

ANNUAL REPORT 2021

African Development Bank Group



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

African Development Bank Group


MEMBER COUNTRIES

REGIONAL

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

NON-REGIONAL

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

An aerial photograph showing a paved road winding through a lush, green, hilly landscape. A white tanker truck is driving on the road, followed by a red car. The surrounding area is covered in dense vegetation and trees, with a small structure visible in the distance.

An AfDB project in Togo rehabilitated a rural village road, reducing travel times by half

Contents

Message from the President iv

Letter of Transmittal vi

2021 Quick Facts viii

1

**Africa's
Development
Context**

p1



2

**Bank Group
Operations
through a
High 5 Lens**

p4



3

**Enhancing the
Bank Group's
Capacity to
Deliver**

p40



4

**Board
Oversight**

p48



5

**Financial
Highlights
and Abridged
Financial
Statements**

p56





BOXES

Box 2.1	Reducing energy waste and reliance on fossil fuel-generated electricity	11
Box 2.2	Building private sector strength in regional value chains in Liberia	14
Box 2.3	Leveraging the private sector to boost growth in Africa	16
Box 2.4	Increasing rubber processing in Africa	16
Box 2.5	A road to promote trade and alleviate poverty	19
Box 2.6	Providing expertise, leadership, and access to credit to women farmers in Guinea-Bissau	23
Box 2.7	Strategy for Economic Governance in Africa	28
Box 2.8	A new facility to support the transition to clean energy	29
Box 2.9	Strengthening meat and dairy value chains to decrease reliance on income from oil exports	33
Box 2.10	Improving basic services by unlocking access to concessional funds	34
Box 2.11	Improving rail passenger confidence in Egypt	36
Box 2.12	Helping farmers make the switch from subsistence farming to competitive agribusiness	37
Box 2.13	Six million new jobs in Nigeria	38

FIGURES

Figure 2.1	Bank Group approvals, 2019–2021 (UA millions)	5
Figure 2.2	Distribution of 2021 approvals by High 5 priority	6
Figure 2.3	Bank Group disbursements, 2016–2021 (UA millions)	7
Figure 2.4	Bank Group portfolio distribution by sector, as of December 31, 2021	7
Figure 2.5	Bank Group approvals by High 5 priority, 2019–2021 (UA millions)	9
Figure 2.6	Bank Group approvals, by region, 2021	31
Figure 3.1	The Four Results planning tools	41
Figure 3.2	The updated Readiness Review	42
Figure 4.1	Standing Committees of the Boards	51

TABLES

Table 2.1	Bank Group approvals, by source and financing instrument, 2021 (UA millions)	6
Table 2.2	Bank Group portfolio distribution by region, as of 31 December 2021	31
Table 3.1	Bank Group staffing as of December 31, 2021	43
Table 3.2	Resources mobilized through trust funds and special funds in 2021	45
Table 5.1	Abridged financial results of the Bank Group entities, 2020–2021 (UA millions)	57
Table 5.2	Selected financial metrics of the Bank Group, 2017–2021 (UA millions)	58

APPENDICES

Appendix 1	Abbreviations and acronyms	62
Appendix 2	Summary of Bank Group operations, resources, and finance, 2012–2021 (UA millions)	63
Appendix 3A	Bank Group approvals by High 5, 2021 (UA millions)	64
Appendix 3B	Bank Group approvals by sector, 2021 (UA millions)	65
Appendix 3C	Bank Group approvals by financing instrument, 2021 (UA millions)	66
Appendix 3D	Bank Group total approvals by region (UA millions)	67
Appendix 4A	Board of Governors and voting powers of member countries (as of 31 December 2021)	68
Appendix 4B	Board of Governors of the African Development Fund: Voting powers of state participants and the African Development Bank (as of 31 December 2021)	70
Appendix 5	Directors of the Bank and Fund (as of 31 December 2021)	72
Appendix 6	Principal officers of the Bank Group (as of 31 December 2021)	73
Appendix 7	African Development Bank Group organizational structure	75
Appendix 8	Classification of Regional Member Countries	76
Appendix 9	Oversight activities of the Board's committees in 2021	77
Appendix 10	Progress in delivering on GCI-VII commitments	78
Appendix 11	Progress in delivering on ADF-15 commitments	80



**While our continent
has been tested to
the limits financially and
economically, hope is on the horizon.**

In 2021, Africa recorded a growth in gross domestic product (GDP) of 6.9 percent.

Against great odds, the continent turned around a decline of 1.6 percent in the previous year.

Dr. Akinwumi Ayodeji Adesina

The Kazungula Bridge project will have a single-line railway track, pavement for pedestrians, and international border facilities between Zambia and Botswana

Message from the President



Over the last 24 months, the world has been hit by three triple challenges—a global climate crisis that has primarily impacted Africa; an unprecedented pandemic that continues to morph into new variants; and rising costs of food and energy, precipitated by the war in Ukraine.

Rarely has there been a simultaneous convergence of so many global challenges at once.

Today, Africa stands united in its determination to build back better, stronger, and more resiliently.

While climate change continues to buffet our ecosystems and threaten lives and livelihoods, the African Development Bank is front and center as an intervening institution and a global voice for change.

While the pandemic has dealt a heavy blow to African economies and pushed millions of people into extreme poverty, we are on track to reverse the losses with several innovative instruments.

While our continent has been tested to the limits financially and economically, hope is on the horizon. In 2021, Africa recorded a growth in gross domestic product (GDP) of 6.9 percent. Against great odds, the continent, turned around a decline of 1.6 percent in the previous year. That growth was higher than expected, especially for oil-exporting countries, mainly thanks to the rebound in oil prices.

These are encouraging signs. Africa is heading in the right direction. Throughout 2021, the African Development Bank Group continued to demonstrate its unwavering commitment to building resilience in economic and health sectors across the continent. We have adapted our activities to the challenges of the pandemic to meet the needs of our member countries even better than before.

An improved strategic alignment of the African Development Bank's working environment resulted in an increase in overall Group activities from USD 5.84 billion approved in 2020 to USD 6.31 billion in 2021.

We have achieved this by reprioritizing our lending program from an emphasis on program-based operations in 2020 to investment projects in 2021.

We have made tremendous progress implementing our High-5 strategic priorities.

We installed 285 MW of new energy capacity to light up and power Africa, including 72 MW of renewable energy. And we have provided 1.3 million people (616,000 of whom are women) with new electricity connections.

To feed Africa, we financed the building and rehabilitation of 1,386 kilometers of roads and provided 9,500 hectares of land with improved water management. As a result, we helped 3.7 million people to benefit from improvements in agriculture.

To industrialize Africa, we provided 133,600 owner-operators and micro, small, and medium-sized enterprises access to financial services, while 3.4 million people benefited from investee projects.

To integrate Africa, we secured access to better transport services for 6.6 million people and constructed or rehabilitated 262 kilometers of cross-border roads.

And to improve the quality of life for the people of Africa, we provided 12.2 million people with new or improved access to water and sanitation and 130,000 people with better access to education.

These are truly extraordinary results. But we did not stop there.

Through our Transition Support Facility (TSF), we have provided USD 676.1 million to about 29 projects to help transition states tackle the economic and social impact of the pandemic.

Moreover, as part of our Jobs for Youth in Africa strategy, we continued to support young people, equipping them with relevant skills and creating employment to harness Africa's demographic dividend. Africa's youth are among the hardest hit by the pandemic. Mindful that the time is now to build youth-based wealth across Africa and boost financial support for youth businesses, the African Development Bank Group is exploring the establishment of Youth Entrepreneurship Investment Banks—financial institutions run by the youth for the youth in Africa.

Looking back on 2021, many challenges remain and require continued support from the African Development Bank Group. As of December 2021, less than

10 percent of the African population had been fully vaccinated against the coronavirus, compared to at least 50 percent vaccination rates in most other part of the world. Without scaling up vaccination campaigns, Africa's economic recovery remains uncertain. Therefore, the African Development Bank Group calls for global vaccine justice, efficient delivery, and solidarity. We will support the continent's efforts to produce vaccines as part of the African Union's vaccine development plan to help advance the pharmaceutical industry in Africa, which produces less than 1 percent of the continent's vaccine requirements.

Another challenge remains the high public debt in many African countries, which has limited the ability of African countries to increase spending and finance their post-COVID-19 recovery. In 2021, the African Development Bank Group approved its Debt Action Plan to help address fiscal and debt stress in Regional Member Countries and make debt work better for the continent. Our Board of Directors also approved, in February 2021, the African Development Bank Group's Strategy for Economic Governance in Africa (SEGA) to address the rising public debt burdens in African countries, reduce leakages for a more effective public sector, and promote an environment that drives investment and private sector growth.

In line with this new strategy, the African Development Bank Group approved governance projects in thirteen African countries, including a multinational project spanning the five African regions for a total amount of USD 1.1 billion. The African Development Bank Group has also been a leading voice for the redistribution of the International Monetary Fund Special Drawing Rights (SDRs), which offer low- and middle-income countries greater space to manage the public debt that they have accrued over the past two years.

Cognizant of the danger posed by climate change, the African Development Bank Group increased its climate finance to 41 percent of its total approvals for 2021, amounting to USD 2.6 billion, a 7 percentage points increase compared to 2020. Of the Bank Group's climate finance resources, 67 percent was committed to adaptation (USD 1.7 billion) and 33 percent to mitigation (USD 853.3 million).

In 2021, 92 percent of all approved projects, country strategies, and policy documents were designed with climate change and green growth considerations. As part of a pledge to support African countries participating in the COP26 energy transition process, the Bank Group approved in 2021 a USD 1 million Spe-

cial Funds (SF) grant for the COP26 Energy Transition Rapid Response Facility to support the transition.

Looking ahead, the African Development Bank Group remains committed to supporting the transformation of the continent as an important contributor to sustainable development. One area in which the Bank Group will continue to work closely with governments and the private sector, is in the development of Special Agro-Industrial Processing Zones (SAPZs) that will help to transform rural areas across Africa into economic zones of prosperity and unleash the wealth across agricultural value chains.

I am delighted that, notwithstanding the extremely difficult environment, the African Development Bank Group maintained its stellar Triple-A rating with a stable outlook by the major global credit rating agencies for the sixth year in a row.

I want to thank our shareholders, whose ongoing support has helped us to secure the Bank Group's long-term financial sustainability and cement our reputation as Africa's premier development finance institution. This was further strengthened by the prestigious U.S. magazine Global Finance's nomination of the African Development Bank Group as the "World's Best Multilateral Financial Institution" in 2021. We can be proud of our institution.

All of this would not have been possible without the dedication and support of our Board of Executive Directors to whom I am deeply indebted.

The management and staff of the Bank have helped to deliver amazing results in a challenging global environment. I am grateful to them for their selfless work and commitment to excellence in delivery.

I am confident that, with the support of our valued shareholders and the continued dedication of our more than 2,000 exceptional staff members, the African Development Bank Group will continue to build on its achievements and go from strength to strength.

Together, we are making a difference!

Dr. Akinwumi A. Adesina

President of the African Development Bank Group

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 2021. This Annual Report includes a review of developments in the operational activities of the Bank Group during 2021. 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 2022. Electronic versions of the two Reports are available on the Bank Group's website at www.afdb.org/annualreport.



The Last Mile Connectivity Project is extending electricity to villages in Kenya's 47 districts

Boards of Directors



Mohamed EL GHOLABZOURI



David STEVENSON



Paal BJORNSTAD



Stéphane MOUSSET



Saïd MAHERZI



Adama KONE



Judith KATEERA



Maimouna NDOYE SECK



Ahmed Mahmoud ZAYED



Cornelius DEKOP



Akinwumi ADESINA, AFDB PRESIDENT



Vincent NMEHILLE, SECRETARY-GENERAL



Mbuyamu MATUNGULU



Jessica ISAACS



Niels BREYER



Abdulhakim ELMISURATI



Kenyeh BARLAY



Amos CHEPTOO



Oyebode OYETUNDE



Takaaki NOMOTO



Mmakgoshi LEKHETHE



Chris CHALMERS

2021 Quick Facts

FINANCIAL HIGHLIGHTS

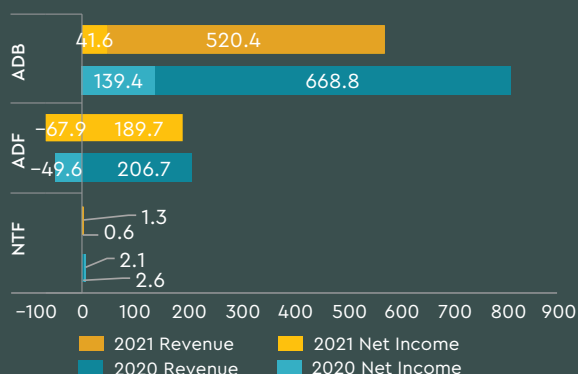
The Bank Group maintained a triple-A rating with a stable outlook from all four major global rating agencies



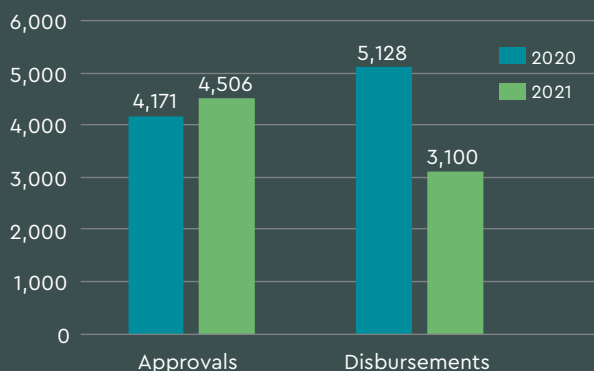
Note: As a result of rounding, the numbers in the charts may not add up precisely to the total.

FINANCIAL HIGHLIGHTS

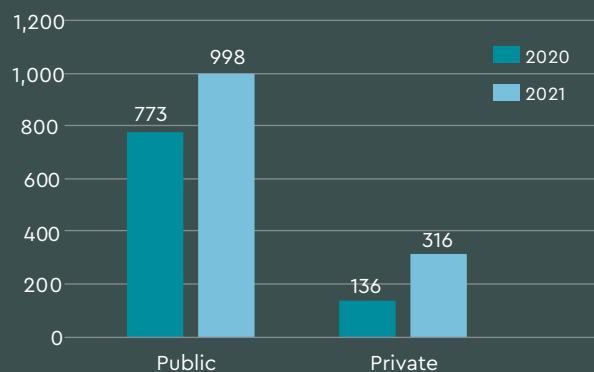
Bank Group revenue and income, 2020–2021 (UA millions)



Bank Group approvals and disbursements 2020–2021 (UA millions)

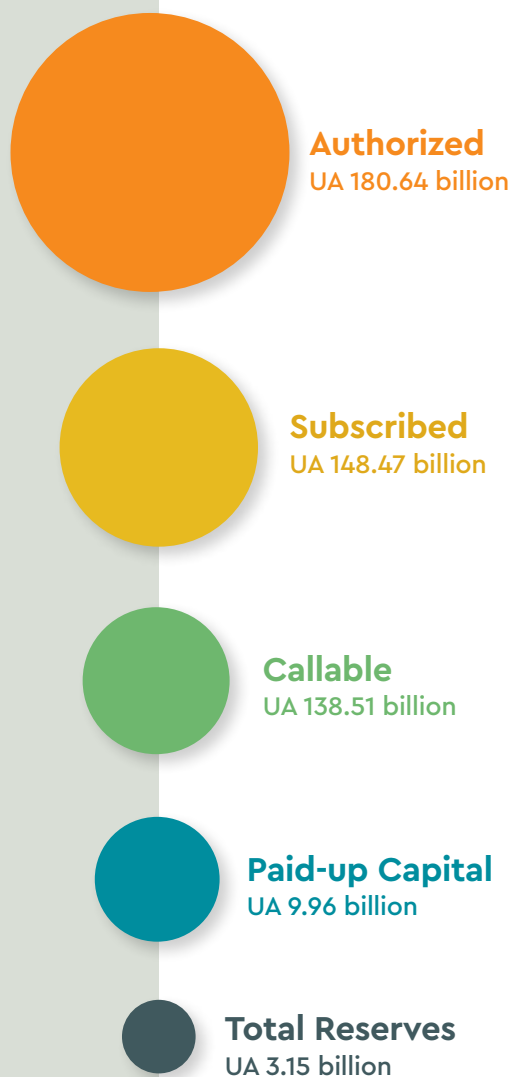


Co-financing resource mobilization by the Bank 2020–2021 (UA millions)



Note: As a result of rounding, the numbers in the charts may not add up precisely to the total.

Capital as of 31 December 2021





The Kazungula Bridge project will connect to the Moseitse-Kazungula Railway between Botswana and Zambia

2021 Quick Facts, *continued***HIGHLIGHTS on the HIGH 5s¹****Light Up and Power Africa**

- **1.3 million** people, **616,000** of them women, with new electricity connections
- **285 MW** new capacity installed, **72 MW** of it renewable
- **1.1 million fewer tons** of carbon dioxide emissions produced

**Feed Africa**

- **3.7 million** people, **1.6 million of them women**, benefited from improvements in agriculture
- **1,386 km** of feeder roads built or rehabilitated
- **9,500 ha** of land with improved water management

**Industrialize Africa**

- **857 km** of roads constructed, rehabilitated, or maintained, **708 km** of them in low-income countries
- **3.4 million** people, **1.4 million of them women**, benefited from investee projects
- **133,600 owner-operators** and micro, small, and medium-sized enterprises provided with access to financial services

**Integrate Africa**

- **262 km** of cross-border roads constructed or rehabilitated
- **6.6 million people**, **nearly half of them women**, gained access to better transport services

**Improve the Quality of Life for the People of Africa**

- **12.2 million people**, **half of them women**, with new or improved access to water and sanitation
- **130,000 people**, **70,000 of them women**, benefited from better access to skills for decent jobs, mainly through infrastructure development interventions at higher education
- **108,000 people**, **52,000 of them women**, trained through Bank operations

HIGHLIGHTS on CROSS-CUTTING AREAS

- **13** governance lending operations for a total of **UA 642 million**
- Knowledge sharing: **4 webinars** and **3 sessions** on public financial management



- **100%** of sovereign operations were categorized using the Gender Marker System, exceeding the 80% target set for the year
- Number of operations with the sole purpose of empowering women and girls: **5** (up from 2 in 2020)



- **29** operations approved through the Transition States Facility
 - **UA 483.1 million** total



- Climate finance accounted for 41% of total approvals
 - **67%** adaptation
 - **33%** mitigation

1. Results data are presented as a three-year moving average. Because the Bank's interventions are increasingly co-financed with other development partners, the outputs are prorated according to the proportion of total project costs financed by the Bank.



The AfDB provided construction financing for Morocco's NOVACIM cement factory

Africa's Development Context

As the Regional Member Countries' development partner of choice, alongside other development partners, the Bank is fully committed to Africa's agenda of building back better, greener, and more resilient.

The COVID-19 pandemic's impacts on African lives and livelihoods continued into 2021.

The Bank estimates that the pandemic pushed 29 million Africans into extreme poverty and accounted for the loss of about 22 million jobs in African countries in 2021. The hardest hit were informal sector workers, mainly women and youth. In addition, several African countries, such as Eswatini, South Sudan, and Uganda, closed schools for more than 37 weeks (the global average from the onset of the pandemic to October 2021), equivalent to more than a half-year of schooling. The hugely destructive impacts of long school closures are eroding the positive trends in education over the past decade and will have fundamental and long-lasting consequences for human capital accumulation and productivity growth. The pandemic has also continued to stretch healthcare systems to their limits, creating secondary healthcare crises in some countries.

Africa's dismal COVID-19 vaccination rates—the world's lowest—are a major obstacle to mitigating the lingering socioeconomic impacts of the pandemic. As of 31 December 2021, only 9.2 percent of the African population was fully vaccinated against the virus, against at least 50 percent in most other regions. The Bank's studies show that a successful Africa-wide vaccine rollout would inevitably reduce the prospect of new COVID-19 waves and boost confidence, growth, and recovery.

Africa's gross domestic product (GDP) is estimated to have expanded by 6.9 percent in 2021, despite continued resurgences of the pandemic and the slow vaccination rollout. The upturn in the economic recovery of 2021 is partly attributed to the implemented policies, higher commodity prices induced by the gradual lifting of restrictions worldwide, and increased global demand. Africa's estimated real GDP growth in 2021 surpassed the world average and that of other regions, largely reflecting strong recovery in Libya attributed to the rebound in oil production and exports, faster re-opening of economies due to the lower COVID-19 infections, and death rates in the continent. The most recent International Monetary Fund (IMF) forecast estimates the global economy to have expanded by 6.1 percent in 2021, the Euro area by 5.3 percent, Emerging and Developing Asia by 7.3 percent, and Latin America and the Caribbean by 6.8 percent.

In Africa, the upturn was highest in the North Africa region, with an estimated growth of 11.7 percent in 2021, mostly attributed to a significant expansion in Libya due to a rebound in oil production and exports that saw GDP expand by 177.3 percent, improved economic conditions in the region's largest trading partners (China, the Euro area, and the United States), increased tourism, and higher oil prices. GDP in East Africa, the only region that avoided recession in 2020, is estimated to have climbed by 4.8 percent in 2021, thanks to the sustained fiscal stimulus and continued recovery in the manufacturing, financial, transport, and hospitality sectors; public spending on infrastructure; improved performance in agriculture; and deepening regional economic integration. In Central Africa, growth in 2021 is estimated at 3.4 percent. All the region's countries, except the Central African Republic, Chad, and the Republic of Congo, are estimated to have rebounded strongly due to recoveries in prices and demand for oil and other commodities. Growth in the West Africa region in 2021, estimated at 4.3 percent, was driven largely by Nigeria (3.6 percent growth), Ghana (5 percent), and Côte d'Ivoire (7.4 percent), and Senegal (6.1 percent). Southern Africa, the region hardest hit by the pandemic, recorded estimated growth of 4.2 percent in 2021, attributed largely to the rising commodity prices and increasing global demand for metals and non-metals.

Africa's real GDP growth displays wide disparities across economic characteristics. Tourism-dependent economies are estimated to have experienced the strongest economic rebound in 2021 of 4.4 percent on average, from a decline of 12.7 percent in 2020, led by Seychelles (7.9 percent) and Mauritius (4.0 percent). Real GDP growth in non-resource-intensive economies is estimated at 5.8 percent in 2021, with their diversified economic structures benefiting from the resumption of productive activities and sustained fiscal stimulus packages and an uptick in investment and private consumption. Growth in oil-exporting countries is

The impacts of the COVID-19 pandemic have persisted.

Africa's GDP is estimated to have rebounded in 2021, but growth displays significant disparity across regions, countries, and economic characteristics.

Most macroeconomic fundamentals remain weak due to the continued effects of the pandemic but are projected to improve in the medium term.

estimated at 8.1 percent in 2021, supported by the global demand-led surge in oil prices in the second half of 2021. In other resource-intensive economies, real GDP is estimated to have expanded by 4.5 percent in 2021, driven by demand-led rises in metals and mineral prices, which support continued recovery across countries in this group.

Currency depreciation seen in most African countries after the pandemic's outbreak continued in 2021, more so in commodity-exporting countries. In non-resource-intensive economies, exchange rate depreciation was much lower. Some countries even registered a slight appreciation of their currencies, as their economies slowly recovered from the pandemic-induced economic crisis. Africa-wide, inflation rose by 2.2 percentage points to 13 percent in 2021, reflecting a combination of drivers, including increased food prices attributed to local supply shortages, a rise in global food prices, global supply-demand mismatches, and rising commodity prices.

Monetary policies in most African countries were supportive of recovery. Many countries that experienced declining or relatively stable inflation maintained or lowered their policy rates at the start of the pandemic. The biggest cutters were Liberia (10 percentage points) and Egypt (4.5 percentage points). Fiscal deficits improved slightly on average to 5.1 percent of GDP in 2021 from 7.2 percent in 2020 and are expected to fall below the pre-pandemic level of 4.3 percent over the next two years to reach 4 percent of GDP. Fiscal deficits are estimated to have declined from 6.7 percent of GDP in 2020 to 4.2 percent in 2021 in oil-exporting countries and from 8.0 percent of GDP to 5.8 percent in other resource-intensive countries. In those countries, revenues improved, supported by rising commodity prices. Similarly, in tourism-dependent countries, fiscal deficits are estimated to have fallen by 5.8 percentage points, to 8.0 percent of GDP in 2021, from 13.8 percent in 2020, as tourism revenues recovered from the decline in 2020.

Despite slight improvements in fiscal deficits, the combined effects of low government revenue and higher public spending engendered by the pandemic have widened Africa's development financing gaps (estimated at around USD 432 billion in 2020–22, slightly less than the AEO 2021 estimate of USD 484.8 billion, due in part to better-than-anticipated

fiscal positions), increased liquidity pressures, and further exacerbated debt vulnerabilities. Africa's public debt is estimated at USD 546 billion, about a quarter of the continent's GDP and higher than its annual government revenues (approximately USD 500 billion). This rapid debt accumulation has raised Africa's debt-servicing costs. On average, some 18 percent of total government revenue is used to service debt, at the expense of social services such as education and health, which form the basis for sustainable and inclusive growth. The rising debt levels have impacted debt sustainability ratings, particularly for low-income countries in Africa. As of December 2021, out of 38 African countries with data, 22 were either in or at risk of debt distress—7 in debt distress and 15 at high risk of debt distress.

Global support from bilateral and multilateral development partners, including the African Development Bank, the IMF, and the World Bank have helped pre-empt a wave of defaults in Africa. For instance, the IMF's historic general allocation of USD 650 billion in Special Drawing Rights (SDRs) has helped alleviate liquidity pressures in some countries, allowing them to boost their external buffers. African countries collectively received about USD 33.2 billion (only 5 percent of the allocation), with absolute amounts ranging from USD 19.9 million to São Tomé and Príncipe to more than USD 4.1 billion to South Africa—but these are small shares given the huge size of their financing gaps and needs. Therefore, to reconcile the distribution of SDRs with countries' needs, the IMF has called for voluntary channeling of SDRs from member states with strong external positions into the Poverty Reduction and Growth Trust, which is currently interest free. Compliance with the Trust will determine the level of additional resources available to African countries. The approval of the African Development Bank's Debt Action Plan (2021–2023), under its regional integration strategy, was another unprecedented move that outlined specific actions to address fiscal and debt stress to make "debt work for Africa."

Ultimately, to further boost and sustain economic recovery post-COVID-19, a policy mix to speed up vaccine access and rollout, address debt vulnerabilities and climate change, support households and firms, and strengthen domestic resource mobilization remains critical. It will require, among other things, supporting domestic pharmaceutical industries to produce locally needed vaccines and addressing bottlenecks to vaccine delivery, maintaining accommodative monetary policies and fiscal support where there is fiscal space, and accelerating governance



Stock on view at a fertiliser warehouse in Njombe, Tanzania.

reforms and improving public financial management, while enhancing the efficiency of debt-financed public investments.

While policymaking in 2021 focused on revamping economies and implementing containment measures to curtail the spread of the COVID-19 virus and enable a full reopening of economies, efforts to build back better and engender resilient economies may be hampered by the devastating climate-related shocks on the continent. Consequently, policies aimed at supporting Africa's climate-resilient post-pandemic economic recovery must include initiatives to enhance the continent's resilience by mitigating climate-related shocks that contribute to output fluctuations and by accelerating climate adaptation.

Guided by its High 5 priorities—to Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa—the African Development Bank continued to play a critical role in helping its Regional Member Countries rebuild stronger and more resil-

ient economies in the post-COVID-19 era. Despite the challenges in its operating environment that affected the delivery of the planned lending program, the Bank Group took several important steps to focus more on results and development impact, with higher approvals in 2021 than in 2020, as detailed in the report.



Tunisian pharmaceutical laboratory



The Employability and Inclusion of Young People in Prosperous Areas Project aims to strengthen the employability of young people and facilitate access to credit

Bank Group Operations through a High 5 Lens²

After the focus on the COVID-19 response during 2020, the Bank Group returned, in 2021, to a pattern of financial support to its Regional Member Countries (RMCs) more aligned with that of earlier years, regarding sectoral distribution.

² 2021 High 5 Achievements video (<https://www.afdb.org/en/news-and-events/multimedia/video/2021-high-5-achievements-video-44708>).

Approvals

Bank Group approvals for 2021 (UA 4.51 billion) were slightly higher than approvals for 2020 (UA 4.17 billion) but lower than those before the pandemic (UA 7.3 billion) (Figure 2.1). African Development Bank (ADB) approvals amounted to UA 2.45 billion, African Development Fund (ADF) approvals amounted to UA 1.26 billion, and Nigeria Trust Fund (NTF) approvals stood at UA 3.6 million. Other approvals under Special Resources included UA 43.7 million under the Private Sector Credit Enhancement Facility (PSF), UA 483.1 million under the Transition Support Facility (TSF), and UA 263.6 million under Special Funds (Table 2.1). Approvals under the TSF reflected continued high support following the UA 471.9 million approved in 2020 to assist transition economies in addressing the socioeconomic impacts of the COVID-19 pandemic.

Challenges in the Bank's operating environment affected the delivery of its planned lending program. Most of the key lending targets for 2021 could not be met because of the cancellation or postponement of over 60 operations (UA 2.09 billion). There are four main explanations for this trend: delays in finalizing environmental and social safeguards studies due to the stricter enforcement of existing Bank safeguard procedures and the need to support RMCs in their efforts to reinforce their capacities to prepare more robust studies;³ headroom constraints, including delays in confirming the availability of ADB resources for eligible ADF countries;⁴ changes in country priorities or project sites; and processing delays at both the client and Bank levels, attributable partly to the impact of the lockdowns and travel restrictions, which curtailed project preparation activities.

Approvals for non-sovereign operations (NSOs) in 2021 were UA 549 million (11 percent of total approvals). This is markedly higher than the 2020 figure of UA 393 million (9 percent of total approvals). The approvals comprised UA 391.9 million in project loans,

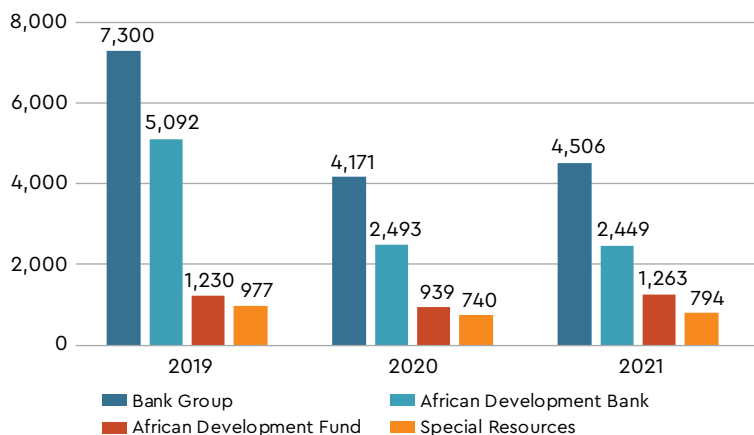
lines of credit, and those made through the Soft Commodity Finance Facility, UA 29.9 million in private equity, and UA 127.6 million in private guarantees.

The year 2021 was challenging for NSOs, as the Bank resumed lending activities in an environment still greatly affected by the pandemic. Major concerns related to credit risk perception, viability, risk capital, and key management and strategic changes accounted for the cancellation/postponement of projects worth UA 594 million.

Approvals for program-based operations for 2021 amounted to UA 782 million—a steep drop from the UA 2.77 billion in 2020 but closer to pre-COVID levels. The reduction in the volume of program-based operations is due to reprioritization to investment projects in 2021. In 2020, the focus had been on supporting RMCs to address the COVID-19 challenges, which resulted in an exceptionally large number of approvals for program-based operations, 92 percent of which had been financed through the Crisis Response Budget Support. In 2021, the need to provide program-based support to RMCs was markedly low, resulting in a reorientation of Bank financing to focus on investments for Africa's recovery.

Approvals for all High 5 priorities, except Light Up and Power Africa, experienced huge changes from their 2020 levels: sharp increases for Feed Africa, Industrialize Africa, and Integrate Africa, and a major decrease for Improve the Quality of Life for the People

FIGURE 2.1 Bank Group approvals, 2019–2021 (UA millions)



³ Partly stemming from difficulties in movement due to COVID-19, and from publication deadlines.

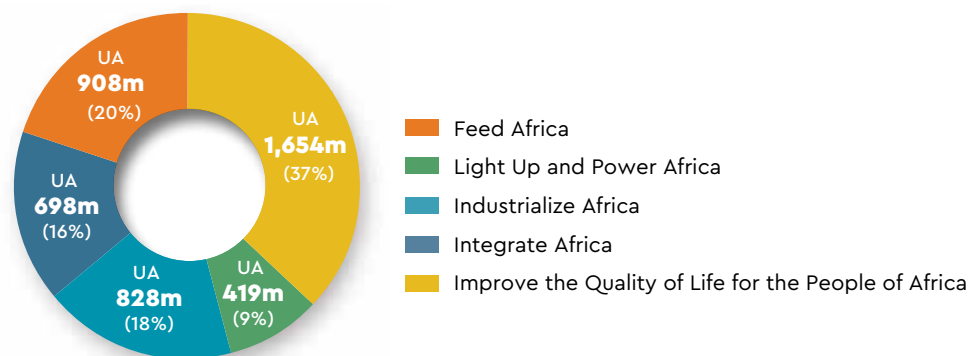
⁴ Under the Bank's Credit Policy, if assessed, some previously African Development Fund (ADF)-only countries can access financing from the ADB window.

TABLE 2.1 Bank Group approvals, by source and financing instrument, 2021 (UA millions)

Financing instrument	Ordinary resources			Special resources					Bank Group
	African Development Bank*	African Development Fund*	Subtotal	Nigeria Trust Fund	Private Sector Credit Enhancement Facility	Transition Support Facility	Special Funds	Subtotal	Bank Group
Total loans and grants	2,335.3	1,263.3	3,598.6	3.6	—	483.1	—	486.7	4,085.3
Other approvals	113.8	—	113.8	—	43.7	—	263.6	307.2	421.0
<i>Of which</i>									
Equity participation	29.9	—	29.9	—	—	—	—	—	29.9
Guarantee	83.9	—	83.9	—	43.7	—	—	43.7	127.6
Other	—	—	—	—	—	—	263.6	263.6	263.6
Total approvals	2,449.1	1,263.3	3,712.4	3.6	43.7	483.1	263.6	793.9	4,506.3

*Excluding special resources.

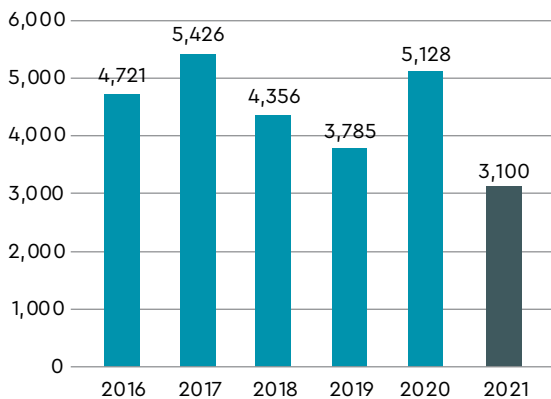
FIGURE 2.2 Distribution of 2021 approvals by High 5 priority



of Africa. These are explained by the substantial re-prioritization of the 2020 lending program in addressing pandemic-related challenges.

Approvals for Light Up and Power Africa amounted to UA 419.4 million in 2021, 10 percent lower than the 2020 level of UA 463 million, but markedly lower than the 2016–2019 average of UA 1.4 billion. Several factors, including ADB financing headroom constraints and changing government priorities, led to the postponement of several operations that were planned for Board presentation in 2021. Approvals for Feed Africa, at UA 908 million, were more than seven times their 2020 level, but in line with the 2016–2019 average of UA 908 million. Approvals for Industrialize Africa reached UA 827.7 million, a substantial increase of UA 628.5 million over 2020 approvals, but still markedly lower than the 2016–2019 aver-

age of UA 1.5 billion. Approvals for Integrate Africa, at UA 697.6 million, were close to four times higher than their 2020 level, but lower than the 2016–2019 average of UA 980 million, which included an exceptionally high level of approvals in 2019 (UA 1.54 billion), pushed by several lines of credit that accounted for close to one-third of approvals. Approvals for Improve the Quality of Life for the People of Africa, at UA 1.65 billion, showed a decrease of UA 1.55 billion from 2020's exceptional level of approvals due to the high volume of COVID-19 response operations, which were all mapped under this High 5. Approvals for this priority fluctuate widely from year to year. The 2016–2019 average of UA 2.4 billion results from approvals ranging from UA 3.32 billion in 2016 to UA 1.67 billion in 2019. The distribution of 2021 approvals by High 5 priority is shown in Figure 2.2.

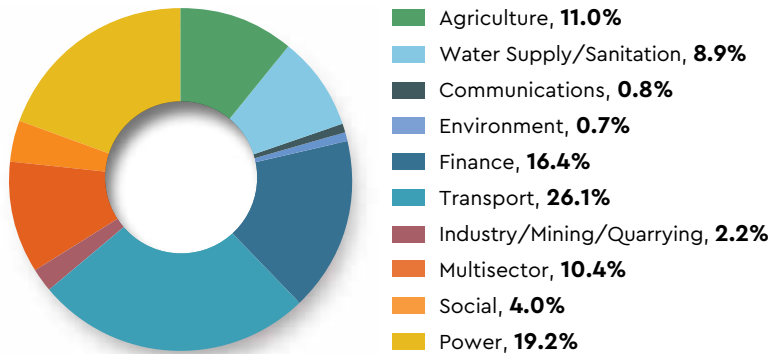
FIGURE 2.3 Bank Group disbursements, 2016–2021
(UA millions)

Disbursements

The Bank Group disbursed UA 3.1 billion in 2021, a sharp drop from the UA 5.13 billion disbursed in 2020 on account of the large volume of crisis response budget support operations (Figure 2.3). Other factors that accounted for the lower disbursements in 2021 were delayed signatures for a number of approved NSO transactions (totaling UA 332 million) due to capital management considerations or delayed negotiations; lower NSO approvals in 2020 and 2021; travel and lockdown restrictions due to the COVID-19 pandemic and security concerns in some conflict areas (impacting project implementation and hence disbursements); and delay in effectiveness of 10 operations, representing a total approval of UA 480 million, due to the protracted negotiations between the European Commission and the Bank on the issue of European Union (EU) Restrictive Measures.

Bank Group portfolio

The Bank Group portfolio amounted to UA 42.23 billion at end-2021, relatively unchanged from UA 42.5 billion at end-2020. Of the portfolio of 1,584 loans and grants, 56 percent were rated satisfactory, 14 percent were under close management watch, and 30 percent were flagged for management attention. The main reasons for the relatively high volume of flagged operations are disbursement delays (60 percent), slow procurement (28 percent), and sig-

FIGURE 2.4 Bank Group portfolio distribution by sector, as of December 31, 2021

Note: Percentages do not sum to 100 because of rounding.

nature delays (12 percent).⁵ These delays are largely attributable to the relatively weak implementation capacity of Project Implementation Units, the challenges faced by executing agencies and bidders during the bidding period leading to an extension of submission deadlines, and the complexity and difficulties of starting up infrastructure and regional projects. The restricted movements of workers and delayed supplies due to COVID-19-induced travel and lockdown restrictions exacerbated these challenges. Figure 2.4 shows the breakdown of disbursements by sector.

Co-financing

The Bank mobilized UA 1.31 billion in co-financing, 93 percent of the target of UA 1.41 billion and 45 percent higher than the UA 909 million achieved in 2020. Of the amount mobilized, UA 998 million was for sovereign operations and UA 316 million for non-sovereign operations. Resources mobilized for sovereign operations included UA 264 million from the Japan International Cooperation Agency for the Mauritius policy-based operations and the Integrated Transport Program—Phase I, UA 218 million from the Islamic Development Bank, UA 146 million from the Agence Française de Développement (AFD) and UA 113 million from Africa Growing Together Fund (AGTF).

⁵ In certain cases, issues affecting effectiveness included the reluctance to sign the loan agreement until all due diligence was completed, to avoid paying commitment fees; the lengthy ratification process; and suspension of Parliament, leading to delays in ratification.

Resources mobilized for non-sovereign operations included UA 43.7 million from the Private Sector Credit Enhancement Facility, UA 45.9 million from the Japan International Cooperation Agency, UA 45.7 million from the European Bank for Reconstruction and Development, and UA 59.7 million from the Agence Française de Développement. The Bank also secured a Mandated-Lead Arranger role for a project worth EUR 180 million in Gabon and is negotiating mandates for two additional transactions in Benin and Burkina Faso.

The Bank continued to explore more opportunities for partnerships, co-financing, framework agreements, and innovative co-lending structures⁶ on projects with other non-traditional partners to improve performance in this key area. The Board of Governors approved a 10-year Cooperation Agreement with Korea. This agreement is linked to the Korea-Africa Energy Investment Framework, which will provide approximately USD 600 million (UA 415.3 million) to support energy sector investment projects. In December 2021, the Bank resumed negotiations with the European Commission on a new Financial Framework Partnerships Agreement,⁷ which is expected to be signed in 2022. This follows successful negotiations on the EU's Restrictive Measures on the issue of "transposition."⁸

Innovative financing

The Bank approved a EUR10.5 million equity investment in the Janngo Start-Up Fund, a Pan-African technology start-up fund, which focuses on building, growing, and investing in tech start-ups with proven business models and inclusive social impacts. Janngo

6 Such as issuance of debt securities (private placements) in the capital markets backed by loans to state-owned enterprises or governments, leveraged guarantee structures, and syndication platforms.

7 This will position the Bank to access the EU's European Fund for Sustainable Development window, worth EUR 30 billion over the next seven years under the new seven-year EU budgetary cycle (2021-2027).

8 Transposition is an "obligation of result" to ensure that no EU funds benefit individuals or entities subject to EU restrictive measures, whether they receive funds directly from the Bank or at subsequent levels as subcontractors or suppliers.

is part of the new and upcoming first generation of venture capital funds targeting early-stage businesses. It provides long-term financing and in-depth technical assistance to innovative entrepreneurs, thereby creating efficient digital services in various sectors to the benefit of African customers in key sectors such as health; higher education (including technical vocational education and training); science, technology, and innovation; and finance. This double effect on supply and demand will increase business opportunities, foster growth, and promote a better quality of life for the beneficiaries and customers. The Fund's focus on Sub-Saharan regions, especially West Africa, will increase access to private financing, digital services, and technical assistance while supporting socially and environmentally responsible companies.

The Bank approved a EUR 70 million line of credit to support private sector enterprises in West African Economic and Monetary Union member countries. These resources will be on-lent, particularly to enterprises in agricultural value chain development and job-creating service sectors. It also approved, as part of the same operation, a USD 24 million Equity Investment in the general capital increase of Banque Ouest Africaine de Développement (BOAD), which will allow the Bank to own 1 percent of BOAD's capital and be represented on the Board of Directors. The ADB and BOAD have several complementary strategic priorities. The participation of the Bank in BOAD's capital increase, although modest, should have a demonstration effect to catalyze the participation of other DFIs and non-regional member states.

The Bank also approved a comprehensive financial package (EUR 25 million ADB subordinated loan, EUR 15 million ADB partial credit guarantee, EUR 10 million ADB Trust Fund line of credit, and USD 6 million first loss guarantee) to support NSIA Banque in Côte d'Ivoire in its strategy to support local small and medium-sized enterprises (SMEs). The project targets labor-intensive sectors and improved access to finance for underserved businesses, especially SMEs, and women-owned and youth-owned businesses. One of the unique features of the operation is that the partial credit guarantee is dedicated to women-owned businesses.

Opposite: The AfDB financed a water supply reinforcement project in Angola, bringing drinking water to this school

HIGHLIGHTS OF THE BANK GROUP'S OPERATIONS, BY HIGH 5 PRIORITY

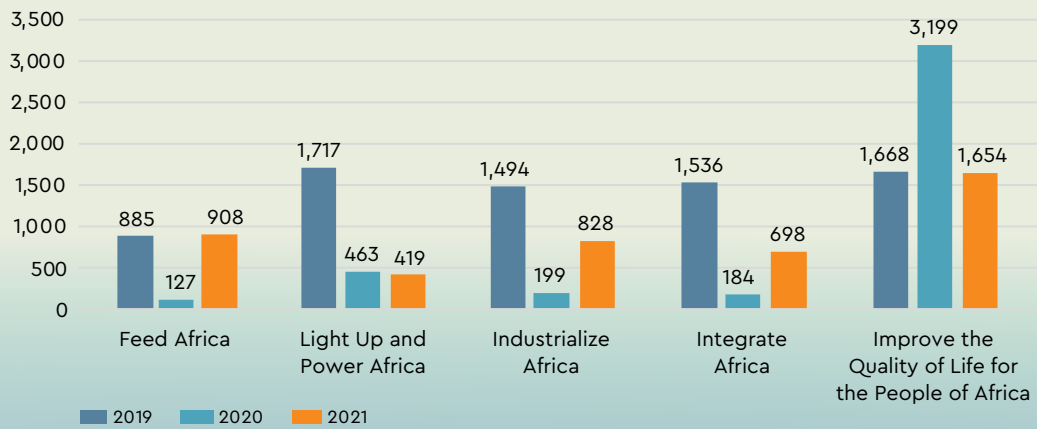
The Bank has made a long-lasting impact in Africa by concentrating on key sectors that lack adequate investment. Its High 5 priorities are integrated into the Bank's strategy to further the Sustainable Development Goals (SDGs) and to achieve strategic investment in key sectors, and have led to significant improvements in energy access, food security, industrialization, connectivity, and quality of life.

The Role of the AfDB and the Future of Africa

Daniel F. Runde, Senior Vice President, Center for Strategic and International Studies

The breakdown of Bank Group approvals in 2019–2021 by High 5 priority is in Figure 2.5.

FIGURE 2.5 Bank Group approvals by High 5 priority, 2019–2021 (UA millions)





Light Up and Power Africa

The Bank actively participated at the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, United Kingdom in November 2021 (see also the section on climate change) and officially announced its renewed commitments and ambitions to respond to climate change and promote green growth in Africa, through its new strategic framework adopted by the Board of Directors in October 2021. The framework includes a high-level policy, a long-term strategy (2021–2030), and a five-year action plan (2021–2025) on climate change and green growth. Through this framework, the Bank further committed to ensuring that all new Bank operations and sector strategies become fully Paris-aligned by 2023, with country-level and internal alignment by 2025. The Board of Directors has also adopted an amendment to the Bank's Energy Sector Policy of 2012. The amendments align the energy policy with Bank commitments to end all financing of new coal-based projects.

The Bank is increasingly addressing climate-related risks and challenges when designing energy programs, expanding its investments in renewable energy, and aiming to "crowd in" other public and private investments, to help mobilize the financing needed to develop Africa's energy infrastructure. It is also working to develop mini-grid solutions, often the best means of supplying power to remote communities.⁹

Some of the Light Up and Power Africa operations completed in 2021¹⁰ show how this High 5 priority is helping RMCs address the impact of climate change on the energy sector:

- 1.3 million people, 616,000 of them women, with new electricity connections.
- 456 km of new or improved power distribution lines.
- 294 km of new or improved power transmission lines.
- 285 MW new total power capacity installed, 72 MW of it renewable.
- 1.1 million fewer tons of carbon dioxide emissions produced.

⁹ Source of opening paragraphs for all High 5s: ADER 2020.

¹⁰ Results data are presented as a three-year moving average.

Approvals for this High 5 priority amounted to UA 419.4 million in 2021 (9 percent of total approvals), 10 percent lower than 2020's UA 463 million (11 percent of the total). Examples of approved operations are:

- The Kinguele Aval Hydro Power Project in Gabon, with EUR 20 million from the ADB private window, EUR 10 million from the Africa Growing Together Fund, and EUR 9 million from the Bank's Sustainable Energy Fund for Africa. The project entails the design, construction, and operation of a 34 MW power plant, to provide a net annual generation of 203 GWh. This will be Gabon's first independent power producer designed to displace domestic gas-fired generation, adding flexibility to the national power system, which is needed to integrate variable renewable power sources.
- The Mozambique Energy for All (two ADF grants for a total of UA 25.9 million). The project includes the construction of a new national control center to boost power exports by the national power utility. This facility aims to triple energy exports by incorporating more renewable sources such as solar and wind and to attract more investments as domestic power supplies and stability improves. In Nampula province, the national power utility is engaging with the United Nations Refugee Agency to include internally displaced persons and refugee camps as part of the project scope.
- The multi-country¹¹ Ethiopia–Djibouti Second Power Interconnection (UA 60 million ADF grant). The first interconnection line is reaching its power transfer capacity limit in both countries, so the governments have decided to develop the second power interconnection line to maintain Djibouti's power system security and reliability. Some of the project contributions will be furthering the reduction of greenhouse gas emissions, increasing the share of renewables in Djibouti's energy mix from 84 percent to 99 percent, and increasing power export revenues for Ethiopia by 53 percent.
- The Distributed Battery Energy Storage Project in South Africa, with a USD 57.7 million Special Funds (SF) loan (Box 2.1).

¹¹ Multicountry or multinational operations are operations in more than one country in the same region. Multiregional operations are operations in more than one region.

BOX 2.1

Reducing energy waste and reliance on fossil fuel-generated electricity

The Distributed Battery Energy Storage Project will support Eskom Holdings SOC Ltd., South Africa's public electricity utility—and Africa's largest—to harness battery storage technology that will enable an increase in electricity generation from reliable and efficient renewable energy sources. Funding of USD 57.7 million was mobilized from the Clean Technology Fund, a multi-donor trust fund under the Climate Investment Funds. Other co-financiers include the World Bank and the New Development Bank.

The project involves the development of 200 MW of battery storage with four hours of energy storage capacity per day, or the equivalent of 800 MWh in total, at seven sites. Once onstream, Eskom will be able to dispatch electricity sourced from variable renewable energy that would otherwise have been wasted, thereby reducing reliance on fossil fuel-generated electricity at peak times of the day. This operation will also inform the rollout of similar projects in many other African countries.





The dispensary of Olosho-Oibor, a remote village in Kajiado County, south of Nairobi in Kenya, was connected to Kenya's national power grid as part of the Last Mile Connectivity Project.

Jacqueline Mwendo, the only nurse at the dispensary, says: **"Before, we only had a small photovoltaic panel. The small current did not allow me to power a refrigerator to store medicines and vaccines.** Ironically, some 20 wind turbines could be seen a few hundred meters away on the crest of the hill."



UNHCR workers deliver relief items to internally displaced people in Corrane Site in Mozambique's Nampula Province. The national power utility is engaging with the UN refugee agency to include internally displaced persons and refugee camps as part of the Bank-financed Energy for All Project scope.

Other notable knowledge products and activities include:

- The fifth edition of the Africa Energy Market Place, which brought aboard Cameroon, Guinea, Kenya, Mozambique, and Tunisia. The priority actions identified in the Market Place will anchor the Bank's dialogue with the governments and key stakeholders in the energy sector.
- The 2021 edition of the [Electricity Regulatory Index](#) covering 43 countries. The index measures

the levels of development of African countries' electricity-sector regulatory frameworks.

- The [Building Regional Power Markets in Africa Report](#), launched at the Africa Energy Forum, provides tools and mechanisms for preparing complex projects requiring coordination of national and regional laws, standards, policies, and regulations.



Feed Africa

Under its Feed Africa strategy, the Bank is committed to raising agricultural productivity; prioritizing small-holders, women, and farming cooperatives; expanding young people's access to agribusiness training; and promoting resilience to climate change. To continue promoting the development of African agriculture, the Bank is also increasing its investments in agro-industrial initiatives that will add value and build productive capacity.

Feed Africa operations completed in 2021 had the following impacts:

- 3.7 million people benefiting from improvements in agriculture, including 1.6 million women.
- 1,386 km of feeder roads built or rehabilitated.
- 9,500 ha of land with improved water management.

Approvals for this High 5 priority, at UA 908 million, accounted for 20 percent of total approvals in 2021, and were just above the 2019 approvals of UA 885 million, but markedly higher than 2020 approvals of UA 127 million. The approvals included:

- The Agriculture and Food Security Project in Gambia which (USD 16 million SF grant) aims to increase food and nutritional security and household income, particularly for vulnerable households, in five administrative regions, through strengthening the sustainable Home-Grown School Feeding Programme. Strengthening will be achieved through an increase in climate-resilient food production, postharvest management, market access, and resilience for identified nutrient-rich food chains.
- The Rice Agro-Industrial Clusters Project in Sierra Leone (UA 10.4 million TSF grant and UA 1.5 million ADF grant) which aims to contribute to rice self-sufficiency and improve the livelihoods of rural households with a focus on empowering women-owned businesses and promoting public-private partnerships (PPPs). The project will increase the volume of import-quality locally produced rice by creating competitive value-added chains for rice, working with seed companies, and government regulators to produce certified seeds of market-preferred varieties.
- The Resilience, Food and Nutrition Security Support Project in the Central African Republic (USD 13.9 million SF grant and UA 8 million ADF grant). The project aims to improve the living conditions and resilience of vulnerable rural pop-

ulations, improve the food and nutrition security of rural populations in two prefectures, and increase and diversify agro-pastoral production and improve access to basic services.

- The Special Agro-Industrial Processing Zone Project in Liberia (UA 7.8 million ADF grant and UA 2.3 million ADF loan) (Box 2.2).

Knowledge activities carried out in 2021 included:

- The co-hosting by the Bank and the International Fund for Agricultural Development of a high-level dialogue—Feeding Africa: Leadership to scale up successful innovations—in partnership with the Forum for Agricultural Research in Africa and the Consultative Group on International Agricultural Research. A coalition of multilateral development banks and development partners pledged over USD 17 billion in financing, in a bold bid to stem rising hunger on the African continent and to improve food security.
- The Bank, with the Food and Agriculture Organization of the United Nations and the Consultative Group on International Agricultural Research, published “Digital Agricultural Profiles” for [Côte d’Ivoire](#), [Rwanda](#), and [South Africa](#). The profiles map the challenges and opportunities to scale the adoption of innovative digital technologies with the greatest potential to transform the sector. Drones, satellites, weather stations, and advanced analytics are some of the most promising technologies for providing solutions to Africa’s agricultural challenges.
- The Bank signed a Memorandum of Understanding with the Chinese Ministry of Agriculture and Rural Affairs and with the People’s Bank of China on agribusiness investment promotion and cooperation during the Forum on China-Africa Cooperation (FOCAC) in Dakar, Senegal in November 2021.



Reports from the Bank, FAO, and CGIAR showcase digital agriculture opportunities

BOX 2.2

Building private sector strength in regional value chains in Liberia

The Special Agro-Industrial Processing Zone Project will provide the external infrastructure required to prepare and secure the Agri Hub for private sector developers and additional private sector investments in agro-industrial factories. The project will provide technical assistance to help set up the Liberia Special Economic Zone Authority and develop requisite skills and agricultural value-chain capacity to ensure competitiveness, productivity, and inclusivity in agro-industrial development. Such zones bring hard and soft infrastructure, as well as policy attributes, to enable agribusinesses and SMEs to process their production. Ultimately, the aim is to build the strength of the private sector in regional value chains to create jobs, scale up production, and foster efficiency and competitiveness, in domestic, regional, and global markets.



Source: <https://www.afdb.org/en/news-and-events/multimedia/video/special-agro-industrial-processing-zones-sapz-initiative-46230>.



Alhaji Mohammed Mashud is one of the pioneers of the Technologies for African Agricultural Transformation in the Savannah Project and was crowned Ghana's national best farmer for 2021–2022.

"Before the project we cultivated between 5–10 ha . . . By the fourth year, we cultivated 453 ha. So, you can see the quantum leap or something more than a quantum leap," Mr. Mashud said.



Marqua Khemiri is a project manager at EleOneTech in Bizerte, Tunisia



Industrialize Africa

The Bank is working to expand Africa's industrial sector and address manufacturing's geographic concentration by promoting industrial policies that have been successful elsewhere, attract funding to infrastructure and industry, support the growth of capital markets, and in general promote enterprise development.

The impact of these policies and approaches is demonstrated by the results of some of the Industrialize Africa operations completed in 2021:

- 857 km of roads constructed, rehabilitated, or maintained, including 708 km in low-income countries.
- 3.4 million people benefiting from investment projects, including 1.4 million women.
- 133,600 owner-operators and micro, small, and medium-sized enterprises provided with access to financial services.

This High 5 priority received UA 828 million, 18 percent of total approvals, compared with UA 199 million in 2020.

Real sector operations have been identified as having the highest potential for earnings, growth, and portfolio diversification. There are sustained efforts to ensure that NSO projects continue to develop a pipeline of new real sector projects to further diversify the

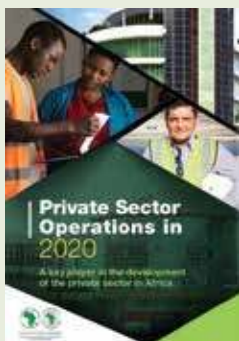
NSO portfolio from finance sector concentration risk, while increasing the profitability of the Bank's NSO portfolio and achieving sustainable development targets under the High 5 agenda. NSO sector operations prioritize generating pipeline projects in underserved regions. NSOs complement sovereign operations to fund critical infrastructure that will increase the attractiveness of underserved regions to private sector investors. Countries that witnessed notable increases in approvals were Côte d'Ivoire, Ghana, Nigeria, and Tanzania. The Bank has undertaken several initiatives to give more visibility to NSOs (Box 2.3).

Some of the key operations approved in 2021 were:

- The E-Governance and Public Administration Modernization Programme—Phase I in Cabo Verde (EUR 20 million ADB loan), which aims to improve digital efficiency for enhanced public service provision, a modernized administration, greater transparency, and increased private sector investment. The pandemic-induced lockdowns have increased the need for digital transactions and identification for firms to keep or expand their businesses and have set the stage for developing an information and communication technology (ICT) sector that can produce services and products to enhance productivity and competitiveness and diversify the economy away from tourism.

BOX 2.3

Leveraging the private sector to boost growth in Africa



The Bank has opened a dedicated webpage for its private sector activities, (<https://www.afdb.org/en/topics-and-sectors/sectors/private-sector>) with information on:

- How the Bank's private sector financing window operates.
- How it contributes to development impact.
- What types of operations it can finance (with examples of ongoing operations).
- What types of financial solutions are available, ranging from debt instruments to risk management products.

The website also provides numerous information resources and background materials published in 2021 in English and French.

BOX 2.4

Increasing rubber processing in Africa



The Bank approved a corporate loan of EUR 12.5 million to support the investment plan of Société Internationale de Plantations d'Hévéas.

The company's main activity is the production, processing, and marketing of natural rubber. Its objective is to develop natural-rubber processing capacity on the continent by processing the raw material locally to reduce dependency on external milling capacity, generally located in Asia.

The objective will be achieved through an increase in industrial processing capacity for natural rubber with the construction of two plants in Côte d'Ivoire and Ghana, and with the renewal and expansion of existing rubber plantations.



Fideline Mahenge, a local distributor of agricultural inputs in Tanzania, says: **"When I started my business, fertilizer suppliers did not trust me because I lacked capital."**

The Trade Credit Guarantee Project increased private fertilizer companies' confidence to extend credit, providing guarantee for payment against default by distributors.

- A ZAR 800 million ADB line of credit and a ZAR 250 million partial credit guarantee, approved by the Bank in support of the Multicountry Transition to Green and Inclusive Industrialization of the Southern Africa Development Community region. The objective is to tilt the finance sector toward supporting women-led businesses while encouraging sustainable industrial practices. The project aims to unlock liquidity for the benefit of companies led by an underserved segment of the population.
- The Accelerated Industrialization, Competitiveness and Employment Support Programme in Senegal (EUR 96.1 million ADB loan and UA 10 million ADF loan). The program aims to support economic recovery, accelerated industrialization, and job creation by improving the competitiveness of value chains, the productivity and adoption of hardware and organizational technologies, access to financing, and private sector development.
- A corporate loan of EUR 12.5 million to participate in the strategic investment plan of Société Internationale de Plantations d'Hévéas (Box 2.4).

Examples of key knowledge activities include the following:

- The Bank's technical assistance to the secretariat of the Common Market for Eastern and Southern Africa (COMESA) to develop a regional Good Manufacturing Practice Scheme for strengthening capacities of pharmaceutical manufacturing industries based on the World Health Organization's current good manufacturing practice, standards, and quality management systems in the region. The COVID-19 outbreak exposed Africa's overreliance on India and China for essential medicines and medical supplies, which generated renewed interest in promoting industrialization, in particular local manufacture of pharmaceutical products. The Bank also provided support for market research to identify and analyze supply and demand gaps in COVID-19-related pharmaceutical goods and services in the COMESA region. These interventions would help strengthen local manufacturing of pharmaceutical and medical supplies in the COMESA region.
- The publication in English and French of [Private Equity in Africa: The Role of the African Development Bank](#) (2021 edition).
- The publication in English and French of [Facilitating Private Sector Investments in Transition Countries](#).



Integrate Africa

The Bank's support to regional integration is focused on catalyzing public and private investment in transport and in electricity connections. Beyond physical infrastructure, the Bank is helping develop institutions that advance integration. It has scaled up its support for the African Continental Free Trade Area, and is funding initiatives to strengthen air transport links, promote visa-free travel, and make finance more mobile.

The results of some of the Integrate Africa operations completed in 2021 illustrate the impact of Bank support on the continental integration agenda:

- 262 km of cross-border roads constructed or rehabilitated.
- 6.6 million people gaining access to better transport services between countries.

Approvals for this High 5 priority totaled UA 697.6 million in 2021, representing 15 percent of total approvals. This is a steep increase from the UA 183.7 million approved in 2020 (4 percent of total approvals). Examples of approved key projects include:

- The Madagascar–Beira Corridor Development and Trade Facilitation Project—Phase II (UA 125 million ADF loan). The project objectives are to improve accessibility to southern Madagascar; promote trade and investment by facilitating exports, imports, and investment procedures; and support the interconnection of maritime transport networks in the Indian Ocean and Beira Corridor, for which Mozambique is the gateway.
- The Pointe-Noire-Brazzaville-Bangui-Ndjamenam Multimodal Transport Corridor Development Project-

Phase I, in Congo and Central African Republic (UA 207.9 million ADF grant and UA 1.5 million TSF grant). The project will include road and river components on the section linking Pointe-Noire to Bangui via Brazzaville and diversify the corridors, improving sub-regional landlocked countries' access to the sea: Central African Republic and Chad.

- The Desert to Power Initiative West Africa Regional Energy Program-Phase I (two ADF grants totaling UA 4.18 million). The project aims to build a pipeline of regional solar projects, grid connected and decentralized solutions, as well as cross-border transmission projects; strengthen the capacity of utilities to integrate intermittent solar energy in power systems; and streamline and harmonize off-grid regional policy, planning, and regulatory frameworks.
- The Horn of Africa Isiolo Manderu Corridor El Wak-Rhamu Road Upgrading Project (EUR 64.7 million ADB loan and UA 100 million ADF loan) (Box 2.5).

An example of a knowledge product was the 2021 edition of the [Africa Visa Openness Index](#) published in 2021. Despite the pandemic-related lockdowns, many African countries continued to signal visa openness to citizens of other countries on the continent. Between 2016 and 2021, 36 countries—two-thirds of the continent—improved or maintained their visa openness score. In 2021, 24 African countries—44 percent—offered an eVisa to Africans, up from 9 to 17 percent in 2016.

On AfCFTA, the Bank approved a USD 5 million project in 2019 (the Institutional Support Project for the AUC/AfCFTA—Phase I) that aims to strengthen the capacity of the AfCFTA Secretariat and accelerate the



Bank Group President, Dr. Akinwumi Ayodeji Adesina, travelled on the Dakar Regional Express Train financed by the Bank and asked passengers what they think of the new train.

"It's wonderful!" said a passenger. She explains: **"Before I had to leave my house at 5 in the morning and not get home until 8 in the evening.** Now, I don't waste time to commute, save money, and get home early to be with my children."

A man sitting next to her adds: "good organization, quality service, comfort, and on-time arrivals and departures."

BOX 2.5**A road to promote trade and alleviate poverty**

The Horn of Africa Isiolo Mandera Corridor El Wak-Rhamu Road Upgrading Project (EUR 64.7 million ADB loan and UA 100 million ADF loan) aims to improve transport and trade along the corridor by reducing travel times and vehicle operating costs. The El Wak-Rhamu Road (142 km) is part of the 740 km Isiolo Wajir-Mandera road corridor in the North-Eastern region of Kenya. It is one of the major international trunk roads linking Kenya, Somalia, and Ethiopia. The project entails upgrading of the El Wak-Rhamu road, construction of town loop roads, flood-mitigation measures, provision of a virtual axle-load weighing station, and construction of access roads. It also includes the construction/rehabilitation of socioeconomic amenities/infrastructure for water; health; higher education; science, technology, and innovation; and livestock in the project area, because the road traverses a marginalized, underdeveloped arid area of Kenya with high levels of poverty. This road will help ease transport bottlenecks, promote trade, alleviate poverty, and promote regional integration. It will also improve security management in the area, and therefore help reduce fragility.



Source: <https://mercadosafricanos.com/en/mais-estradas-na-regiao-do-corno-de-africa/>.



Construction of road in Ghana, part of the Ghana-Burkina Faso Road Corridor



For truck driver Joseph Turay, navigating the 120 km Matotoka-Sefadu road in northeastern Sierra Leone used to be a nightmare, spending between five hours and a full day on the road. The Matotoka-Sefadu Road Project financed the rehabilitation and expansion of the road, which forms part of the major highway linking Sierra Leone, Guinea, and Liberia.

“From one day, it now takes two hours or less to travel the road. The road is safer, and accidents have been minimized. Perishable products now get to their destination in good time,” Turay said.

operationalization of the agreement. The project will be completed in December 2022. The Bank recently earmarked an additional USD 11.5 million for the second phase of the project. Phase II will include recruiting experienced senior advisors on infrastructure, financial services, and industrialization. The advisors will provide technical, operational, and advisory support to the AfCFTA Secretary General.

Moving forward, the Bank will deepen cooperation with the AfCFTA Secretariat and mainstream the AfCFTA into its country and regional integration strategies. This will help ensure that the AfCFTA becomes

an integral element of the Bank's lending program. For example, the two institutions have agreed to design a Joint Action Plan. Possible synergies between flagship initiatives of the AfCFTA (for example, the Adjustment Facility) and the Bank's initiatives (for example, Affirmative Finance Action for Women in Africa (AFAWA) and the African Financial Stability Mechanism) are also being explored. The two organizations will also co-organize an annual forum on trade and investment. The Bank is also providing expertise, guidance, and inputs in the Trade and Value Chains Advisory Committee.



Improve the Quality of Life for the People of Africa

The ultimate goal of the Bank's work is to improve the quality of life for people across Africa. A range of investments in its portfolio increases Africans' access to quality education and training, and to other basic services, as well as helping create secure, decent, and well-paid jobs. The Bank is scaling up its support for improving access to services, such as water and sanitation, and improving the quality of services throughout Africa.

Results of some of the operations to Improve the Quality of Life for the People of Africa completed in 2021 attest to the Bank's continued focus on this High 5 priority:

- 12.2 million people with new or improved access to water and sanitation, nearly half of them women.
- 130,000 people benefiting from better access to skills for decent jobs mainly through infrastructure development interventions at higher education, more than half of them women.
- 108,000 people trained through Bank operations, 52,000 of them women.
- 12.1 million direct and indirect jobs supported by Bank operations approved between 2016 and 2021. This also includes jobs for young African men and women under the Jobs for Youth in Africa Strategy.

In 2021, approvals for this priority totaled UA 1.65 billion (37 percent of total 2021 approvals, similar to 2019's UA 1.67 billion, but with a larger share than the 22 percent that year). This followed a sharp increase to UA 3.2 billion (92 percent of total approvals) in 2020, the result of the Bank's focus on assisting RMCs address the impact of COVID-19.

Water and sanitation

Approvals for 12 water and sanitation operations amounted to UA 347.3 million in 2021. Their expected impact is improved access to such services for 5.2 million people. New pledges to the African Water Facility totaling UA 21.8 million. Key approvals included:

- The Yaoundé City Sustainable Enhanced Drainage and Sanitation Project in Cameroon (UA 27 million ADF loan). An earlier Bank-funded operation had improved Yaoundé's adaptation to climate change. However, the exceptionally heavy rains of 2018 led to further flooding, prompting identification of additional activities, such as waste treatment and management, construction of a flood-retention basin, and improvement and maintenance of roads on the banks of existing canals with a view to integrating these roads into the urban transport network and addressing the problem of pre-collection and recovery of solid household waste.
- The Kismayo–Baidoa Urban Supply and Sanitation Project Water in Somalia (UA 7.5 million additional ADF grant). The project focuses on increasing access to safe water, improving sanitation, and strengthening capacity for improved delivery of water and sanitation services. The project will reduce economic and social exclusion of poor and vulnerable groups in two towns, where an estimated 65 percent of the population live below the basic-needs poverty line. It will focus on internally displaced persons, who account for 43 percent of the population.
- The Urban Water Sector Reform and Akure Water Supply and Sanitation Project in Nigeria (USD 104.2 million ADB loan and USD 20 million SF loan). The aim of the project is to support urban water and sanitation reforms in Nigeria and



"We used to fetch water from scoop holes, but the water was very dirty, and the alternative was the river, which is a long-distance walking." Kamana Chinyunda, a resident of Chimboma village in the district of Kalabo in Zambia, and one of the first volunteers to form a water committee.

Transforming Rural Livelihoods in Western Zambia Project

increase access to safe drinking water, sanitation, and hygiene services to the residents of Akure City and of its environs. This aim will be achieved by tackling the infrastructure deficits through provision of "hard" infrastructure and addressing deficiencies that constrain the ability to improve access levels through "soft" governance measures, comprising institutional reforms and strengthening the capacity to deliver sustainable services, within the broader water value chain.

Human capital, youth, and skills development

The Bank's 2016–2025 Jobs for Youth in Africa Strategy (JfYA) continued through 2021 to facilitate creation of jobs for young Africans. In 2016–2020, through the implementation of the JfYA Strategy, the Bank supported the cumulative creation of 9.4 million direct and indirect jobs, against annual targets of 1.4 million. The JfYA Strategy is part of the delivery on ADF-15 commitments, specifically on ensuring that at least 20 percent of Bank operations approved for ADF countries integrate jobs and skills. By December 2021, 58 percent of all Bank-approved projects for ADF-15 countries had integrated skills and decent jobs, up from 49 percent in 2020.

The Youth Entrepreneurship and Innovation Multi Donor Trust Fund, a grant vehicle supporting the implementation of JfYA, had created over 18,000 jobs by end-2021. The contributions from its donors—Denmark, Italy, the Netherlands, Norway, and Sweden amounted to USD 33.7 million, of which 95 percent was committed by end-2021.

The Innovation and Entrepreneurship Lab is a key pillar of the JfYA Strategy, under its strategic lever "Innovation." The Lab seeks to strengthen the capacity and operational reach of enterprise sup-

port organizations, such as incubators, accelerators, fund managers, and other intermediaries supporting entrepreneurs and early-stage start-ups across Africa. To date, the Lab has trained over 180 such organizations and 600 entrepreneurs, with more than 19,000 beneficiaries.

Some notable operations approved in 2021 were:

- The Microfinance Development Support Project for Women and Youth Entrepreneurship in Chad (UA 9.7 million TSF grant). The project aims to facilitate vulnerable groups' access to innovative and secured financial and non-financial services through digital transformation. The project targets women and youths running very small enterprises/SMEs or income-generating activities and living in rural areas excluded from the traditional banking system.
- The Vulnerable Youth Employability and Socio-Economic Integration Support Project in Mauritania (UA 3 million ADF grant), which aims to improve the quality of life of the population in the Brakna region through skills development and entrepreneurship. The objective is to promote youth employability, especially for vulnerable 15–24 year olds. The project will help lift constraints in accessing finance (including unavailability of self-financing, collateral requirements, and repayment conditions for micro-credits) in the disadvantaged region, while improving visibility and networks to start and grow a business.
- The Project to Support the Empowerment and Financial Inclusion of Women and Youths in the Cashew, Fruit, and Vegetable Sectors in Guinea-Bissau (UA 5 million ADF loan) (Box 2.6).



The Baby Grubz team outside their factory in Lagos, Nigeria. "Mum-in-Chief" Seun Sangoleye (center in pink) was the first runner-up in the Women-Empowered Business category in the Bank's 2020 AgriPitch Competition.

BOX 2.6

Providing expertise, leadership, and access to credit to women farmers in Guinea-Bissau

The Project to Support the Empowerment and Financial Inclusion of Women and Youths in the Cashew, Fruit, and Vegetable Sectors in Guinea-Bissau aims to improve women's economic empowerment. It promotes the professionalization of cooperatives, micro and small agricultural produce-processing enterprises, the development of women's expertise and leadership, and their access to credit. The project will help professionalize 100 women cooperatives and micro and small enterprises, provide training opportunities for 300 young girls and boys, and train cashew specialists and trainers in processing agricultural products.



The Bank has also launched the Coding for Employment program, with seven centers of excellence in Kenya, Nigeria, Rwanda, and Senegal. So far, the program has trained 149,000 youth in in-demand ICT skills using a combination of e-learning and face-to-face approaches; 47 percent of those trained were women. Moreover, in 2021, more than 1,750 youth have been linked to job opportunities through career fairs, freelancing platforms, and private sector partnerships.

The Bank carried out several notable knowledge activities. For example, an Entrepreneurship Innovations and Advisory platform was established in North Africa (funded by the Multi-Donor Trust Fund for Countries in Transition) to inform the reform dialogue and operations with RMCs to promote jobs. Surveys in Morocco and Tunisia (joint ADB–International Labor Organization) assessed the impacts of the pandemic on micro, small, and medium-sized enterprises (MSMEs), entrepreneurs, and jobs, and its results informed government responses to mitigate these impacts. The reports also outlined a medium-term strategy to accelerate recovery by supporting private investments in strategic sectors/value chains and promoting entrepreneurship and the growth of MSMEs. Surveys were also carried out in Sierra Leone, Uganda, Zambia, and Zimbabwe to assess the employment potential and skills needs in the off-grid renewable energy and agribusiness sectors.

Health

The Ebola Emergency Relief Project in Guinea (USD 430,000 grant) was the only health operation approved in 2021. Its goal is to fight the spread of an Ebola-related epidemic throughout the country. The project will enable Guinea to strengthen the diagnostic and sample management capacity of six regional laboratories. It will also provide personal protective equipment and triage, isolation, and case management facilities. Some 400 health workers and community volunteers will receive refresher training in infection prevention and case management, including survivors, in the affected regions.

Information and communication technology

One ICT operation was approved in 2021, the multinational Institutional Support for Digital Payments and E-commerce Policies for Cross-Border Trade (UA 1.1 million ADF grant), which aims to strengthen

the enabling environment for digital trade across Africa by developing robust and harmonized e-payment ecosystem policies. The project will develop a gender-responsive policy framework to facilitate cross-border trade through harmonized e-payment systems, promote dialogue across e-payment stakeholders to increase public-private participation and projects, and support targeted countries to develop action plans to enable e-payments for facilitating inclusive digital trade

Urban development

The Bank approved two urban development operations in 2021. One was the Family Homes Funds Project in Nigeria (USD 60 million ADB loan), which aims to stimulate provision of sustainable and affordable mortgage financing to eligible lower-middle to middle-income households, deepen the housing finance system, and strengthen linkages between primary and secondary mortgage markets, as well as boost job creation in Nigeria. The Bank's support is exclusively directed to increasing access to affordable mortgage financing, with no exposure to any construction activities. It will achieve these aims by catalyzing the provision of long-term local-currency mortgage financing by primary mortgage lenders to eligible households, through a risk-sharing mechanism.

The second operation was the Pilot Support Project for the Mobilization of Municipal Revenue in Côte d'Ivoire (UA 3 million ADF loan), which aims to improve the financial situation of municipalities and strengthen local governance. The project will help digitize municipalities' local tax collection and registration systems; modernize municipalities' financial and accounting services; enhance staff capacity; generate local employment, especially for women, who are underrepresented in municipalities' administrations; provide objective data to support local government public finance reforms; and increase municipalities' financial capacity to support development initiatives.

Africa Investment Forum

The Africa Investment Forum (AIF) occupies a unique position on the continent with its ability to crowd in public and private sector financing for transformative projects with developmental impact. By the end of 2021, 10 deals from the 2018



and 2019 portfolio valued at USD 3.1 billion reached deal closure. Six of these deals were partly financed by the Bank, with a cumulative financing of USD 225.7 million. The AIF's active portfolio comprised 78 deals valued at USD 79.4 billion. These projects make up all the AIF deals that are currently being advanced to bankability, raising capital and/or accelerating toward financial close.

Beyond Boardroom Sessions, the AIF continues to support project sponsors through its Deal Tracker mechanism, which monitors the conversion of investment interests to financing commitments and facilitates the progress of deals toward financial close.

In 2021, the AIF continued its deal onboarding and curation activities in preparation for the AIF2021 Market Days event. The 2021 origination process resulted in the sourcing of 136 deals with a total value of USD 87.5 billion that were assessed for quality at entry. Of these, 83 deals met the criteria for onboarding into the AIF 2021 pipeline. This process led to the curation of 45 Boardroom deals with a value of USD 57.4 billion, 25 Business-to Business deals valued at USD 2.6 billion and thirteen Deal Gallery deals valued at USD 1.3 billion. In line with the AIF's institutional processes, all deals were screened along the following criteria: transformative impact, project readiness, environmental and social impact, investment track record, and management capabilities of the project team.

In the lead-up to the AIF2021 Market Days and to galvanize investor interest in event, the AIF team held 4 theme-based virtual investment round tables in October and November, hosted by the Atlantic Council. The roundtable events were well attended with an average of 55 investors and stakeholders participating in each session. The themes included Agribusiness, Healthcare, Energy and Sustainable Investments, and Infrastructure.

The 2021 Market Days themed, "Accelerating Transformative Investments in Africa," was scheduled to take place on the 1–3 December, 2021 at the Sofitel Hotel in Abidjan, Côte d'Ivoire. Due to the outbreak of the COVID-19 Omicron variant in late November 2021, a decision was made by the Board of Directors to prioritize the health and safety of all participants and postpone the AIF2021 Market Days.

Preparations for the fourth edition of the AIF Market Days, scheduled for 2–4 November 2022 has also commenced.

Cross-cutting areas

Countries in situations of fragility

In 2021, the Bank continued its support to transition states to tackle the economic and social impact of the pandemic. The TSF provided critical funding through 29 projects for a value of UA 483.1 million. These included 15 operations under Pillar I of the TSF (supplemental resources for national and regional operations to support countries in their state-building efforts) for a value of UA 314.2 million. One operation was approved for Sudan under Pillar II (arrears-clearance to enable eligible countries normalize relations with the international community and access debt relief) for a value of UA 151.4 million to offset its arrears with the Bank. Thirteen operations were approved for a total of UA 17.4 million under Pillar III (support to critical capacity-building interventions and technical assistance that cannot be adequately addressed through traditional projects and instruments). The approved projects provided strategic institutional support to transition states and regional institutions to increase their capacity in coping with fiscal pressures, addressing socioeconomic challenges, and fostering private investment in the pandemic era. At the regional level, projects under both pillars were particularly focused on addressing development challenges in the Sahel region.

In 2021, the Bank met its target on fragility and resilience-related analysis, delivering knowledge products and activities such as:

- Seventeen Country Resilience and Fragility Assessments in Burundi, Central African Republic, Comoros, Djibouti, Democratic Republic of Congo, Eritrea, Gambia, Guinea, Madagascar, Malawi, Mali, Mano River Union Region, Mozambique, Niger, Somalia, South Sudan, and Togo.
- Three approach papers defining the Bank's regional engagement in the Lake Chad Basin, the Sahel, and the Horn of Africa.
- Ten capacity-building programs on topics such as applying the fragility lens in water and sanitation operations, applying the "theory of change" approach to strategy and program design, and making procurement and fiduciary arrangements in a fragile context.
- More than 150 applications of fragility lens strategies, policies, and operations. Alongside those,

the Bank has put a premium on promoting action-driven partnerships—with humanitarian, development, and peace actors—aiming at scaling up its impact in transition states.

- The fourth Africa Resilience Forum, which took place in 2021 with the theme “COVID-19 and Beyond: Working Together for a Resilient Continent,” with 70 speakers and around 2,000 participants. The Forum served as a platform to discuss policy ideas, and proposed solutions for financing sustainable development, especially in the context of international response to the pandemic.

Promoting gender equality and civil society engagement

To mainstream gender in the Bank's operations, 100 percent of sovereign operations were categorized using the Gender Marker System, which captures gender results and actions. There was a positive trend in the number of operations with the sole purpose of empowering women and girls, from two in 2020 to five in 2021.

As background for developing gender-informed projects, the Bank completed eight¹² Country Gender Profiles. Their goal is to highlight each country's status on gender equality, identify a pipeline of high-impact initiatives, and serve as a basis for evidence-based policy dialogue.

The Bank approved USD 240,000 for capacity building on gender mainstreaming for the Project Implementation Unit staff of Bank-funded projects to develop their capacity in gender mainstreaming and implementing the Gender Marker System.

Affirmative Finance Action for Women in Africa (AFAWA) is a pan-African initiative of the Bank that seeks to reduce the financing gap, estimated at USD 42 billion, faced by women-owned SMEs on the continent. At the end of 2021, the Bank Group had approved over USD 220 million from traditional Bank instruments to be lent to 1,064 women entrepreneurs and USD 12.7 million to enhance the financial and managerial skills of 17,000 women farmers and business owners. In addition, the AFAWA Guarantee mechanism, which is supported by the G7, the Netherlands, and Sweden, provided USD 126 million to be on-lent to 788 women entrepreneurs. Furthermore, the Bank also launched the Women Entrepreneurship Enablers program, which seeks to enhance the capacity of



A small, woman-run business in Diffa, Niger

women business associations and women enterprise-focused incubators and accelerators. In 2021, 10 such organizations were identified; the support they receive from the Bank will impact 16,000 women businesses from 20 countries on the continent.

An example of operations approved in 2021 is the Promotion of Gender-Sensitive Agricultural Value Chains to Support the Agricultural Transformation Support Programme in Mauritania (UA 3.6 million NTF loan), which aims to improve food security and the quality of life for the target population through inclusive and sustainable gender-sensitive value chain development. It will support agricultural production (market gardening) and strengthen women's inclusion and development of women's institutions.

In civil society engagement, the Bank delivered several knowledge products and activities, such as:

- The organization of Civil Society Regional Forums in the five regions on the theme “The Role of Civil Society in Strengthening Integration and Building Resilient Economies Post COVID-19.”

¹² Benin, Burkina Faso, Chad, Liberia, Malawi, Niger, Somalia, and Zimbabwe.



Manka Angwafo, beneficiary of the AFAWA Guarantee Mechanism

In 2015, Cameroonian Manka Angwafo created a premier grain-handling company called Grassland Cameroon. Grassland works closely with smallholder farmers in Cameroon's northwest region to improve the lives of farmers, their families, and their communities. It offers smallholder farmers asset-based financing, tools, training and market access. In 2021, Angwafo obtained a collateral-free USD 55,000 loan supported by the Affirmative Finance Action for Women in Africa Guarantee Mechanism, through Afriland First Bank Cameroon.

- In the context of the above forums, the publication of the eighth edition of the Voice of Citizens in Africa newsletter, themed "Engaging Civil Society in Building Resilient Economies Post COVID-19 in Africa."



- Participation in over 15 projects, such as the reform of the forest sector in Gabon and the construction of the Trans-Sahara Road between Chad and Niger.

Supporting governance and accountability

Bolstering economic governance in Africa

The COVID-19 pandemic has brought into focus governance deficiencies in public financial management systems and in service delivery, and exposed African economies' vulnerability to external shocks. Debt has soared to unsustainable levels in many RMCs, becoming an issue of major concern. The Bank's response is articulated in the Strategy for Economic Governance in Africa (Box 2.7). Addressing the rising public debt burden of many RMCs, reducing leakages for a more effective public sector, and promoting an environment that drives investment and private sector growth, are among the Bank's core priorities for the coming five years. In line with this new strategy, the Bank approved governance projects in 13 of its RMCs, for an approximate total amount of UA 642 million.

Examples of operations approved in 2021 include:

- The Resource Mobilization and Reform Effectiveness Support Program in Senegal (EUR 65 million ADB loan), designed to expand the country's tax-to-GDP ratio to at least 20 percent by 2023, and to

enhance the country's compliance with the standards on transparency and exchange of information for tax purposes.

- The Governance and Economic Support Program in Namibia (ZAR 1.5 billion ADB loan), and the Economic Recovery Support Program in Botswana (USD 137 million ADB loan), designed to achieve a meaningful increase in private sector investments in agriculture and industry.
- Operations such as the Governance and Private Sector Development Project in Togo (UA 8 million ADF loan and UA 2.5 million ADF grant), the Governance Structures Support Project in Mali (UA 6 million TSF grant), and the Congolese Economic Recovery Support Project in Democratic Republic of Congo (UA 20 million ADF grant), which were designed to enhance the mechanisms for preventing and combating corruption and to curb illicit financial flows.

The Bank's lending operations paid special attention to strengthening capacity for public financial management, tax administration, and debt management in states in fragile situations, as for example through Capacity Building for the Financial and Accounting Training Institute in Libya (UA 145,000 ADB technical assistance grant), the Project to Strengthen Governance through Digitization in Madagascar (UA 1 million TSF grant), and the Strengthening Public Finance Management and Debt Management Project in Somalia (UA 2 million TSF grant).

To accelerate the delivery of actions in response to the debt crisis, the Bank launched its Multidimensional Debt Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021–2023). Since the launch of the Plan, the Bank has engaged several national and regional policy dialogues and collabo-

BOX 2.7

Strategy for Economic Governance in Africa

The Bank's Strategy for Economic Governance in Africa (SEGA) was approved by the Board of Directors in February 2021. SEGA will enable the Bank to operationalize its vision of an Africa governed by transparent and accountable governments and strong institutions capable of driving inclusive and sustainable growth and sustaining resilient economies. Over 2021–2025, the strategy will guide the Bank's operations to foster public sector effectiveness, stimulate structural transformation, and ensure that citizens, communities, and civic groups participate in public sector governance.

SEGA has three pillars:

- i. Public Sector Effectiveness at National and Subnational Levels.
- ii. Governance for Structural Transformation.
- iii. Inclusive Governance and Accountability.

These three pillars will be supported by policy research, political economy analysis, data and statistics, and work on improving transformational leadership in Africa

rated with the African Legal Support Facility to deliver assistance to countries in debt distress or at high risk of it. In 2021, the Bank cleared its arrears with Sudan on the back of a solid program of governance reforms. This is an important step to reducing the debt burden facing the country. Also, in line with the action and specific targets set in the Debt Action Plan, the Bank is scaling up its interventions geared to enhance debt management capacity and debt transparency.

Climate change

In 2021, climate finance amounted to UA 1.85 billion and represented 41 percent of total Bank approvals, an increase over its share of 34 percent (UA 1.5 billion) of 2020 approvals. Of the Bank's climate finance resources, 67 percent was for adaptation (UA 1.24 billion) and 33 percent for mitigation (UA 609.7 million),¹³ against the 2020 split of 63 percent and 37 percent, respectively. In 2021, 92 percent of all Bank-approved projects, country strategies, and policy documents were designed with climate change and green growth considerations.

¹³ The Bank's climate finance targets are to allocate 40 percent of its project approvals as climate finance and to ensure parity between adaptation and mitigation, with priority accorded to the former.

Canada established the Canada-AfDB Africa Climate Finance Facility (UA 72.3 million) to support the Bank's operational priorities for climate finance through co-financing. Denmark pledged UA 21.8 million to the Africa Water Facility operations for a special program, Improving Access to Climate Resilient Water Supply and Sanitation Services in the Sahel and Horn of Africa, intended to provide assistance to Burkina Faso, Mali, Niger, and Somalia.

The Bank participated in the COP26 Conference (Box 2.8), where it affirmed its role as a leader in driving climate action in Africa through transformative initiatives such as the Africa Adaptation Acceleration Program and the Desert-to-Power initiative. Bank management has started engaging with the Government of Egypt on plans for the Africa COP, COP27, to be held in Sharm-El-Sheik, Egypt, in November 2022.

In 2021, the Bank launched the African Adaptation Acceleration Program (AAAP) as a bold and ambitious program to scale up adaptation actions across Africa, in partnership with the Global Center for Adaptation. This transformative program endorsed by African leaders aims to mobilize USD 25 billion for adaptation by 2025, half from the Bank and half from partnerships. The AAAP is the largest and most comprehensive initiative to support a faster and stronger COVID-19 climate-resilient economic recovery for

BOX 2.8**A new facility to support the transition to clean energy**

The COP26 Energy Transition Council was established in 2020. It is a platform for high-level multilateral engagements among governments and development partners (including ADB as a member) on accelerating the transition to clean energy and restricting global average temperature increases in line with the Paris Agreement.

As part of a pledge to support RMCs participating in the COP26 energy transition process, the Bank approved in 2021 a USD 1 million SF grant for the COP26 Energy Transition Rapid Response Facility to enable RMCs' access to advisory services, encompassing gap analysis in sector governance, and in policy and regulatory frameworks, assessment of options for integrating large shares of renewable energy generation, and identification of financing mechanisms and appropriate business models. Expected outputs include updated renewable energy generation capacity targets and proposed modalities for implementing utility-scale independent power-producer auctions of renewable energy, incorporating associated financing approaches.



AfDB President, Dr. Akinwumi Ayodeji Adesina, at COP26, Glasgow, United Kingdom, November 2021



The AfDB financed an integrated national water project in Mauritania

African countries. It is being delivered through four flagship initiatives:

- The Climate-Smart Digital Technologies for Agriculture and Food Security program to scale up access to climate-smart digital technologies and associated data-driven agricultural and financial services for at least 30 million farmers in Africa.
- The African Infrastructure Resilience Accelerator to help the continent close the infrastructure gap and achieve sustainable development in the face of climate change by integrating climate risks and resilience in all new infrastructure projects in Africa.
- The Empowering Youth for Entrepreneurship and Job Creation in Climate Adaptation and Resilience program to promote innovation and inclusive growth for young people (aged 18–35) in climate-resilient jobs and develop skills and knowledge on adaptation.
- The Innovative Financial Initiatives for Africa program to make substantive headway toward closing the adaptation finance gap, enhancing access to existing finance, and mobilizing new private sector investment.

Through this initiative, the Bank has recently engaged with the Global Center for Adaptation and other partners to strengthen the climate adaptation and resilience design of over USD 1.6 billion of its new investments in climate-smart agriculture, resilient infrastructure, youth and jobs, and innovative financial initiatives. The AAAP is also mobilizing additional resources from public and private investors, foundations, and partners to bring the program to a scale that matches the climate adaptation challenges and needs of Africa. New instruments

that will benefit from the AAAP include green banks and national climate change funds, the Adaptation Benefits Mechanism, and the continent's first resilience bond (under preparation).

In addition, the Bank through the Africa NDC hub, has established a strong collaborative platform with 20 other international and regional organizations to enhance support to RMCs in revising and implementing their Nationally Determined Contributions (NDCs) under the Paris Agreement. The hub focuses on fostering long-term climate action; mobilizing means of implementation, including climate finance; and building partnership and advocacy. Hosted by the Bank, the hub has already supported Côte d'Ivoire, Guinea, and Guinea-Bissau, in revising their NDCs. The hub has also mobilized funds to develop long-term low-carbon and climate-resilient visions in Botswana, Gabon, Lesotho, Liberia, and Senegal and to complete of Uganda's Long-Term Strategy (costing of adaptation for the agriculture sector). While the Bank, through the hub, has taken the lead to secure some grants to support its RMCs in updating NDCs and developing Long-Term Strategies, the COP26 Glasgow Climate Pact calls for accelerated action on NDCs and Long-Term Strategies ahead of COP27 in Egypt in November 2022.

Regional portfolio and approvals

The breakdown of the Bank's active portfolio of UA 42.2 billion at end-2021 by region is given in Table 2.2. The distribution of the Bank Group's 2021 approvals of UA 4.5 billion across regions is shown in Figure 2.6.

FIGURE 2.6 Bank Group approvals, by region, 2021

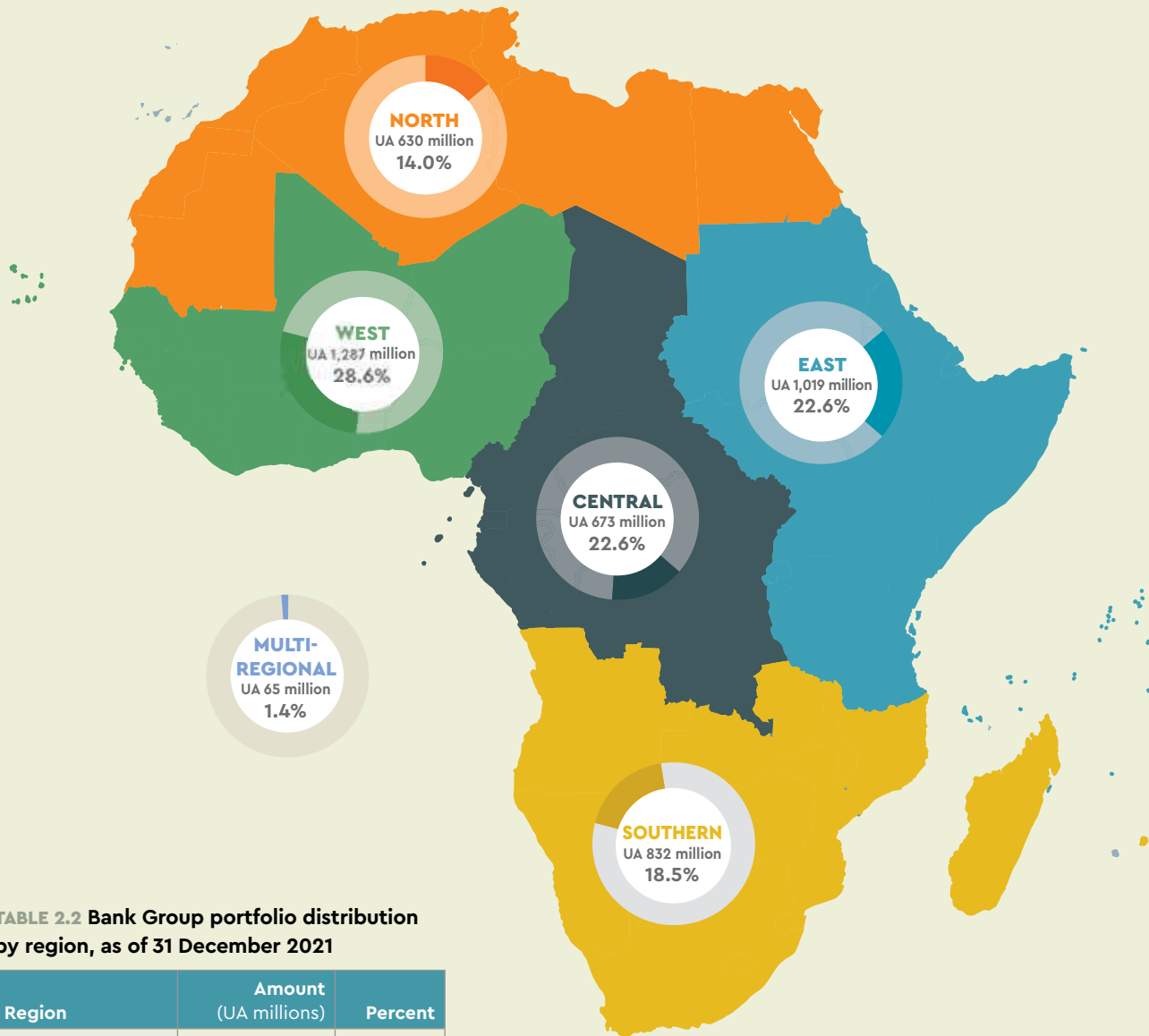


TABLE 2.2 Bank Group portfolio distribution by region, as of 31 December 2021

Region	Amount (UA millions)	Percent
Central Africa	4,567	10.8
East Africa	10,171	24.1
North Africa	5,987	14.2
Southern Africa	8,209	19.4
West Africa	11,467	27.1
Multiregional	1,835	4.3
Grand Total	42,235	100.0

Note: Percentages do not sum to 100 because of rounding.

CENTRAL AFRICA

Approvals for Central Africa amounted to UA 673.3 million, or 14.9 percent of total 2021 approvals. This is a substantial increase (55.3 percent) from 2020's UA 433.5 million. The largest share of approvals was for transport operations (57 percent), followed by agriculture and rural development (13 percent). Approvals in support of multi-country operations represented 33 percent of total approvals for the region. Approvals for two countries, Cameroon and Democratic Republic of Congo, totaled UA 317.7 million, or 69 percent of country-specific approvals. Examples of operations approved in 2021 are:

- The Ngandajika Agro-Industrial Development Support Programme in Democratic Republic of Congo (UA 50 million ADF loan). This pilot operation aims at implementing national policies and strategies for developing agro-industrial parks in 22 provinces of the 26 provinces in the country, to stimulate annual growth in the agriculture sector by more than 6 percent. This measure is essential for reducing poverty, ensuring food and nutritional security, and generating sustainable jobs and income.
- The Support Project for the Development of the Institutional and Regulatory Framework for Electricity in Central Africa (UA 5 million ADF grant). The project will expand access to reliable and affordable energy in the region and help member countries of the Economic Community of Central African States improve their energy security as part of a broader regional integration effort. It aims to promote and strengthen the governance and sustainability of the electricity sector in the Central Africa region through developing an effective, uniform, and transparent policy, as well as other measures.



Bridge connecting Cameroon and Congo as part of the Ketta-Djoum Road

- The Project for the Reinforcement of Socio-Economic Infrastructure in the Central Region—Phase II in Democratic Republic of Congo (UA 50 million ADF loan) aims at improving the rate of access to drinking water and sanitation in rural areas of the targeted provinces, improving enrollment rates and access to health care, and building sector stakeholders' capacity. The project's direct beneficiaries are rural dwellers, estimated at 871,000 people, in the 10 provinces of Democratic Republic of Congo.
- The Project to Support the Productivity and Competitiveness of the Meat and Dairy Value Chains in Chad (UA 15 million TSF grant) (Box 2.9).

EAST AFRICA

Bank approvals for East Africa totaled UA 1 billion, or 23 percent of total 2021 approvals, for a 10.1 percent increase over 2020's UA 925.6 million. Multisector operations accounted for 38 percent (UA 389.6 million) of approvals to the region, largest share for any region. Approvals to Sudan (UA 321.9 million) represented 45 percent of country-specific approvals. Examples of approvals are as follows:

- The Transmission System Reinforcement and Last Mile Connectivity Project in Rwanda (UA 33.7 million ADF grant and UA 26.1 million ADF loan), which is part of the multi-donor Rwanda Universal Energy Access Program. The project aims to improve network reliability and stability countrywide and increase electricity access for productive users and households in the southern region, as well as to reduce greenhouse gas emissions from the energy sector. The project is expected to catalyze economic development in Rwanda, especially in rural areas, reduce the cost of doing business, create jobs, enable food conservation, and improve learning conditions by providing lighting for study in the evenings.
- The Productivity Enhancement Support to the Integrated Agro-Industrial Parks and Youth Employment Project in Ethiopia (UA 33.3 million ADF grant), which aims to increase agricultural productivity by developing irrigation and water management infrastructure in the Rural Transformation Centers of selected Integrated Agro-Industrial Parks. The project includes building capacity and empowering youth "agripreneurs" to set up commercial agro-enterprises and provide them with access to funding, establishing irrigation schemes, and pro-

BOX 2.9

Strengthening meat and dairy value chains to decrease reliance on income from oil exports

Chad's livestock sector is one of the top three in Africa. Livestock farming provides a livelihood for more than 70 percent of its rural population and Chad exports around 700,000 head a year of live cattle to the subregion's other countries, as Chad's largest non-oil export. The Project to Support the Productivity and Competitiveness of the Meat and Dairy Value Chains in Chad (UA 15 million TSF grant) will support commercial transactions and partnerships throughout the country to ensure permanent and regular supply for slaughterhouses. It will also support private sector operators involved in meat exports.





A women's market in Ethiopia constructed as part of the Bank-funded Base-Rukomo Project

viding farmers with new agricultural technologies through the Technologies for African Agricultural Transformation Initiative.

- A USD 50 million subordinated loan to the CRDB Bank Plc in Tanzania. The project aims to boost the capital base of that bank as it plans its expansion into high-risk transition states such as Burundi and Democratic Republic of Congo. It also aims to catalyze funding to women-empowered businesses and provide capacity building for them. It is expected that increased business volumes will yield higher profits and hence produce more direct and indirect taxes.
- The Economic and Financial Reforms Support Program in Sudan (UA 144 million TSF grant) (Box 2.10).

BOX 2.10

Improving basic services by unlocking access to concessional funds

The Economic and Financial Reforms Support Program in Sudan (UA 144 million TSF grant) will provide debt relief to the country, which has been constrained by severe arrears on its international debt and which needs to regain access to concessional funding. The program will enable Sudan to finance public investment and activities that boost economic growth and reduce poverty. The objective is to support macroeconomic stability, strengthen institutions, and contribute to consolidating the peace process. The reforms supported by the operation are essential to advance ongoing economic and financial reforms and consolidate the foundation being laid for enhancing state capacity in Sudan in the post-Heavily Indebted Poor Countries (HIPC) era.



NORTH AFRICA

The North Africa region received approvals of UA 629.7 million (14 percent of total 2021 approvals), a 5.1 percent decrease over 2020's UA 663.2 million. Approvals in support of transport operations (UA 206.4 million) accounted for 33 percent of approvals to the region. North Africa did not have any multi-country operations. Approvals for operations in Egypt and Morocco totaled UA 477 million and accounted for 76 percent of total approvals for the region. Approvals included:

- The Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas in Morocco (EUR 114 million ADB loan). This is the first results-based financing operation in the agricultural sector in North Africa. The project will contribute to improving the quality of life for those in the agricultural sector and in rural areas; to fostering the emergence of a new generation of an agricultural middle class, particularly by creating jobs in rural areas; and to providing support to youth and women agricultural entrepreneurs. It will also build the resilience of Moroccan agriculture, particularly small-scale agriculture, to the effects of climate change by rehabilitating small-
- and medium-sized irrigation areas and by improving water management.
- The Trade Finance Facility to Support Small and Medium-Scale Enterprises in Mauritania (EUR 10 million Trade Finance Line of Credit to Banque pour le Commerce et l'Industrie). The facility will help meet the trade financing needs of SMEs in key sectors, in the difficult situation caused by the pandemic. It will support the procurement of machinery, inputs, equipment, consumer goods, foodstuffs, and materials for fish and food processing, manufacturing, construction, agriculture, health, and handicraft sectors. The facility will enable the bank to access much-needed resources at affordable cost, diversify its funding base, and finance its activities more effectively. The facility will also give international banks the incentive to provide more confirmation lines to the bank.
- The Economic Recovery and Social Inclusion Support Programme in Tunisia (EUR 60 million ADB loan). This operation will respond to the social challenges exacerbated by the pandemic. The focus areas are acceleration of quick-impact reforms likely to speed up economic recovery and



A team of seamstresses in their workshop in Mauritania

BOX 2.11

Improving rail passenger confidence in Egypt

The National Railways Modernization Project involves upgrading of rail signaling systems from mechanical to electronic, rail renewals, and installation of Automatic Train Protection systems in selected sections of Egypt's main rail network. The Bank has approved a EUR 145 million ADB loan. The World Bank is providing co-financing.

The project will contribute to improving safety of train operations, increasing network capacity, and improving the efficiency and reliability of train services. These outcomes are expected to improve customer confidence in Egyptian National Railways and increase revenue, leading to less dependency on subsidies from the Treasury. Rail transport in Egypt is the backbone of passenger transport, carrying 313.7 million passengers a year, mainly serving middle-class and poor communities.



job protection and social spending efficiency and efficacy through streamlining and better targeting of social assistance programs. Major efforts will be made to improve the investment climate, which should contribute to a medium-term increase in the investment rate.

- The National Railways Modernization Project in Egypt (EUR 145 million ADB loan) (Box 2.11).

SOUTHERN AFRICA

Approvals for Southern Africa in 2021 amounted to UA 832.1 million, or 18.5 percent of total approvals, and a 4.5 percent increase from 2020's approvals (UA 774 million). Agriculture and rural development received the largest share of approvals, at 31 percent (UA 259 million). Multisector operations received UA 217.9 million (26 percent). Approvals in support of operations in Eswatini (UA 144.9 million) and South Africa (UA 102.5 million) accounted for 47 percent of country-specific approvals to the region. Southern Africa is the region with the highest representation of multi-country operations (35 percent). Some notable approvals were:

- The Economic Recovery Support Program in Botswana (USD 137 million ADB loan). In addition to improved efficiency of public spending and enhanced domestic resource mobilization, the project aims to support increases in climate-smart agriculture sector productivity, job creation, and value addition. It is expected to help strengthen the industrialization framework; the MSME business development services framework and capacity; and social protection and gender mainstreaming.
- The South Africa–Lesotho Highlands Water Project—Phase II (UA 61.2 million ADB loan). The project aims to increase the transfer of water from Lesotho to the Republic of South Africa from the current 780 million m³ per year to 1,260 million m³ per year and to provide an opportunity to generate additional hydroelectric power in Lesotho. The project will ensure water availability for domestic consumption, irrigation, industries, and mining in South Africa. On the Lesotho side, more than 85,000 people will benefit on completion of the project.

BOX 2.12

Helping farmers make the switch from subsistence farming to competitive agribusiness

The Pemba–Lichinga Integrated Development Corridor Special Agro-Industrial Processing Zone Project—Phase I in Mozambique (UA 15 million ADF grant and UA 15 million TSF grant) seeks to stimulate a major increase in agricultural production by drawing smallholder farmers out of the cycle of subsistence farming into competitive and inclusive agriculture and agribusiness. This project is the first Bank project in the Southern Africa region to integrate the Regional Enterprise Development Platform (“Thuma Mina”) in its development. The mobile application/online platform goal is to strengthen the entrepreneurship ecosystem by linking youth/women enterprises, even with limited internet access, to the relevant support at each stage of their MSME development, through partnerships with governments, institutions, and the private sector. Through the lifecycle of the business, they will be linked to financial service providers and have access to local and regional markets.



Through the lifecycle of the business, they will be linked to financial service providers and have access to local and regional markets.

- The Zuntámon Lusophone Compact Initiative—Phase I Project in São Tomé and Príncipe (UA 7.5 million ADF grant). This is the first operation to be prepared and approved under the Lusophone Compact Funding Vehicles concept (a blended finance approach that serves as an innovative solution to address country-specific private sector development bottlenecks in Lusophone African countries). The project is expected to improve access to markets and contracts for 60 growth-oriented SMEs, and to lead to an average of 10 percent growth in business sales by 2025. A government-anchored flexible financing mechanism will be designed and rolled out, also with a blended finance approach, and will be further capitalized with resources mobilized from investors across various profiles.
- The Pemba–Lichinga Integrated Development Corridor Special Agro-Industrial Processing Zone Project—Phase I in Mozambique (UA 15 million ADF grant and UA 15 million TSF grant) (Box 2.12).

WEST AFRICA

Approvals for the West Africa region totaled UA 1.29 billion in 2021 (29 percent of total approvals for the region), a 46.2 percent increase over the 2020 approvals of UA 880.4 million. Multisector operations accounted for 23 percent of approvals (UA 295.4 million), the largest share in West Africa, followed by agriculture and rural development (22 percent, UA 289.4 million). Approvals in support of operations in Nigeria (UA 435.8 million), Senegal (UA 275.1 million), and Côte d'Ivoire (UA 199.7 million) accounted for 79 percent of country-specific approvals. Approvals included:

- A USD 75 million commercial loan to the Ghana Infrastructure Investment Fund. The loan will enable the state-owned fund to efficiently leverage its paid-in equity capital of USD 325 million to secure additional debt resources to finance several critical Ghanaian infrastructure projects and reduce the country's estimated multi-billion-dollar infrastructure finance deficit. The Bank's participation is expected to catalyze private sector-led infrastructure development, expand access to

BOX 2.13

Six million new jobs in Nigeria

The Bank approved a USD 170 million ADB loan to Nigeria in support of the Investment in Digital and Creative Enterprises Program. The program seeks to promote entrepreneurship and innovation in digital technology and creative industries to support the government's job creation efforts, especially for young people. The program targets more than 68 million 15–35-year-olds. It will stimulate investments in 226 technology and creative start-ups and provide non-financial services to 451 digital technology start-ups and SMEs. The program is expected to create 6.1 million direct and indirect jobs and add an estimated USD 6.4 billion to the economy. The Agence Française de Développement and the Islamic Development Bank are providing co-financing. Microsoft will provide technical assistance to implement some aspects of the program.



infrastructure services in Ghana, and generate substantial employment opportunities.

- The Programme to Open Up Agricultural and Mining Areas—Phase I in Senegal (EUR 117.6 million ADB loan and EUR 44 million SF loan) will include the construction and/or rehabilitation of 483 km of roads. The expected outcomes are a boost in rice and mining production through an increase in vehicle traffic, a reduction in general transport costs, development of climate-resilient road infrastructure, and improvement of access to and conditions for implementing socioeconomic activities in the program impact area, especially for the most vulnerable groups (women and young people).
- The Agro-Industrial Pole Project in Northern Côte d'Ivoire (EUR 42 million ADB loan, EUR 33.6 million SF loan, and UA 10 million ADF loan). The operation's goal is to accelerate the structural transformation of the economy in four regions for strong, inclusive, sustainable, and job-creating growth, especially for women and young people. The project aims to promote the creation and consolidation of at least 300 agricultural SMEs, increase the food security rate from 22 percent to 32 percent by project completion, create 25,000 direct jobs and 45,000 indirect jobs, and enhance resilience to climate change and insecurity.

- The Investment in Digital and Creative Enterprises Program in Nigeria (USD 170 million ADB loan) (Box 2.13).

MULTIREGIONAL

Approvals in support of multiregional operations amounted to UA 64.8 million, or 1.4 percent of total 2021 approvals. This is a steep drop from the UA 471.9 million in 2020 and earlier years. There was, however, a close to fourfold increase in multi-country operations in the regions, with total approvals of UA 947 million, up from 2020's UA 237.1 million. Multiregional operations include:

- The Statistical Capacity Building Program—Phase V (UA 10 million ADF grant) is part of the Strategy for the Harmonization of Statistics in Africa, which aims to provide the statistical base for the African integration agenda espoused by the African Union Heads of State and Government. The program aims to build an efficient African statistical system that generates reliable, harmonized, and timely statistical information covering political, economic, social, environmental, climate, and cultural development dimensions to support the African integration agenda.

- The Africa Cybersecurity Resource Center for Financial Inclusion Project (USD 2 million SF grant). The project aims to systemically address the need for cybersecurity services on the continent through a three-pronged approach: creating an affordable shared platform for efficient cybersecurity monitoring (for detecting cyberattacks), providing affordable individualized advisory services to organizations (such as procurement of security solutions, contracting, and execution of security tests), and supporting talent development in cybersecurity at academic and operational levels (including capacity building, skills development and retention, and research, development, and innovation).
- The Africa Hydropower Modernization Programme (USD 1 million Sustainable Energy Fund for Africa grant) which aims to modernize Africa's aging hydropower fleet. The grant will fund the mapping and evaluation of African hydropower facilities' rehabilitation needs. It will also support preparation of modernization works for two pilot facilities to a bankable stage, a move expected to add 200 MW in generation capacity, create 150 jobs, and reduce greenhouse gas emissions by about 300 kilotons of carbon dioxide annually.



Senegambia bridge connects Northern and Southern Gambia and the Casamance province in Senegal



Central-West Africa interconnection, bridge over the Cross River between Cameroon and Nigeria



3 Enhancing the Bank Group's Capacity to Deliver

In 2021, the Bank took several important steps to sharpen its focus on results and development impact, underpinned by measures to develop staff capacity and improve service quality. It implemented institutional and human resource reforms. The Bank also stepped up its resource mobilization efforts, particularly in support of providing knowledge and capacity development services to Regional Member Countries (RMCs).

Above: Women working a field supplied by the PAHABO Project in Mauritania

Sharpening the focus on results and development impact

The Board approved a proposal to sharpen the Bank's strategic focus in the High 5 priorities by investing more selectively in fewer and more transformative operations, supported by a new methodology. This approach, applicable to all operations, was piloted with the COVID-19 Rapid Response Facility operations and then launched in 2021. It relies on four complementary results planning tools—theory of change, results framework, monitoring plan, and risk analysis matrix (Figure 3.1). The Bank also invested in building results management capacity at the regional level.

The approach, launched on 1 May 2021, is a state-of-the-art results reporting system that automates and digitizes the preparation of the implementation performance and results report (by Task Managers) and the project completion report, enabling tracking of results in real time. The Joint Impact Model, produced in collaboration with 10 development finance institutions, was updated in 2021 and used to estimate the number of jobs supported by Bank operations, as well as the value added by these jobs to African economies. Furthermore, the Bank partnered with an African high-tech start-up to map the difference that the Bank has made to the lives of thousands of smallholder farmers in East Africa. Using a combination of satellite pictures and Global Positioning System data from household surveys, the resulting map shows how the Bank-

financed road, energy, and agriculture projects transformed communities within 20 km of the Mombasa-Nairobi-Addis Ababa corridor.

Through the Management Action Record System Flashlight Report, Management continued to update the Board of Directors on actions it is taking to implement the Independent Development Evaluation's recommendations. The rate of timely implementation or completion of Management actions increased from 64 percent in 2017 to 90 percent in December 2021.

The 2021 Annual Development Effectiveness Review analyzed the impacts of the COVID-19 pandemic on Africa's development trajectory and on the Bank's operations.

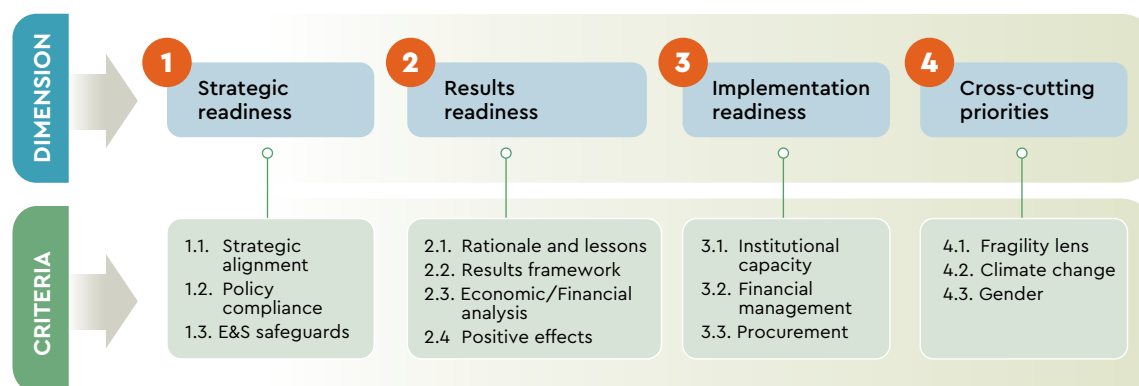
Enhancing quality at entry

Implementation of the Integrated Quality Assurance Plan continued in 2021. For sovereign operations, the Readiness Review and the Technical Peer Review were modified to address certain weaknesses. The Readiness Review now applies 13 criteria grouped under four dimensions (Figure 3.2). A Quality Matters Toolkit, accessible online to Task Managers, has a growing pool of practical guidance for task teams.

FIGURE 3.1 The four results planning tools



FIGURE 3.2 The updated Readiness Review



Reinforcing the knowledge of operations staff with the Operations Academy

The Operations Academy is providing a more structured and consistent approach to basic training, equipping operations staff with the knowledge they need to deliver consistent quality per Bank policies and procedures. The Operations Academy also supports specific career pathways. As of end-2021, the Academy offered 43 courses in two languages. The Task Manager pathway features 12 courses focusing on sovereign operations. The 20-course non-sovereign operations (NSO) pathway covers a range of issues across the NSO ecosystem. As of end-2021, over 1,000 Bank employees had registered for the pathway, and 763 had graduated.

Institutional reforms

In 2021, the Bank continued pursuing the One Bank vision centered on the principles of quality, delivery, and joint accountability. As part of the 7th General Capital Increase (GCI-VII) commitment to develop a long-term financial sustainability framework, Management undertook a review of the Bank's cost structure, which revealed opportunities for rationalizing costs and making efficiency gains to contain annual budget growth, within an approved trajectory.

Management also committed to strengthening the effectiveness of the Bank's compliance and accountability units, which have a special reporting responsibility to the Board. For improving budget transparency and reinforcing the important oversight role of the Board and its committees over these units

and based on benchmarking of best practices from other comparator institutions, Management proposed adjusting the budget process to reinforce these units' independence and effectiveness.

Finally, Management strengthened the Bank Group's planning and allocation of resources, as well as utilization monitoring and the underlying processes, guidelines, and systems. For example, it extended the use of coefficients to allocate budgets. It also tweaked the Activity Time Recording System, with incentives and training for accuracy and upgraded monitoring of staff time spent in preparing projects; and supporting project implementation through supervision. It put in place a new version of the Bank's Resource Planning Tool, which will help upgrade the quality of data for periodic calibration of budget coefficients and the allocation of administrative costs among the Bank Group's lending windows.

As part of the ongoing effort to streamline business processes and enhance business delivery, through Project WAKANDA (Working better, Accountability, Know-how, Accessibility, New, Decentralization, Accuracy), the Bank has continued to upgrade its core IT platform—the Systems Applications and Products in Data Processing (SAP) system. The new platform, equipped with enhanced functionalities, will facilitate the Bank's implementation of the Business Processes Improvement and Reengineering (BPIR) exercise for the six key dimensions prioritized for streamlining (recruitment of consultants, mission travel, human resources processes, sovereign operations and NSO, and work program and budget synchronization). The BPIR project is well under way, with the rollout in March 2021 of new processes for staff contract renewal and probation confirmation. These processes are designed to be shorter, taking no more than one month instead of three months as before and ensuring

100 percent completion within the set deadline. The staff recruitment process was fully automated with the deployment of a new SAP module that provides better monitoring and control capabilities. Work program and budget synchronization were also enhanced with a new planning process for special initiatives and the formalization of Complex-level budget planning. The IT platform for administering Bank operations is being upgraded to provide end-to-end tracking of all project management activities and documents and to enable borrowers and partners to perform transactions and access information. As of December 2021, SANKOFA, the Bank's central digital repository of key documents, has been fully deployed to three regions.

Management continued to support the strengthening of the Work from Home delivery mode. In preparation for staff's gradual return to the office, Management has also introduced a secure digital application to track staff access to office premises and support a rotational/shift system.

Human resource reforms, and new strategies and policies

As part of the human resource reforms agreed under GCI-VII and the African Development Fund 15th Replenishment (ADF-15), and in response to insights from staff surveys and other internal recommendations, the Bank attained the following key milestones in 2021:

- The People Strategy 2021–2025, approved by the Board on 25 November 2020, took effect in January.
- The Total Compensation Framework (2021–2024), the first since 2008, was approved by the Board in September.
- The Performance Management Framework, revised by Presidential Directive in June 2021, sets out rules

and procedures to guide supervisors and staff in carrying out regular staff performance evaluations.

- Revised Staff Regulations endorsed by the Board of Governors in March 2021 and Staff Rules aligned with the new regulations were disseminated Bank-wide in November.
- Talent Councils and Job Families were put in place by Presidential Directive in May 2021.

Table 3.1 shows the Bank's staffing at year-end 2021. Overall, female staff account for 39 percent of the workforce, 26 percent of managerial positions, and 32 percent of other professional roles. The Bank had 41.8 percent of its staff from West Africa, 16.8 percent from East Africa, 14.6 percent from Non-Regional Member Countries, 9.5 percent from Southern Africa, 9.5 percent from North Africa, and 7.9 percent from Central Africa. Regarding representation in Management, 34 percent were from West Africa, 28 percent from Non-Regional Member Countries, 16 percent from East Africa, 11 percent from Southern Africa, 6 percent from North Africa, and 5 percent from Central Africa.

With the prolonged effect of the COVID-19 pandemic stretching into 2021, the Bank continued to assure the organization's continuous functioning during a period of rapid change and uncertainty. Working from home and capacity development initiatives for staff at headquarters and in the regions were supported by technology to allow remote work and online engagement. Training was conducted online to ensure that specific capacity needs identified were adequately met. Despite challenges, the 2021 Work from Home survey results revealed that 90 percent of staff were satisfied or very satisfied with the facilities and services provided. In support of decentralized offices, these included various Country Manager virtual knowledge-sharing sessions in an effort to build the capacity of managers and their teams through peer-to-peer learning.

TABLE 3.1 Bank Group staffing as of December 31, 2021

	Headquarters					Regional/Country Offices					Grand total
	Vice presidents	Directors and managers	Other professionals*	General services	Total	Directors and managers	Other professionals*	Local professionals	General services	Total	
Total staff	5	120	755	380	1,260	55	393	167	220	835	2,095
Male	3	86	489	144	722	44	282	128	105	559	1,281
Female	2	34	266	236	538	11	111	39	115	276	814
% Female	40.0	28.3	35.2	62.1	42.7	20	28.2	23.4	52.3	33.1	38.9

*Including EL4 and EL5 staff who are not Head of Department.

During the COVID-19 pandemic, the Bank halted all physical missions and adopted virtual working, which included virtual supervision missions for ongoing projects and use of local consultants where necessary and feasible due to travel restrictions in the RMCs. In 2021, the Bank continued implementing the project preparation activities virtually, including virtual approvals of lending. Particular attention was paid to the preparation of project completion reports, and timely submission of these reports improved by 2 percent. There were, however, other areas that were affected negatively by the work from home setup—for example, disbursement volumes (due to slower implementation of activities resulting from the travel restrictions) and the preparation of some projects (due to limitations in carrying out environmental and social safeguard activities).

Progress on GCI-VII and ADF-15 commitments

The Bank continued implementing the wide range of reforms and measures to which it committed as part of GCI-VII. Out of 30 commitments due through 2021, 27

(90 percent) have been delivered (Appendix 10). ADF Deputies and Management held the mid-term review of the 15th Replenishment of the African Development Fund (ADF-15) in December 2021 (virtually because of the pandemic). Of the 62 commitments due at mid-term, 58 (93 percent) have been delivered (Appendix 11). The ADF-16 replenishment discussions will take place over three meetings in 2022.

Partnerships and resource mobilization

Despite the tough economic, political, and health backdrop globally, the Bank raised additional resources of UA 238.14 million from traditional and emerging donors, including foundations and RMCs in the form of multi-donor thematic trust funds and bilateral trust funds (Table 3.2).

Germany's UA 83.1 million contribution to the Sustainable Energy Fund for Africa, to encourage further private sector investment in renewable energy and energy efficiency, was the largest single amount received in 2021. Canada established the Canada–Africa Climate Finance Facility (UA 72.3 million) to

TABLE 3.2 Resources mobilized through trust funds and special funds in 2021

Vehicle	Partner	Resources in donor currency	Resources in UA (million)
Africa Digital Financial Inclusion Fund	Luxembourg	EUR 2 million	1.66
Africa Disaster Risk Financing Trust Fund	Switzerland	USD 9 million	6.43
	United Kingdom	GBP 4.4 million	4.22
Africa Education Science Technology Innovation Fund	Ghana	USD 2 million	1.44
	Botswana	USD 2 million	1.39
African Water Facility	Denmark	DKK 199.5 million	21.76
Canada–Africa Climate Finance Facility	Canada	CAD 132.9 million	72.30
Finnish Consultancy Trust Fund II	Finland	EUR 0.6 million	0.48
Korea–Africa Economic Cooperation Fund	Korea	USD 13.5 million	9.65
Policy and Human Resources Development Grant	Japan	JPY 176 million	1.15
	Japan	JPY 172.8 million	1.10
Sudan TSF Arrears Clearance	Sweden	SEK 36 million	3.00
	Ireland	EUR 150,000	0.13
Sustainable Energy Fund for Africa	United States of America	USD 2.5 million	1.74
	Germany	EUR 100 million	83.09
	Denmark	DKK 100 million	11.05
	United Kingdom	GBP 4 million	3.81
Sustainable Energy Fund for Africa—Desert 2 Power	Sweden	SEK 170 million	13.73
Total			238.14

support the Bank's operational priorities for climate finance through co-financing. Denmark pledged UA 21.8 million to the Africa Water Facility operations for a special program, Improving Access to Climate Resilient Water Supply and Sanitation Services, in the Sahel and Horn of Africa, for assistance to Burkina Faso, Mali, Niger, and Somalia.

The Bank continued to build new relationships and partnerships—in 2021, seven Memoranda of Understanding were advanced for signature. These included memoranda with the Alliance for Entrepreneurship in Africa to join a partnership with the International Finance Corporation (secretariat), the European Bank for Reconstruction and Development, the European Investment Bank, the EU, and Proparco; a Memorandum of Understanding between the United States Trade and Development Agency and the Africa Investment Forum Partnership; an exchange of letters between the ADB and Italy's main economic development institution, *Cassa Depositi e Prestiti* for Archipelagos—One Platform for Africa Program (One4A); and a five-year co-financing and partnership agreement with the French Development Agency (Agence Française de Développement—AFD) targeting over EUR 2 billion co-financing in the first three years.

As of 31 December 2021, the cumulative disbursement rates for bilateral and thematic and other trust funds were 77.9 percent and 74.6 percent, respectively.

In October 2021, the Board approved a new Trust Fund Policy after wide consultations internally and externally with donor partners and other stakeholders. The policy is designed to equip trust funds to respond to current and future demands and to rising RMC funding needs. The policy will enable the Bank to scale up resource mobilization by offering more flexibility to a wider range of donors, reducing the proliferation and fragmentation of the Bank's trust fund portfolio, lowering transaction costs, accelerating decision-making, and enhancing the trust fund portfolio's overall effectiveness and impact.

The Bank continued exploring ways of rationalizing the use of thematic trust funds. It merged several funds in the water sector, including the African Water Facility, the Rural Water Supply and Sanitation Initiative, and the Multi-Donor Water Partnership Program. It will continue to restructure and ensure fit-for-purpose funds. In 2021, the Bank cleared the conversion of the Fund for African Private Sector Assistance from a Multi-Donor Trust Fund to a Single-Donor Thematic Trust Fund.



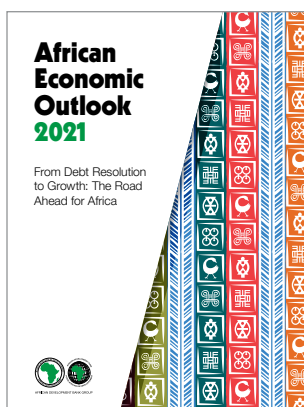
External representation

The Asia External Representation Office, Japan External Trade Organization, United Nations Development Programme, and United Nations Industrial Development Organization jointly organized the Third Japan-Africa Business Forum, themed "Shaping a New Africa in the Era of COVID-19." With five sessions dedicated to the Bank's High 5 priorities and one session on Africa's innovative start-ups, the Forum's objective was to promote trade and investment and foster business and networking opportunities among businesses in Japan and Africa. The Forum ran for six days and attracted more than 1,600 participants. The forum's online business-matching feature drew 376 participants from African, European, and Japanese companies.

The Bank as a knowledge services provider

The Bank organized the 2021 African Economic Conference in Cabo Verde in December with the UN Economic Commission for Africa and United Nations Development Programme on the theme "Financing Africa's Post-COVID-19 Development." Discussions centered on mitigating the impact of the increase in African debt grounded in efforts to fight the public health crisis and in stagnating economic output; strategies for accelerating domestic revenue mobilization; innovative ways to secure financing; and policy options for containing widening social and economic inequalities, such as lost human capital and unequal access to vaccines.

The Bank delivered 323 Economic and Sector Work and related knowledge products, including Country Notes for the Bank's flagship report, the African Economic Outlook; the five Regional Economic Outlooks; and Country Notes on issues such as the allocation of special drawing rights, COVID-19, and ADF market



access. These documents have had an impact on strategic and operational country dialogue with RMCs and on the Bank's resource mobilization efforts. Furthermore, the Bank carried out 68 Additionality and Development Outcome Assessments of NSOs to support implementation of the Bank's Ten-Year Strategy and High 5 agenda.

African Economic Outlook (AEO) 2021 was launched virtually in March 2021. It examines the nexus between debt resolution, governance, and growth in Africa—a key policy concern—given that recent debt restructuring in Africa has been costly and lengthy due to information asymmetries, creditor coordination problems, and increasing use of more complicated debt instruments. The report examines challenges in the international architecture for debt resolution and restructuring. It discusses legal reforms, financial innovation, enhanced global coordination, and expansion of the toolkit open to international financial institutions as possible ways to fix that architecture.

The virtual launch of the AEO 2021 was attended by African ministers, ambassadors, central bank governors, heads of international institutions, think tanks, civil society organizations, universities, and the Bank's Senior Management and staff. A key highlight was a live conversation between the Bank's President and Professor Joseph E. Stiglitz—recipient of the 2001 Nobel Memorial Prize in Economic Sciences—on the report's key recommendations, including those on emerging debt vulnerabilities, the current architecture of debt resolution, and reforms to promote growth and improve the continent's governance system.

In 2021, the Bank launched the preparation of the African Financial Stability Mechanism (AFSM). This innovative initiative has five objectives: supporting RMCs experiencing temporary balance of payment misalignments; helping prevent illiquidity-driven default by offering financing to illiquid countries at risk of debt distress at advantageous financial terms; offering a platform for orderly debt restructuring; limiting spillover effects associated with debt distress; and fostering sustainable policies, including the development of domestic financial markets, to prevent future debt accumulation.

The AFSM has already received widespread support from the 54 African countries' Central Banks and Ministries of Finance, Planning, and Budget, following consultations in May and June 2021. The Bank also

held consultations with Regional Financial Arrangements, including the Arab Monetary Fund in June 2021, the European Stability Mechanism in July 2021, and the Latin American Reserve Fund (Fondo Latino Americano de Reservas, FLAR) in September 2021. These institutions offered technical expertise to help the Bank team in designing the AFSM. The Bank also consulted African Union Financial Institutions. It was agreed that the Bank will work closely with these institutions to harmonize the AFSM and the African Monetary Fund to avoid duplication.

Capacity development

The African Development Bank Group Capacity Development Strategy, 2021–2025, sets out a vision for positioning the Bank Group as a premier regional partner in this endeavor for African countries. The strategy aims at improving RMCs' capacity for project design and implementation, economic policy management, and knowledge brokerage and policy dialogue.

The Board approved the Bank's Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021–2023), with five strategic objectives to "make debt work for Africa": engage in high-level policy dialogue on debt sustainability at national, regional, continental, and global levels, increase the level of low-cost and low-risk development financing to RMCs, strengthen RMCs' capability to manage their public debt productively and transparently, strengthen the Bank's institutional framework to incentivize sustainable debt accumulation by RMCs, and assist RMCs in debt-crisis resolution.

For its part, the African Development Institute delivered 21 institutional-capacity and fiduciary clinics, including training for 1,200 officials in 21 countries, to enhance the capacity of project implementation units and government project implementing agencies over the Bank's project cycle. The Bank engaged with internal and external partners, including the International Monetary Fund and the World Bank, to establish the Public Finance Management Academy for enhanced capacity development to improve public financial management in African countries. Beyond public finance management, the Academy will develop and deliver high-level training, technical assistance, and policy dialogue to the RMCs on macroeconomic governance, debt sustainability analysis, strengthened institutional capacities for domestic resource mobilization, and measures to combat illicit financial flows.



The Bank published the report *Macro-Economic Policy Responses for Building Resilient Economies in Post-COVID-19 Africa*, as well as the *Public Service Delivery Index*, which addresses Africa's gaps in capacity development impact measurement and in enhancing transparency and public accountability in this area.

The Bank hosted the 2021 Kofi Annan Eminent Speaker Lecture Series. Professor Esther Duflo, 2019 Nobel Laureate in Economics and Professor in the Department of Economics at the Massachusetts Institute of Technology, delivered the keynote, titled "Good Economics for Warmer Times: How to Address our Climate Change Challenges," to 500 delegates.

Statistics-related support

Activities to accelerate implementation of the High 5 priorities included technical and financial support to 34 RMCs to facilitate second-phase data collection on energy, information and communications technology, transport, water, and sanitation; support to 21 RMCs in compiling and publishing the minimum set of up-to-date core agricultural data (needed to inform country agricultural policies and the Bank's own Feed Africa agenda); online assessment of the use of business registers in 39 RMCs; and participation in writing the World Bank report, *Purchasing Power Parities for Policy Making: A Visual Guide to Using Data from the International Comparison Program*.

The Bank continued providing virtual technical support for statistical activities in RMCs to generate the quality data needed to respond to the COVID-19 pandemic, while informing the Sustainable Development Goals and the Bank's High 5 agenda. Its statistical activities focused on niche areas with regional public good characteristics and aimed at reinforcing the comparability, harmonization, management, and dissemination of statistics generated in RMCs, as espoused in the Strategy for the Harmonization of Statistics in Africa.

Natural resource management

The African Natural Resources Centre published 17 reports on topics such as the performance of Africa's national oil companies, the forestry industry, critical minerals, development of gas and oil value chains, local content, wood processing, illicit trade in forest products, impact of the COVID-19 pandemic on the extractive and renewable natural resource sectors, green aquaculture, and offshore renewable energy in support of the blue economy in Africa. The Centre provided advisory services through 12 technical assistance projects, including technical support to Ethiopia and Rwanda on creating opportunities for local content in the mining and petroleum sector; to Mozambique on mainstreaming natural capital into development policies and infrastructure finance; and to Zimbabwe on using the country's lithium minerals for local battery manufacture. It also developed a virtual knowledge hub for eight RMCs under the Transition Support Facility-funded project for financial modeling for the extractive sector.

The Centre partnered with regional and international knowledge institutions in organizing 19 knowledge-sharing and advocacy events on topics including the creation of green jobs for women, nature-based solutions, critical minerals and the energy transition, the contribution of natural resources to industrialization, and intra-African trade and the blue economy. In partnership with the African Union Commission and the UN Economic Commission for Africa, the Bank organized the 2021 Conference on Land Policy in Africa in Kigali, Rwanda, in November 2021.



Board Oversight

4 In 2021, the Boards continued to adapt to the new working modalities necessitated by the COVID-19 pandemic. The Boards of Governors convened in two virtual sessions; and the Executive Directors participated in 166 formal and informal meetings, seminars, and technical sessions.

Above: African Development Bank Headquarters, Abidjan, Côte d'Ivoire

Highlights of the Boards' Oversight Activities

Boards of Governors

The Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) are the highest decision-making organs of the Bank Group. With representation from all its 81 member countries, the Boards of Governors executed 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.

Extraordinary Meetings of the ADB and ADF Boards of Governors

At the Sixth Extraordinary Meeting of the Board of Governors of the ADB and the First Extraordinary Meeting of the Board of Governors of the ADF, held virtually in a joint session on 5 March 2021, the Governors approved: (i) the General Cooperation Agreement between the Government of the Republic of Korea, the African Development Bank, and the African Development Fund, aimed at enhancing technical cooperation in infrastructure development and natural resources management, advancing information and communications technology, and agricultural development; (ii) the establishment of the Canada–African Development Bank Climate Fund, a 30-year special fund to provide large and long-term debt investments complemented by grant-based technical assistance in climate mitigation and adaptation; and (iii) the extension of the New Partnership for Africa's Development (NEPAD) Infrastructure Project Preparation Facility Special Fund for a further 15 years, with effect from 8 September 2020.

The Bank Board of Governors also approved a Special Capital Increase of the African Development Bank—Temporary Callable Capital with Voting Rights—as an exceptional and temporary measure to strengthen the Bank's financial capacity and to provide support to its Regional Member Countries and cleared the Revised Staff Regulations of the African

Development Bank, which the Board of Directors had previously approved.

Work of the Ad Hoc Committee of the Boards of Governors

The Boards of Governors' five-member Ad Hoc Committee, established in the last quarter of 2020 to oversee and guide the review of certain governance instruments of the ADB Group, held six meetings by May 2021.

The Ad Hoc Committee presented a preliminary report on its activities to the Boards of Governors at the 2021 Annual Meetings. The Governors took note of the report, which (i) provided preliminary insights, based on a desk review and initial interviews conducted by an independent consulting entity; (ii) outlined areas requiring further evaluation; and (iii) proposed a time frame for submitting a final report. The Governors reiterated the importance of ensuring the alignment of the Bank Group's regulations with international best standards and good governance practices and urged the Ad Hoc Committee to adopt a holistic approach for its assignment and draft an implementation schedule for proposed recommendations and reforms.

The Ad Hoc Committee subsequently held its Seventh Meeting in September 2021, where it considered and proposed changes to a draft report submitted by the consulting entity. The Committee received the entity's final report in December 2021, with drafts of a revised Code of Conduct for Board Officials of the African Development Bank and the African Development Fund, and a revised Whistleblowing Policy; and scheduled an Eighth Meeting for the first quarter of 2022 to consider the consulting entity's recommendations, with a view to finalizing the report, which will be presented to the Boards of Governors at the 2022 Annual Meetings.

The 2021 Annual Meetings

The 56th Annual Meeting of the Board of Governors of the ADB and the 47th Annual Meeting of the Board of Governors of the ADF were held jointly in a virtual

format on 23–25 June 2021, with the theme “Building Resilient Economies in Post-COVID-19 Africa.”

The Boards of Governors adopted the Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2020. In addition, they adopted resolutions on the:

- Dates and Venues of the 2022, 2023, 2024, 2025, 2026, and 2027 Annual Meetings of the Bank Group.
- By-Election of ADB Executive Directors.
- Selection of ADF Executive Directors.
- Distribution of ADB Allocable Income for the Financial Year ended 31 December 2020.
- Distribution of part of the Income of the Nigeria Trust Fund for the Financial Year ended 31 December 2020.
- Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2020.

Governors' Dialogue

At the 2021 Annual Meetings, the President discussed with Governors issues on the theme “Inclusive Growth, Debt, and Economic Governance,” in the context of a post-COVID-19 environment, and against the backdrop of the severe economic and social impacts of the pandemic on the continent. The Governors:

- Acknowledged that the pandemic presented an opportunity to address the weaknesses and fragilities of Africa’s healthcare systems and stressed the need for equitable access to vaccines to combat the pandemic and to save lives.
- Encouraged the Bank to explore, in the context of selectivity, the Bank’s comparative advantage, and its internal capacity as well as its potential role for investment in Africa’s health infrastructure and medical and pharmaceutical industry, working with other multilateral development partners.
- Underscored the importance of policy and economic governance reforms to boost domestic resource mobilization, transparent natural resource management, economic diversification, public finance management, transparent public spending, and measures to combat corruption and illicit financial flows.
- Highlighted the importance of digitization to aid in tax collection and procurement of goods and ser-

vices, which are critical for blocking leakages and increasing domestic resource mobilization.

- Stressed the need to build capacity for sound debt management to ensure transparency and accuracy in debt reporting. The Governors called for the timely implementation of the G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI) and urged eligible RMCs to apply to the Framework and for the Bank to contribute to its successful operationalization.
- Called for sustained efforts for a smart, inclusive, and green recovery through (i) enhanced investment in the digital economy, the private sector, and infrastructure; (ii) gender equality and inclusiveness for women and girls, ensuring gender-disaggregated reporting while, in the Bank itself, increasing the number of women in managerial positions; and (iii) investment in youth through job creation, skills development, and vocational training, and support for youth entrepreneurship, by increasing access to finance.
- Emphasized the need to address the challenges of climate change through mitigation and adaptation, the mainstreaming of nature and biodiversity management with approaches that ensure a just transition to clean, renewable, affordable, reliable, and sustainable energy services while ensuring energy security and sustainability. The Governors welcomed the commitment to announce the alignment of the Bank Group’s activities with the 2015 Paris Agreement ahead of the 26th UN Climate Change Conference of the Parties (COP26) in November 2021 in Glasgow, United Kingdom.
- Called for adequate resources to fragile countries and, in this vein, welcomed the next replenishment of the ADF in 2022.
- Noted the efforts to explore options for the strategic use of special drawing rights to support Africa, potentially including through the Bank Group in partnership with Africa’s public development banks and called for continued engagement and coordination of the Bank Group with the IMF, World Bank Group, and member countries.
- Underscored the Bank’s critical role in investment in regional integration, particularly its support for the African Continental Free Trade Area, which has the potential to catalyze the post-COVID-19 recovery.

Mandate and composition of the Resident Boards of Directors

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

In 2021, the Boards of Directors continued to provide strategic direction toward implementing the reform commitments undertaken as part of the 7th General Capital Increase (GCI-VII) and the African Development Fund 15th Replenishment (ADF-15). They approved a proposal for sharpening the Bank's strategic focus through increased selectivity, the Report on the Third Review of the Independent Review Mechanism and the updated Rules and Procedures of Operation; and the Total Compensation Framework 2021–2024.

The Boards reviewed and cleared several documents for consideration by the Boards of Governors, including the resolutions adopted at the Annual Meeting and information documents such as the Second Progress Report on the Implementation of the GCI-VII Commitments; Optimizing the Financial Strength and Capacity of the African Development Bank; the Independent Review Mechanism 2020 Annual Report; Water Sector–Bank Activities and Initiatives in 2020; and the NEPAD Infrastructure Program: Annual Report 2020.

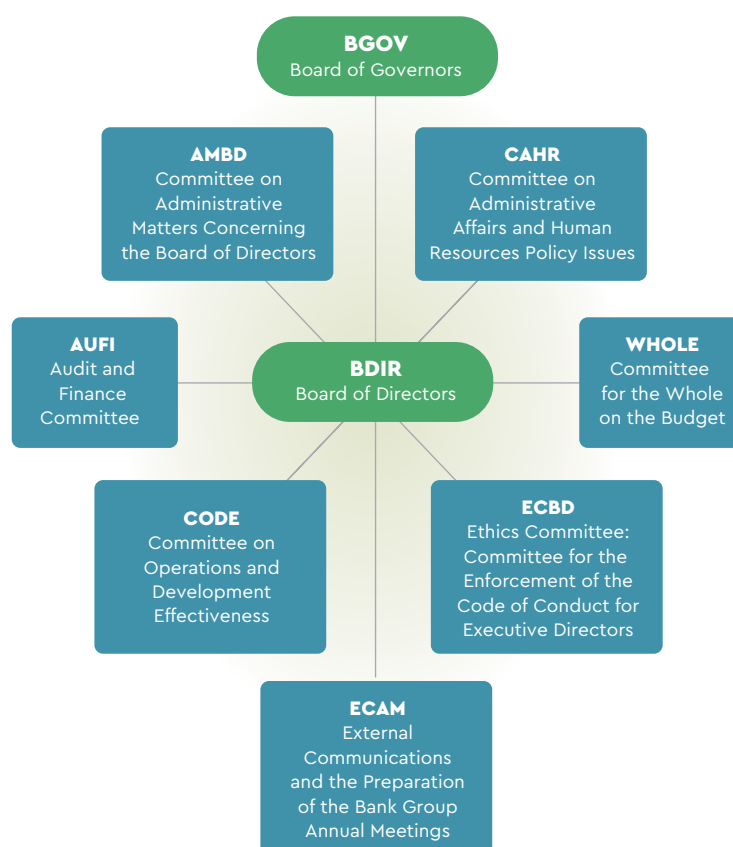
The Boards also continued to provide strategic and institutional direction to ensure delivery of the High 5 priorities, with specific emphasis on sustainable development, inclusive growth, and concrete impact on the lives of beneficiaries in RMCs. The Boards approved strategies, policies, loans and grants, equity investments, guarantees, the 2022 work program and administrative budget, the 2022 borrowing program, the Rolling Work Program and Budget 2021–2023 of the Private Sector Credit Enhancement Facility (PSF), the African Water Facility 2021 Work Plan and Budget, and the reappointment of Deloitte & Associates

as External Auditors for the Bank Group for the Financial Years 2022–2026. In all, the Boards approved 121 projects, totaling UA 4.48 billion. The Board approved 48 percent of these projects (11 percent of the total) through the lapse-of-time procedure, and 52 percent (89 percent) in plenary sessions. (Highlights of these approvals are in Chapter 2.) In addition, Senior Management approved technical assistance and other activities amounting to UA 25.82 million.

Standing committees of the Boards of Directors

The Boards work through seven standing committees, delegating certain responsibilities (Figure 4.1 and Appendix 9). These committees conduct close reviews of matters in their areas of competence and make recommendations to the Boards as appropriate. Each committee also oversees the performance of the Organizational Units related to its responsibility.

FIGURE 4.1 Standing Committees of the Boards



Independent evaluation of Bank Group interventions

The mission of the Independent Development Evaluation (BDEV) is to help AfDB foster sustainable growth and poverty reduction in Africa through independent and influential evaluations of its policies, strategies, and operations.

In 2021, BDEV delivered 13 evaluation products: (i) four country strategy evaluations for Angola, Gabon, Rwanda, and Uganda; (ii) a cluster evaluation of AfDB road and port projects; (iii) an impact evaluation of the Last Mile Connectivity Energy Project in Kenya; (iv) two thematic evaluations of the Bank's Transition Support Facility and its Additionality and Development Outcomes Assessment (ADOA) Framework; (v) two corporate evaluations of AfDB's Non-concessional Debt Accumulation Policy and its Results Measurement Framework; (vi) a synthesis report of the 2019 Project Completion Report validations; and (vii) the 2020 and 2021 Management Action Record System reports.

The Bank used BDEV's evaluations in developing new policies and strategies, including the new Multidimensional Debt Action Plan; the Trust Fund Policy; the Water Sector Policy and Strategy; the Green Growth and Climate Change Policy, Strategy, and Action Plan; the Private Sector Development Strategy; the Public-Private Partnerships Framework; the Fragility Strategy; and the Sustainable Borrowing Policy.

In 2021, BDEV organized and leveraged seven knowledge events with other Bank departments and external partners to disseminate and increase the

use of evaluation results. These events included two webinars on fostering integrated solutions for sustainable development impact and reinforcing AfDB's engagement in fragile states, and a workshop on BDEV's evaluation of the Bank's Portfolio Review and Restructuring Policy and the new Bank Group Policy on Sovereign Operations Restructuring. In addition, BDEV developed an animation presenting the lessons from its Fragility Strategy Evaluation, presented at the high-level Africa Resilience Forum, held in September 2021. BDEV also supported the 2021 gLOCAL Evaluation Week, notably through two roundtables with parliamentarians, as well as shared lessons from validations of Project Completion Reports at four Institutional Capacity and Fiduciary Clinics organized by the African Development Institute for RMCs. BDEV's Evaluation Results Database now contains 2,382 reports, 4,774 recommendations, and 4,597 lessons from evaluations.

In seven activities, BDEV supported evaluation capacity development for its staff, RMCs, evaluation networks, and partners worldwide. BDEV continued to promote both the supply and demand sides of evaluation through its support for the African Parliamentarians' Network on Development Evaluation; the Evaluation Platform for Regional African Development Institutions; Twende Mbele, an African government peer learning initiative; and EvalPartners, the Global Partnership for evaluation capacity development.

Compliance, accountability, and intermediate recourse mechanisms

Compliance

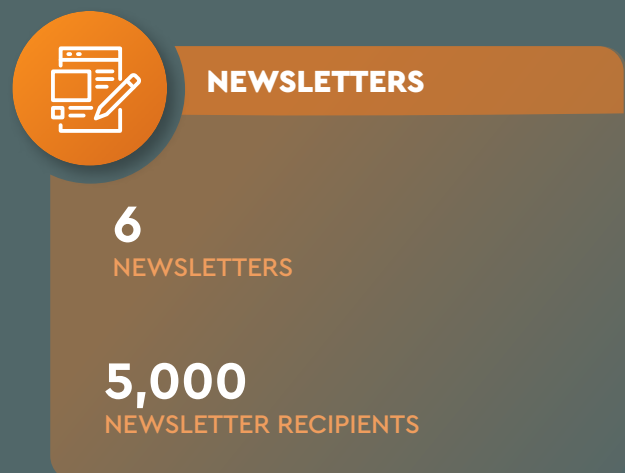
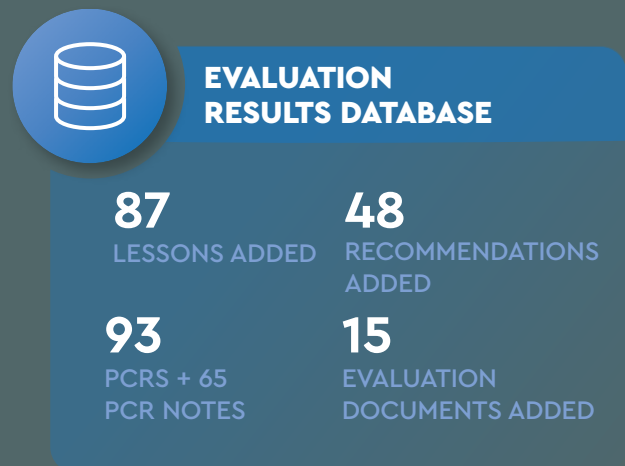
Compliance review and mediation

In 2021, the Bank Group's accountability mechanism, the Independent Recourse Mechanism (IRM), handled 12 complaints including four new complaints submitted by civil society organizations and people affected by Bank Group-financed projects in public and private sector operations. The IRM handled seven complaints through compliance review and five through problem-solving modalities. The IRM also initiated research for an advisory note on sexual exploitation, abuse, and harassment (SEAH) in Bank-financed operations. In July 2021, the Bank's Boards of Directors approved the new IRM Operating Rules and Procedures, which make the complaints mechanism more accessible, efficient, and

Extract from the impact evaluation of the Last Mile Connectivity Project (LMCP), Phase 1 in Kenya

"This evaluation aims to inform the mid-term review of the Bank Group's Strategy for the New Deal on Energy for Africa (NDEA, 2016–2025) by identifying lessons and potential areas for improvement. It provides credible evidence on the impact of the LMCP and recommendations for future energy operations which show how similar innovative programs can be scaled up to increase energy access in other RMCs. A key recommendation is to stimulate and manage households' and businesses' demand for the productive use of electricity by integrating complementary interventions into Bank electricity access programs to link electricity with income-generating activities such as irrigation services and the promotion of small businesses."

2021 Promoting our evaluations



transparent. This new policy framework resulted in the redesignation of the Independent Review Mechanism as the Independent Recourse Mechanism. In addition, the IRM continued with its efforts to raise its profile among stakeholders through various online outreach events throughout Africa, and training workshops in West, Central, and Southern Africa. It also developed a strategic plan that was informed by its recent policy review process and will serve as a roadmap for the IRM's work in the coming years.

Ethics

The Ethics Office handled 185 requests for guidance in 2021, a 21.9 percent decrease from 2020. Most requests involved external activities, personal or private matters, conduct and behavior-related concerns, harassment, or consultations on gifts, decorations, and favors. No cases of SEAH were reported in 2021. On 6 May 2021, the Bank reaffirmed its position on SEAH as a key priority with the Presidential Directive Establishing Rules and Procedures for Dealing with Harassment (including SEAH) in the Bank. Furthermore, the Ethics Office trained 1,352 staff members on the Code of Ethics and conducted targeted trainings for project teams and implementing partners. The Ethics Office also delivered training in 19 fiduciary clinics in RMCs.

Accountability and control

Audit

The Office of the Auditor General (PAGL) continued virtually auditing the Bank's corporate and operations activities during the year. The Office expects to complete the following audits by 31 March 2022, the cut-off date for each annual work program: 14 audits in the Board, Presidency, Finance, and Corporate Complexes, and 15 in the Operations complexes, including one special request. During the year, the PAGL provided Bank Organizational Units with six advisory services, notably on control/process reviews, information technology advisories, new products, and services evaluation in design stages.

In March 2021, the Institute of Internal Auditors (IIA) carried out an External Quality Assessment of PAGL and concluded that PAGL "Generally Conforms" with the institute's Standards and Code of Ethics, the highest of three ratings: "Generally Conforms," "Partially Conforms," and "Does Not Conform." In addition, the PAGL Data Analytics Strategy was completed and is being implemented.

Integrity and anti-corruption

The Office of Integrity and Anti-Corruption continued its 2021 work program despite the unique challenges of the pandemic. Through its prevention work streams, the Office issued 31 Integrity Due Diligence opinions on non-sovereign projects valued at UA 934 million and provided 24 additional Due Diligence Advisory Services to the Bank's operations departments. The Office delivered 53 integrity training and sensitization sessions to 1,966 Bank staff and consultants at Headquarters and in Regional and Country Offices, and to 2,844 external participants drawn from executing agencies' and RMCs' anti-corruption institutions. The Office initiated four project integrity reviews on projects in four transition states and completed them by the end of the year. It completed 56 investigations into allegations of sanctionable practices, which led to the filing of eight findings of sanctionable practices at the Sanctions Office and two negotiated settlement agreements. Staff misconduct investigations for the year closed at 76 percent of the 38 complaints registered in 2021.

Recourse mechanisms

Office of the Ombudsman

In 2021, the Office of the Ombudsman recorded 51 cases, in the following categories: Career Development and Job Security (25 percent), Conduct and Abuse of Power (21 percent), Policy (18 percent), Benefits and Compensation (12 percent), Performance Evaluation (10 percent), Separation (8 percent), and Other (6 percent). The Office's initiatives included: advanced theme-based online training for 22 Values Promotion Champions to enable them to facilitate virtual conflict resolution in the workplace; the Bank-wide 11th Annual Conflict Competency Week, with 250 staff participants; and the introduction of "Tips from the Ombudsman" on conflict management, as well as quarterly case study sessions with Values Promotion Champions.

Administrative Tribunal

The Administrative Tribunal registered 9 new applications, heard 11 cases, and issued 10 judgments (two cases were consolidated in one judgment). It held two judicial sessions and one plenary session in 2021, during which 11 applications were decided: three from 2021, seven from 2020, and one from 2019 that was reopened after a first judgment. The nine applications registered in 2021 were on the following topics: one contesting termination of appointment for harassment; one contesting extension of probation,



Augmenting the capacity of the Tangier Marrakech railway, Morocco

constructive dismissal, and one month salary deduction from benefits; one contesting a non-renewal of contract and validity of the employment contract; one challenging disciplinary measures (written warning) for insubordination; one contesting a performance evaluation rating; one contesting dismissal for misrepresenting professional experience in application of employment; one contesting termination for non-confirmation of probation; one challenging position mapping under Bank's new organizational structure; and one contesting disciplinary measures for alleged moral harassment of a colleague.

Staff Appeals Committee

In 2021, the Secretariat of the Staff Appeals Committee received five appeals, in addition to two carried over from 2020. One of the 2020 appeals was completed in 2021; the other was suspended at the request of the Bank, pending the outcome of ongoing parallel proceedings. One of the five Appeals filed in 2021 was transferred to the Bank's Administrative Tribunal; one was suspended at the request of the Bank, pending completion in 2022; and one was heard on the merits. The remaining two were rolled over to 2022. As part of the new Staff Rules and Regulations 2021, the Staff Appeals Committee is to be replaced in 2022 by a Staff Grievance Committee.

Sanctions Commissioner's Office

In 2021, the Sanctions Commissioner reviewed 10 formal sanctions cases, two negotiated settlements, and one request for temporary suspension. The cases involved sanctionable practices committed in connection with the procurement of works and services (12 cases), and execution of contracts (one case) relating to 11 projects financed in RMCs and to two institutional procurements. The sanctionable practices concerned mostly fraud (10 cases), as well as fraud and obstruction (two cases), and fraud and collusion (one case). Nine formal sanctions cases were concluded, and both negotiated settlements were cleared, resulting in 11 sanctions decisions. The sanction decisions declared 15 firms and four individuals ineligible to participate in activities financed and managed by the Bank Group for periods ranging from nine months to four years. Two firms received letters of reprimand.

Sanctions Appeals Board

The Sanctions Appeals Board considered one case in June 2021. The Board also processed two new appeal cases on which it will make its determination in 2022. It continued working with counterparts in other multilateral development banks to strengthen and harmonize the global fight against sanctionable practices.



Financial Highlights and Abridged Financial Statements

5

Above: The shift from analog to digital financial analysis

Bank Group

Financial results

While the Bank's allocable income¹⁴ increased by 32 percent, the Bank Group realized lower net income before distributions in 2021 than in 2020 (Table 5.1). The financial results are set against the backdrop of the continuing adverse economic headwinds and volatility driven by the impact of the COVID-19 pandemic. The decline was primarily attributable to the unfavorable fair value changes in treasury trading investments and borrowings, including associated derivatives.

Apart from transfers to reserves, the Bank distributes part of its net income and surplus account to support development financing initiatives in low-income countries. During 2021, a total of UA 55 million was distributed. Detailed information and analysis of each Bank Group entity's audited financial results are presented in a separate Financial Report.

Selected financial metrics

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

The full audited financial statements are available separately and can be accessed at <https://www.afdb.org/en/documents/african-development-bank-group-financial-report-2021>.

African Development Bank

Financial results and performance

ADB revenue decreased to UA 520.41 million in 2021, from UA 668.81 million in 2020, driven mainly by lower loan income and investment returns due to lower global interest rates. Although the lower revenue was offset by lower interest expense (which declined by 71.91 percent, reflecting lower interest rates) and lower

TABLE 5.1 Abridged financial results of the Bank Group entities, 2020–2021 (UA millions)

	ADB		ADF		NTF	
	2021	2020	2021	2020	2021	2020
Income from loans, investments and other income	520.41	668.81	189.65	206.74	1.25	2.14
Borrowing expenses and derivatives	(182.26)	(189.76)	(11.51)	(1.85)	–	–
Impairment charge on loans and investment and equity	(25.46)	(61.36)	–	–	(0.07)	1.28
Translation gains/(losses)	(1.48)	(23.17)	(5.22)	0.26	–	–
Net operational income	311.21	394.52	172.93	205.14	1.18	3.42
Other expenses	(214.66)	(196.12)	(240.80)	(254.73)	(0.27)	(0.50)
Income before distributions approved by the Board of Governors	96.55	198.40	(67.87)	(49.59)	0.91	2.92
Distributions approved by the Board of Governors	(55.00)	(59.00)	–	–	(0.29)	(0.29)
Net income/(Loss) for the year	41.55	139.40	(67.87)	(49.59)	0.62	2.63
Allocable Income	209.35	158.56				

¹⁴ Allocable income excludes the impact of volatile elements such as fair value changes on borrowings and related derivatives, as well as translation gains from income before distribution.

TABLE 5.2 Selected financial metrics of the Bank Group, 2017–2021 (UA millions)

	2021	2020	2019	2018	2017
African Development Bank					
Assets	36,325.22	35,348.69	35,244.06	33,770.59	32,575.74
Net income	41.55	139.40	52.17	41.68	176.43
Allocable income	209.35	158.56	125.35	153.52	218.36
Comprehensive income/(loss)	226.19	60.37	(9.41)	(3.43)	235.22
Cash and cash equivalents	3,623.54	2,456.29	2,317.89	2,179.64	1,719.78
Total equity	8,705.92	7,790.61	7,373.96	7,185.78	7,092.83
African Development Fund					
Net development resources	4,844.76	4,719.76	4,883.11	4,953.58	5,219.81
Deficit	67.87	49.59	86.88	74.07	118.78
Income after adjustment for the impact of MDRI & grants	33.19	48.31	5.91	15.15	(34.03)
Cash and cash equivalents	1,899.42	1,170.86	1,505.50	1,373.14	564.19
Commitment capacity	2,995.07	2,892.30	1,836.60	2,201.63	2,290.00
Nigeria Trust Fund					
Assets	181.01	174.46	179.47	176.21	169.36
Net income/(loss)	0.62	2.63	2.64	2.44	1.99
Comprehensive income/(loss)	5.73	(4.56)	3.65	6.45	(7.74)
Cash and cash equivalents	33.00	17.55	11.11	10.07	12.20

impairment provisions (which declined by 58.50 percent) during the year, the higher fair value losses on borrowings and related derivatives drove down the net operational income. The combined effect of these factors was a UA 101.86 million decrease in income before distributions approved by the Board of Governors, which stood at UA 96.55 million at the end of 2021, compared to UA 198.40 million at the end of 2020.

Income from loans declined by 24.40 percent due to lower interest rates and a decline in outstanding loan balances. While the treasury portfolio continued to perform above its benchmarks, income from the treasury investment portfolio declined by 28.7 percent, from UA 181.45 million in 2020 to UA 129.34 million in 2021, due to lower interest rates. As the trading investment portfolio is funded by debt, the negative impact of the decrease in interest rates on income was offset by lower interest rates.

Bank Group administrative expenses increased by 1.07 percent, from UA 389.18 million in 2020 to UA 393.36 million in 2021. The Bank's share of administrative expenses, including charges for depreciation and sundry expenses, increased from UA 196.12 million in 2020 to UA 214.66 million in 2021, due mainly to the reduction in the cost-sharing for both ADF and NTF from 62.73 percent in 2020 to 51.35 percent in 2021.

The Bank's reserves increased by UA 293.59 million (10.27 percent) from UA 2.86 billion in 2020 to UA 3.15 billion in 2021. This increase is attributable to the net effect of the UA 67.39 million adjustment on the opening balance sheet following a refinement to the period of employee service to which benefits are attributable under the Medical Benefits Plan (MBP), UA 41.55 million net income, and the UA 184.65 million net gains in total relating to other comprehensive income (OCI) for the year. The Bank's reserves plus accumulated loan loss provisions on outstanding loan principal and charges increased by 8.64 percent to UA 4.01 billion at the end of 2021 from UA 3.69 billion at the end of 2020.

Net income and allocable income

For the year ended 31 December 2021, net income amounted to UA 41.55 million, compared to UA 139.40 million for the year ended 31 December 2020. This lower income is attributable mainly to a sustained increase in fair value losses on borrowings, partially offset by the decrease in provision for expected credit losses on loans and an increase in net interest income on core banking activities.

Allocable income for 31 December 2021 amounted to UA 209.35 million, compared to UA 158.56 million

for 31 December 2020. The increase in allocable income is attributable to the write-back of volatile elements, including fair value losses on borrowings, whose impact are excluded from net income.

Net outstanding loans as of 31 December 2021 decreased to UA 20.10 billion, from UA 20.85 billion as of 31 December 2020. The key driver of this decrease is the negative net loan disbursements of UA 459.78 million for the period, due mainly to challenges posed by continued travel restrictions due to COVID-19, which impacted project preparation.

Borrowings

The borrowing portfolio increased slightly to UA 25.12 billion as of 31 December 2021, compared to UA 25.09 billion as of 31 December 2020, as new borrowings replaced maturing bonds.

Investment portfolio

The treasury investment portfolio comprises high-quality liquid assets, of which 50.5 percent are rated AAA, 36 percent are rated between AA- and AA+, with 13.5 percent rated between A- and A+, as of 31 December 2021. The portfolio increased by 11.0 percent from UA 8.83 billion as of 31 December 2020 to UA 9.79 billion as of 31 December 2021. Treasury investment income for 2021 amounted to UA 129.34 million, or a return of 1.07 percent on average liquidity of UA 12.13 billion, compared to an income of UA 181.45 million, or a return of 1.53 percent on average liquidity of UA 11.83 billion, in 2020. The decrease in investment income is a result of lower interest rates albeit partially offset by lower funding costs contributing to a positive net interest margin overall. Nevertheless, the treasury investment portfolios outperformed their weighted average benchmark by 0.34 percent over the year as the world recovered from the pandemic-driven recession through fiscal and monetary stimulus, creating a positive market backdrop. In the United States, the recovery was accentuated by growth rates not seen since the 1980s and consumer spending not seen since 1946. In the second half of 2021, inflation pressures started to emerge as supply bottlenecks created challenges in meeting increasing demand. Expectations that central banks would tighten monetary policies to quell inflation pushed interest rates higher in the last quarter of the year.

Distributions approved by the Board of Governors

In 2021, the Board of Governors approved distributions of UA 55 million from 2020 income and surplus

account to various development initiatives, compared to UA 59 million distributed in 2020. The beneficiaries of these distributions are listed in Note K to the financial statements in the Financial Report 2021. The Board of Directors agreed to recommend to the Board of Governors the distribution of UA 64 million from 2021 net income and surplus account to various development initiatives.

Risk management policies and processes

The Bank's balance sheet risks are actively monitored on a risk dashboard that is regularly updated to reflect the evolving risk profile of the Bank's operations. The policies, processes, and practices the Bank deployed to manage these risks are described in more detail in Note C to the financial statements in Financial Report 2021. Other activities the Bank has undertaken as part of its risk management are summarized below.

In 2020, the Board of Directors approved the Bank's Long-Term Financial Sustainability Framework (LTFS Framework). This framework integrates decision factors and underlying financial and risk management policies that bear on the sustainability of the Bank's capital resources and operating efficiency. The framework spells out a set of quantitative Strategic Control Measures (SCMs) to ensure objectives are met. The Medium-Term Financial Outlook is used to monitor these SCMs and to ensure that the Bank's financial position and prudential and financial ratios are sustained over the agreed General Capital Increase implementation horizon. The Bank's risks are also monitored periodically in the capital adequacy report, which focuses on capital adequacy metrics, including those assessed by rating agencies. The risk limits for the Bank's prudential ratios are defined in the Bank's Risk Appetite Statement.

In line with G20 calls for multilateral development banks to optimize their balance sheets while mobilizing additional financial resources, the Bank continued to undertake necessary optimization measures to free up capital to remain within its limits. The Board of Directors' approval of the Balance Sheet Optimization Framework has fully institutionalized balance sheet optimization as a permanent risk management tool for recycling lending headroom, thereby not only facilitating the Bank's counter-cyclical lending role during the pandemic but also supporting development financing long after its social economic impact will have receded.

With the support of the Republic of France and the Netherlands, the Affirmative Finance Action for Women in Africa (AFAWA) Guarantee for Growth

(G4G) became fully operational and effective in 2021 both on the side of the risk participation agreement (RPA) counter guarantee from France and the Netherlands and the Bank's African Development Bank (ADB) Partial Credit Guarantee (PCG) to the African Guarantee Fund (AGF) commercial bank lending to female-led enterprises.

In 2021, on the sidelines of the COP26 conference, the intent of the Room 2 Run Sovereign (R2R-S) transaction with the UK Foreign Commonwealth and Development Office (FCDO) and Africa Trade Insurance (ATI), with support from the London-based Lloyd's market, was announced to support lending for climate-relevant transactions. The Bank also approved an individual private sector credit insurance transaction on a large project finance loan in Southern Africa, potentially unlocking up to USD 113 million in additional lending. Regarding operational risk, the Operational Risk Management Committee (ORMC) was created in late 2019. The committee is comprised of representatives from several business units across the Bank, and exercises oversight over the operational risk management process to ensure that the Bank's operational risk exposure, including from new products, is well-managed.

Bank ratings

The four leading international rating agencies—Standard & Poor's, Fitch, Moody's, and Japan Credit Rating Agency—reaffirmed their ratings of the Bank's senior debt (AAA/Aaa) and subordinated debt (AA+/Aa1) with a stable outlook. These high credit ratings reflect the Bank's solid capital adequacy, prudent financial management, very high liquidity coverage, excellent funding record, preferred creditor status, and very strong shareholder support. These strengths largely offset the weaknesses underpinning the Bank's business, including deteriorating leverage ratios and downward pressure on the quality of the Bank's development assets as a result of the challenging operating environment in which the COVID-19 pandemic has slowed business activities, thereby driving down revenues and counterparties' ability to meet their financial obligations.

Capital market activities

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 2021, the Bank has continued to deepen and diversify its investor base and raise cost-effective resources in a broad range of markets, currencies, and instru-

ments. The Bank issued two USD global benchmarks in the 5-year part of the curve, for a combined amount of USD 5.25 billion. The Bank has long issued large USD benchmarks, the backbone of its strategy, but changes in funding requirements created a need for new markets. The Bank issued its first euro benchmark bond in 2016, driven by the need to expand its footprint and extend the maturity of its bonds at a reasonable cost while accessing a reliable source of funds and, importantly, a new investor base. This strategy has been complemented by primary issuance in public domestic markets, including two transactions in the Sterling pound market and one issuance in the Australian dollar Kangaroo market.

Since its emergence in 2007, the green bond market has grown rapidly, closely followed by the social bond market. The Bank continues to be active in both markets, with its inaugural social bond in the Australian dollar market, as well as a dual tranche Swedish krona green bond and Norwegian kroner social bond.

The Bank continued to meet Japanese investors' demand for theme bonds linked to the High 5s. Investor preferences for investing their savings are still concentrated on bonds that finance socially responsible projects and that meet their investment risk/return preferences. In 2021, the Bank issued 30 theme bonds aligned with the High 5 operational priorities, including thirteen "Improve the Quality of Life for the People of Africa" bonds, eight "Integrate Africa" bonds, five "Feed Africa" bonds, two "Light Up and Power Africa" bonds, and two "Industrialize Africa" bonds, for a combined total of UA 257 million.

African Development Fund

ADF-15 replenishment

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

As of 31 December 2021, a total of UA 3,597.97 million (excluding the grant element of Concessional Donor Loans) in IoS had been received from ADF-15 subscriptions.

Financial results and performance

The Fund's revenue in 2021 decreased by 8.27 percent to UA 189.65 million from UA 206.74 million in 2020. The decrease is attributable mainly to the fair value losses

on the treasury trading portfolio and derivative transactions. The Fund reported a deficit of UA 67.87 million in 2021—36.86 percent higher than the 2020 deficit of UA 49.59 million. The higher deficit arose mainly from fair value losses from derivatives used to hedge accelerated encashments, which reversed the gains generated in 2020. The Fund's share of the Bank Group's total administrative expenses decreased by 10 percent between 2020 and 2021, from 61.32 percent to 51.29 percent. The Fund's share of administrative expenses is based on a predetermined cost-sharing formula, which is driven primarily by allocation of costs on the basis of staff time spent on work program deliverables.

The deficits recorded by the Fund in recent years are due primarily to structural changes. These include the cancellation of loans to some beneficiaries under the Multilateral Debt Relief Initiative (MDRI), the increased share of grants in country allocations due to the deterioration of some countries' Debt Sustainability Analysis, and the impact of low interest rates on subscriptions encashed early. These structural changes affect the Fund's reported income. However, their impact does not adversely affect the commitment capacity, which increased by 3.5 percent to UA 2.99 billion in 2021, from UA 2.89 billion in 2020, or the financial sustainability of the Fund. This is because the Fund is expected to be ultimately compensated through additional donor subscriptions payable over the life of the canceled loans. The effect of these initiatives on the Fund's operating results after adjusting for the MDRI and the increased grant allocation is shown in Table 5.2. The impact of the MDRI is included in note F to the special purpose financial statements in the Financial Report 2021. No new country reached Completion Point in 2021.

Nigeria Trust Fund

Financial results and performance

The loan income for the Nigeria Trust Fund (NTF) amounted to UA 1.11 million in 2021, 6.72 percent lower than in 2020 (UA 1.19 million). The NTF investment income declined by 85.26 percent to UA 0.14 million, compared to UA 0.95 million in 2020. The decrease in investment income is attributable to a decline in market interest rates. NTF income before distributions approved by the Board of Governors decreased from UA 2.92 million in 2020 to UA 0.91 million in 2021. The 2020 income was boosted by a UA 1.28 million write-back in provisions for impairment, following the clearance of long-term arrears by Somalia.

The NTF's share of Bank Group administrative expenses decreased by 41.36 percent, from UA 0.43 million in 2020 to UA 0.25 million in 2021. In accordance with the agreement establishing the NTF, the NTF's share of the Bank Group administrative expenses is capped at 20 percent of its total income during the year.

The NTF's reserves, net of cumulative currency translation adjustments, increased by 12.70 percent, from UA 45.14 million at the end of 2020 to UA 50.87 million at the end of 2021.

Financial impact of the COVID-19 pandemic

From a financial reporting perspective, the known and estimable impacts of COVID-19 in 2021 have been recorded in the financial statements and remain greater than in 2020, resulting in reduced net income.

The pandemic eroded market interest rates, with the sustained dip of the 6-month USD London Inter-Bank Offered Rate since 2020. This downward trend in market interest rates led to a considerable reduction in the Bank's interest income from loans and treasury investments and a much deeper reduction in interest expense, which helped preserve the net interest income for the 2021 financial year. However, global interest rates are expected to rise in 2022, as central banks rally to control inflation. Also, the continued uncertainty in asset and liability prices resulted in significant net fair value losses on the trading portfolios and borrowings at fair value through profit and loss.¹⁵ The market volatility is expected to continue in 2022.

On lending operations, the pandemic continued to cause a deterioration in the credit risk of counterparties, especially for the non-sovereign operations portfolio, because of the prolonged slowdown in business activities on their sales revenue and on their capacity to generate sufficient financial resources to repay obligations as they fall due. This is expected to persist until supply chains are restored.

The Bank will continue to take appropriate credit actions, apply overlay adjustments in estimating expected credit losses on its exposures, and monitor and report in its financial statements all the known and estimable effects of the COVID-19 pandemic.

¹⁵ FVTP: Changes in fair value are reported as part of the profit or loss (earnings) for the period.



*Staff at Guavay, Tanzania,
supported by the AfDB Fertilizer
Trade Credit Guarantee Project*

Appendices

APPENDIX 1

Abbreviations and acronyms

AAAP	African Adaptation Acceleration Program	IMF	International Monetary Fund
ADB	African Development Bank	IoS	Instruments of Subscription
ADF	African Development Fund	IRM	Independent Recourse Mechanism
ADF-15	African Development Fund 15th Replenishment	JfYA	Jobs for Youth in Africa Strategy
ADOA	Additionality and Development Outcomes Assessment	LMCP	Last Mile Connectivity Project
AFAWA	Affirmative Finance Action for Women in Africa	MDRI	Multilateral Debt Relief Initiative
AfCFTA	African Continental Free Trade Area	MSMEs	Micro, small, and medium-sized enterprises
AFSM	African Financial Stability Mechanism	NDCs	Nationally Determined Contributions
AfDB	African Development Bank Group	NDEA	New Deal on Energy for Africa
AGF	African Guarantee Fund	NEPAD	New Partnership for Africa's Development
AIF	Africa Investment Forum	NRBRRP: SIP-I	Nairobi River Basin Rehabilitation and Restoration Program: Sewerage Improvement Project—Phase I
AMBD	Committee on Administrative Matters Concerning the Board	NSO	Non-sovereign operation
ATI	Africa Trade Insurance	NTF	Nigeria Trust Fund
AUFI	Audit and Finance Committee	ORMC	Operational Risk Management Committee
BDEV	Independent Development Evaluation	PAGL	Office of the Auditor General
BOAD	Banque Ouest Africaine de Développement	PIAC	Office of Integrity and Anti-Corruption
BPIR	Business Processes Improvement and Reengineering	PPP	Public-private partnership
CAHR	Committee on Administrative and Human Resource Policy Issues	PSF	Private Sector Credit Enhancement Facility
CODE	Committee on Operations and Development Effectiveness	RCUR	Risk Capital Utilization Rate
COMESA	Common Market for Eastern and Southern Africa	RMC	Regional Member Countries
COP26	26th UN Climate Change Conference of the Parties	RPA	Risk Participation Agreement
CSP	Country Strategy Paper	SAP	Systems Applications and Products in Data Processing
CWHOLE	Cost Effectiveness and Efficiency: The Committee of the Whole on the Budget	SAPZ	Special Agro-Industrial Processing Zone
FCDO	Foreign Commonwealth and Development Office	SDG	Sustainable Development Goal
ECBD	Committee for the Enforcement of the Code of Conduct for Executive Directors	SDR	Special Drawing Rights
ECAM	External Communications and Preparation of the Bank Group Annual Meetings	SEAH	Sexual exploitation, abuse, and harassment
EU	European Union	SEGA	Strategy for Economic Governance in Africa
EUR	Euro	SMEs	Small and medium-sized enterprises
GCI-VII	7th General Capital Increase	SF	Special Funds
GDP	Gross domestic product	TSF	Transition Support Facility
GZDSP-I	Green Zones Development Support Project—Phase I	UA	Unit of Account
HIPC	Heavily indebted poor country	US	United States
ICT	Information and communication technologies	USD	US dollar
IIA	Institute of Internal Auditors	WAKANDA	Working better, Accountability, Know-how, Accessibility, New, Decentralization, Accuracy
		XSRS	Expanded Supervision Reports
		ZAR	South African rand

APPENDIX 2

Summary of Bank Group operations, resources, and finance, 2012–2021

(UA millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative 2021 Total ^a
OPERATIONS											
Bank Group Approvals^b											
Number	199	317	232	241	305	249	341	293	217	196	6,575
Amount	4,253.75	4,385.78	5,049.92	6,334.69	8,035.34	6,195.95	7,278.81	7,300.11	4,171.12	4,506.29	125,461
of which HIPC	248.00	22.32	—	—	—	—	—	—	—	—	6,158
Disbursements ^c	3,379.53	3,193.00	3,202.31	3,084.00	4,720.92	5,425.83	4,365.26	3,785.37	5,128.03	3,100.80	78,130
ADB Approvals^b											
Number	48	65	79	99	114	87	103	91	48	66	2,118
Amount	2,080.46	1,831.70	3,201.30	4,518.23	6,335.32	4,502.18	5,125.14	5,092.45	2,492.70	2,449.14	77,326
of which HIPC	134.58	9.64	—	—	—	—	—	—	—	—	3,158
Disbursements ^c	2,208.17	1,489.83	1,983.89	1,678.17	3,262.52	3,715.42	2,995.98	2,507.00	3,385.82	1,728.04	47,365
ADF Approvals^b											
Number	65	121	77	70	94	76	87	82	71	66	3,230
Amount	1,773.08	2,064.87	1,338.23	1,307.36	1,267.91	959.48	1,088.20	1,230.46	938.76	1,263.25	40,076
of which HIPC	112.21	12.68	—	46.96	—	—	—	—	—	—	2,937
Disbursements	1,169.60	1,702.21	1,215.30	1,398.36	1,447.41	1,703.00	1,358.32	1,266.03	1,731.56	1,358.19	30,448
NTF Approvals											
Number	3	5	2	2	3	—	3	1	—	1.00	105
Amount	14.10	31.17	11.49	12.50	18.46	—	13.30	4.00	—	3.60	491
of which HIPC	1.20	—	—	—	—	—	—	—	—	—	63
Disbursements	1.76	0.96	3.13	7.47	10.98	7.41	10.96	12.34	10.65	14.57	316
PSF Approvals											
Number	—	—	—	—	8	10	9	2	3	3	35
Amount	—	—	—	—	90.78	150.70	119.45	19.61	27.24	43.67	451
TSF Approvals											
Number	33	35	35	28	31	35	33	59	57	29	428
Amount	117.09	204.68	254.68	207.75	162.55	302.78	224.51	319.26	471.90	483.09	3,444
of which HIPC	—	—	—	—	—	—	—	—	—	—	—
Special Funds Approvals^d											
Number	50	91	39	42	55	41	106	58	38	31	659
Amount	269.03	253.36	244.22	288.85	160.32	280.81	708.21	634.33	240.51	263.55	3,672
RESOURCES AND FINANCE (at year's end)											
ADB											
Authorized capital	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	153,191.36	153,191.36	180,638.83	
Subscribed capital ^e	65,215.04	65,210.13	65,133.22	65,482.51	65,486.17	65,497.96	65,107.91	66,146.32	100,846.68	148,473.62	
Paid-up portion ^e	4,962.68	4,962.34	4,864.52	4,884.41	4,897.39	4,980.43	4,956.92	4,950.44	7,053.87	9,958.90	
Callable portion	60,252.36	60,247.80	60,268.70	60,598.10	60,588.78	60,517.53	60,150.99	61,195.88	93,792.81	138,514.72	
Outstanding debt	13,278.80	12,947.44	14,375.95	16,449.27	20,644.15	23,175.69	23,989.86	25,466.87	25,090.10	25,115.71	
Cumulative exchange adjustment on subscriptions	(167)	(173)	(174)	(169)	(161)	(158)	(156)	(148)	(148)	(156)	
Reserves	2,667.44	2,856.88	2,815.32	2,921.25	2,746.84	2,982.05	2,806.65	2,797.24	2,857.61	3,151.19	
Gross income ^f	553.64	479.64	484.73	455.77	536.02	665.76	847.57	920.50	660.21	506.97	
Net income ^g	198.62	180.33	151.69	93.16	120.07	258.43	124.68	126.17	198.40	96.55	
ADF											
Subscriptions	21,622.28	23,084.05	24,921.04	26,122.31	27,226.94	28,601.22	29,785.35	30,924.91	32,261.33	33,560.25	
Other resources	425.27	509.96	551.96	602.96	645.96	680.96	715.96	750.96	785.96	820.96	
NTF											
Resources (gross)	164.62	165.77	168.28	169.88	176.79	169.05	174.63	178.28	173.72	179.46	

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 Post Conflict Country Facility; they exclude PSF and TSF.

c. Since 2013, disbursements have included equity participation.

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

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

f. From 2013, dividends from equity participations were reclassified and included in gross income. 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 ADB, ADF, and NTF Unit of Account (UA) to the US dollar (USD) for different years are as follows:

2012:	UA 1 = USD 1.53692	2017:	UA 1 = USD 1.42413
2013:	UA 1 = USD 1.54000	2018:	UA 1 = USD 1.39079
2014:	UA 1 = USD 1.44881	2019:	UA 1 = USD 1.38283
2015:	UA 1 = USD 1.38573	2020:	UA 1 = USD 1.44027
2016:	UA 1 = USD 1.34433	2021:	UA 1 = USD 1.39959

In this report, percentages in the charts and tables are rounded up and may, therefore, not add up to 100.

APPENDIX 3A

Bank Group approvals by High 5, 2021

(UA millions)

HIGH 5 PRIORITY	ORDINARY RESOURCES		SPECIAL RESOURCES				BANK GROUP
	ADB	ADP ^a	NTF	PSF	TSF	SF	
Light Up and Power Africa	105.88	220.01	—	19.37	11.59	62.50	419.36
Power generation, transmission, and distribution—conventional	—	119.84	—	—	11.59	—	131.43
Power generation—renewable	35.80	52.09	—	—	—	16.04	103.93
Off-grid solutions	—	2.09	—	—	—	—	2.09
Energy sector strengthening and reform	—	15.10	—	—	—	1.98	17.08
Infrastructure for energy sector development	—	16.65	—	—	—	—	16.65
Multisector operations (budget support)	70.08	—	—	—	—	—	70.08
Others ^b	—	14.25	—	19.37	—	44.48	78.10
Feed Africa	421.84	261.75	3.60	—	104.72	116.10	908.00
National and Regional Operations in Production and Value Addition	103.20	89.93	—	—	31.57	52.38	277.09
Investment in Infrastructure	223.51	72.68	2.39	—	17.73	31.26	347.57
Agriculture Finance and Agribusiness Environment	63.10	22.35	—	—	8.16	13.70	107.31
Inclusivity and Sustainable Development	32.02	76.79	1.21	—	47.26	18.76	176.04
Multisector Operations (budget support)	—	—	—	—	—	—	—
Industrialize Africa	734.01	58.29	—	24.29	3.50	7.60	827.68
Industrial Business Environment	70.99	7.00	—	—	1.00	—	78.99
Financial Sector and Capital Market Development	94.79	5.60	—	24.29	—	1.39	126.07
Enterprise Development	279.07	40.14	—	—	1.50	3.37	324.08
Infrastructure for Industry	—	—	—	—	—	—	—
Multisector Operation (budget support)	160.80	220.01	—	—	1.00	—	164.84
Regional Environment Improvement	128.36	119.84	—	—	—	2.84	133.70
Integrate Africa	120.32	549.00	—	—	8.45	19.82	697.59
Regional Infrastructure Connectivity	50.54	533.35	—	—	8.45	9.22	601.56
Trade Facilitation and Investment	69.78	15.65	—	—	—	10.60	96.03
Improve the Quality of Life for the People of Africa	1,067.10	174.21	—	—	354.83	57.52	1,653.65
Water Supply and Sanitation	246.86	75.25	—	—	—	15.37	337.48
Human and Social Development	31.44	16.97	—	—	15.10	5.62	69.13
Multisector Operations (budget support)	403.89	28.50	—	—	305.40	—	737.79
Others ^c	384.90	53.49	—	—	34.33	36.53	509.24
Total approvals	2,449.14	1,263.25	3.60	43.67	483.09	263.55	4,506.29

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, 2021

(UA millions)

SECTOR	ORDINARY RESOURCES				SPECIAL RESOURCES								BANK GROUP	
	ADB		ADFA		NTF		PSF		TSF		SF		NUMBER	AMOUNT
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT		
Agriculture and rural development	15	456.20	14	165.35	1	3.6	—	—	6	92.72	13	126.17	49	844.04
Social	3	1.27	5	32.50	—	—	—	—	2	15.10	2	5.62	12	54.49
Education	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health	1	0.30	—	—	—	—	—	—	0	—	—	—	1	0.30
Other	2	0.97	5	32.50	0	—	0	—	2	15.10	2	5.62	11	54.19
Infrastructure	14	801.75	27	869.81	—	—	2	19.37	3	46.42	13	123.32	59	1,860.68
Water supply and sanitation	6	246.86	3	84.50	—	—	—	—	—	—	3	15.90	12	347.26
Energy supply	3	105.88	17	221.83	—	—	2	19.37	1	11.59	8	63.92	31	422.59
Communication	—	—	1	1.15	—	—	—	—	—	—	—	—	1	1.15
Transport	5	449.01	6	562.34	—	—	—	—	2	34.83	2	43.50	15	1,089.69
Finance	15	413.54	3	38.39	—	—	1	24.29	—	—	3	8.44	22	484.66
Multisector	16	644.65	10	69.00	—	—	—	—	16	318.85	—	—	42	1,032.50
Industry, mining, and quarrying	2	89.59	1	10.00	—	—	—	—	—	—	—	—	3	99.59
Urban development	1	42.13	1	3.00	—	—	—	—	—	—	—	—	2	45.13
Environment	—	—	5	75.20	—	—	—	—	2	10.00	—	—	7	85.20
Total approvals	66	2,449.14	66	1,263.25	1	3.60	3	43.67	29	483.09	31	263.55	196	4,506.29

* Excludes PSF and TSF.

APPENDIX 3C

Bank Group approvals by financing instrument, 2021

(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	31	1,692.17	11	475.07	1	3.60	—	—	1	33.33	44	2,204.17
Public and publicly guaranteed	17	1,300.31	11	475.07	1	3.60	—	—	1	33.33	30	1812.31
Project loans	17	1,300.31	11	475.07	1	3.60	—	—	1	33.33	30	1812.31
Sector investment and rehabilitation	—	—	—	—	—	—	—	—	—	—	—	—
Lines of credit	—	—	—	—	—	—	—	—	—	—	—	—
Private non-publicly guaranteed	14	391.86	—	—	—	—	—	—	—	—	14	391.86
Project loans	7	197.25	—	—	—	—	—	—	—	—	7	197.25
Lines of credit	4	135.57	—	—	—	—	—	—	—	—	4	135.57
Soft Commodity Finance Facility	3	59.03	—	—	—	—	—	—	—	—	3	59.03
Policy-based lending	12.00	638.01	—	—	—	—	—	—	—	—	12	638.01
Sector adjustment	—	—	—	—	—	—	—	—	—	—	—	—
Structural adjustment	—	—	—	—	—	—	—	—	—	—	—	—
Budget support.	12	638.01	—	—	—	—	—	—	—	—	12	638.01
Results-based financing	—	—	—	—	—	—	—	—	—	—	—	—
Grants	16.00	5.14	50	683.09	—	—	—	—	28	449.76	94	1,137.99
Technical assistance	13	4.46	18	117.47	—	—	—	—	16	48.15	47	170.07
Project cycle activities	—	—	—	—	—	—	—	—	—	—	—	—
Institutional support	—	—	18	117.47	—	—	—	—	16	48.15	34	165.62
of which private sector	—	—	—	—	—	—	—	—	—	—	—	—
Middle income countries grant	13	4.46	—	—	—	—	—	—	—	—	13	4.46
Middle income countries institutional support	—	—	—	—	—	—	—	—	—	—	—	—
Project grants	—	—	32	565.62	—	—	—	—	11	257.61	43	823.23
Structural adjustment grant	—	—	—	—	—	—	—	—	—	—	—	—
Budget support grant	—	—	—	—	—	—	—	—	1	144.00	1	144.00
African food crisis response grant	—	—	—	—	—	—	—	—	—	—	—	—
Special relief fund	3	0.69	—	—	—	—	—	—	—	—	3	0.69
Emergency assistance	3	0.69	—	—	—	—	—	—	—	—	3	0.69
Emergency post-conflict	—	—	—	—	—	—	—	—	—	—	—	—
Special debt relief grant	—	—	—	—	—	—	—	—	—	—	—	—
Institutional capacity-building loans	—	—	5	105.09	—	—	—	—	—	—	5	105.09
Project Preparation Facility	—	—	—	—	—	—	—	—	—	—	—	—
Debt and debt service reduction	—	—	—	—	—	—	—	—	—	—	—	—
Supplementary Financing Mechanism debt alleviation	—	—	—	—	—	—	—	—	—	—	—	—
Heavily indebted poor country debt relief	—	—	—	—	—	—	—	—	—	—	—	—
Post-conflict country framework	—	—	—	—	—	—	—	—	—	—	—	—
Equity participation	3	29.91	—	—	—	—	—	—	—	—	3	29.91
Public equity	—	—	—	—	—	—	—	—	—	—	—	—
Private equity	3	29.91	—	—	—	—	—	—	—	—	3	29.91
Guarantee	4	83.91	—	—	—	—	3	43.67	—	—	7	127.57
Public guarantees	—	—	—	—	—	—	—	—	—	—	—	—
Private guarantees	4	83.91	—	—	—	—	3.00	43.67	—	—	7	127.57
Loan reallocations	—	—	—	—	—	—	—	—	—	—	—	—
Special Funds	—	—	—	—	—	—	—	—	—	—	31	263.55
Total approvals	66	2,449.14	66	1,263.25	1	3.60	3	43.67	29	483.09	196	4,506.29

^a Excludes PSF and TSF.

APPENDIX 3D

Bank Group approvals by region

(UA millions)

Region/country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CENTRAL AFRICA										
Cameroon	47.3	45.5	143.8	447.9	323.0	274.1	242.5	242.3	71.4	127.7
Central African Republic	38.1	—	15.6	27.6	3.9	26.2	39.0	2.1	22.0	18.7
Chad	24.0	6.4	14.9	60.9	32.1	47.4	29.9	31.3	53.0	36.9
Congo	10.6	3.2	7.5	15.1	41.9	—	—	209.1	0.8	5.6
Congo, Democratic Republic of	69.0	204.9	187.1	40.7	138.3	7.1	106.1	174.7	100.0	190.0
Equatorial Guinea	—	—	0.8	—	—	—	—	66.9	—	—
Gabon	145.4	—	1.6	—	68.5	490.7	229.1	144.9	81.6	75.3
Multinational	—	—	—	—	—	277.6	40.5	70.9	104.7	219.1
Central Africa approvals	334.5	260.0	371.3	592.2	607.7	1,123.1	687.1	942.4	433.5	673.3
EAST AFRICA										
Burundi	17.8	17.6	41.8	—	0.5	25.8	1.0	8.7	16.0	20.0
Comoros	2.6	35.9	4.0	8.0	—	15.2	—	30.0	30.0	—
Djibouti	8.4	5.6	—	8.2	6.3	—	11.5	—	2.4	0.3
Eritrea	—	—	—	13.5	5.5	5.3	—	33.1	—	—
Ethiopia	166.0	85.7	66.6	182.3	314.4	140.4	99.7	8.9	121.6	55.3
Kenya	28.8	275.5	208.4	201.3	612.4	253.0	349.3	355.0	153.3	101.6
Rwanda	—	54.6	99.4	20.2	43.8	198.6	312.6	26.5	172.8	59.7
Seychelles	—	14.3	2.2	23.8	—	—	—	5.8	7.5	14.0
Somalia	—	3.5	2.9	1.9	22.7	6.2	0.7	55.7	89.0	9.5
South Sudan	4.8	27.4	0.7	2.0	5.0	35.4	—	31.5	14.0	6.9
Sudan	4.3	25.6	—	58.9	24.5	15.0	131.0	81.2	51.7	321.9
Tanzania	154.6	42.1	98.7	549.2	219.1	20.3	151.0	369.5	135.2	122.7
Uganda	67.6	73.8	127.5	89.4	138.0	152.4	231.5	200.7	73.0	—
Multinational	—	—	—	—	—	236.6	271.2	404.2	59.1	307.4
East Africa approvals	454.9	661.7	652.1	1,158.7	1,392.0	1,104.3	1,559.5	1,610.8	925.6	1,019.2
NORTH AFRICA										
Algeria	0.8	—	0.8	2.9	717.5	—	1.1	—	0.7	—
Egypt	—	3.7	4.6	512.8	370.7	144.9	355.2	87.4	198.9	211.2
Libya	—	2.5	—	—	—	—	—	—	0.3	0.3
Mauritania	9.1	1.7	4.5	—	26.5	43.2	13.0	0.7	9.4	17.9
Morocco	901.2	206.1	313.5	267.7	426.6	372.8	631.6	805.2	307.8	265.8
Tunisia	354.6	28.6	67.8	337.9	509.5	362.9	69.1	355.9	146.1	134.4
Multinational	—	—	—	—	—	4.7	95.6	14.4	—	—
North Africa approvals	1,265.7	242.6	391.4	1,121.2	2,050.8	928.5	1,165.6	1,263.5	663.2	629.7
SOUTHERN AFRICA										
Angola	—	22.9	662.1	385.7	—	71.4	69.3	511.0	29.4	0.1
Botswana	—	—	—	—	55.9	—	0.7	57.6	—	97.2
Eswatini	0.5	—	45.8	0.9	43.3	19.6	56.7	—	1.2	144.9
Lesotho	—	20.1	—	—	15.7	6.2	0.4	13.4	—	3.0
Madagascar	2.3	81.7	65.9	34.4	57.9	32.8	109.5	114.5	96.8	1.0
Malawi	52.6	59.0	23.1	35.1	38.4	1.5	42.0	11.5	33.6	10.5
Mauritius	—	99.0	76.8	1.2	—	70.7	—	—	152.4	0.1

continued

APPENDIX 3D, continued

Region/country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mozambique	78.0	26.5	28.7	18.6	60.0	1.4	35.9	322.4	30.0	85.9
Namibia	0.5	199.4	—	263.1	0.4	372.8	155.8	1.5	185.3	69.7
São Tomé & Príncipe	0.5	7.7	—	14.0	2.0	1.5	0.7	—	22.5	7.5
South Africa	273.1	—	264.8	274.5	30.3	123.1	382.5	—	210.5	102.5
Zambia	62.5	158.0	53.5	264.5	170.6	25.4	1.1	15.5	2.6	8.1
Zimbabwe	16.1	44.1	—	40.4	34.7	14.3	1.7	10.1	16.5	8.7
Multinational						171.7	—	180.4	15.8	292.8
Southern Africa approvals	486.1	718.5	1,220.7	1,332.3	509.3	912.2	856.3	1,237.8	796.5	832.1
WEST AFRICA										
Benin	31.2	46.4	26.4	34.6	—	39.1	141.0	117.1	14.3	27.8
Burkina Faso	—	86.9	32.2	41.0	58.9	4.6	54.2	81.6	40.4	56.8
Cabo Verde	1.2	67.1	12.7	13.2	3.2	17.4	31.3	16.0	23.9	17.1
Côte d'Ivoire	238.6	63.4	30.6	169.8	305.6	270.3	339.9	524.9	121.2	199.7
Gambia	6.9	18.3	6.3	2.0	6.7	4.8	17.2	28.3	10.0	12.4
Ghana	168.8	14.2	58.6	172.1	112.2	93.0	163.6	83.6	73.0	81.0
Guinea	113.6	22.4	13.1	—	16.5	73.1	8.9	16.2	34.1	0.3
Guinea-Bissau	0.7	—	0.6	24.0	0.7	5.5	20.7	9.6	6.9	6.0
Liberia	37.8	45.4	13.7	0.3	31.2	6.3	27.4	23.8	10.2	17.1
Mali	0.7	136.0	64.6	15.0	39.8	80.1	168.0	74.4	36.0	6.1
Niger	54.6	12.6	—	20.0	63.1	—	51.0	130.7	114.8	1.0
Nigeria	63.9	530.9	1,009.9	4.1	1,310.4	22.0	398.2	330.5	210.3	435.8
Senegal	4.8	111.1	52.7	145.8	99.1	237.8	637.6	234.9	88.6	275.1
Sierra Leone	23.5	28.6	7.0	29.5	11.2	5.2	35.7	25.0	18.2	11.9
Togo	2.9	2.3	8.6	15.1	18.1	10.2	21.0	14.5	21.0	11.5
Multinational						373.2	373.1	47.4	57.6	127.7
West Africa approvals	749.2	1,185.6	1,337.0	686.6	2,076.8	1,242.7	2,488.6	1,758.4	880.4	1,287.3
MULTINATIONAL	963.3	1,317.5	1,077.4	1,443.6	1,398.8					
MULTIREGIONAL						885.2	521.8	487.2	471.9	64.8
Total approvals	4,253.8	4,385.8	5,049.9	6,334.7	8,035.3	6,195.9	7,278.8	7,300.1	4,171.1	4,506.29

APPENDIX 4A

Board of Governors and voting powers of member countries

(as of 31 December 2021)

Country	Governor	Alternate	Total votes	Voting powers %
Algeria	Aimene Benabderrahmane	Ali Bouharaoua	727,688	5.029
Angola	Vera Daves de Sousa	Mario Augusto Caetano Joao	164,804	1.139
Benin	Romuald Wadagni	Abdoulaye Bio Tchane	29,618	0.205
Botswana	Peggy O. Serame	Olesitse H. Masimega	112,490	0.777
Burkina Faso	Lassane Kabore	Inoussa Ouiminga	58,580	0.405
Burundi	Domitien Ndhokubwayo	Vacant	33,911	0.234
Cabo Verde	Olavo Correia	Alcindo Mota	9,785	0.068
Cameroon	Alamine Ousmane Mey	Charles Assamba Ongodo	154,515	1.068
Central African Republic	Felix Moloua	Henri Marie Dondra	6,174	0.043
Chad	Issa Doubragne	Tahir Hamid Ngulin	9,326	0.064
Comoros	Souef Kamalidini	Fouady Goulame	1,749	0.012
Congo	Rigobert Roger Andely	Ingrid O. G. Ebouka-Babackas	59,190	0.409
Côte d'Ivoire	Niale Kaba	Adama Coulibaly	552,105	3.816
Democratic Republic of Congo	Kazadi Kadima-Nzuji Nicolas	Deogratias Mutombo M. Nyembo	268,948	1.859
Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.013
Egypt	Tarek Amer	Rania A. Al-Mashat	871,211	6.021
Equatorial Guinea	Valentin Ela Maye Mba	Milagrosa Obono Angue	10,213	0.071
Eritrea	Giorgis Teklemikael	Martha Woldegiorghis	4,921	0.034
Eswatini	Neal Rijkenberg	Tambo Gina	16,857	0.117
Ethiopia	Ahmed Shide	Semereta Sewasew	231,093	1.597
Gabon	Nicole Jeanine Lydie Roboty épse Mbou	Sosthene Ossoungou Ndibangoye	66,010	0.456
Gambia (The)	Mambury Njie	Abdoulie Jallow	20,436	0.141
Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	323,836	2.238
Guinea	Lanciné Conde	Vacant	59,542	0.412
Guinea-Bissau	Victor Luis Pinto Fernandes Mandinga	Ilídio Vieira Té	1,597	0.011
Kenya	Ukur Yatani Kanacho	Julius Muia	201,163	1.390
Lesotho	Thabo Sophonea	Nthoateng Lebona	13,583	0.094
Liberia	Samuel D. Tweah Jr.	Augustus J. Flomo	29,004	0.200
Libya	Khalid Al Mabrouk Abdalla	Mustafa Ali Keshada	349,465	2.415
Madagascar	Rindra Hasimbelo Rabarinirinarison	Rajaofetra Andry Nirina	94,007	0.650
Malawi	Felix Lafiel Mlusu	Chauncy Simwaka	51,331	0.355
Mali	Alousseni Sanou	Vacant	27,478	0.190
Mauritania	Ousmane Mamoudou Kane	Mohamed Salem Nany	8,667	0.060
Mauritius	Renganaden Padayachy	Dharam Dev Manraj	93,599	0.647
Morocco	Nadia Fettah	Faouzia Zaaboul	558,696	3.861
Mozambique	Adriano Afonso Maleiane	Rogério Lucas Zandamela	87,840	0.607
Namibia	Ipumbu Shiimi	Ericah B. Shafudah	49,760	0.344
Niger	Abdou Rabiou	Ahmat Jidoud	30,868	0.213
Nigeria	Zainab Shamsuna Ahmed	Aliyu Ahmed	1,342,824	9.281
Rwanda	Uzziel Ndagijimana	Claudine Uwera	20,106	0.139

continued

APPENDIX 4A, continued

Country	Governor	Alternate	Total votes	Voting powers %
São Tomé & Príncipe	Engracio Do Sacramento Soares Da Graca	Américo Cardoso Soares de Barros	10,346	0.072
Senegal	Amadou Hott	Abdoulaye Daouda Diallo	151,303	1.046
Seychelles	Naadir Hassan	Caroline Abel	2,462	0.017
Sierra Leone	Dennis K. Vandi	Sahr Lahai Jusu	16,876	0.117
Somalia	Abdirahman Beileh	Abdi Mohamed Abdullahi	4,864	0.034
South Africa	Enoch Godongwana	Dondo Mogajane	725,558	5.015
South Sudan	Agak Achuil Laul	Dier Tong Ngor	47,673	0.329
Sudan	Gibril Ibrahim Mohamed	Abdalla Ibrahim Ali Ismail	15,389	0.106
Tanzania	Mwigulu Lameck Nchemba	Emmanuel Mpawe Tutuba	123,942	0.857
Togo	Sani Yaya	Demba Tignokpa	23,827	0.165
Tunisia	Samir Saïed	Kalthoum Hamzaoui	208,014	1.438
Uganda	Matia Kasaja	Ramathan Ggoobi	58,430	0.404
Zambia	Situmbeko Musokotwane	Felix Nkulukusa	169,478	1.171
Zimbabwe	Mthuli Ncube	George Tongesayi Guvamatanga	247,921	1.714
TOTAL REGIONAL			8,560,910	59.169

Country	Governor	Alternate	Total votes	Voting powers %
Argentina	Gustavo Osvaldo Béliz	Leandro Gorgal	13,271	0.092
Austria	Harald Waiglein	Edith Frauwallner	64,070	0.443
Belgium	Meryame Kitir	Vincent Van Peteghem	91,466	0.632
Brazil	Roberto Fendt Junior	Erivaldo Alfredo Gomes	22,416	0.155
Canada	Harjit S. Sajjan	Vacant	543,878	3.759
China	Gang Yi	Yulu Chen	172,681	1.193
Denmark	Flemming Møller Mortensen	Lotte Machon	167,209	1.156
Finland	Elina Kalkku	Satu Santala	69,788	0.482
France	Emmanuel Moulin	William Roos	532,011	3.677
Germany	Maria Flachsbarth	Marianne Kothé	591,445	4.088
India	Nirmala Sitharaman	Ajay Seth	41,475	0.287
Ireland	Paschal Donohoe	John Hogan	114,191	0.789
Italy	Daniele Franco	Francesca Utili	345,470	2.388
Japan	Shunichi Suzuki	Haruhiko Kuroda	781,020	5.398
Korea	Nam-Ki Hong	Juyeol Lee	68,710	0.475
Kuwait	Khalifa MUSAED K Hamada	Marwan Al-Ghanem	63,801	0.441
Luxembourg	Pierre Gramegna	Miguel Marques	29,873	0.206
Netherlands	Sigrid Kaag	Kitty Van Der Heijden	126,082	0.871
Norway	Bjørn Sandkjær	Bjørn Brede Hansen	168,077	1.162
Portugal	João Leão	Francisco André	34,661	0.240
Saudi Arabia	Ryadh M. Alkhareif	Sultan Al-Marshad	28,155	0.195
Spain	Nadia Calvino	Gonzalo Garcia Andres	153,192	1.059
Sweden	Janine Alm Ericson	Sigrun Rawet	223,944	1.548
Switzerland	Dominique Paravicini	Peter Bieler	208,249	1.439
Turkey	Murat Zaman	Serhat Köksal	56,511	0.391
United Kingdom	Elizabeth Truss	Vicky Ford	257,752	1.781
United States of America	Janet Yellen	Vacant	938,161	6.484
TOTAL NON-REGIONAL			5,907,559	40.831
GRAND TOTAL			14,468,469	100.000

APPENDIX 4B

Board of Governors of the African Development Fund: Voting powers of state participants and the African Development Bank

(as of 31 December 2021)

Country	Governor	Alternate	Total votes	Voting powers %
African Development Bank			1,000.000	50.000
Angola	Vera Daves de Sousa	Mario Augusto Caetano Joao	0.502	0.025
Argentina	Gustavo Osvaldo Béliz	Leandro Gorgal	0.056	0.003
Austria	Harald Waiglein	Edith Frauwallner	20.215	1.011
Belgium	Meryame Kitir	Vincent Van Peteghem	19.472	0.974
Brazil	Roberto Fendt Junior	Erivaldo Alfredo Gomes	4.330	0.217
Canada	Harjit S. Sajjan	Vacant	66.643	3.332
China	Gang Yi	Yulu Chen	22.000	1.100
Denmark	Flemming Møller Mortensen	Lotte Machon	23.883	1.194
Finland	Elina Kalkku	Satu Santala	19.563	0.978
France	Emmanuel Moulin	William Roos	104.345	5.217
Germany	Maria Flachsbarth	Marianne Kothé	106.727	5.336
India	Nirmala Sitharaman	Ajay Seth	3.568	0.178
Ireland	Paschal Donohoe	John Hogan	1.579	0.079
Italy	Daniele Franco	Francesca Utili	57.051	2.853
Japan	Shunichi Suzuki	Haruhiko Kuroda	104.436	5.222
Korea	Nam-Ki Hong	Juyeol Lee	11.762	0.588
Kuwait	Khalifa MUSAED K Hamada	Marwan Al-Ghanem	6.353	0.318
Luxembourg	Pierre Gramegna	Miguel Marques	0.968	0.048
Netherlands	Sigrid Kaag	Kitty Van Der Heijden	40.823	2.041
Norway	Bjørn Sandkjær	Bjørn Brede Hansen	46.271	2.314
Portugal	João Leão	Francisco André	6.106	0.305
Saudi Arabia	Ryadh M. Alkhareif	Sultan Al-Marshad	9.185	0.459
Spain	Nadia Calvino	Gonzalo Garcia Andres	21.707	1.085
Sweden	Janine Alm Ericson	Sigrun Rawet	51.440	2.572
Switzerland	Dominique Paravicini	Peter Bieler	38.922	1.946
Turkey	Murat Zaman	Serhat Köksal	1.263	0.063
United Arab Emirates	Vacant	Vacant	0.250	0.012
United Kingdom	Elizabeth Truss	Vicky Ford	106.904	5.345
United States of America	Janet Yellen	Vacant	103.678	5.184
TOTAL			2,000.000	100.000

APPENDIX 5

Directors of the Bank and Fund (as of 31 December 2021)

BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT BANK

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors		Alternate Executive Directors	
Names	Country	Names	Country
Kenyah BARLAY	Sierra Leone	Rufus N. DARKORTEY	Liberia
Paal BJORNSTAD	Norway	Vacant	
Niels BREYER	Germany	Vacant	
Christopher William CHALMERS	United Kingdom	Pim DE KEIZER	Netherlands
Amos Kipronoh CHEPTOO	Kenya	Maris WANYERA	Uganda
Cornelius Karlens DEKOP	Botswana	Gerard Pascal BUSSIER	Mauritius
Mohamed EL GHOLABZOURI	Morocco	Yandja YENTCHABRE	Togo
Abdulkhikim Mohamed ELMI-SURATI	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
Mmakgoshi E.P. LEKHETHE	South Africa	Khotso MOLELEKI	Lesotho
Said MAHERZI	Algeria	Alfredo Paulo MENDES	Guinea- Bissau
Mbuyamu I. MATUNGULU	Democratic Republic of Congo	Christine NIRAGIRA	Burundi
Stéphane MOUSSET	France	Tomas FERNANDEZ GAR-CIA	Spain
Maimouna NDOYE SECK	Senegal	Adalgisa BARBOSA VAZ	Cabo Verde
Samson Oyebode OYETUNDE	Nigeria	Maria Das Neves CEITA BATISTA DE SOUSA	São Tomé and Príncipe
David STEVENSON	Canada	Ayad ALGHARABALLI	Kuwait
Takaaki NOMOTO	Japan	Mohammed Adhan A. AL SHAMMARI	Saudi Arabia
Ahmed Mahmoud ZAYED	Egypt	Ali MOHAMED ALI	Djibouti
Vacant	United States of America	Jessica ISAACS	United States of America

APPENDIX 5, continued

BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT FUND

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors		Alternate Executive Directors	
Names	Country	Names	Country
Paal BJORNSTAD	Norway	Vacant	
Niels BREYER	Germany	Vacant	
Christopher William CHALMERS	United Kingdom	Pim DE KEIZER	Netherlands
Amos Kipronoh CHEPTOO*	Kenya	Maris WANYERA	Uganda
Mohamed EL GHOLABZOURI*	Morocco	Yandja YENTCHABRE	Togo
Judith KATEERA*	Zimbabwe	Joao Luis NGIMBI	Angola
Adama KONE*	Côte d'Ivoire	Maria Del Mar BONKANKA TABARES	Equatorial Guinea
Said MAHERZI*	Algeria	Alfredo Paulo MENDES	Guinea-Bissau
Mbuyamu I. MATUNGULU*	Democratic Republic of Congo	Christine NIRAGIRA	Burundi
Stéphane MOUSSET	France	Tomas FERNANDEZ GARCIA	Spain
Maimouna NDOYE SECK*	Senegal	Adalgisa BARBOSA VAZ	Cabo Verde
David STEVENSON	Canada	Ayad ALGHARABALLI	Kuwait
Takaaki NOMOTO	Japan	Mohammed Adhan A. AL SHAMMARI	Saudi Arabia
Vacant	United States of America	Jessica ISAACS	United States of America

*Representing the African Development Bank.

APPENDIX 6

Principal officers of the Bank Group (as of 31 December 2021)

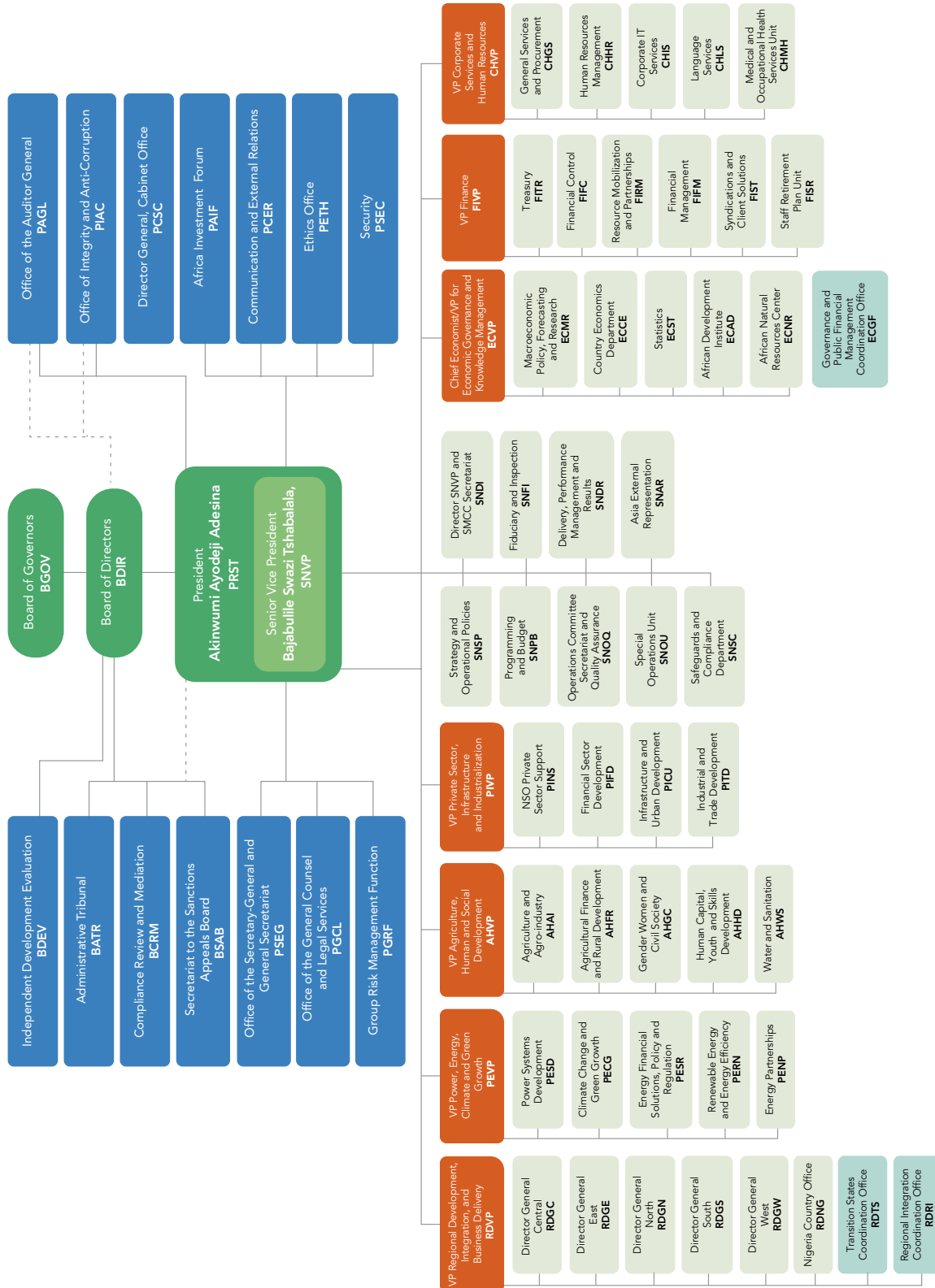
BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT BANK

Chairperson: Akinwumi Ayodeji ADESINA

	Name
Presidency, Units reporting to the President and to the Boards	
President	Akinwumi Ayodeji ADESINA
Director General, Cabinet Office of the President (Acting)	Alex MUBIRU
Secretary General, PSEG	Vincent Obisienunwo Orlu NMEHIELLE
Group Chief Risk Officer, PGRF	Ifedayo ORIMOLOYE
General Counsel and Director, PGCL	Souley AMADOU
Auditor General, PAGL (Acting)	Mouhamed BA
Director, Integrity and Anti-Corruption	Paula Santos DA COSTA
Director, Compliance Review and Mediation	David James SIMPSON
Evaluator General (Acting)	Karen ROT-MUNSTERMANN
Senior Presidency	
Senior Vice President	Bajabulile Swazi TSHABALALA
Chief Economist and Vice President, Economic Governance and Knowledge Management	
Chief Economist and Vice President, Economic Governance and Knowledge Management (Acting)	Kevin Chika URAMA
Corporate Services and Human Resources	
Vice President	Mateus MAGALA
Finance	
Chief Financial Officer and Vice President (Acting)	Hassatou DIOP N'SELE
Regional Development, Integration, and Business Delivery	
Vice President (Acting)	Yacine Diama FAL
Director General, Central Africa	Serge-Marie Zouckoux N'GUESSAN
Director General, East Africa	Nnenna Lily NWABUFO
Director General, North Africa	Mohamed EL AZIZI
Director General, Southern Africa	Leila MOKADDEM
Director General, West Africa	Marie-Laure AKIN-OLUGBADE née NDONGO-SEH
Power, Energy, Climate, and Green Growth	
Vice President	Kevin Kanina KARIUKI
Agriculture, Human and Social Development	
Vice President	Beth DUNFORD
Private Sector, Infrastructure, and Industrialization	
Vice President	Solomon QUAYNOR

APPENDIX 7

African Development Bank Group organizational structure



APPENDIX 8

Classification of Regional Member Countries



APPENDIX 9

Oversight activities of the Board's committees in 2021

Board effectiveness and welfare: The Committee on Administrative Matters Concerning the Board (AMBD)

The persistence of the COVID-19 pandemic and associated restrictions in 2021 prevented major AMBD activities such as the Annual Board retreat and Executive Directors' consultation missions. Nonetheless, the AMBD continued its focus on matters related to the effectiveness and efficiency of the Board, including creating new measures. The AMBD endorsed a Board Recommendation Monitoring System, which tracks Management's implementation of Committee and Board recommendations and minimizes the risk of non-implementation; a Learning Board initiative that will provide a formal framework for building the Board's capacity and reskilling of Board members by leveraging internal and cross-institutional initiatives; a mobile application for Governors and Executive Directors to facilitate secure access to information; and a review of Boards' approval procedures with a view to identifying areas of further improvements beyond those adopted in 2015.

The AMBD considered resuming activities suspended in 2021 due to travel and other COVID-19-related restrictions. The committee held the next Annual Board Retreat in February 2022 and agreed to conduct the Executive Directors' consultation missions and the Senior Advisers and Advisers' study tours to Regional Member Countries (RMCs) at later dates.

Accountability and risk management: The Audit and Finance Committee (AUF)

The AUF reviewed reports of several audits, as well as the Audit Action Plan for Country/Regional Offices, and continued to oversee and monitor the implementation of audit recommendations, the audit approach and intermediary update on the work progress of the external auditor, the External Quality Assessment of the Office of the Auditor General; the administrative budget; the 2021 lending program; the Special Operations Unit Portfolio; group risk management; reports on capital adequacy and exposure; and market risks. The AUF also reviewed and contributed to several documents, notably the Long-Term Financial Sustainability; Liquidity Risk Management; the Revised Action Plan to Strengthen the Bank's Compliance and Accountability Functions (with the CODE); Balance Sheet Optimization: Room2Run Sovereign: A Public-Private Capital Recycling Operation; Non-Core Risks Capital Methodology; (with the CODE) Diversifying the Bank's Products to Provide Eligible ADF-Only Countries' Access to the ADB Sovereign Window—Addendum;

and (with the CODE) the African Development Bank Group Trust Fund Policy 2021. The AUF also endorsed the financial statements of Bank Group entities, and the 2022 work programs and budgets of the Office of the Auditor General (PAGL), the Office of Integrity and Anti-Corruption (PIAC), and the Secretariat to the Sanctions Appeals Board; and recommended their transmission to the Boards for consideration and approval.

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

In 2021, the CAHR provided strategic guidance on internal administration of justice to enhance accountability and the rule of law, and on the implementation of a roadmap and action plan for human resources-related initiatives for 2021 and beyond, including the African Development Bank People Strategy 2021–2025, the Right-Sizing and Strategic Staffing Review, new staff rules, performance-based remuneration for the 2020 cycle, and the Total Compensation Framework. The CAHR also considered (with the AUF) the financial implications of judgments of the Administrative Tribunal as well as audit reports on staff benefits and welfare administration, leave management, staff performance management systems and processes, and management action on PIAC cases as of 29 September 2020.

A focus on results and impact: The Committee on Operations and Development Effectiveness (CODE)

In 2021, the CODE reviewed evaluations of Country Offices and portfolio performance, the Evaluation of the African Development Bank's Country Portfolio Review and Restructuring Policy; the Evaluation of the Partnerships of the African Development Bank Group 2008–2019; the Evaluation of the African Development Bank's Engagement with Civil Society; the Evaluation of Loan Syndication at the African Development Bank Group 2008–2019; the Mid-Term Evaluation of the Bank's Results Measurement Framework, 2016–2025; the Synthesis Report on the Validation of the 2014–2019 Expanded Supervision Reports (XSRs); the Progress Report on the Environmental and Social Safeguards Strengthening Action Plan (2020–2025)—GCI-VII Commitment No. 9; the Evaluation of the Bank Group's Additivity and Development Outcome Assessment Framework (ADOA 2.0), 2015–2020; the Evaluation of Mainstreaming Green Growth and Climate Change into the AfDB's Interventions; the Spot-Check Advisory Review of Project Compliance

Report: The Nairobi River Basin Rehabilitation and Restoration Program: Sewerage Improvement Project—Phase I (NRBRRP: SIP-I), Kenya; and the Spot-Check Advisory Review of Project Compliance Report: The Green Zones Development Support Project—Phase I (GZDSP-I), Kenya and Its Impact on the Implementation of GZDSP-II.

The CODE also approved the extension of the Bank Group Knowledge Management Strategy 2015–2020 to 31 March 2022 and reviewed and provided significant input into a variety of operational documents. The operational documents included the Annual Development Effectiveness Review 2021; Sharpening the Bank's Strategic Focus: A Proposal to Increase the Bank's Selectivity; the African Development Bank Group PPP Strategic Framework 2021–2031; Proposal to Amend the Bank's Energy Sector Policy to Reflect the Changes in the Sector and the Bank's Current Focus; Strategy for Quality Health Infrastructure in Africa 2021–2030; the Multidimensional Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021–2023); (with the AUI), Diversifying the Bank's Products to Provide Eligible ADF-Only Countries' Access to the ADB Sovereign Window—Addendum; Revised Draft Report on the Third Review of the Independent Review Mechanism (IRM) and Proposed IRM Operating Rules and Procedures; (with the AUI) the African Development Bank Group Trust Fund Policy 2021; the African Development Bank Group Water Strategy 2021–2025: Towards A Water Secure Africa; the Revised Action Plan to Strengthen the Bank's Compliance and Accountability Functions (with the AUI); Concept Note of the Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026); the African Development Bank Group Capacity Development Strategy 2021–2025; an approach paper for developing the Bank Group's Strategic Framework on Climate Change and Green Growth; the African Development Bank Climate Change and Green Growth Strategic Framework: Projecting Africa's Voice—Strategy 2021–2030; the Bank Group Strategy for Economic Governance in Africa (SEGA) 2021–2025; the Bank Group Policy on Additional Financing—Revised Version; a paper on Streamlining Bank's Portfolio Reporting Tools and Documents—The Future of CPPRs; the Bank Group 2021–2025 Private Sec-

tor Development Strategy; draft Country Strategy Papers (CSP) for Comoros, Gambia, Mali, and Senegal; updated CSPs for Botswana, Chad, Congo, Gabon, Mauritania, Seychelles, and Zambia; and Country Briefs for Libya, Sudan, and Zimbabwe.

In addition, the CODE endorsed the 2022–2024 work programs and budgets of the Independent Development Evaluation (BDEV) and the Compliance Review and Mediation Unit and recommended their transmission to the Boards for consideration and approval.

Client Orientation and Stakeholder Management: The External Communications and Preparation of the Bank Group Annual Meetings (ECAM)

In 2021, the ECAM oversaw the convening of the virtual Annual Meetings of the ADB Group and initiated discussions on improving the conduct of the Governors' Dialogue and the drafting process of the Communique. It also provided direction for preparing the Bank Group Annual Report 2020.

Fostering an Ethical Culture: The Committee for the Enforcement of the Code of Conduct for Executive Directors (ECBD)

The ECBD enforces the Code of Conduct for Executive Directors, which also applies to the President of the Bank Group, and the Senior Advisers and Advisers of Executive Directors. In 2021, the ECBD considered and approved revisions to its terms of reference.

Cost Effectiveness and Efficiency: The Committee of the Whole on the Budget (CWHOLE)

In 2021, the CWHOLE, conducted mid-term and end-of-year reviews of the performance reports on the implementation of the budget and the work program. It also reviewed and shaped the strategic orientations for the three-year work program and budget framework paper (2022–2024) for consideration by the Boards.

APPENDIX 10

Progress in delivering on GCI-VII commitments

- Action completed ● Action in progress

Objective, reform area, and action	Initial date	Revised date	Status
OBJECTIVE 1 INCREASE STRATEGIC ALIGNMENT AND OPERATIONAL FOCUS			
● Selectivity Institutionalize greater selectivity and operational focus within the Bank's rules and operational procedures (Action 1) ADF-15	Dec. 2020	Jun. 2021	Completed
● Selectivity Make selectivity and focus a centerpiece of future long-term strategy (Action 2) ADF-15	Dec. 2022	Dec. 2022	In progress
● Climate change Develop a new green growth policy and strategy framework that sets out a clear vision for the future (Action 3) ADF-15	Dec. 2021	Oct. 2021	Completed
● Climate change Develop a new climate change and green growth policy and strategy framework that sets out a clear vision for the future (Action 4) ADF-15	Dec. 2021	Nov. 2021	Completed
● Climate change Mainstream climate change actions and climate impact (Action 5) ADF-15	Dec. 2025	Dec. 2021	Completed
● Gender equality Develop a new gender equality strategy and action plan that sets out the Bank's organizational goals for promoting gender equality (Action 6) ADF-15	Dec. 2020	Dec. 2020	Completed
OBJECTIVE 2 IMPROVE THE QUALITY AND DEVELOPMENT IMPACT OF OPERATIONS			
● Quality Fully implement the Quality Assurance Plan to improve the quality and the development impact of sovereign and non-sovereign operations (Action 7) ADF-15.	Dec. 2019	Feb. 2020	Completed
● Quality Improve the quality, impact, and additionality of non-sovereign operations (Action 8)	Dec. 2020	Feb. 2020	Completed
● Safeguards Prepare an action plan to strengthen compliance with the Integrated Safeguard System with a view to promoting environmentally sustainable growth (Action 9)	Dec. 2019	Feb. 2020	Completed
OBJECTIVE 3 INCREASE POLICY DIALOGUE EFFECTIVENESS			
● Governance Develop a new strategy to frame and drive the Bank's approach to governance with a view to strengthening the Bank's capacity to engage in policy dialogue (Action 10)	Dec. 2020	Feb. 2021	Completed
● Policy reforms Develop a systematic approach to identifying and supporting policy reforms (Action 11)	Dec. 2021	Sep. 2020	Completed
● Private sector development Develop a new strategy to improve the enabling environment for private sector development (Action 12) ADF-15	Dec. 2020	Jan. 2022	In progress
● Debt management Develop a Bank-wide action plan to better manage and mitigate the risk of debt distress in Africa (Action 13) ADF-15	Dec. 2020	Jul. 2021	Completed
● Debt management Revise the policy on non-concessional debt accumulation (Action 14) ADF-15	Dec. 2021	Feb. 2022	In progress
OBJECTIVE 4 STRENGTHEN THE BANK'S CAPACITY TO DELIVER ON ITS MANDATE			
● Right-sizing Adopt a "right-sizing" approach to staff allocation that aligns with business requirements to increase the Bank's capacity to deliver (Action 15) ADF-15	Oct. 2019	Dec. 2020	Completed
● People strategy Finalize the People Strategy to promote a stronger employee value proposition (Action 16) ADF-15	Dec. 2020	Nov. 2020	Completed
● Compensation framework Conduct a comprehensive review of total compensation (Action 17) ADF-15	Dec. 2020	Sep. 2021	Completed
● Staff performance Improve systems and processes for managing staff performance (Action 18) ADF-15	Dec. 2020	Dec. 2020	Completed
● Accountability Develop a plan to strengthen the Bank's oversight, compliance, and accountability functions (Action 19) ADF-15	Dec. 2019	May. 2021	Completed
● Anti-corruption Prepare annual updates on actions in response to completed investigations (Action 20)	Dec. 2020	May. 2021	Completed
OBJECTIVE 5 INCREASE EFFICIENCY BY FINE-TUNING THE BANK'S ORGANIZATIONAL STRUCTURE			
● Fine-tuning Fine-tune and improve the Bank's organizational structure to enhance organizational efficiency (Action 21)	Dec. 2019	Dec. 2021	Completed
● One bank Institutionalize the organizational arrangements that guide and underpin the matrix delivery model (Action 22)	Oct. 2019	Jul. 2021	Completed

continued

APPENDIX 10, continued

Objective, reform area, and action	Initial date	Revised date	Status
OBJECTIVE 6 IMPROVE THE BANK'S LONG-TERM FINANCIAL SUSTAINABILITY			
● Financial sustainability Revise the Bank's income model to enhance the long-term financial sustainability of the Bank's partially sustainable financial framework (Action 23)	Dec. 2020	Dec. 2020	Completed
● Net income Review principles for the allocation of net income (Action 24)	Dec. 2019	Dec. 2020	Completed
● Liquidity and debt ratios Review the Bank's financial and risk policies to ensure alignment with the regulatory environment and rating agencies' standards (Action 25)	Dec. 2020	Nov. 2021	Completed
● Prudential ratios Review prudential ratios and financial indicators (Action 26)	Dec. 2020	Dec. 2020	Completed
● Budgetary procedures Review and enhance the Bank's budgetary procedures (Action 27) ADF-15	Dec. 2019	Dec. 2020	Completed
● Cost sharing Review the cost-sharing formula of the Bank Group (Action 28) ADF-15	Dec. 2019	Dec. 2020	Completed
● Cost-to-income ratio Review the Bank's cost-to-income ratio, Sovereign Loan Pricing review and cost containment framework (Action 29) ADF-15	Dec. 2019	Mar. 2022	In progress
● Costing new initiatives Develop tools for costing new initiatives (Action 30)	Dec. 2019	Dec. 2020	Completed
● Budget coefficients Introduce budget coefficients for more effective use of administrative resources (Action 31)-15	Dec. 2020	Dec. 2020	Completed
OBJECTIVE 7 ADB/ADF synergies: increase ADB relevance in ADF countries			
● ADB/ADF synergies Optimize lending to strengthen ADB/ADF synergies in NSOs (Action 32) ADF-15	Dec. 2032	2020-2032	In progress
● ADB/ADF synergies Optimize lending to strengthen ADB/ADF synergies in graduation (Action 33) ADF-15	Dec. 2032	2020-2032	In progress
● ADB/ADF synergies Optimize lending to strengthen ADB/ADF synergies in regional integration (Action 34) ADF-15	Dec. 2032	2020-2032	In progress

APPENDIX 11

Progress in delivering on ADF-15 commitments

As of 31 December 2021, the African Development Fund (ADF) committed 54 percent of resources available under its three main envelopes over ADF-15 replenishment cycle (2020–2022). It was agreed that the Resource level of the ADF-15 replenishment was UA 5,620,275,101 for the three-year ADF-15 Operational Period (2020–2022).

The creation of an enabling environment for inclusive and sustainable transformation, decent jobs, and building resilience was the theme of the ADF-15 Replenishment of the African Development Fund, the negotiations for which concluded in December 2019. ADF Deputies and Management agreed on 92 policy commitments over the three-year ADF-15 Operational Period (2020–2022). To track performance and effective implementation of the policy commitments, each commitment was given one or more time-bound achievement targets over the three-year cycle, resulting in 124 time-bound delivery targets, 62 of which are due by the Mid-Term Review (November 2021) and another 62 by the end of the cycle.

Two pillars undergird the ADF-15. Pillar I entails developing quality and sustainable infrastructure that provides impetus for job-creating private sector investments and promotes sustainable development. Pillar II concerns developing human,

governance, and institutional capacity to enable people to participate in, and benefit from, job creation opportunities for inclusive growth. The two pillars are strategically and operationally interlinked: achieving Pillar I, which focuses on physical infrastructure, requires investing in soft infrastructure under Pillar II. The strategy is grounded in greater selectivity within the Bank Group's High 5s and the use of the fragility lens. Both pillars are anchored in the crosscutting themes of gender, climate change, governance, and private sector development.

Despite the challenging environment exacerbated by COVID-19, ADF-15 is performing very well against the commitments undertaken. ADF-15 met 93 percent of the time-bound commitments due by the Mid-Term Review. The remaining commitments—related to adopting new policy or strategies—were delayed to early 2022 due to a crowded board agenda.

In May 2021, the Center for Global Development ranked the African Development Fund second among 49 international agencies for the quality of its development assistance. The award underscored ADF's performance and its continuing relevance to the continent's most vulnerable countries, including in ensuring that development assistance reaches the intended recipients.

ACKNOWLEDGMENTS

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ANNUAL REPORT **2021**

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