ADF-15
PRIVATE SECTOR CREDIT ENHANCEMENT FACILITY (PSF)
Results Achieved in ADF Countries

ADF-15 Mid-term review
7-9 December 2021

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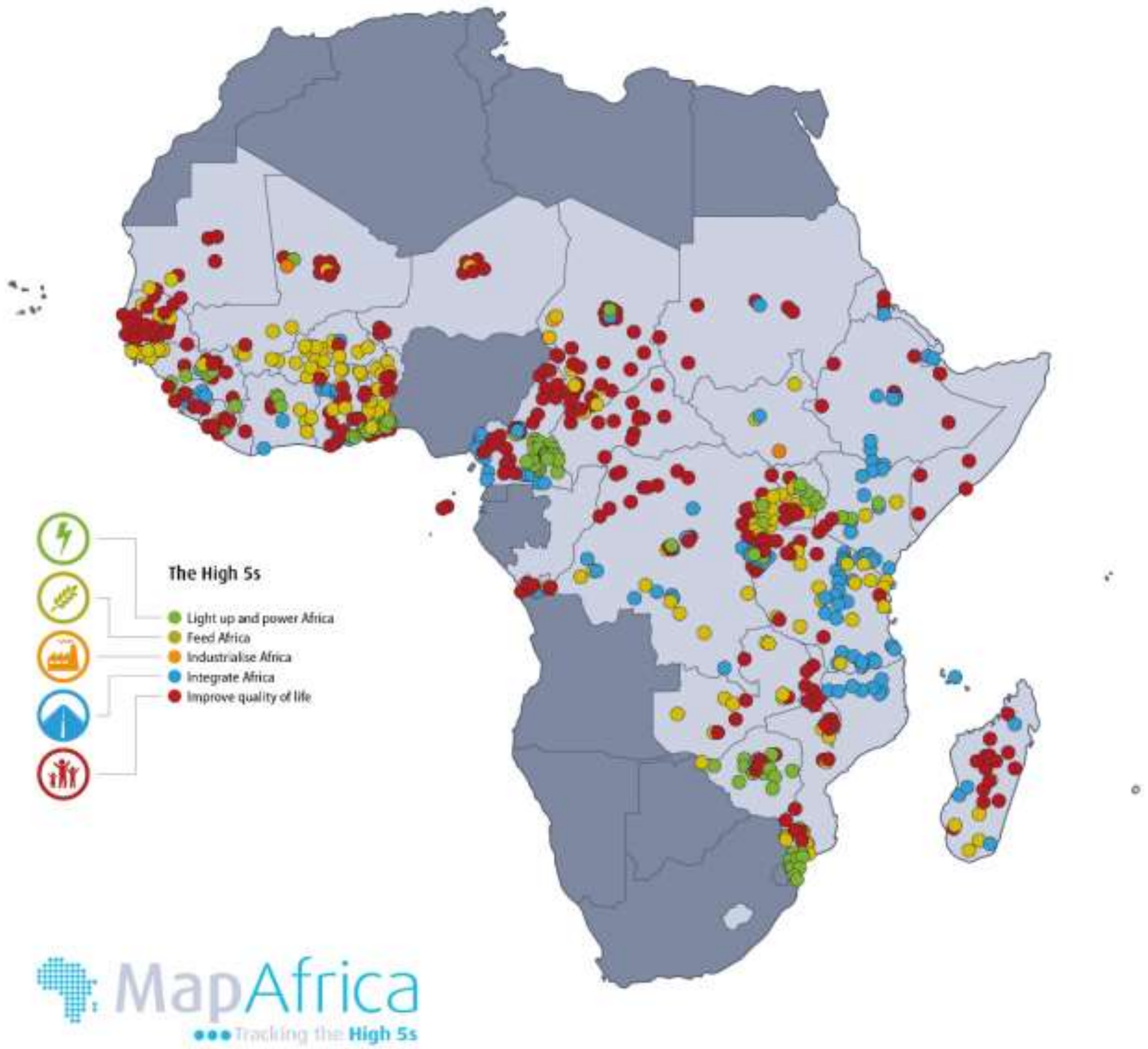
BOXES, TABLES, AND FIGURES

Note: In this report, “$” refers to US dollars.
Conversion rate as of 31 Dec 2020: 1 Unit of Account (UA) = 1.44027 US dollars (African Development Bank 2020 Annual Report).

Delivering impact in ADF countries through the High 5s

This map plots the geographic locations of Bank Group operations in ADF countries that were completed between 2018 and 2020 in each of the High 5s.



Explore our project locations through the High 5s by visiting mapafrica.afdb.org.

INTRODUCTION

On 5 December 2019, donors to the African Development Fund (ADF) agreed to commit $7.6 billion to speed up growth in 37 of Africa's poorest countries and help lift millions out of poverty. This paper summarises the ADF's development impact in these countries since ADF-15 was approved.[1] It does so by assessing development progress in each of the African Development Bank Group (Bank)'s High 5s: Light Up and Power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa. The first five chapters present results in the context of broader development challenges. Chapter 6 discusses areas of development that cut across the Bank's priorities: gender equality, governance and accountability, fragility, and climate change.

This paper tells the story of the ADF's performance during one of the most serious crises to affect Africa in the modern era. The Covid-19 pandemic has had a devastating effect on lives and livelihoods across the continent and threatens to undermine the development gains of the last decade. This paper analyses the pandemic's impact, both on Africa's development trajectory and on the Bank and its operations.

Governments from ADF countries took active measures to control the virus and reduce its social and economic impacts. Countries made ambitious public health interventions and expanded social safety nets. They also made monetary and fiscal interventions on an unprecedented scale. While many countries enjoyed early success in containing the virus, the social and economic costs were high. Economic growth turned negative for the first time in almost 50 years, pushing an additional 30 million people into extreme poverty and making many others more vulnerable. Education was severely disrupted, and interruptions in programmes such as routine child vaccinations are likely to have long-term consequences. The worst-affected were those with the least education, the fewest assets, and the greatest dependence on the informal economy. This has exacerbated inequality and vulnerability across the continent.

The Bank responded swiftly to the pandemic by launching the Covid-19 Response Facility, which provided $3.6 billion in emergency budget support. The facility helped ADF countries maintain vital health services, expand social protections, and shield jobs and businesses. In Côte d'Ivoire, Ghana, and Senegal, for example, we helped to subsidise water and electricity payments for vulnerable households. In Sierra Leone, we helped to train and protect 11,000 frontline health workers. And in Ethiopia, our support quadrupled daily Covid-19 testing capacity.

Inevitably, a crisis of this magnitude affected the Bank and its operations deeply. The Bank took on the huge task of repurposing its lending programme to meet regional member countries' changing needs. In Togo, for example, we restructured our loans to parry threats to food security. These adjustments were made in the face of challenging conditions for the Bank as an organisation. Staff moved to remote working—a shift that was facilitated by the Bank's past investments in quality communications systems—while travel restrictions led to the suspension of missions for project appraisals and supervision. As a result of these issues, and those faced by our counterparts in ADF countries, a third of our operations experienced implementation challenges and delays.

Despite the circumstances, our projects achieved results in all the High 5s. Under *Light Up and Power Africa*, for example, they produced 51 MW in new installed power capacity and enabled 256,000 people to be connected to electricity. Our *Feed Africa* projects benefited 16.4 million Africans, 8 million of whom were women, and built or rehabilitated over 3,000 km of feeder roads. Under *Integrate Africa*, our projects constructed or rehabilitated another 773 km of roads, 356 km of which cross borders. Under *Industrialise Africa*, we improved the access to transport of 3.2 million people living in ADF countries, half of them women. And under *Improve the*

[1] Annexed to this paper is a methodological note that explains how the Bank assesses its results in ADF countries.

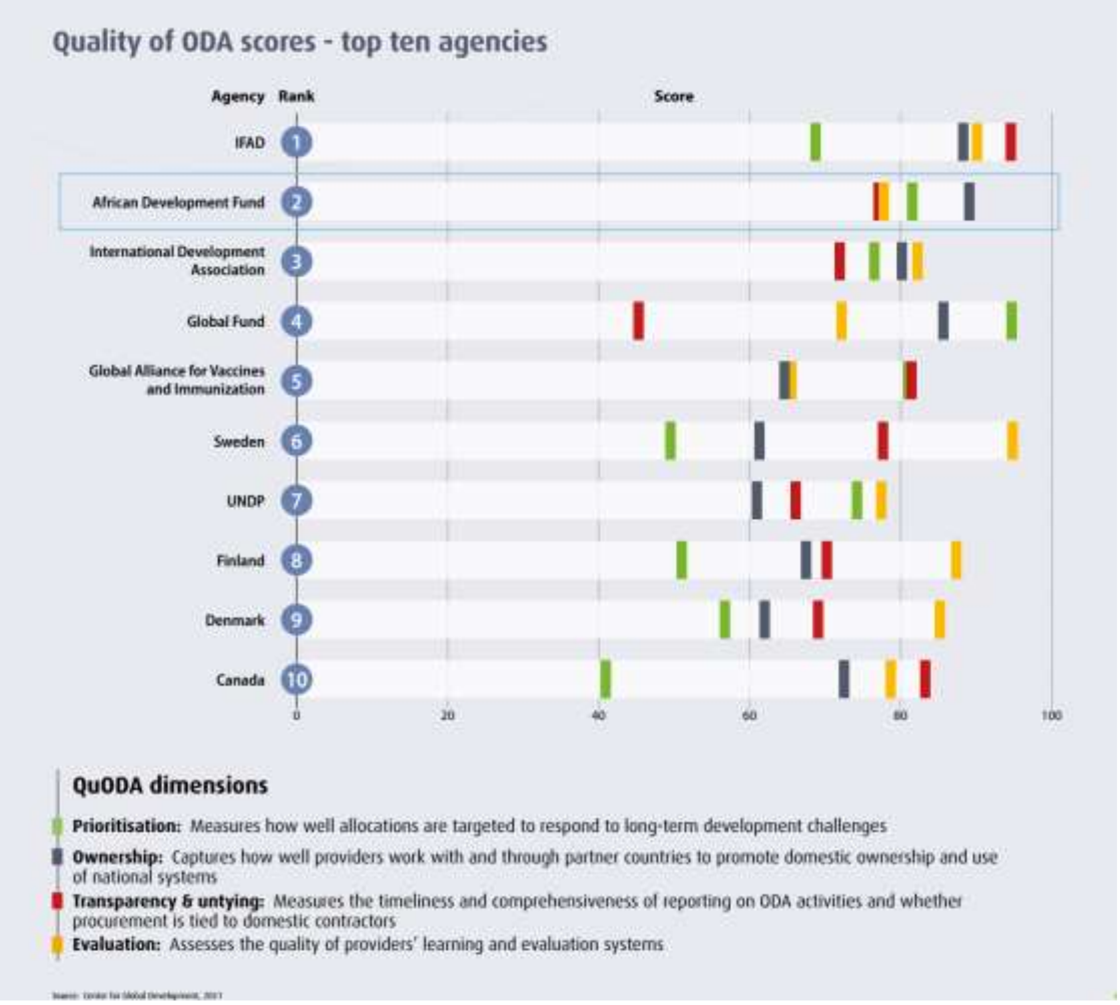
Quality of Life of the People of Africa, we supported 6.5 million people to access better water and sanitation.

We are proud that the Center for Global Development ranked the African Development Fund second of 49 development agencies for the quality of its development assistance (**Box 1**). We also ranked as the fourth-most transparent development agency in the world. And we won Global Finance Magazine's award for the best multilateral development bank.

Looking ahead, the Bank expects ADF countries to make a rebound, but the outlook is considerably uncertain. The emergence of variants and the uneven access to vaccines are making the course of the pandemic unpredictable. Global economic conditions remain turbulent. In the coming year, as African countries begin building back better from the pandemic, the Bank's priority is to help them identify the policy measures and investments that will best ensure a return to inclusive and sustainable growth.

Box 1. ADF ranked second in the world for the quality of its development assistance

In 2021, the African Development Fund ranked second of 49 development organisations and OECD member countries for the quality of its development assistance. The Centre for Global Development's Quality of Official Development Assistance (QuODa) tool examines 17 indicators of prioritisation, ownership, transparency, untied aid, and evaluation. See www.cgdev.org/quoda-2021 for more information.



1. LIGHT UP AND POWER AFRICA

Access to reliable, affordable, and sustainable energy in ADF countries is vital for economic growth and all aspects of human development. Africa's increase in access to electricity over the last decade has helped businesses to create jobs, hospitals to function, new livelihoods to emerge, and children to study. It has transformed millions of lives, and the Bank is proud to have contributed substantially.

The development context

Despite strong progress in many regions, access to energy across Africa has grown more slowly in recent years. In ADF countries, the share of population with access to electricity has increased only marginally, reaching 42% in 2020 from 37% in 2019 and 36% in 2018 even as generation capacity continued to grow—installed generation capacity increased to 41 GW in 2020, up from 34 GW in 2018. Meanwhile, access to clean cooking solutions fell from 12% in 2019 to just 9% in 2020, as clean cooking related programmes and investment have not kept pace with population growth (**Table 1**).

Covid-19 did not help. Resources were reprioritised for health and other pressing needs, and public health measures suppressed economic activity, rendering electricity connections unaffordable for many and reducing access to electricity. The pandemic also slowed the development of power infrastructure projects, including those of the Bank, because of supply chain disruptions. For Africa to achieve the sustainable development goals on energy, these obstacles must be overcome quickly, and progress accelerated.

Results in ADF countries

Under its New Deal on Energy for Africa, launched in 2016, the Bank made access to energy a priority. The New Deal unifies initiatives to expand energy access and mobilises financing for energy infrastructure by stimulating public-private partnerships. Its goal is universal access to electricity across Africa by 2025. One landmark initiative is Desert to Power, a bid to harness the Sahel's immense solar energy potential to generate electricity.

In 2020, ADF projects helped to deliver 84 km of new or rehabilitated power transmission lines. Moreover, we enabled an additional 260 000 people to be connected to power systems—almost all of them living in ADF countries, and more than half of them women (**Table 1**). One project we supported is the extra high-voltage line between the Inga hydropower stations and Kinshasa. Over 2009-2018, this transmission line increased the energy reaching Kinshasa eightfold, from 445 GWh to 3,533 GWh.

Despite successes, however, the pandemic occasioned lockdowns hit the Bank's energy projects hard—harder than the Bank's projects in other sectors. On all but one indicator, our 2020 results fell below our 2019 results, and in some cases below the 2015 baseline. For example, in 2020 our projects installed only 51 MW in new generation capacity in ADF countries and built 294 km new or improved power distribution lines there.

Nonetheless, our projects installed 46 MW in new renewable generation capacity in 2020 and reduced CO_2 emissions by 1.6 million tons, 1.5 million of which were in ADF countries. And our Climate Change Action Plan is ensuring that all our energy operations mainstream climate change and green growth into their design and execution. This is building climate resilience and increasing the use of low-carbon technologies.

Table 1. Light Up and Power Africa

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Share of population with access to electricity (% population) SDG 7.1.1 & 7.2.1	37	42	—	29	32
Share of population with access to clean cooking solutions (% population)	12	9	—	12	9
Total installed electricity capacity (GW)	38	41	—	15	16
Installed renewable generation capacity (GW)	23	24	—	9	9
Electricity losses through transmission, distribution, and collection (%)	16.6	15.6	—	16.9	14.7
ADF RESULTS*					
New generation capacity installed (MW)	21	51	200–290	-	16
New renewable generation capacity installed (MW)	6	46	110–170	-	16
People with new electricity connections (thousands)	464	256	3,640–5,460	148	67
of whom women	216	130	1,810–2,710	67	34
New or improved power distribution lines (km)	402	294	15,250–22,870	402	294
New or improved power transmission lines (km)	394	84	2,470–3,710	0.1	4
Emissions reduction in energy (thousand tons CO_2 equivalent)	597	1,531	2,750–4,120	-	-

SDG #: This number refers to the number of the sustainable development goal (SDG) that uses this indicator.

* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.

2. FEED AFRICA

African economies and African societies, particularly those in ADF countries, rely heavily on agriculture. The continent's estimated 33 million smallholder farms are key not just to food production, but also to the livelihoods of the many Africans who work in an area linked to the agricultural sector.

The development context

African agriculture has shown promising progress in recent years. In ADF countries. agricultural productivity increased to $907 per worker in 2020, up from $862 in 2019, and fertiliser consumption grew to 19 kg per hectare of arable land from 14 kg in 2019. Certain processed agricultural commodities gained global market share (**Table 2**).

Despite these gains, agriculture in most ADF countries is still characterised by small-scale, low-technology, rainfed farming. This leaves farmers and food production systems highly vulnerable to climate-related, economic, and other shocks. In recent years, droughts, cyclones, and floods reduced crop yields, and parts of Africa are tackling transboundary pest invasions and animal diseases (e.g., desert locusts, fall armyworm, peste des petits ruminants). So, the disruption inflicted by Covid-19 on input and output markets hit many African farmers all the harder. For example, when surveyed in May/June 2020, 73% of households earning income from agriculture in Malawi reported a reduction in income.

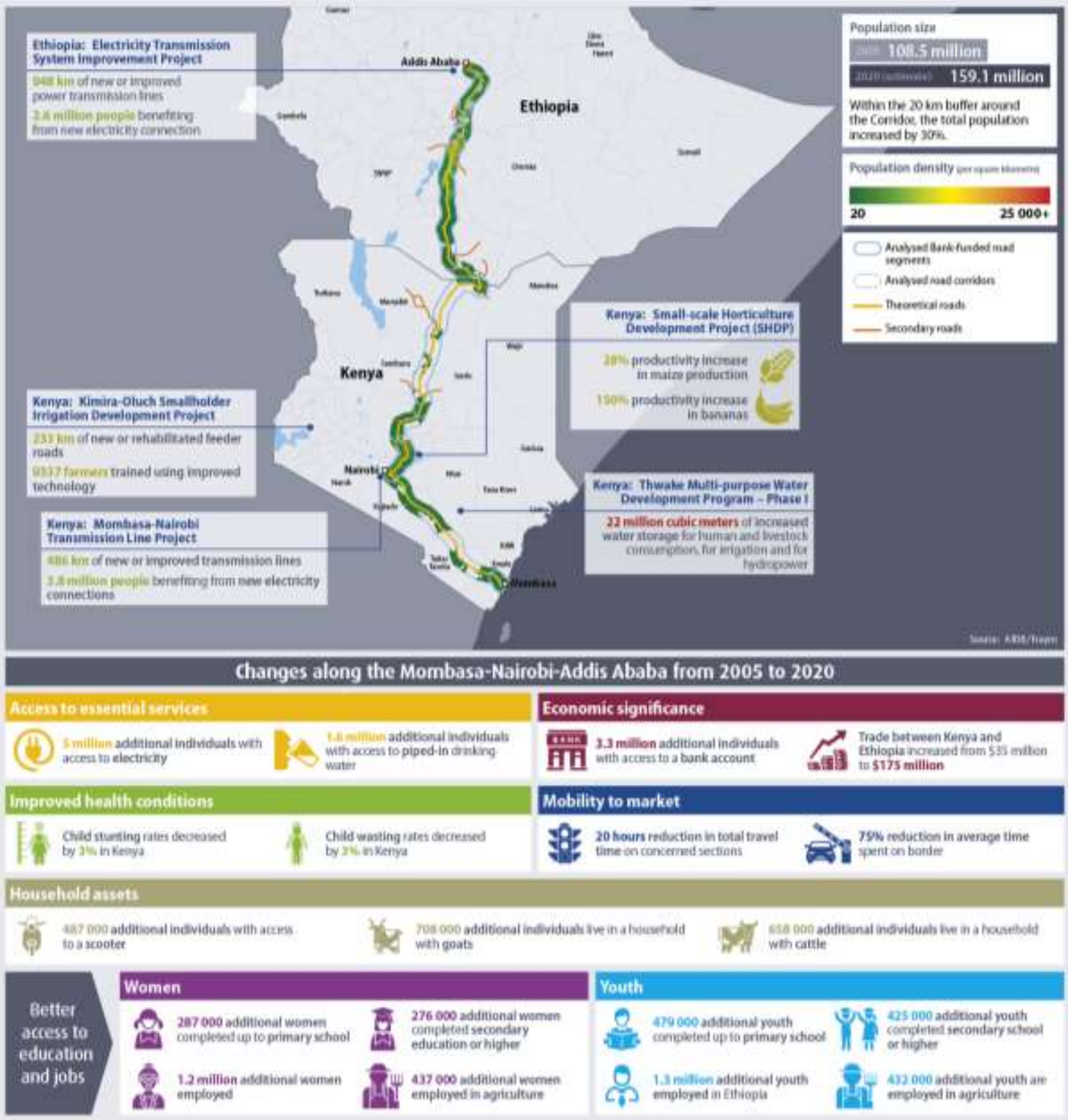
The income shocks caused by Covid-19 also made it harder for millions of African households to afford basic food supplies. In addition, mobility restriction measures disrupted food supply chains, especially between rural and urban areas. These and other effects of the pandemic contributed to a 60% rise in the number of Africans who were hungry or malnourished in 2020—some 397 million people, of whom 352 million were in ADF countries.

Despite these challenges, the long-term prospects for African agriculture remain strong. Most ADF countries are far from realising the potential of their agricultural sub-sectors and could boost agricultural output through measures to improve yields, expand the area of land under cultivation, and reduce post-harvest losses. Similarly, sustainable land management is increasingly recognised as a viable pathway to accelerate food security, arrest land degradation, and address tenure issues. The Bank is implementing an inclusive and sustainable land governance programme to support African countries as they resolve land concerns and transform agriculture.

Furthermore, Africa is the most rapidly urbanising continent in the world. The demands of urban populations for more and better food thus present African smallholder farmers with important opportunities to expand their production for market and by extension, to increase their income. Exploiting these opportunities means investing in distribution systems, warehousing, cold storage, processing and packaging facilities, transport, energy, and water services (**Figure 1**).

Figure 1. Assessing the living conditions of smallholder households in East Africa

The Bank is using high-resolution impact mapping to assess the changes in well-being before and after the rehabilitation of the Mombasa-Nairobi-Addis Ababa Road Corridor, with a focus on individuals that own at least two hectares of land suitable for agricultural use. Focusing on an unprecedented geographic scale, the map provides details on the roads' economic footprint, improvements in human development and how they promote integration throughout the entire corridor. By comparing data from household surveys in 2005 (before) and 2020 (during or after) and applying geotagged datasets, and satellite imagery, the methodology can assess with a high degree of reliability the changes in people's living conditions — for example, additional people with access to energy — within 20 km of the roads. Not all changes are directly attributable to the project: they reflect broader improvements in living conditions over time.



Results in ADF countries

The Bank's work to develop agriculture is guided by its Feed Africa strategy. This strategy identifies key actions that will make it possible for African agriculture to reach its full potential: increasing productivity and production, developing enabling infrastructure, developing the agribusiness environment, catalysing investment in the sector, promoting inclusive and sustainable progress, and enhancing coordination and partnerships in sector interventions.

Since we launched the Feed Africa strategy, the Bank's agricultural programmes have reached increasing numbers. In 2020, our projects in agriculture benefited 16.4 million people, all of them living in ADF countries and 8.0 million of them women (**Table 2**).

One instrument that we use to raise agricultural productivity is the Technologies for African Agricultural Transformation (TAAT) programme. TAAT seeks to double the productivity of nine priority commodities on the continent by delivering high-impact, proven technologies to 40 million farmers by 2025. At the core of TAAT are the Commodity Compacts, which comprise research institutes (national, regional, and international), governments, farmers' organisations, and seed companies in 30 African countries. TAAT's approach is to overcome the market failures associated with smallholders' poor access to modern inputs by buying down risks for seed companies and smallholder farmers. It does this by producing early generation seeds, conducting demonstration trials (this creates demand), and training seed producers. As of November 2020, 10.6 million farmers—25% of the expected 40 million farmers—had adopted TAAT technologies for nine priority commodities. The Bank is on track to meet its target.

In 2020, our projects improved water management on 12,100 hectares of land in ADF countries, slightly below the levels achieved in 2019. Our operations to improve rural access built or rehabilitated 3051 km of feeder roads in ADF countries. Of these, 933 km were in transition states.

Table 2. Feed Africa

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Number of people hungry / malnourished (millions) SDG 2.1.1	198	352	—	95	39
Agricultural productivity (constant 2010 US$ per worker)	862	907	—	797	799
Cereal yield (ton/hectare)	1.4	1.4	—	0.9	0.9
Prevalence of stunting among children under 5 (%)	34.9	33.9	—	39.2	38.5
of whom girls	35.3	31.7	—	37.8	35.6
Africa's net agricultural trade balance ($ billion/year)	1.9	2.5	—	-5.7	-5.8
Africa's share of market value for key processed commodities (%)	13.0	10	—	2.0	1.0
Fertiliser consumption (kilograms per hectare of arable land)	14	19	—	9	9
ADF RESULTS*					
People benefiting from improvements in agriculture (millions)	20.2	16.4	4–6	0.9	0.9
of whom women	9.6	8.0	2–3	0.4	0.4
Land with improved water management (thousand ha)	18.9	12.1	55–83	12.4	6.7
Rural population using improved farming technology (millions)	0.10	0.07	0.3–0.4	0.02	0.02
of whom women	0.04	0.03	0.15–0.23	0.01	0.01
Agricultural inputs provided: fertiliser, seeds, etc. (thousand tons)	—	—	0.08–0.12	—	—
Feeder roads built or rehabilitated (km)	3,830	3,051	2,540–3,810	492	933

SDG #: This number refers to the number of the sustainable development goal (SDG) that uses this indicator.
* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.

3. INDUSTRIALISE AFRICA

Industrial development is key to economic and social progress in ADF countries. Industry can create more secure and better-paid jobs at scale. It can develop vital value chains and linkages with other sectors, and stimulate the emergence of a modern, diversified, dynamic economy.

The development context

Industrial development slowed in the first half of 2020 because of the Covid-19 pandemic. Manufacturing was severely affected by lockdown measures (in manufacturing, social distancing and working from home are rarely possible). The uncertainty caused by the pandemic also led to an 18% reduction in foreign direct investment to Africa in 2020, part of which hit the industrial sector, even though economic activity is reported to have rebounded in the second half of the year. Women industrial workers were hit especially hard, given that their work is largely informal and precarious.

Government actions concentrated on mitigating the pandemic's immediate impact. For the economic recovery to be swift and sustainable, however, long-term strategies for investment and industrialisation are needed. These should address building hard and soft infrastructure, scaling up active labour market policies to retrain and reskill workers and prepare for automation, and accelerating structural transformation by promoting digitalisation, industrialisation, and diversification.

Results in ADF countries

The Bank's investments in road and other transport infrastructure are vital for resolving the logistical constraints that keep industrial firms from becoming more competitive. In 2020, Bank-financed projects constructed, rehabilitated, or maintained 773 km of roads in ADF countries (**Table 3**).

One example is the Batshamba-Tshikapa Road Improvement Project in the Democratic Republic of Congo. This project built and paved over 70 km of road to connect the port of Banana on the Atlantic Ocean to Sakania on the Zambian border with Zambia, via Kinshasa. This road is the only route for transporting imported products arriving by sea and is vital for the inter-urban transport of agri-food products. The project also rehabilitated 80 km of rural roads, five schools, and five health centres.

This is not the only road project in an ADF country to have integrated community development. An evaluation of the Fulfuso-Sawla road project found that in Ghana, doing so amplified development impact and generated wider societal effects: higher household incomes, better health and education, less poverty, and benefits for women and girls.

In all, 3.2 million Africans in ADF countries now have better access to transport and can improve their quality of life and their livelihood opportunities.

Table 3. Industrialise Africa

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Gross fixed capital formation (constant 2010 US$ billion)	167	179	—	53	44
Industrial gross domestic product (constant 2010 $ billion)	156	162	—	45	42
Value added of manufacturing (constant 2010 $ billion)	63	68	—	19	20
Economic Diversification Index (1 low–0 high)	0.65	0.65	—	0.66	0.67
Global Competitiveness Index (1 low–7 high)	3.15	3.20	—	2.90	2.98
Access to finance (% population)[SDG 8.10.2]	29	20	—	14	11
ADF RESULTS*					
People with improved access to transport (millions)	11.3	3.2	14–20	1.0	1.0
of whom women	5.7	1.6	7–10	0.5	0.5
Transport: Roads constructed, rehabilitated or maintained (km)	948	773	2,770–4,150	79	117

SDG #: This number refers to the number of the sustainable development goal (SDG) that uses this indicator.
* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.

4. INTEGRATE AFRICA

Deepening integration is vital to achieving the High 5s in ADF countries. Linking energy, transport, and ICT infrastructure across African countries will promote innovation, distribute power more equitably and affordably, and facilitate trade within the continent.

The development context

Africa has deepened regional integration noticeably over the last two decades. In 2020, intra-African trade constituted 20.3% of the total trade in goods in ADF countries, and the number of countries with liberal visa policies (visa-free travel or visa on arrival) increased to 10 in 2020 (**Table 4**). Implementation of the AfCFTA Agreement will deepen integration further.

But Africa still has some way to go before realising the promise of regional integration. In 2020, the Covid-19 pandemic set back progress with new border restrictions and delays to the start of trading under the AfCFTA's new tariff regime. This said, recognition is growing that the AfCFTA will provide an opportunity to build back better from the pandemic. To deliver on the AfCFTA's ambitions and deepen integration, actors must address significant political and technical challenges, including regional infrastructure gaps, the costs of adjustment, and non-tariff barriers.

Results in ADF countries

The Bank's support for integration within Africa aligns with the African Union's Agenda 2063 and is guided by our Regional Integration Strategic Framework (RISF). The RISF has three pillars: regional infrastructure connectivity, the promotion of trade and investment, and integration of the financial sector.

The Bank has been prioritising the development of regional infrastructure by financing cross-border transport and energy systems. In 2020, our projects in ADF countries constructed or rehabilitated 356 km of cross-border roads (**Table 4**). We also funded the completion of feasibility studies for roads linking Tanzania and Rwanda (161 km) and Tanzania and Burundi (328 km). Once completed, these roads will ease the movement of goods and people between ADF countries in central and eastern Africa, growing the economy and creating jobs.

2020 also saw the Bank beginning to reap results in cross-border power infrastructure. Despite the lockdowns, our projects constructed or rehabilitated 10 km of cross-border electricity transmission lines in ADF countries. As health restrictions ease, we expect that number to grow.

The Bank supported several regional power interconnection projects in 2020, including the 225 kV Côte d'Ivoire-Liberia-Sierra Leone-Guinea electricity interconnection project; the 330 kV West African Power Pool Coastal Transmission Backbone project, which stretches from Aboadze in Ghana through Sakete in Benin to Ikeja in Nigeria; and the Gambia River Basin Development Organisation interconnection project linking Gambia, Guinea, Guinea-Bissau, and Senegal. In Eastern Africa, the Bank supported projects like the 500 kV Ethiopia-Kenya HVDC interconnector, the 400 kV Kenya-Tanzania interconnector, and the Regional Rusumo Falls and Ruzizi III hydropower schemes. These projects will increase the quantum of physical power infrastructure available for regional power trade.

Table 4. Integrate Africa

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Intra-African trade as a proportion of total goods' trade (%)	20.5	20.3	—	20.5	20.7
Countries with liberal visa policies (number)	9	10	—	6	5
ADF RESULTS*					
Transport: Cross-border roads constructed or rehabilitated (km)	436	356	1,650–2,470	—	—
Energy: Cross-border power transmission lines constructed or rehabilitated (km)	11	10	970–1,450	—	—

* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.

5. IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA

Over the last two decades, prior to the Covid-19 pandemic, the quality of life of Africans living in ADF countries improved significantly. Sustained economic growth and better governance raised the quality of education, healthcare, and other basic services, while creating more and better jobs and livelihood opportunities. All of this reduced the proportion of Africa's population living in poverty.

The development context

Although encouraging, recent gains in poverty reduction and inclusive growth risk being reversed by the Covid-19 pandemic. Living standards worsened in 2020 as shutdowns cut working hours across Africa by an estimated 15.6%. The pressures were felt most by women, among whom unemployment in ADF countries rose from 4.9% in 2019 to 6.1% in 2020. Young people, at least 80% of whom work in the informal sector, were hit hard as well. As a result, the proportion of Africans in ADF countries living on less than $1.90 a day reached 42%. Most are people with less education and fewer assets, people who hold low-skill or informal jobs, and members of vulnerable households, particularly households headed by women (**Table 5**).

The prognosis for 2021 is difficult, too. The Bank estimates that 39 million more people could slide into extreme poverty in 2021.

Meanwhile, Covid-19 has weakened public finances. Africa's fiscal deficit nearly doubled from 4.6% in 2019 to 8.4% in 2020 and is expected to remain above the 2019 level in 2021 and 2022. This will make it difficult to expand and improve the quality of basic services in the coming years.

Although the economic and social impacts of the pandemic in Africa have been significant, Africa's robust and collaborative approach to containing the virus protected many human lives. The Bank made an important contribution to these efforts, supporting 26 ADF countries to mitigate the harmful effects of the pandemic through emergency and budget support operations funded under the Covid-19 Response Facility.[2]

As for the steady growth of Africa's population, this poses both challenges and opportunities for raising the quality of life. To prevent Covid-19 from depriving young people of opportunities in the long term, a key priority for the coming period must be to ensure access to quality education, health care, and skills development, to help youth compete in the labour market. Actors must also think of post-training support, such as access to finance, which young people need to succeed as entrepreneurs.

Results in ADF countries

Under its High 5 *Improve the Quality of Life*, the Bank promotes human development in Africa in several ways. It encourages education and skills development, particularly technical and vocational education and training and higher education. It supports entrepreneurship and the creation of decent jobs. It strengthens health services by investing in key health infrastructure, and it expands access to water and sanitation and other social services. In all its activities, the Bank makes gender equality and women's empowerment central to its work.

During 2020, our Covid-19 Response Facility supported vital health services and mitigated the social and economic impacts of Covid-19. Our support helped quadruple Ethiopia's daily testing capacity, and in South Sudan it equipped 3900 workers with personal protective equipment. In all, our budgetary assistance to support countries' Covid-19 response plans benefitted 12.3

[2] In 2020, the Bank launched its Covid-19 Response Facility to help African countries respond to the pandemic.

million vulnerable households. Our economic assistance for small and medium enterprises protected jobs by supporting the deferral of taxes and the reduction of public utility costs for power and water.

At the same time, the Bank continued to implement its programmes for skills development and entrepreneurship, including support for technical and vocational training centres and other training institutions. The Bank's operations trained 109,000 people in ADF countries in 2020 (**Table 5**).
An example of our work in this area is the Uganda Higher Education Science and Technology programme, which invested in ICT network connectivity in six public universities and stepped up the scale, quality, and equity of ICT training in Uganda. The improvements almost doubled the universities' enrolments in science, technology, and industry courses between 2012 and 2018. Some 45% of those enrolled were women.

In 2020, the Bank continued its work on the Joint Impact Model, a project that has grown to include 10 international financial institutions. The model measures the number of jobs made possible by the Bank's investments: direct jobs, indirect jobs, induced jobs, and jobs created by the enabling effects of better access to finance or energy. The model estimates that through operations approved in 2019, the Bank will support the creation of 2.2 million jobs in ADF countries (0.7 million direct jobs and more than 1.5 million indirect and other jobs). Covid-19 meant that the Bank approved fewer investments in 2020, but the Bank's projects in ADF countries are still expected to produce 390,000 jobs there (**Figure 2** gives Bank Group figures).

Water and sanitation continues to be a key priority area for the Bank, and we have been working with partners and governments to provide Africans with safe and dependable access to these services. In Ethiopia, our One WASH National Program, co-funded with the Government of Ethiopia, operated in 382 districts (woredas) and 144 small and medium-sized towns. This investment increased the proportion of people with access to safe water in target communities from 50% to 97% over the life of the programme. Through projects such as this, we supported 6.5 million people in ADF countries to gain access to new or improved water and sanitation services in 2020.

Figure 2. Assessing the impact of the Bank's investments on jobs

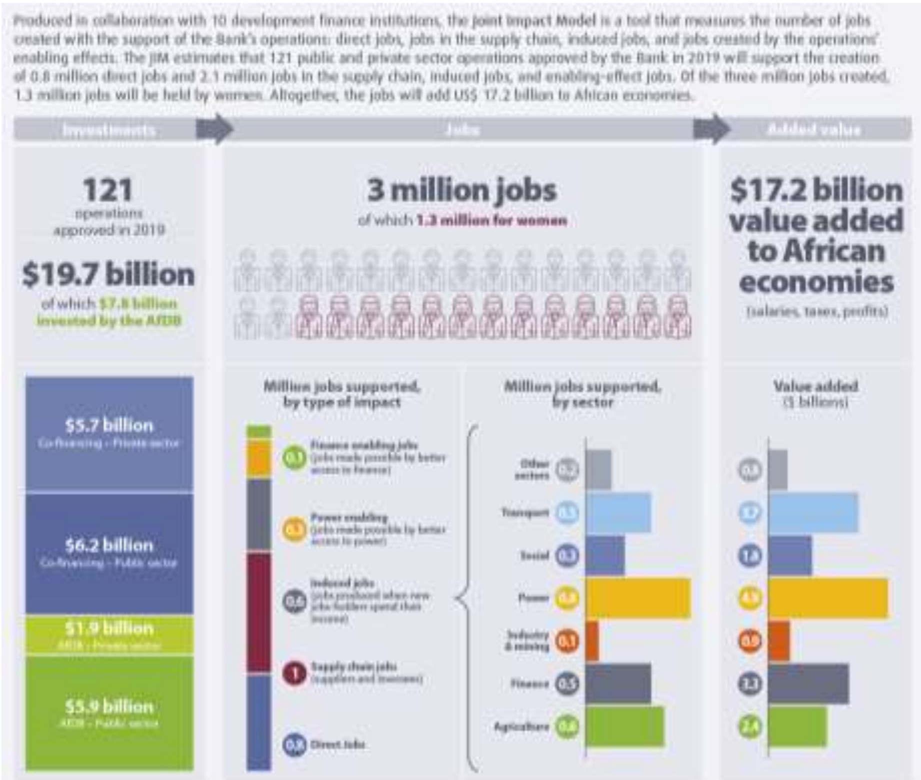


Table 5. Improve the Quality of Life for the People of Africa

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Youth unemployment rate (%)SDG 8.5.2	7.3	8.0	—	8.8	11.0
Youth unemployment rate—girls (%)	7.5	9.0	—	8.3	12.0
Unemployment rate (%)SDG 8.5.2	4.6	4.4	—	11.6	6.0
Unemployment rate—women (%)	4.9	6.1	—	4.9	7.6
Enrolment in technical/vocational training (%)† SDG 4.4.1	7	7	—	10	10
of whom women	8.5	9	—	8.3	8
Enrolment in education (%)‡ SDG 4.5.1	60	60	—	58	57
of whom women	58	57	—	56	52
Population living below the poverty line (%)	43	42	—	57	52
Income inequality (Gini Index)	41	41	—	40	41
Gender Inequality Index (0 low–1 high)	0.58	0.57	—	0.61	0.60
Number of refugees and internally displaced people (millions)	20.9	25.2	—	11.7	20.8
Access to safely managed drinking water services (% population) SDG 6.1.1	56	56	—	54	54
Access to safely-managed sanitation facilities (% population) SDG 6.2.1	24	24	—	25	25
ADF RESULTS*					
Direct jobs supported (millions)	0.70	0.13	To be updated[3]	0.19	0.12
of which held by women	0.34	0.05	To be updated	0.09	0.05
Indirect and induced jobs supported (millions)ADF-15 Commitment	1.51	0.26	To be updated	0.71	0.08
of which held by women	0.73	0.11	To be updated	0.33	0.03
People trained through Bank operations (thousands)ADF-15 Commitment	130	109	355–532	27	35
of whom women	66	56	213– 320	14	18
People benefiting from better access to education (millions)	..	0.05	0.03–0.05	..	-
of whom women	..	0.02	0.016–0.024	..	-
People with new or improved access to water and sanitation (millions) ADF-15 Commitment	8.3	6.5	3–5	2.9	2.4
of whom women	4.0	3.3	1.4–2.1	1.4	1.2

SDG #: This number refers to the number of the sustainable development goal (SDG) that uses this indicator.
† Number of students enrolled in technical/vocational programmes at public and private upper secondary education institutions as a share of total students enrolled in secondary education. It is a proxy for how well young people are being equipped with job skills.
‡ Combined primary, secondary, and tertiary gross enrolment ratio—that is, the number of students enrolled in the primary, secondary and tertiary levels of education, regardless of age, as a percentage of the population of appropriate age for the three levels. It gives an indication of the level of education from nursery/kindergarten to post-graduate education.
* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.
ADF-15 Commitment #: This number refers to the ADF-15 policy commitment to which this indicator corresponds.

[3] The Bank's Results Measurement Framework is currently being reviewed. The Board is expected to approve new targets early 2022.

6. CROSS-CUTTING AND STRATEGIC AREAS

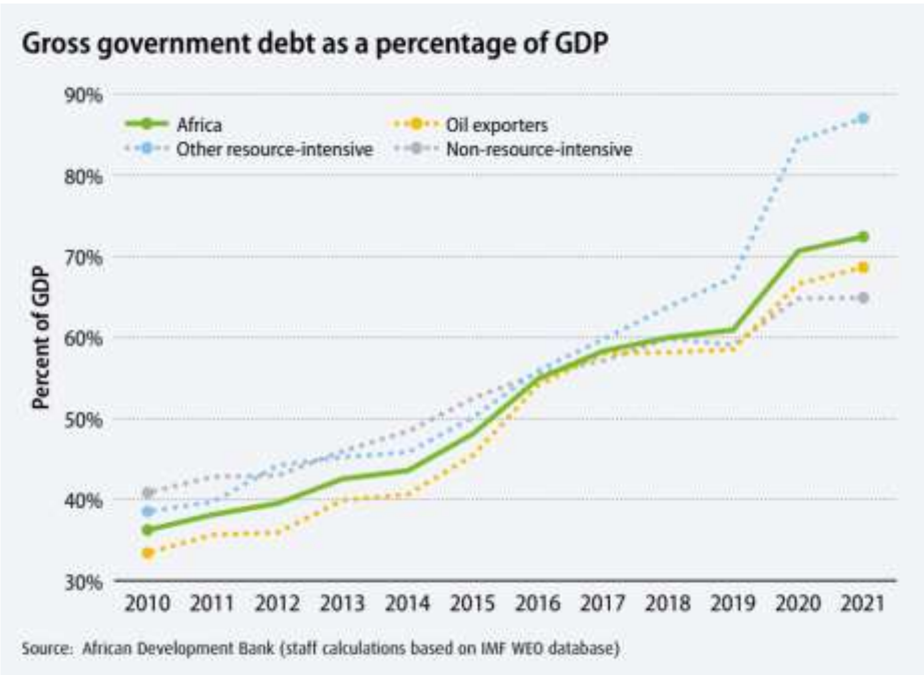
The Bank's projects can only help ADF countries reach the High 5s and sustain them if they integrate several cross-cutting issues: governance and institution-building, fragility and resilience, climate change and green growth, and gender equality. In the aftermath of a turbulent year, assisting ADF countries to manage their debt will be an additional, essential element of the Bank's mandate to build a more prosperous future for Africa.

▮ *Governance and institution-strengthening*

The Bank defines governance as a set of institutions, processes, policies, laws, and behaviours that affect how public, private, and non-state sectors exercise power when managing a country's economic, financial, and social resources. The Bank specialises in economic governance, which increases states' capacity to raise revenues, manage income effectively, and invest in inclusive projects and services. Inclusivity enhances stability, social cohesion, and resilience.

Over the last decade, many African nations have made important progress on governance. No less than 36 countries home to 61% of the continent's population have risen on the Mo Ibrahim Index on African Governance. At the continental level, however, Africa's average score has not improved over the past five years, and indeed declined slightly in 2020. In ADF countries, the average score declined to 46 on a scale of 0 to 100 in 2020, from 48 in 2019 (**Table 6**). The continent advanced economic governance and human development, but in many parts of Africa, security, the rule of law, participation rights and inclusion declined. These deteriorations, combined with an increasingly challenging business environment, are limiting Africans' opportunities to prosper and take advantage of sustained economic growth.

Figure 3. Bold governance measures are necessary amidst rising debt



One of the most important areas to suffer from poor governance and weak institutional capacity is the national debt. Debt in Africa had been growing for some time, but the pandemic increased it dramatically (**Figure 3**).

The Bank is therefore working intensively to improve public sector management and institutional capacity in this area. In 2020, our support raised the quality of budgetary and financial management in seven ADF countries, improved the transparency and accountability of the public sector in five ADF countries, improved procurement systems in three ADF countries, and improved the competitive environment in three ADF countries (**Table 6**).

For instance, our support helped Togo be recognised by the Extractive Industries Transparency Initiative as having made meaningful progress in its governance of the extractives sector and other areas.

The Bank is also helping ADF countries to adopt tax reforms that tackle corruption, stem illicit financial flows, and build governments' capacity for tax collection and enforcement. Although revenue-to-GDP ratios have risen slowly over past years, ADF countries still have a lot of room to raise more revenue through taxes. In Chad, for example, the Bank's Economic Recovery Support Programme supported an increase in non-oil tax revenues and a reduction in the public sector wage bill that helped the government augment public investments financed by domestic sources from $65 million to $215 million.

Table 6. Cross-cutting and strategic areas

	ADF COUNTRIES			TRANSITION STATES	
	BASELINE	RESULTS		BASELINE	RESULTS
DEVELOPMENT PROGRESS	2019	2020	Expected 2020–2022	2019	2020
Real gross domestic product (GDP) growth (%)	5.3	0.0	–	3.1	0.1
GDP per capita (constant 2010 US$) SDG 8.1.1	918	788	–	759	712
Mo Ibrahim Index of African Governance (0 low–100 high)	48	46	–	41	40
Tax and non-tax fiscal revenues (% GDP)	12.6	15.6	–	9.2	14.3
ADF RESULTS*					
Countries with improved quality of budgetary and financial management ADF-15 Commitment	5	7	Monitored	3	4
Countries with improved transparency, accountability in public sector	6	5	Monitored	4	4
Countries with improved procurement systems	2	3	Monitored	1	1
Countries with improved competitive environment	2	3	Monitored	2	2

SDG #: This number refers to the number of the sustainable development goal (SDG) that uses this indicator.
* In the row labelled "ADF-15 Results," the figures in the column labelled "2020" are the yearly average of the outputs and intermediary outcomes reported in project completion reports for 2018–2020. The figures in the column labelled "Expected 2020–2022" are cumulative results that Bank-funded projects expect to produce in ADF countries over 2020–2022 using only the Bank's resources.
ADF-15 Commitment #: This number refers to the ADF-15 policy commitment to which this indicator corresponds.
Monitored: Expected performance is monitored from one year to another– in the absence of targets for these indicators.

▮ *Addressing fragility and building resilience in Africa*

In many ADF countries, fragility is a critical challenge. Its drivers are complex, multi-dimensional, and in a constant state of flux. Fragility is a vicious circle: conflict, violence, and natural disasters make a region more fragile; more fragility makes residents and institutions less able to take advantage of opportunities; a lack of progress fuels conflict and violence and exacerbates the impacts of natural disasters. In 2020, climate change and Covid-19 added new challenges. Poorer populations were affected the most.

To support ADF countries, the Bank is pursuing a holistic, whole-of-society approach to fragility and resilience that draws on its comparative advantages. The approach concentrates on knowledge generation, policy dialogue, advocacy, and catalytic investments. The Bank uses a fragility lens to produce research, analytics, and tools that build peace, for example by empowering women and youth; by preventing grievances and marginalisation; and by including the most vulnerable people, such as displaced people and their host communities.

The Transition Support Facility is a special instrument in this sense. Its financing reinforces actors' capacity to prevent and mitigate the root causes and drivers of fragility.

When fighting fragility, the Bank does not only support ADF countries: it supports regional and continental institutions as well. At the continental level, the Bank provided $29 million to the Africa Centres for Disease Control and Prevention's Covid-19 Response Project, which helped ADF countries implement their Covid-19 response plans (**Box 3**). And the ADF provided a grant of $22 million to the G5 Sahel Secretariat and UNHCR to fund an exceptional, emergency regional operation to combat Covid-19 in Burkina Faso, Chad, Mali, Mauritania, and Niger.

Box 2. The Bank supports the continent's response to Covid-19

The Africa Centres for Disease Control and Prevention (Africa CDC), the African Union's public health agency, is responsible for strengthening continental, regional, and national capacities to detect, respond to, and mitigate the health and economic impacts of epidemics and pandemics while building long-term capacity to manage future outbreaks. The Bank is helping Africa CDC to prevent, address, and mitigate the complex, multidimensional, and dynamic effects of Covid-19. Grant resources are ring-fenced to support ADF-eligible countries, including transition states, to implement their Covid-19 response plans.

The Bank's project supports the African Union's Covid-19 Response Fund and the Africa CDC's Pandemic Preparedness and Response Plan in four areas: (i) strengthening surveillance at points of entry (air, sea, and land) while easing the free flow of goods; (ii) building essential subregional and national capacity for Covid-19 epidemiological surveillance and case management; (iii) ensuring the availability of stocks of products and equipment to prevent, control, and treat cases; and (iv) ensuring communication and coordination at the regional level. The expected outcome is a stronger Africa CDC more adept at coordinating the Covid-19 response and future epidemics across member countries, working in collaboration with the World Health Organization and other partners.

▮ *Addressing climate change, enhancing climate resilience*

Climate change is already posing deep challenges for Africa. It is worsening food insecurity, stressing water resources, and displacing vast populations. Of all the continents, Africa is the most vulnerable to the adverse effects of climatic change. Seven out of the ten of the world's most climate-vulnerable countries are in Africa. The economic cost of climate change in Africa ranges from $7–$15 billion for 2020 to an expected $30 billion in 2030 and $50 billion by 2040.

The Bank's work on climate change in 2020 was severely hampered by the Covid-19 pandemic, as were efforts to mobilise climate finance due to travel restrictions and the fact that donor countries refocused their budgets on domestic and international Covid-19 measures. The urgency of releasing emergency support also complicated the Bank's efforts to mainstream climate change into its projects—tighter timelines made it more difficult to review projects for climate-related risks and opportunities.

Despite these circumstances, 88% of the 126 projects approved in 2020 incorporated climate change and green growth in their design, and 100% of approved policy documents did so. These documents included country strategy papers for Lesotho and Sierra Leone as well as the regional integration strategy paper for West Africa. About 34% of investments approved in 2020 were dedicated to climate finance which will help countries mitigate and adapt to climate change.

Also, in 2020, the Bank launched the Africa office of the Global Center on Adaptation, which it had been selected to host in Abidjan. Since then, the parties have jointly developed the Africa Adaptation Acceleration Program, which aims to mobilise $25 billion for adaptation actions by 2025. Half of this amount will be provided by the Bank. With this new partnership, the Bank has enhanced its leadership of Africa's efforts to accelerate the delivery of adaptation action across the continent while mobilising funds and bridging the financing gap for climate adaptation in Africa. Indeed, the Bank was in 2018 the first MDB to achieve parity between adaptation and mitigation finance and has since exceeded the threshold with 55% and 63% climate finance allocated to adaptation action in 2019 and 2020, respectively, a point that was duly recognized by the UN Secretary General at the recent UN General Assembly, who called on others to emulate the Bank.

The Bank also remains committed to aligning its financial flows and investments with the objectives of the Paris Agreement, and to working with other multilateral development banks to achieve them. The Bank is actively involved in creating a dedicated framework that will help multilateral development banks to operationalise their commitments to the Paris Agreement. This work will feed into the development of the Bank's inaugural Paris alignment action plan.

▮ *Promoting gender equality and economic empowerment*

During 2020, the Bank worked actively to mitigate the pandemic's disproportionate impacts on women. Women are more likely than men to have suffered a reduction in their socioeconomic status and to have taken on additional unpaid care work. The Bank therefore approved a range of interventions, including innovative financial instruments, to sustain women-owned businesses; give disease prevention information and supplies to women caring for sick household members; and develop tech solutions to ensure that education would continue with the fewest possible girls dropping out.

In 2020, gender grew in prominence across the Bank's operations. Some 96% of sovereign operations were categorised using the Bank's gender marker system, up from 60% in 2019. The Bank's Board also approved the Gender Strategy. Guided by the principle "Investing in Africa's women to accelerate inclusive growth," the strategy aims to reduce gender inequality and empower women to participate in their own right across the High 5s. It plans to do this by enhancing women's access to finance, markets, skills, and infrastructure, and by supporting the design and implementation of gender-responsive policies.

In addition, in 2020 the Bank approved several milestone projects focused on women's economic empowerment, including a $14 million project in Sudan to accelerate women's entrepreneurship by strengthening women's capacity, their access to financial services, and their familiarity with the financial ecosystem.

LOOKING FORWARD

2020 has been an exceptionally challenging year for Africa. The worst recession in a half-century has buffeted jobs and livelihoods, pushing 30 million more people into poverty and leaving many more in precarious circumstances. In 2021, the Bank expects ADF countries to return to economic growth, but with considerable uncertainty, both about the course of the pandemic and about the pandemic's long-term effects on Africa.

The Bank responded swiftly to the pandemic in 2020, repurposing its lending operations to provide emergency finance for crisis response. While continuing emergency support as needed, the Bank's priority in the recovery period will be to help ADF countries identify the policy measures and investments most likely to return the continent to a path of sustainable growth that generates jobs and opportunities for Africans. Our areas of focus will include promoting economic transformation, stimulating the creation of jobs, and ensuring that economic growth works for Africa's young people, to minimise the impact of the pandemic on their prospects in the long term.

These measures notwithstanding, recovery will take place in an environment of constrained resources and rising debt. The Bank can play a key role in helping ADF countries access the finance and support they need, while managing debt carefully to ensure financial stability. As well as acting as Africa's premier development finance institution, the Bank will focus on economic governance to help governments from ADF countries better mobilise resources, use public finances effectively, and manage debt in a transparent and sustainable manner.

To guide its work, the Bank is preparing a new long-term corporate strategy that will set our priorities for the next decade. The goal of this strategy will be to position the Bank to help regional member countries build back boldly but smartly, focusing on the quality of growth. The strategy will centre on leveraging the Bank's comparative advantage in infrastructure while maximising our contribution to industrial development, agriculture, regional integration, green growth, and a better quality of life for Africans.

Alongside the new strategy, we will press forward with the ambitious programme of institutional reforms agreed at the fifteenth replenishment of the ADF. This will ensure that the Bank continues to grow and develop as an agile and effective development partner for ADF countries.

ANNEX: METHODOLOGICAL NOTE

This annex describes how this paper assesses and reports on the results achieved in ADF countries in 2020. The report is structured along the Bank's High 5s and the clusters of indicators of the ADF-15 results framework. The report also considers development areas that cut across the Bank's priorities at different levels of the framework: gender equality, governance and accountability, fragility, and climate change.

The report tracks development progress in ADF countries on two levels of the results framework: overall development progress, and the results that the Bank's operations achieved in ADF countries.

Overall development progress: Indicators in this section capture the latest development progress in Africa and contextualize the environment in which the Bank operates. Data is disaggregated for ADF countries and transition states.

Results achieved in ADF countries: Indicators in this section capture the Bank's development impact and the Bank's contribution in ADF countries. The data is taken from project completion reports and is presented as average annual outputs and intermediary outcomes from completed operations over a three-year period (in the case of 2020 data, the period is 2018–2020). Data is disaggregated for ADF countries and transition states. Where possible, data is also disaggregated by gender.

Results reported during the ADF-15 cycle mainly derive from operations that were financed under previous ADF cycles and are now being implemented. These operations expect to deliver results during 2020–2022. New operations financed under ADF-15 are reported if they are completed and deliver results over 2020–2022.

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