

Strategic Direction for ADF-14

Overview paper

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AFRICAN DEVELOPMENT FUND

Table of Contents

Abbreviations	ii
Executive Summary	iii
1. Introduction	1
2. Africa's Opportunities and Challenges to Achieve Sustainable and Inclusive Growth	1
3. Strategic Framework for the Bank Group in Africa during ADF-14.....	2
4. The Bank Group at the Centre of Africa's Transformation.....	8
5. Conclusion	12
Annex 1: Scaling up the TYS outcomes through five priority areas – Roadmap	13
Annex 2: Bank Group contribution to development in ADF countries	14
Annex 3: Main achievements in ADF countries for the period 2008-2015	16
Annex 4: Examples of ongoing projects financed by ADF from 2008 to 2015	20
Annex 5: Programs for Implementing the Five Priority Areas	23

Figures

Figure 1: Bank Group's priorities and alignment with the SDGs	4
Figure 2: African Development Fund results 2008-2015.....	10
Figure 3: The five priority areas for 2025	11

Abbreviations

ADF	African Development Fund
ADF-11	Eleventh African Development Fund
ADF-12	Twelfth African Development Fund
ADF-13	Thirteenth African Development Fund
ADF-14	Fourteenth African Development Fund
ADB	African Development Bank
CAADP	Comprehensive African Agricultural Development Program
COP21	Twenty First United Nations Conference on Climate Change
CSP	Country Strategy Papers
EU	European Union
GDP	Growth Domestic Product
GW	Gigawatt
Ha	Hectares
ICT	Information and Communication Technologies
KWh	Kilowatt-hours
Km	Kilometres
MDB	Multilateral Developments Bank
MVA	Manufactured Value Added
MW	Megawatt
ODA	Official Development Aid
PBA	Performance-Based Allocation
PIDA	Program for Infrastructure Development for Africa
PSF	Private Sector Credit Enhancement Facility
REC	Regional Economic Community
RMC	Regional Member Country
RMF	Results Measurement Framework
RO	Regional Operations Envelope
TSF	Transition Support Facility
TYS	Bank's Group Ten Year Strategy
SDGs	Sustainable Development Goals
UA	Unit of Account
US\$	United States Dollars

Executive Summary

1. This paper sets forth the strategic direction of the Fourteenth African Development Fund (ADF or the Fund) cycle. The Bank Group's Ten Year Strategy 2013-2022 (TYS) will continue to guide its contribution to Africa's transformation. Outcomes and results will be scaled up in five priority areas of the TYS for which the Fund is already making significant contribution and where the Bank Group has an explicit mandate and a recognized comparative advantage.

Africa's challenging development context

2. African economies are growing but this has not yet led to structural transformation, job creation and prosperity. Despite commendable progress over the past fifteen years, ADF countries in particular still face critical challenges. These include poverty and inequality; insufficient diversification; significant infrastructure gaps; poor business environment; and fragmented markets. The continent also has the highest proportion of countries in fragile situations. In addition, African countries are least prepared to buffer their societies from the impact of global threats such as climate change, terrorism, and recession.

Transforming Africa by sharpening the focus of the TYS

3. Responding effectively to these challenges requires resources, and scaling up support to ADF countries to manage vulnerabilities and build resilience against shocks. The Bank Group will therefore sharpen the focus of its interventions during ADF-14 to: i) Light up and Power Africa; ii) Feed Africa; iii) Industrialize Africa; iv) Integrate Africa; and v) Improve Quality of Life for Africans.
4. These five priority areas build on the evolving needs and new challenges of ADF countries. They are intrinsically linked to the Sustainable Development Goals (SDGs) and the Twenty First United Nations Conference on Climate Change (COP-21) commitments and the Agenda 2063 for Africa.
5. ADF-14 will continue supporting results-driven interventions targeting long-term structural issues defined in the TYS. These include assisting countries in fragile situations, improving governance and accountability, promoting gender equality, and helping communities adapt and respond to climate change effects. Significant investments combined with continued policy dialogue and capacity building activities are expected to have a transformative impact on African economies by 2025.

Scaling up outcomes during ADF-14

6. The ADF has made a significant contribution to the improvement of people's lives on the continent and particularly in countries in fragile situations. The ADF has also contributed to the growth of seven low income countries that have graduated to middle income status over the past five years. During the period 2008-2015, the Fund has demonstrated record achievements in providing social services, investing in critical infrastructure, promoting regional integration, transforming livelihoods and creating opportunities for income generation and poverty reduction. Gains have been made across all the sectors and areas of special emphasis singled out in the TYS.
7. Achieving the SDGs requires the combined efforts of development partners, regional member countries, and the private sector to amplify investment levels "from billions to trillions". Likewise, accelerating the implementation of the TYS during ADF-14 necessarily calls for scaling up the Fund's core funding, with mobilization and financing instruments that stretch the impact of donor financing by catalysing co-investment, liquidity and risk-taking capital. Further, strengthening policy dialogue and capacity building in areas like domestic resource mobilization, debt management, improving business environments and reforming the legal and regulatory frameworks will be critical.

The Bank Group at the centre of Africa's transformation

8. The Bank Group through the ADF is well positioned to mobilize and channel resources to countries transitioning out of fragility and to countries seeking to achieve middle income status. As a partner for ADF countries, championing various continent-wide development initiatives, and equipped with a robust strategy focusing on five priorities areas, the ADF is ideally placed to support Africa's transformation. ADF will use all the tools at its disposal, while leveraging its legitimacy and franchise value as the most important concessional finance institution dedicated solely to clients in Africa.



CONTEXT



STRATEGY



RESULTS

Opportunities & strengths



- Macroeconomic stability
- External financial flows
- Emergent middle class
- Demographics
- Land & natural resources

Challenges



- Lack of diversification
- Infrastructure gap
- Poor business environment
- Limited human & domestic resources
- Small & fragmented markets
- Inequality & unemployment
- Fragility

United Nations Sustainable Development Goals (SDGs)



AfDB Ten Year Strategy 2013-2022

Objectives
Inclusive growth
Transition to 'green growth'

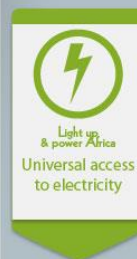


Operational priorities

Infrastructure development
Regional integration
Private sector development
Governance & accountability
Skills & technology

Areas of special emphasis
Fragile states
Agriculture & food security
Gender

AfDB 'High 5' priority areas



Light up
& power Africa
Universal access
to electricity



Feed
Africa
Agricultural
transformation



Industrialise
Africa
Economic
diversification



Integrate
Africa
Regional
market



Improve the quality of life
for the people of Africa
Access to social
& economic
opportunities

Looking back (2008-2015)



Energy
3.3m
beneficiaries



Transport
49.2m
beneficiaries



Water & Sanitation
13.5m
beneficiaries



Private sector
development
1.1m jobs
created



Regional
integration
1320 km
cross-border roads



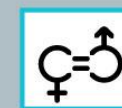
Health, education,
training
68.5m
beneficiaries



Agriculture &
food security
46.1m
beneficiaries



Governance
30 countries
with stronger
public
management
systems



Gender Equality
23.1m female
agriculture
beneficiaries

Looking forward (to 2025) – 'scaling up'

Overview Paper - Strategic Directions for ADF-14

Key messages

- 1) *ADF countries face real opportunities for achieving inclusive growth and prosperity, but remain vulnerable to critical challenges and threats.*
- 2) *ADF-14 will sharpen its focus on results and deliver scaled up outcomes in five priority areas to make a critical difference in people's lives in Africa's most vulnerable and fragile countries.*
- 3) *The ADF is ideally placed to support Africa's transformation.*

1. Introduction

- 1.1. This paper sets forth the strategic directions for the Fourteenth replenishment of the African Development Fund (ADF-14). The Ten Year Strategy 2013-2022 (TYS) sets the overall framework for the African Development Bank Group's (the Bank's) support to Africa's transformation over the long-term. ADF-14 provides an opportunity to focus resources and build on the Bank's comparative advantage, to selectively scale-up results in five priority areas of the YYS, to: Light up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the Quality of Life for Africans.
- 1.2. These five priority areas central to the YYS are intrinsically linked to the recently adopted Sustainable Development Goals (SDGs), the global commitments made on climate change at the Twenty First United Nations Conference on Climate Change (COP-21) and the Agenda 2063 for Africa. Building on the Bank's comparative advantage, the five priority areas respond to the evolving landscape and priorities in ADF-eligible Regional Member Countries (RMCs), the growing opportunities for regional integration and several critical continental initiatives.
- 1.3. This paper is organized as follows. After this introduction, section 2 provides a brief overview of the continent's main opportunities and challenges over the next decade. Section 3 presents the strategic framework for the Bank's interventions on the continent. Section 4 highlights the Bank's strengths and comparative advantages, presents key achievements under ADF-11, ADF-12 and ADF-13, and discusses how the Bank will scale up outcomes during ADF-14. Section 5 concludes the paper.

2. Africa's Opportunities and Challenges to Achieve Sustainable and Inclusive Growth

- 2.1. The global economy faces strong headwinds, framing a context of uncertainty for all regions and countries. African economies, in particular low income countries, are particularly exposed and least prepared to absorb potential shocks. The continuing financial crisis and slowdown in global demand could jeopardize the efforts and results achieved by these countries, notably in terms of macroeconomic stability.
- 2.2. Latest macro-economic projections suggest a slight improvement for 2016, notwithstanding continued low commodity prices and tightening monetary policies in the US.¹ However, to achieve shared and sustained prosperity, ADF countries must achieve the following:
 - 2.2.1 **Economic diversification and transformation.** Most RMCs remain insufficiently diversified and highly dependent on exporting primary commodities, which makes them vulnerable to external shocks. While commodities make up more than 70 percent of African exports, manufactured goods account for more than 60 percent of its imports. The numbers are even starker when

¹ The 'Economic Outlook for ADF countries' paper prepared for the First ADF-14 replenishment meeting provides further details.

restricted to ADF countries. The continent is also a net food-importing region, spending approximately US\$ 90 billion a year to meet a third of total caloric intake.

- 2.2.2 **Global competitiveness.** Inadequate infrastructure, poor policies, weak institutions, limited access to credit and insufficiently skilled labour adversely affect productivity and competitiveness and also increase the cost of doing business.² On average, 4.9 percent of annual sales are estimated to be lost due to electrical outages.³
- 2.2.3 **Regional markets integration.** Intra-African trade is limited and African markets remain highly fragmented. Low industrialization levels condemn RMCs to trading unprocessed commodities with limited added value or technological content. This lack of integration costs Africa between 1 to 1.5 percent in GDP annually.
- 2.2.4 **Enabling business environment, strengthening accountability and improving domestic resource mobilization.** Macroeconomic stability, an enabling business environment and the efficient use of public resources remain key challenges. ADF-eligible countries still perform poorly when it comes to an enabling business environment, with only 8 countries among the top-100 in the Doing Business 2016 rankings. Mobilizing additional domestic revenues remains a challenge to overcome reliance on external resources, including non-concessional, that can compromise debt sustainability if not properly managed.
- 2.2.5 **Tackle fragility.** Most countries experiencing fragile situations in the world are in Africa. Fragility generates economic, social and environmental costs in the countries concerned, with demonstrated contagion effects, where conflict spills-over into neighbouring countries, requiring regional approaches for resolution.
- 2.2.6 **Job creation and seizing demographic opportunities.** Socio-economic inequality is high, undermining efforts to improve the quality of life of Africans and achieve economic progress. Insufficient access to factor inputs condemns women farmers to a third less productivity than their male counterparts. Women's participation in the formal labour market is low, and discrimination against female entrepreneurs, workers and managers results in large disparities in income between women and men. Africa's youth is largely excluded from the formal economy: of the estimated 419 million youth living in Africa, approximately 127 million are unemployed and another 146 million are vulnerably employed. Lack of inclusion and opportunities for the youth can be a source of socio-political tension and spurs migration from rural to urban areas and from Africa to the rest of the world.
- 2.2.7 **Environment and climate change mitigation and adaptation.** Climate change represents a particular threat to ADF countries as these countries are primarily rural and highly dependent on rain-fed agriculture for food and income. In addition, limited human, institutional, financial and technological resources make low income countries unprepared to manage the complex impacts of climate change. In fragile situations, changing climatic conditions have the potential to act as a "risk multiplier". The cost of climate change is expected to reach US\$ 45-50 billion per year by 2040, and up to 7 percent of Africa's annual GDP on average by 2100. Poor households and vulnerable populations will bear the brunt of these impacts, as a vicious cycle links climate impacts, rural poverty, and fragility.

3. Strategic Framework for the Bank Group in Africa during ADF-14

Transforming Africa by focusing on Five Priority Areas

- 3.1. The African Development Bank Group is committed to play a central role in enabling member countries, and especially ADF-eligible countries, achieve the SDGs, mitigate and overcome vulnerabilities and build their resilience against potential shocks. The TYS sets the Strategic Framework for the Bank Group's operational and institutional program using all its operational and institutional capabilities. During the ADF-14, the Bank Group will scale up results in five priority areas of the TYS: Light up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa, and; Improve Quality of Life for Africans.

² According to the Global Competitiveness Index 2015-2016, only 12 Africa countries are ranked among the first 100 countries (140 countries assessed). Out of these, only 4 are ADF eligible countries (Côte d'Ivoire, Kenya, Rwanda and Zambia).

³ See 2014 Enterprise Surveys, World Bank: www.data.worldbank.org/indicator, accessed 15 June 2014.

- 3.2. To implement the Bank Group's vision for these five priority areas, Management will build on the foundations of sector strategies and policies already in place (e.g. regional integration policy and strategy, governance strategic framework and action plan, private sector development strategy, human capital strategy, and energy policy) or in the making (e.g. agriculture and energy strategies). Detailed business plans are at an advanced stage of preparation ahead of consultation with the Boards of Directors and key stakeholders (see roadmap in Annex 1). Significant investment combined with continuous policy dialogue and capacity building activities are expected to have a transformative impact on African economies by 2025.

Light up and Power Africa

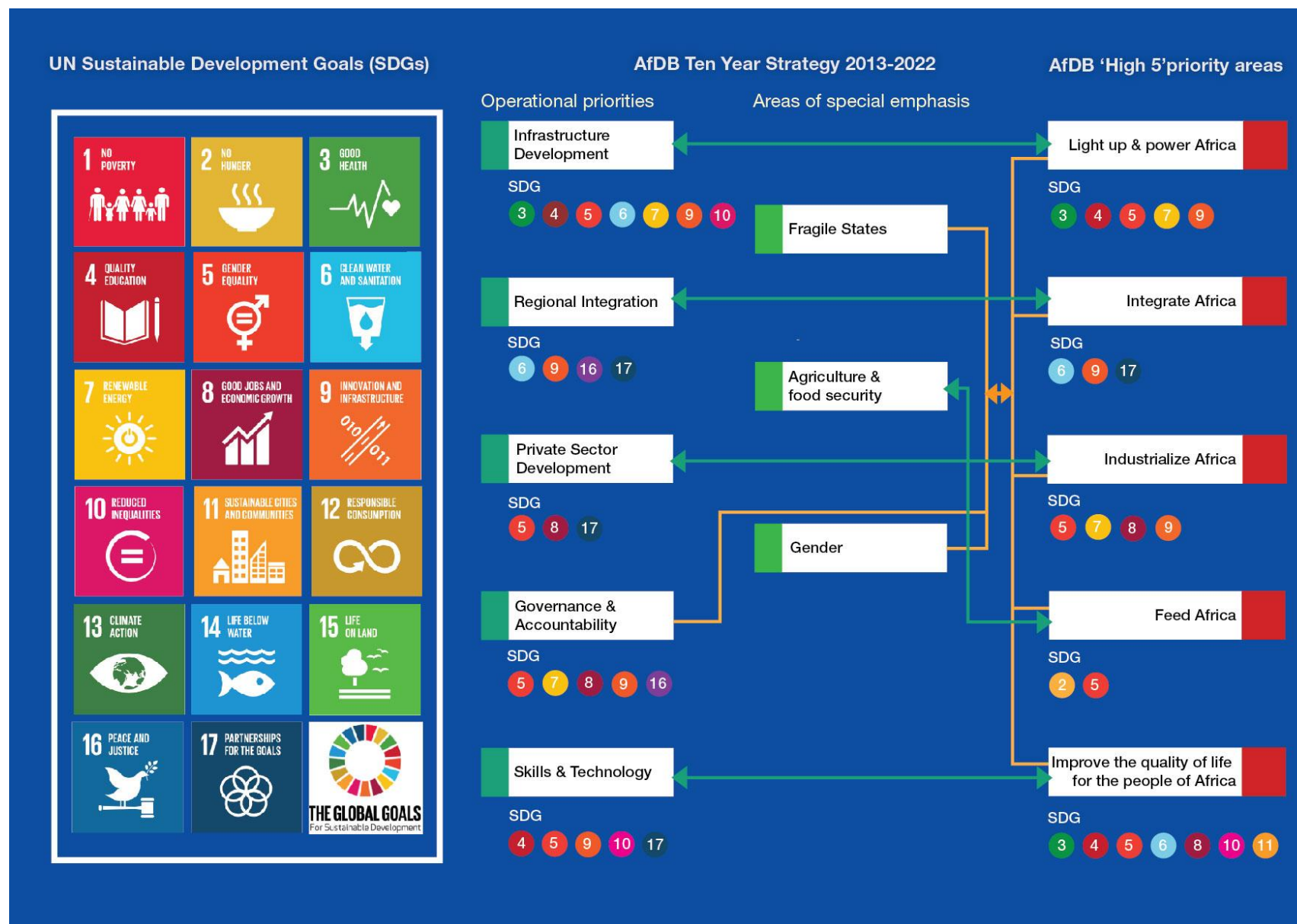
- 3.3. Energy is crucial for human development. It reduces the cost of doing business and unlocks economic potential. However the electricity access rate for ADF countries is the lowest in the world.⁴ Insufficient energy access causes hundreds of thousands of deaths annually due to the use of wood-burning stoves for cooking; undermines the operations of hospitals and emergency services; compromises educational attainment; and drives up the cost of doing business due to the use of generators.
- 3.4. The energy potential is enormous, yet only marginally realized. Hydropower provides around a fifth of current capacity but not even a tenth of its total potential is harnessed. The technical potential of solar, wind and geothermal energy is significant. Fossil fuels also offer considerable energy opportunities, especially for those ADF countries endowed with oil and gas. Likewise, these countries have significant untapped potential to meet their energy needs through renewable energy with only a minor carbon footprint.
- 3.5. By lighting up and powering Africa, ADF-14 will unlock the continent's energy potential, both conventional and renewable, through strategic partnerships that harness resources from the public and private sectors. ADF-14 will work with various partners to develop a framework that takes into account the different energy sources, geographic conditions, pricing, technologies, distribution mechanisms and beneficiary characteristics in line with the Bank's Energy Policy and future Energy Strategy. The "New Deal on Energy for Africa", the Transformative Partnership on Energy for Africa, and the Africa Renewable Energy Initiative entail a step change in the Bank's approach to the energy sector and will be critical for the ambitious target of achieving universal energy access by 2025.

Feed Africa

- 3.6. Access to food – in quantity and quality – is a fundamental human right. It is also essential for ending hunger and malnutrition and ensuring a healthier and productive workforce. Agriculture employs over 60 percent of the African workforce and accounts for roughly a third of the continent's GDP. Yet, Africa is the most food-insecure region in the world. Structural food insecurity is a particular challenge in fragile economies that face heavy dependence on food imports. The importance of droughts and water scarcity for famine is also well-known and real. This is a fundamental paradox as over 65 percent of arable land in the world that has not yet been exploited is in Africa.
- 3.7. Africa's potential for agricultural production, including in ADF countries, is enormous, with food markets projected to increase from US\$ 313 billion in 2010 to US\$ 1 trillion in 2030 (World Bank, 2013energ). Agricultural value chains, including in the livestock and fishery sectors, have the potential to diversify economies, raise incomes, increase food security and contribute to mitigating conflict and prevent internal and external migration. However, poor infrastructure, inadequate mechanization, limited access to credit, fertilizers and technologies as well as insecure land tenure undermine the attainment of this potential.

⁴ Out of the 38 ADF eligible countries, only 5 have electricity-access rates exceeding 50 percent. For at least 19 ADF countries, less than 25 percent of the population have access to electricity.

Figure 1: Bank Group's priorities and alignment with the SDGs



- 3.8. The Bank Group is uniquely positioned to lead broad-based regional and international partnerships to transform Africa's agriculture and agribusiness. Through the Feed Africa initiative, ADF-14 resources will be deployed to help unlock the potential of RMCs to link agriculture to industrialisation. Unlocking agricultural potential and tackling food insecurity will require sustained multi-sectoral interventions (e.g. infrastructure development, intensive use of agro inputs and mechanization, enhanced access to credit, improved land tenure systems, and increased water-use efficiency) and an integrated value-chain approach that emphasizes climate-smart agriculture. The Fund will work with others to promote, where appropriate, the development of agro-allied industrial zones that can produce value-added products. ADF-14 resources will also invest in regional infrastructure and enhanced policy dialogue to remove trade barriers, thereby assisting in reducing food price volatility and food insecurity.
- 3.9. All of this is in line with the recently adopted Dakar Action Plan for Agricultural transformation (October 2015), and key existing programs such as the Comprehensive African Agricultural Development Program (CAADP).

Industrialize Africa

- 3.10. As a primary commodity exporter, Africa is at the base of the global value chain. ADF countries face the added challenge of structural constraints and political instability, jeopardizing private sector-led economic diversification and transformation. Consequently, most ADF countries are not creating the jobs necessary to absorb the significant number of its youth, compelling hundreds of thousands to migrate overseas each year.
- 3.11. To unleash their full potential, African countries must co-opt the opportunity of private sector-led investment to achieve industrial transformation. Harnessing Africa's commodities for industrialization involves adding value to soft and hard commodities and developing forward and backward linkages to the commodity sector.
- 3.12. In line with the Bank Group's Private Sector Strategy, ADF-14 will target improving the capacity of Africa's producers, particularly manufacturers and related industries. It will also support the development of SMEs, special economic zones and the establishment of private-public partnerships as a mean to leverage resources for financing the industrialization process in ADF countries.

Integrate Africa

- 3.13. Integrating Africa's economies is key to achieving competitiveness and growth. Yet, regional integration continues to face policy, regulatory, institutional, and infrastructure challenges. Overcoming these challenges requires increasing regional trade related to infrastructure services, particularly in energy, transport, transboundary water and ICT. Other actions would address the weak capacities of regional organisations to plan, coordinate, create national ownership of regional programmes and decisions, and attract necessary investments. The limited amount of intra-African trade remains a concern.⁵ The role of the private sector is below expectations not only as source of finance but also as provider of innovative perspectives on policy and strategies needed to improve the region's productive capabilities and industrialization.
- 3.14. The Bank's Group Regional Integration Policy and Strategy (2014-2023) acknowledges the opportunities provided by regional integration in boosting infrastructure, trade, industrialization and movement of people because of important but unevenly distributed human and natural resources, and small and fragmented markets. The Bank Group continues to lead in several continent-wide initiatives targeting both "hard" and "soft" infrastructure (e.g. trade and services facilitation policies and instruments). These initiatives are, among others: i) the Continental Free Trade Area, ii) the CAADP, iii) the PIDA; iv) Sahel; v) Horn of Africa; and vi) the Boosting Intra-African Trade agenda.
- 3.15. ADF-14 will build on the gains achieved in previous ADF cycles to integrate the region's markets, create regional value chains and promote complementarities. In addition to investments in PIDA's infrastructure priorities, the Fund will continue supporting regional financial and capital markets

⁵ Intra-African trade is the lowest globally – approximately 15 percent compared to 54 percent in the North America Free Trade Area, 70 percent within the European Union (EU) and 51 percent in Asian countries.

integration and strengthening regional economic communities (RECs) and national authorities' capacities to eliminate non-tariff trade barriers.

Improve Quality of Life for Africans

- 3.16. Despite high economic growth rates, ADF countries still face widespread poverty and gender inequality. Labour markets are marked by shortages of skilled human capital and an abundance of unskilled labour that remains locked into informal and subsistence activities. Unemployment and underemployment, particularly among a rising youth population of over 400 million, endanger social cohesion and inclusive development. These coupled with the combined effects of limited access to basic services (e.g. education, health, water and sanitation), and low levels of technology penetration affect the continent's ability to translate economic growth into prosperity and improved quality of life.
- 3.17. In line with the TYS and the Bank Group's Human Capital Strategy (2014-2018), ADF will support human development in all its core dimensions, including education, health, and nutrition, among others. It will continue targeting interventions to support skills and technology development for workforce productivity and economic competitiveness within the inclusive and green growth agenda. Guided by selectivity, alignment, harmonization, partnerships, global networks, and results, the "Improve the Quality of Life for Africans" initiative will be implemented via cross-sector collaboration internally and with other partners. It will develop interventions that take into account the context of countries in fragile situations as well as low and middle income countries.
- 3.18. Delivering on this priority means ensuring that Africa's demographic growth yields significant economic dividends. This will be done through a catalytic approach through which the Bank will:
- continue investing in improved access to water and sanitation as well as health systems in order to increase the most vulnerable countries' resilience to pandemics, such as the recent Ebola disease outbreak;
 - focus on building critical skills in several sectors and supporting investments in skills and technology to tackle labour market mismatch; and
 - launch multiple initiatives to support job creation across the continent in the agriculture, industry and services sectors, including a "Jobs for Youth in Africa initiative" to increase employment and entrepreneurship opportunities for Africans aged 15-35, thereby reducing poverty and attenuating the push factors behind migration beyond the continent.
- 3.19. As is the case for each of the five priorities, improving the quality of life of Africans requires investment that goes beyond the remit of public sector budgets. Creating and sustaining quality jobs requires private sector investment and operational capabilities to foster value creation, productivity, formal employment and positive commercial gains, including through regional trade. This challenges the ADF to scale up its capabilities to work with the private and public sectors alike, in order to scale up private investment in low income countries, particularly transition countries.

Cross-Cutting Areas

- 3.20. Even as it focuses investments in line with the five priority areas outlined above, ADF-14 will continue supporting results-driven interventions aimed at tackling the other long-term structural issues outlined in the TYS including supporting countries in fragile situations; improving public financial governance; promoting women's empowerment and gender mainstreaming; and helping communities adapt to climate change. The Bank Group's Boards of Directors have already approved strategies and/or policies for each of these cross-cutting areas, so they are now enshrined as institutional operational priorities. Going forward, Management will ensure that the revised results management framework for each is further refined.

Fragility

- 3.21. The Bank is leading the development of policy and financing responses to fragility. Its approach recognizes that fragility is contagious, often unpredictable and easily leaps across political and geophysical borders. The Bank approaches fragility from a multi-dimensional risk perspective to gain a better understanding of the issues and actors in a country and region by applying a "fragility-lens" to guide its strategic and operational engagement. It also adopted an integrated

approach that makes use of all available Bank instruments, including the African Development Bank (ADB), ADF, Nigerian Trust Fund (NTF), regional operations, and notably the Transition Support Facility (TSF) to rapidly address the spectrum of fragile situations.

- 3.22. In implementing the five priority areas, ADF-14 will continue to champion interventions that are fragility-proofed. In fragile situations, agriculture development also offers a realistic prospect for large-scale job creation. Agriculture-based value chains can strengthen relationships between different groups of the society, which is critically important in these contexts where trust and social cohesion are low. In the same vein, private sector development, through increased access to energy and industrialization, is an important step for transitioning out of fragility, and avoiding a relapse into conflict. Fragility has also a regional dimension, in that many of the drivers of fragility, including scarcity of water resources, climate change, and other environmental losses are regional in nature. Given scarce resources, improving the quality of life for Africans in fragile situations will require specific approaches combining urgent responses when required (as was the case with the Ebola crisis) and medium to long-term interventions aimed at bolstering effective and legitimate institutions with the capacity to deliver basic services.

Governance

- 3.23. Responding to demands in Africa for better governance and basic services, the Fund will continue to assist institutions that support inclusion and promote accountability. As outlined in the Bank Group's Governance Action Plan (GAP II), particular emphasis will be placed on improving public financial management, effective fiscal decentralization and intensified domestic resource mobilization.
- 3.24. Although there has been progress in mobilizing domestic resources⁶, much remains to be done for Africa to be able to use its own resources for sustained transformational growth and prevent debt distress. This will require a strong governance framework to put the resources into effective use consistent with the demands and expectations of its people. Governance is also critical for ensuring countries' debt sustainability and their better use of resources mobilized from capital markets and other sources of financing.
- 3.25. The implementation of the five priority areas will require strengthening national capacities and substantial financial resources. Important governance, legal and regulatory reforms are also needed to reinforce an enabling business environment, so as to allow private sector participation in financing the energy sector for instance. It is also a prior condition that regional trade agreements are fully transposed and implemented at the national level. In view of this, ADF-14 will continue strengthening governance interventions, mainstreaming governance into all its strategic priorities, whilst also recognizing governance as a cross-cutting issue in lending and non-lending operations.

Gender

- 3.26. Investing in gender equality is key to transforming Africa and achieving the SDGs. Africa cannot achieve sustainable and inclusive growth without the integration of gender. Increasing the capabilities and opportunities of women and girls is at the heart of the Bank Group's Ten-Year Strategy. ADF-14 will ensure that a sharp focus will be placed on gender accountability and results in all projects and operations. The approach to achieve this alignment is as follows:
- ensure energy access for women with a focus on clean cooking solutions and renewable energy;
 - make finance work for women to support women entrepreneurs to gain access to productive and financial resources, to benefit from global value chains, and to participate in industrial development;
 - ensure the Bank's interventions prioritize women smallholder farmers in all agriculture related projects/programs. Supporting medium size female entrepreneurs moving up the value chain, including agro-processing; and

⁶ The 'Economic Outlook for ADF countries' paper prepared for the First ADF-14 replenishment meeting provides more details on domestic resource mobilisation.

- invest in women and girls' education in order to build skills and encourage entrepreneurship and ultimately improve quality of life.
- 3.27. Underpinning the successful alignment of the Bank Group's Gender Strategy with the five priority areas will be the operationalization of the Affirmative Finance Action for Women in Africa (AFAWA) program, a financing facility aiming at unleashing women's economic potential.

Climate Change

- 3.28. As part of the efforts of multilateral development banks (MDBs) to meet the COP21 agenda, the Bank Group committed to triple its climate finance to US\$ 5 billion a year by 2020, i.e. 40 percent of total amounts approved, in all key sectors. A key part of implementing that agenda will entail interventions by ADF-14, aimed at leveraging additional financing from both public and private sources, and enhancing the capacities of its RMCs to access global climate finance and achieve their commitments to climate change adaptation and mitigation. Besides the climate finance enhancement, this includes the implementation of Africa's Intended Nationally Determined Contributions and the Inclusive Green Growth Partnership. The Bank is aligning its five priority areas with the Paris Agreement, the New Deal on Energy for Africa, and the Africa Renewable Energy Initiative (AREI), which will be hosted by the Bank.

4. The Bank Group at the Centre of Africa's Transformation

The Bank Group's Engagement in Supporting RMCs

- 4.1. As a trusted development institution on the continent⁷, the Bank Group plays an important role in articulating views and actions towards a unified vision and understanding of Africa's developmental challenges, in particular in low income countries with fragile situations. The Bank has demonstrated its position by using its convening power to be the voice for Africa. For example, the Bank's engagement before and during the recent COP21 in Paris was instrumental in communicating the African position and crucial messages on climate change effects in Africa. The Bank convened global leaders around the New Deal on Energy for Africa which sets the ambitious target of energy universal access by 2025 in sub-Saharan Africa. Likewise, the Bank launched the Transformative Partnership on Energy for Africa at Davos during the 2016 World Economic Forum Annual Meeting. The Bank is also a key stakeholder of the African Agriculture Transformational Agenda that was launched in late 2015 in Dakar.
- 4.2. There is growing recognition that achieving the SDGs cannot rely only on official development aid (ODA) and will increasingly need to rely on domestic resource mobilisation and private financing. The challenge is to shift and evolve current models and patterns of development financing and investment to catalyse and leverage financing through better and smarter ODA towards the SDGs. In addition to the current ADF allocation framework (Performance-Based Allocation, Transition Support Facility and the Regional Operations envelope), the Bank and the Fund are scaling up the use of innovative financial mechanisms, including risk mitigation instruments to leverage private sector financing.⁸
- 4.3. In the same vein, syndication and co-financing facilities and partnerships with donors and commercial financiers, are an integral part of the Bank Group's efforts to mobilize additional external resources.⁹ The Bank is also making use of specialized financing instruments such the Sustainable Energy Fund for Africa (SEFA) and the EU–Africa Investment Facility. A revised credit policy has diversified the Bank's products and proactively responds to the need for ADF countries to finance projects with non-concessionary resources from the ADB sovereign window. The Bank also launched Africa50 to significantly narrow the infrastructure finance gap in Africa.

⁷ The 2013 Woods and Martin survey of Bank clientele and stakeholders revealed that "The Bank is 'a preferred partner' for almost 100 percent of African government stakeholders, and 84 percent of all African stakeholders, among the range of all bilateral and multilateral agencies funding African development." The Bank is also considered an "Accountable and Transparent" institution, ranked 7th out of 30 development institution by the "Publish What You Fund Global Campaign for Aid Transparency".

⁸ For instance: Partial Credit Guarantees; Risk Participation Agreements (RPAs); Partial Risk Guarantees; and the Private Sector Credit Enhancement Facility (PSF).

⁹ For instance: The Africa Growing Together Trust Fund (AGTF); The Africa Guarantee Fund (AGF); The Growth-Oriented Women Entrepreneurs (GOWE) Initiative.

To augment its balance sheet and to reduce concentration, the Bank in partnership with the Inter-American Development Bank and the World Bank implemented an innovative exposure exchange initiative.

- 4.4. As part of the ADF-14 replenishment, the Bank is also putting forward innovations in the modalities of donor contributions to the ADF such as concessional donor loans, bridge loans and a buy-down mechanism in order to increase resources for ADF countries (see Innovative Financing for ADF-14 paper).

Achievements under ADF-11, ADF-12 and ADF-13

- 4.5. The ADF has a strong track record in delivering results and is an effective partner to help poor African countries achieve their long-term development objectives. ADF has also been at the forefront of designing results concepts and frameworks for monitoring and assessing the impact of its efforts. It continues to strengthen its results focus to increase efficiency and accountability. This drive to achieve results is part of the Bank Group's evidence-based approach to managing its ADF operations, which includes a quality assurance and results department, an independent evaluation function and a delivery and performance management office.
- 4.6. From 2008 to 2015, ADF implementation has demonstrated record results. ADF operations achieved 90 percent or more of their developmental targets on 35 out of 47 indicators, as indicated in Annex 2.¹⁰ Through operations completed during this period, the ADF has transformed the lives of millions of Africans by improving their access to better infrastructure and social services (Figure 2 and Annex 3). In addition, during the same time frame, the ADF has promoted an enabling environment for enterprises and helped improve transparency and governance, through strengthening public financial management and procurement systems. Annex 4 summarises several ongoing ADF operations that will contribute to achieving results in the short to medium term in low income countries.

Scaling up Outcomes during ADF-14

- 4.7. The ADF-14 replenishment is taking place in a rapidly evolving and complex environment. On the one hand, new development goals have been set. Global issues such as climate change, migration and insecurity require rapid and innovative responses from MDBs, and the Bank in particular. On the other hand, traditional donors are undergoing fiscal pressures, while emerging donors are experiencing a slow-down in their economies.
- 4.8. The scaled up implementation of the TYS though focusing on five priority areas during ADF-14 and beyond will require considerable resources and important efforts to set up programmes and initiatives (Annex 5), as well as continued policy dialogue and capacity building support. Management is elaborating specific objectives and targets for each of the five priority areas, as summarized in Figure 3. Based on preliminary costing, to be confirmed once discussions are concluded with the Boards of Directors and key stakeholders, Management estimates that at the continental scale, realizing the five priority areas will require close to US\$ 180 billion over a 10 year period. This investment level is consistent with the US\$ 200 billion annually required to meet the SDGs by 2030 on the African continent. The scaled-up contributions will be progressively reflected in the rolling indicative operations pipeline which is guided by country strategy papers and is prepared in close collaboration with Government officials.

¹⁰ As outlined at level 2 of the Results Management Framework (RMF).

Figure 2: African Development Fund results 2008-2015



Figure 3: The five priority areas for 2025



- 4.9. To ensure effective delivery and sustainability of results on these strategic priorities, the Bank Group will build on lessons learned and achievements in the following areas: (i) Value for money, including using new lending instruments designed to disburse against achieved results.; (ii) Decentralization, through a decentralization model where offices become business development and implementation centres; (iii) Responding to fragile and emergency situations, through progressive use of all available instruments and resources in an integrated approach, including leveraging ADF set-asides, and (iv) Delivering more to its clients through concerted efforts to grow its portfolio, and improving the disbursement rate.¹¹ A new results-based lending instrument is presently at an advanced stage of preparation and is being designed to strengthen the emphasis on, and the achievement of, accelerated results. The recent amendment concerning the design, implementation and cancellation of Bank Group sovereign operations, intends to improve the disbursement rate by reducing to 6 months (from 12) the period between the date of approval of financing and the first disbursement.¹²
- 4.10. Management, in consultation with the Boards of Directors, is further reviewing its institutional delivery model for the ADF-14 period.¹³ The re-design of the delivery model is aimed at improving proximity to clients, improving the organisational culture of the Bank, becoming more cost-efficient, and increasing revenue. These changes will create operational capacity to accelerate delivery of the Ten Year Strategy and development impact with a focus on five priority areas. Additionally, they will improve the Bank's profitability, allowing ADB net income to grow appreciably by 2019. The proposed changes will be discussed with the Board of Directors in March 2016 for execution and roll-out over the next 12–18 months. Management is also paying close attention to the various recommendations by the Independent Development Evaluation Department (IDEV) from ADF operations, including a greater focus on securing targeted outcomes and development results.

5. Conclusion

- 5.1. The ADF-14 replenishment is taking place at a critical moment. ADF countries are facing real opportunities while important challenges remain. The achievement of the SDGs will require combined efforts from MDBs to raise resources “from billions to trillions”. The significant financial requirements for ADF countries come with the need for responsive approaches and innovative solutions to cope with fragile situations and the imperative of transforming growth into jobs and poverty into prosperity.
- 5.2. The Fund is well positioned to channel development resources to address the pressing needs of Africa's neediest countries. Internally, it will use all the instruments at its disposal, while leveraging its legitimacy and franchise value as the most important concessional finance institution dedicated solely to its clients. Externally it will champion various continent-wide development initiatives, based on a robust TYS focused on five priority areas.
- 5.3. While graduation from ADF accelerated over the past five years, more than two thirds of African countries remain highly dependent on ADF resources. With the strong support of its donors, Management plans to scale up results under ADF-14.
- 5.4. The ADF wishes to elicit Deputies views on the main thrust of this paper.

¹¹ The disbursement rate of the Bank's operations in ADF countries was 18 percent per year from 2009 to 2014.

¹² Presidential Directive n°02/2015 (Nov. 4, 2015).

¹³ The refined Bank business delivery model is well advanced and expected to be formally discussed with the Bank's Boards in March 2016.

Annex 1: Scaling up the TYS outcomes through five priority areas – Roadmap

Priority Area	Milestone	2015				2016				
		Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Light Up and Power Africa	High-Level Consultative Stakeholder Meeting - Abidjan	x								
	Analytical work - inception report & draft report			x			x			
	Presentation to the Board members - New Deal on Energy				x					
	Launch of Transformative Partnership on Energy at the World Economic Forum in Davos					x				
	Analytical work presentation to the Board members								x	x
Feed Africa	High Level Conference on African Agricultural Transformation - Dakar		x							
	Consultations with external stakeholders (African Union and others)					x				
	Presentation to the Board members - Strategy for African Agricultural Transformation								x	
	African Agricultural Transformation final report								x	
	Launch of African Agricultural Transformation at Bank Group Annual Meetings									x
Integrate Africa	Implementation of the Regional Integration Policy and Strategy 2014-2023									
Industrialize Africa	Internal and external consultations	x	x	x	x					
	Initial Discussion with Board				x					
	Consultations with countries and donors (UNIDO, UNECA and others)					x	x			
	First Draft of Industrialize Africa Initiative							x		
	Discussion with SMCC							x		
Improve Quality of Life for Africans	Presentation to the Board								x	x
	Consultations with countries and donors (including EU & AU)/Youth engagement consultations			x	x	x	x	x	x	x
	Analytical work on job creation initiatives – inception report			x						
	Analytical work – final report							x		
	RMC commitments on the job creation initiatives							x	x	x
	Presentation to the Board									x
Improve Quality of Life for Africans	Launch of initiative at Bank Group Annual Meetings									x

Annex 2: Bank Group contribution to development in ADF countries

This table presents the contribution the Bank is making to development through its operations in ADF countries (i.e., Level 2 indicators of the of the Bank Group's Results Management Framework). The Bank's performance is measured by comparing expected and actual achievements for all operations that have been completed:

● Bank operations achieved 95% or more of their targets¹ ● Bank operations achieved 60-94% of their targets

● Bank operations achieved less than 60% of their targets ● Data are not available to measure performance

INFRASTRUCTURE DEVELOPMENT	2008-2015			2016-2018
	Expected	Delivered	Rate	Expected
● Transport-Roads constructed, rehabilitated or maintained (km)	26,650	22,360	84%	19,430
● Transport-People educated in road safety, etc.	4,403,030	4,470,460	102%	1,120,970
● Transport-People with improved access to transport	49,905,540	49,162,990	99%	34,177,260
● of which women ²	25,092,650	24,735,980	99%	14,899,220
● Energy-Power capacity installed (MW)	93	93	100%	2,240
● of which renewable (MW)	-	-		210
● Energy-People with new or improved electricity connections	3,313,640	3,317,590	100%	36,548,840
● of which women ²	1,656,820	1,658,790	100%	15,180,080
● Energy-CO ₂ emissions reduced (tons per year)	71,680	71,680	100%	8,020,300
● Water-Drinking water capacity created (m ³ /day)	324,540	300,260	93%	2,324,060
● Water-People with new or improved access to water and sanitation	13,726,810	13,469,660	98%	28,317,880
● of which women ²	6,836,990	6,702,380	98%	15,516,410
● ICT-People benefiting from improved access to basic ICT services	14,690	13,740	94%	44,430
REGIONAL INTEGRATION				
● Transport-Cross-border roads constructed or rehabilitated (km)	1,410	1,320	94%	6,860
● Energy-Cross-border transmission lines constructed or rehabilitated (km)	490	490	100%	2,560
PRIVATE SECTOR DEVELOPMENT				
● Microcredits granted (number)	594,980	454,940	76%	20,340
● Microfinance clients trained in business management	307,270	322,850	105%	34,860
● Jobs created	1,112,150	1,144,040	103%	1,021,430
● of which jobs for women ²	556,080	572,020	103%	509,430
● People benefiting from investee projects and microfinance	10,352,210	10,210,230	99%	4,047,180
● of which women ²	5,187,870	5,119,190	99%	932,470
● Agriculture-Land with improved water management (ha)	147,680	122,850	83%	202,230
● Agriculture-Land whose use has been improved: replanted, reforested (ha)	1,640,740	1,601,250	98%	249,920
● Agriculture-Rural population using improved technology	1,819,720	3,299,350	181%	1,325,330
● Agriculture-People benefiting from improvements in agriculture	43,814,720	46,116,300	105%	44,102,360
● of which women ²	21,989,130	23,137,020	105%	23,195,720
SKILLS & TECHNOLOGY				
● People benefiting from vocational training	97,980	98,000	100%	541,730
● of which women ²	49,620	49,230	99%	268,070
● Classrooms and educational support facilities constructed	7,010	6,160	88%	680
● Teachers and other educational staff recruited/trained	81,870	69,480	85%	21,020
● People benefiting from better access to education	4,299,110	4,020,410	94%	1,388,030
● of which female ²	2,266,120	2,126,700	94%	676,770
● # of Primary, secondary and tertiary health centres constructed, renovated and/or equipped	1,840	1,960	107%	280
● Health workers trained	44,760	46,770	104%	26,100
● People with access to better health services	78,100,630	64,060,410	82%	7,195,420
GOVERNANCE AND ACCOUNTABILITY				

● Countries with improved quality of budgetary and financial management	24	17	71%	8
● Countries with improved quality of public administration	9	8	89%	1
● Countries with improved transparency, accountability and corruption mitigation in the public sector	23	16	70%	12
● Countries with improved procurement systems	14	6	43%	8
● Countries with improved competitive environment	20	9	45%	13

Source: African Development Bank

...= data not available; ha = hectares; km = kilometres; MW = megawatts; m3 = cubic metres; SME = small or medium-sized enterprise; US\$ = United States dollars; ICT = information and communication technology

1/ The performance indicator for governance applies to different thresholds. Given the nature and attribution distance, the levels for the traffic lights are different from other indicators: green, 75% and above, amber, 50%–75%, and red, below 50%.

2/ Gender-disaggregated figures are extrapolated from a subset of projects that have available data with baseline and actual data built in. As more projects have started to include gender-informed design, these data are expected to become increasingly robust and complete.

Methodological Note on Expected Results

The Bank uses a two step-methodology to report on expected results at project and aggregate level.

At project level

To report Bank-wide expected results, the Bank first uses target values at project level. A set of indicators measuring progress is available in the results-based logical framework of each Project Appraisal Report (PAR). Indicators have to contain baseline and target values for expected results. They provide the means for verification to measure changes in the indicators.

Target values are estimates usually determined on the basis of existing technical expertise, past trends, and careful assessment of what is likely to be achieved. Targets provide benchmarks against which performance can be judged. They vary according to the indicator for which they are set, and to the level of certainty and predictability of the dimension measured.

At aggregate level

The Bank reports on expected results on a three-year rolling basis through an aggregation of target values present in PARs for indicators that are part of its corporate results measurement framework. Expected results which are reported amount to the sum of all target values for specific indicators.

The Bank also reports on results using a proportional attribution approach, rather than a contribution one—that is, we report only on our own contribution to development and not on the aggregate contribution made by other co-financiers. Our projects are increasingly co-financed with clients and other development partners; reporting on overall results would lead to double counting and is often disconnected from the financial inputs. This means that that the Bank will attribute to its support the share of achieved results that amounts to the share of funding as part of the project's total cost.

An example illustrating the methodology

Here is how the Bank reports on expected results for a specific project:

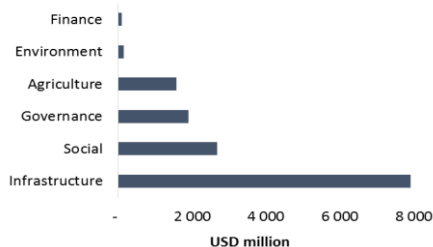
- Project name: Sierra Leone – Mano River Union: Rehabilitation of Bo-Bandajuma road
- Expected project duration: 2015-2019
- Financing: UA 6.94 million from ADF, and UA 16.9 million from other funding sources
- Share of ADF financing: 41% of total project cost
- Expected number of kilometres of road rehabilitated: 46 km
- Proportional attribution to the Bank: 19 km, equivalent to 41% of 46 km

The Bank will apply the same methodology for all projects and aggregate the attributable target values under a specific time period. This data is then reported as the Bank-wide expected results.

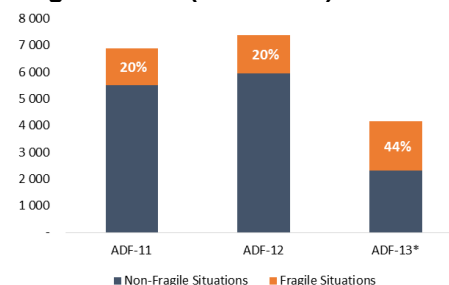
Annex 3: Main achievements in ADF countries for the period 2008-2015

ADF implementation has demonstrated record achievements, with the Fund's portfolio of concessional operations valued at US\$ 21.8 billion. In terms of sector distribution, infrastructure operations absorbed 55 percent of ADF resources invested during the period 2008-2015, followed by social (19 percent), budget/institutional and capacity building support (13 percent) and agriculture (11 percent). Meanwhile, ADF resources allocated to countries in fragile situations significantly increased from US\$ 1.4 billion during the ADF-11 cycle to US\$ 1.8 billion for the first two years of the ADF-13 cycle.

ADF Approvals per Sector (2008-2015)
(PBA and TSF)



ADF Approvals to Fragile States vs. Non-Fragile States (2008-2015)



* Approvals for 2014 and 2015 only

Infrastructure

The Bank Group is one of the largest financiers of infrastructure in Africa. Between 2008 and 2015, US\$ 8 billion of ADF resources allowed millions of people to benefit in four critical areas of infrastructure development:

- **Energy.** The Fund's resources contributed to increase access to reliable and cleaner energy for 3.3 million Africans. ADF resources were used to install 93 MW of new power capacity. Between 2016 and 2018, ADF resources are projected to construct, rehabilitate or maintain, around 2,240 MW, of which 210 MW will be renewable energy. In addition, as part of technical assistance and capacity building activities, around 1,700 Africans received training on the maintenance of energy facilities. The Fund is also playing a critical role in mobilizing partners to finance regional and continental wide energy initiatives, such as the Inga Hydro-power Project in the Democratic Republic of the Congo¹⁴.
- **Transport.** ADF-supported projects provided some 49.2 million people with improved access to transport and helped construct, rehabilitate or maintain around 22,360 km of road. Over 14,000 staff were trained or recruited for road maintenance and nearly 4.5 million people educated on road safety.
- **Water and sanitation.** 13.5 million Africans have benefited from new or improved access to water and sanitation through ADF resources, of which 50 percent were women. Around 32,000 workers were trained in the maintenance of water facilities.
- **Telecommunications.** ADF-supported interventions have provided over 13,700 people improved access to basic ICT services. ADF is also financing regional broadband infrastructure through investments in high-speed, high-capacity internet and telephone cables.

Private sector development

In promoting an enabling environment for enterprises, ADF resources resulted in the creation of over 1 million jobs. ADF resources financed microfinance enterprises benefiting a total of 10.2 million people. ADF made available 454,940 microcredits and, to enable micro businesses to make good use of the resources, provided 323,000 microfinance clients with training in business management.

¹⁴ US\$ 73 million ADF resources supported the development phase of a new dam on the Congo River by contributing to the financing of the technical design, the development of an institutional structure to manage the investment and the negotiation of a public-private partnership.

Following the ADF-13 replenishment, two mitigation instruments and one enhancement facility were established for ADF eligible countries, which are now fully operational and are promoting private sector development. The Partial Risk Guarantee, for instance, mitigated political risk in the Nigerian power privatization program. In Kenya, it contributed to increase access and affordability to renewable energy, covering technical risks in the Turkana Wind Power Project and mitigating against power purchase payment obligations and steam supply obligations needed for the implementation of Menengai geothermal field project. The Partial Credit Guarantee is also playing an important role in mobilizing both domestic and external commercial financing for developmental purposes. In 2015, Cameroon was granted a partial credit guarantee of 500 million euros on a bond loan of 1.5 billion dollars, in order to cover the government payment obligations. The Private Sector Credit Enhancement Facility (PSF), operationalized in 2015, has already allocated risk capital to 15 ADB private sector transactions, of which more than 50 percent are in countries facing fragility. PSF approved projects include power generation projects in Kenya, Cote d'Ivoire and Sierra Leone, as well as agribusiness and other industrial plants in Ethiopia, Democratic Republic of the Congo and Mali.

Regional integration

The Bank is leading the continent's regional integration agenda. All the resources under the Regional Operations (RO) envelope for ADF-13 were fully allocated before the ADF-13 mid-term review. This was possible due to implementation of the Regional Operations Selection and Prioritization Framework. For the period 2008-2015, more than 87 multinational projects in support of regional integration were financed in ADF countries, for a total amount of US\$ 4.2 billion across sectors. ADF supported regional integration by constructing or rehabilitating over 1,320 km of cross-border roads. Beyond roads, the target for constructing or rehabilitating 490 km of cross-border transmission lines was achieved and over 2,560 km is planned for 2016–2018. RO resources also contributed to reduce non-tariff trade barriers – through the development and harmonization of legal and regulatory frameworks and implementation of trade facilitation measures such as trade corridors (e.g. ADF UA 6 million to fund the Lobito corridor) – as well as important regional network and training facilities for regional infrastructure development (e.g. African Network of Centers of Excellence in Electricity).

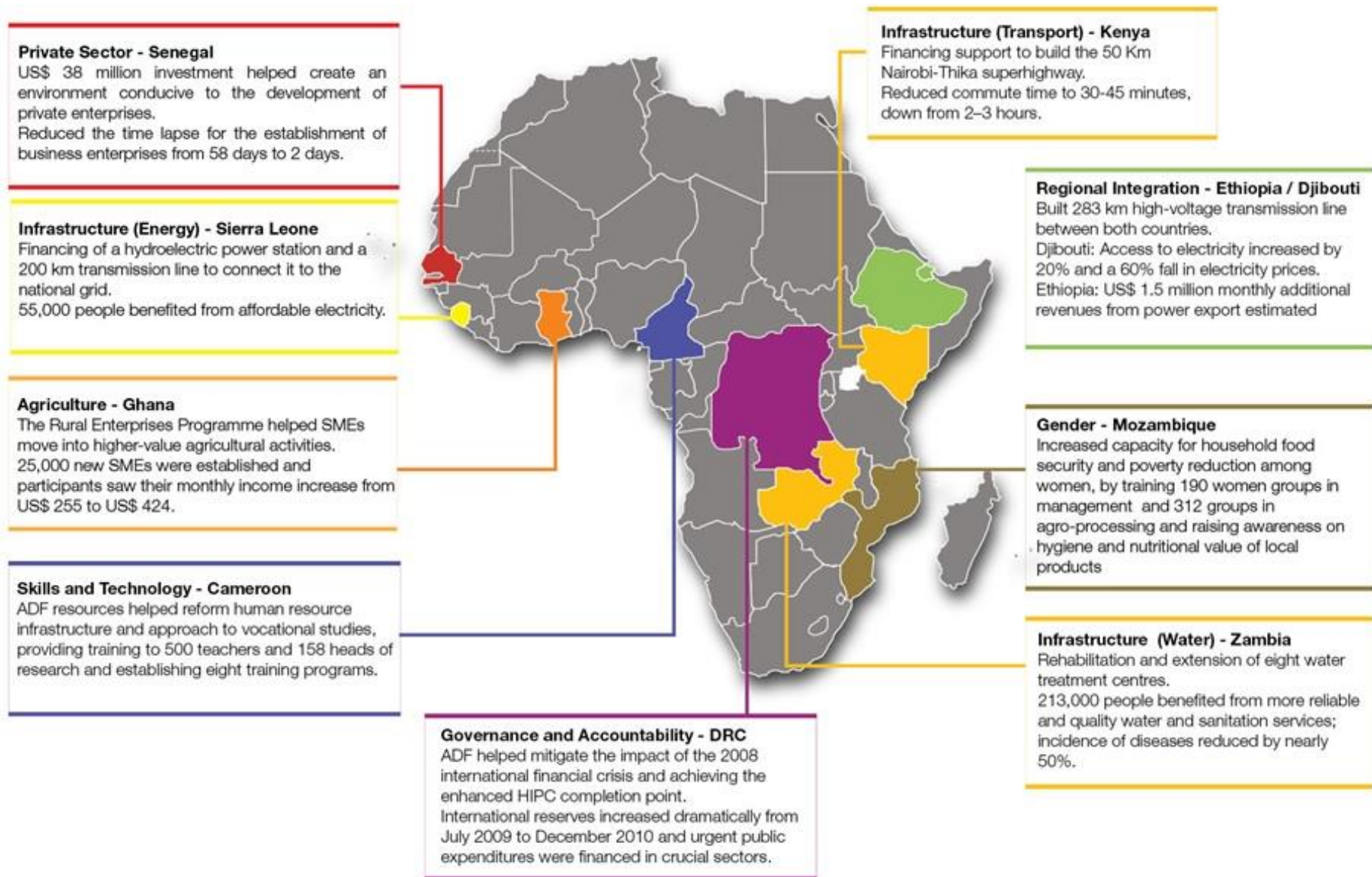
Governance and accountability

For the period 2008-2015, US\$ 1.9 billion of ADF resources were allocated for governance related operations. With ADF support, low income countries have achieved strong and credible results on quality of public administration, competitive business environment, budget and financial management, as well as on transparency, accountability and procurement. Following the global financial crisis in 2008, the Bank moved quickly to provide emergency support to close the budget gap and provide resources for reforms, including through comprehensive debt restructuring strategies for countries in fragile situations such as in the Democratic Republic of Congo.

Skills and service delivery

The Fund has invested in skills and technology, which are seen as fundamental to creating dynamic and innovative economies. Altogether, ADF resources targeting service delivery programmes have provided 4.0 million people with better access to education and 64 million people with better access to health services. Through providing vocational training to 98,000 people, of whom 50 percent are women, ADF helped equip the youth with skills for employment, entrepreneurship and income generation. Another 70,000 people benefited from vocational training as part of active ADF-supported projects.

Examples of achievements in ADF countries



Agriculture and food security

The ADF has funded a range of projects in the agriculture sector, with the focus on projects targeting innovation in technology and informed business models in order to increase agriculture production. Fund resources, estimated at US\$ 1 billion during the period 2008-2015, helped 3.3 million people in rural areas use improved technology and 46 million people benefitted from improved agricultural practices. ADF support provided improved water management to 123,000 ha of land and replanted or reforested 1.6 million ha of land. Besides investment in innovation and technology related projects, ADF resources supported the construction of several agricultural infrastructure facilities (e.g. irrigation, storage, agro-processing, conservation, rural roads, etc.).

Promoting gender equality

Since 2014, 89 percent of new Country Strategy Papers (CSP) and 91 percent of new projects have a gender informed design. In comparison, in 2009, only 61 percent of new projects and CSPs had at least one gender indicator. The adoption of the Gender Strategy and the launch of the first African Gender Equality Index have been influential in promoting the gender agenda through advocacy and partnerships and providing oversight for the implementation of the Strategy. New flagship initiatives include: i) a fund to support small and medium-sized enterprises with high growth potential that are led and managed by women; ii) an Ebola Social Investment Fund with a contribution of US\$ 40.8 million to help women who have suffered serious socioeconomic impacts as a result of the epidemic; and, iii) an interactive platform to link 50 million women entrepreneurs, further catalysing financial inclusion and deepening the ecosystem. An analysis of gender-disaggregated data from Bank operations over a three-year period (2012-2014) shows that, in the main, ADF projects have benefited women equitably as compared to men. In sectors such as energy, health, transport, water and vocational training, at least 50 percent of beneficiaries were women.

Addressing fragility and building resilience

Under ADF-13, the Fund improved its emergency response capacity by quickly deploying TSF pillar I resources to address situations of sudden fragility. Unlike what happened with the Mali crisis in 2013, the establishment of a 10 percent set aside under the TSF pillar I allowed the Bank to rapidly react to the Ebola outbreak crisis, providing financing and technical assistance support to the most badly hit countries, notably Guinea.¹⁵ The Bank has also taken important steps towards building its capacity to assess fragility and apply a fragility-lens approach in its engagement. The Bank has been on the frontline to intervene in countries where other donors are absent or have very limited operations. In Somalia for instance, the Bank contributed to the establishment of a Central Bank while in Zimbabwe it has played a leading role in the establishment of a Multi-Donor Trust Fund ("Zim-Fund") endowed with US\$ 124 million for supporting the water, sanitation and energy sectors. These events have tested the Bank's ability to remain engaged and assume its leadership role as the premier development interlocutor and financier in situations of fragility.

¹⁵ The combination of TSF pillar I, countries' PBA and RO resources permitted fast-track allocation and disbursement of US\$ 200 million to West African countries hit or threatened by Ebola virus.

Annex 4: Examples of ongoing projects financed by ADF from 2008 to 2015

Area of intervention	Description
Infrastructure Development	<p>The Lusaka Sanitation program is providing support for upgrading the city's sanitation system and generating awareness about hygiene and sanitation. The project will benefit the population of Lusaka estimated as 1.83 million and the peri-urban areas who will be connected to the sewer networks through private connections. The project also has a gender dimension, since it includes training programs for women engineers, artisans and masons to better engage them in water and waste management as well as infrastructure development.</p> <p>In Zimbabwe, the Bank has played a leading role in the establishment of a Multi-Donor Trust Fund ("Zim-Fund") which supports investments and rehabilitation in the water and sanitation and energy sectors. The Fund received \$124 million from seven donor countries (Australia, Denmark, Germany, Norway, Sweden, Switzerland and the UK). The Fund is improving livelihoods of people by financing urgent projects to the total value of US\$ 65 million.</p> <p>In Guinea-Bissau, electrification projects worth US\$ 18.36 million are addressing issues related to women's health, safety and entrepreneurship by powering essential infrastructure. The project is ensuring the provision of uninterrupted power supply for critical health services leading to the reduction of high rates of maternal mortality in the country. Continuous power supply is also improving mobility and women's safety by ensuring that streets in Bissau city are well-lit after dark. Furthermore, some women's organizations will receive support in the form of new cold storage facilities—essential for women farmers to conserve and sell agricultural produce. Out of the 287,000 direct beneficiaries of the project, 145,000 will be women.</p>
Regional Integration	<p>The Ruzizi Regional Hydropower Plant Development Project III approved by the in 2015 will provide electricity to Burundi, DRC and Rwanda.</p> <p>The Gambia River Basin Development Organization Energy Project (OMVG Energy Project) will provide electricity to Gambia, Guinea, Guinea-Bissau and Senegal.</p> <p>Phase I of the Drought Resilience and Sustainable Livelihood Program (Horn of Africa) was approved for US\$ 115.96 million in 2012, targeting Kenya, Djibouti, Ethiopia and the IGAD trade bloc. It is addressing the effects of chronic drought in the region. It focuses on three inter-related areas: water resource development and management; (ii) livestock infrastructure for market access; and (iii) capacity building. An estimated 20 million agro-pastoralists (of which 50% are women) affected by drought and land degradation will directly benefit from the project.</p> <p>ADF resources helped Togo re-connect with other West African countries by building regional road links with Burkina Faso and Benin. Further, concessional funding supported the completion of an essential link on the Lagos–Mombasa Trans African Highway on the disputed Bakassi peninsula.</p> <p>In 2014, the Bank approved a US\$ 98.23 million project, addressing fragility in the Lake Chad Basin region, at the borders with Cameroon, Niger, Nigeria, Central African Republic and Chad. The project will help build the resilience of the local population through a holistic approach to improve their incomes, food security and access to basic social infrastructure thereby unlocking the development potential of the entire region.</p> <p>In the Mano River countries of Côte d'Ivoire, Guinea, Liberia and Sierra Leone, ADF resources are helping to control the HIV/AIDS epidemic exacerbated by the use of sexual violence as a weapon of war. 2,800 health workers have been trained and</p>

	placed in the four laboratories and five voluntary counselling and testing centres, increasing access to such services from 16 percent to 34 percent between 2006 and 2009. Prevention initiatives were undertaken through the distribution of 1.2 million of boxes of condoms.
Private Sector Development	<p>The resources of Pillar III of the Transition Support Facility are being used to leverage additional financing to support pilot initiatives in fragile situations and scale up successful initiatives. In Zimbabwe, the Bank is providing support to the beef and leather value chains, with a program designed and co-financed on a pari passu basis with the Fund for African Private Sector Assistance (FAPA) for a total amount of US\$ 2.3 million, while leveraging an additional US\$ 2 million from the Kuwait Fund to support critical infrastructure investments. This project aims to increase the competitiveness of the beef and leather value chains in a sub-region by building producer capacity and facilitating access to local and export markets.</p> <p>A financing facility extended to the LAPO Microfinance Bank of Nigeria is helping help women overcome barriers in seeking formal credit for entrepreneurship. The majority of microfinance loans in Nigeria are awarded to women, largely because they are the major participants in retail and petty businesses in the country. The initiative will foster joint liability or group loans to build strong credit history for women borrowers who successfully pay back their debt. Eventually this will allow them to borrow larger amounts and scale up businesses. The project will reach 5 million low-income clients in Nigeria by 2017, out of which 80 percent of the end beneficiaries are expected to be women.</p>
Governance	<p>Under the Liberia Economic Governance and Competitiveness Support Program, a Policy-Based Operation (PBO) of US\$ 41.42 million was approved to strengthen public financial management and improve the environment for private sector development. An automated system for customs data has been implemented at the Freeport of Monrovia (which accounts for 85% of all imports into the country) and at four additional customs points including the Roberts International Airport. Customs clearance time has since been significantly reduced.</p> <p>The Togo Revenue Authority (OTR), a single tax administration body with greater autonomy than a ministerial department, was established in 2014 following the merger of specific services of the customs and taxes commissioners. By integrating these services, administrative duplication has been reduced, and the impacts of the "law of diminishing returns" significantly decreased. Also, the introduction of a new organization based on the "E-Tax" has led to fully computerized customs procedures through the single window for foreign trade (Guichet unique du commerce extérieur or GUCE). The introduction of innovative fiscal instruments arising from the dematerialization of tax procedures and voluntary consent to taxation has led to an increase in cash revenue of 23%, reaching US \$721 million after the OTR's first year of operation. A new E-Tax project under preparation – financed by the AfDB for nearly US \$21 million - will enable real-time information sharing through computerized interconnection among taxpayers, tax services and the Treasury.</p>
Fragility	<p>The Emergency Economic Recovery Programme (PURE) 12 in Madagascar approved in 2014 is an example of how fragility assessments can inform the strategic choices of a program-based operation and become the entry point for policy dialogue on fragility and resilience. In response to the findings of the fragility assessment, the Bank and the Government of Madagascar agreed on priorities that would contribute to restoring the State's capacity to provide, as a matter of priority, basic social services to the Malagasy people who bore the brunt of the protracted crisis. This Crisis Response Budget Support operation is contributing to building resilience in the country and avoiding a relapse into crisis.</p> <p>In 2014, under Pillar III of the Transition Support Facility, the Bank allocated US\$ 8.97 million to contribute to the fight against Ebola, focusing on an innovative Africa-to-</p>

	<p>Africa peer program, which enlisted nurses and doctors from other parts of Africa to work in the affected countries of Guinea, Sierra Leone, and Liberia.</p> <p>Under Pillar III of the Transition Support Facility, the Bank launched the first call for proposals in 2015 in the thematic areas of private sector development, natural resource management and gender in fragile situations. The nine projects selected for a total of UA 14 million adopted a programmatic and often multinational approach with plans for scaling up interventions in the second phase. In addition, Pillar III operations are providing strategic opportunities for leveraging additional resources for countries with fragile situations through the multi-donor Fund for African Private Sector Assistance (FAPA).</p>
Gender	<p>The “Emerging from Conflict Project” in Côte d’Ivoire can be cited as an example of mainstreaming gender in fragile situations using an integrated package of intervention (medical, psychosocial, economic/legal services, income generating projects for women’s associations, and training) aiming at supporting victims of violence against women. This project earned international recognition by winning the US Treasury Awards in 2013.</p> <p>New flagship initiatives have been launched to achieve gender equality and women’s empowerment through innovative approaches. A Social Investment Fund for Ebola-affected countries will be created to support recovery efforts, including rehabilitation of women. The project was approved in October 2015 with a contribution of US\$ 40.8 million from the Bank and a co-financing contribution of US\$ 5 million from the US State Department.</p>
Agriculture and Food Security	<p>The Rural Enterprises Programme helped Ghanaian small and medium-sized enterprises move into higher-value agricultural activities, such as fresh juice production, mushroom cultivation, bee-keeping and fish farming. 25,000 new small and medium-sized enterprises were established and participants saw their monthly income increase by two-thirds—from an average of US\$ 255 to US\$ 424.</p> <p>ADF supported an innovative, participatory project to improve transport infrastructure in 26 districts in Eastern and Central Uganda, rehabilitating 3,000 km of all-weather rural roads, community access roads and bridges, alongside other interventions. Marketed produce increased by 7.5 percent, household incomes rose by 40 percent, and travel costs were reduced by 63 percent, whilst people also gained better access to school and health facilities.</p> <p>Through CGIAR’s support to Agricultural Research for the Development of Strategic Crops in Africa, the Bank supported agro-tech laboratories and solutions for four main African food crops: cassava, maize, rice and wheat. By working across the full value chain of each crop, this program has already led to 143 new technologies and prototype agricultural innovations for crop varieties and management, while 2,574 agricultural options are being promoted for adoption. This is leading to significant improvements in food security and employment.</p> <p>The staple crop processing zones (SCPZ) are a flagship program of Nigeria’s Agricultural Transformation Agenda with the objective of creating wealth and employment in the agribusiness sector. The SCPZ are to be developed to attract private sector investors into modern processing of locally produced crops, livestock, fisheries etc. The expansion of the agribusiness-farmer linkage models through the right mix of public and private investments will improve agricultural productivity, generate shared growth and substantially reduce poverty in rural areas. The direct beneficiaries are the 45,300 economically active smallholders living in the rural areas who are already participating in commercial agriculture. This number is expected to increase significantly when other economically active value chain entrepreneurs enlist in the Program.</p>

Annex 5: Programs for Implementing the five priority areas

Priority Area	Programs/Initiatives/Action Plans
Light up and Power Africa	<ul style="list-style-type: none"> • Africa Renewable Energy Initiative • Independent Power Producer Procurement Programme • Power Utility Transformation Programme • Early Stage Project Support Facility • Funding Catalyst Programme • Bottom-Of-The-Pyramid Financing Facility • Mobile Payment Programme • Regional Project Acceleration Program • Country-Wide Energy Sector Turnarounds
Feed Africa	<ul style="list-style-type: none"> • Action Plan for African Agricultural Transformation <ul style="list-style-type: none"> - Deploy innovative approaches to address malnutrition. - Execute a bold plan to achieve rapid agricultural transformation. - Operationalize the Affirmative Finance Action for Women in Africa - Establish an African Agricultural Risk Sharing Facility. - Develop agro-allied industrial zones and agricultural corridors - Increase access to climate financing. - Central Banks in Africa to set aside special funds. - Develop Agribusiness Diaspora Bonds. - Accelerate the deployment of financing to the agriculture and agribusiness sector. - Support more functional Agricultural Development Banks. - Scale up the establishment of Warehouse Receipt Financing and Agricultural Commodity Exchanges. - Set up a youth in agriculture financing facility. - Expand African fertilizer production. - Implement institutional reforms and systemic changes. - Implement policy reforms in support of agricultural transformation. - Secure new private sector investment in Agriculture. - Scale up agro-input supplies to farmers. - Develop robust value chains for key commodities.
Industrialize Africa	<ul style="list-style-type: none"> • Main actions: <ul style="list-style-type: none"> - Catalyse funding into flagship projects - Develop efficient SEZs across the continent - Promote and drive SME development - Grow liquid and effective capital markets - Foster successful PPP deals - Promote strategic partnerships in Africa
Integrate Africa	<ul style="list-style-type: none"> • Main actions: <ul style="list-style-type: none"> - Continuing playing a role of champion in continental initiatives such as PIDA - Sharpening understanding of regional operations and the link with cross cutting issues such as climate change - Continuing mainstreaming regional integration in Bank's operations - Continuing applying the dual approach of combining "hard" and "soft" infrastructure projects/programs
Improve Quality of Life for Africans	<ul style="list-style-type: none"> • Jobs for Youth in Africa Initiative: <ul style="list-style-type: none"> - The Agriculture Flagship Program - The Industrialization Flagship - The ICT Flagship Program - The Investment Facility