Annual Development Effectiveness Review 2017
Transforming Africa—Unlocking agriculture’s potential
ACKNOWLEDGEMENTS

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Cover photo: The Bank is committed to expanding trade routes by developing ports across the continent. Our ambition is to facilitate exports and imports of goods, including agricultural commodities. Photo by Aurélien Gillier

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African Development Bank Group
Development Effectiveness Review 2017

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Note: In this report, “$” refers to US dollars.
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Delivering impact in the Bank’s five priority areas

This map plots the 1300 geographic locations of the 227 Bank operations that were completed between 2014 and 2016 in each of the High 5s.

The Bank remains committed to increase transparency of its operations. MapAfrica, its geocoding tool, has been revamped with a focus on five critical areas of the Ten-Year Strategy: Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa and Improve the quality of life for the people of Africa. Explore our 7000 project locations through the High 5s by visiting mapafrica.afdb.org.
Saving water with efficient irrigation

Drip irrigation increases agricultural production and saves up to sixty percent of water. This climate-smart agriculture technology provides a much needed service to grow high value crops near the Menengai crater in Kenya.
Foreword
Transforming Africa—Unlocking agriculture’s potential

Africa has vast agricultural potential. It’s the continent with the most available arable land. It also has a large and youthful workforce. With the right investments, within a generation Africa could not only feed itself—it could feed the world.

Agriculture is already central to the lives of Africans, providing 60 percent of jobs across the continent. Decades of underinvestment and recurrent drought have restricted productivity, reduced incomes, and hindered nutrition and food security. Yet this formidable challenge is also an extraordinary opportunity: investing in agriculture is one of the most direct ways of generating domestic, inclusive and sustainable growth.

This year’s Annual Development Effectiveness Review focuses on changing African agriculture, one of the “High 5” priorities that guide the Bank’s investments. Under our “Feed Africa” strategy, we will transform agricultural supply chains to promote agro-industry, food processing and self-sufficiency. Adding value by replacing food imports with domestic products is also essential for economic stability and employment across the continent. We are also working to improve the lives and livelihoods of hundreds of millions of Africans in agriculture, helping women to get better access to land, finance and technology, and young people to get secure and sustainable jobs in agriculture-related industries.

In 2017, parts of Africa are once again in the grip of famine, underlining anew the importance of agriculture. This avoidable tragedy is caused by conflict and governance failures and exacerbated by climate change. Besides aiding the emergency response, we are scaling up our investments in agriculture to reinforce the resilience of fragile states, and committing $1.1 billion to help African agriculture adapt to a changing climate.

To measure our success in this and other areas, this Annual Development Effectiveness Review draws on our new Results Measurement Framework for 2016–2025, which reflects the High 5 commitments. The Framework shows how the Bank is transforming the lives of Africans, rather than just detailing the money it spends or the projects it supports.

As this Review shows, we are making a big contribution to Africa’s development across our High 5 priority areas. Our new Development and Business Delivery Model enables us to improve our development impact and increase value for money.

The lessons from the Review will help us to strengthen our role as Africa’s leading development finance institution, and will accelerate our progress towards our High 5 goals for a prosperous and transformed Africa.

Akinwumi Ayodeji Adesina
President, African Development Bank Group
How much progress are we making towards Africa’s development?

Step by step we are moving in the right direction

Progress below tracks the distance made between the 2015 baseline and the 2025 goal.

Africa is making progress towards the High-5 goals
and the Sustainable Development Goals*

<table>
<thead>
<tr>
<th>Goal</th>
<th>Progress 2015-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light up and power Africa</td>
<td>45%</td>
</tr>
<tr>
<td>Feed Africa</td>
<td>24%</td>
</tr>
<tr>
<td>Industrialise Africa</td>
<td>43%</td>
</tr>
<tr>
<td>Integrate Africa</td>
<td>15%</td>
</tr>
<tr>
<td>Improve the quality of life for the people of Africa</td>
<td>13%</td>
</tr>
</tbody>
</table>

*The High-5s are 86% congruent with the SDGs—UNDP

AfDB’s contribution to the High-5s: Delivering results for our clients

<table>
<thead>
<tr>
<th>Goal</th>
<th>Achievements 2015-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light up and power Africa</td>
<td>540 MW of new power capacity installed</td>
</tr>
<tr>
<td>Feed Africa</td>
<td>5.6 million people benefited from improvements in agriculture</td>
</tr>
<tr>
<td>Industrialise Africa</td>
<td>156 thousand small businesses provided with financial services</td>
</tr>
<tr>
<td>Integrate Africa</td>
<td>540 km of cross-border roads constructed</td>
</tr>
<tr>
<td>Improve the quality of life for the people of Africa</td>
<td>1.6 million jobs created</td>
</tr>
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AfDB’s performance: Heading in the right direction

<table>
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<th>Goal</th>
<th>Performance 2015-2025</th>
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<tbody>
<tr>
<td>Enhance operations’ speed</td>
<td>20 months from concept note to first disbursement</td>
</tr>
<tr>
<td>Improve projects’ quality</td>
<td>80% of new operations with climate-informed design</td>
</tr>
<tr>
<td>Manage procurement effectively</td>
<td>3.5% of the value of procurement contracts are managed using national system</td>
</tr>
<tr>
<td>Move closer to clients</td>
<td>65% of projects managed from country offices</td>
</tr>
<tr>
<td>Mobilise resources</td>
<td>$3.8 billion in resources mobilised from private sector entities</td>
</tr>
</tbody>
</table>
Executive summary

This Annual Development Effectiveness Review (ADER) presents the contribution of the African Development Bank (AfDB, or the Bank) to Africa’s development. It outlines recent economic and social trends across the continent, particularly those relating to the Bank’s “High 5” priority areas. It analyses the opportunities and challenges facing Africa in the coming years, assesses how well the Bank has performed against its objectives, and discusses how the Bank will support Africa in achieving the inclusive and sustainable development that is highlighted in the Bank Strategy. This year the spotlight is on the Bank’s Feed Africa priority, as the ADER explores the theme of agricultural transformation.

This ADER draws on a new Results Measurement Framework (RMF) structured around the High 5 priorities: Feed Africa, Light up and power Africa, Industrialise Africa, Integrate Africa, and Improve the quality of life for the people of Africa. These are the specific areas in which we are scaling up our Bank Strategy 2013–2022. Strategies for the High 5s were approved in 2016 and are now being implemented. To support this ambitious agenda, the Bank is also implementing its new Development and Business Delivery Model, to help us work more effectively and achieve greater development impact.

The RMF translates the Bank’s five priority areas, cross-cutting strategic priorities and internal reform agenda into concrete objectives and targets. The ADER therefore presents an assessment of how we have performed against these targets. It includes lessons from recent projects about what has worked well and how we can do better. Using “traffic light” symbols, we present the results data in a narrative form, to promote transparency and accountability to our partners and stakeholders.

The ADER reflects the structure of the results framework. Each of the first five chapters assesses progress against a High 5 area, and Chapter 6 takes stock of progress on the four cross-cutting strategic areas of governance, fragility, climate change and gender. In each of these chapters, we assess trends in Africa (Level 1 of the RMF) and progress made by the Bank’s interventions (Level 2), and we discuss how to accelerate our contribution to Africa’s development. Chapter 7 assesses our progress in improving development impact (Level 3) and our efficiency as a development finance institution (Level 4). The final chapter shares our key objectives for delivering the High 5s and cross-cutting priorities over 2016–2025.

Feed Africa

Africa’s agriculture sector has seen steady improvement in recent years, as farmers have expanded into agribusiness and a number of countries have begun to sell their goods in regional and international markets. Agricultural productivity and cereal yields have increased. However, agricultural yields and the returns to farming remain lower than in comparator regions, trapping many rural households in poverty.

Over 211 million people in Africa are hungry or malnourished

Most Africans depend on the land for their food and nutrition. Although progress is being made, over 211 million people are hungry or malnourished, and nearly a quarter of African children under five years old are stunted. In addition, parts of Africa are once again in the grip of famine — a product of conflict and governance failures.

Our interventions in agriculture over the last year have benefitted 5.6 million people

Strategy – Our Feed Africa strategy (2016–2025) is designed to eliminate extreme poverty; end hunger and malnutrition; make Africa a net food exporter; and move Africa to the top of certain agriculture-based, export-orientated global value chains in areas in which it enjoys a comparative advantage.

Bank contributions – Our interventions in agriculture over the last year have benefitted 5.6 million people. We met our target in assisting 597 900 people to increase their use of technology. For example, in Nigeria, we trained 733 people and provided irrigation pumps and agro-processing equipment. We built or rehabilitated 520 km of feeder roads, provided farmers with access to 2300 tonnes of inputs and delivered increased access to finance. We supported improved water management on 37 600 hectares. In Gambia, we improved land and water management practices for over 68 400 people, significantly reducing soil erosion, controlling salinity and increasing rice yields above our target. We also increased the yields of a wide range of crops through our assistance to agricultural research networks, training around 17 000 research and extension staff and benefiting an estimated 698 000 farmers.
Summary performance scorecard 2016

The scorecard below benchmarks performance for each of the four levels of the Bank Group’s Results Measurement Framework. At each level, a traffic light symbol summarises performance by broad theme. The colour of the traffic light is determined by the average performance value for a cluster of indicators used to measure performance for each theme. A ● green traffic light indicates that most indicators within that cluster have achieved their target; a ● yellow traffic light is a sign that the cluster of indicator is on average close to meeting the target; and a ● red traffic light points to the fact that most indicators of the cluster fell short of their target.

### LEVEL 1: WHAT DEVELOPMENT PROGRESS IS AFRICA MAKING?

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<th>Light up &amp; power Africa</th>
<th>Industrialise Africa</th>
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<tbody>
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<td>Malnutrition elimination</td>
<td>Access to energy</td>
<td>Economic diversification</td>
</tr>
<tr>
<td>Agricultural exports</td>
<td>Power infrastructure</td>
<td>Business climate</td>
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<td>Agricultural value chains</td>
<td>Efficient energy use</td>
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<thead>
<tr>
<th>Integrate Africa</th>
<th>Improve the Quality of Life for the People of Africa</th>
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<tbody>
<tr>
<td>Trade facilitation</td>
<td>Poverty and inequality</td>
</tr>
<tr>
<td>Depth of regional integration</td>
<td>Unemployment and youth</td>
</tr>
<tr>
<td>Free movement of people</td>
<td>Skills building</td>
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<td></td>
<td>Access to water and sanitation</td>
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<td>Governance</td>
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<tr>
<td>Gender equality</td>
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<td>Climate solutions</td>
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<td>Fragile situations</td>
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### LEVEL 2: WHAT DEVELOPMENT IMPACT ARE BANK-SUPPORTED OPERATIONS MAKING?

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<td>Electricity capacity</td>
<td>Development of enterprises</td>
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<td>Downstream markets</td>
<td>Access to energy</td>
<td>Infrastructure network</td>
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<thead>
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<th>Improve the Quality of Life for the People of Africa</th>
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<td>Employment and entrepreneurship</td>
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<tr>
<td></td>
<td>Skills development</td>
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<td>Access to water and sanitation</td>
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### LEVEL 3: IS AfDB MANAGING ITS OPERATIONS EFFECTIVELY?

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<td>Gender and climate-change</td>
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<th>Ensure strong portfolio performance</th>
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<td>Execution of operations</td>
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<td>Project management</td>
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### LEVEL 4: IS AfDB MANAGING ITSELF EFFICIENTLY?

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<td>Country presence</td>
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<td>Delegation of authority</td>
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<tr>
<th>Improve financial performance and mobilise resources</th>
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<tr>
<td>Volume of climate finance</td>
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<td>Resource mobilisation</td>
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<th>Increase value for money</th>
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<td>Cost-efficiency</td>
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<th>Engage staff for better performance</th>
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<tr>
<td>Staff engagement &amp; performance</td>
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Lessons – In implementing our operations in this sector we have drawn some lessons: the importance of timing procurement schedules to fit with agricultural seasons; putting beneficiaries in the driving seat to ensure successful results; and defining clear logics of interventions for projects.

Light up and power Africa

Africa’s unprecedented levels of economic activity and growth since 2000 have been underpinned by investments and institutional reforms in the power sector. Investment in new generation capacity, including in renewables, has increased steadily, and transmission and distribution systems have become more efficient.

Whilst the continent has abundant energy resources, it still suffers from a huge power deficit, particularly in sub-Saharan Africa: over 645 million Africans cannot yet access electricity. The agriculture sector needs reliable, affordable energy for irrigation, storage and processing, to enhance productivity and increase the returns to farmers. Replacing biomass with electricity for household fuel prevents deaths and health risks, particularly for women and girls. It also provides more time for women and girls to engage in productive work and attend school. So far, only 1 in 10 Africans has access to clean cooking solutions.

Only 1 in 10 Africans has access to clean cooking solutions

Strategy – Our New Deal on Energy in Africa (2016–2025) is driving a major expansion of energy services, in partnership with governments, donors and the private sector, to achieve universal access to electricity across Africa by 2025. The New Deal will increase generation capacity by 160 GW, expand transmission systems and connect 130 million new households and businesses. It will add 75 million new connections through off-grid generation and increase access to clean cooking energy for 130 million households.

Last year, we installed 540 MW of total power capacity

Bank contributions – Projects under the New Deal include our $1.34 billion syndicate loan in South Africa, as well as projects building transmission lines to connect 20 000 households to Côte d’Ivoire’s national grid and providing electricity to 36 Ethiopian towns and villages. We also manage the Africa Renewable Energy Initiative, launched at the 2015 Paris climate change conference, which will deliver over 300 GW of renewable energy capacity by 2030.

Last year, the Bank’s energy portfolio exceeded the previous year’s results but fell short of our higher targets. We installed 540 MW of total power capacity and 41 MW of renewable power capacity. We delivered 2830 km of new or improved power and distribution lines and provided 653 100 households with new or improved electricity connections. Our investments reduced carbon dioxide emissions by the equivalent of 69 000 tonnes per year.

Our investment in the Abu Qir Thermal Power Plant in Egypt increased grid capacity by 4%, supporting the government’s plans for a greener economy and meeting growing energy demand from households and businesses. We co-financed the Integrated Solar Combined Cycle project in Morocco, which delivered 472 MW through innovative concentrated solar power technology coupled to a gas-fired plant. We supported off-grid and mini-grid innovations, to assist people in rural areas and improve agriculture and agribusiness.

Lessons – We drew lessons from our energy portfolio: the importance of providing sound compensation for those affected by expropriation of land; valuing the inputs from external expertise on innovative technical areas; promoting timely project delivery through realistic scheduling and early market engagement for procurement; and ensuring that local governments allocate funds for the maintenance of facilities.

Industrialise Africa

Africa is making progress in industrialisation, to balance its traditional dependence on unprocessed or semi-processed natural resources and agricultural produce, and the continent is becoming more competitive. With growing urban markets and regional integration, investors are exploiting economies of scale, boosting productivity and linking to global supply chains. Economies are diversifying, both across natural resources and into medium- and high-technology sectors.

Over the last year, we provided better access to transport services to 7 million people

However, across sub-Saharan Africa (excluding South Africa), industrial GDP, gross capital formation and value-added from manufacturing remain much lower than in comparator regions. Nearly half of all Africans can now access financial services, often through mobile telephone services, but a lack of access to finance and capital remains a significant constraint on industrialisation. Africa also needs improved logistics performance if industries are to be efficient and competitive.

Strategy – Under our Industrialisation Strategy for Africa (2016–2025), we are working with governments and other development finance institutions to bring about the structural transformation of African economies. Our aim is to nearly triple Africa’s industrial GDP over the next decade by financing six flagship programmes.

Bank contributions – Over the last year, the Bank’s industrialisation-related projects benefitted 2.22 million people. We provided better
access to transport services to 7 million people and constructed, rehabilitated or repaired 2200 km of road. Financial services were provided to 156 000 individuals and small- and medium-sized businesses, helping to improve their turnover from investments. In Zambia, we worked with partners to strengthen the capacity of small businesses and improve their access to finance from national financial institutions. In West Africa, we supported the cotton and textile sectors in four countries and expanded the textile industry.

Intra-African trade is just 15% of Africa’s total trade

**Lessons** – To improve our effectiveness, we realised the importance of making roads sustainable by ensuring that maintenance is funded; providing guidance as an advisory committee member in private equity funds; measuring the results of lines of credit provided through private sector institutions; and establishing baselines to monitor the performance of investment in private banks.

Integrate Africa
Africa continues to make progress on its integration agenda, to achieve the increases in competitiveness, trade and economic growth that are needed to reduce poverty. Yet intra-African trade is just 15% of Africa’s total trade. Cross-border roads, including regional transport corridors with trade facilitation measures, dramatically reduce the time and costs facing traders. Regional power pools and energy trade enable millions of people in energy-deficit countries to access electricity and reduce energy costs for business. Africa needs substantial investment in infrastructure to attract investment and create larger markets for businesses, including commercial agriculture.

The Regional Economic Communities develop soft infrastructure, strengthen national and regional institutions and support trade facilitation, to help businesses access expanding and integrated regional markets. However, despite these efforts, only 19 of Africa’s 54 countries are considered to be “deeply and broadly integrated”, and just 13 have liberal visa policies for citizens of other African countries.

**Strategy** – A new regional integration strategy, to be approved in 2017, will emphasise the expansion of regional infrastructure, including soft infrastructure. As Africa’s main financier of regional infrastructure, we work with other partners to catalyse private investment and engage with financial markets to raise capital.

**Bank contributions** – Last year, the Bank constructed or rehabilitated 540 km of cross-border roads. We rehabilitated the Lome-Ouagadougou corridor and built a new container terminal at the Lome port, increasing trade, business activity and jobs. We constructed or rehabilitated cross-border power transmission lines. We provided eight grants for preparing bankable regional infrastructural projects, and already one of these projects—a major power interconnector project involving Nigeria, Niger, Benin and Burkina Faso—has received financial pledges to cover its full cost of $682 million. We also financed studies and convened workshops to develop consensus on future regional development needs.

**Lessons** – Some challenges in implementing our regional integration portfolio have highlighted the importance of promoting government commitment to enforcing regional regulations; promoting project activities that target women; ensuring sufficient monitoring and evaluation expertise; and providing high quality-at-entry for regional projects.

Improve the quality of life for the people of Africa
Four in 10 Africans live in poverty. Because of the high population growth rate, Africa’s economic growth per capita is barely increasing, despite strong economic performance since 2000. With 200 million Africans between the ages of 15 and 29, youth unemployment and underemployment are high. Investing in skills through technical and vocational education will be essential to enabling young people to find jobs and enterprise opportunities.

**Better health, education, water and sanitation services are instrumental to improving quality of life**

Better health, education, water and sanitation services are instrumental to improving quality of life. Despite good progress in these areas, there is still some way to go: 61% of Africa’s appropriate age population are enrolled in education and 71% of Africans have access to improved drinking water, but just 39% have access to improved sanitation services. Better nutrition is also fundamental to reducing deaths of children under five, preventing stunting and promoting quality of life.

In 2016, the Bank directly delivered 1.6 million jobs and trained 652 000 people

**Strategy** – The Bank’s Jobs for Youth in Africa Strategy (2016–2025) takes a comprehensive and integrated approach to equipping young people for work and enterprise. We are integrating a youth employment component into new Bank projects, and are working closely with regional member countries to develop policies that promote youth employment.

**Bank contributions** – In 2016, the Bank created jobs and provided social services to improve the quality of life of Africans. We directly delivered 1.6 million jobs and trained 652 000 people, both women and men. In rural Malawi, we provided grants to small- and medium-
sized agribusinesses, creating 948 skilled and 2110 unskilled jobs. Our projects in Côte d’Ivoire, Tanzania and Uganda provided access to finance and business advice. We provided new or improved access to water and sanitation to over 3.73 million people, a major accomplishment in this area. In Tanzania and Zimbabwe, we delivered irrigation for over 700 farms, and our support to the Southern African Development Community involved 23 community water-basin management projects, which increased access to irrigation. Our education projects benefitted 477 200 people, of whom 269 600 were women.

Lessons – Significant lessons from our portfolio included the importance of promoting continuity in project management by ensuring a low staff turnover; avoiding measures that need Parliamentary approval as a pre-condition of fast-disbursing aid; and ensuring that a gender strategy, including any needed training, is built into projects.

Cross-cutting and strategic areas
Africa’s unprecedented economic growth since 2000 was accompanied by major changes across the continent, from an expanding urban middle class to increased trade and investment. However, the recent slump in global commodity prices has reduced export revenues, and, although economic growth per capita is still rising, GDP growth has decreased from 3.6% in 2015 to 3.2% in 2016.

Addressing the cross-cutting issues of governance, fragility, climate change and gender is fundamental to achieving sustained development. By various measures, Africa’s governance is improving, though there are wide variations across the continent. Sound public financial management is needed to fund infrastructure maintenance, and stronger institutions are critical for managing reforms, including those for agricultural transformation. Conflict and fragility severely constrain development and increase people’s vulnerability to hunger, malnutrition, and famine. Thus agricultural development is critical in fragile situations, for resilience and food security.

Conflict and fragility increase people’s vulnerability to hunger, malnutrition, and famine
Climate change can reduce agricultural productivity and increase farmers’ vulnerability, through reduced soil fertility and more frequent and extreme floods and droughts. More countries are pursuing green growth strategies, limiting the growth in carbon emissions. We believe that gender equality is central to inclusive growth and must be promoted throughout agricultural supply chains. Women in farming and agribusiness often experience serious gender-related constraints – including in land ownership, inheritance rights, adequate time free from household duties, and access to inputs, finance and markets.

Bank contributions – The Bank prioritises these cross-cutting issues throughout our portfolio, recognising that they are central to achieving inclusive and sustainable growth and the High 5 priorities. Last year, we helped countries improve their budgetary and financial management and achieve greater public sector transparency and accountability. We improved public procurement and promoted more effective business environments. For example, our economic governance support in Nigeria includes support to the agriculture sector.

More countries are pursuing green growth strategies
We supported agricultural value chains in fragile situations, including the livestock sector in Somalia and the cotton sector in Northern Uganda, and we are increasing the share of funds for addressing fragility under the new 14th African Development Fund (ADF) replenishment to 17%, up from 14% for ADF 13. In Nigeria, we are promoting food security, employment opportunities and school gardens as part of our multi-sectoral support to address the fragility caused by the Boko Haram insurgency.

We promote economic empowerment for women throughout agricultural value chains
The Bank is scaling up and replicating projects that support adaptation to climate change, working closely with the Africa Adaptation Initiative. We blend our resources with funds from the UN Green Climate Fund to mitigate climate change and support adaptation strategies. Over the last five years, we delivered 260 climate change projects, and we are continuing to scale up our support to climate-smart agriculture, to strengthen resilience and promote sustainability.

We support gender equality across our portfolio, and promote economic empowerment for women throughout agricultural value chains. Last year, we delivered improvements to the private sector in Burkina Faso through greater access to finance for women. Our projects tackle insecurity of land tenure, promote the use of technology, and increase access to finance, including through our Affirmative Finance Action for Women in Africa Initiative.

We piloted a new methodology to measure the number of jobs we create
Lessons – Fundamental lessons from our projects on cross-cutting and strategic areas include the importance of aligning with other development partners; having a robust theory of change; and choosing disbursement triggers that are fully under the government’s control.
Delivering development results effectively

2016 was a year of change and progress for the Bank. The year marked a major expansion of operations under our new strategies, with record financial approvals of $10.7 billion and record disbursements of $6.4 billion. We also achieved significant progress in implementing internal restructuring and reform, launching our new Development and Business Delivery Model to help us work more effectively to achieve greater development impact. At the same time, we achieved many of our annual targets for portfolio management and efficiency.

"We produced 168 new economic and sector work products in 2016"

Achieving development impact – The Bank’s portfolio quality was high in 2016, in that our projects met our targets for development outcomes and sustainability. We commissioned an independent evaluation of our portfolio in 14 countries and are implementing its recommendations to improve our country strategies, project design and delivery. As the evaluation recommended, our new Results Measurement Framework is now based on theories of change in particular results areas. We are working to improve our timely completion of Project Completion Reports. We piloted a new methodology to measure the number of jobs we create, both directly and indirectly, to guide management in improving the impact of our operations in this area.

Improving the quality and speed of operations – We met our targets to improve the quality of our Country Strategy Papers, which identify how we can best respond to our clients’ needs. We also improved our rigorous quality-at-entry process, which checks whether projects are technically sound and designed to deliver maximum benefits. We continue to fine-tune our assurance processes to improve portfolio quality and streamline our project preparation process. The time required to go from project concept to first disbursement fell to 20.2 months. To maximise development results and promote sustainability, new operations have gender- and climate-informed designs; we delivered this for 70% and 80%, respectively, of new projects. We did not meet our 88% target for satisfactory environmental safeguard system mitigation measures, because since mid-2015, when we launched the Integrated Safeguard Tracking System, we have made our criteria more exacting in measuring the sustainability of our operations.

Improving portfolio performance – We fell short on a number of our targets on portfolio performance. Our disbursement ratio, which shows whether projects are being delivered smoothly, was 17.3% against a target of 21%, because some projects face delays in signing loan agreements and conducting procurement. The average time for procurement of goods and works was 8.2 months, against a target of 7.7 months; to reduce such delays, we are now preparing procurement documents in advance of project approval. Wherever possible, we are investing in and using national procurement systems, to enhance development effectiveness and country ownership. Country Portfolio Performance Reports play an important role in monitoring the health of our country portfolios; half of these were submitted on time, below our target of 59%. We have more operations eligible for cancellation, partly because we have established more exacting standards. We have tightened up our supervision of non-performing projects, allowing us to address project implementation challenges and reduce the share of operations at risk.

Promoting knowledge – We produced 168 new economic and sector work products in 2016, providing evidence and policy options for the Bank and regional member countries to achieve the High 5s. We engaged in conferences to have informed dialogue with governments and other development partners and actors, and led the major 2016 African Economic Conference on agro-industrialisation.

Re-engineering the Bank for greater efficiency

Our Development and Business Delivery Model sets out our path to improved efficiency. We are creating new structures, roles and job descriptions to achieve our objectives more efficiently. We are devolving staff and functions to the country and regional levels so that we can work more closely with partners, understand the context better and improve project supervision. Some 42% of our operations staff are now based in field offices, and 65% of projects are managed by field offices, both exceeding our targets. We have updated our decentralisation plan for 2016–18.

“We are devolving staff and functions to the country and regional levels”

Staffing – To achieve its goals, the Bank must attract, retain and develop staff of the highest calibre across a wide range of specialities. In 2016, we improved compensation to attract and retain staff, put in place new plans to improve management and training, and streamlined our human resources processes. We achieved an impressive reduction in the time required to fill vacancies, from 223 to 125 days, and decreased our net vacancy rate for professional staff. We aim to attract more women into professional and management roles, and made some progress last year, with the proportion increasing from 27% of professional staff to 28%. However, the proportion of women in management decreased slightly, to 28%. We are piloting a “Crossing Thresholds” mentoring scheme to help women in the Bank develop their careers.

Financial performance and resource mobilisation – While achieving record figures in approvals and disbursements in 2016, we also substantially increased Bank income to $176 billion. Our climate-related commitments reached $1.1 billion. To achieve our ambitious goals for Africa, we aim to mobilise substantial finance from both
the public and private sectors and have included indicators for this in Level 4 of the Results Measurement Framework. We made good progress in mobilising $4.7 billion from the public sector and crowding in $3.8 billion from the private sector, lower than our target.

**Value for money** – The Bank improved its cost-efficiency, with administrative costs per UA 1 million reaching UA 72 000, well ahead of our target of UA 98 000. We made more efficient use of space and reduced our work environment cost per seat. We are also introducing efficiencies to reduce travel costs. Moreover, project preparation costs decreased as we streamlined our processes. The cost of supporting project implementation was above target, but is expected to fall as we further decentralise responsibilities.

**Conclusion and outlook**
Africa is developing at an unprecedented pace, as a result of growing levels of trade and investment and its own self-sustaining growth. The agriculture sector continues to develop, but transformation into more productive value chains will be needed if it is to be a driver of inclusive and sustainable growth. Overall economic growth has slowed from the high levels of 2000–12, but the outlook for broad and sustained development remains positive, especially as countries diversify their economies, improve competitiveness and strengthen institutions.

Our Bank Strategy and the High 5 priorities give us a clear road map for accelerating our support over the coming years. For agriculture, we know the combination of policies and interventions that is needed to enable a private-sector-led transformation of the sector, leading to higher incomes and jobs, especially for young women and men. We are scaling up our support to sustainable agriculture and creating a conducive environment for investment. We are investing in transport, power, water and IT infrastructure, to improve access to markets, inputs, improved technologies and finance, including for women. We are also investing in value chains and linking farmers to global and regional markets. We are increasing our efforts to mitigate and adapt to climate change, investing in climate-smart agriculture and improving resilience at all levels. We are accessing substantial global finance for climate mitigation and adaptation and matching it with Bank resources.

The High 5 priorities will collectively contribute to Africa’s agriculture transformation. Universal access to energy, a tripling of Africa’s industrial GDP, a more integrated Africa, and a healthy, educated and trained workforce will work together with a transformed agriculture sector to deliver inclusive and green growth, eliminating poverty in Africa.
Building education systems for a prosperous future

Providing skilled labour to businesses starts with education. In Africa, 60 million children of primary and lower secondary school age are not in school. To overcome this issue, Togo is one of the countries taking a comprehensive approach toward their education systems.
Each year, the **Annual Development Effectiveness Review** (ADER) provides an update of Africa’s progress against its development goals, and assesses the contribution made by the African Development Bank (AfDB, or the Bank) to that progress. The ADER serves an important management function for the Bank, helping us to identify where we are performing well and where we need to do better. It also provides our stakeholders and partners with a better understanding of our objectives, our portfolio, and our performance against our targets.

This year, the ADER analysis is based on a new Results Measurement Framework, prepared to help the Bank sharpen its strategic focus and accelerate the pace of internal reforms. The framework reflects our new Development and Business Delivery Model, which is designed to maximise development impact and value for money.

The Results Measurement Framework (RMF) is structured around the Bank’s “High 5s”—the five priority areas for achieving our Bank Strategy 2013-2022:

- Feed Africa
- Light up and power Africa
- Industrialise Africa
- Integrate Africa
- Improve the quality of life for the people of Africa

Strategies for delivering on the High 5s, approved this year, set out concrete goals for the Bank to achieve by 2025. The new RMF was prepared using theories of change in key results areas, linking Bank actions to High 5 objectives and to sustainable development results across Africa.

The ADER, like the Bank’s other flagship publications, is written in clear and accessible language. For our range of external stakeholders, including African countries and development partners, the ADER offers a clear and straightforward narrative about trends in the High 5 areas and cross-cutting issues in Africa. The ADER also allows stakeholders to see whether the Bank is on track to achieve its goals, by assessing our progress in a rigorous way against time-bound, quantified targets. It therefore supports the Bank’s commitment to transparency and accountability in its operations.

For the Bank, the ADER provides an opportunity to reflect on our development results and what they mean for our performance. It prompts us to analyse what has worked well and why, and what the
reasons may be for any shortfalls in achieving our targets. In each chapter, the ADER captures these lessons for the Bank to incorporate into future operations.

In this ADER, the central theme is “feeding Africa through agricultural transformation” – a critical objective for achieving economic prosperity and job creation and for eliminating poverty and hunger. The ADER also assesses the Bank’s progress on the other four High 5s and on our cross-cutting priorities of governance, fragility, gender and climate change, highlighting their interlinkages and their contribution to our Feed Africa objectives.

The RMF is structured around four levels of measurement (Figure 1). **Level 1** is used to track Africa’s overall progress in achieving inclusive and green growth, with a focus on the High 5 and cross-cutting priorities. Our annual targets are steps on the trajectory to achieving the Bank’s 2025 targets for Africa, set out in the High 5 strategies – such as universal access to electricity and the elimination of malnutrition.

**Level 2** is used to map the Bank’s contribution to development outcomes. We have included a set of intermediate targets to show the causal links between our operations and the development results they contribute to. These intermediate targets help the Bank measure progress towards its own delivery targets for 2025 – such as building 22 gigawatts of new power capacity and supporting 25 million jobs. This ADER presents the yearly average results achieved from 2014-2016. It reports on the Bank’s own contribution and not on the total project contribution, which includes co-financiers.

**Level 3** of the results framework focuses on how effective the Bank is in delivering sustainable development outcomes from its portfolio. It contains indicators and targets on achieving development impact, enhancing the quality and speed of operations, improving portfolio performance and producing and sharing knowledge.

Finally, **Level 4** looks at the Bank’s efficiency as an organisation. It reviews progress on decentralisation, financial performance and staff management. It includes two new targets on resource mobilisation, reflecting our increased focus on leveraging finance from other development partners, governments and the private sector. By helping to mobilise development finance, we can lift our level of ambition and make a greater and more rapid contribution to Africa’s development.
Scaling-up agri-businesses

Agribusinesses enhance food supply and support job creation. With its cashew nut industry, Côte d’Ivoire is demonstrating that agriculture is more than just a way of life. Agriculture is a business that will allow the continent to become a net food exporting region which adds value to processed foods and export commodities.
Agriculture is the cornerstone of Africa’s transformation. Eliminating poverty and hunger and creating prosperity depend crucially on the transformation of Africa’s agriculture sector, on which so many people depend for their food and livelihoods. Modernising and developing the agriculture sector will establish a foundation for achieving many of the Sustainable Development Goals.

This chapter reviews the current state of Africa’s agriculture sector. It draws on Level 1 of the Bank’s new Results Measurement Framework (RMF), which is now structured around the “High 5s”. Drawing on Level 2 of the RMF, we then review the impact of our current agriculture portfolio and draw key lessons for our future work.

We also describe how we are scaling up our support to move African agriculture towards becoming a competitive business sector that will boost incomes and food production, in pursuit of our High 5 priority, Feed Africa.

Delivering a food-secure Africa

Africa has seen gradual improvement in its agriculture sector over recent decades. Investments in agricultural productivity have improved the livelihoods of African farming communities and helped them become more resilient to a changing climate and other external shocks. In some countries, significant progress has been made in producing certain crops, such as maize and cassava, on a commercial basis, and in trading in local, regional and international agricultural markets.

More than 70% of the population remains dependent on subsistence agriculture for food, jobs and incomes

Even so, Africa’s progress in agricultural development has been slow, and returns to farming are generally low. More than 70% of the population remains dependent on subsistence agriculture for food, jobs and incomes, and many smallholders face persistent poverty and hunger. ● Agricultural productivity (constant 2010 $) per worker remains largely static across the continent, and in low-income African countries is less than half the continent’s average. Yields are low relative to Asian and Latin American countries, with Africa’s average ● cereal yield at 1.6 tonnes per hectare and that for low-income ADF countries at just 1.3 tonnes per hectare. Yet progress can be achieved: maize yields, for example, are only 20% of their potential.

Moreover, the majority of Africans depend on the local agriculture sector for their food and nutrition. In many places, supplies of food are insufficient in quantity and inadequate in nutritional value. The ● number of people hungry or malnourished, though decreasing, is still unacceptable, at 211.6 million. Nearly one-quarter of all ● children under 5 are stunted, although the data show that this proportion is declining. In addition, famine is now returning to parts of Africa, primarily because of conflict and poor governance (see Box 1).

Box 1 The Bank says NO to famine

The magnitude and severity of food insecurity have reached unprecedented levels in 2016, leading over 11 million people in Somalia and South Sudan to hunger and malnutrition. This humanitarian crisis results from extended droughts, coupled with weak governance systems and protracted conflicts.

As families face limited access to food and income, along with low cereal and seed stocks and low milk and meat production, the Bank is responding to the dire need for food assistance. It launched the $1.1 billion “Say NO to Famine” framework targeting the most affected countries and regions in Kenya, Uganda, Ethiopia, and Nigeria that are experiencing extreme food and nutrition deficits. The coordinated and partnership-driven response aims to reduce malnutrition immediately and, in the medium term, to build sustainable food systems that are resilient in periods of drought and other shocks.

In line with our Feed Africa strategy, our response aims to promote regional integration, strengthening links among the production, distribution and consumption hubs of the food systems in the affected regions to ensure that food surpluses in one region can balance food deficits in another.
Many African economies depend on a few raw or semi-processed commodities, and agricultural products make up a major share of their total export revenue; most value-added takes place in supply chains outside Africa. Overall, almost Africa’s share of market value for key processed commodities is just over 10%.

At the same time, Africa’s expanding population and increasing urbanisation, along with changing tastes and a growing middle class, have led to a sharp increase in the demand for food—a demand that is met by food imports rather than domestic production. As a result, Africa has an increasing negative agricultural trade balance, which has a significant dampening effect on African economies. Among the 15 top African exporters, Egypt, Morocco and Nigeria import significantly more agriculture products than they export, while Côte d’Ivoire and Zimbabwe are heavily dependent on agricultural exports (see Figure 2).

The Bank’s involvement in strengthening agricultural value chains

Having financed agricultural operations across Africa for many years, the Bank understands the causes of low productivity in agricultural supply chains. Improved practices throughout the production and distribution process, from farmers to consumers, are needed to create a more dynamic agriculture sector in which value is added at each stage of the process and farmers achieve high returns. Our past work has produced many successful models for achieving this, as in Ghana (see Figure 3), giving us a strong basis for accelerating our work in the sector.

Famine is now returning to parts of Africa, primarily because of conflict and poor governance

Over the last year, our projects have benefitted over 5.6 million people from improvements in agriculture, of whom over 2.7 million were women. These achievements fell below
our target, as some projects will close a year later than expected.
We provided 2.3 thousand tonnes of agricultural inputs including fertiliser and seeds, exceeding our target by 37%. Increased access to inputs and markets was facilitated through our investments in rural infrastructure, through which 520 km of feeder roads were built or rehabilitated. This represented just over a third of our target because our current investments have yet to deliver the full extent of the expected feeder road works.

Our projects helped nearly 598 000 people to use improved farming technology

Our operations also promote increased access to finance, which farmers need to access inputs, adopt new technologies and expand into agro-processing. Our projects helped nearly 598 000 people to use improved farming technology and delivered 37 592 hectares of agricultural land with improved water management. We missed our target for improving water management because our ongoing operations have yet to deliver irrigation results to the level of that target.

For example, in Gambia, we improved land and water management practices to address rural poverty and food insecurity. Over 68 400 people benefitted from a range of measures to halt soil erosion, control salinity and increase rice yields — above our target.

Our support for Nigeria’s national food security programme emphasised building skills and introducing locally adaptable and environmentally benign technologies. We trained 733 people and provided irrigation pumps and agro-processing equipment. This increased agricultural output and reduced rural poverty in the project area from 66% to 39%.

We also supported agricultural research and promoted the uptake of proven technologies by farmers, including the use of fertilisers, new seeds and drip irrigation techniques. Working with the Forum for
Timing procurement schedules to fit with agricultural seasons
When construction work is needed to support farming communities, the procurement process should be timed to fit with the seasonal farming cycle. Concerted efforts in The Gambia ensured that the procurement exercise took place in the rainy season so that construction work was done in the short window available, avoiding disruptions to farming.

Designing appropriate institutional arrangements with federal governments
To engage states actively in implementing and coordinating projects, the governance arrangement for projects in federal nations must be well designed. In Nigeria, our support for food security had appropriate multi-tiered institutional arrangements with the federal, state and local levels, securing ownership at each level and regular contributions from the state governments.

Agricultural Research in Africa, we strengthened a regional network of 34 African countries for communicating research findings and results through web portals. We promoted the use of information technologies to give farming communities access to advisory services. During the project, yields rose for all the targeted crops—for example, maize yields rose between 51% and 110% in different regions. The project upgraded the skills of about 17,000 research and extension staff, and reached an estimated 698,000 farmers directly or indirectly.

To support the continuous improvement of our agriculture operations, we collect lessons from completed projects and use them to shape new programme designs. This learning process is particularly important as we scale up our support in the coming years. Four key lessons are set out in Box 2.

Transforming Africa’s agriculture requires that farming become a business, not just a way of life

Transforming agriculture to cut hunger and poverty
Transforming Africa’s agriculture requires that farming become a business, not just a way of life. Farming, like agribusiness and larger-scale agro-industry, must be efficient, productive and competitive if farmers are to increase production, market their goods and improve their livelihoods. Creating a dynamic and sustainable agriculture sector, with trading at local, regional and global levels, will increase jobs and spread prosperity.

A concerted set of macroeconomic and sector policies and interventions is needed to transform and modernise Africa’s agriculture. A sound economic and regulatory climate and sound governance together create an enabling environment for investing in business start-ups and growth. Public institutions must have the capacity to implement government regulations and deliver priority actions in support of agricultural development. Huge public and private sector investments are needed to create the necessary infrastructure.

Infrastructural priorities range from local storage, processing, marketing and irrigation facilities to large-scale power, IT and transport services. Key priorities identified by the Bank are mentioned in Chapters 2 (Light up and Power Africa) and 3 (Industrialise Africa). In addition, the regional integration agenda, addressed in Chapter 4, enables businesses to reach larger markets and achieve the economies of scale needed for greater efficiency (see Figure 4).
Access to capital and finance is of central importance to small- and large-scale agriculture sector activity. Helping financial institutions to deliver financial services more effectively removes a widespread constraint to investment in the sector and creates opportunities for innovation, economic growth and employment.

**Feed Africa: The Bank’s Strategy for Agricultural Transformation**

Agricultural transformation has been high on the African development agenda for many years, and the Bank’s Ten-Year Strategy (2013–22) makes clear that agricultural development is central to achieving inclusive and sustainable growth. To support the transformation of African agriculture, the Bank Group has approved “Feed Africa: Strategy for Agricultural Transformation”. Our vision for agriculture set out in the strategy is to help Africa achieve four objectives: eliminate extreme poverty; end hunger and malnutrition; become a net food exporter; and move to the top of certain agriculture-based, export-orientated global value chains in the areas where it enjoys a comparative advantage.

Our Feed Africa Strategy sets out a route for the realisation of these goals. In this effort we will work closely with African governments and with other partners, including international development agencies and the private sector.

**Rapid agricultural development will contribute to inclusive growth**

The strategy identifies a series of enabling factors that governments and donors must put in place to catalyse private-sector-led transformation. Eighteen flagship initiatives will support change across the continent, and specific agricultural commodities and agro-ecological zones have been identified as initial areas for targeted investment.

To reach more people more quickly, we will replicate and scale up our agricultural programmes that have achieved proven impact—for example, providing high-yielding cashew clonal material in Ghana, delivering improved seeds through the New Rice for Africa (NERICA) project and rehabilitating 4500 km of community access roads in Uganda. We will foster a business approach to farming and agribusiness, and will promote measures to help each part of the supply chain increase its productivity and become more competitive.

We are particularly focused on delivering more jobs and higher incomes, especially for the growing numbers of young Africans. By increasing the returns for smallholders and others working in agricultural businesses, we can attract more young people into the sector. To help ensure that young women and men are skilled and ready for employment, we will provide greater access to the agribusiness enterprise and to institutional support. In this way, rapid agricultural development will contribute to the inclusive growth that helps people escape from poverty and unemployment.

Increased food production is essential to tackling the challenges of hunger and nutrition. We will scale up and replicate successful nutrition programmes to make nutritious food available to vulnerable and undernourished communities in Africa, fostering African capacity to meet growing consumer demand for foodstuffs, including protein.

**Our strategy recognises the key role women play in farming and agribusiness**

Our strategy recognises the key role women play in farming and agribusiness, as women contribute 70% of the food production. Our work will help ensure that women can expand businesses and take jobs in a modernised sector. One of the barriers facing women farmers in Africa is their lack of access to finance, often linked to their lack of ownership of assets for collateral. Our Affirmative Finance Action for Women in Africa Initiative is addressing this challenge by providing women with the means to open businesses.

The Feed Africa Strategy places sound environmental approaches at the centre of our support to agricultural development. The stark reality is that one-quarter of Africa’s cultivated land is already severely degraded, and climate change has made agriculture highly vulnerable to dramatic weather variations and the loss of soil moisture. By promoting climate-smart approaches to land management, the Bank will help preserve soil fertility and increase resilience in the face of a changing climate.

**We are scaling up our agriculture portfolio to an ambitious $2.4 billion per year**

The Bank has long promoted better land and water management to increase the farmers’ resilience. We will continue to help farmers use climate-smart agricultural practices to adapt to climate change, and to promote land tenure reforms that facilitate production and investment in agriculture. We will support Africa in achieving its commitments under the Sustainable Development Goals to protect ecosystems, halt deforestation, combat desertification and restore degraded land and soil.

**Partnering with research centres, donors and private companies**

**Catalysing resources to feed the continent**

The Bank is playing a lead role in financing the transformation of Africa’s agriculture sector, helping to promote self-sufficiency in key staples and increasing the value-added from commodity value chains. It provided an average of $612 million per year in agriculture operations to Africa for 2010–2015. Under the Feed Africa Strategy, we are scaling up our agriculture portfolio, setting an ambitious target of $2.4 billion per year. However, development finance can only reach so far; the main source of funding must be the private sector.
Working in close collaboration with governments and international development agencies, we will catalyse funding from the private sector, using blended finance to crowd in private sector finance, including from capital markets and the African financial sector. We have a range of financial instruments to deploy, including equity and quasi-equity. In addition, we will provide grants and concessional loans to governments and the private sector, particularly in areas that may not generate a commercial return for some time, such as certain agro-ecological zones.

**Bringing cutting-edge knowledge for agricultural transformation**

The Bank promotes innovation and cutting-edge research into African agriculture. We draw on research results when investing in new technologies and practices to increase crop yields. We provide support throughout agricultural supply chains to introduce new business models, innovations and technologies and increase productivity and competitiveness, working with a wide range of researchers and research centres. We ensure that attention to gender is part of our agricultural research work, given the central role of women in the sector and the need to engage them fully in Africa’s agricultural transformation.

"For farmers, becoming more competitive will facilitate trade and result in higher returns"

The theme of our 2016 African Economic Conference was “Feed Africa: Towards Agro-Allied Industrialisation for Inclusive Growth”. The conference brought together policymakers, researchers and development practitioners to discuss how to transform the wider sector and promote sustainable development, focusing on the links among agriculture, climate change and food security.

**Expanding value chains for self-sufficiency**

If Africa is to achieve a thriving agricultural sector, farmers and agribusinesses must link into efficient value chains, and productivity must increase throughout the supply chain, from smallholders to consumers. For farmers, becoming more competitive will facilitate trade and result in higher returns, enabling investment and providing a route out of poverty. It also creates opportunities to engage in agribusiness activities and further increase incomes.

Expanding agricultural value chains also increases the returns to both small and larger agribusinesses and to agro-industries that involve local, regional and global companies. Increasing the value added in Africa is essential to ensuring that the agricultural sector makes a major contribution to economic growth and job creation. Our strategy gives particular emphasis to developing value chains for specific agricultural crops—maize, soybean, sorghum, rice, cassava—and to helping young people acquire the skills for jobs in agribusiness.

**New projects in support of the Feed Africa strategy**

To scale up our support to African agriculture, we have approved a number of new projects and are preparing others. For example, we support large agribusiness groups on the continent in opening large-scale processing plants. A central priority across these projects is to create higher returns and more jobs for young people. Our Enable Youth Initiative will help launch 300 000 agribusinesses and create 8 million jobs in 30 African countries over the next 5 years, drawing on innovations and technologies and developing agricultural value chains to modernise Africa’s agriculture.

In Nigeria, our Enable Youth project is creating business and employment opportunities for young women and men along specified agricultural value chains. By 2021, this substantial investment aims to reduce youth unemployment from 21.5% to 10% and increase real agricultural GDP from 3.1% to 7% per year. Young people are being equipped with the right skills for business and employment, and a range of measures, including greater availability of credit, are being put in place to promote a context in which businesses can succeed.

Our Côte d’Ivoire project illustrates how we build on existing agricultural operations to scale up our impact. Our current projects have constructed infrastructure and promoted value chains in key food products. With our additional assistance—transport; processing units; improved value chains for rice, bananas, maize and vegetables; and funding for microprojects—we will create around 22 000 permanent jobs and bring an additional 465 000 tonnes of food products to market each year.

In Tanzania, we are tackling lack of access to medium- and long-term finance, a key constraint that has prevented agricultural development over many years. By providing funds through the Tanzania Agricultural Development Bank, we help farmers invest and transition from subsistence to commercial farming, increasing production and productivity, reducing poverty and addressing food security.

There can be no more important effort than working to ensure that all Africans have enough to eat so that they can be healthy, strong, productive people—and that they are able to use the continent’s natural advantages to produce most of the food they need. Under our Feed Africa Strategy, the African Development Bank is focusing its own efforts, and engaging those of its partners, on this most essential area. But because the High 5 priority areas are closely interconnected, success in any one area will affect—and will be affected by—success in the others. ■
Bringing light to remote areas with solar power

Off-grid solar energy proves effective in enabling access to basic electricity services for rural consumers deprived of access to the grid. In Ghana, pay-as-you-go makes solar kits affordable and brings electricity upon payment.
Chapter 2
Light up and power Africa

Scaling up energy capacity, a key condition for sustainable development, is one of the most urgent challenges Africa faces today. Reliable and affordable energy enables industries and small businesses to compete and trade in regional and global markets. This promotes economic growth and creates jobs and livelihoods, so that people can lift themselves out of poverty. Increasing access to energy to meet the higher energy demand brought about by rapid economic growth will transform the lives of millions of people, ensuring that African countries make real and timely progress toward the UN Sustainable Development Goals.

In this chapter, we take stock of Africa’s energy sector, using Level 1 of our new Results Measurement Framework (RMF). We examine our Bank results in the sector using Level 2 of the RMF. In line with this year’s ADER theme, we show how improvements in access to energy will help unlock Africa’s agricultural potential. Finally, we set out our plans for scaling up our investments to deliver on our ambitious priority: Light Up and Power Africa.

Making Africa an economic powerhouse with modern energy services
Over the last 15 years, Africa’s unprecedented economic growth has been underpinned by significant investments in power generation and transmission, combined with institutional reforms in the energy sector. Private sector finance, including public-private partnerships, and innovative technologies have driven these investments and enabled Africa to leapfrog over older technologies and move to cleaner and renewable sources.

More than 645 million Africans are trapped in energy poverty
In 2016, Africa reached 168 GW total installed electricity capacity, of which 33 GW was installed renewable capacity. These investments are increasingly anchored in the development of regional power pools, which enable countries to develop their energy systems collaboratively and avoid the inefficiencies of small national markets.

However, Africa’s electricity deficit remains enormous. Though access is improving, just 45% of Africa’s population and 28% of people in lower-income ADF countries have access to electricity. In fact, only northern Africa has reached almost full access to electricity and clean cooking solutions. This leaves more than 645 million Africans trapped in energy poverty—a key driver of inequality (see Figure 5).

Indeed, the comparison with more developed regions is stark: power consumption in sub-Saharan Africa is 181 kWh per person each year, compared to 6500 kWh in Europe and 13 000 kWh in the United States alone. Power consumption varies considerably across the continent—South Africa and northern Africa use three-quarters of all Africa’s power, while some of the low-income ADF countries lag far behind. Rural access to electricity is low across the continent.

Access to reliable, affordable energy is key to a more productive agriculture sector
Moreover, underinvestment in transmission, distribution and collection systems leads to serious inefficiencies, with electricity losses averaging 14.8% of energy production. Manufacturing and

Figure 5 The distance to achieve universal access to energy and clean cooking in African regions

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<thead>
<tr>
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<tbody>
<tr>
<td>West Africa</td>
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<td>East Africa</td>
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<td>North Africa</td>
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<td>South Africa</td>
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<td>Central Africa</td>
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</table>

Source: World Bank, IEA
smaller businesses are seriously affected by power shortages and high energy tariffs, which constrain industrial growth and competitiveness and result in losses of 2–4% of GDP each year.

In the transition towards a more productive agriculture sector, access to reliable, affordable energy is key. Commercial agriculture depends upon energy for irrigation, storage and processing. For the 7 out of 10 Africans who rely on agricultural resources for their livelihoods, access to energy determines what their mode of production is and whether they are able to bring their produce to market (see Box 3). This in turn determines what level of returns is available to them, and whether they are able to reinvest in improving productivity and creating jobs.

Similarly, households that lack access to electricity have to use the sources of energy available to them—wood, charcoal, and other forms of biomass. Biomass fuel poses major health risks, affecting women and children the most in both rural and urban settings. It is thought to be the cause of around 600 000 deaths each year.

**Box 3 Powering farmers and agripreneurs to boost production**

All across Africa people and companies are taking advantage of better access to electricity to expand food businesses.

**Mali**—In the rural regions of Koulikoro, Ségou and Mopti, where only one-fifth of the population has access to electricity, women are turning ginger, hibiscus flowers and millet into jam, flour and dry biscuits thanks to solar panels that power equipment to produce processed food and gas lamps that light the work site. This source of energy allows for the use of mills, freezers and dryers—the necessary equipment provided by UN Women and the Food and Agriculture Organisation to produce processed food. Women are now honing their business management skills through training in accounting and marketing to further grow their businesses.

**Morocco**—An AfDB study commissioned with the Global Environment Facility found that the food industry is Morocco’s second most energy-intensive sector, using 16% of the total electricity consumed by industries. Investments in large power plants allow for the reliable supply of energy that enables agro-industries to produce dairy products and package quality vegetables. The country’s 8 GW of total installed power capacity make Morocco North Africa’s first recipient of foreign direct investments in the agri-food sector.

As Africa moves up in the agricultural value chain, it faces continually expanding needs for electricity to make compressors, refrigeration, water pumping, processing units and ventilation systems work to deliver food products.

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### Table 2 Light up and power Africa indicators (Level 1 & Level 2)

<table>
<thead>
<tr>
<th>LIGHT UP AND POWER AFRICA INDICATORS — PROGRESS IN AFRICA (LEVEL 1)</th>
<th>ALL AFRICAN COUNTRIES</th>
<th>ADF COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of population with access to electricity (% population)</td>
<td>42</td>
<td>45</td>
</tr>
<tr>
<td>Share of population with access to clean cooking solutions (% population)</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>Total installed electricity capacity (GW)</td>
<td>168</td>
<td>168</td>
</tr>
<tr>
<td>Installed renewable capacity (GW)</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Electricity losses through transmission, distribution and collection (%)</td>
<td>15</td>
<td>14.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIGHT UP AND POWER AFRICA INDICATORS — AFDB CONTRIBUTIONS (LEVEL 2)</th>
<th></th>
<th>ALL AFRICAN COUNTRIES</th>
<th>ADF COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>New total power capacity installed (MW)</td>
<td>490</td>
<td>540</td>
<td>880</td>
</tr>
<tr>
<td>New renewable power capacity installed (MW)</td>
<td>24</td>
<td>41</td>
<td>560</td>
</tr>
<tr>
<td>People with new electricity connections (thousands)</td>
<td>72.5</td>
<td>364.8</td>
<td>2400</td>
</tr>
<tr>
<td>— of which women</td>
<td>36.3</td>
<td>182.4</td>
<td>1200</td>
</tr>
<tr>
<td>People connected through off-grid systems (thousands)</td>
<td>..</td>
<td>..</td>
<td>1200</td>
</tr>
<tr>
<td>— of which women</td>
<td>..</td>
<td>..</td>
<td>600</td>
</tr>
<tr>
<td>People provided with clean cooking access (thousands)</td>
<td>..</td>
<td>..</td>
<td>3200</td>
</tr>
<tr>
<td>— of which women</td>
<td>..</td>
<td>..</td>
<td>1600</td>
</tr>
<tr>
<td>New or improved power distribution lines (km)</td>
<td>875</td>
<td>2600</td>
<td>3520</td>
</tr>
<tr>
<td>New or improved power transmission lines (km)</td>
<td>69</td>
<td>230</td>
<td>576</td>
</tr>
<tr>
<td>Emissions reduction in energy (thousand tons CO₂)</td>
<td>17.3</td>
<td>69</td>
<td>1800</td>
</tr>
</tbody>
</table>

**Achieved 95% or higher of the 2016 target**

**Achieved less than 95% of the 2016 target but above baseline value**

**Achieved less than the baseline**

**Data are not available to measure progress**
In low-income ADF countries, only 1 person in 10 has access to clean cooking solutions—a share that has barely improved in recent years. Access to electricity also helps reduce poverty in other ways: it reduces the time women and children need to spend collecting fuel, enabling them to work and study, and it also reduces damage to forests and land from the collection of biomass.

Fortunately, Africa is richly endowed with solar, hydroelectric, wind and geothermal resources, as well as gas and oil. Exploiting this huge renewable energy potential, combining renewable with conventional energy resources, will power the continent and have a transformative impact on the lives and livelihoods of Africans.

**Africa is richly endowed with solar, hydroelectric, wind and geothermal resources**

The Bank’s contribution to enhancing access to energy

As the Bank affirmed in its Ten-Year Strategy (2013–22), access to energy is central to promoting inclusive and sustainable growth. Over the past decade, the Bank has been one of Africa’s significant investors in power generation and access to energy.

Over the last three years, we installed an average of 540 MW per year of new total power capacity, of which 41 MW of new renewable power capacity. We delivered new electricity connections to 364.8 thousand people. Overall, these investments provided 3.3 million people with new or improved electricity connections, of whom 1.7 million were women. With our renewed focus on the sector, our aim is to reach over 15 million people in the next three years. As our new operations reach completion, we will also deliver on our commitment to connect every year 1.2 million people to off-grid systems and provide access to clean cooking solutions to 3.2 million people.

One example of our investment in power generation capacity is the 1300 MW Abu Qir thermal power plant in Egypt, which increased the country’s grid capacity by 4%. This project both supported the Government’s plans for a greener economy and helped meet growing energy demand from businesses and households. The work also directly created 3600 jobs.

**Our investments provided 3.3 million people with new or improved electricity connections**

With the Global Environment Facility, we cofinanced Morocco’s Integrated Solar Combined Cycle Project, which provides 472 MW through concentrated solar power technology coupled to a gas-fired plant. This innovative project is now a case study for both national and international energy companies and experts learning from the technologies.

In Uganda, we provided $110 million in private finance alongside $625 million from six other development finance Institutions, with the sponsors and government providing equity, to nearly double Uganda’s peak capacity (see Figure 6). This investment has replaced thermal energy with lower-cost hydropower and has increased generation capacity, providing reliable power to meet demand and reduce load-shedding and power shortages.

In Ethiopia, we are providing power supply and electrification in the Tigray and Afar regions, to provide affordable, reliable electricity for households, small businesses and industries. By 2019, 36 rural towns and villages will enjoy improved access to electricity and basic social services.
What has worked well

A sound compensation system
The Santiago power project in Cape Verde put in place a compensation system for people whose land was expropriated for the project. Conducting a census early to ascertain the landowners’ names, communicating the system clearly, and having a committee dedicated to assessing claims and title deeds were important aspects of the effective system.

Valuing expertise
External expertise, added to the considerable national expertise in conventional thermal plant projects in Morocco, played a key role in delivering the Ain Beni Mathar solar thermal plant. Validating engineering and execution studies, approving plans, supervising the works and validating factory tests and the commissioning of the facilities all gave assurance to the client and donors.

What has not worked so well

Promoting timeliness in projects
If project timetables are not realistic, implementation is disrupted and costs increase. In the Abu Qir thermal power plant in Egypt overambitious scheduling, along with political instability and insecurity, caused delays in construction, procurement and subcontractor work. However, procurement can be speeded up by effective market engagement at an early stage, as in the Moroccan solar energy programme.

Funding for maintenance
If local governments do not maintain new local facilities, communities cannot benefit from project investments. In Uganda, the Bujagali Hydro Power project constructed schools, health centres and market structures, yet some of these buildings were in a state of disrepair within two years. To ensure sustained benefits for communities, local government funds must be earmarked to maintain social facilities.

Box 5 Reaching universal access to electricity by 2020 in Kenya

Kenya’s share of households with access to electricity is growing rapidly. The country added 1.3 million households to its electricity grid in 2016, raising the percentage of connected Kenyans to 55%, from just 27% three years ago.

Non-fossil-fuel sources make the bulk of the grid extension — more than 60% of installed capacity comes from hydro and geothermal power. The Bank is working with Kenya and private sector investors on financing arrangements for the Menengai geothermal plant. It also supports the building of large wind energy farms around Lake Turkana in the Great Rift Valley. Together these investments will boost Kenya’s power grid by over 400 MW.

These changes have had an impact on everyday Kenyans. They help people expand their business hours, allow children to study in the evening, and reduce electricity blackouts. While nearly half of today’s lighting comes from electricity and solar energy, just a decade ago about 80% of Kenyan households used kerosene and firewood.

To meet its goal of reaching universal access to electricity by 2020, Kenya has set a target of connecting an additional one million customers to the grid each year as part of its Last Mile Connectivity project, and the Bank has already provided over $270 million to support this goal. It will also use solar off-grid energy systems to reach rural households, benefitting farmers and helping to end energy poverty.

In Cameroon, our support through a public-private partnership increased energy generation capacity at Dibamba power plant and addressed a critical energy shortage, whilst creating 480 direct jobs and many indirect jobs with local suppliers. In line with the New Deal, we are expanding our investment in connecting households to the grid. In Côte d’Ivoire, a Bank-funded project is constructing 3000 km of electricity lines and connecting 20 000 households.

Our investments have reduced CO₂ emissions by 69 000 tonnes per year over the last three years, which was below target. However, as more of our investments come to fruition in the coming years, and as we increase momentum in the energy sector, we expect emissions to fall by 22.8 million tonnes over the next three years.

Investments on the order of $65–90 billion per year will be required to achieve universal access to electricity

For communities that are unable to access the main grid, we also provide considerable support to off-grid and mini-grid innovations that increase rural access to electricity and improve agriculture and agribusiness. The African Water Facility is installing 52 sets of solar-powered water pumps in Ethiopia. This pilot will be scaled up with long-term investment under the Government’s Universal Access Programme.

The Bank hosts the Sustainable Energy for All Africa Hub, which launched a Green Mini-Grid Help Desk for renewable energy minigrid project developers in 2016. Through tutorials and knowledge products, this portal provides technical, legal and compliance advice about setting up and operating clean energy mini-grids.

We are supporting energy sector governance. In the Democratic Republic of Congo, we are establishing an institutional framework for regulation and rural electrification to attract private sector investment, including public-private partnerships.

As the Bank steps up its work in Africa’s energy sector, we will strive to increase our effectiveness and impact by applying key lessons from our energy programmes (see Box 4).
The New Deal on Energy for Africa to power the continent

Building on our strong experience in Africa’s energy sector, in 2016, the Bank launched the New Deal on Energy for Africa, setting out what needs to be done to achieve universal access to electricity across Africa by 2025. The challenge is massive: investments on the order of $65–90 billion per year will be required to add 160 GW of new capacity to electricity grids across Africa, expand transmission systems, connect 130 million new households and businesses, and expand off-grid generation twenty-fold, thereby adding 75 million new connections and increasing access to clean cooking energy for around 150 million households. Around 70% of new rural electricity supply in Africa will come from off-grid or mini-grids, while two-thirds will be powered by renewables.

A conducive policy environment is key to attracting substantial private sector investment

As one of Africa’s significant investors in the energy sector, the Bank has a strong comparative advantage in terms of experience and expertise to rapidly scale up our investments in the sector over the coming years. Drawing on our successful programmes, staff expertise and strategic partnerships, the New Deal is driving the rapid expansion of Bank energy services, including on-grid and off-grid solutions, innovative financial instruments and new global technologies and industries (see Box 5).

Using clean energy for food production and cooking

By 2025 the New Deal will enable 150 million households to use clean energy for cooking, by introducing improved stoves and modern fuels, including electricity. Using innovative, market-based approaches, we are drawing on lessons from Nigeria’s scale-up of production and distribution of renewable cooking fuel, funded by the Sustainable Energy Fund for Africa. We are developing innovative distribution and marketing mechanisms to reach households, recognising that removing financial, behavioural and logistical barriers for rural homes in the market segment at the bottom of the pyramid is key to the adoption of clean energy for cooking.

A partnership-driven strategy

Clearly, no single institution can supply all that is needed for Africa to achieve universal access to electricity by 2025. Therefore the New Deal is based on working in partnerships—with African governments, international donors and the private sector.

For example, the New Deal actively encourages innovative financing in the African energy sector. We are delivering infrastructure using independent power producer procurement programmes for independent power producers in South Africa and Morocco. We are also leveraging substantial private sector finance through a syndicate loan for South Africa’s power utility, Eskom, through participation arrangements with nine commercial banks (see Box 6). Replication of these new financing approaches at local, national and regional levels is critical for achieving the scale of investment that is required.

Around 70% of new rural electricity supply in Africa will come from off-grid or mini-grids

To attract substantial private sector investment, a conducive policy environment is key. We are helping African countries establish the legal and regulatory environments, effective cost-recovery systems and efficient, strong utilities to build modern energy sectors that are socially, economically and environmentally sustainable. We also facilitate sound regional governance arrangements to support regional energy sector investments.

One important partnership is the Africa Renewable Energy Initiative, which enables African countries to invest in renewable generation capacity to support their low-carbon strategies and deliver improved energy services. Launched in 2015 at the Paris climate change conference, the initiative is managed by the Bank and receives strong international donor support. It aims to deliver at least 10 GW of new and additional renewable energy generation capacity by 2020, and at least 300 GW by 2030.

Overall, the New Deal on Africa represents a bold vision and an ambitious strategy—one that will truly transform the continent. The Bank is acting as a catalyst in achieving this vision, working with partners to turn the vision into reality, adding megawatt after megawatt, across the continent.
Providing energy to industrialise Africa

Industrial sectors suffer electricity shortages that hinder growth and the development of vibrant and energy-intensive factories. In Kenya, we are drilling wells for the development of a geothermal power plant.
A dynamic industrial sector is a critical engine of inclusive growth and economic transformation. Industrial development has the potential to create the jobs required for large-scale poverty reduction and also to generate valuable export revenues for African economies. To sustain growth, Africa is diversifying its economies by adding value to its primary commodities.

Drawing on Levels 1 and 2 of our Results Measurement Framework, this chapter explores Africa’s progress in building a viable industrial sector, and the Bank’s contribution to industrialisation. We present the results of our investments in the sector and our plans to implement our new industrialisation strategy, with a focus on agribusiness and agro-industry.

Progress in bringing manufactures and industries to Africa’s economies

Until now, most African economies depended on unprocessed or semi-processed natural resources for a large share of their output, with limited and often uncertain returns. Industrial development links entrepreneurs, processors, and both small and large manufacturers and producers into local, regional and global supply chains, creating the value-added for inclusive growth. In 2016, the value-added from manufacturing (at constant 2010 prices) stood at $227 billion across Africa, but remained very low for low-income ADF countries, at $48 billion, just $2 billion more than in 2015.

In an increasingly interconnected world, Africa is becoming more competitive

Africa’s industrial development has lagged behind that of other developing regions: annual industrial activity generates just $700 of GDP per capita, compared to $2500 in Latin America. There is also considerable variation across the continent: some industries and countries are forging ahead in both jobs created and economic returns. However, the overall industrial gross domestic product (at constant 2010 prices) is $584 billion overall and $115 billion for ADF countries (see Figure 7), while gross fixed capital formation (at constant 2010 prices) is $505 billion for Africa and $138 billion for ADF countries.

Enterprises, whether small or large, flourish in competitive economies. In an increasingly interconnected world, Africa is becoming more competitive: its global competitiveness index
is at 3.65 on a scale of 1–7, where 7 represents a high degree of competitiveness. With growing urban markets and greater regional integration, opportunities are opening up for industries to exploit economies of scale and improve competitiveness, boost productivity and join up with global supply chains.

**Opportunities are opening up for industries to exploit economies of scale and improve competitiveness**

Much of Africa’s industrial activity draws on agricultural and natural resource inputs, which provide higher and more reliable returns to farming households than subsistence farming or small-scale trade in agricultural produce. In this way, industrialisation creates opportunities for farmers to become more business-oriented and rise out of poverty. Global experience shows that as countries develop, they diversify their output, both across their natural resource base and into medium- and high-technology sectors with higher value-added. At present, however, Africa’s overall economic diversification index is not improving; it worsened to 0.63 on a 0–1 scale where 0 signifies high diversification.

**During 2016, 2.22 million people benefited from investee projects**

**The Bank’s support for fostering industrial development**

In recent years, the Bank has developed a substantial portfolio of operations that directly or indirectly support industrialisation, providing a solid basis for accelerating our support to African industries. During 2016, 2.2 million people benefited from investee projects, half of whom were women.

Our support to the cotton and textile sectors in Benin, Burkina Faso, Mali and Chad has trained nearly 84 000 farmers in good farming practices, facilitated successful seed promotion and improved processing and storage. Expanding cotton production in this way provides reliable, high-quality inputs to the African textile industry and can lead to substantial expansion and job creation (see Box 7). For example, in Ethiopia over 60 000 people now work in the apparel industry. Among them are workers of the shoemaker Huajian, which...
aims at making the country a global hub for the shoe industry, creating employment and transferring skills to 33,000 people by 2022.

We have invested in transport infrastructure to improve the access to inputs and markets that is fundamental for both large- and small-scale industrial development. In 2016, over 2200 km of road was constructed, rehabilitated or maintained, and 7 million people gained improved access to transport from our projects, of which 3.6 million were women. We plan to accelerate this work to meet our target of providing better access to transport to 10 million people each year, we plan to ramp up investments, including in highly populated and congested urban areas. Our road projects are delivering much more than infrastructure. They connect cities, reduce traffic congestion and provide access to basic services. In Ghana, social services were established along the 15-km Awoshie-Pokuase road. The road opened up opportunities and access to services in neighborhoods, improved mobility in the greater Accra region, and enhanced market integration. Figure 9 demonstrates how this project contributed to improving people’s lives.

Our road projects connect cities, reduce traffic congestion and provide access to basic services

We help Africa’s financial sectors provide entrepreneurs with access to capital and financial services. In South and East Africa, we supported a private equity investment fund called Agri-Vie which made 12 investments in food and agribusiness, timber and forestry, and ecotourism, almost all of which delivered greater economic returns than anticipated.

In 2016, we provided financial services to 156,000 individual owner-operators and micro, small and medium enterprises through financial intermediaries, addressing a key constraint to starting up and growing businesses. For example, we worked with USAID, Fund for Africa Private Sector Assistance and the InternationalLabour Organisation to build the capacity of small and medium enterprises (SMEs) in Zambia and enable national financial institutions to become efficient at lending to smaller business.

We are also launching a number of new programmes that are designed to help move Africa toward its industrialisation goals:

Promoting access to capital for industrial companies and entrepreneurs, through loans and lines of credit to financial institutions and for trade finance, equity participation, guarantees and technical assistance. We have accelerated our access-to-finance programmes to achieve 34 new transactions this year – a 34% increase over the 2015 approval value.

Box 7 Fashionomics for more jobs and inclusive growth

In 2016 the Bank launched the “Fashionomics” initiative to increase Africa’s participation in the global textile industry supply chain. Africa has a major niche, with its high-quality craftsmanship and its traditional vibrant hues and colourful fabrics, such as waxed and printed dyed cotton.

Textiles and clothing are the second-largest economic sector in the world’s developing countries, after agriculture, and are an important driver of poverty reduction. Production is labour-intensive, and women make up a large proportion of the workforce. Given Africa’s potential for increased involvement in this sector, AfDB is increasing its efforts to promote access to finance for entrepreneurs to create start-ups and expand existing businesses. In Madagascar, for example, we are assessing the feasibility of a textile special economic zone.

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**Figure 8 Countries are making headway in business reforms, but FDI inflows are stagnating**

**Top 10 doing business reformers**

- Higher score = closest to best practice, 2017 vs 2010

- Source: Oxford Economics, ICAF

**Foreign net direct investment inflow**

- $ billions

- Source: UNCTAD

**Focus in Africa**

- $ billions

- Source: UNCTAD
Figure 9  High resolution impact mapping: Assessing living conditions for urban dwellers along the 15 km road linking Awoshie to Pokuase in Ghana

The Bank is piloting an experimental approach with Fraym consulting services that assesses its impact at a high geographic scale, providing an unprecedented level of detail. The data provided below are drawn directly from household surveys undertaken before (2008) and after (2014) the road and the social services (boreholes, schools, health centres and bus stations) were made available. By comparing data from these two household surveys and applying geotagged datasets, the methodology can assess with a high degree of reliability the changes in people’s living conditions—for example, additional children enrolled in school programmes, or increased household spending. It should be noted that not all of these changes are directly attributable to the project, but they reflect broader improvements in living conditions.

<table>
<thead>
<tr>
<th>Better access to education</th>
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<tbody>
<tr>
<td>37 000 people gained basic literacy skills</td>
</tr>
<tr>
<td>3000 additional children were enrolled in school programmes</td>
</tr>
<tr>
<td>300% more children (46 000) are within 15–40 minutes of school</td>
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<tr>
<th>Improved health conditions</th>
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<tbody>
<tr>
<td>13 000 fewer children aged 0–5 experience stunted growth</td>
</tr>
<tr>
<td>5000 fewer children aged 0-5 experience wasting</td>
</tr>
<tr>
<td>200% more adults (86 000) were tested for HIV</td>
</tr>
<tr>
<td>5% reduction in volatile organic compounds for vehicles limiting smog</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Jobs creation and mobility to markets</th>
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</thead>
<tbody>
<tr>
<td>107 000 additional people with a job</td>
</tr>
<tr>
<td>45 000 additional women with a job</td>
</tr>
<tr>
<td>10% increase in household monthly spending</td>
</tr>
<tr>
<td>30 000 less workers have commutes longer than 40 minutes</td>
</tr>
<tr>
<td>61% travel time reduction between 2008–2015</td>
</tr>
</tbody>
</table>

- Providing equity participation of $30 million in two equity funds to invest in financial technologies.
- Establishing the Affirmative Finance Action for Women in Africa programme to set up a financing facility for women’s economic empowerment and address the pervasive barriers that women face in accessing finance for their businesses.
- Initiating the African Domestic Bond Fund, an enhanced exchange trade fund, for African domestic bond markets.
- Joining with the European Investment Bank in the Boost Africa Initiative, which will finance and build capacity for innovative start-ups. The €200 million Investment Fund should leverage 3–5 times the local capital invested and support funds that cover different
What has worked well

Making roads sustainable by ensuring that maintenance is funded
Investments in roads need regular maintenance to optimise benefits for users. In Burundi, the municipal authorities are supposed to provide 10% of their budget for maintenance, but the funding does not always materialise. Close and regular discussions among the Bank, other donors and the Government resulted in more maintenance funding from road tolls and fuel taxes, as well as plans to weigh vehicles to prevent heavy lorry traffic from illegally using and damaging certain roads.

Having a seat on the advisory committee
Active involvement on an advisory committee provides the opportunity for close monitoring and follow-up. For our financing of the Maghreb private equity fund, our seat on the Advisory Committee enabled us to acquire regular information about the activities and progress of the fund, and to voice concerns as appropriate. This was a good model for the Bank that we now replicate in similar projects.

What has not worked so well

Measuring results from providing lines of credit through private sector institutions
Loan agreements for private sector lines of credit must be explicit about objectives and indicators, so impact can be measured. An independent evaluation of a South Africa private sector loan agreement highlighted this issue. The Bank is developing new guidelines to ensure that private sector loan agreements are clear about objectives and indicators, so that supervision will be effective.

Establishing baselines to monitor the performance of investment in private banks
Private sector projects need a baseline and indicators to ensure that the projects remain focused on delivering their key outputs and to allow the assessment of impact. For our support to the Zanaco Bank in Zambia, there was no baseline and only some indicators were identified. The Bank now requires that the baseline and benchmarks be recorded in the project appraisal report.

Creating competitive economies in Africa is key to achieving resilient economies
Under our strategy, we will help African economies move from low- to high-productivity activities that add value along supply chains and create jobs and sustainable growth. We will improve productivity by introducing new equipment, technologies and business models, and by enhancing skills and capabilities. Creating competitive economies in Africa is key to achieving resilient economies that are fit for the future.

Driving agribusiness to diversify economies
Investing in industries that use agricultural products creates value-added along the supply chains and returns higher, more reliable incomes to smallholders. Helping transform farming from subsistence farming into agribusinesses and agro-industries is important to achieving growth and reducing poverty in Africa.

Across Africa, urbanisation and a growing middle class have led to increased demand for processed and high-value foods, and therefore to major increases in imports. As the middle class grows, so does consumerism and the spread of supermarkets—an expansion in demand that offers opportunities for agro-industry investment across Africa.

Agribusiness companies are already at work on the continent. For example, Premium Foods, a locally owned company, provides Ghanaian farmers with financial guarantees so they can provide...
inputs to outgrowers on credit and be repaid in kind from produce harvested. Côte d’Ivoire, the world’s largest cocoa producer, has expanded its capacity and attracted investment from three multinational companies—Cargill & ADM, Barry Callebaut, and Cemoi & Touton—enabling it to capture a growing share of the $84 billion global confectionary market.

**Leveraging resources to transform the industrial sector**

Our goal is ambitious: we hope to support the doubling of Africa’s industrial GDP over the next decade, from $619 billion to $1728 billion. We are financing six flagship programmes (see Figure 10) in areas that are crucial for industrial development: improving policy legislation and institutions; creating a conducive economic environment and infrastructure; providing access to capital; providing access to markets; and developing competitive talents, capabilities and entrepreneurship.

![Investing in industries that use agricultural products creates value-added along the supply chains](image)

Delivering industrial change calls for commitment and collaboration amongst a wide range of actors. African governments must provide the policy context to attract and support private sector investment. As a development financier, the Bank plays a facilitative and catalytic role, working with the public and private sectors and specialist international organisations like IFC, the European Investment Bank, and UNIDO. The Regional Economic Communities play a central role in developing the right regional frameworks for industry to flourish.

We will use our range of financial instruments to leverage finance and expertise from development finance institutions, donor partners and commercial institutions, as well as directly from the private sector, drawing on our close relationships, experience in the sector and the lessons from past programmes. Our programming under the other High 5 priorities will also contribute significantly to implementing the industrialisation strategy.

Africa possesses many of the basic factors it needs to become an industrial powerhouse—ample natural resources, huge energy potential, and a vast pool of talented and able workers. The continent needs the help of the African Development Bank and other partners to develop the appropriate business environment, training, and infrastructure to fulfil this potential. Under our Industrialisation Strategy, this is where we are focusing our efforts.
Improving container ports’ competitiveness

Container terminals across the continent are increasingly managed under public-private partnership arrangements. This led to the 7% annual growth in maritime traffic and a four-fold increase in maritime trade.
Chapter 4
Integrate Africa

Greater integration of African economies is essential to economic growth and development that benefits most people across the continent. Regional infrastructure services and easier cross-border travel and trade create wider, more competitive markets that help businesses thrive and consumers access the goods they need. For agriculture, economic integration creates important opportunities for producers, agro-industries, traders and consumers.

This chapter sets out Africa’s progress on regional integration, using indicators from Level 1 of our new Results Measurement Framework (RMF). We also review the results of the Bank’s efforts on regional integration (from Level 2 of the RMF) and highlight lessons learnt from our work. We present our plans to rapidly scale up our programmes to address the challenges ahead, and also discuss how regional integration will support agricultural transformation across the continent.

Bringing about regional economic integration
For many decades regional integration has been a goal for African leaders, and a key priority for the Bank. The African Union Heads of State and Governments have been consistently clear about the priority they attach to integrating Africa. Policymakers also recognise that regional economic integration is fundamental to increasing competitiveness, trade, and the economic growth needed for reducing poverty.

Nonetheless, there remains enormous scope and need for investing in regional infrastructure and integration, to attract investment and create larger markets and competitive agricultural and other businesses. In 2014, foreign direct investment into Africa was $54 billion—just 4.4% of the global total.

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In 2016, intra-African trade was just 15% of total trade, although some regions have made a start in scaling up trade; In East Africa, for example, the intra-trade level is as high as 25%. The cost of trading across borders within Africa is $2384 per 20-foot container by sea transport, a serious barrier to trade that hinders economic development.

Of Africa’s 54 countries, 19 are categorised as deeply and broadly integrated, with policies and legislation that promote freer movement of capital, goods and people, enabling investment and trade to take place with fewer barriers. However, only 13 countries have liberal visa policies enabling Africans to move easily between countries—slower progress than expected.

Africa’s Regional Economic Communities (RECs) show steady progress, with a performance index score at 0.47 on a scale of 0 to 1. They coordinate regional activities and help develop and implement the integration agenda agreed by national governments. RECs continue to need capacity strengthening, and regional structures need improved governance.
For example, in West Africa, the Economic Community of West African States (ECOWAS) has put in place the legal framework for a customs union, deepening trade integration. The Tripartite Free Trade agreement across southern and eastern Africa, representing 26 countries, was launched in 2015. Awaiting country ratification, it is not yet implemented. In addition, in 2016 the African Union and the UN hosted a conference on the proposed Continental Free Trade Area, with a view to concluding a deal by 2018.

We are engaging with financial markets to raise capital for investment in infrastructure

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The Bank’s catalytic role in developing regional infrastructure

As part of our emphasis on regional integration, we work closely with other development partners to catalyse private sector investment. We now have a range of financial instruments to help share the risk of investing in large projects, such as partial risk guarantees that cover private investors against the risk of a government’s failing to perform its contractual obligations.

We are also engaging with financial markets to raise capital for investment in infrastructure. We have signed an agreement with the African Securities Exchanges Association, the apex body of African stock exchanges, with a view to increasing finance for regional infrastructure by deepening and connecting financial markets.

Results of regional integration programmes

In 2016, we constructed or rehabilitated 540 km of cross-border roads, which was below our target of 983 km because of delays in our operations. We are rehabilitating the Lome-Ouagadougou corridor, repaving 300 km of road and giving training in road maintenance to young people. The project has increased traffic volumes and reduced journey times between the two cities by 5 days. The impact of the project also reaches far and wide, through the five economic capitals and the port city, because the road intersects with the 1022 km-long Abidjan-Lagos Corridor (see Figure 11)—a corridor that generates 75% of trade in ECOWAS.

Togo’s maritime sector has expanded, generating tax revenues and enhancing links with local transport businesses. We increased the capacity of the port at Lome by building a new container terminal to meet the growing trade demand from Burkina Faso, Mali, Niger and Nigeria. The investment stimulates competition in the shipping market, driving efficiencies that reduce costs for importers and exporters. Our investments also include air transport (see Box 9).
To improve trade, countries need reliable access to energy. Many countries are too small to develop efficient national grids, and some landlocked countries depend on imported oil to fire thermal plants—a costly and unsustainable approach. Therefore, African countries are joining together in regional power pools to share electricity and generate economies of scale. While no operations delivered cross-border transmission lines over the past three years, more results will trickle in the coming years and our past investments are bearing fruit. In 2013, we provided 30% of a $476 million networks interconnection project linking Côte d’Ivoire, Liberia, Sierra Leone and Guinea with 1357 km of transmission lines. Now that the international treaty providing the framework for project realisation has been signed by all four countries, the project is fully functional and is about to conclude the necessary power purchasing and transmission service agreement. In 2015 the Bank committed to expand this power pool to neighbouring countries, such as The Gambia and Senegal (see Figure 12). It also conducted feasibility studies for connecting Nigeria and Benin.

African countries are joining together in regional power pools to share electricity

One critical constraint to developing regional infrastructure is the limited investment pipeline. Our support to Infrastructure Project Preparation Facility of the New Partnership for Africa’s Development (NEPAD) enables the preparation and appraisal of regional projects to attract finance for implementation. In 2016, we provided eight grants to develop bankable projects. One $5.9 million grant was used to prepare a major power interconnector investment involving Nigeria, Niger, Benin and Burkina Faso, which has since received financing pledges for the full $682 million investment, a major achievement of the Bank in the region. We are also developing our investment pipeline in innovative areas, such as by opening up business opportunities for women along the energy value chain in West Africa.

We will accelerate our work to promote larger and more integrated markets

We also financed studies and workshops to identify constraints to infrastructure services and develop consensus on future development needs. Topics included expanding aviation services, improving sustainable urban transport and mobility in five African cities, and promoting transport and trade facilitation in the West African Economic and Monetary Union.

To improve our future programmes, we will feed in lessons from our investments in regional integration. Four key lessons are set out in Box 10.

Box 9 Enhancing air transit through supporting airports and fleet expansion

The first flights will soon be landing at, and leaving from, Dakar’s new airport. A long-term solution to traffic management and an important aspect of connecting African countries, the Blaise Diagne airport has been built to accommodate up to 10 million passengers and 80 000 aircraft movements annually. With an investment of €70 million from the Bank and for a total cost of €525 million, the project will create about 500 direct jobs, develop skills, and help establish many more indirect jobs. The Bank also supported the just-opened Marrakech-Menara airport in Morocco.

Development of airports is only one aspect of our support to the aviation sector. In 2011, we designed a corporate loan to help Ethiopian Airlines set the standards for airlines in Africa in operating modern and fuel-efficient fleets. Expanded capacity on long-haul routes and aircraft replacement were two of the project results that contributed to make Ethiopian Airlines one of the top African airlines. Building on this success, in 2016 the Bank approved a new $159 million financial package to the airline, which is based in Addis Ababa, the most connected city in Africa.

Figure 12 Connecting the electricity grids of West African countries by 2020

Making plans for large and attractive markets

We are investing in transport and energy infrastructure and supporting a range of “soft” or institutional infrastructure. As Africa’s main financier of regional programmes, we are well positioned to build on our knowledge and experience. We will accelerate our work, in conjunction with African governments, donors and the private sector, to promote larger and more integrated markets.

Integrating and expanding markets

Many African economies have been held back by their small market size, which can constrain investment and lead to less efficient domestic producers. Regional integration creates larger
Box 10 Lessons from our programmes to support regional integration

What has worked well

Promoting government commitment to regional regulations
Efforts should be made to ensure that governments implement and enforce agreed regulations on regional projects. In the Bamako-Ouagadougou-Accra corridor investment, the project actively encouraged governments to maximise project benefits by enforcing regulations on axle loads and numbers of checkpoints. In addition, recording how far these regulations are enforced will be useful when preparing and discussing new regional projects.

Promoting project activities for women
Careful planning is needed to ensure gender mainstreaming in projects. In DRC, the regional integration Lake Tanganyika programme provided infrastructure inputs and seeds exclusively for women and monitored the number and proportion of women attending training events on responsible fisheries. Planning activities and monitoring participation by gender will achieve project results for women.

Improving project monitoring
If data on project indicators are not routinely collected, monitoring cannot inform project supervision. In the multinational Nacala Road Corridor Development Project in Malawi, the lack of monitoring and evaluation expertise led to inadequate reporting on project indicators. When designing a project, the Bank and its partners should consider recruiting a monitoring and evaluation expert in the executing agency to ensure that quarterly progress reports are prepared.

Ensuring high quality at entry for regional projects
High-quality technical studies are needed when preparing complex regional investments. For the Tema-Ouagadougou transport corridor and Niamey-Ouagadougou transport facilitation project, the studies prepared ahead of the project were of low quality, and therefore of limited operational use. As a result, extensive feasibility studies were needed after contracts had been signed and the project initiated, causing delays. In future, we should ensure that independent experts provide quality control of the technical studies used to prepare projects.

What has not worked so well

Markets, connecting producers into more productive value chains and enabling them to achieve economies of scale. Greater competitiveness and productivity will attract both domestic and international investors, creating a more dynamic and competitive business environment.

We will work to deepen Africa’s financial infrastructure

In the agriculture sector, there is extensive trade in produce across African borders, but most of it is informal and small in scale. Improving regional infrastructure and reducing barriers to trade will help link farmers, traders, and agro-industries into regional agricultural supply chains and larger markets, allowing them to become more business-oriented and competitive, achieve greater value-added, and reap greater returns. It will create jobs in agriculture and encourage investments in innovative solutions to particular agricultural challenges, such as managing the trade logistics of perishable or bulky goods. Countries are also working together on pest control and uniformity in food standards.

A key part of the regional integration agenda is expanding infrastructure services to help businesses trade. The Bank will scale up investments in areas such as power, transport and ICT infrastructure, in line with the Programme for Infrastructural Development in Africa, the successor to NEPAD’s long-term plan. We will play a leading role in facilitating and brokering agreements on major regional projects that create infrastructure services for many people.

Our integration efforts will facilitate not only the movement of goods and services, but also the movement of investments through more efficient regional financial systems, and of people through visa reform. We will work closely with RECs and national authorities to develop soft infrastructure, including ICT, strengthen institutional capacity and rationalise the many rules, procedures and practices that hinder trade and deter investment. To promote financial stability and help businesses access capital and finance, we will work to deepen Africa’s financial infrastructure. And we will continue to promote a freer flow of people between countries, building on examples such as Rwanda, Ghana, Mauritius and Benin, which have exempted all Africans from the requirement to obtain an entry visa before traveling. In another clear signal of Africa’s move toward integration, in 2016 the African Union started to deliver the African Passport to selected people as a powerful symbol of an integrated continent.

With our support for the many aspects of integration, including in the agriculture sector, we expect to help Africa take a major step in its development.

New regional integration programmes
Under our Integrate Africa Strategy, which will be finalised in 2017, we are scaling up our operations to Integrate Africa by supporting regional economic integration. We will bolster talent mobility and improve the business climate to attract foreign direct investments. Over the next three years, our targets are to construct or rehabilitate 2681 km of cross-border roads and 2059 km of cross-border transmission lines.

Regional integration is instrumental to promoting trade and cooperation between countries

We will promote access to finance through a new multinational investment. In West Africa, we are supporting the West African Development Bank to enable businesses operating across the region to access the finance they need to invest and grow.
In Niger and Chad, we are investing in an ICT multinational project that will install an optical fibre backbone across the Sahara. This will help increase the coverage of internet services, improve communications and enhance the productivity of businesses.

Regional integration is instrumental to promoting trade and cooperation between countries. Our support demonstrates that we can deliver impact and reinforce a sense of solidarity, political will and commitment to bring African countries closer to one another.
Building skills for tomorrow’s workforce

Helping the youth achieve career success by developing the skills needed by businesses and entrepreneurship capacity is the reason why we strive at developing vocational curricula. In Togo, students are engaging in learning programmes that target women in particular to remove barriers and reach equal pay.
Chapter 5

Improve the quality of life for the people of Africa

The ultimate objective of all of our development assistance is to improve the quality of life for Africans. Quality of life has many components, and each of our High 5s contributes in different ways – whether through improvements in incomes and livelihoods; through quality public services such as health, education, water and sanitation; or by promoting environmental sustainability.

This chapter reviews Africa’s overall progress in reducing poverty, creating jobs, increasing incomes and enhancing access to essential services, drawing on data from Level 1 of our Results Measurement Framework. It also assesses how far our programmes have improved the lives of targeted groups and highlights lessons to improve future operations as we scale up our support to the High 5s. We set out our plans for accelerating job creation, especially for young people, and delivering improved access to services over the next decade.

Delivering jobs and essential services

Just over 40% of Africa’s population lives below the poverty line. Although Africa has experienced unprecedented economic growth since 2000, rapid population growth across the continent means that per capita incomes are barely increasing. Income inequality is high and tending to increase, with the Gini coefficient at 42 (on a scale of 0 to 100). Thus there is an urgent need to increase incomes, job opportunities and access to services, to help families escape poverty and obtain a higher quality of life.

Africa and jobs

An estimated 200 million Africans are aged between 15 and 29 years, and the number continues to grow (see Figure 13). Harnessing the labour, energy and enterprise of young women and men is critical to driving economic growth and reducing poverty.

There is an urgent need to increase incomes, job opportunities and access to services

Africa’s overall unemployment rate is 8%, whilst the youth unemployment rate is 13%; 60% of unemployed people are young women and men. Of those young people who are employed, many are trapped in low-productivity work in the informal sector. Providing young people with the education, skills and capacities for gainful employment is an urgent priority. Yet enrolment in primary, secondary and tertiary education stands at just 61% and has been declining, while enrolment in technical and vocational training is still low at 11%.

African governments are adopting some innovative approaches to reducing unemployment. In Zambia, technical and vocational training schools for employment have been established, along with measures
to promote better jobs. Unemployed graduates in Tunisia are finding jobs through the country’s Green Jobs Platform, while Benin is constructing its first digital city with a view to creating 50,000 jobs.

In Ghana, an initiative with Microsoft and the International Institute of Communications and Development is equipping school leavers and graduates with the right skills for jobs in different sectors of the economy. In fact, cities all over the continent are becoming hubs, hosting start-ups (see Box 11).

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Box 11 Tech hubs are blooming in Africa, fostering the growth of start-ups

The continent is home to over 300 active incubators to accelerate the growth of start-ups, innovation spaces and co-working spaces—half of them in Nigeria, South Africa, Kenya, Egypt and Morocco. The agri-tech sector saw the biggest growth in investment in 2016, and the health sector is also picking up.

In Tanzania, the start-up company Jamii launched a micro-health insurance product using a mobile health policy management platform that acts as an insurer. It allows for premium collection and a cashless facility from over 400 hospitals. Two years into its piloting, the company received $750,000 of seed money. As it rolls out its presence in Uganda, Ghana, Nigeria, Kenya and South Africa, the company aims to affect the lives of 720,000 people.

Harnessing the labour, energy and enterprise of young women and men is critical to driving economic growth and reducing poverty

However, the youth employment challenge in Africa remains daunting. For the 10 million young people entering the labour market each year, small, medium and large agriculture-based industries must be a key part of the solution, to enable them to contribute to the economy and to achieve an improved quality of life.
Africa and essential services
Access to services is essential to improving quality of life. Better health, education, water and sanitation services are the key to creating a healthy and educated population that is equipped to take advantage of work and business opportunities. There is still a long way to go to achieve this ideal, with only 71% of the population having access to safely-managed drinking water services and 39% having access to safely-managed sanitation facilities.

Providing young people with the education, skills and capacities for gainful employment is an urgent priority
Improved nutrition is also key to human development. Chapter 1 on Feed Africa highlighted Africa’s continuing levels of hunger and poor nourishment. Each year, malnutrition claims the lives of hundreds of thousands of children under age five. In Sub-Saharan Africa, nearly 3 million children die each year before age five, and over 40% of these deaths are attributable to malnutrition; many could be prevented through improved nutrition. Undernourishment also causes stunting, holding back children's physical and cognitive development and limiting their quality of life and their ability to participate in economic development.

Access to services is essential to improving quality of life

The Bank’s impact on the lives of people
To equip people with the right skills for business and employment, we have boosted our support for science, technology and innovation training by investing in centres of excellence, working in collaboration with the private sector. We support a network of African institutions of science and technology, such as the International Institute for Water and Environmental Engineering in Burkina Faso, to ensure that training and research meet the needs of the job market, and to promote networking amongst science institutions.

Our development projects contributed to GDP growth
In Rwanda, we have supported a wide range of technical and vocational curricula areas and provided access to finance to almost 20 000 enterprises, focusing on young people and women. In Côte d’Ivoire, we worked closely with the private sector and micro-finance institutions to provide training and bring together employers and young people, facilitating job creation in a number of sectors (see Box 12).

Box 12 Helping women entrepreneurs grow their businesses in Côte d’Ivoire
After the war in 2010, Bodjra Akou sought to establish her own hardware store. Unfortunately, capital was scarce and she could not meet the requirements for loans from private banks, which expect borrowers to provide a guarantee for the amount they borrow.

On a friend’s advice, Bodjra Akou contacted Microcred, a micro-credit company in Abidjan supported by the AfDB, and took a first loan for $500 that she paid back in just a few months. The process proved easy and allowed for flexibility. With this first loan, Bodjra was able to open her store. Later, to expand it, she took another loan for $1500.

These loans were instrumental in getting her business started. She is now able to save money. As she says, “Now, I can work with my husband. We have created a family business and customers are happy with our products. As a woman, it helped me get a better footing in life and I see how I can grow.”

We have provided grants to small- and medium-sized agricultural enterprises in rural Malawi, and promoted an improved business environment. Our support focuses on economically active people in rural settings, who have the potential to embark on business ventures and create value added. We have supported the development of cooperatives and business groups to boost agribusiness, creating 948 skilled and 2110 unskilled jobs; and increasing businesses’ turnover by 10%.

We created 1.6 million direct jobs in 2016
With other partners, we have fostered job creation and entrepreneurship in Tunisia with our Souk At-tanmia initiative, building capacity in finance and business management. The initiative has supported 161 businesses, creating over 1300 jobs, and a second-phase project is now underway. Our projects in Côte d’Ivoire, Tanzania and Uganda have also provided access to finance and business advice, and have resulted in more successful businesses with increased employment. Overall, we created 1.6 million direct jobs in 2016, of which 800 000 were jobs for women. Many more jobs have been created indirectly, through the wider economic impact of our investments.

Sustainable water and sanitation services are critical to quality of life
Our assistance to the health, education, and water and sanitation sectors continues to make a significant contribution to quality of life. In Liberia, following 14 years of conflict, we rehabilitated rural infrastructure that enabled service delivery and economic activity
Ensuring effective project management
Our support to Malawi’s Health Sector Programme benefitted from an effective project management team on the Government side throughout the project. A thorough project launch mission involving all major stakeholders, including in the areas of procurement and financial management, ensured that the team fully understood the project concept and implementation mechanisms.

Continuity in project management
Continuity is another success factor. Our water and sanitation programme in Rwanda has retained the same management team across both its phases, enabling them to learn from experience. This absence of turnover has supported effective engagement with the private sector actors that are taking over the running of water facilities, which the project management team then passed on to private entities who brought capital for stable returns and de-risked assets.

Getting approval from Parliament
One disbursement condition for our skills, employability and entrepreneurship programme in Rwanda required approval from Parliament. This crucial part of the authorising environment is in line with standard practice in many countries where legislators are powerful partners in implementing development programs. This ratification took longer than expected to obtain, delaying implementation. The Bank now aims at initiating early sensitisation of parliamentarians with its projects.

Gender targets not achieved
In Uganda, a savings and credit programme to enhance rural income and employment failed to engage the targeted number of women. The design did not incorporate a strategy for achieving this, and the Bank neglected to train male cooperative members on the importance of gender equity. We will soon introduce a Gender Marker System that will help by systematically rating project designs according to the extent to which they integrate the gender dimension.

Putting nutritious food first
In sub-Saharan Africa, the number of stunted children—12.5 million—is one-third higher than in 1990. Stunting leaves children highly vulnerable to infectious diseases and hampers capital formation during their growth.

Recognising that economic progress in Africa is being undermined by malnutrition, the Bank has launched an ambitious programme—the Feed Africa Initiative—to increase food production to make nutritious food available to vulnerable and undernourished communities in Africa, and especially to children and women. The focus will be on strengthening governance and leadership, capacity building for nutrition, mainstreaming nutrition interventions in all sectors and large-scale food fortification through public-private partnerships.

The Bank has set up African Leaders for Nutrition, an African-led forum that aims to encourage countries’ progress on nutrition through dedicated programs. The initiative will use an accountability scorecard to assess progress towards policy change, increases in financial support and the impact of investments in nutrition. The Bank is ramping up work in this area with partners and foundations to finance this work.

We are also scaling up our current work. For example, our delivery of emergency assistance to Madagascar contributed to the purchase of 1134 tons of foods for assistance, nutritional supplements and school feeding. We also helped 11 500 people suffering from severe acute malnutrition in Nigeria’s Borno State.

In Ethiopia, we provided seven water distribution points in the Oromia district, transforming the area and benefiting 300 households. Previously, women had to travel two to four hours to collect water from rivers—time now saved for children’s education and productive work. This micro-level result is part of the support we provided to the rural water supply and sanitation programme in Ethiopia, which provided safe water to 2.4 million people.

Sustainable water supplies are also critical for agribusinesses and industries. Our support to the Southern African Development Community involved 23 community water-basin management projects, to support irrigation. We have opened up new irrigation areas in both Zimbabwe and Tanzania, benefitting over 700 farmers.

We continually learn from our projects, and use the lessons to improve future programming (see Box 13).

Bringing jobs to youth
In 2016, the Bank launched the Jobs for Youth in Africa Strategy (2016–25), to increase employment opportunities and ensure that young people are equipped with the right skills and entrepreneurial spirit to take advantage of them. In line with this strategy, the Bank is integrating a youth employment component into the design of every operation it undertakes. We are assisting regional member countries to develop national youth employment policies, supporting innovative work on best practices to help young people become entrepreneurs, and making investments that catalyse the private sector to increase employment opportunities.
Investing in farming and nutrition for job creation

Many young people work for little pay in agricultural work, often because they lack other options. As Africa gains higher returns along the agricultural supply chain, young people will be attracted to working in agriculture, bringing their innovative ideas and energy. Raising the quality of jobs in agriculture could reduce the numbers of skilled young people who wish to leave sub-Saharan Africa and seek work in other countries.

The Bank is integrating a youth employment component into the design of every operation it undertakes

The scaling up of our agricultural investments under the Feed Africa High 5 priority is closely linked to our expanding support for nutrition programmes (Box 14). A dynamic agriculture sector means higher productivity and increased food production, which will help address hunger and undernourishment, including in pregnant mothers and young children.

New programmes to address the quality of life for African people

In 2016, the Bank approved new job creation and skills training projects, in line with our Jobs for Youth in Africa Strategy. On average, projects approved in 2016 created 9000 jobs each—a substantial increase in our level of ambition. In the agriculture sector, our focus is on Empowering Novel Agri-Business-Led Employment (ENABLE) youth programs, developing small and medium enterprises and creating jobs in agriculture.

We are supporting the Pan Africa University into a second phase. Highly skilled scientists and researchers are being trained to enhance industrial innovation, competitiveness and sustainable development across the continent.

With other donors, we are co-financing a multipurpose water supply project in Senegal along the Louga-Thies road to improve quality of life through access to drinking water for 3 million people and water supplies for agricultural production and agribusinesses. With an education programme and support for marketing, storage and production, this project will boost economic activity for over 20 000 farmers, market gardeners, fruit and vegetable growers and other agribusinesses.

We will continue to support countries to create not only more, but better, jobs, and to support youth and women in becoming agripreneurs, with more opportunities, while promoting access to essential services. We are refocusing our assistance to improve the quality of life for the people of Africa and intend to play a key role in this area along with our partners. ■
Providing better water supply

Improving water security has improved on the continent as a result of enhanced water resources management and governance. In Mozambique, we have extended water supply for the city of Cuamba.
Chapter 6
Cross-cutting and strategic issues

The five previous chapters reviewed the Bank’s High 5 priority areas and their links to agricultural transformation. We turn now to a number of cross-cutting and strategic issues running across the Bank’s portfolio—the areas of governance and institution-building, fragility, climate change and gender—that are integral to Africa’s achievement of the Sustainable Development Goals.

We assess progress in these cross-cutting areas using data from Level 1 of our Results Measurement Framework and review the Bank’s contribution in these areas against the indicators in Level 2, while also highlighting lessons from our programmes. In line with this year’s theme, we link these cross-cutting areas to our work in the agriculture sector.

Laying the foundations for High 5 delivery

Africa has enjoyed unprecedented economic growth in the period since 2000, with dramatic changes across the continent. The urban middle class has expanded, becoming an attractive market for investors. Foreign direct investment has accelerated, and trading with emerging economic powers has grown quickly. These changes transformed many lives, as the poverty rate fell faster than before and access to basic education, health and water services expanded.

The outlook for sustained and broad development is positive

Over the last few years, however, global economic growth has slowed, with lower trade and reduced investment. In 2016, budgetary constraints, droughts and security concerns contributed to a slowdown in the region. Chief among the challenges 2016 brought is the fact that the economic crisis has led to a slump in global commodity prices. For Africa, this meant a sharp reduction in export revenue for commodity-exporting countries. Africa’s average real gross domestic product (GDP) growth has fallen to 3.2%—following a period during which a number of states consistently managed growth rates above 7%—although for low-income ADF countries it is 5.1%, partly because of the benefits of cheaper oil and economic diversification (as in Côte d’Ivoire; see Figure 14). The Bank provided large-scale financial support to Algeria, Nigeria and Egypt in 2016, as they adjusted to reduced export revenues.

Despite these more difficult conditions, GDP per capita (constant 2010 prices) has continued to rise, albeit at different rates in different countries. Ethiopia, Rwanda and Tanzania are among the countries registering high growth rates, along with Côte d’Ivoire and Senegal. Although Africa can expect slower economic growth over the next few years, the outlook for sustained and broad development is positive, especially for countries that succeed in diversifying their economies, improving competitiveness and strengthening institutions.

Figure 14 Low commodity prices impede the growth of resource-intensive countries

<table>
<thead>
<tr>
<th>Country</th>
<th>2010–2014 (real GDP growth average)</th>
<th>2016 (real GDP growth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>Accelerating growth</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Decelerating growth</td>
<td></td>
</tr>
<tr>
<td>Sudan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td></td>
<td></td>
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<tr>
<td>Cameroon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td></td>
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<tr>
<td>Algeria</td>
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<tr>
<td>Angola</td>
<td></td>
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<tr>
<td>Zambia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
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<tr>
<td>Algeria</td>
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<tr>
<td>Angola</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF
This is the context in which the African Development Bank works to help its member countries achieve their goals of green and inclusive development—a context of solid achievement on which to build, but of a great distance yet to travel. To concentrate its efforts where they will do the most good, the Bank has recently developed its High 5s, each focusing on one development area. But certain issues are common to all High 5s—the cross-cutting issues of governance and institution-building, fragility, climate change, and gender.

**Governance and institution-strengthening**

Governance is the foundation for all sustainable development efforts. Overall, Africa has made remarkable progress in the various areas of governance over recent years. Governments are increasingly effective, democracy is becoming the norm, and the media and civil society are more vibrant, with increased citizen involvement in public life. Governments have raised more revenue and are increasingly held accountable for its use.

**Table 6 Cross-cutting strategic areas indicators (Level 1 & Level 2)**

<table>
<thead>
<tr>
<th>CROSS-CUTTING STRATEGIC AREAS INDICATORS—PROGRESS IN AFRICA (LEVEL 1)</th>
<th>ALL AFRICAN COUNTRIES</th>
<th>ADF COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real gross domestic product (GDP) growth (%)</td>
<td>3.6</td>
<td>3.2</td>
</tr>
<tr>
<td>GDP per Capita (constant 2010 $)</td>
<td>1941</td>
<td>1953</td>
</tr>
<tr>
<td>Mo Ibrahim Index of African Governance (scale, 0 Low — 100 High)</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Tax and non-tax fiscal revenues (percentage of GDP)</td>
<td>16.1</td>
<td>16.7</td>
</tr>
<tr>
<td>Gender inequality index (0 Low —1 High)</td>
<td>0.53</td>
<td>0.5</td>
</tr>
<tr>
<td>Production efficiency (kg CO2 emissions per constant 2010 $ of GDP)</td>
<td>0.55</td>
<td>0.54</td>
</tr>
<tr>
<td>Resilience to water shocks (Index, from 0 to upwards —Lower resilience)</td>
<td>3.5</td>
<td>3.95</td>
</tr>
<tr>
<td>Number of refugees and internally displaced people (million)</td>
<td>17.5</td>
<td>17.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CROSS-CUTTING STRATEGIC AREAS INDICATORS—AFDB CONTRIBUTIONS (LEVEL 2)</th>
<th>ALL AFRICAN COUNTRIES</th>
<th>ADF COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries with improved quality of budgetary and financial management (number ↔ CPIA)</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Countries with improved transparency, accountability in public sector (number ↔ CPIA)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Countries with improved procurement systems (number ↔ CPIA)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Countries with improved competitive environment (number ↔ CPIA)</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

- Achieved 95% or higher of the 2016 target
- Achieved less than 95% of the 2016 target but above baseline value
- Achieved less than the baseline
- Data are not available to measure progress

This is the context in which the African Development Bank works to help its member countries achieve their goals of green and inclusive development—a context of solid achievement on which to build, but of a great distance yet to travel. To concentrate its efforts where they will do the most good, the Bank has recently developed its High 5s, each focusing on one development area. But certain issues are common to all High 5s—the cross-cutting issues of governance and institution-building, fragility, climate change, and gender.

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Improving African governance is a high priority for the Bank. We have supported countries emerging from conflict, and strengthened their institutions to facilitate sustainable recovery. In 2016, our assistance contributed to four countries with improved budgetary and financial management, which is essential for public investments in essential services and development projects, including agricultural and agribusiness development.

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The Institutional Capacity Building Project in Comoros focused on public financial management and built capacity, improving the budget processes, management of accounts, debt management and statistics. Our emergency support for economic recovery in the Central African Republic helped to reestablish the capacity to manage...
public finances, the public administration and service delivery, even though most civil servants had left their posts during the crisis. In Madagascar, our Economic Recovery Emergency Programme delivered expenditure controls, arrears clearance and higher domestic revenues, supporting public services and critical public sector investments.

Our projects also helped countries improve transparency and accountability in the public sector, which is essential to ensuring efficient and effective use of public resources. One of our focus areas is public procurement. In 2016, we only supported one country which improved procurement systems, against a target of three. Procurement indicators did not show progress in other countries we supported, so we needed to re-evaluate our support to improve effectiveness and impact. However, our support in this area takes time to yield impact. Our two successive Emergency Economic Recovery Support Programmes in Mali have led to consultation on public investment programmes, monthly reports setting out public sector debt owed to private suppliers, and clearer procedures for awarding, assessing performance on and making payments for public contracts.

Our projects helped countries improve transparency and accountability in the public sector

For the Bank, as we scale up our programmes, we promote better governance and stronger institutions. We support sound public sector financial management to deliver more resources for infrastructure, and public services that support productivity. We help to lower the costs of doing business, to attract more domestic and foreign investment.

Fragility in Africa

Conflict and fragility are a significant constraint on Africa’s development. Conflict-affected countries struggle to mobilise enough resources to invest in national development. They are vulnerable to famine, hunger and malnutrition, as Somalia, South Sudan and northeastern Nigeria illustrate today. As a result of conflict and widespread food insecurity, the number of refugees and internally displaced people has reached 17.3 million. While the international community prepares a major humanitarian response, it is clear that long-term solutions must be found within African political systems.

Supporting agricultural value chains plays a key role in raising income and reducing food insecurity

Drawing on the work of its High-Level Panel dedicated to fragile situations, the Bank has identified five drivers of fragility on the continent: poverty and exclusion; the youth bulge; urbanisation and the growing informal sector; extractive industries; and climate disruption and resource conflicts.

To address these drivers, we work to build resilience at local, national and regional levels. At the African Resilience Forum in early 2017, we agreed to deliver High 5 priorities in 10,000 communities in 1000 days, a bottom-up initiative to deliver development results. We are also increasing our funding to address conflict and fragility: 17% of the additional resources under the 14th replenishment of the African Development Fund are allocated to countries experiencing fragility, compared to 13% under the 13th ADF replenishment.

Some 75 million to 250 million people may be exposed to water stress in the future

Our efforts to promote agricultural value chains and trade also help to build resilience. Supporting agricultural value chains—for example, in the assistance provided to Somalia’s livestock sector and to northern Uganda’s cotton sector—plays a key role in raising income and reducing food insecurity. Trade in these sectors works even in the absence of a functioning government and contributes to mitigating conflict.

Adapting to climate change

Of the 10 countries in the world most threatened by climate change, 7 are in Africa—countries like Guinea Bissau, Ethiopia and Sierra Leone. Climate change is accelerating the loss of soil moisture and fertility, putting food production systems under pressure and increasing food insecurity.

We support climate-smart land- and water-management practices

Rainfall patterns are becoming more extreme, and flooding and droughts more frequent. Some 75 million to 250 million people may be exposed to water stress in the future, requiring adaptation strategies to increase their resilience to water shocks.

Many African countries are moving towards green growth, with policies and investments that limit carbon emissions. Kenya, Zambia and Mozambique are among the one-third of African countries that have designed green development strategies. Across the continent, carbon dioxide emissions are steady, as shown by the production efficiency indicator, rated as 0.54 kg per dollar of GDP.

The Bank is working closely with the Africa Adaptation Initiative, which launched its second phase in 2016, to scale up and replicate adaptation measures. We blend funds from the UN Green Climate Fund and various climate finance facilities to mitigate climate change and support adaptation strategies.

We are focusing our climate change support on the energy, transport and agriculture sectors—as in the Congo basin, where we have made...
What has worked well

Development partners acting in concert
For countries emerging from crises, strong donor coordination leads to better results. In Mali, our emergency economic recovery support responded to both the causes and the effects of the crisis. Concerted donor action with regular meetings at design and implementation stages contributed to making this multidonor programme a success.

Providing women and children access to energy
Electricity projects should be gender-sensitive, to ensure that women and children benefit. In Sierra Leone, access to energy reduced time spent on household chores and costs of doing business, resulting in greater economic independence for women. This was made possible by a gender equality objective that was at the core of the project.

What has not worked so well

Lacking a theory of change
Projects need a clear rationale for how activities will achieve results. Our project to assist policy and strategy development in Rwanda had a weak theory of change and a poor monitoring and evaluation framework at start-up. There were too many actions to undertake, without clear linkages among them. These challenges were resolved during implementation.

Choosing disbursement triggers that are not fully under the government’s control
The Bank’s budget support for African governments is usually conditional on their taking a series of policy actions. In Burundi, because one such action was outside the government’s control and under the hand of a third party, there were delays in disbursement and inefficiencies in government budgeting. Negotiations during project preparation need to ensure that key reforms are achievable and benefit from political will.

Addressing gender inequality
African women experience a range of barriers to their full participation in the economy and public life. Patriarchal traditions have given women lower status and less access to economic resources and decision making. Africa’s gender inequality index, a composite measure of reproductive health, empowerment and economic status, remains at 0.5 on a scale of 0 to 1, where 1 represents gender parity.

Women experience gender-specific barriers to land ownership, inheritance rights, and access to finance
Our Gender Strategy aims for both women and men to participate equally in the economy, and we are shaping our interventions with this focus in mind. Our 2015 report on four agricultural value chains—cocoa, coffee, cotton, and cassava—concluded that women need greater access to affordable finance, improved market links and training in business skills to improve their productivity and grow agribusinesses.

Our Gender Strategy aims for both women and men to participate equally in the economy
We will support women to be economically empowered in agricultural value chains, addressing insecurity due to land tenure through dialogue on legal reforms and increasing access to technology. To scale up women’s access to affordable finance, our Affirmative Finance Action for Women in Africa Initiative builds on existing programmes—such as our programme to promote the private sector in Burkina Faso and others designed to increase agribusiness investments in technological and business model innovations led by women.
Learning lessons from our cross-cutting work is important as it underpins the delivery of the High 5 priorities. Key lessons are set out in Box 16.

**New programmes in cross-cutting strategic areas**

As we expand our work to achieve the High 5 priorities, it is particularly important that we take account of cross-cutting issues during the preparation of projects to ensure that results will be sustainable.

We are supporting an innovative, multi-sectoral approach with the Federal Government of Nigeria to address fragility caused by the Boko Haram insurgency. This programme addresses a range of service delivery areas, working at both state and local levels. A key focus is promoting food security and providing economic opportunities, including through job creation. The support to schools includes school gardens for school feeding programmes and training in better farming practices.

Our economic governance work with Egypt continues to support strong, sustainable and inclusive growth. It provides incentives for fiscal consolidation, improved governance and efficiency in the energy sector. This will be integral to our programmes as we scale up to achieve the Light up and Power Africa High 5.

Realising the High 5s calls for a profound transformation of African economies and societies. While delivering on these priorities, we strengthen the resilience of institutions, support gender equality on the continent and provide decisive interventions to encourage adaptation in the face of climate change. Our operations targeting cross-cutting issues are at the core of bringing better and inclusive growth, and helping countries transition toward green growth.
Rapid urbanisation is driving investment

With the fastest urbanisation rate in the world, Africa faces a soaring demand for housing. The Bank supports housing finance, which increases the availability and affordability of housing, creates jobs in the construction sector and drives economic activity, and leads to increased welfare and better living standards.
Chapter 7

Improving our development impact and efficiency

In this chapter we examine how well we manage our portfolio of projects across Africa to deliver sustainable development impact, and how efficient we are as a development finance institution in implementing our new Development Business and Delivery Model.

We use the indicators at Level 3 of the Results Measurement Framework to assess our progress in strengthening our results at country level and delivering our operations. Using Level 4 indicators, we review the progress we have made in improving our organisational structure, management processes, financial performance and staff management, to ensure that we deliver better value to our regional member countries.

Improving the quality and level of development impact

2016 marked a major expansion in our operations across the continent. The Bank approved projects valued at $10.7 billion and made disbursements of $6.4 billion; both figures were the highest in the Bank’s history. Our active portfolio increased in value by more than 23%, to $33.1 billion.

Our investments aim to provide lasting benefits to beneficiaries and partner countries

This expansion was related to the approval of some large policy-based operations, which provide critical policy reforms aimed at transforming economies, and to the scaling up of investments to achieve the High 5s. We are also succeeding in reducing project delays through increased supervision, in line with the 2015 Presidential directive concerning the design, implementation and cancellation of operations.

The year saw the approval and initial rollout of our new Development and Business Delivery Model, which includes changes to the Bank’s organisational structure and business processes, and to the roles of Bank departments. The implementation of these reforms is helping us work more effectively to achieve greater development impact, reflecting the Bank’s dynamism and responsiveness to the needs of regional member countries.

Delivering development results in Africa

We assess the quality of our portfolio in terms of whether our projects are designed to maximise development impact and use resources efficiently. In 2016, 91% of operations achieved their planned development outcomes across our member countries—and 95% in lower-income countries—exceeding our targets of 90%.

Our investments aim to provide lasting benefits to beneficiaries and partner countries. We build sustainability into projects by training, enhancing management structures, building capacity, or developing new financing mechanisms to cover maintenance costs. In 2016, 91% of completed operations delivered sustainable outcomes, which was above our target. Achieving sustainable results is a priority for the Bank, and we use sector studies on this topic to enhance our ability to yield long-term impact (Box 17 discusses the roads study).
Table 7  Is AfDB managing its operations effectively? (Level 3)

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>AFDB</th>
<th>ADF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACHIEVE DEVELOPMENT IMPACT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations that achieved planned development outcomes &quot; (%)</td>
<td>90 91 91 &gt;95</td>
<td>90 95</td>
</tr>
<tr>
<td>Completed operations delivering sustainable outcomes&quot; (%)</td>
<td>90 91 90 &gt;93</td>
<td>90 92</td>
</tr>
<tr>
<td>Completed operations with a timely completion report (%)</td>
<td>60 56 64 &gt;95</td>
<td>64 52</td>
</tr>
<tr>
<td><strong>ENHANCE THE QUALITY AND SPEED OF OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of country strategy papers (scale, 1-4)</td>
<td>3.0 3.1 3.07 &gt;3.7</td>
<td>3.0 3.2</td>
</tr>
<tr>
<td>Quality of new operations (1-4)</td>
<td>3.3 3.1 3.34 &gt;3.7</td>
<td>3.3 3.0</td>
</tr>
<tr>
<td>Time from concept note to first disbursement (months)</td>
<td>21.9 20.2 21 &lt;11.0</td>
<td>23.9 23.4</td>
</tr>
<tr>
<td>Operations with satisfactory ESS mitigation measures (%)</td>
<td>87 78 88 &gt;95</td>
<td>92 82</td>
</tr>
<tr>
<td>New operations with gender-informed design (%)</td>
<td>75 70 77 &gt;95</td>
<td>84 75</td>
</tr>
<tr>
<td>New operations with climate-informed design (%)</td>
<td>75 80 77 &gt;95</td>
<td>90 95</td>
</tr>
<tr>
<td><strong>IMPROVE PORTFOLIO PERFORMANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement ratio of ongoing portfolio (%)</td>
<td>21 17.3 21 24</td>
<td>18 16</td>
</tr>
<tr>
<td>Time for procurement of goods and works (months)</td>
<td>7.9 8.2 7.7 6.0</td>
<td>7.9 8.2</td>
</tr>
<tr>
<td>Procurement contracts using national system (% value)</td>
<td>0 3.5 2 20</td>
<td>0 3.5</td>
</tr>
<tr>
<td>Non-Performing Operations — Operations at risk (%)</td>
<td>15 12 14 8</td>
<td>18 15</td>
</tr>
<tr>
<td>Non-Performing Operations — Operations eligible for cancellation (%)</td>
<td>25 31 24 12</td>
<td>31 32</td>
</tr>
<tr>
<td>Projects facing implementation challenges and delays (%)</td>
<td>29 29 28 15</td>
<td>29 32</td>
</tr>
<tr>
<td>Timely coverage of Country Portfolio Performance Reports (%)</td>
<td>57 50 59 75</td>
<td>65 49</td>
</tr>
<tr>
<td><strong>KNOWLEDGE &amp; ADVISORY SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New ESW and related paper (number)</td>
<td>122 168 132 217</td>
<td>110 151</td>
</tr>
</tbody>
</table>

* * We have achieved or are within 90% of achieving the 2016 target
* * We have achieved from 80% to 90% of the 2016 target
* * Data are not available to measure progress
* * The methodology is being revised to introduce more exacting standards.

Box 17  Re-engineering our operations to make roads sustainable in Africa

Failure to provide adequate road maintenance is the main reason Africa’s roads deteriorate quickly. Poorly maintained roads constrain mobility, significantly raise vehicle operating costs, and increase accident rates. In the end, the economic, social and human development costs of poor road maintenance are borne primarily by road users.

The Bank conducted a review of the status of road maintenance in Africa and found that the maintenance of road assets is grossly underfunded, with road maintenance budgets on average half of what they should be. As a result, a third of the road network is in poor or bad condition.

There are four pillars for proper road sustainability: sound governance, sufficient funding, efficient implementation and prevention. With over 20 road funds and 31 dedicated authorities across Africa, countries are increasingly managing road construction and road assets in a way that sustains roads’ planned benefits and helps prevent early deterioration. However, more needs to be done. In Burundi, for example, the Bank works closely with the National Road Fund for road maintenance to enhance its effectiveness. Additional fuel taxes and revenues from a truck toll in Gitega financed by the Bank will be used to strengthen the fund’s resources.

The road review recommends that countries manage roads in a businesslike fashion, with clear accountability and a functional road asset management system, and that the Bank make this approach integral to its country partnerships. Countries should also increase resources by using advertising space along duty-free roads, providing traffic information, and so on.

The Bank, for its part, intends to increase its advocacy for a life-cycle approach to road asset management and become a partner of choice in building countries’ capacities for road maintenance. It is improving its capacity to assess road maintenance at a country level, through better-defined appraisal exercises and country diagnostics. These country-specific assessments are crucial for designing the Bank’s assistance to yield maximum development impact.
While our ratings for delivering development results have been strong, we strive for continuing improvement to boost outcomes for our clients. In 2016 the Bank’s independent evaluation department conducted a Comprehensive Evaluation of Development Results to assess the performance of Bank operations in 14 countries (see Box 18). Amongst other things, the evaluation found that about 30% of Bank interventions had achieved or were likely to achieve their intended outcomes. In response to this finding, the Bank is introducing more exacting standards in designing and assessing the performance of its operations.

We use lessons from completed projects are used to improve the design and implementation of new projects. To structure the learning process, we prepare Project Completion Reports so that lessons can be identified and disseminated in a timely way, to shape new operations. In 2016, the share of completed operations with a timely completion report was 56%—below our target, as project task managers tend to focus more on preparing and supervising projects than on their completion. To improve overall project management, including reporting, the Bank is reviewing staff incentives and the training and support it provides to task managers.

“...We ensure that our cross-cutting policy objectives have a core role in shaping project design...

**Enhancing the quality and speed of operations**

To maximise development impact, we always seek to enhance the quality of our projects and prepare them in an efficient, timely way. Even as we rapidly scale up our support for the High 5s, we are determined not to compromise on project quality.

In 2016, our quality of country strategy papers improved from 3.0 to 3.1, on a scale of 1–4 that rates a variety of compliance, procedural and financing dimensions. We continue to refine our CSPs to ensure that they provide the most useful framework for our assistance. Our quality of new operations was rated at 3.1, down slightly from 3.3 in 2015. We are improving quality control by fine-tuning our quality-at-entry framework, which is our main tool for checking that proposals are technically sound and designed to deliver maximum benefits.

We are streamlining our project preparation process. We have reduced the lag between the approval of a project and its first disbursement, while stepping up efforts to enhance quality-at-entry. The time from concept note to first disbursement, a new indicator to promote efficiency, currently averages 20.2 months.

To deliver sustainable outcomes, we ensure that our cross-cutting policy objectives have a core role in shaping project design. We achieved 70% of new operations with gender-informed design and 80% of new operations with climate-informed design, but only 78% of operations with satisfactory environmental safeguard system mitigation measures. We did not meet our 88% target for the safeguards because, since mid-2015, when we

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### Box 18 Lessons from the Comprehensive Evaluation on Development Results

In 2016, the Bank’s independent evaluation department undertook a Comprehensive Evaluation on Development Results, assessing the performance of country strategies, projects, knowledge studies and engagement with partners in 14 African countries.

The evaluation recommended that Bank corporate strategies should be based on a theory of change. As a result, we prepared 14 “logics of intervention” that underpin our new Results Measurement Framework.

Other recommendations focused on improving country strategies, project design and supervision. The Bank will ensure that each Country Strategy Paper (CSP) sets out the country’s specific needs and the Bank’s comparative advantage, and covers all Bank activities in the country. We will use new quality assurance standards and results tools to monitor project implementation. To improve the supervision of non-sovereign loans, we will use a rating cycle tool. We will also develop the Task Manager Academy to strengthen staff skills across the Bank.

The evaluation recommended that the Bank align incentives more closely with performance against Bank priorities. We are implementing this recommendation through new performance contracts and revisions to key performance indicators.

### Figure 16 Enhance the quality and speed of operations

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</tr>
</thead>
<tbody>
<tr>
<td>Quality of country strategy papers (scale, 1–4)</td>
<td>3.1</td>
<td>3.1</td>
<td></td>
<td></td>
<td>3.1</td>
<td>3.1</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Time from concept note to first disbursement (months)</td>
<td>20</td>
<td>20.2</td>
<td></td>
<td></td>
<td>18</td>
<td>90</td>
<td></td>
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<tr>
<td>Operations with satisfactory mitigation measures (%)</td>
<td>78</td>
<td>78</td>
<td></td>
<td></td>
<td>70</td>
<td>83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New operations with gender-informed design (%)</td>
<td>78</td>
<td>70</td>
<td></td>
<td></td>
<td>80</td>
<td>83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New operations with climate-informed designs (%)</td>
<td>65</td>
<td>80</td>
<td></td>
<td></td>
<td>83</td>
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launched the Integrated Safeguard Tracking System, we have made our criteria more exacting in measuring the sustainability of our operations.

### Improving portfolio performance

We disbursed around $6.4 billion in 2016, surpassing our target by 6%. Whilst our public sector projects, especially policy-based operations, disbursed speedily, delays in meeting conditions held back disbursement in our private sector operations. Our overall disbursement ratio, which shows whether projects are moving forward smoothly, stood at 17.3% against a target of 21%.
Procurement continued to cause delays, with an average time for procurement of goods and works of 8.2 months, against our target of 7.7 months. To address this issue, we are increasing our use of advance contracting and offering technical assistance to counterparts in contract management and procurement. We delivered 3.5% by value of our procurement contracts through national systems, in line with the objective in our new procurement policy, to enhance the development effectiveness agenda.

The proportion of operations at risk decreased over 2016 from 15% to 12%, because of proactive measures by regional departments and country offices and monthly monitoring by senior management, using tools such as the Portfolio Flashlight report and the Executive Dashboard. The share of operations eligible for cancellation increased from 25% to 31%, largely because of a change in the standards for signature and disbursement timelines of public sector operations: project signature is required to take place in the first three months after approval and first disbursement within six months after approval. Some 29% of projects face implementation challenges and delays, very close to our target of 28%. A snapshot of our current portfolio indicates that most projects accelerate implementation after their first couple years (Figure 18).

Our Country Portfolio Performance Reports (CPPRs) check the health of our country portfolios, to ensure an early response to any emerging concerns. In 2016, half of our countries achieved timely coverage of CPPRs; this was below our target of 59%, and we are

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**Figure 17** Improve portfolio performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target Coverage</th>
<th>Actual Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
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<td>2015</td>
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<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
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</tbody>
</table>

**Figure 18** Profiling the cumulative disbursements of our 470 active public sector projects

Throughout our portfolio most of the disbursement takes place after three years of project implementation, as per the above disbursement trajectory for the Bank’s investment projects. The rate is below 10% for the first two years (lower left) while projects experience disbursement delays related to signature, effectiveness, launching, setting up implementation units, finalising feasibility studies and procurement packages, and so on. Most projects pick up steam from year 3 (middle squares), approaching and even exceeding the ideal disbursement trajectory. The disbursement rate is usually good for projects that are older than 7 years and require an extension to make up for the start-up delays (upper right). We will conduct further analysis on two groups of projects: those with a disbursement rate above 50% in the first 3 years (upper left), and problem projects with disbursement rates below 50% 7 years after approval (lower right).
working with country offices to make sure these documents are prepared on time with governments.

Over the past year, we made a substantial contribution to knowledge about Africa’s development challenges. We produced 168 new economic and sector work products, many providing evidence and policy options regarding the High 5s, including on Africa’s agricultural transformation. Our collaborative research initiative “The Structural Transformation of African Agricultural and Rural Spaces” produced 20 working papers and policy briefs, and the African Economic Outlook, which we produce with the OECD and UNDP, assessed sustainable cities and their impact on driving agricultural change. We led the 2016 African Economic Conference on agro-industrialisation (discussed in Chapter 1), and provided technical inputs to the conference on African agriculture held in Seoul in late 2016, under our Korea-Africa economic cooperation arrangement. With these activities, the Bank is cementing its role as a knowledge broker on development issues in Africa.

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Re-engineering the organisation for greater efficiency

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and at scale, in partnership with governments, regional institutions, the private sector and other donors.

**Moving staff closer to clients for enhanced delivery**

By devolving staff and functions to the country and regional level, we are able to work more closely with our partners, better understand the context, and improve the supervision of our projects. We now have 42.1% of operations staff based in country offices and regional hubs, showing continuing progress towards our target of 45. We also have 65% of our projects managed from country offices, above our target of 63%. We have updated our decentralisation plans for 2016–18 to enhance our impact and effectiveness at regional level.

![We have updated our decentralisation plans to enhance our impact and effectiveness](image)

The Bank recruited senior managers in our revised organisational structure, and new performance management contracts were signed to ensure accountability for results. We are developing key performance indicators for our new regional hubs.

Professional and managerial staff have been trained in recruitment and staff assessment processes. As a result, the time to fill vacancies decreased dramatically from 223 to 125 days, well ahead of our target of 210 days. Our net vacancy rate for professional staff remains on target at just over 15%, and the proportion of professional staff working on operations improves slightly reaching 67.6%. These factors enabled the Bank to perform at high levels, whilst undertaking its internal reforms.

**Strengthening our performance culture to attract and retain talent**

Achieving our goals requires the Bank to attract, retain and develop staff of the highest calibre from a range of specialties. This requires a workforce with the right skills mix and an approach to work that achieves results. The Bank approved pay increases in 2016 for both international and local staff to help attract and retain high-performing staff, and it is ensuring that posts are appropriately graded in line with responsibilities.

Our new Development and Business Delivery Model pays close attention to enhancing staff management and training, equipping and encouraging staff to deliver high-quality work. Both employee engagement and managerial effectiveness are key to sustaining high staff performance, and will be measured in our next staff survey.

![We introduced a pilot mentoring scheme to help women develop their careers](image)

The gender gap amongst technical and managerial staff remains to be improved, although we are close to our targets. The proportion of women professional staff increased from 26.9% of our professional staff in 2015 to 27.9%, and the share of management staff who are women decreased slightly from 29.4% in 2015 to 28%.

The Bank aims to be an attractive place for women to work, including in senior positions. In 2016, half of the senior manager appointments for the five regional hubs were women, and 60% of the new young professional cohort were women. We introduced a pilot “Crossing Thresholds” mentoring scheme for women, which has been used across the UK public service, to help women develop their careers in a structured and supporting environment.

**Improving financial performance and mobilising resources**

The total volume of operations approved for the year was $10.7 billion. Whilst sovereign loan approvals surpassed their target, private sector loan approvals remained at 85% of the annual objective. This modest performance was due to financial prudence that led the Bank to scale back some projects and postpone others. In line with our commitment to the Paris Climate Agreement we increased our climate finance investment (Box 19).

In 2016 donors agreed to the three-year ADF 14 replenishment of $7 billion, to provide concessional finance to our 38 lower-income member countries. The replenishment was lower than ADF 13,
partly because of competing priorities with aid needs in ADF donor countries. To mobilise resources for achieving the High 5s, we will increase our efforts to leverage finance from a wider range of sources, we are systematically tracking our efforts to mobilise additional resources.

**We will increase our efforts to leverage finance from a wider range of sources**

To maximise development finance and reach, we co-finance investments with donors and governments. For example, we co-finance the multi-purpose water supply project in Senegal with the Islamic Development Bank, European Investment Bank, World Bank, and the Government of Senegal. We have 40 bilateral and multi-donor trust funds, and in 2016 we established two more, the Africa Integrity Fund and the Somalia Infrastructure Fund. Overall, UA 3.5 billion ($4.7 billion) was mobilised from public sector entities.

At the same time, we are actively working to catalyse higher levels of private sector finance, the main driver of growth and job creation. In 2016, we achieved UA 2.8 billion ($3.8 billion) in resources mobilised from the private sector, below of our target of UA 6.4 billion. Through our innovative financial instruments such as partial credit and partial risk guarantees, the Bank reduces investment risks for the private sector. We surpassed our targets for crowding in finance, including through syndication and trade finance. For example, as discussed in Chapter 2, we arranged a $1.34 billion loan for South Africa’s power facility with commercial banks.

**The Bank is committed to maximising value for money for our member countries**

The Bank is committed to maximising value for money for our member countries. We achieved greater cost efficiency, with administrative costs per UA 1 million disbursed at UA 72 000, well ahead of our target of UA 98 000. Our work environment cost per seat, UA 3400, was also better than our target of UA 4000.

**By moving staff closer to our clients, we are better placed to deliver on the High 5s**

Overall, our cost of preparing a lending project decreased to UA 77 900 compared to UA 85 600 in 2015. The cost of supporting project implementation was UA 22 140 compared to our target of UA 20 000, but we expect this cost to fall as we further decentralise responsibilities from headquarters. We are introducing greater efficiencies to reduce travel costs.

Overall, the Bank is making great strides in delivering on its new Development and Business Delivery Model. We are moving our staff closer to our clients, making us better placed to deliver on the High 5s. This involved effectively reorganising our organisational structure enabling staff to work across boundaries. More efficient processes and systems are leading the Bank to its highest disbursement rates and the completion of successful projects. With this, we expect to achieve greater value for money, better respond to our clients’ needs and deliver lasting development outcomes.

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**Box 19 Delivering on our climate finance commitments**

Under our Climate Change Action Programme, the Bank is expanding its climate work. Over the last five years, we mobilised more than $8 billion for over 200 projects to mitigate and adapt to climate change across Africa. By 2020, we will channel $5 billion per year into low-carbon development and climate resilience, including climate-smart agriculture. In 2016, the Bank approved $1.1 billion climate-related Bank commitments, shy of our target of $2.5 billion.

On behalf of member countries, the Bank accesses funds from climate financing instruments such as the Climate Investment Facility and the Global Environmental Facility, and it is now accredited to the Global Climate Fund. We will match resources from these sources with the Bank’s own resources, developing large-scale projects to crowd in additional private sector funding to tackle climate change and its impacts.
Harnessing urban development to boost growth

Connecting neighborhoods and cities is key to opening the doors to global markets. In Côte d’Ivoire, the building of the Henri Konan Bédié toll bridge in Abidjan reduced traffic and facilitated access to regional corridors.
Conclusion and outlook

Africa continues to grow and develop, thanks both to growing levels of trade and investment, and to sound policy management and increased economic diversification. The continent’s agriculture sector has seen improvement as farmers have expanded into agribusiness and new supply chains, and as a number of countries have begun to operate successfully in regional and global markets.

However, if the agriculture sector is to meet its full potential and promote inclusive growth across Africa, it must be completely transformed. Higher returns will come from increasing productivity and competitiveness throughout agricultural value chains, which in turn will attract local and foreign investors and expand markets and trade. Africa needs a dynamic and sustainable sector that provides more income and employment opportunities, particularly for young people.

As Africa’s population increases, cities expand and the middle class grows, demand for foodstuffs is soaring. There is potential for Africa to meet this demand by producing and processing more good-quality, competitively priced food. Increased food production would not only help to prevent hunger and malnutrition, but would also address the sharp increases in food imports that have led to negative agricultural trade balances and dampened economic growth.

With the global economic slowdown and slump in commodity prices, economic growth has slowed, and the continent’s export revenues have declined. While over the next few years Africa can expect slower economic growth compared to the peak levels of 2000–12, the outlook for broad and sustained development remains positive, especially for countries that succeed in diversifying their economies, improving competitiveness and strengthening institutions.

Our role in transforming agriculture

This Annual Development Effectiveness Review shows that the African Development Bank has made a real contribution to Africa’s recent development, helping to deliver better development results. As a trusted development finance institution, the Bank is well placed to support Africa in the coming years. The Bank believes that a private-sector-led transformation of Africa’s agriculture sector is central to achieving inclusive and sustainable growth across the continent.

From our long experience of supporting African agriculture, we have a clear sense of the combination of policies and interventions that is needed to transform the sector. We believe that governments and development partners must help agriculture become more productive and competitive throughout its supply chains and must facilitate its exposure to wider markets, providing opportunities for economies of scale. A dynamic, growing sector will create jobs and attractive opportunities for Africa’s growing population, particularly its young people.

Through our Bank strategies and our High 5 priorities, we have formulated a clear agenda for contributing to Africa’s development, including the transformation of agriculture, and we have set out how we will accelerate our efforts in the coming years. These focused efforts are already bearing fruit.

Feed Africa: Strategy for Agricultural Transformation 2016–2025. Our aims are to eliminate extreme poverty, end hunger and malnutrition, make Africa a net food exporter, and move Africa to the top of certain agriculture-based, export-orientated global value chains in areas where it enjoys a comparative advantage.

To achieve this, we will scale up our work to support sustainable agriculture and create a conducive environment for local and foreign investment in the sector. We will continue to invest in transport, power, water, and IT infrastructure to improve access to markets, inputs and new technologies. We will expand access to finance and capital for small- and large-scale businesses and for women. To increase returns to agriculture, we will invest
Conclusion and outlook

in value chains and link farmers to global and regional markets. This work will build on our recent achievements—the support we provided for improvements in agriculture that benefited 5.6 million Africans.

Light up and power Africa: New Deal on Energy for Africa 2016–2025. We will partner with governments, donors and the private sector to accelerate energy investments and achieve universal access to electricity in Africa by 2025. Through our new public-private initiative, we will leverage greater investment from the private sector, build sound legal and regulatory environments and develop better energy governance at national and regional levels. We will invest in transmission, distribution and collection systems and promote environmentally sustainable power systems, including through the Renewable Energy Initiative. This means that we will scale up our 2016 results of installing an additional 540 MW of power capacity. For agriculture, our work will help farmers and businesses access affordable, reliable energy to improve their productivity.

Industrialise Africa: New Industrialisation Strategy for Africa 2016–2025. With the aim of doubling Africa’s industrial GDP over the next decade, we will continue to invest heavily in infrastructure and improve policy, legislation and institutions to create a more conducive context for doing business, to attract investors and promote competitiveness and trade. In 2016, our support benefited 156 000 small businesses. For agriculture, we will invest in agro-industries to create value-added along supply chains and generate higher and more reliable incomes for farmers; help farmers move into agribusiness and agro-industry; and leverage and catalyse finance from the private sector to invest in agricultural supply chains.

Integrate Africa (regional integration strategy to be launched in 2017). Through our work, we provided improved access to transport to 7 million Africans in 2016. We will continue to prioritise regional infrastructure investment and the development of soft infrastructure, including institutional capacity, trade facilitation and financial infrastructure. We will give high priority to mobilising resources from the public and private sectors, to meet the infrastructure deficit. For agriculture, our infrastructure investments will foster larger and more efficient markets and create the economies of scale needed for competitiveness and trade. This will lead to greater investment, increase agriculture’s export potential, and put downward pressure on domestic prices of food, helping to reduce food insecurity.

Improve the Quality of Life for the People of Africa. We created 1.6 million jobs in 2016, and we developed the “Jobs for Youth in Africa Strategy 2016–2025” to harness the labour, energy and enterprise of young African women and men, which is critical for economic growth and reducing poverty. Each of our projects will have a jobs component. As we increase employment opportunities, we will equip young people with the right skills and attitudes for work. We will also provide support to the education, health, and water and sanitation sectors, which are central to people’s quality of life. In agriculture, we will facilitate higher returns along supply chains to create higher-quality jobs, and will also scale up our nutrition programmes. A large proportion of new jobs and entrepreneurs will be in the agriculture sector.

Cross-cutting Priorities: Governance, Fragility, Climate Change and Gender. All our development programmes, including our agriculture portfolio, will continue to address these strategic cross-cutting areas. In governance, we will promote sound public financial management, to ensure that public resources are used well for infrastructure and public services. We will help to improve the climate for doing business. To address fragility, we will build resilience at local, national and regional levels, recognising the importance of agriculture in fragile situations to raise incomes and reduce food insecurity. We will replicate and scale up successful climate adaptation approaches and support improved land and water management. We will leverage global climate funds to mitigate climate change and will use climate-smart approaches to limit its impact. Aiming for women and men to participate equally in economic and social life, we will ensure that gender equality is mainstreamed in everything we do. Our work will enable women to have much greater access to training in business skills, affordable finance and markets.

Improving the Bank’s performance

This Annual Development Effective Review shows that we are delivering development impact more efficiently. We have achieved value for money for our partners, regional member countries and the African continent. Our project portfolio is delivering sustainable development outcomes, and our quality assurance processes through the entire project management cycle are performing well. Over the last year, we have approved and disbursed record levels of assistance.

We will continue striving to improve our effectiveness and efficiency, aiming to deliver higher-quality development outcomes more rapidly and at scale. We want to sustain the achievements of recent years whilst improving our performance. In 2016 we launched our new Development and Business Delivery Model to align our institutional structure closely to our priorities and ensure that departments and individual roles are focused on delivery. We expect that this new model will lead to enhanced operational performance and improved business efficiency across the Bank.

Through the next phase of decentralisation, we will move closer to our regional member countries so that we can enhance delivery and respond better to their needs and priorities. We will work to attract, retain, and develop staff of the highest calibre, including more women for professional and managerial posts. To improve performance, we will continue to train and equip all our staff and enhance management skills throughout the institution.

We are fine-tuning our business processes so that we can procure, disburse and supervise in a timely way and respond quickly to any implementation difficulties. We will work closely with national
systems, building their capacity and using them for our projects. We will enhance our financial performance through tight controls and increased efficiencies, including on travel costs, and will place stronger emphasis on leveraging public and private sector finance to help us increase our development impact and achieve our priority aims.

To expand our climate change portfolio, we will channel finance from global climate funds and match these allocations with resources from the Bank. We will support low-carbon development and climate resilience, including climate-smart agriculture. We will also crowd in private sector funding, to fund large-scale projects to mitigate climate change and help communities adapt to climate impacts.

Finally, learning from experience is important for the Bank. We have reviewed lessons from across our portfolio and undertaken a wide range of analytical work. We will continue to carry out detailed studies of Africa’s development challenges, to inform our own work and that of the wider development community.

We are undertaking a wide range of reforms and actions within the Bank to improve our efficiency. We do this to ensure that we are well placed to deliver on our ambitious agenda to serve our clients and expand our portfolio impact, in support of inclusive and sustainable economic growth and poverty reduction across Africa.

The High 5s will remain at the centre of our ambitious plans to support Africa’s transformation within a decade. Focusing on them, and drawing on our strong partnerships, the AfDB will help build a prosperous new Africa that enjoys sustainable and inclusive growth; one that is peaceful, secure and united, regionally integrated and globally competitive.
The Development Effectiveness Review series of the Bank

Annual reviews

Thematic reviews

Country reviews
About this publication
The 2017 Annual Development Effectiveness Review is a comprehensive report on the performance of the African Development Bank (AfDB). The report reviews development trends across the continent and explores how the AfDB’s operations have contributed to Africa’s development results. This review reflects the AfDB’s focus on an interlocking set of five critical priorities within the Bank’s Ten-Year Strategy: the “High 5s”. It also looks at how effectively the AfDB manages its operations and its own organisation. The report is supplemented each year by more detailed reviews of particular sectors and thematic areas as well as selected country reviews.

About the African Development Bank Group
The AfDB Group is a multilateral development bank whose shareholders include 54 African countries and 26 non-African countries. The AfDB Group’s primary objective is to contribute to the sustainable economic development and social progress of its regional members, individually and jointly. It does this by financing a broad range of development projects and programmes through public sector loans, including policy-based loans, and through private sector loans and equity investments; by providing technical assistance for institutional support projects and programmes; by making public and private capital investments; by assisting countries with development policies and plans; and by supplying emergency assistance.