediation Services managed 55 cases, two-thirds from Headquarters and one-third from the Regional and Country Offices. In keeping with the Office's performance indicators, 98 percent of cases handled were closed within four weeks. The Office also rolled out the Mediation and the Ombudsman Operational Guidelines, supplementing the facilitation for mediation prescribed in the Bank's Presidential Order of 2007.

Administrative Tribunal

The Administrative Tribunal hears and passes judgment on applications by a Bank staff member contesting an Administrative Decision on grounds of non-observance of his/her contract of employment, conditions of employment, or summary dismissal, if necessary. The Tribunal held two Judicial Sessions and one Plenary Session in 2019. It handled 20 applications, of which 10 were new applications registered in 2019, and 10 other pending applications (from 2018). Of this 2019 caseload, 11 applications were decided while nine applications were pending, with two reopened after the first judgement.

Staff Appeals Committee

The Staff Appeals Committee is an internal recourse mechanism for the resolution of employment disputes between staff and the Bank. The committee received six appeals in 2019 and disposed of four. The six appeals involved contested termination due to unsatisfactory probation, contested benefits following the resignation of a staff member on special leave, termination for abandonment of post, alleged mismanagement of a career and failure to provide duty of care, termination for failure to relocate to HQ, and a claim for compensation for alleged involuntary resignation due to health reasons.

Sanctions Commissioner's Office

The Sanctions Commissioner's Office is the first level of the Bank Group's Sanctions System, mandated to impose sanctions on firms and individuals for engaging in corruption, fraud, collusion, coercion, or obstruction in connection with activities financed by the Bank Group. In 2019, the Sanctions Commissioner reviewed 12 sanctions cases and three negotiated settlement agreements, all involving allegations of fraudulent practices in connection with the procurement of works and services for projects in RMCs. Eight sanctions cases were concluded, with six resulting in sanctions decisions; two of the negotiated settlement agreements were approved and cleared.

Sanctions Appeals Board

The Sanctions Appeals Board, an independent body, is the second tier of the Bank Group's sanctions system. Flowing from its mandate, the Board ensures that resources allocated for investment in development projects are used for the intended purposes and not diverted through any sanctionable practices. In 2019, the Board received four appeal cases. It reviewed and made a determination on one and held sessions with oral hearings on the the other three. Final decisions are expected in the first quarter of 2020.

CHAPTER 5

Financial Highlights and Abridged Financial Statements

The overall financial performance of the Bank Group in 2019 remained strong.

The overall financial performance of the Bank Group in 2019 remained strong. The Bank maintained its triple-A rating with a stable outlook from all four global rating agencies. Income revenues for two of the Group's three lending windows—the African Development Bank (ADB) and the Nigeria Trust Fund (NTF)— were higher than in 2018.

Financial results

The ADB and the NTF realized higher income before distributions in 2019 compared with 2018, while the African Development Fund (ADF) deficit remained almost unchanged in 2019 compared with 2018 (Table 5.1). Apart from transfers to reserves, the Bank continued to make distributions out of its net income and surplus account to support development financing in low-income countries. Detailed information and analysis of the audited financial results of each of the Bank Group entities are presented in a separate companion *Financial Report 2019*.

African Development Bank

ADB revenue increased to UA 930.00 million in 2019, from UA 854.47 million in 2018, driven largely by increased lending and investment returns. However, this was adversely impacted by higher impairment provisions, which increased from UA 76.14 million in 2018, to UA 113.31 million at the end of 2019, and higher administrative expenses, which increased by UA 23.54 million. The combined effect of these factors was a UA 1.49 million increase in income before distributions approved by the Board of Governors, which stood at UA 126.17 million at year-end, compared with UA 124.68 million in 2018.

Selected financial metrics for the past five years is summarized in Table 5.2.

Interest income from loans increased by 8.93 percent due to higher levels of lending activity. The treasury portfolio continued to perform above its benchmarks. Investment income and related derivatives increased by 9.63 percent, from UA 240.07 million in 2018 to UA 263.20 million in 2019. The increase was due primarily to higher returns on the USD treasury investment portfolio.

Bank Group administrative expenses increased by 3.03 percent, from UA 402.16 million in 2018 to UA 414.34 million in 2019, due primarily to higher expenses related to consultancy and business meetings. The Bank's share of administrative expenses, inclusive of charges for depreciation and sundry expenses, increased from UA 191.85 million in 2018 to UA 215.39 million in 2019 due to higher operational expenses.

The Bank's reserves, plus accumulated loan loss provisions on outstanding loan principal and charges, increased to UA 3.57 billion at the end of 2019, up from UA 3.49 billion at the end of 2018, an increase of 2.58 percent.

Table 5.1: Abridged financial results of the Bank Group entities, 2019 *(UA millions)*

	ADB		ADF		NTF	
	2019	2018	2019	2018	2019	2018
Income from loans, investments, and other income	930.00	854.47	179.86	183.25	4.10	3.51
Borrowing expenses and derivatives	(483.26)	(468.21)	(1.68)	(0.34)	-	-
Impairment charge on loans and investment and equity	(113.31)	(76.14)	-	-	(0.36)	(0.06)
Translation gains/(losses)	8.13	6.41	(7.42)	(0.65)	-	-
Net operational income	**341.56**	**316.53**	**170.76**	**182.26**	**3.74**	**3.45**
Other expenses	(215.39)	(191.85)	(257.64)	(256.33)	(0.84)	(0.79)
Income before distributions approved by the Board of Governors	**126.17**	**124.68**	**(86.88)**	**(74.07)**	**2.90**	**2.66**
Distributions approved by the Board of Governors	(74.00)	(83.00)	-	-	(0.27)	(0.22)
Net income/(loss) for the year	**52.17**	**41.68**	**(86.88)**	**(74.07)**	**2.63**	**2.44**

Table 5.2: ADB: Selected financial metrics, 2015–19 *(UA millions)*

	2019	2018	2017	2016	2015
Net operational income	341.56	316.53	426.46	261.49	229.65
Income before distribution approved by Board of Governors	126.17	124.68	258.43	93.16	151.69
Net income/(loss) for the year	**52.17**	**41.68**	**176.43**	**25.07**	**(30.83)**

Distributions approved by the Board of Governors

In 2019, the Board of Governors approved distributions of UA 74 million from 2018 income and surplus to various development initiatives, compared to UA 83 million distributed in 2018. The beneficiaries of these distributions are listed in note M to the financial statements in the *Financial Report 2019*. The Board of Directors agreed to recommend to the Board of Governors the distributions of UA 59 million from 2019 net income and surplus account to various development initiatives.

Risk management policies and processes

The Bank has strengthened the monitoring of its current loan portfolio and continues to undertake necessary portfolio restructuring measures to free up capital for new lending.

As part of its Balance Sheet Optimization (BSO) Strategy—in line with G20 calls to multilateral development banks to optimize their balance sheets, while mobilizing additional financial resources—the Bank undertakes risk transfer transactions to manage risks in its loan portfolio, reduce concentration risk, and increase lending headroom. In this regard, the Bank has entered into Exposure Exchange Agreements (EEAs) and commercial credit risk transfer mechanisms.

The EEAs involve a simultaneous exchange of equivalent credit risk with other multilateral development banks on defined portfolios of sovereign exposures. The new credit-risk transfer initiatives, by contrast, are part of the Bank's "Room to Run" (R2R) BSO. Under the R2R the Bank has entered into synthetic securitization and credit insurance transactions on its sovereign and non-sovereign portfolio.

On 31 December 2019, the total outstanding notional BSO credit protection purchased or sold on the relevant underlying single reference entities, was USD 5.7 billion (UA 4.1 billion).

No default events have occurred on any of the exposures covered under the above BSO transactions and the Bank continues to expect its sovereign, sovereign-guaranteed, and non-sovereign exposures to be serviced in accordance with loan agreements.

The risks to the Bank's balance sheet are actively monitored on a risk dashboard that is regularly updated to reflect the evolving risk profile of the Bank's operations. The policies and practices deployed by the Bank to manage these risks are described in more detail in Note D to the financial statements in the *Financial Report 2019*.

In 2019, the Bank continued monitoring the R2R transactions completed in 2018, in order to draw salient lessons, and published a paper documenting its experience with synthetic securitization.

Bank rating

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.

AFDB GROWTH IN ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INVESTMENT IN 2019

281 million USD

45 themed bonds aligned with High 5 priorities

BONDS

Accessing capital markets

The African Development Bank mobilizes resources from the capital markets to finance development projects and programs in Regional Member Countries (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 three years ago, 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. In 2019, the Bank launched a three-year, 1 billion Norwegian krone (NOK) transaction—the first ever Social Bond issue in the Norwegian market—alongside a five-year, 2 billion Swedish krona (SEK) Green Bond. This type of issuance allows investors to commit their funds directly to clearly defined Socially Responsible Investment (SRI) objectives, to promote the mission of the Bank, and to diversify the range of products that the Bank has to offer, thus, further diversifying the Bank's investor base.

Growth in Environmental, Social, and Governance investment has been particularly evident in Japan, where the SRI market has grown rapidly. To meet Japanese investors' appetite, in 2019 the Bank issued over USD 281 million equivalent in themed bonds aligned with the High 5 operational priorities. These comprised 45 theme bonds, including 40 "Improve the Quality of Life for the People of Africa" bonds, three "Light Up and Power Africa" bonds, one "Feed Africa" bond, and the second-ever "Integrate Africa" bond.

African Development Fund

The overarching financial objective of the Fund, is to protect its commitment capacity, which drives its development financing interventions.

The Fund's revenue in 2019 decreased slightly, by 1.85 percent to UA 179.86 million from UA 183.25 million in 2018, due primarily to a decline in interest rates. The Fund reported a deficit of UA 86.88 million, a 17.30 percent increase over the previous year's deficit of UA 74.07 million. The Fund's share of total administrative expenses of the Bank Group increased to 60.29 percent in 2019, from 58.38 percent in 2018.

It is noteworthy that 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 reported income of the Fund, 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 cancelled loans. The impact of the MDRI initiative is included in note F to the special purpose financial statements in the *Financial Report 2019*. No new country reached completion point in 2019.

Nigeria Trust Fund

The NTF's income before distributions approved by the Board of Governors increased by UA 0.24 million, from UA 2.66 million in 2018 to UA 2.90 million in 2019, due mainly to an increase in income from loans and investments, which drove NTF's revenue up, from UA 3.51 million earned in 2018 to UA 4.10 million in 2019.

The NTF's share of administrative expenses incurred by the Bank Group increased by UA 0.12 million, from UA 0.70 million in 2018 to UA 0.82 million in 2019. The NTF's reserves, net of cumulative currency translation adjustments, increased by 7.93 percent, from UA 46.04 million at the end of 2018 to UA 49.69 million on 31 December 2019.

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 5.3.

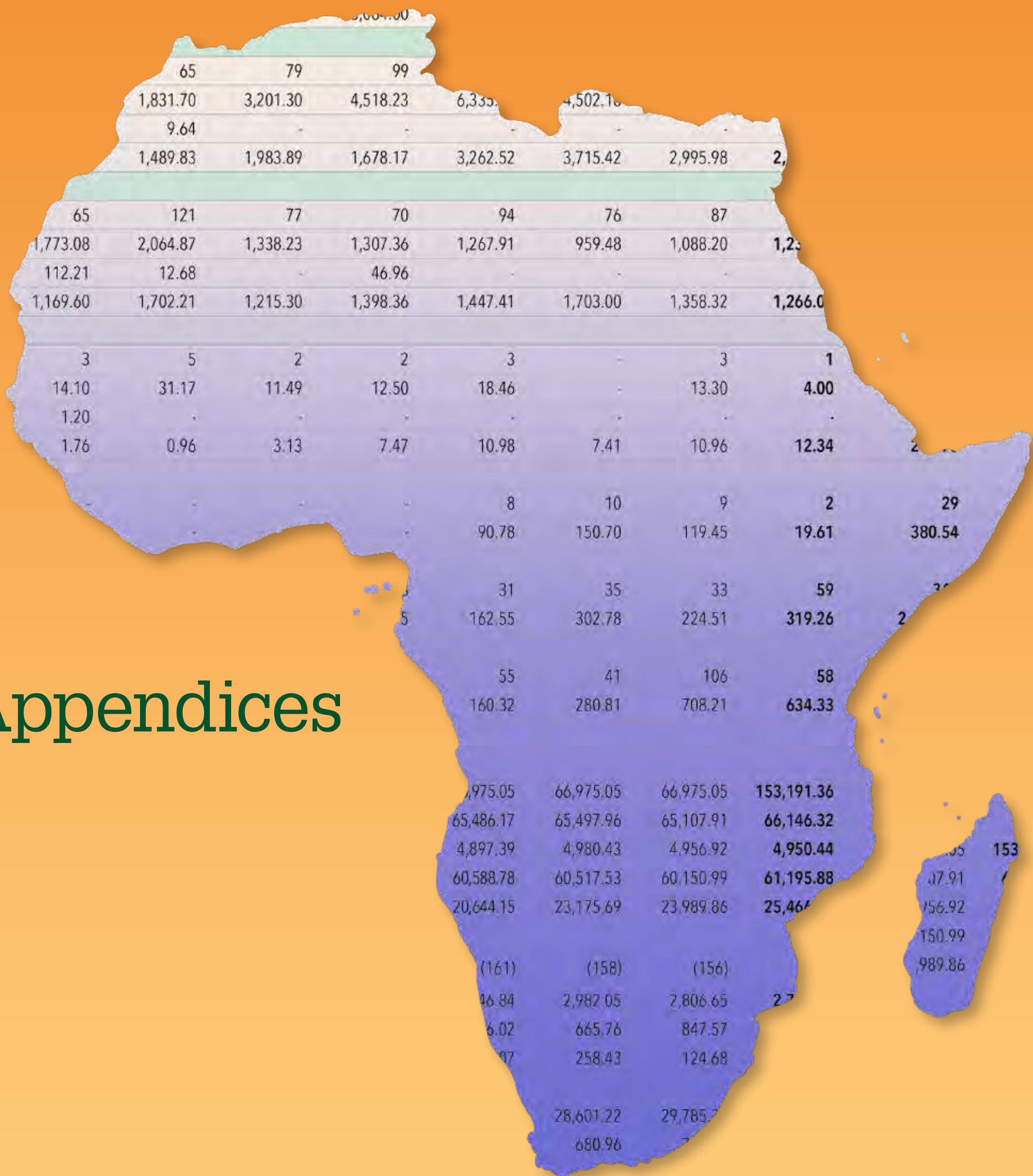
The full audited financial statements are available separately and can be accessed at https://www.afdb.org/en/documents/financial-report-2019.

Table 5.3: Selected financial metrics of the Bank Group, 2015–19 *(UA millions)*

	2019	2018	2017	2016	2015
African Development Bank					
Assets	35,244.06	33,770.59	32,575.74	29,727.08	25,346.74
Net income/(loss)	52.17	41.68	176.43	25.07	(30.84)
Comprehensive income/(loss)	(9.41)	(3.43)	235.22	(174.41)	105.93
Cash and cash equivalents	2,317.89	2,179.64	1,719.78	2,035.87	2,403.88
African Development Fund					
Net development resources	4,883.11	4,953.58	5,219.81	5,457.84	5,931.89
Deficit	(86.88)	(74.07)	(118.78)	(67.26)	(83.25)
Cash and cash equivalents	1,505.50	1,373.14	564.19	874.80	475.59
Nigeria Trust Fund					
Assets	179.47	176.21	169.36	192.43	170.52
Net income/(loss)	2.63	2.44	1.99	1.76	1.24
Comprehensive income/(loss)	2.63	2.44	1.99	1.76	1.24
Cash and cash equivalents	11.11	10.07	12.20	21.57	22.54

Note: The full audited financial statements, together with the related audit opinion, are available separately in the *Financial Report 2019*.

Appendices



Appendix 1: Abbreviations and Acronyms

ADB	African Development Bank
ADER	Annual Development Effectiveness Review
ADF	African Development Fund
ADFI	Africa Digital Finance Inclusion Facility
AFAWA	Affirmative Finance Action for Women in Africa
AfCFTA	African Continental Free Trade Agreement
AGTF	Africa Growing Together Fund
AIF	Africa Investment Forum
BDEV	Independent Development Evaluation Department
BSO	Balance Sheet Optimization
DARMS	Document and Archiving Management System
DBDM	Development and Business Delivery Model
DESCO	Distributed Energy Service Company
DKK	Danish krone
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
ERP	Enterprise Resource Planning
EUR	Euro
GCC	Governors' Consultative Committee
GCI	General Capital Increase
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
HQ	Headquarters
ICT	Information and Communications Technology
IMF	International Monetary Fund
IPP	Independent Power Producer
IQAP	Integrated Quality Assurance Plan
IRM	Independent Review Mechanism
IT	Information Technology
JICA	Japanese International Cooperation Agency
Km	Kilometer
KPI	Key Performance Indicator
MDRI	Multilateral Debt Relief Initiative
MENA	Middle East and North Africa
MW	Megawatt
NEPAD	New Partnership for Africa's Development
NOK	Norwegian krone
NSO	Non-Sovereign Operation
NTF	Nigeria Trust Fund
PAGL	Office of the Auditor General
PIAC	Office of Integrity and Anti-Corruption
PPP	Public-Private Partnership
PSF	Private Sector Credit Enhancement Facility
R2R	Room to Run
REC	Regional Economic Community
RMC	Regional Member Country
SAP	System Application Products
SDG	Sustainable Development Goal
SEFA	Sustainable Energy Fund for Africa
SEK	Swedish krona
SF	Special Funds
SIIPA	Social Impact Investment Program for Africa
SMEs	Small and Medium Enterprises
TF	Trust Fund
TICAD	Tokyo International Conference on African Development
TSF	Transition Support Facility
UA	Unit of Account
UMDF	Urban and Municipal Development Fund
UNECA	United Nations Economic Commission for Africa
USD	United States dollar

Appendix 2:
Summary of Bank Group operations, resources, and finance, 2010–19

(UA millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Cumulative Total [a]
Operations											
Bank Group Approvals [b]											
Number	139	184	199	317	232	241	305	249	341	**293**	**6,162**
Amount	4,099.75	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**	**116,783.35**
of which HIPC	202.95	1,350.85	248.00	22.32	-	46.96	-	-	-	**-**	**6,158.28**
Disbursements[c]	2,510.70	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**	**69,900.83**
African Development Bank Approvals[b]											
Number	59	59	48	65	79	99	114	87	103	**91**	**2,004**
Amount	2,581.13	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**	**72,384.27**
of which HIPC	144.14	1,178.04	134.58	9.64	-	-	-	-	-	**-**	**3,158.22**
Disbursements[c]	1,339.85	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**	**42,251.34**
African Development Fund Approvals [b]											
Number	58	56	65	121	77	70	94	76	87	**82**	**3,093**
Amount	1,345.99	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**	**37,874.33**
of which HIPC	29.99	171.93	112.21	12.68	-	46.96	-	-	-	**-**	**2,936.91**
Disbursements	1,165.84	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**	**27,358.74**
Nigeria Trust Fund Approvals											
Number	2	3	3	5	2	2	3	-	3	**1**	**104**
Amount	29.53	10.88	14.10	31.17	11.49	12.50	18.46	-	13.30	**4.00**	**487.23**
of which HIPC	28.83	0.88	1.20	-	-	-	-	-	-	**-**	**63.15**
Disbursements	5.02	8.67	1.76	0.96	3.13	7.47	10.98	7.41	10.96	**12.34**	**290.76**
Private Sector Credit Enhancement Facility Approvals											
Number	-	-	-	-	-	-	8	10	9	**2**	**29**
Amount	-	-	-	-	-	-	90.78	150.70	119.45	**19.61**	**380.54**
Transition Support Facility Approvals											
Number	7	31	33	35	35	28	31	35	33	**59**	**342**
Amount	110.73	184.19	117.09	204.68	254.68	207.75	162.55	302.78	224.51	**319.26**	**2,488.62**
Special and Trust Funds Approvals [d]											
Number	13	35	50	91	39	42	55	41	106	**58**	**590**
Amount	32.38	188.12	269.03	253.36	244.22	288.85	160.32	280.81	708.21	**634.33**	**3,168.36**
Resources and Finance (at year's end)											
African Development Bank											
Authorized Capital	67,687.46	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**	
Subscribed Capital [e]	23,924.62	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**	
Paid-up Portion [e]	2,375.63	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**	
Callable Portion	21,548.99	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**	
Outstanding Debt	11,980.57	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**	
Cumulative Exchange											
Adjustment on Subscriptions	(163)	(161)	(167)	(173)	(174)	(169)	(161)	(158)	(156)	**(148)**	
Reserves	2,627.28	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**	
Gross Income [f]	519.32	489.18	553.64	479.64	484.73	455.77	536.02	665.76	847.57	**920.50**	
Net Income [g]	213.66	164.51	198.62	180.33	151.69	93.16	120.07	258.43	124.68	**126.17**	
African Development Fund											
Subscriptions	19,030.32	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**	
Other Resources	355.27	390.27	425.27	509.96	551.96	602.96	645.96	680.96	715.96	**750.96**	
Nigeria Trust Fund											
Resources (gross)	160.86	162.74	164.62	165.77	168.28	169.88	176.79	169.05	174.63	**178.28**	

Note: Percentages in the charts and tables of the Report may not add up to 100 due to rounding.

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

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

c. From 2013, disbursements include Equity Participation.

d. These are approvals on the operations of the African Water Fund and Rural Water Supply and Sanitation Initiative, the 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, the Migration and Development Trust Fund, the Sustainable Energy Fund for Africa, the Africa Climate Change Fund, the Migration & Development Initiative Fund, the Microfinance Capacity Building Fund, the MENA Trust Fund, the Nigeria Technical Cooperation Fund, and Organization of the Petroleum Exporting Countries.

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

f. Since 2013, dividends from equity participations have been reclassified and included in gross income. Starting from 2015, the gross income is net of interest on loan swaps.

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

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

The conversion rates of the African Development Bank, African Development Fund, and Nigeria Trust Fund Unit of Account (UA) to the US dollar for various years are as follows:

2010 1 UA = 1.54003 US dollars	*2015 1 UA = 1.38573 US dollars*
2011 1 UA = 1.53527 US dollars	*2016 1 UA = 1.34433 US dollars*
2012 1 UA = 1.53692 US dollars	*2017 1 UA = 1.42413 US dollars*
2013 1 UA = 1.54000 US dollars	*2018 1 UA = 1.39079 US dollars*
2014 1 UA = 1.44881 US dollars	*2019 1 UA = 1.38283 US dollars*

Appendix 3A:
Bank Group approvals by High 5, 2019

(UA millions)

High 5	Ordinary Resources		Special Resources				Bank Group
	ADB	ADF[a]	NTF	PSF	TSF	SF and TF	
Light up and Power Africa	**1,294.20**	**190.94**	**-**	**8.73**	**49.43**	**173.48**	**1,716.78**
Power Generation, Transmission, and Distribution, Conventional	554.56	87.03	-	-	33.61	112.36	787.56
Power Generation, Renewable	26.05	-	-	-	-	14.43	40.49
Off-grid Solutions	-	0.95	-	-	14.13	8.54	23.62
Energy Sector Strengthening and Reform	3.99	0.19	-	-	0.69	-	4.87
Infrastructure for Energy Sector Development	60.35	12.38	-	-	-	-	72.73
Multisector Operations (budget support)	-	2.52	-	-	1.00	-	3.52
Others[b]	649.24	87.86	-	8.73	-	38.15	783.99
Feed Africa	**583.07**	**188.90**	**4.00**	**-**	**71.52**	**37.25**	**884.74**
National and Regional Operations in Production and Value Addition	91.54	71.80	-	-	6.54	10.12	180.00
Investment in Infrastructure	103.32	71.79	4.00	-	40.99	13.36	233.46
Agriculture Finance and Agribusiness Environment	301.76	23.47	-	-	7.46	3.37	336.06
Inclusivity and Sustainable Development	86.45	21.83	-	-	16.52	10.41	135.21
Multisector Operations (budget support)	-	-	-	-	-	-	-
Industrialize Africa	**1,447.58**	**17.45**	**-**	**10.87**	**5.81**	**12.70**	**1,494.42**
Industrial Business Environment	121.42	7.69	-	-	0.38	-	129.49
Financial Sector and Capital Markets Development	83.66	-	-	-	-	-	83.66
Enterprise Development	443.78	-	-	10.87	-	12.70	467.36
Infrastructure for Industry	1.20	7.24	-	-	2.12	-	10.56
Multisector Operation (budget support)	485.48	2.52	-	-	3.31	-	491.31
Regional Environment Improvement	312.04	-	-	-	-	-	312.04
Integrate Africa	**693.87**	**452.66**	**-**	**-**	**63.90**	**325.89**	**1,536.32**
Regional Infrastructure Connectivity	693.87	421.06	-	-	63.90	322.52	1,501.36
Trade Facilitation and Investment	-	31.60	-	-	-	3.37	34.97
Improve the Quality of Life for the People of Africa	**1,073.74**	**380.52**	**-**	**-**	**128.60**	**85.00**	**1,667.85**
Water Supply and Sanitation	211.70	40.66	-	-	17.14	65.03	334.54
Human and Social Development	44.12	53.76	-	-	57.20	10.53	165.62
Multisector Operations (budget support)	476.93	109.64	-	-	32.94	0.71	620.23
Others[c]	340.98	176.44	-	-	21.32	8.72	547.46
Total approvals	**5,092.45**	**1,230.46**	**4.00**	**19.61**	**319.26**	**634.33**	**7,300.11**

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, 2019

(UA millions)

Sector	Ordinary Resources				Special Resources								Bank Group	
	ADB		ADF[a]		NTF		PSF		TSF		SF and TF			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agriculture and rural development	**19**	**707.96**	**22**	**278.00**	**1**	**4.00**	**-**	**-**	**14**	**77.56**	**7**	**34.67**	**63**	**1,102.18**
Social	**4**	**188.84**	**4**	**48.90**	**-**	**-**	**-**	**-**	**6**	**68.85**	**2**	**9.02**	**16**	**315.61**
Education	-	-	2	33.90	-	-	-	-	1	5.85	-	-	3	39.75
Health	3	149.68	-	-	-	-	-	-	1	6.00	-	-	4	155.68
Other	1	39.15	2	15.00	-	-	-	-	4	57.00	2	9.02	9	120.17
Infrastructure	**25**	**2,366.00**	**38**	**756.80**	**-**	**-**	**1**	**8.73**	**15**	**122.03**	**42**	**569.67**	**121**	**3,823.24**
Water supply and sanitation	3	211.70	4	40.66	-	-	-	-	3	17.14	11	65.03	21	334.54
Energy supply	11	1,277.20	13	147.31	-	-	1	8.73	4	43.33	18	179.90	47	1,656.48
Communication	1	5.26	2	10.18	-	-	-	-	-	-	1	23.39	4	38.83
Transport	10	871.85	19	558.64	-	-	-	-	8	61.56	12	301.35	49	1,793.40
Finance	**22**	**875.08**	**2**	**10.19**	**-**	**-**	**1**	**10.87**	**3**	**4.30**	**2**	**12.12**	**30**	**912.56**
Multisector	**15**	**866.34**	**14**	**124.58**	**-**	**-**	**-**	**-**	**18**	**38.37**	**4**	**5.62**	**51**	**1,034.91**
Industry, mining, and quarrying	6	88.23	-	-	-	-	-	-	-	-	-	-	6	88.23
Urban development	-	-	-	-	-	-	-	-	1	2.15	-	-	1	2.15
Environment	-	-	2	12.00	-	-	-	-	2	6.00	1	3.23	5	21.23
Total approvals	**91**	**5,092.45**	**82**	**1,230.46**	**1**	**4.00**	**2**	**19.61**	**59**	**319.26**	**58**	**634.33**	**293**	**7,300.11**

[a] *Excludes PSF and TSF.*

Appendix 3C:
Bank Group approvals by financing instrument, 2019

(UA millions)

Financing Instrument	Ordinary Resources				Special Resources						Bank Group	
	ADB		ADF [a]		NTF		PSF		TSF			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Project Lending	**52**	**3,706.47**	**31**	**699.19**	**1**	**4.00**	**-**	**-**	**8**	**111.82**	**92**	**4,521.48**
Public and Publicly Guaranteed	28	2,580.97	31	699.19	1	4.00	-	-	8	111.82	68	3,395.98
Project Loans	27	2,500.03	31	699.19	1	4.00	-	-	8	111.82	67	3,315.04
Sector Investment and Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Lines of Credit	1	80.94	-	-	-	-	-	-	-	-	1	80.94
Private Non-Publicly Guaranteed	24	1,125.50	-	-	-	-	-	-	-	-	24	1,125.50
Project Loans	13	826.45	-	-	-	-	-	-	-	-	13	826.45
Lines of Credit	11	299.05	-	-	-	-	-	-	-	-	11	299.05
Soft Commodity Finance Facility	-	-	-	-	-	-	-	-	-	-	-	-
Policy-Based Lending	**9**	**939.45**	**3**	**55.94**	**-**	**-**	**-**	**-**	**-**	**-**	**12**	**995.39**
Sector Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Structural Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support	8	779.21	3	55.94	-	-	-	-	-	-	11	835.15
Result-based financing	1	160.24	-	-	-	-	-	-	-	-	1	160.24
Grants	**17**	**11.11**	**42**	**359.16**	**-**	**-**	**-**	**-**	**51**	**207.44**	**110**	**577.71**
Technical Assistance	7	5.37	4	22.41	-	-	-	-	2	5.00	13	32.78
Project Cycle Activities	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Support	-	-	4	22.41	-	-	-	-	2	5.00	6	27.41
of which private sector	-	-	-	-	-	-	-	-	-	-	-	-
Middle-income countries grant	5	4.31	-	-	-	-	-	-	-	-	5	4.31
Middle-income country Institutional support	2	1.07	-	-	-	-	-	-	-	-	2	1.07
Project Grants	-	-	36	327.29	-	-	-	-	47	185.38	83	512.67
Structural Adjustment Grant	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support Grant	-	-	2	9.45	-	-	-	-	2	17.06	4	26.51
African Food Crisis Response Grant	-	-	-	-	-	-	-	-	-	-	-	26.51
Special Relief Fund	10	5.74	-	-	-	-	-	-	-	-	10	5.74
Emergency Assistance	10	5.74	-	-	-	-	-	-	-	-	10	5.74
Emergency Post-Conflict	-	-	-	-	-	-	-	-	-	-	-	-
Special Debt Relief Grant	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Capacity Building Loans	**1**	**21.49**	**4**	**35.27**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**56.76**
Project Preparation Facility	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt and Debt Service Reduction	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	-	-	-	-	-	-	-	-	-	-	-	-
Post-Conflict Country Framework	-	-	-	-	-	-	-	-	-	-	-	-
Equity Participation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Public Equity	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity	8	103.65	-	-	-	-	-	-	-	-	8	103.65
Guarantee	**4**	**310.27**	**2**	**80.90**	**-**	**-**	**2**	**19.61**	**-**	**-**	**8**	**410.79**
Public Guarantees	-	-	2	80.90	-	-	-	-	-	-	2	80.90
Private Guarantees	4	310.27	-	-	-	-	2	19.61	-	-	6	329.88
Loan Reallocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Special Funds and Trust Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58**	**634.33**
Total Approvals	**91**	**5,092.45**	**82**	**1,230.46**	**1**	**4.00**	**2**	**19.61**	**59**	**319.26**	**293**	**7,300.11**

[a] *Excludes PSF and TSF.*

Appendix 3D:
Bank Group approvals by region, 2013–19

(UA millions)

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

Appendix 3D:
Bank Group Approvals by Region, 2013–19 (continued)

(UA millions)

Region/Country	2013	2014	2015	2016	2017	2018	2019
Southern Africa							
Angola	22.9	662.1	385.7	-	71.4	69.3	511.0
Botswana	-	-	-	55.9	-	0.7	57.6
Eswatini	-	45.8	0.9	43.3	19.6	56.7	-
Lesotho	20.1	-	-	15.7	6.2	0.4	13.4
Madagascar	81.7	65.9	34.4	57.9	32.8	109.5	114.5
Malawi	59.0	23.1	35.1	38.4	1.5	42.0	11.5
Mauritius	99.0	76.8	1.2	-	70.7	-	-
Mozambique	26.5	28.7	18.6	60.0	1.4	35.9	322.4
Namibia	199.4	-	263.1	0.4	372.8	155.8	1.5
South Africa	-	264.8	274.5	30.3	123.1	382.5	-
Zambia	158.0	53.5	264.5	170.6	25.4	1.1	15.5
Zimbabwe	44.1	-	40.4	34.7	14.3	1.7	10.1
Multinational					171.7	-	180.4
Southern Africa Approvals	**710.7**	**1,220.7**	**1,318.3**	**507.3**	**910.7**	**855.6**	**1,237.8**
West Africa							
Benin	46.4	26.4	34.6	-	39.1	141.0	117.1
Burkina Faso	86.9	32.2	41.0	58.9	4.6	54.2	81.6
Cabo Verde	67.1	12.7	13.2	3.2	17.4	31.3	16.0
Côte d'Ivoire	63.4	30.6	169.8	305.6	270.3	339.9	524.9
Gambia (The)	18.3	6.3	2.0	6.7	4.8	17.2	28.3
Ghana	14.2	58.6	172.1	112.2	93.0	163.6	83.6
Guinea	22.4	13.1	-	16.5	73.1	8.9	16.2
Guinea-Bissau	-	0.6	24.0	0.7	5.5	20.7	9.6
Liberia	45.4	13.7	0.3	31.2	6.3	27.4	23.8
Mali	136.0	64.6	15.0	39.8	80.1	168.0	74.4
Niger	12.6	-	20.0	63.1	-	51.0	130.7
Nigeria	530.9	1,009.9	4.1	1,310.4	22.0	398.2	330.5
Senegal	111.1	52.7	145.8	99.1	237.8	637.6	234.9
Sierra Leone	28.6	7.0	29.5	11.2	5.2	35.7	25.0
Togo	2.3	8.6	15.1	18.1	10.2	21.0	14.5
Multinational					373.2	373.1	47.4
West Africa Approvals	**1,185.6**	**1,337.0**	**686.6**	**2,076.8**	**1,242.7**	**2,488.6**	**1,758.4**
Multinational	**1,317.5**	**1,077.4**	**1,443.6**	**1,398.8**			
Multiregional					**885.2**	**521.8**	**487.2**
Total Approvals	**4,385.8**	**5,049.9**	**6,334.7**	**8,035.3**	**6,195.9**	**7,278.8**	**7,300.11**

Appendix 4A:
Board of Governors of African Development Bank and voting powers of member countries (as of 31 December 2019)

	Country	Governor	Alternate	Total Votes	Voting Powers (%)
1	Algeria	Mohamed Loukal	Miloud Boutabba	278,367	4.265
2	Angola	Vera Daves De Sousa	Pedro Luis Da Fonseca	76,850	1.177
3	Benin	Abdoulaye Bio Tchane	Romuald Wadagni	13,199	0.202
4	Botswana	Thapelo Matsheka	Kelapile Ndobano	70,603	1.082
5	Burkina Faso	Lassane Kabore	Ambroise Kafando	26,645	0.408
6	Burundi	Domitien Ndihokubwayo	Côme Manirakiza	16,151	0.247
7	Cabo Verde	Olavo Correia	C/O	4,812	0.074
8	Cameroon	Alamine Ousmane Mey	Charles Assamba Ongodo	71,206	1.091
9	Central African Republic	Felix Moloua	Henri Marie Dondra	3,199	0.049
10	Chad	Issa Doubragne	Tahir Hamid Nguilin	4,686	0.072
11	Comoros	Said Ali Said Chayhane	Fouady Goulame	1,137	0.017
12	Congo	Ingrid Olga Ghislaine Ebouka Babackas	Calixte Nganongo	26,947	0.413
13	Côte d'Ivoire	Niale Kaba	C/O	244,422	3.745
14	Democratic Republic of Congo	Jose Sele Yalaghuli	Deogratias Mutombo M. Nyembo	84,860	1.300
15	Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.028
16	Egypt	Tarek Amer	Sahar Nasr	368,715	5.649
17	Equatorial Guinea	Cesar Augusto Mba Abogo	Milagrosa Obono Angue	10,213	0.156
18	Eritrea	Berhane Habtemariam	Martha Woldegiorghis	2,628	0.040
19	Eswatini	Neal Rijkenberg	Tambo Gina	8,013	0.123
20	Ethiopia	Ahmed Shide	Ato Admasu Nebebe	103,651	1.588
21	Gabon	C/O	C/O	66,010	1.011
22	Gambia (The)	Mambury Njie	Ada Gaye	9,971	0.153
23	Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	140,250	2.149
24	Guinea	Kanny Diallo	Ismael Dioubate	26,897	0.412
25	Guinea-Bissau	Geraldo Martins	Fernando Jorge Maria Correia	1,785	0.027
26	Kenya	Ukur Yatani Kanacho	Julius Muia	93,598	1.434
27	Lesotho	Moeketsi Majoro	Motena Tsolo	4,336	0.066
28	Liberia	Samuel D. Tweah Jr.	Augustus J. Flomo	12,497	0.191
29	Libya	Faraj A. Faraj Omar	Aboubaker K. Elallagi	152,500	2.337
30	Madagascar	James Richard Randriamandrato	Ranjalahy Ihajambolatiana	43,001	0.659
31	Malawi	Joseph Mwanamvekha, M.P.	Cliff Kenneth Chiunda	15,466	0.237
32	Mali	Boubou Cisse	Aoua Sylla Barry	28,871	0.442
33	Mauritania	Mohamed Lemine Ould Dhehby	Cheikh El Kebir Ould Chbich	4,305	0.066
34	Mauritius	Renganaden Padayachy	Dharam Dev Manraj	42,941	0.658
35	Morocco	Mohamed Benchaaboun	Faouzia Zaaboul	235,590	3.610
36	Mozambique	Adriano Afonso Maleiane	Rogerio Lucas Zandamela	41,237	0.632
37	Namibia	Carl Hermann Gustav Schlettwein	Ericah B. Shafudah	23,084	0.354
38	Niger	Kane Aichatou Boulama	Ahmat Jidoud	15,162	0.232
39	Nigeria	Zainab Shamsuna Ahmed	Mahmoud Isa-Dutse	611,452	9.369
40	Rwanda	Uzziel Ndagijimana	Claudine Uwere	9,221	0.141
41	São Tomé and Príncipe	Osvaldo Vaz	Americo Cardoso Soares De Barros	5,035	0.077
42	Senegal	Amadou Hott	Abdoulaye Daouda Diallo	68,885	1.055
43	Seychelles	Maurice Loustau Lalanne	Caroline Abel	2,462	0.038
44	Sierra Leone	Jacob Jusu Saffa	Sahr Lahai Jusu	17,652	0.270
45	Somalia	Abdirahman Beileh	Abdi Mohamed Abdullahi	2,566	0.039
46	South Africa	Tito Titus Mboweni	Mondli Gungubele	331,374	5.077
47	South Sudan	Salvatore Garang Mabiordit	C/O	22,035	0.338
48	Sudan	Ibrahim Ahmed Elbadawi	C/O	18,161	0.278
49	Tanzania	Philip Isdor Mpango	Doto M. James	50,367	0.772
50	Togo	Sani Yaya	Demba Tignokpa	10,986	0.168
51	Tunisia	Mohamed Ridha Chalghoum	Moufida Jaballah Srarfi	92,175	1.412
52	Uganda	Matia Kasaija	Keith Muhakanizi	27,616	0.423
53	Zambia	Bwalya K.E Ng'andu	Fredson Kango Yamba	77,193	1.183
54	Zimbabwe	Professor Mthuli Ncube	George Tongesayi Guvamatanga	113,783	1.743
Total Regional				**3,836 606**	**58.784**

Appendix 4A:
Board of Governors of African Development Bank and voting powers of member countries (as of 31 December 2019) (continued)

	Country	Governor	Alternate	Total Votes	Voting Powers (%)
1	Argentina	Nicolas Dujovne	Guido Sandleris	6,472	0.099
2	Austria	Eduard Müller	Edith Frauwallner	29,833	0.457
3	Belgium	Alexander De Croo	C/O	42,623	0.653
4	Brazil	Marcos Prado Troyjo	Erivaldo Alfredo Gomes	22,416	0.343
5	Canada	Karina Gould	Rick Stewart	251,778	3.858
6	China	Yi Gang	C/O	79,784	1.222
7	Denmark	Rasmus Prehn	Trine Rask Thygesen	77,252	1.184
8	Finland	Elina Kalkku	Satu Santala	32,601	0.500
9	France	Odile Renaud-Basso	Guillaume Chabert	246,297	3.774
10	Germany	Maria Flachsbarth	Marianne Kothe	272,617	4.177
11	India	Nirmala Sitharaman	Mr. Atanu Chakraborty	19,421	0.298
12	Italy	Roberto Gualtieri	Gelsomina Vigliotti	159,379	2.442
13	Japan	Taro Aso	Haruhiko Kuroda	359,890	5.514
14	Korea	Nam-Ki Hong	Juyeol Lee	32,084	0.492
15	Kuwait	Mariam A. Al-Aqeel	Marwan Al-Ghanem	29,833	0.457
16	Luxembourg	Pierre Gramegna	Georges Heinen	13,941	0.214
17	Netherlands (The)	Sigrid Kaag	Kitty Van Der Heijden	58,369	0.894
18	Norway	Aksel Jakobsen	Bjørn Brede Hansen	77,692	1.190
19	Portugal	Mário Centeno	Maria Teresa Ribeiro	16,361	0.251
20	Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	13,299	0.204
21	Spain	Nadia Calvino	Ana De La Cueva	69,932	1.071
22	Sweden	Per Olsson Fridh	Magnus Lennartsson	103,412	1.584
23	Switzerland	Raymund Furrer	Claudio Tognola	96,555	1.479
24	Turkey	Bülent Aksu	Kemal Çağatay Imirgi	26,049	0.399
25	United Kingdom	Alok Sharma MP	Baroness Elizabeth Sugg CBE	118,000	1.808
26	United States of America	Steven T. Mnuchin	Keith Krach	434,069	6.651
Total Non-Regional				**2,689,959**	**41.216**
Grand Total				**6,526,565**	**100.000**

[a] *The subscription position, including the distribution of voting rights, reflects the differences in the timing of subscription payments by member countries. After all shares created by the Bank have been fully subscribed and paid for, the regional and non-regional groups are expected to hold 60 percent and 40 percent voting rights, respectively.*
[b] *Slight differences may occur in totals due to rounding.*

Appendix 4B: Board of Governors of African Development Fund: Voting powers of state participants and the African Development Bank (as of 31 December 2019)

State Participants/Donors	Governors	Alternate	Total Votes	Voting Powers (%)
African Development Bank			1,000.000	50.000
Angola	Vera Daves De Sousa	Pedro Luis Da Fonseca	0.489	0.024
Argentina	Nicolas Dujovne	Guido Sandleris	0.061	0.003
Austria	Eduard Muller	Edith Frauwallner	19.745	0.987
Belgium	Alexander De Croo	C/O	19.273	0.964
Brazil	Marcos Prado Troyjo	Erivaldo Alfredo Gomes	4.639	0.232
Canada	Karina Gould	Rick Stewart	68.249	3.412
China	Yi Gang	C/O	20.953	1.048
Denmark	Ulla Tørnæs	Martin B. Hermann	24.667	1.233
Finland	Elina Kalkku	Satu Santala	19.612	0.981
France	Odile Renaud-Basso	Guillaume Chabert	104.351	5.218
Germany	Maria Flachsbarth	Marianne Kothe	105.941	5.297
India	Nirmala Sitharaman	Atanu Chakraborty	3.565	0.178
Italy	Roberto Gualtieri	Gelsomina Vigliotti	57.819	2.891
Japan	Taro Aso	Haruhiko Kuroda	105.023	5.251
Korea	Nam-Ki Hong	Juyeol Lee	11.240	0.562
Kuwait	Mariam A. Al-Aqeel	Marwan Al-Ghanem	6.615	0.331
Luxembourg	Pierre Gramegna	Georges Heinen	0.751	0.038
Netherlands (The)	Sigrid Kaag	Kitty Van Der Heijden	43.038	2.152
Norway	Aksel Jakobsen	Bjørn Brede Hansen	46.171	2.309
Portugal	Mário Centeno	Maria Teresa Ribeiro	6.497	0.325
Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	10.006	0.500
Spain	Nadia Calvino	Ana De La Cueva	21.562	1.078
Sweden	Per Olsson Fridh	Magnus Lennartsson	51.568	2.578
Switzerland	Raymund Furrer	Claudio Tognola	38.063	1.903
Turkey	Bülent Aksu	Kemal Çağatay İmirgi	1.360	0.068
United Arab Emirates	C/O	C/O	0.272	0.014
United Kingdom	Alok Sharma MP	Baroness Elizabeth Sugg CBE	103.603	5.180
United States of America	Steven T. Mnuchin	Keith Krach	104.867	5.243
Total			**2,000.000**	**100.000**

Appendix 5:
Executive Directors of the Bank and the Fund (as of 31 December 2019)

Board of Directors of the African Development Bank

Chairperson: Akinwumi Ayodeji Adesina

Executive Directors		Alternate Executive Directors	
Name	Country	Name	Country
Kenyeh BARLAY	Sierra Leone	(Vacant)	
Paal BJORNESTAD	Norway	(Vacant)	
Christopher Willams CHALMERS	United Kingdom	Pim DE KEIZER	Netherlands (The)
Amos Kipronoh CHEPTOO	Kenya	Efrem Tesfai BIEDEMARIAM	Eritrea
Catherine CUDRE-MAUROUX	Switzerland	(Vacant)	
Cornelius Karlens DEKOP	Botswana	Gerard Pascal BUSSIER	Mauritius
Steven DOWD	United States of America	(Vacant)	
Mohamed EL GHOLABZOURI	Morocco	Yandja YENTCHABRE	Togo
Abdulhakim Mohamed ELMISURATI	Libya	Mohamed M. HAMMA KHATTAR	Mauritania
Judith KATEERA	Zimbabwe	Joao Luis NGIMBI	Angola
Adama KONE	Côte d'Ivoire	Maria Del Mar BONKANKA TABARES	Equatorial Guinea
Dominique LEBASTARD	France	Denis DUBUISSON	Belgium
Mmakgoshi E.P. LEKHETHE	South Africa	Khotso MOLELEKI	Lesotho
Said MAHERZI	Algeria	Alfredo Paulo MENDES	Guinea Bissau
Mbuyamu I. MATUNGULU	Democratic Republic of Congo	Marie Salomé NDABAHARIYE	Burundi
Maimouna NDOYE SECK	Senegal	Adalgisa BARBOSA VAZ	Cabo Verde
Bright Erakpoweri OKOGU	Nigeria	Maria Das Neves CEITA BATISTA DE SOUSA	São Tome and Principe
David STEVENSON	Canada	Thamer M. ALFAILAKAWI	Kuwait
Takuji YANO	Japan	Ibrahim M.I. ALTURKI	Saudi Arabia
Ahmed Mahmoud ZAYED	Egypt	Ali MOHAMED ALI	Djibouti

Board of Directors of the African Development Fund

Chairperson: Akinwumi Ayodeji Adesina

Executive Directors		Alternate Executive Directors	
Name	Country	Name	Country
Kenyeh BARLAY*	Sierra Leone	(Vacant)	
Paal BJORNESTAD	Norway	(Vacant)	
Christopher Willams CHALMERS	United Kingdom	Pim DE KEIZER	Netherlands (The)
Amos Kipronoh CHEPTOO*	Kenya	Efrem Tesfai BIEDEMARIAM	Eritrea
Catherine CUDRE-MAUROUX	Switzerland	(Vacant)	
Cornelius Karlens DEKOP*	Botswana	Gerard Pascal BUSSIER	Mauritius
Steven DOWD	United States of America	Matthew TURNER	United States of America
Abdulhakim Mohamed ELMISURATI*	Libya	Mohamed M. HAMMA KHATTAR	Mauritania
Judith KATEERA*	Zimbabwe	Joao Luis NGIMBI	Angola
Dominique LEBASTARD	France	Denis DUBUISSON	Belgium
Mmakgoshi E.P. LEKHETHE*	South Africa	Khotso MOLELEKI	Lesotho
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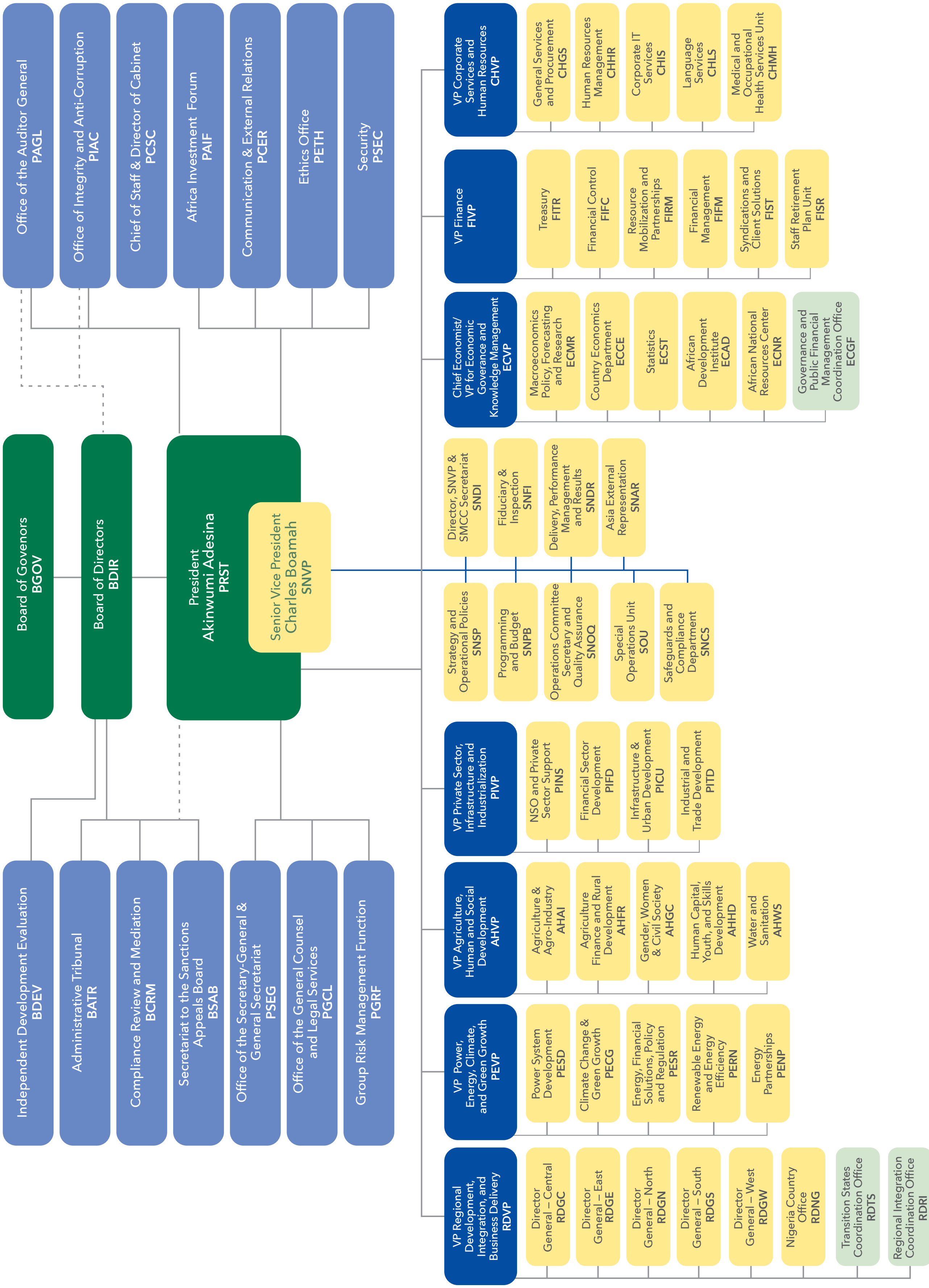
David STEVENSON	Canada	Thamer M. ALFAILAKAWI	Kuwait
Takuji YANO	Japan	Ibrahim M.I. ALTURKI	Saudi Arabia
Ahmed Mahmoud ZAYED*	Egypt	Ali MOHAMED ALI	Djibouti
(Vacant)	United Arab Emirates	(Vacant)	

** Representing African Development Bank.*

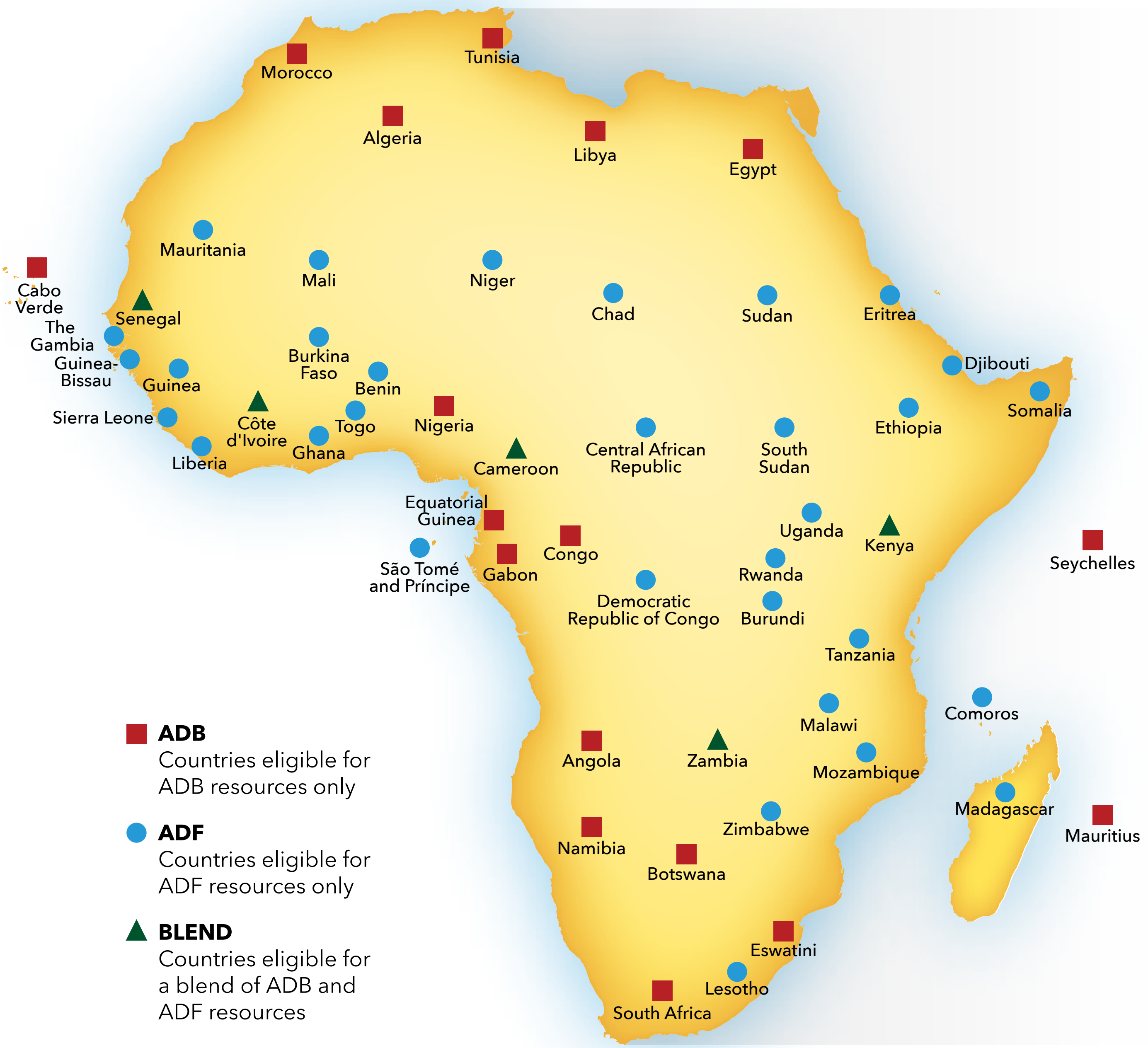
Appendix 6:
Principal Officers of the Bank Group (as of 31 December 2019)

	SURNAME	OTHER NAME
Presidency, Units Reporting to the President, and the Boards		
President	Adesina	Akinwumi Ayodeji
Director of Cabinet/Chief of Staff, PCSC	Naidoo	Samantha
Secretary General, PSEG	Nmehielle	Vincent Obisienunwo Orlu
Group Chief Risk Officer, PGRF	Turner	Timothy
General Counsel and Director, PGCL	Penn	Godfred Awa Eddy
Auditor General, PAGL	Okonkwo	Chukwuma
Director, Integrity & Anti-Corruption	Bacarese	Alan
Director, Compliance Review & Mediation (Acting)	Bacarese	Alan
Evaluator General	Michelitsch	Roland
Senior Vice Presidency		
Senior Vice President	Boamah	Charles Owusu
Chief Economist and Vice President, Economic Governance and Knowledge Management		
Chief Economist & Vice President, Economic Governance and Knowledge Management (Acting)	Lufumpa	Charles
Corporate Services and Human Resources		
Vice President	Magala	Mateus
Finance		
Chief Financial Officer and Vice President	Tshabalala	Bajabulile Swazi
Regional Development, Integration, and Business Delivery		
Vice President	Sherif	Khaled
Director General, Central Africa (Acting)	Kane	Racine
Director General, East Africa (Acting)	Nwabufo	Nnenna
Director General, North Africa	El Azizi	Mohamed
Director General, Southern Africa (Acting)	Ngure	Josephine
Director General, West Africa	Akin-Olugbade Ndongo-Seh	Marie-Laure
Power, Energy, Climate, and Green Growth		
Vice President (Acting)	Shonibare	Olawale
Agriculture, Human and Social Development		
Vice President	Blanke	Jennifer Day Rosen
Private Sector, Infrastructure, and Industrialization		
Vice President (Acting)	Nalletamby	Stefan

Appendix 7:
Organizational structure of the Bank Group



Appendix 8: Classification of Regional Member Countries



Appendix 9: Oversight Activities of the Board's Committees

Board effectiveness: Committee on Administrative Matters concerning the Board (AMBD)

AMBD considers issues related to policies and administrative procedures concerning members of the Boards of Directors, their Alternates, Senior Advisers, and Advisers. In 2019, the committee initiated discussions on potential amendments to the regulations governing the employment of Senior Advisers and Advisers of Board constituency offices. It also considered reports from the various consultation missions and study tours, 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. AMBD also reviewed instruments to enhance the effectiveness of the Boards, including a Boardroom and Meetings Guide.

Accountability and risk management: Audit and Finance Committee (AUFI)

AUFI oversees the Bank Group's finances, accounting, risk management, internal controls, and institutional integrity. In 2019, the Committee reviewed reports of several audits as well as the Audit Action Plan for Country/Regional offices. It continued to provide effective oversight and monitoring of the implementation of audit recommendations, the administrative budget, the 2019 lending program, Special Operations Unit Portfolio, group risk management, reports on capital adequacy and exposure, and market risks. Together with CAHR, AUFI reviewed and provided input into proposed revisions—in line with GCI-VII and ADF-15 commitments—to the cost sharing formula, used to reasonably allocate shared expenses among the Bank Group's three legally distinct entities (ADB, ADF, and NTF), and to the cost-to-income ratio, a strategic measure of the Bank's operational efficiency in managing its resources, which serves as an indicator of the Bank's financial sustainability. AUFI also reviewed and cleared the work plans of independent accountability units reporting to it, including PAGL and PIAC.

Staff welfare and corporate efficiency: Committee on Administrative and Human Resource Issues (CAHR)

CAHR considers policies and issues related to the Bank Group's general administration and human resources (HR). In 2019, it provided strategic guidance on the internal administration of justice to enhance the rule of law and accountability. It also continued discussions on the Bank's real estate footprint in Abidjan as well as the long-term strategy for the acquisition and management of real estate for Regional and Country Offices as part of the decentralization action plan. CAHR provided strategic input toward implementing a roadmap and action plan for HR-related initiatives for 2019 and beyond. The action plan includes conducting a staff survey, revising staff regulations, refining the performance management framework, developing a people management strategy, and strengthening the HR function. In addition, the Committee initiated discussions on other initiatives such as right-sizing the organization and coming up with a new total compensation framework.

Focus on results and impact: Committee on Operations and Development Effectiveness (CODE)

CODE assesses the Bank Group's development effectiveness, guides its strategic directions, and monitors the quality and results of its operations. In 2019, it reviewed several evaluations of Country Offices, performance of the portfolio, and the mid-term review of the Bank Group's Ten-Year Strategy (2013–2022). It also reviewed and provided significant input into a variety of operational documents, including the draft Central Africa Ten-Year Strategy; the Regional Integration Strategy Paper (2019–2025); the Quality Assurance Implementation Plan (2019–2021); proposed amendments to the Independent Evaluation Policy; draft Country Strategy Papers (CSPs) for Burundi, Cabo Verde, Eswatini, Ghana, Kenya, Liberia, Mauritius, Namibia, South Sudan, and Tanzania; and updated Country Strategy Papers for Algeria, Democratic Republic of Congo, and Egypt; and a country brief for Zimbabwe. CODE ensured that the Country Strategy Paper-related instruments were aligned with each country's socio-economic 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. CODE also oversaw the recruitment of a new Evaluator General. In addition, it reviewed and cleared the work plans of independent accountability units reporting to it, including BCMR and BDEV.

Appendix 9: Oversight Activities of the Board's Committees (continued)

Client orientation and stakeholder management: 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 2019, it provided strategic direction toward developing a draft Bank Group Communication and External Relations Strategy 2019–2022. It also oversaw the successful convening of the Annual Meetings of the Bank Group in Malabo, Republic of Equatorial Guinea. ECAM also provided direction for preparing the *2019 African Economic Outlook*.

Fostering an ethical culture: 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 2019, no cases were referred to the committee.

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

In 2019, in line with its mandate, CWHOLE conducted mid-term and end-of-year reviews of the performance reports on implementing the budget and the work program. It also reviewed and shaped the strategic orientations for the three-year work program and budget framework paper (2020–22) for consideration by the Boards.

Appendix 10:
GCI-VII Program of Priority Reforms

The Bank has a clear mission—to promote inclusive and green growth and address Africa's development challenges by implementing the High 5 strategies. With its unique mandate and position in Africa's development finance architecture, the Bank is exceptionally well placed to support African countries in its areas of comparative advantage.

The GCI-VII Program of Priority Reforms aims to strengthen the Bank's ability to realize this mission and to maximize its ability to use additional capital resources effectively. The program outlines the critical steps the Bank will take over the next five years to achieve seven objectives, as summarized in the matrix below:

Objective	Reform Area
Increase strategic alignment and operational focus	*Selectivity.* Increase operational focus within the High 5s to better support areas of comparative advantage. *Cross-cutting issues.* Increased focus on and better mainstreaming of climate, and gender in operations.
Improve the quality and development impact of operations	*Quality, results, and development outcomes.* Enhance quality assurance tools, processes, and enabling environment. *Safeguards.* Strengthen compliance with environmental and social safeguards.
Increase effectiveness of policy dialogue	*Policy dialogue and Regional Member Country capacity building.* Strengthen the impact of the Bank's support to policy reforms. *Debt management.* Improve debt management by developing a Bank-wide approach to helping Regional Member Countries better manage and mitigate the risk of debt distress.
Strengthen the Bank's capacity to deliver on its mandate	*Human resources.* Better manage human resources to increase the Bank's capacity to deliver. *Employee value proposition.* Attract and retain top-notch staff and increase staff engagement. *Performance culture.* Promote a culture of performance and results. *Oversight, compliance, and accountability.* Strengthen the Bank's compliance, and accountability functions.
Increase efficiency by fine-tuning the Bank's organization	*Organizational efficiency.* Streamline the Bank's organizational structure and improve institutional arrangements.
Improve the Bank's long-term financial sustainability	*Income model.* Enhance long-term financial sustainability *Financial policies.* Review financial and risk policies. *Administrative costs.* Implement a more effective administrative cost-control mechanism.
Increase ADB relevance in ADF countries	*ADB/ADF synergies.* Increase ADB relevance in ADF countries.

Appendix 10:
GCI-VII Program of Priority Reforms (continued)

Each of these objectives will be achieved through clearly defined actions and time-bound deliverables. The actions and deliverables consider lessons learned by Management in implementing the Development and Business Delivery Model (DBDM). They are also informed by the findings and recommendations made by the DBDM evaluation commissioned by Governors at the Busan Annual Meetings in 2018.

For the purposes of internal monitoring, the Bank will establish a tracking sheet and a dashboard, setting out the status of each action and indicating whether each commitment is on track. This information will be presented to Senior Management each month, allowing Senior Management to undertake additional actions required to accelerate progress. This dashboard will also provide a means for biannual updates to the Board of Directors.

The Bank will prepare an overall progress report, providing a narrative report on the status of planned actions under each commitment and an overall assessment of progress towards the intended impacts. This report will be supplemented by data from the Bank Group's Annual Development Effectiveness Review (ADER), which tracks progress in several relevant areas, such as staffing issues and organizational efficiency. The report will be approved by the Board of Directors and transmitted to the Board of Governors for discussion at the Annual Meetings.

The implementation of these reforms will be assessed at mid-term through an independent evaluation scheduled to start in 2024. To this end, the Board of Directors—through its approval of the Work Program of the Bank's Independent Development Evaluation Department (BDEV)—will ask BDEV to evaluate the extent to which the Bank delivers on the actions to which it has committed in the context of GCI-VII. BDEV will submit its report to the Board of Directors for approval, and the report will also be discussed with the Board of Governors. The formulation of this program of actions was informed by learning from the previous evaluation covering GCI-VI commitments. Compared with those commitments, this program sets out more clearly what the actions are intended to achieve or contribute to, with a focus at a strategic level.[8] This will provide an opportunity for the Bank, its Board of Directors, and the Board of Governors to take stock and adjust course if necessary.

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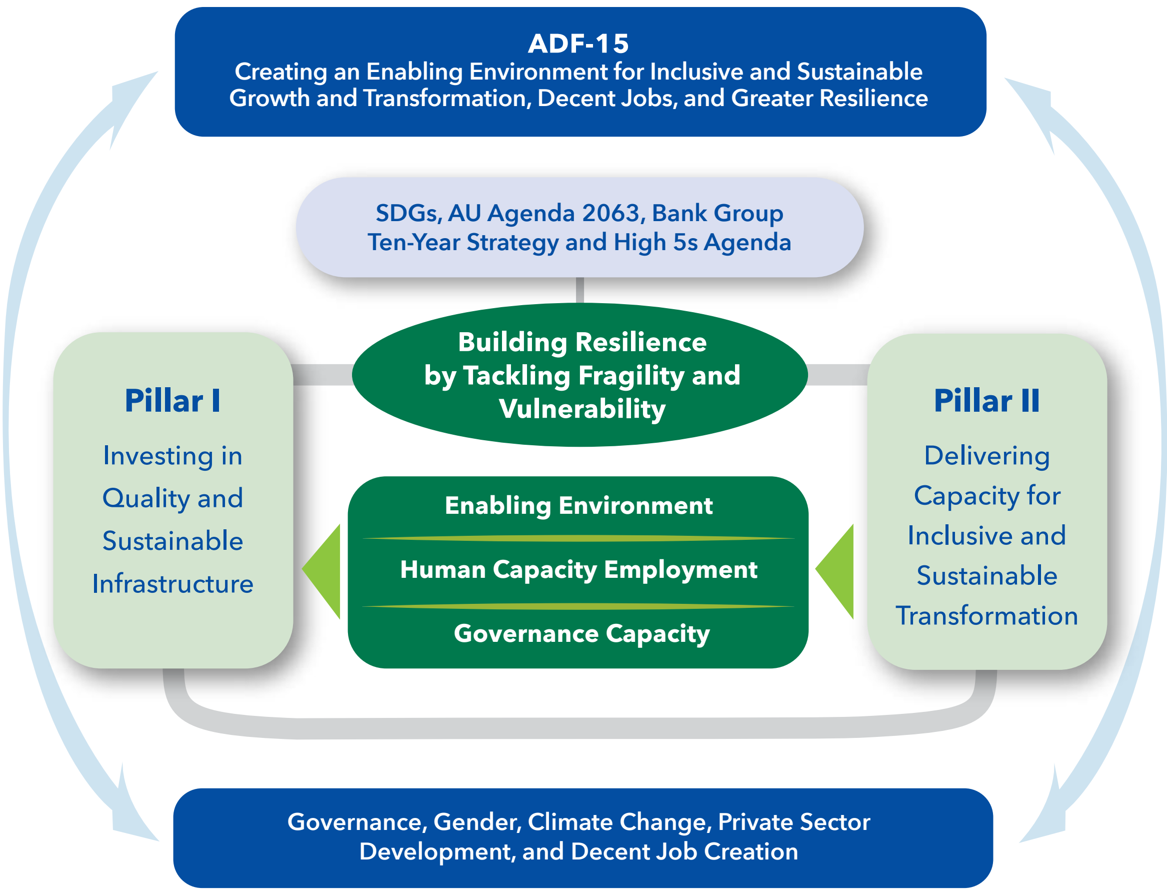
[8] Independent Evaluation of General Capital Increase VI and African Development Fund 12 and 13 Commitments: Overarching Review Report 2015.

Appendix 11:
ADF-15 Strategic and Operational Priorities

The theme for ADF-15 is *Creating an Enabling Environment for Inclusive and Sustainable Growth and Transformation, Decent Jobs, and Greater Resilience* (Figure A11.1). The Ten-Year Strategy and the High 5s will continue to guide the ADF's operations, but activities over the cycle will be more selective, respond more closely to countries' priorities, and focus more intently on high-impact areas. Deputies agreed that while the High 5s are an ambitious and aspirational set of goals for Africa and the Bank Group, their achievement does not depend on the Bank Group alone. They also agreed that while the High 5s should anchor ADF-15, there is a need to focus the replenishment on even more selective high-value objectives.

Figure A11.1: ADF-15's Strategic Priority Areas



Appendix 11:
ADF-15 Strategic and Operational Priorities (continued)

Under this general strategic umbrella, Deputies thus agreed on two strategic pillars for ADF-15—quality and sustainable infrastructure and capacity building:

- Pillar I: Quality and sustainable infrastructure to support decent job creation and economic transformation and integration. Infrastructure—most notably transport, renewable energy, agriculture, and water and sanitation—that promotes sustainable development and regional integration.
- Pillar II: Governance, human, and institutional capacity for inclusive and sustainable transformation and decent job creation. Capacity development that supports the delivery of quality and sustainable infrastructure while enabling Africans to participate in job opportunities for inclusive growth.

The two pillars are linked operationally and strategically. Pillar I will focus on "hard physical quality and sustainable infrastructure" to support economic transformation across the High 5s, albeit in a selective manner. Achieving Pillar I effectively and efficiently requires investing in "soft infrastructure," which will be done under Pillar II by building institutional capacity, improving infrastructure procurement, promoting an enabling environment for private sector involvement in infrastructure financing, and enhancing vocational skills development for decent job creation via infrastructure and its maintenance.

The ADF-15 strongly supports the cross-cutting themes of fragility, gender, governance, climate change, and private sector development, which will be essential to inclusive growth and sustainable transformation, decent jobs, and greater resilience. These themes are not viewed as stand-alone initiatives but are central to the operations, directly influencing how projects are developed, prepared, and implemented. Mitigating the root causes of fragility and vulnerability will be key during the three-year cycle, with a view to creating an enabling environment for private sector development, youth, women, and job creation, thus combating irregular migration as well as regional sources of insecurity.

To deliver on its strategic agenda, the ADF-15 has elaborated a matrix of policy commitments that will drive its actions during the three-year cycle. The matrix of policy commitments aims at setting objectives and measurable commitments to strengthen ADF's accountability as well as its contribution to poverty reduction and economic and social development. These commitments are designed to be cost-effective and based on SMART indicators (strategic, measurable, attainable, relevant, and timebound). Some commitments are common to the Bank's Seventh General Capital Increase (GCI-VII). The commitments revolve around institutional priorites and cross-cutting themes of fragility, gender, governance, climate change, and private sector development. Gender and climate change commitments have been mainstreamed and embedded throughout the different sections of the commitment matrix.

Management will track the implementation of the commitments during the cycle and issue a progress report to Deputies during the ADF-15 mid-term review and the Annual Meetings.

Acknowledgements

The Annual Report 2019 was prepared by the Macroeconomic Policy, Forecasting and Research Department (ECMR) under the general direction of C. Lufumpa, Acting 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 A. Zayed (Chairperson), T. Yano (Vice-Chairperson), and Members: K. Barlay, C. Cudre-Mauroux, A.M. Elmisurati, A. Kone, and M. I. Matungulu.

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