ANNUAL REPORT 2018

African Development Bank Group

BANQUE AFRICAINE DE DEVELOPPEMENT
AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND
FONDS AFRICAIN DE DEVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

African Development Bank Group

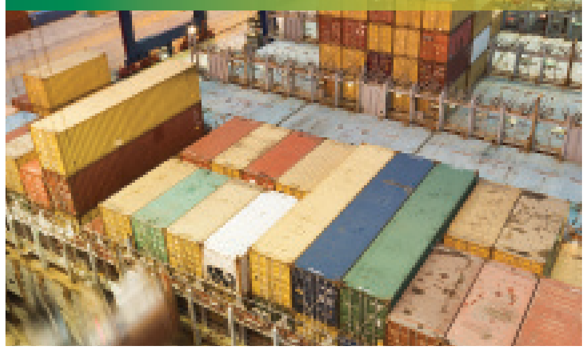
MEMBER COUNTRIES

Regional

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

Non-regional

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



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Message from the President

It is my pleasure to submit the Bank Group's Annual Report for 2018. The year has been wonderful for the African continent. And let me say, the future is getting brighter. The continent's general economic performance continued to recover in 2018, with real GDP growth estimated at 3.5 percent. Growth's pace is expected to be maintained at 4 percent in 2019 and 4.1 percent in 2020. This momentum is strong, up from a mere 2.1 percent as recently as 2016.

Looking back to 2018, approvals by the Bank Group reached UA 7.28 billion, with disbursements reaching UA 4.37 billion. The Bank's efforts contributed greatly to the Bank's High 5 priority areas. To Light Up and Power Africa, 2,430 km of new or improved power distribution lines and 480 km of new or improved power transmission lines were connected—and 447 MW in new total power capacity was installed, 197 MW of it renewable. To Feed Africa, about 19 million people gained access to improved agricultural technologies. To Industrialize Africa, 1.2 million people are benefiting from private sector investment projects. To Integrate Africa, about 14 million people gained access to better transport services. And to Improve the Quality of Life, 8 million people now benefit from improved access to water and sanitation. By any measure, these numbers and impacts are impressive.

But the needs in Africa are enormous. That's why the Bank is engaged in discussions with its shareholders for a General Capital Increase to do much more for Africa—toward Agenda 2063. A stronger and substantially capitalized African Development Bank is good for the overall effectiveness of the multilateral development finance system. And it is good for stronger convening powers and partnerships to deliver more for Africa—together. The first Governors Consultative Committee meeting in Rome in November 2018 was a success. I look forward to more such meetings in 2019. The Medium-Term Review of ADF-14 was very successful. The Deputies approved our moving forward with the ADF market borrowing option and initiating the process for changing the ADF articles accordingly. I am hopeful for a higher ADF-15 replenishment.

The Bank gained global acclaim with the launch of its USD 1 billion synthetic securitization, which allows us to sell off some of our portfolio's risk to the private sector and to free up more than USD 700 million in lending room for private sector financing. As the first of such achievement by any multilateral development bank, we are spearheading innovation globally. We also launched our Portfolio Credit Insurance with USD 500 million, freeing up even more lending room for the Bank. Again, the Bank is the first multilateral development bank to launch such an initiative.

Africa will develop not through aid but through the discipline of investments. That's why the African Development Bank, together with its partners, launched the Africa Investment Forum in 2018. The forum was an incredible success, with deals for a record USD 38.7 billion in investment identified in less than 72 hours. Indeed, the Bank is now the leader in mobilizing private sector financing for the continent.

The Bank posted impressive financial results, maintaining our triple-A rating with a stable outlook from all four global financial rating agencies. But we also want Africa to get a "triple-A development impact rating." We need universal access to electricity. We must help make Africa self-sufficient in food. We must fully integrate the continent. We must industrialize the continent. And we must improve the quality of life for the people of Africa.

Being that kind of Bank depends on the work environment we create for our staff—to unleash their collective and individual potentials and to attract and retain top-notch talent. We are making great progress on this. The Bank was ranked the 4th best company to work for in Africa in 2018, a big jump from 82nd in 2015. So, our reforms are paying off nicely, as the Bank is now a very attractive place to work. Also in 2018, we recruited staff for 677 positions, about 300 internal, the highest ever for the Bank. The gross vacancy rate of the Bank Group dropped from 24 percent in 2017 to 14 percent in 2018.

We continue to implement the Development and Business Delivery Model. Our results on the ground and our income growth trajectories show that the model is working. We will not relent on our commitment to improve weak areas, even as we continue strengthening strong areas. The Delegation of Authority Matrix was revised and approved to devolve more authority for decision making to the Regional and Country Offices. The change enables the Bank Group to respond faster to its clients. With 41 country offices being staffed with the right mix of skills, the Bank Group has a greater presence in Regional Member Countries.

A special word of thanks to the dedicated Boards of Directors, Management, and Staff for steering the Bank in 2018. I am optimistic about Africa's future. I am confident in our capacity as a Bank to make a greater impact on the lives of millions of people across this beloved continent we have been called to serve!

Akinwumi Ayodeji Adesina
President of the African Development Bank Group
Chairperson of the Boards of Directors

The President and the Executive Directors

Seated, from left to right: Mmakgoshi E.P. Lekhethe, Bright Erakpoweri Okogu, Soraya Mellali, Federica Diamanti, Abdelmajid Mellouki, President Akinwumi A. Adesina, Martine Mabiala, Catherine Cudre-Mauroux, Karin E. Isaksson, Dominique Lebastard, Ahmed Zayed.

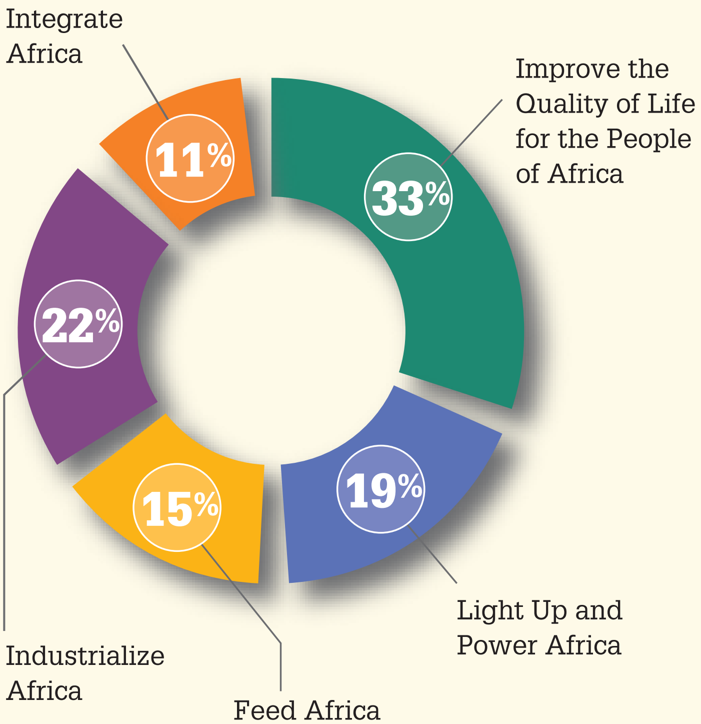
Standing, from left to right: Secretary General Vincent O. Nmehielle, René Obam Nlong, Steven Dowd, Moussa Dosso, Kwabena Boadu Oku-Afari, David Stevenson,Takuji Yano, Heinrich Mihe Gaomab II, Tariq Al-Tushani, Nyamajeje Calleb Weggoro, Patrick Francis Zimpita.

Letter of Transmittal

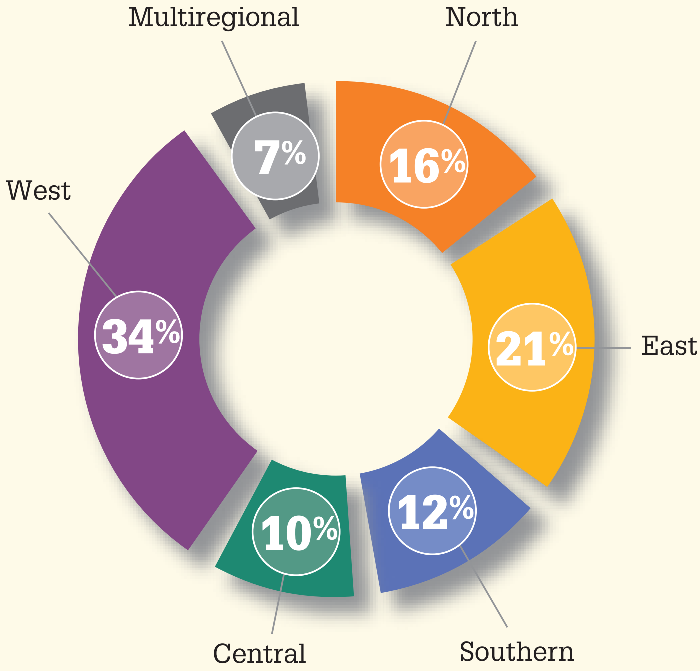
In conformity with Article 32 of the Agreement Establishing the African Development Bank, and Articles 8, 11, and 12 of the General Regulations adopted thereunder, and pursuant to Article 26 of the Agreement Establishing the African Development Fund and Articles 8, 11, and 12 of the General Regulations adopted thereunder, the Boards of Directors of the Bank and of the Fund hereby submit to the Boards of Governors the Annual Report and the Financial Report of the African Development Bank and the African Development Fund for the financial year ended 31 December 2018. This Annual Report includes a review of developments in the operational activities of the Bank Group during 2018. The Financial Report contains the full set of audited financial statements of the Bank and the special purpose financial statements of the Fund, together with the approved administrative budget for 2019. Electronic versions of the two Reports are available on the Bank Group's website at www.afdb.org/annualreport.

Approvals

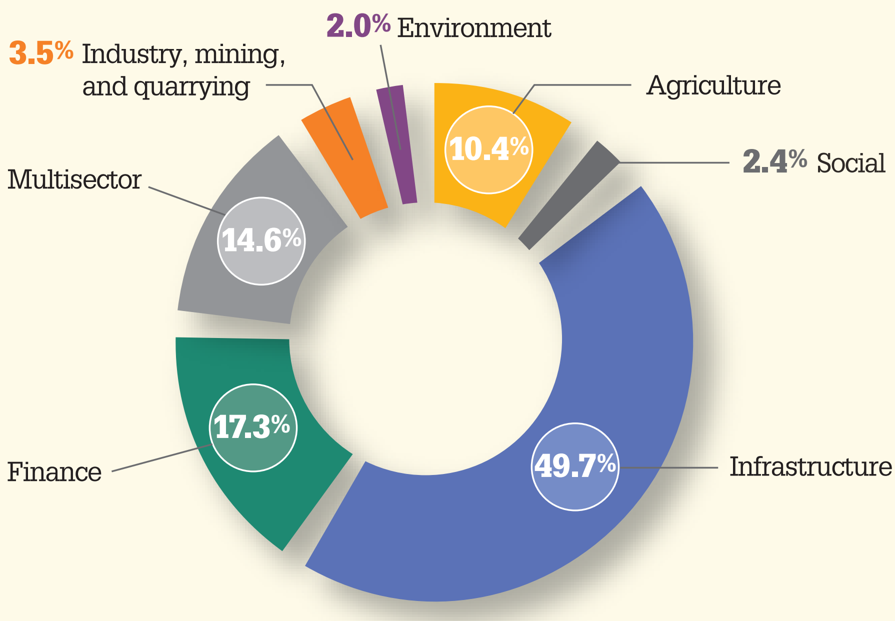
Approvals by High 5



Approvals by region



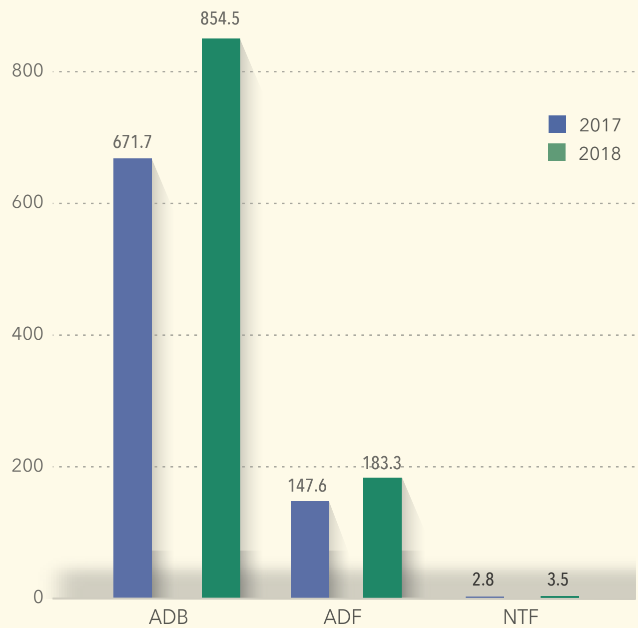
Approvals by sector



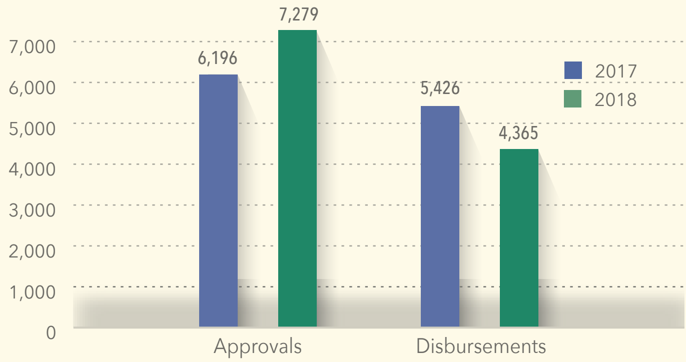
Financial highlights

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

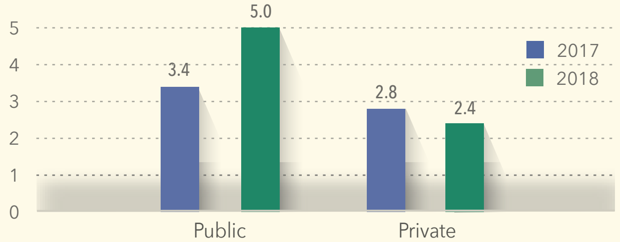
Bank Group revenue 2017–18
(UA millions)



Bank Group approvals and disbursements 2017–18
(UA millions)



Co-financing resource mobilization by the Bank 2017–18 *(UA billions)*



Africa Investment Forum

400 investors from 53 countries

Investment interest secured across

49 deals worth USD 38.7 billion

Capital as of 31 December 2018

Authorized	Subscribed	Callable	Paid-up capital	Total reserves
UA 66.98 billion	UA 65.11 billion	UA 60.15 billion	UA 4.96 billion	UA 2.81 billion

Highlights based on completed Bank Group projects

The High 5s

Light Up and Power Africa

447 MW of new power capacity installed

480 km of new or improved power transmission lines added

Feed Africa

19 million people provided with improved agricultural technologies

1,700 tons of agricultural inputs (fertilizers, seeds, and the like) provided

Improve the Quality of Life for the People of Africa

8.2 million people provided with access to improved water and sanitation

1.2 million direct jobs created

Industrialize Africa

154,000 owner-operators and micro, small, and medium enterprises provided with access to financial services

USD 354 million of additional government revenue generated

Integrate Africa

390 km of cross-border roads built or rehabilitated

14 million people gained access to better transport services

Cross-cutting areas

The Transition Support Fund approved UA 225 million to finance interventions in countries in fragile situations

The Bank rolled out its **Gender Marker System** to track gender mainstreaming in its operations

Gender specialists are now part of project teams, and more Bank operations include gender analysis and action plans

Program-based operations (UA 1.13 billion) supported reforms and policies strengthening governance

Share of climate finance increased to 32 percent of all approvals on track to meet the 2020 target of 40 percent

CHAPTER 1

The Drive for Africa's Development

Container Terminal, South Africa

Global growth has stabilized, with world output estimated to have grown by 3.7 percent in 2018 and projected to grow by the same magnitude in 2019. With the volatility of commodity prices and the rise of trade tensions between the United States and its main trading partners, the external environment has created increasingly adverse conditions for Africa's growth. Higher interest rates in the United States and the strengthening of the US dollar have put pressure on the currencies of developing countries and increased the costs of borrowing. While the increase in energy prices gave relief for oil producers, it also worsened the terms of trade for oil importers.

In 2018, Africa's Gross Domestic Product (GDP) growth reached an estimated 3.5 percent, roughly the same as in 2017 and up by 1.4 percentage point from 2.1 percent in 2016. In the short term, growth is projected to accelerate to 4 percent in 2019 and 4.1 percent in 2020. These projections are higher than those of other emerging and developing regions. However, domestic risks, in addition to external constraints, could limit the continent's growth. These include climate change, security and migration concerns, increasing vulnerability to debt distress in some countries, and uncertainties associated with elections and political transitions.

In 2018, while East Africa remained the fastest growing region (at 5.7 percent), North Africa contributed the most to overall African GDP growth, accounting for 37 percent. The general drivers of Africa's economic growth have been gradually rebalancing, moving from consumption to investment and exports. The recent commodity price rebound and particularly the increase in oil prices, supported the recovery of commodity exporters. Overall, 17 African countries achieved real GDP growth higher than 5 percent in 2018, and 21 between 3 and 5 percent. Only five African countries recorded a recession in 2018, down from eight in the two previous years. Six of the world's ten-fastest growing economies (Burkina Faso, Côte d'Ivoire, Ethiopia, Libya, Rwanda, and Senegal) are African countries. Some non-resource-rich countries had high growth rates in 2018, including Côte d'Ivoire (7.4 percent), Rwanda (7.2 percent), and Senegal (7 percent), supported by agricultural production, consumer demand, and public investment.

Economic fundamentals in most African countries continued to improve, thanks to fiscal consolidation along with massive investments in infrastructure, major inroads in financial innovation, increased domestic demand, and substantial improvements in the investment climate (more than a third of global reforms). On average, Africa's fiscal deficit declined from 5.8 percent in 2017 to an estimated 4.5 percent in 2018, while inflation fell from 12.6 percent in 2017 to 10.9 percent in 2018. However, growth rates remain insufficient to address the persistent challenges of high unemployment, low agricultural productivity, inadequate infrastructure, and fiscal and current deficits as well as debt vulnerabilities. Although tax revenues and spending efficiency have improved, domestic resource mobilization has generally remained well short of potential. For instance, 16 African countries were classified as being in debt distress or at high risk of debt distress at the end of 2018.

Debt in Africa has risen steadily in recent years after having declined and stabilized under the Heavily Indebted Poor Countries Initiative, and the Multilateral Debt Relief Initiative. Africa's public debt represented 58 percent of GDP in 2017, up from 36 percent in 2008. The drivers of the rise in debt include low commodity prices, higher infrastructure spending, depreciating exchange rates, rising costs of foreign currency borrowing, and greater defense and security spending. There is, however, significant heterogeneity across countries and regions. At the end of 2017, the government debt-to-GDP ratio was below 40 percent for 16 of 52 countries with data and above 100 percent for six.

To ensure a high social return on debt-financed public investment, it is important to strengthen the debt–investment link. In this regard, the Bank's multidimensional approach to mitigating the risk of debt distress in Africa will include tapping new sources of funding to lower the cost of debt; engaging in policy dialogue to raise awareness of debt sustainability at the highest political level; laying the foundation for efficient use of existing resources to limit recourse to additional debt; strengthening country capability to manage debt; supporting efficient and productive use of debt; and building fiscal capacity for increased domestic resource mobilization.

On average, Africa's fiscal deficit declined from 5.8 percent in 2017 to an estimated 4.5 percent in 2018, while inflation fell from 12.6 percent in 2017 to 10.9 percent in 2018.

Africa has the world's fastest growing population. The continent's young labor force is projected to grow at an average rate of 2.75 percent a year between 2016 and 2030, so an inclusive and pro-employment growth path is crucial to creating enough jobs. In addition, the adverse impacts of climate change, now pronounced, are projected to become even starker by 2050, undermining Africa's agricultural performance and water and energy security.

These challenges call for significant investment and external funding, involving the private sector, particularly in regional infrastructure development and financing. The continent faces a large annual gap of between USD 68 billion and 108 billion in meeting its infrastructure investment needs, estimated at USD 130 to 170 billion a year. African countries must therefore fast-track economic transformation and structural reforms and continue to tap into identified opportunities.

Fostering regional integration would increase trade and economic cooperation, and enhance the delivery of regional public goods, but also enable countries to move up the ladder through specialization and reverse external imbalances. The African Continental Free Trade Agreement (AfCFTA), upon entry into force, will contribute to the creation of the world's biggest free trade area in terms of the number countries involved, and will be an important driver of sustained economic growth.

A view of Kigali in Rwanda

In line with its High 5 priorities, the African Development Bank is ideally placed to enhance social and economic inclusiveness in Regional Member Countries (RMCs) through infrastructure development, agro-industrialization, improved access to finance, and support for regional integration. As a knowledge institution with an overview of Africa, the Bank helps to produce and manage knowledge, build capacity and provide sound policy advice to RMCs' decision-makers. It also aims at boosting blended finance for attracting private investment at scale. In this context, the results of the first Africa Investment Forum, organized by the Bank in Johannesburg in November 2018, exceeded expectations, resulting in 49 deals totaling USD 38.7 billion.

CHAPTER 2

Bank Group Operations through a High 5 Lens

Tea Farm, Ethiopia

Approvals

The Bank performed well in 2018, despite challenges such as high indebtedness by RMCs and other operational constraints. Bank Group approvals for 2018 picked up, amounting to UA 7.28 billion (Figure 2.1). This includes UA 6.21 billion in approvals across the Bank Group's two entities—the African Development Bank and the African Development Fund—as well as UA 1.07 billion in approvals under the Nigeria Trust Fund, the Private Sector Credit Enhancement Facility, the Transition Support Facility, and the Special Funds.

Approvals through the African Development Bank totaled UA 5.13 billion, up 14 percent from 2017 (Table 2.1). In 2018, the share of non-sovereign operations in the African Development Bank was 32 percent, compared with 37 percent in 2017, largely attributable to a sharp drop in lines of credit to financial institutions, which represented 19 percent of non-sovereign operations, compared with 35 percent in 2017. African Development Fund approvals in 2018 totaled UA 1.09 billion. Approvals under the Nigeria Trust Fund amounted to UA 13.3 million—up from zero in 2017. The agreement between the Bank and the Federal Republic of Nigeria, establishing the NTF, expired on 25 April 2018. The Agreement was extended for an additional period of five years starting from 25 April 2018 until 25 April 2023. The combined approvals for the Nigeria Trust Fund, Private Sector Credit Enhancement Facility (PSF), the Transition Support Facility (TSF), and Special Funds increased by 45 percent from the level in 2017. Loans and grants represented the largest share (81 percent) of African Development Bank

Figure 2.1: **Bank Group Approvals, 2016–18**

(UA millions)

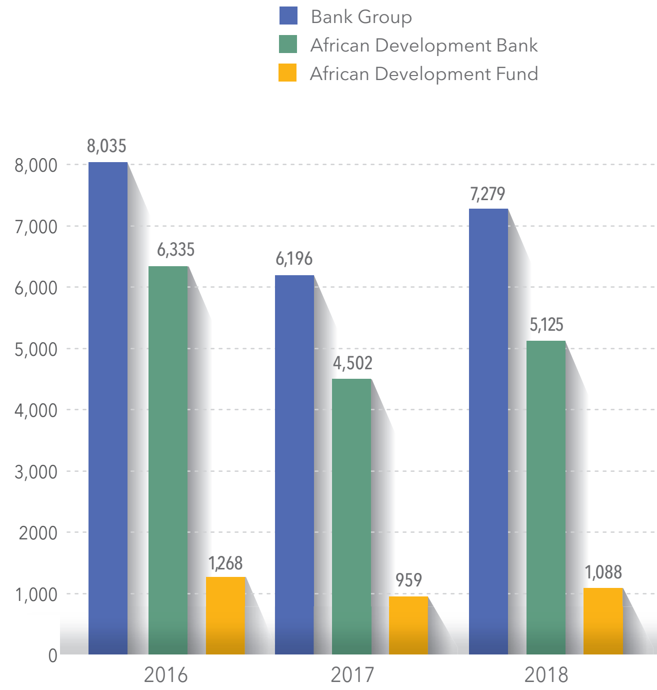


Figure 2.2: **Bank Group Approvals by High 5 Priority, 2016–18**

(UA millions)

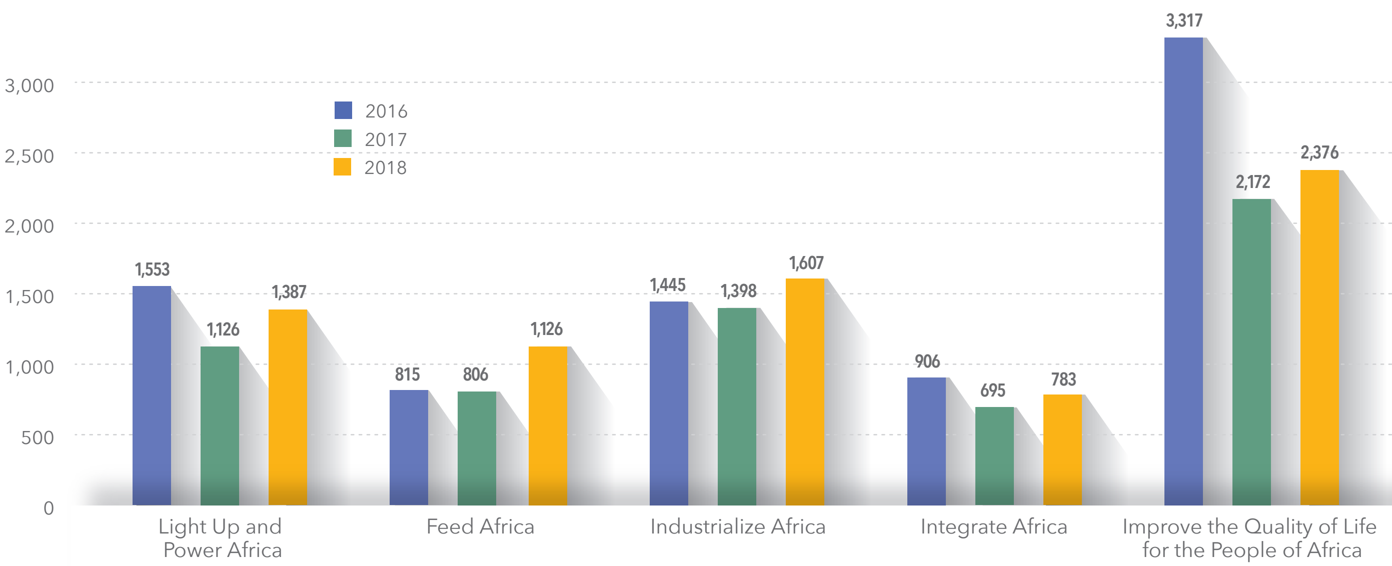


Table 2.1: **Bank Group Approvals by Financing Instrument, 2018**

(UA millions)

	ORDINARY RESOURCES			SPECIAL RESOURCES					
Financing instrument	**African Develop-ment Bank***	**African Develop-ment Fund***	**Subtotal**	**Nigeria Trust Fund**	**Private Sector Credit Enhancement Facility**	**Transition Support Facility**	**Special Funds**	**Subtotal**	**Bank Group**
Total loans and grants	4,153.71	1,088.20	5,241.91	13.30	—	224.51	—	237.81	5,479.72
Other approvals	971.43	—	971.43	—	119.45	—	708.21	827.66	1,799.09
Of which									
Equity participation	211.83	—	211.83	—		—	—	—	211.83
Guarantee	759.61	—	759.61	—	119.45	—		119.45	879.06
Other	—	—	—	—		—	708.21	708.21	708.21
Total approvals	**5,125.14**	**1,088.20**	**6,213.34**	**13.30**	**119.45**	**224.51**	**708.21**	**1,065.47**	**7,278.81**

**Excluding special resources.*

approvals. There was a substantial increase in guarantees, which climbed to 15 percent of 2018 African Development Bank approvals, from 4 percent in 2017 (Table 2.1).

The Improve the Quality of Life for the People of Africa priority continued to receive the largest share of approvals at UA 2.38 billion (33 percent of the total). Approvals for the Industrialize Africa priority accounted for UA 1.61 billion (22 percent). The Light Up and Power Africa priority accounted for UA 1.39 billion (19 percent), followed by Feed Africa with UA 1.13 billion (15 percent), and Integrate Africa with UA 783 million (11 percent) (Figure 2.2).

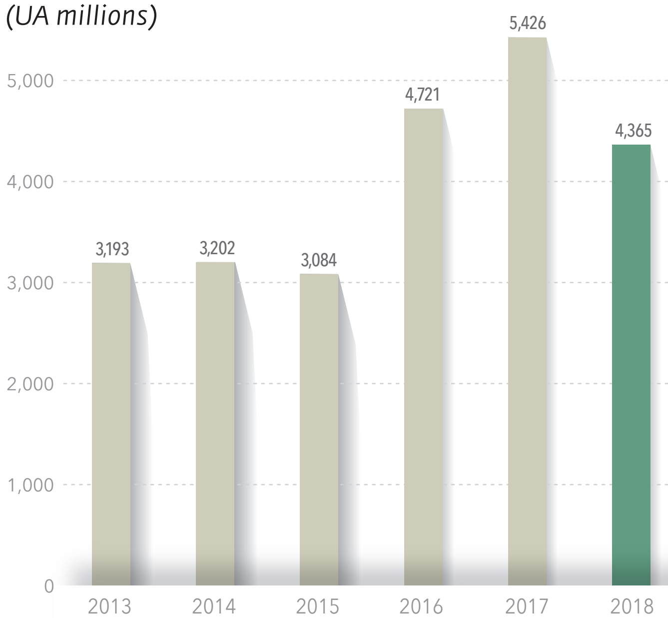
Total approvals were 18 percent higher than in 2017, confirming the steady growth of the last five years, except for the larger 2016 approvals to support recovery from the commodity price collapse. The High 5 priorities continued to support the achievement of the Sustainable Development Goals and to drive the composition of new approvals.

Disbursements

In 2018, total disbursements reached UA 4.37 billion, 88 percent of the UA 4.96 billion target (Figure 2.3). Delays in sovereign loan effectiveness and procurement processes arising from weak implementation capacity in some of the beneficiary RMCs, reversed the record increases in disbursements of project loans and grants experienced in 2017. Disbursements for non-sovereign operations reached a ratio of 75 percent, well ahead of the target of 50 percent.

Figure 2.3: **Bank Group Disbursements, 2013–18**

(UA millions)



Co-Financing

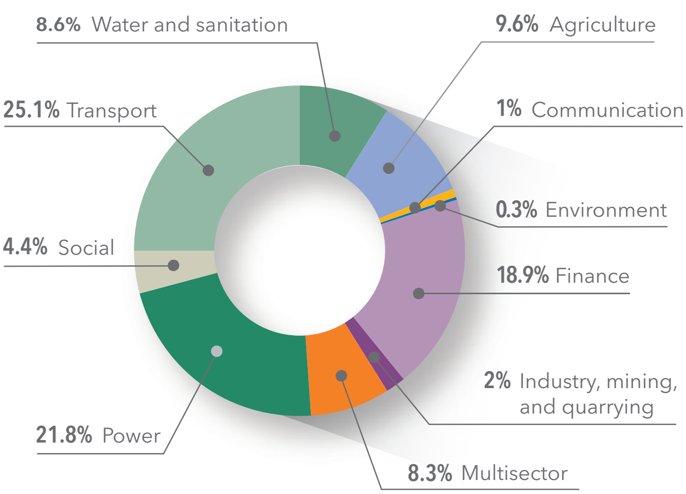
The Bank continued its resource mobilization through co-financing, with the objective of crowding in additional financing for implementing the High 5s. The Bank's approved operations generated a combined UA 7.4 billion in additional co-financing investments from partners such as Agence Française de Développement, the European Union, the European Investment Bank, and the World Bank. The volume of co-financing resources leveraged on Bank-financed public sector projects stood at UA 5.0 billion.

Bank Group Portfolio

The health of the portfolio improved during 2018, as the overall proportion of flagged operations fell in every region, and fell overall from 36 percent at the end of 2017 to 23 percent at the end of 2018. Delays in project implementation continue to be the dominant flag. With its enhanced proximity to RMCs, the Bank is addressing this issue by accelerating the signing of loan protocols with governments, closer follow-up to satisfy the conditions of first disbursement, and training the staff of executing agencies.

As of 31 December 2018, the Bank Group's active portfolio was led by transport (25 percent), power (22 percent), finance (19 percent), agriculture (10 percent), and water and sanitation (9 percent). The financial sector loans benefited many different sectors (Figure 2.4).

Figure 2.4: **Bank Group Portfolio Distribution Across Sectors in 2018**



Innovative Financing

In 2018, the Bank secured seven mandated lead-arranger roles to support private sector projects, including Air Côte d'Ivoire and Ghana Cocoa Board. The Bank will use USD 540 million from its own resources to leverage USD 1.9 billion from commercial banks through private sector syndication, for a leverage ratio of 1:3.5.

For public sector co-financing, the Bank mobilized USD 160 million through the Accelerated Co-financing Facility for Africa, EUR 531 million through the Africa Investment Platform under the European Union, and USD 295 million through the Africa Growing Together Fund. Together, they contributed to the Bank's efforts to scale up its investment in agriculture, energy, transport, and water and sanitation, reflecting an estimated 33 percent increase over amounts mobilized in 2017 from these three co-financing facilities.

Among other initiatives, the Bank approved a EUR 470 million partial credit guarantee to cover the obligations of Senegal under currency-risk hedging arrangements with commercial banks, to hedge its USD 1.4 billion exposure on its two Eurobonds maturing in 2021 and 2033.

The European Fund for Sustainable Development approved EUR 12.5 million in a guarantee and EUR 1 million in technical assistance in 2018 to enhance the Bank's local currency loans, and provide a blended pricing mechanism. The Bank also co-guaranteed a EUR 24 million project, financed in CFA francs, to back a receivables-based financing structure to scale up pay-as-you-go off-grid home solar power systems in Côte d'Ivoire.

Highlights of the Bank Group's Operations by High 5 Priority

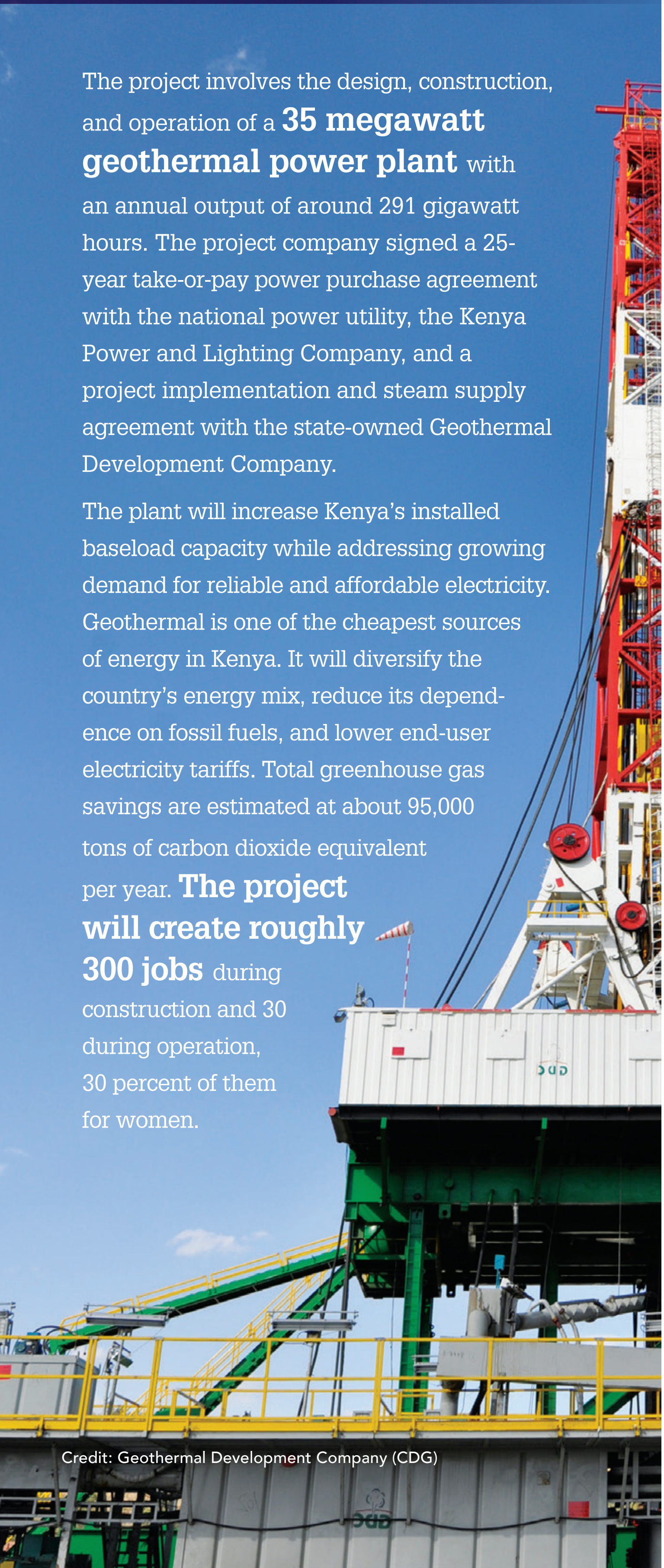
Light Up and Power Africa

With strong and mutually supportive lending and knowledge services, approvals for Light Up and Power Africa amounted to UA 1.39 billion, 23 percent more than in 2017. Close to 90 percent of Bank lending focused on infrastructure investments, similar to the 91 percent of 2017. UA 220 million were mobilized from various co-financing facilities, including the Green Climate Fund, Climate Investment Funds, Global Environmental Facility, China's Africa Growing Together Fund, the European Union External Investment Plan, UK's Department for International Development, and the Bank's Sustainable Energy Fund for Africa. The Bank's operations made it possible to leverage an additional UA 1.2 billion in indirect co-financing, and private sector lending increased

Box 2.1: **Quantum Power–Menengai 35 Megawatt Geothermal Project in Kenya**

The project involves the design, construction, and operation of a **35 megawatt geothermal power plant** with an annual output of around 291 gigawatt hours. The project company signed a 25-year take-or-pay power purchase agreement with the national power utility, the Kenya Power and Lighting Company, and a project implementation and steam supply agreement with the state-owned Geothermal Development Company.

The plant will increase Kenya's installed baseload capacity while addressing growing demand for reliable and affordable electricity. Geothermal is one of the cheapest sources of energy in Kenya. It will diversify the country's energy mix, reduce its dependence on fossil fuels, and lower end-user electricity tariffs. Total greenhouse gas savings are estimated at about 95,000 tons of carbon dioxide equivalent per year. **The project will create roughly 300 jobs** during construction and 30 during operation, 30 percent of them for women.



Credit: Geothermal Development Company (CDG)

to UA 290 million, up 18 percent over 2017. Sixty percent of the power capacity to be installed under the operations approved in 2018 will draw on renewable sources, including geothermal energy (Box 2.1).

The year 2018 was one of several innovative "firsts":

- The Bank's first stand-alone private sector off-grid investment, the Zola Energy Pay-as-you-go Solar Home Systems Project in Côte d'Ivoire, will facilitate deployment of 100,000 solar home systems.
- The Bank's first results-based financing, the Scaling-up Electricity Access Project in Rwanda, will provide 285,000 additional connections.
- The Bank's first large-scale green mini-grid development project, the Nigeria Rural Electrification Project, will crowd in USD 250 million in private sector financing and provide 125,000 decentralized solar powered connections in remote areas (Box 2.8).
- The Bank's first project under the desert-to-power initiative, the off-grid component of the Yeleen Solar Program in Burkina Faso, will provide decentralized energy solutions to 150,000 households in rural areas.
- The Bank's first project to support an independent power producer using concentrated solar power technology combined with molten salt energy storage, the 100-megawatt Redstone plant in South Africa, will provide baseload power equal to the annual electricity consumption of around 210,000 households.

UA 1.39 billion

invested to Light Up and Power Africa

UA 1.2 billion

leveraged in co-financing


Wind farms, Cabo Verde

As part of its knowledge work, the Bank launched the Electricity Regulatory Index to benchmark regulatory performance and identify areas for improvement. The Africa Energy Portal is a one-stop shop for energy data, information, and knowledge. The African Financial Alliance for Climate Change encourages financial providers to shift their portfolios toward climate-resilient and low-carbon investments. The Bank also rolled out the Africa Energy Market Place, a collaborative platform for public–private dialogue that endorsed Joint Energy Action Plans for Côte d'Ivoire, Ethiopia, Nigeria, and Zambia.

Feed Africa

The Bank's Feed Africa operations seek to transform African agriculture into a globally competitive, inclusive, and business-oriented sector—creating wealth, generating gainful employment, and improving the quality of life.

Total approvals in 2018 amounted to UA 1.13 billion. The projects approved included two investments to support fertilizer production and distribution in Morocco and Nigeria, some Program-based Operations that address policy constraints in the sector, direct investments to increase agricultural productivity and production and to support agribusiness, and development of agricultural value chains. This reflects the true nature of the Bank-wide Feed Africa program with investments that cut across many sectors in the Bank. The Bank also leveraged additional investments through various financial instruments such as equity, quasi-equity, and debt to catalyze investment at scale from the private sector and with co-financing of about UA 950 million.

Working with RMCs, the Bank has maintained strong leadership and partnerships in support of continental and global efforts on food and nutritional security. For example, the Program for Integrated Development and Adaptation to Climate Change in the Niger Basin covers Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Guinea, Mali, Niger, and Nigeria. The Bank's investment in the Basin strengthens the resilience of the Niger River's ecosystems and population through sustainable natural resource management. Sixteen agricultural value chain operations were approved in 2018 to improve the competitiveness of key commodities.

Non-sovereign operations fostered much-needed dynamism in the agribusiness sector, which tends to be relatively underserved. The Bank's investments in agro-allied corporates such as DAL Group in Sudan and Flour Mills in Nigeria will generate large employment impacts, promote backward integration with outgrowers, and support processing to feed Africa's growing internal and export market.

- The Bank's investment in DAL Group is the first Non-Sovereign Transaction in Sudan.
- The Bank's investment in Ghana's Cocoa Board will enhance productivity and transform the cocoa value chain sector in Ghana. The Bank continued mobilizing additional financing mainly from commercial lenders and development finance institutions.
- Bank guarantees under the Ghana Incentive-Based Risk Sharing for Agriculture Lending will leverage commercial bank lending to agriculture and agribusinesses.

UA 1.13 billion

devoted to Feed Africa in 2018

Staple crop processing zones initiative rolled out

Box 2.2: **Technologies for African Agricultural Transformation**

A grant was approved to implement Phase I of the Technologies for African Agricultural Transformation (TAAT) to rapidly scale up agricultural technologies to reach millions of African farmers and primary processors. The initiative brings together Consultative Group on International Agricultural Research (CGIAR) centers in Africa as partners to scale up agricultural technologies and build agricultural value chains along agro-ecological zones. In the first phase of TAAT, nine priority commodities were strategically identified for initial investment, and an emergency consortium was set up to deal with the fall army-worm crisis. The implementation structure is now fully operational, consisting of 11 CGIAR centers, national agricultural research and extension system centers, private agribusinesses, and other partners.

In its first year of operations, TAAT made impressive progress. For example, the maize compact has worked with 30 seed companies to produce 27,000 metric tons of drought-tolerant maize seed varieties for use by 2.6 million maize farmers. By the end of 2018, more than 1.6 million farmers had received and planted these seeds. To respond to the army-worm crisis, **TAAT facilitated the deployment over 6,000 tons of drought-tolerant maize varieties** treated with Fortenza Duo, to more than 1.5 million farmers in Southern Africa.

- With project preparation support and financing from the Bank, the Staple Crop Processing Zones Initiative is being rolled out to turn the African rural landscape into economic zones of prosperity and lay the foundation for Africa's agro-industrialization to lift millions of Africans out of poverty. Botswana, Côte D'Ivoire, Egypt, Ethiopia, Guinea, Kenya, Morocco, Senegal, South Africa, Tanzania, and Togo have expressed interest in the initiative. In Togo, the Bank's funding leveraged co-financing resources from the West African Development Bank (BOAD) and the Saemaul Globalisation Foundation (Korea). In Ethiopia, it leveraged additional resources from the Korea Exim Bank, the European Union, and Big Win Philanthropy (UK).

Shuaibu Yusuf owns a few properties where he grows vegetables using high-quality fertilizer, produced by Indorama Eleme Fertilizers in Nigeria. "The benefits that I get from farming are food, education for my children, and the ability to pay medical bills," he says. Shuaibu and his family work together on the farms, and the increased yields have improved the family's health and income.

Shuaibu Yusuf, farmer, Nigeria
Indorama Eleme Fertilizers

Box 2.3: **Transformative Trade Finance to Support Liberian Small and Medium Enterprises**

A USD 12 million funded line of credit to local banks will provide liquidity to small and medium enterprises, and a USD 8 million risk participation agreement will allow local banks to confirm letters of credit issued by businesses. A technical assistance program supporting the financial institutions will ensure that the facility is used appropriately.

The expected impact of this financing includes:

- Enhanced access to lines of credit and confirmation lines, improving foreign exchange liquidity in Liberia.
- Improved risk assessment and monitoring as well as compliance with regulatory requirements.
- Greater use of innovative trade finance products by Liberian banks.
- Improved credit underwriting skills.
- Reduced nonperforming loans thanks to better loan management.

Industrialize Africa

Approvals for Industrialize Africa reached UA 1.61 billion in 2018, up 15 percent from the level in 2017. Approvals for the financial sector amounted to UA 1.17 billion, with UA 756 million for non-sovereign operations, and disbursements of UA 626 million. These loans supported activities across a wide range of manufacturing and services in the private sector. The Bank also mobilized concessional and non-concessional resources to support the financial sector. The European Commission provided EUR 65 million for first-loss guarantees and EUR 10.7 million as grants to support financial sector development. In addition, the Bank mobilized EUR 117 million from other development finance institutions and private sector entities. Additionally, it approved a USD 20 million trade finance package to support Liberian small and medium enterprises (SMEs) (Box 2.3).

The Bank is partnering with the European Commission (EC) in arrangements that will widen the mix of products the Bank offers, increase the Bank's investments in SMEs, and support African SME access to capital markets:

- **SME Program.** The EC approved a blended finance proposal for the Africa SME program, with the Bank to receive partial first-loss guarantees up to EUR 20 million. The first-loss guarantee is expected to reduce the risk profile of the Bank's investments in Tier 2 and Tier 3 financial intermediaries, which should lower the price of funds and make them more affordable for

UA 1.61 billion

to Industrialize Africa

UA 1.17 billion

of financial sector approvals support private sector activities in a wide range of manufacturing and services sectors

SMEs' end borrowers, particularly for local currency financing. The EC also approved a grant of EUR 3.7 million to support capacity development in financial institutions and client SMEs.

- **Social Impact Fund.** The EC approved the Bank's application to support the SME active social entrepreneurial space in rural zones, through Social Impact Funds. EC Support consists in EUR 25 million first-loss guarantees to support investments, and a EUR 2 million grant to support capacity building of fund managers and social entrepreneurs. The program will complement the Boost Africa Fund by targeting non–venture capital funds.
- **One Platform for Africa.** The EC also approved a proposal to promote access to capital markets by African SMEs through the Archipelagos–One Platform for Africa (ONE4A) Initiative, which is jointly led and coordinated by the Bank and Cassa Depositi e Prestiti (CDP). ONE4A is structured in 2 pillars: (i) a technical assistance pillar to build capacity for selected SMEs to access capital markets and to boost capital markets ecosystem readiness for SME financing; and (ii) a guarantee pillar to crowd in local and private sector investors. The EC supports both pillars of ONE4A with EUR 5 million in grant funding and a EUR 30 million first-loss guarantee from the European Fund for Sustainable Development (EFSD).

The Industrialize Africa priority was also supported by other operations in industrial and trade development including a North Africa multinational operation, Maghreb Invest IV, and a West Africa multinational project, the Verod Capital Management Fund. On the sovereign front, the Rwanda Innovation Fund will support SMEs in the innovation and information and communication technology sectors.

The Bank's Board approved the Non-Sovereign Operations (NSO) Policy in September 2018. The NSO policy provides the framework for the Bank, through its private sector lending window, to provide financing or investments without sovereign guarantees to private and public entities that meet specific eligibility requirements on non-concessional terms. The objective is to help accelerate the continent's transformation by offering various financial support mechanisms and products, including loans, lines of credit, guarantees, blended finance, equity investments, and trade finance. The Bank's engagement in selected NSOs will help scale up financing for the Bank's High 5 priorities, with the aim of maximizing the catalytic impact of its limited resources, while seeking to promote inclusive growth and the gradual transition to "green growth" in its RMCs.

Box 2.4: **Indorama Fertilizers Train 2 Project in Nigeria**

The Bank provided UA 69.5 million to support the expansion of a fertilizer complex in Port Harcourt, Nigeria, **increasing capacity from 1.4 to 2.4 million tons a year** by adding a new and identical train to the existing plant. This project increased the availability of urea fertilizer to address Africa's food security concerns while creating direct and indirect jobs during construction and operation. It also generated tax revenues for the Government of Nigeria and improved the country's foreign exchange reserves through savings from reduced imports and foreign exchange inflows from fertilizer exports.

Marrakesh-Menara airport, Morocco

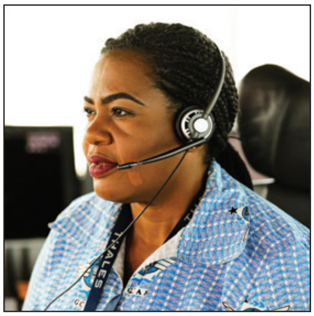
Integrate Africa

Approvals for Integrate Africa totaled UA 783 million in 2018, an increase of 11 percent over 2017. To accelerate trade facilitation, the Bank has invested more than USD 20 million over the past five years in trade agreement support and in cross-border transport, and energy soft infrastructure. In 2018, the Bank provided robust support to the progress of the African Continental Free Trade Agreement (AfCFTA), which has the potential to create new markets for African companies (particularly SMEs), boost efficiency and sales, increase foreign direct investment, reduce input costs, and spur economic growth. The Bank is also committing itself to build the institutional and human capacities of the AfCFTA Secretariat.

In collaboration with the African Union Commission, the Bank developed the Africa Visa Openness Index, which measures how open African countries are to travel by citizens from other African countries. The index tracks changes in country scores over time and is intended to encourage countries to facilitate the free movement of people across Africa. Some progress has been made on visa openness in the last few years, with travel on the continent becoming easier and Africans needing visas to travel to fewer countries.

In March 2018, the Boards of Directors approved the Regional Integration Strategic Framework covering 2018–25. The Framework is anchored on three pillars: infrastructure connectivity, trade and investment, and financial integration.

In its knowledge work, the Bank released key publications, including the annual *Africa Visa Openness Index* and *Africa to Africa Investment: A First Look*. It also supported industrial policy initiatives and studies with a focus on regional integration, such as a study on the Fourth Industrial Revolution, and a feasibility study for the Central Africa Backbone ICT connectivity project.



"I've been in this profession for 20 years. You have to prove your ability, having a retentive memory, ability to absorb pressure, stress. And then do multitasking. I have two children and I'm a single parent. They get excited because they get to tell their friends

'Oh, my mommy is going to control your flight.'

So, they do understand my job."

Ivy Ampah, Air Traffic Controller,
Kotoka International Airport, Ghana

Multinational Transport

Multinational transport projects amounted to UA 619 million and represented 79 percent of 2018 Integrate Africa approvals. The African Infrastructure Investment Fund, a multinational, multisector investment fund (UA 28.9 million), will invest in core and core-plus infrastructure opportunities—notably in transport, logistics, and power—and pursue equity and equity-like investments along the project lifecycle. The Fund will focus on acquiring a significant position in roads, airports, rail links, bridges, ports, logistics, power generation, utility distribution, and telecommunication. The project has a 13+2-year term and is expected to make 10–14 investments during its 5+2-year investment period, following a geographical and sectoral diversification strategy. The expected social and environmental impacts will be achieved by supporting energy and transport access, while reducing carbon dioxide emissions and supporting job creation, capacity building, and skill transfers.

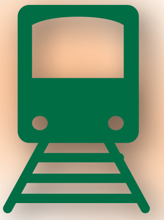
Among the multinational transport projects, it is worth noting the Kampala–Jinja Expressway Phase I project lies on a section of the Northern Corridor in Uganda. Given its location, this road section is a key driver of not only national development but also regional integration, providing core transport linkages to landlocked neighbors Burundi, Democratic Republic of Congo, Rwanda, and South Sudan and access to the sea through the port of Mombasa in Kenya.

The Kazungula Bridge project will replace the ferry and border facilities between Zambia and Botswana. The project includes trade facilitation instruments and improvements in border-related procedures and policies—in addition to the 932-meter road and rail bridge over the Zambezi River and 10 kilometers of approach and access roads. Other projects with multinational impacts are the Mauritania–Senegal Rosso bridge and the Trans-Gambia Bridge (Box 2.5).

As part of its knowledge work, the Bank produced the Traffic Impact Assessment guidelines for African cities, to meet safe and inclusive urban mobility needs. And it carried out a study of the socioeconomic benefits of side-constructions of major road projects—for medical centers, boreholes, swing bridges, and equipment for women and children—and an impact evaluation of swing-bridges in Burundi.

UA 783 million

to Integrate Africa



79%

of 2018 approvals for Integrate Africa were for multinational transport projects

"I was born in Meru, and I came here in 2006 because of business. When I started my business, the vegetables were expensive because the road was bad. We would throw out all the rotten stuff.

Today, they get here fast, and they sell out quickly. I have educated my children all by myself through this business."

Teresiah Kanina, Vegetable Seller
Kenya–Ethiopia Highway

Box 2.5: **Bridge Linking Gambia and Senegal Ushers in a New Era of Connectivity**

The 1.9 km Trans-Gambia Bridge, which took seven years to build, is safer and quicker than the risky ferry crossing or the long detour between the northern and southern parts of both nations.

50%
Expected reduction in time spent in customs

5%
Expected increase in annual average daily traffic

925,000
Population within the Project Influence Zone

Percent that are women
52%

1,000 jobs
Number of temporary jobs created during construction

45 minutes
Expected decrease in wait times

95%
Expected decrease in transit times

The bridge will also facilitate sub-regional trade and open rural areas, while increasing the level and quality of service on the Nouakchott–Dakar–Lagos road corridors.

Improve the Quality of Life for the People of Africa

Approvals to Improve the Quality of Life for the People of Africa totaled UA 2.38 billion, up 9 percent from 2017's UA 2.17 billion, with its share of the total approvals reaching 33 percent. Water and sanitation received the largest share of lending (30 percent), more than twice its share in 2017, based on a scale-up of lending in Gabon, Kenya, Morocco, Rwanda, and Tunisia. Budget support received the second largest share of approvals (18 percent), less than half its 2017 share, because of the sharper focus on water and sanitation. The Bank Group strengthened its collaboration with water sector partners, and it launched the Africa Urban Sanitation Investment Fund with the Bill & Melinda Gates Foundation and other development banks to fund urban sanitation projects in 19 countries over the next four years.

Water and Sanitation

In 2018, the Bank Group approved 17 water and sanitation projects in 13 countries for UA 691.8 million, more than twice the approvals in 2017 (UA 337 million).

The projects aim at impactful, inclusive development—promoting access to underserved and marginalized communities in support of the SDGs and the United Nations–designated human right to water and sanitation. The Semi-Urban and Rural Drinking Water Supply and Sanitation Program in 11 areas in Chad is expected to substantially reduce the prevalence of waterborne diseases, particularly among children under five, and to greatly improve access to water and sanitation services.

UA 2.38 billion

to Improve the Quality of Life for the People of Africa

17 Water and Sanitation Projects in **13 countries**

Urban Development

Urban transport represented 22 percent of all transport approvals in 2018, including the Abidjan Urban Transport Project in Côte d'Ivoire, which will build the fourth bridge over the Ebrié lagoon, 89 intersections, and 88 kilometers of expressways. The project directly links the business and administrative centers to the country's most densely populated suburb. It is expected that 2 million commuters will benefit yearly from the improved infrastructure.

Information and Communication Technology

In 2018, the Bank continued to refine its approach toward ICT operations with greater emphasis on lending support for e-government and innovation to build African content and services. Moving forward, the Bank expects to support targeted interventions in broadband deployment and data infrastructure through its non-sovereign operations. Technical assistance to governments will prioritize digital identification and regional policy frameworks for data privacy and security.

In 2018, the Bank extended a loan of USD 30 million to the Government of Rwanda for the creation of the Rwanda Innovation Fund. The fund will invest in growth technology-enabled ventures across Africa, and the Government will invest a further USD 8 million in a technical assistance pool to develop new businesses. In addition, the Bank concluded funding arrangements totaling EUR 30 million with the European Union to support connectivity projects in Chad and Niger.

Technical assistance funding was provided for the preparation of feasibility studies for e-government infrastructure projects in Gabon and Lesotho, for a technology park in Ethiopia, and for agriculture hackathons in Côte d'Ivoire and Rwanda. The Bank also convened an Economic Community of West African States regulatory workshop in Abidjan and provided e-procurement training in collaboration with the Korean Public Procurement Service.

The Bank launched a study on the Fourth Industrial Revolution (4IR) in Africa funded by Korea–Africa Economic Cooperation resources. The study will identify bankable business cases for the use of 4IR technologies, such as blockchain, artificial intelligence, and big data analytics.

Human Capital, Youth, and Skill Development

The Bank Group continued to implement the Jobs for Youth in Africa Strategy (2016–25) and to emphasize skills development and jobs—especially for Africa's youth. The new Rockefeller Trust Fund (USD 2 million) started a Bank partnership with Microsoft philanthropy and Facebook to provide technical collaboration for the Bank's new Coding for Employment flagship. The target is to create 130 coding centers in Africa by 2023 to benefit more than 243,000 youth by 2025.

The Bank is strengthening efforts to integrate and mainstream the Jobs Strategy through all the other High 5s. In 2018, the Bank approved 112 projects (63 percent of total projects) amounting to investments of approximately UA 5 billion, with components that will directly support the creation of more than 1.5 million jobs over the next five years. Fragile and lower income countries will generate 72 percent of the total direct jobs expected. Most of these results will be from agriculture (33 percent), multisectoral (32 percent), and transport (18 percent) projects. The projects will also support more than 237,000 SMEs and develop the skills of more than 655,000 youth.

To promote human development outcomes, the Bank approved 14 standalone operations amounting to UA 288.6 million in 2018. The UA 70 million Morocco Results-Based Program will provide market-based skills for 495,000 vocational school students, link 180,000 job seekers to placement interviews, facilitate workplace internships for 165,000 trainees, and improve the insertion rate of vocational training graduates into the job market within six months of graduation from 63 percent in 2018 to 68 percent by 2021. The UA 49.8 million Senegal Emergency Community Development Program Support Project will improve access to health infrastructure for 300,000 vulnerable people (51 percent of them women), and create 30,000 direct jobs by 2025. The project will also reduce chronic malnutrition rates from 21 percent to 8 percent over the next decade.

The Bank increased its efforts in convening partnerships to strengthen entrepreneurship ecosystems in Africa. The Youth Entrepreneurship and Innovation Multi-Donor Trust Fund increased from USD 4.4 million in 2017 to almost USD 40 million in commitments in 2018. By providing technical assistance through enterprise support organizations and financial institutions in Africa, the fund is expected to reach more than 480 youth-led startups in Ghana, Mali, Nigeria, Togo, and Zimbabwe. The Fund for African Private Sector Assistance (the Government of Japan, the Government of Austria, and the Development Bank of Austria) has initiated support to develop an innovation lab e-platform as a one-stop continent-wide marketplace for entrepreneurs, incubators, accelerators, business mentors, and investors across Africa.

The Bank conducted a study on the status of science, technology, and innovation in Africa to help policy formulation in RMCs. Additionally, it published *Youth Entrepreneurship and Africa's Sustainable Industrialization* with support from the Japan Trust Fund, a document examining the relationship between education and skill development of entrepreneurs.

Health, Nutrition, and Social Protection

The Bank Group approved four projects in health, nutrition, and social protection for a total of UA 116 million in 2018. An African Development Fund grant of UA 88.7 million provided supplementary financing to the Basic Services Transformation Program in Ethiopia. Over its 10 years, the program has increased net school enrollments from 77.5 percent to 99 percent, reduced child mortality from 72 per 1,000 to 20, and improved rural water supply coverage from 46 percent to 74 percent. The supplementary financing will allow the Government to expand basic services, mainly in pastoral and underserved regions.

As part of its knowledge brokering, the Bank hosted the African Leaders for Nutrition Initiative to engage decision makers in the fight to end malnutrition in Africa, which the African Union endorsed. Supporting the African Union's commitment to end hunger in Africa by 2025, the initiative aims to stimulate accountability and financial commitments for nutrition. The Bank also launched the Multi-Sectoral Nutrition Action Plan, which acts as a "how-to guide" for implementing the nutrition aspects of the Bank's Feed Africa and Human Capital Strategies. The plan will contribute to building a continent-wide grey matter infrastructure through its contribution to a 40 percent reduction in stunting on the continent by 2025.

Results by High 5 Priority

The High 5s remain highly relevant to Africa's development agenda and the progress of the SDGs. A United Nations Development Programme (UNDP) analysis concluded that there is close to a 90 percent overlap in the coverage of Agenda 2063, the SDGs, and the High 5s. Table 2.2 presents the outputs achieved from Bank-supported projects in each High 5 priority. They draw on the development objectives, outcomes, and outputs captured in Project Completion Reports for public sector operations and Extended Supervision Reports for private sector operations. The results shown are the average of the data aggregated from the Project Completion Reports and Extended Supervision Reports completed in 2016–18.

Schools to enhance learning and create more jobs, Malawi

Table 2.2: **Results from Completed Projects**

High 5 Priority	Results
Light Up and Power Africa	• 570,000 people with new electricity connections, of whom 261,000 are women • 2,430 km of new or improved power distribution lines • 480 km of new or improved power transmission lines • 447 MW new total power capacity installed, 197 MW of it renewable • 719,000 tons of carbon dioxide emissions reduced
Feed Africa	• 19 million people benefited from improvements in agriculture, of whom 9.3 million are women • 3,400 km of feeder roads built or rehabilitated • 1,700 tons of agricultural inputs provided • 100,000 people used improved farming technologies
Industrialize Africa	• 1,021 km of roads constructed, rehabilitated, or maintained, 695 km of which is in low-income countries • 1.2 million people benefited from investee projects, 600,000 of them women • 154,000 owner-operators and micro, small, and medium enterprises provided with access to financial services
Integrate Africa	• 390 km of cross-border roads constructed or rehabilitated • 14 million people gained access to better transport services
Improve the Quality of Life for the People of Africa	• 270,000 people benefited from better access to education, 120,000 of them women • 178,000 people trained, 89,000 of them women • 1.2 million direct jobs created, half of them for women • 8.2 million people with new or improved access to water and sanitation, half of them women

Note: Because the Bank's interventions are increasingly co-financed with other development partners, the outputs are prorated according to the proportion of total project costs financed by the Bank.

Cross-Cutting Areas

Countries in Situations of Fragility

The Bank fulfills its mandate in fragile situations by increasing the resources devoted to responding to the growing challenges of fragility in Africa and assisting countries in transition to build peaceful, resilient economies and to lay the foundations for inclusive growth. In 2018, the Transition Support Facility, the main vehicle for financing interventions in countries in fragile situations, approved UA 215.7 million from Pillar I (supplemental resources for national, regional, and private sector operations to support countries in their state-building efforts) for 22 operations. The Bank also approved UA 8.8 million from Pillar III (support to critical capacity-building interventions and technical assistance that cannot be adequately addressed through traditional projects and instruments) for eight operations. More than half the approvals supported agriculture (27.8 percent) and transport operations (25.6 percent).

The Bank financed a project to build a pipeline of bankable projects in transition states. The project's final aim was to attract and facilitate Korean foreign direct investment into countries in transition by identifying investment opportunities, providing investment advisory services to selected project sponsors, and providing them with a platform to secure financing from Korean, African, and international investors. To this end, five projects were featured during the Africa Investment Forum in Johannesburg in November, and initial expressions of interest were secured for two of them.

The Country Resilience and Fragility Assessment, piloted in 2017, became fully operational in 2018. It allows the Bank to use several indicators to systematically and objectively assess fragility risks and resilience sources for all RMCs. The assessment is a high-quality benchmark, that informs the Bank's country strategy papers, policy papers, and project and program development to ensure maximum effectiveness in fighting fragility and building resilience. Five fragility assessments were conducted in 2018.

Promoting Gender Equality and Civil Society Engagement

In 2018, the Bank rolled out its Gender Marker System to systematize, monitor, and promote gender mainstreaming in its operations, with gender specialists as part of project teams and more Bank operations, including gender analysis and action plans. By the end of 2018, 40 percent of public sector Bank operations had been organized under the Gender Marker System, a major shift in the Bank's way of doing business and commitment to gender mainstreaming.

Above: Information and computer technology class. Rwanda
Below: Kindergarden class, Morocco

In 2018, the Bank developed a pan-African gender data aggregator website as a prototype that will be launched in 2019. The Bank also developed an Africa Gender Index in partnership with the United Nations Economic Commission for Africa. The gender index measures parity between women and men across three dimensions—economic, social, and representation—to inform Bank policy dialogue at the national level. Each dimension includes multiple indicators.

The Bank joined the Global Partnership for Gender Equality in the Digital Age to help increase access to science and digital technology for women and girls. To further promote innovations in agricultural technology that help close the gender gap, it also partnered with African Women in Agricultural Research and Development to launch a new program, Gender in Agribusiness Investments for Africa.

To support the High 5s and the objectives of the Ten-Year Strategy, the Affirmative Finance Action for Women in Africa (AFAWA) will extend financing through commercial banks and financial intermediaries, provide technical assistance to women and banks, and engage policy and regulatory bodies to enhance the enabling environment. In a second phase, the Bank will publish ratings of banks, based on the quality of lending to women, to incentivize good lending practices.

The Bank organized a series of internal awareness consultations on civil society and community engagement to raise awareness among, and obtain feedback from Bank staff. The Civil Society Forum 2018 on engaging civil society in accelerating Africa's industrialization, brought together more than 350 participants from civil society, international organizations, the private sector, and social entrepreneurs. The forum provided an opportunity for enhanced multistakeholder dialogue as well as the strengthening of engagement with civil society in the Bank's policies and operations.

Supporting Governance and Accountability

Program-based operations are the Bank's main instrument to support reforms and policies strengthening economic and financial governance. During 2018, the Bank approved 16 such operations for total approvals of UA 1.13 billion. It also supported strengthening institutional capacity for enhanced governance and accountability through nine new institutional support projects for a total of UA 113 million, bringing total approvals for governance (multisectoral) operations to UA 1.25 billion.

The Bank's governance work focused on strengthening macroeconomic management and public financial management at the country level. It gave particular priority to domestic revenue mobilization, especially in African Development Fund countries, such as the Democratic Republic of Congo, where the Bank approved a project to strengthen tax administration and enhance the national audit office's capacity. The project is expected to enhance capacity of revenue collection authorities, with the aim of tripling the volume of taxes collected.

For Egypt, the Bank approved the third and final phase of the Economic Governance and Energy Support Program-Based Operation (PBO), to support fiscal consolidation, reduction of energy subsidies, containment of the public wage bill, budget transparency, and energy sector governance. For Namibia, the Bank approved the second and final phase of the Economic Governance and Competitiveness Support Program, which aims to support Namibia's business environment efforts.

In 2018, the Bank approved a UA 2 million grant to support the African Peer Review Mechanism from the Regional Public Goods Window. The project will enable the review mechanism's Secretariat to support Regional Member Countries implementing its recommendations while maximizing opportunities for sharing experiences and best practice. The two phases of a PBO approved for Niger in 2018 exemplify Bank support for good governance. Phase II, with a UA 20 million approval, aims to support accelerated economic growth, with a focus on building the country's resilienwce to climate shocks. The program's contribution includes greater tax revenue mobilization and improved transparency and efficiency in the procurement system.

Climate Change

The Bank Group enhanced its capacity to mainstream climate change into its operations, mobilize climate finance at scale, and increase its support to African countries on implementing their climate commitments. In 2018, it significantly increased its share of climate finance to 32 percent of approvals, from 28 percent in 2017 (Figure 2.5). It is on track to meet its 2020 target of 40 percent, the most ambitious of any multilateral development bank, in line with the Climate Change Action Plan II. The Bank mobilized USD 337 million from global climate finance facilities—USD 55 million from the Global Environment Facility, USD 169 million from the Green Climate Fund, and USD 113 million from the Climate Investment Funds—to co-finance projects in energy, agriculture, and forestry.

Figure 2.5: **Climate Finance, 2018**

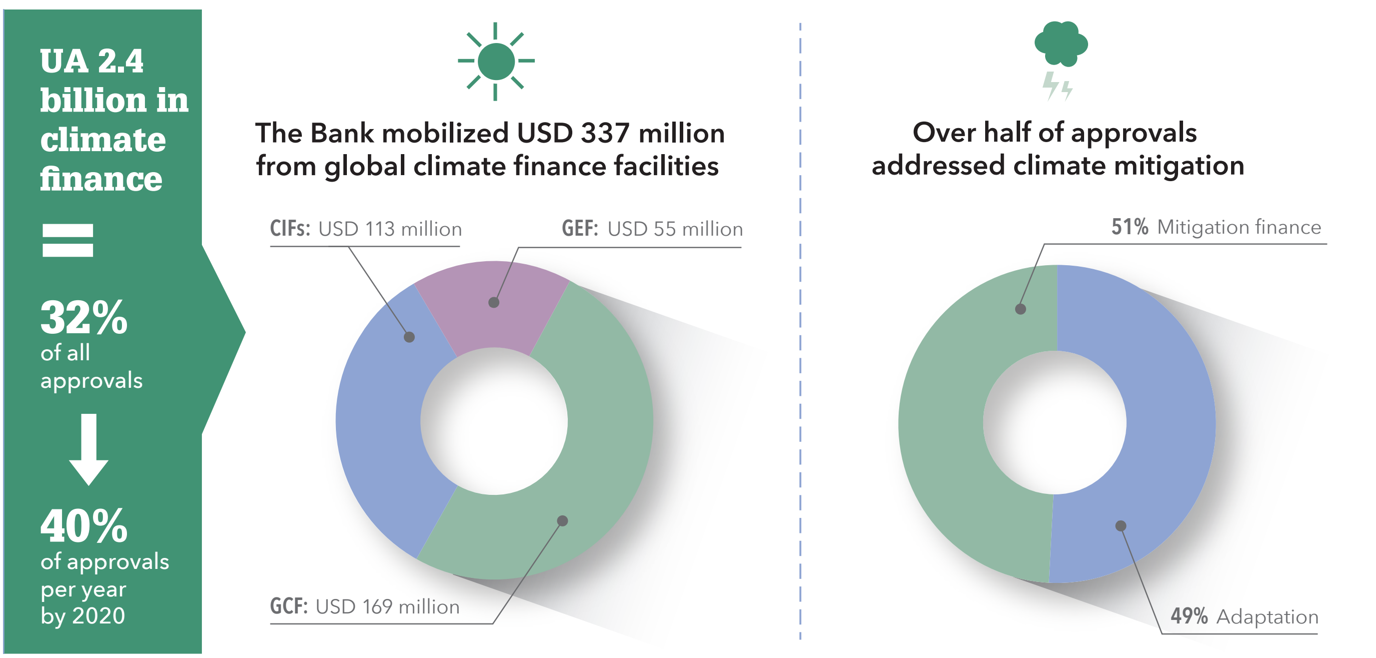
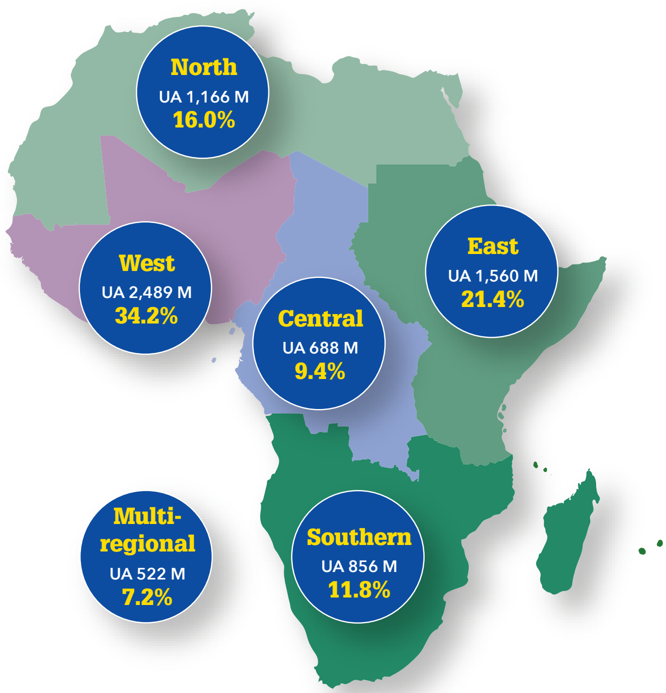


Table 2.3: Bank Group Portfolio by Region, 2018

Region	Amount (UA billions)	Percentage
Central Africa	3.85	10.1
East Africa	8.39	22
North Africa	7.26	19.1
Southern Africa	8.64	22.7
West Africa	9.71	25.5
Multiregional	0.22	0.6
Total	**38.07**	**100**

Figure 2.6: Bank Group Approvals by Region, 2018



Other achievements include the Bank's investment in 14 national climate centers to generate and use high-quality climate data for severe weather forecasts and disaster risk management. The investments provide early warning systems to cover weather-related disasters and benefit at least 300 million people living in vulnerable areas. The Bank also supported the establishment of a Regional Climate Centre for the Economic Community of Central African States in Cameroon. The Africa Nationally Determined Contributions Hub, launched by the Bank in 2017, provides technical assistance to RMCs. To encourage African financial institutions to shift their portfolios toward climate-resilient and low-carbon investments, the Bank launched the African Financial Alliance for Climate. At the Conference of the Parties (COP) 24 Climate Change Conference in Katowice, Poland, the Bank deepened its engagement with partners and positioned itself to attract more resources for RMCs.

Regional Portfolio and Approvals

The Bank Group's active portfolio as of 31 December 2018 stood at UA 38.07 billion (Table 2.3). The Bank Group's approvals for 2018 amounted to UA 7.28 billion. Figure 2.6 shows the share of approvals by region.

Central Africa

Bank Group approvals for Central Africa in 2018 totaled UA 688 million, confirming steady growth of 57 percent since 2013 (with an exceptional spike in 2017 for large multinational projects and budget support for Gabon). Cameroon's debt ceiling constrained lending in 2018 and hindered multinational projects between Cameroon and Chad. Even so, projects in Cameroon and Gabon accounted for 69 percent of 2018 approvals. Economic and financial reforms

Cement plant, Congo, DRC

accounted for 40 percent of approvals. Transport and water supply accounted for another 34 percent.

The Bank's knowledge activities for Central Africa include a regional study of six Congo Basin countries to articulate strategic priorities for industrializing the timber industry.

East Africa

Bank approvals for East Africa in 2018 totaled UA 1.56 billion, 41 percent higher than in 2017. Kenya, Rwanda, Tanzania, and Uganda together accounted for 67 percent of total approvals, and multinational operations accounted for another 17 percent. The largest share of approvals was for transport operations (25.4 percent) followed by power (25.1 percent).

The Bank approved UA 164 million for the Kampala–Jinja Expressway as part of a public–private partnership and is considering a range of financing instruments in support of the operation (Box 2.6).

Kenyan school children in a classroom

North Africa

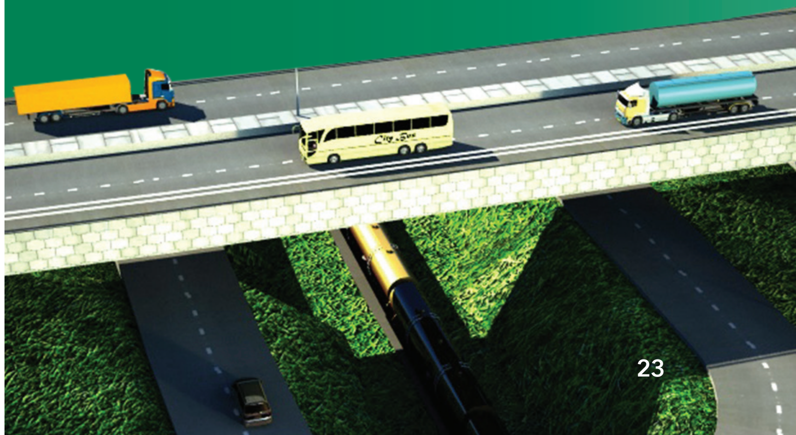
Bank approvals for North Africa totaled UA 1.17 billion, 26 percent more than in 2017. Close to one-third of approvals supported economic and financial reforms.

Some 58 percent of approvals for North Africa supported 10 operations in Morocco. The Bank provided UA 168 million for the Inclusive and Sustainable Development Support Program for Agricultural Sectors to enhance competitiveness by promoting value chains, improving the business climate, and undertaking sustainable natural resource management. In addition, results-based financing of UA 70 million was approved in support of social sectors (Box 2.7)

Box 2.6 : **Innovative Financing for the Kampala-Jinja Expressway**

The Kampala–Jinja Expressway forms part of the northern trade corridor from Mombasa in Kenya to Kigali in Rwanda. This strategic corridor links the landlocked countries of Democratic Republic of Congo, Rwanda, and Uganda to sea trade. The expressway is one of five identified as critical for economic development in Uganda's Vision 2040 and National Development Plan II.

The project is structured as an availability-based design, build, finance, operate, maintain, and transfer operation with an 80:20 debt-to-equity ratio. The innovative financing structure is composed of viability gap funding, project finance (private sector) for phase 1, and capital market finance (bonds) for phase 2. In addition to the viability gap funding, the Bank is considering providing a suite of instruments such as a partial risk guarantee to backstop government's availability payments, non-sovereign operations financing under the development finance institution tranche of the project finance in phase 1 and a partial credit guarantee under a co-guarantee arrangement with the Multilateral Investment Guarantee Agency and GuarantCo to backstop issuance of a local currency bond.



Box 2.7: **Results-based Program for Improving Access to Employment in Morocco**

The UA 70 million program improves social conditions in Morocco through youth training, professional integration, and meeting business needs for skilled workers. It will support creation of productive employment, an increased number of beneficiaries of skills training, and youth integration into the workforce through improved labor market intermediation.

The Bank's first Results-based Financing (RBF) will bolster efficient public spending on employment promotion and skills development by developing performance- and disbursement-linked indicators, with a commitment to tangible results. Using an independent verification protocol, the operation will test RBF in a middle-income country with a level of assurance that the funds will be properly used. The operation was prepared in response to a request from the Moroccan government, which has already used RBF with other development partners.

Enterprises in the carpentry and wood sector, Egypt

The largest North Africa operation approved in 2018 was the Egypt Economic Governance and Energy Support Program III for UA 352 million, coordinated with the International Monetary Fund and the World Bank, to lay the foundation for inclusive and self-sustaining economic growth.

Southern Africa

Bank approvals for Southern Africa amounted to UA 856 million in 2018, 6 percent less than in 2017. Power operations represented 36 percent of approvals, transport 23 percent, and economic and financial reforms 20 percent.

Even though processing delays affected a few operations, South Africa still had three times its 2017 approvals at UA 383 million—or 45 percent of Southern Africa approvals. The three projects are the Redstone 100 megawatt Concentrated Solar Power Project (UA 147 million), the Eskom Transmission Improvement Project (UA 158 million) for Light Up and Power Africa, and the Commuter Transit Asset-Backed Structured Finance Project (UA 78 million) for Industrialize Africa. Increased approvals for Madagascar, Malawi, and Mozambique offset reduced approvals for Namibia and Zambia.

Students learn how to safely mine raw materials, Zambia

Much of the Bank's knowledge work for Southern Africa assessed the contribution of various economic subsectors to growth in specific countries, such as a study on trade facilitation and export competitiveness in Angola and a study on state-owned enterprise contributions to economic transformation and inclusive growth in South Africa.

West Africa

Approvals for West Africa of UA 2.5 billion in 2018 were the highest of any region, representing 34 percent of total approvals. Senegal's classification as an African Development Bank and African Development Fund blend country, Benin and Côte d'Ivoire's access to African Development Bank borrowing, and substantial private sector financing explain the doubling of approvals over 2017. Approvals went up for all 15 RMCs but one (Guinea). The largest shares of approvals were for transport operations (34 percent) and finance (23 percent). Approvals in support of economic and financial reforms accounted for only 8 percent, the lowest in any region.

Road infrastructure, Ghana

The Bank Group approved UA 144.7 million (UA 108.5 million from the African Development Bank and UA 36.2 million from AGTF) to support the Nigeria Rural Electrification Project (Box 2.8), co-financed by the World Bank.

The Bank's knowledge work for West Africa included a gender study in Niger, which is part of implementing the 2014–2018 Bank Group Gender Strategy. The ongoing study will facilitate mainstreaming gender in the 2018–2022 Country Strategy Paper and promote women's employment in income-generating sectors.

Box 2.8: **De-risking Private Investments in the Nigeria Rural Electrification Project**

The Nigeria Rural Electrification Project promotes technologies and business models emerging in Nigeria.

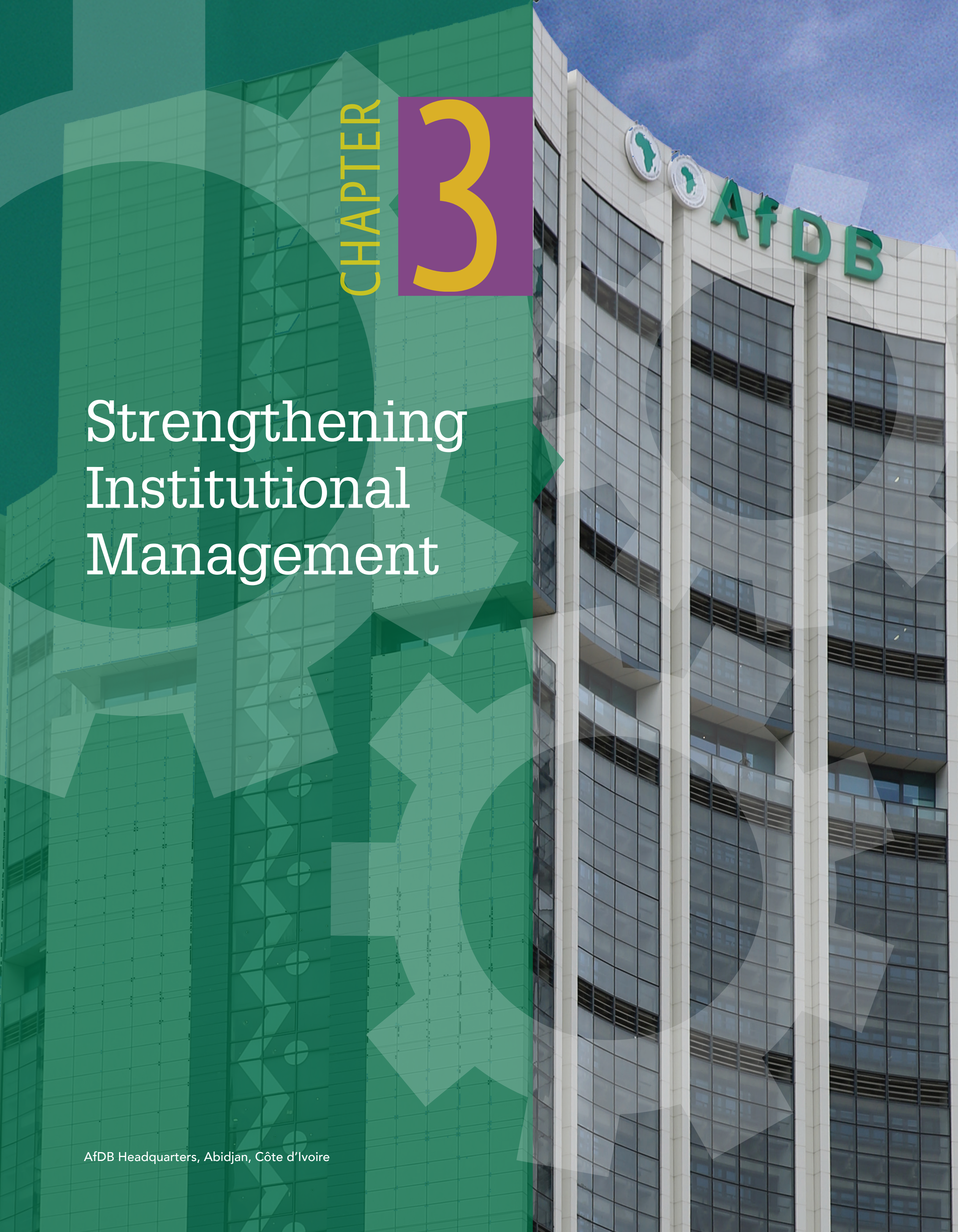
The private sector leads some components. The project will provide electricity to households, small and medium enterprises, and public institutions in a least-cost and timely manner through off-grid and mini-grid solutions. It will contribute to:

- Providing more than 500,000 people with access to electricity.
- Increasing installed power generation capacity by 76.5 megawatts (68 megawatts from solar generation).
- Providing eight universities and teaching hospitals with reliable energy.
- Supporting 20,000 micro, small, and medium enterprises in using production equipment.
- Avoiding 1.69 million tons of carbon dioxide emissions.

The Bank is establishing financing instruments and facilities to de-risk private investments in mini-grids and stand-alone and decentralized solar power systems. It will mobilize private sector investment by providing viability gap funding (to offset developers' capital expenditure costs) and offering targeted results/performance-based grants for mini-grid and energy access companies.

CHAPTER 3

Strengthening Institutional Management



AfDB Headquarters, Abidjan, Côte d'Ivoire

The Management continued to implement the Development and Business Delivery Model (DBDM) and associated improvements in business processes, organization, and institutional capacity. As part of the adoption of the DBDM, the Bank has renewed efforts toward seamless delivery of operations, based on improved collaboration among sector complexes, between complexes and regions, and between public sector and non-sovereign operations—across Headquarters, Regional, and Country Offices. The first African Investment Forum was a good demonstration of the "One Bank" model in the way that it brought together many parts of the Bank—both operational and corporate services—thus contributing to its great success.

Business Process Reforms

The Delivery, Accountability and Process Efficiency Committee completed its work proposing process and systemic reforms to Management to improve the Bank's effectiveness and efficiency. The budget process was improved, the Delegation of Authority Matrix was aligned with the objectives of the DBDM, and the Bank continued to implement its Digital Strategy for 2017–20.

Several initiatives were implemented in 2018 to improve resource planning and allocation. These support the Bank's commitment to accountable and efficient resource planning, allocation, and utilization to achieve effective delivery and results. The Bank revamped its work program planning and budgeting tool (Strategic Resources Assessment Software—SRAS) with a user-friendly web-based interface. Its integration with the Bank-wide Program Processing Schedule (BPPS) system facilitates continuous planning by the Bank's organizational units.

In addition, to serve as the basis for the 2019 budget planning exercise, budget coefficients (unit costs for each deliverable) are being computed from the cost accounting system. The revised Delegation of Authority Matrix, which increases accountability, has also improved flexibility during budget implementation. To further enhance data quality and improve decision making, the Bank continued to emphasize adequate control, monitoring, and reporting. The Bank benchmarked these initiatives against development partner practices. Bank-wide dissemination and capacity building initiatives supported these changes.

In line with implementing the DBDM, the Delegation of Authority Matrix was revised and approved to devolve greater decision making to the Regional and Country Offices. The change enables the Bank Group to respond faster to its clients. With 41 country offices, the Bank Group now has a greater presence in Regional Member Countries (RMCs). Management developed the Country Manager Exchange Training Program to respond to challenges in Regional and Country Offices, some identified through evaluations, and office and portfolio audits. The program will support exchanges of experiences on challenges faced and communications on past solutions. The various reforms and improvements presented above will strengthen the Bank's fitness for purpose.

The implementation of the Bank Group's Digital Strategy continued in 2018 to build an information technology infrastructure that supports the DBDM, the realization of the High 5s, and the digitization of the Bank:

- Digital networks were implemented at Headquarters, in the regions, and in 32 country offices in readiness for digitizing the Bank and improving Bank network routing, availability, and reliability.
- An information technology operations center has been set up to increase active monitoring of all information technology infrastructure in the Bank's offices and improve its availability and performance.
- A secondary satellite hub set up in South Africa is expected to improve the connectivity resilience of the Bank's network infrastructure.
- The Bank's applications platform and systems are being upgraded. The Bank Group is in the process of upgrading SAP, its backbone Information Technology system, to a more powerful and user-friendly version called the SAP4/Hana, as part of a Bank-wide business process re-engineering and improvement project code-named Project WAKANDA.

With 41 country offices, the Bank Group now has a greater presence in Regional Member Countries. Country Offices are being staffed with the right mix of skill sets.

- Improved decision-making tools and dashboards, "on demand" websites and cross-functional applications, and an improved environment for collaboration (including external users) support the Corporate, Finance, and Operations Complexes.
- Mobile applications now support events, such as the Annual Meetings, Conference of Parties (COP 24) climate conference participation, and the Africa Investment Forum.

These strategic changes allow the Bank to improve communications and outreach, and present its financial and knowledge services through an enhanced digital service on the web. They leverage the capacity of the staff of the Corporate, Finance, and Operations Complexes towards the vision of a smart, efficient, and digital Bank.

Sharpening the Focus on Development Impact

The Bank's Results Measurement Framework (RMF) underpins its principles and approach to development as both an accountability tool—with metrics aligned to the High 5s and the DBDM—and a blueprint for strengthening impact. The 2018 Annual Development Effectiveness Review, focused on Industrialize Africa, showed the Bank delivering on its commitment to help Africa develop and progress toward its development and operational targets. The Framework continues to reinforce the Bank's organizational effectiveness as it scales up its operations.

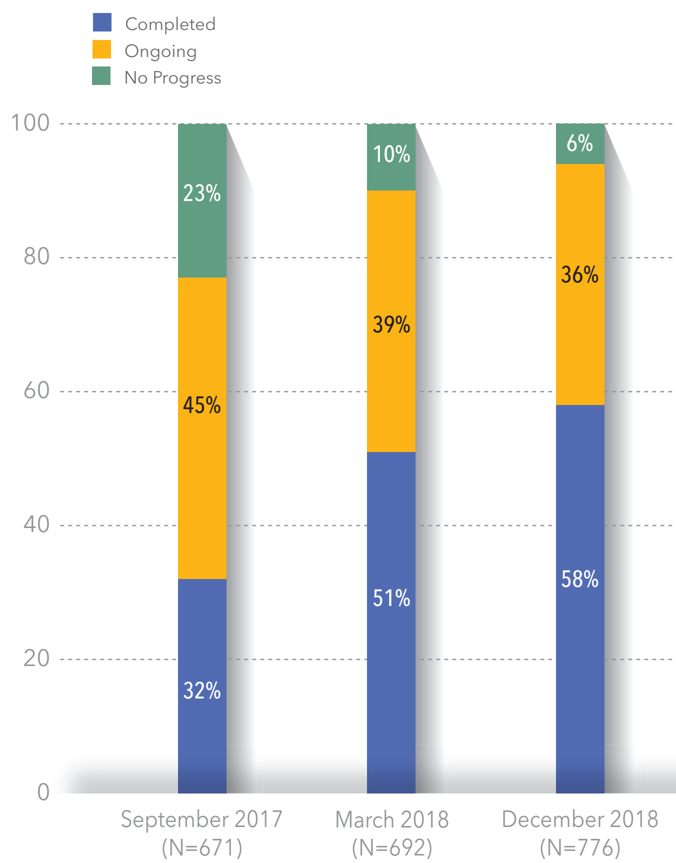
The Bank delivered Country Results Briefs on Egypt and Mozambique in 2018, grounded on the RMF. The briefs analyzed the development impact of Bank-supported interventions. The development impact approach traces how Bank investments flow through an economy and measures the corresponding development impacts, particularly on job creation. Scaling up an East African pilot, the Bank is developing an approach with improved methods and rigor for reporting on jobs, which will include all RMCs, and be applied to studies for priority sectors. Another innovative approach piloted for infrastructure operations relies on high-resolution mapping to assess the changes in people's lives before and after project implementation.

The Bank continued to enhance transparency and disclosure. The 2018 Aid Transparency Index Report ranked the Bank 4th of 45 development organizations. The ranking, up from 10th in 2016, reflects the Bank's operational capabilities and the efficacy of its systems and processes, including a strict adherence to best-in-class reporting and disclosure of its programs, projects, aid, and financial interventions. Building on its work with the International Aid Transparency Initiative, the Bank launched the data projects portal, a new web platform designed to support the Bank's development effectiveness, and enhance transparency.

In 2018, the Bank launched MapAfrica 3.0, an interactive platform that maps the Bank's investments in Africa (https://mapafrica.afdb.org/). It enables users to navigate through Bank-funded projects by country, sector, and approval year or simply to zoom in on a specific region or country. More than 160 project results briefs are also available, providing a snapshot of development results for specific interventions.

Management and the Bank's Independent Evaluation Department are implementing a management action record system that tracks management actions to implement recommendations made in independent evaluations. Since introducing the system in 2017, the Bank has steadily increased its rate of actions completed in response to recommendations from 32 percent to 58 percent (Figure 3.1). In doing so, Management pays particular attention to the stock of actions that are delayed and conducts proactive

Figure 3.1: **Improvements in the Implementation Status of Management Actions**



The 2018 Aid Transparency Index Report ranked the Bank 4th of 45 development organizations.

dialogue with departments with a view to complete or retire them in case of changes in priority.

To optimize the impact of the Ten-Year Strategy 2013–2022 on Africa's transition toward sustainable development, the Bank's integrated safeguards system mainstreams sustainability considerations into its operations. The system supports RMC progress toward environmentally sustainable and socially inclusive economic growth.

In 2018, the Bank performed environmental and social due diligence for 168 projects approved in 2018 and 80 projects in its ongoing portfolio. Environmental and social assessment procedures are being updated to align with the DBDM and assure consistency between new and streamlined business processes and accountability mechanisms.

Replenishment and Partnerships

The informal ADF-15 Working Group met twice in 2018 on the 15th replenishment of the African Development Fund and presented its conclusions in October 2018. In line with the billions-to-trillions agenda, the group studied options to leverage African Development Fund equity. Participants emphasized the importance of maintaining the African Development Fund's core mandate as a concessional fund focused on the poorest countries, and countries in situations of fragility while preserving recipients' debt sustainability and protecting the fund's long-term financial sustainability.

Representatives from the African Development Fund and donor countries met in October with Management in Kigali, Rwanda, for the Mid-Term Review of the 14th replenishment of the fund (ADF-14). President Adesina thanked donors

Table 3.1: **Resources Mobilized through Trust Funds**

Development Partner	Amount (millions)	Purpose
European Commission	EUR 47	Somalia Infrastructure Trust Fund and Africa Legal Support Facility
United Kingdom	GBP 43.5	Transition Support Facility for rehabilitation and extension of the Bo-Kenema Electricity Distribution System Project and additional contribution to the Sustainable Energy Fund for Africa 2.0
Gates Foundation	USD 35	Africa Digital Financial Inclusion Fund
France (AFD)	EUR 1	
Luxembourg	EUR 1	
Korea	USD 18	Korea–Africa Economic Cooperation Trust Fund
Netherlands	USD 17	Youth Entrepreneurship and Initiative Trust Fund
Italy	EUR 13.7	Support to initiatives to: address fragility through TSF; contribute to the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund; Somalia Infrastructure Fund and replenishment of Bilateral Trust Fund
Denmark	DKK 30	Trust Fund for Countries in Transition
Sweden	SEK 20	Additional contribution to the Clim-dev Africa Fund

Box 3.1: **The Africa Investment Forum**

In 2018, the Bank in close collaboration with key partners held the inaugural edition of the Africa Investment Forum, demonstrating the Bank's leadership and vision. The Forum is dedicated to advancing projects to bankable stage, raising capital and accelerating the financial closure of deals. As an innovative multistakeholder regional investment platform, the Forum aligns with the Bank Group's High 5s to accelerate achievement of the Africa Union's Agenda 2063 and the Sustainable Development Goals by mobilizing resources to close Africa's infrastructure investment gap, estimated at USD 68–108 billion annually.

The Forum generated USD 38.7 billion worth of investment interest across 49 projects. Some of the signature deals include the USD 2.6 billion agreement between consortiums in Ghana and South Africa to develop and finance the Accra Ai Skytrain, and the USD 800 million agreement among the Bank, Africa50, and the governments of the Democratic Republic of Congo and the Republic of Congo to develop and finance the first road-rail bridge linking Kinshasa to Brazzaville.

for their continued support and confirmed that ADF-14 commitments are on track, with the agreed strategic and operational objectives being met. The discussions emphasized the African Development Fund's continuing relevance in support of low-income African countries, especially those in situations of fragility.

The Bank continues to intensify its efforts to diversify and expand its partnerships and to mobilize additional resources. In 2018, it deepened its engagement with partners on the management of the trust fund portfolio and enhanced reporting on the use of partner resources, with specific attention to impact and results. Within the Bank, awareness campaigns for user departments addressed leveraging trust funds for higher impact in RMCs and actively managing the portfolio. The Bank moved to finalize the accreditation policy to train trust fund managers.

In 2018, the Bank mobilized UA 168.6 million through bilateral, thematic, and multi-donor trust funds (Table 3.1).

Under the Africa Growing Together Fund, USD 293 million was approved in 2018 to enable the Bank Group to scale up its operations in energy, transport, and water and sanitation in Benin, Cameroon, Gabon, Kenya, and Morocco, bringing total financing from the fund to USD 685 million.

Africa Investment Forum

The Bank also championed the inaugural Africa Investment Forum, a collaborative platform for the economic and social development of the continent (Box 3.1). The forum is a transactional marketplace for advancing projects to bankable stages, raising capital, and accelerating the financial closure of deals. The first forum was a success: 49 deals secured USD 38.7 billion of investor interest (compared with total foreign direct investment in Africa of USD 42 billion in 2017).

External Representation

The External Representation Office for Asia initiated a pilot project on the use of drones in agricultural development projects in Tunisia, with funding from Korea–Africa Economic Cooperation. The project will focus on agricultural operations in Sidi Bouzid in central Tunisia, and use drones to collect data and monitor agricultural production, along with biodiversity, the effects of climate change, and the management of natural resources.

Human Resources

The Bank group was ranked as the 4th best company to work for in Africa out of 100 corporate and multilateral organizations in the 2018 Careers in Africa Employer of Choice Survey. This was a considerable improvement from 82nd in 2015, and a notch higher than 5th place in 2017.

The Bank's ambitious agenda requires attracting and retaining a strong workforce with the right skills mix and a new way of working. To this end, 329 staff were added through external recruitment, reducing the executive and professional level vacancy rate from 27 percent to 15 percent and the overall gross vacancy rate from 24 percent to 14 percent over 2018 (Table 3.2). The number of consultants in December 2018 was 683. A cohort of 30 young professionals were onboarded in 2018 to start a three-year program at the Bank.

To implement the DBDM and decentralization plans, the Bank continues its efforts to grow regional and country office capacity. Staff in the field increased from 657 in 2015 to 754 in 2018, and country-based staff now account for 39 percent of the total Bank staff.

Diversity through gender, language, and regional representation continued as important considerations in recruitment. Some 38 percent of new hires were women. The proportion of women in management roles stood at 26 percent, against a target of 28 percent. The proportion of women in professional roles reached the target of 30 percent in 2018. To improve further, management will increase efforts to attract female candidates. As part of its recruitment drive, the Bank conducted 12 career fairs in RMCs and in Non-Regional Countries.

Bank-wide workshops familiarized managers and staff with the refreshed high-performance management system and process, and reinforced the Bank's delivery culture. Several corporate training programs, including in-house programs, were delivered across all Complexes. The Bank implemented automated processes for education grants, leave management, and staff advancement to improve efficiency. The roadmap for an integrated human resources system is currently being implemented.

Other measures included the 2018 performance-based merit increase for all staff and the market adjustment for locally recruited staff. The Board approved these measures, which were designed to differentiate and reward top performance, while keeping Bank compensation competitive in attracting and retaining the best talent.

The Bank as a Knowledge Broker

In 2018, the Bank strengthened its knowledge activities and services by generating analytical and policy-relevant research; gathering statistics and building statistical capacity; and developing policy dialogue and capacity. Knowledge work, disseminated through publications, workshops, and capacity-building activities, supports effective policy making in RMCs.

Research Activities

Research activities in 2018 supported the Bank's operations with analytical input and fulfilled a broader role of knowledge and advisory services for RMCs, policy makers, and the knowledge community. The *African Economic Outlook 2018*, the Bank's flagship knowledge product, focused on macroeconomic developments and tools for infrastructure financing. Available in English, French, and Portuguese, the report was supplemented by five regional outlooks, with

Table 3.2: **Bank Group's Staffing and Employment Status as of 31 December 2018**

	Headquarters					Regional/Country Offices				
	Vice presidents and EL3[(a)]	Directors and managers	Other professional level	General services staff	Total	Regional directors and managers	Other professional level	General services staff	Total	Grand total
Total Staff	9	126	701	361	1,197	58	487	209	754	1,951
Male	7	88	459	138	692	46	369	104	519	1,211
Female	2	38	242	223	505	12	118	105	235	740
% female	22.2	30.2	34.5	61.8	42.2	20.7	24.2	50.2	31.2	37.9

(a) Including eight Vice Presidents and one employee with grade EL3.

highlights available in three of the most widely read and spoken languages in Africa—Arabic, Hausa, and Swahili. The African Economic Outlook was launched in January 2018 at the Bank's Headquarters and was among the first to provide headline numbers on Africa's macroeconomic performance and outlook.

The Bank supported RMCs with macroeconomic models to provide the analytical groundwork for programs. In collaboration with International Monetary Fund counterparts, the Bank is building a dynamic stochastic general equilibrium model, customized for African economies to account for the structural peculiarities affecting the region's economies. It continued implementing the project on the structural transformation of African agriculture and rural spaces. Additionally, the Bank's economic reports on Sudan and Zimbabwe provided analysis to support post-sanctions policy frameworks.

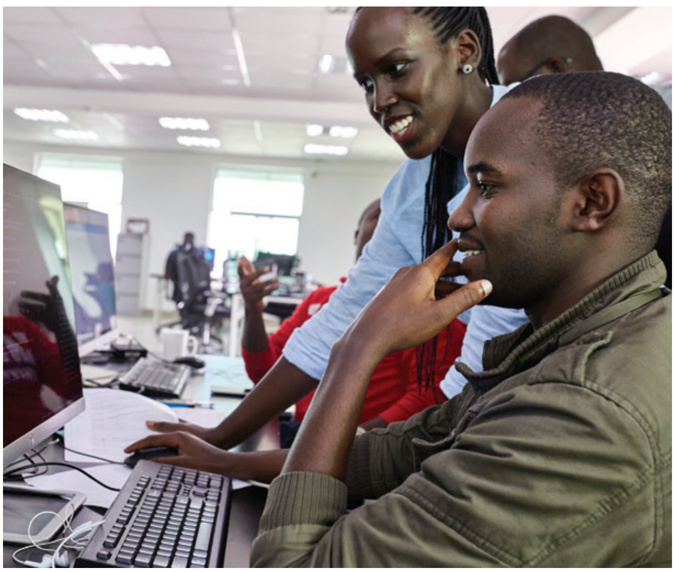
Cutting-edge research outputs included such reports as *Unleashing the Potential of Institutional Investors in Africa,* and *Strategic Approach for Climate Finance by Strengthening Sustainable Financial Systems in Africa.*

Overall, the Bank's knowledge products have had a major impact. RePEc *(Research Papers in Economics)*, a reputable global depository of economic knowledge, ranked the Bank 7th among almost 300 Africa-based economic and development research institutions in 2018, far better than 28th in 2014. In the same regard, the impact factor (a measure of the importance or rank of a journal based on the times its articles are cited) of the *African Development Review*—the Bank's academic journal—improved from 1.0 in 2017 to 1.6 in 2018.

Overall, the Bank's knowledge products had a major impact. RePEc (Research Papers in Economics), a reputable global depository of economic knowledge ranked **AfDB 7th among almost 300 Africa-based** economic and development research institutions in 2018, far better than 28th, four years earlier.

Statistical Knowledge Products and Activities

The Bank remained committed to improving statistics and statistical capacity in RMCs in 2018, focusing especially



ABOVE: Carnegie Mellon University project, Rwanda
TOP RIGHT: Shopping mall, South Africa
BOTTOM RIGHT: Solar panels power water pumps, Ethiopia

on progress on the High 5s. Through the Action Plan for Improving Agricultural and Rural Statistics, the Bank helped 50 RMCs compile the minimum core agricultural data needed to inform agricultural policies. In addition, the Africa Infrastructure Knowledge Program projected energy investment requirements for RMCs to achieve universal access by 2025. Similar projections for the other infrastructure sectors—transport, information and communications technology, and water and sanitation—show that Africa needs about USD 130–170 billion a year in investments for infrastructure development. As part of Africa Information Highway (AIH) activities, the Statistics Department undertook technical assistance missions to Angola, Burkina Faso, Cabo Verde, Egypt, Gambia, Kenya, Lesotho, Togo, Rwanda, and Zambia and organized similar training for Bank staff.

Complementary activities on national accounts and statistical business registers in Botswana, Eswatini, Malawi, Namibia, and Zambia were crucial to improving the measurement of economic activities. Moreover, the Strategy for Harmonization of Statistics in Africa (SHaSA.2) developed under the Bank's leadership is now the official pan-African strategy for statistical development.

Capacity Development

In 2018, the Bank's African Development Institute, a key knowledge broker for policy dialogue with RMCs, gathered an impressive audience of academics, development practitioners, diplomats, and other stakeholders for its Kofi Annan Eminent Speaker Lecture Series. His Royal Highness Muhammadu Sanusi II, the Emir of Kano, Nigeria; Nobel Laureates Ouided Bouchamaoui and Leymah Roberta Gbowee, and Her Excellency Graça Machel delivered the year's speeches. Landmark lectures on development thinking in Africa by leading speakers addressed such topics as girl child education, the empowerment of women, and regional integration. More generally, the institute addressed the topics of mobilizing financial resources, enhancing the effectiveness of a medium-term expenditure framework, and designing an integrated financial information system for managing public revenue and expenditure.

Natural Resources Management

The African Natural Resources Center, established to catalyze growth and development in RMCs through effectively managing natural resources, has cemented its position as a center of excellence supporting African countries. In 2018, it provided technical support for implementing the Mozambique Natural Capital Program, identifying key ecological infrastructure and establishing an inter-agency natural capital working group.

The center also mobilized USD 1.95 million in 2018, including a USD 1.4 million multi-year grant from the African Development Fund for strengthening domestic resource mobilization in resource-rich fragile states through financial modeling for the extractive sector.

TOP LEFT: Power transmission control room, Zambia
BOTTOM LEFT: New irrigation systems, Eswatini
BELOW: Electronic component manufacturing, Tunisia

CHAPTER 4

Boards' Oversight

AfDB Reports and Publications

Boards of Governors

The Boards of Governors are the highest decision-making organs of the African Development Bank and African Development Fund, with representation from each of the 80 member countries. The Boards of Governors elect the 20 members of the Board of Directors and the President of the Bank Group to oversee the management of the institution. Governors execute their mandate with the support of five subsidiary organs: The Bureau, the Joint Steering Committee, the Steering Committee on the Election of the President of the Bank, the Standing Committee on the Conditions of Service of Elected Officers, and the Governors' Consultative Committee (GCC).

The activities of the Boards of Governors in 2018 included Annual Meetings of the Bank Group, the Consultative Meetings of Governors of each of the five regions of the Bank, and the 16th meeting of the GCC.

Highlights of the 2018 Annual Meetings

The 53rd Annual Meeting of the Board of Governors of the African Development Bank and the 44th Annual Meetings of the Board of Governors of the African Development Fund were held jointly on 21–25 May 2018 in Busan, Korea. The theme of the meetings was "Accelerating Africa's Industrialization."

In exercising their statutory duties, the Boards of Governors adopted the Annual Report and audited financial statements for the financial year ended 31 December 2017. In addition, they adopted resolutions on:

- The by-election of the Executive Directors of the African Development Bank.
- The selection of the Executive Directors of the African Development Fund.
- Allocation and distribution of the allocable income of the African Development Bank for the financial year ended 31 December 2017.
- Distribution of part of the income of the Nigeria Trust Fund for the financial year ended 31 December 2017.
- Designation of three members of the Standing Committee of the Board of Governors on the Conditions of Service of Elected Officers to serve from the end of the 2018 Annual Meetings to the end of the 2021 Annual Meetings.
- Commencement of discussions on the Bank's Seventh General Capital Increase (GCI-VII).
- Establishment of the Africa Digital Financial Inclusion Facility Special Fund.

Following the request of the Boards of Governors, the Bank in late 2018 launched an independent evaluation of the implementation of the DBDM in order to evaluate the model's contributions to the Bank's efficiency and effectiveness.

Governors' Dialogue: Forward Look for the Bank Group

The Governors' Dialogue at the Annual Meetings gave the President an opportunity to discuss the Bank Group's future role in the global development agenda, the Bank's performance, and approaches to ensure improvements. The Governors reiterated their commitment to the economic development and social transformation of the African continent and, in that connection, underscored the need for:

- An adequately capitalized, effective, and efficient African Development Bank.
- An independent review of the recent institutional reforms and the results achieved—to inform the GCC discussions on a possible GCI-VII.
- Accelerated implementation of the ongoing institutional reforms. The Governors urged Management to build a stronger performance culture, enhance accountability and efficiency, strengthen risk management, fill vacancies in priority positions, consolidate the Bank's capacity to develop a robust projects pipeline, deliver high quality operations that have an impact on the ground, and provide value for money in the Bank's work.
- Continued use of renewable energy for achieving inclusive economic growth and transformative industrialization.
- Sustained focus on the climate agenda and a stronger commitment to gender equality.
- Sustained support to the private sector in RMCs, primarily through lending and support for policy and regulatory reforms that foster a business-friendly environment.
- Greater support to RMCs to improve domestic resource mobilization and public financial management and stem the tide of illicit financial flows.
- Speedy implementation of the Bank Group's Jobs for Youth initiative to help stem migration from the continent.

Possible Capital Increase for the African Development Bank

The GCC convened for its 16th meeting on 5 December 2018 in Rome, where it began discussions on a possible GCI-VII for the African Development Bank. It noted the Bank's successful implementation of all 36 reform commitments made to shareholders in 2010 in the context of the Sixth General Capital Increase (GCI-VI). It also noted the Bank's role in mobilizing development assistance, through financial and non-financial interventions, to support RMCs in building and enhancing infrastructure, strengthening the private sector, diversifying economies, and enabling economic growth.

The GCC acknowledged that the Bank was approaching the limits of its current resources and needed strengthening to fulfill its mandate in partnership with other public and private institutions. The GCC agreed to hold further discussions on the margins of the World Bank–IMF spring meetings in April 2019 in Washington, DC.

Shareholder Support for a Capital Increase for the African Development Bank

In the first half of 2018, the President and Senior Management of the Bank Group held five separate consultative meetings with Governors from the five African regions—Central, East, North, Southern, and West. The Governors of the Bank's African Member Countries agreed on the need for a positive response to the call for a GCI-VII. The President held similar bilateral meetings with Governors of the Bank's Non-Regional Countries.

Boards of Directors

The resident Boards of Directors of the African Development Bank and African Development Fund provide oversight to Management and are responsible for the general operations of the Bank Group, including preparing the work of the Boards of Governors and acting on functions delegated by the Governors. In addition to their primary oversight function, members of the Boards of Directors perform critical advocacy and representation roles for the Bank Group. The Bank Board comprises 20 members, 13 representing the 54 RMCs and seven, the 26 Non–Regional Member Countries. The Fund Board comprises 14 members, with the Bank and the state participants of the Fund each designating seven members.

In 2018, the Boards continued to build on 2017's achievements by providing strategic and institutional direction to ensure delivery of the High 5s and effective implementation of ongoing reforms. These included strengthening the Bank's human resource capacity, improving efficiency, and enhancing development effectiveness. The Boards approved strategies, policies, loans, grants, equity investments, guarantees, the 2019 work program and administrative budget, and the 2019 lending program. The Boards approved 179 projects, totaling UA 7,255.6 million. In addition, Senior Management approved technical assistance and other activities amounting to UA 23.2 million.

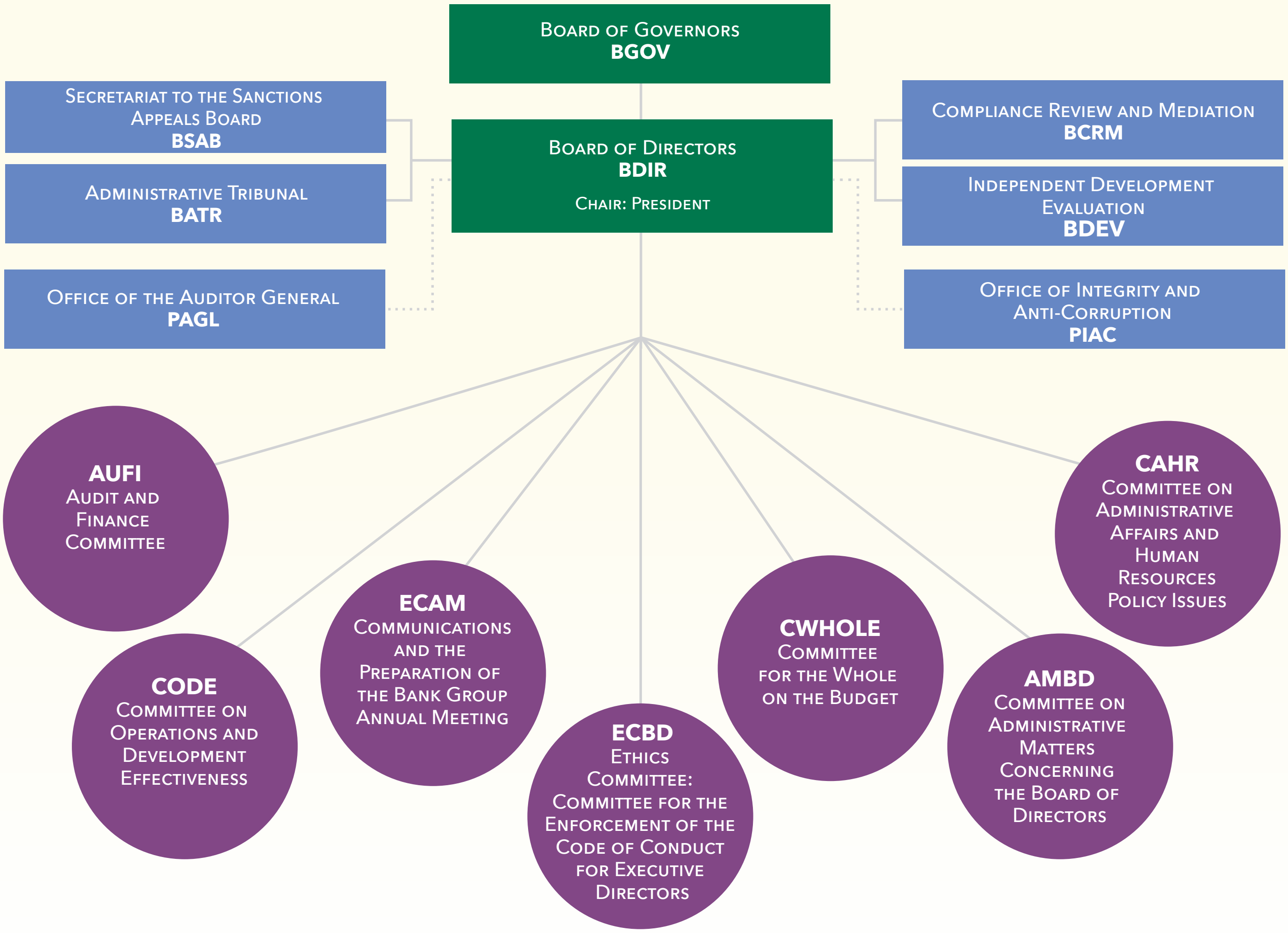
Of the projects, 51 percent (16 percent by amount) were approved through the lapse-of-time procedure, and the remainder in plenary sessions.

To ensure the effectiveness of their operations, the Boards work through seven standing committees to which they delegate certain responsibilities (Figure 4.1 and Appendix 9). The Boards approved the Strategic Framework for Regional Integration revised to support the African Union's Vision 2063 through the Bank's High 5s, strengthen infrastructure connectivity, increase linkages and market connectivity, and support financial integration and inclusion.

The Boards, through the Committee on Operations and Development Effectiveness, oversaw two independent evaluations of program-based operations and of quality assurance, which provided a basis for the ADF-14 mid-term review meeting in Kigali, Rwanda, on 24–26 October 2018. ADF deputies welcomed the evaluation findings and noted their critical importance for effectively using ADF resources. They also welcomed the frank and open discussions on achievements, challenges, and proposals to better define and implement ADF strategic priorities. The Deputies agreed that consultations on the 15th ADF replenishment (ADF-15) could commence in March 2019.

Executive Directors undertook consultative missions to Chad, Morocco, Sudan, and Tunisia to engage governments, development partners, the business community, and civil society on the quality and relevance of the Bank's country strategies; the socioeconomic and political challenges facing the countries, as well as the efforts made by the respective Governments to tackle them; the condition and status of Bank Group's operations; and the Bank Group's contribution to donor coordination and implementation of the Paris Declaration on Aid Effectiveness. Similarly, the Senior Advisers and Advisers to Executive Directors undertook study tours to Angola, Congo, Gambia, and Mauritania to assess the progress of Bank Group–financed projects.

Figure 4.1: **Bank Group Governance Structure**



Independent Development Evaluation at the Bank Group

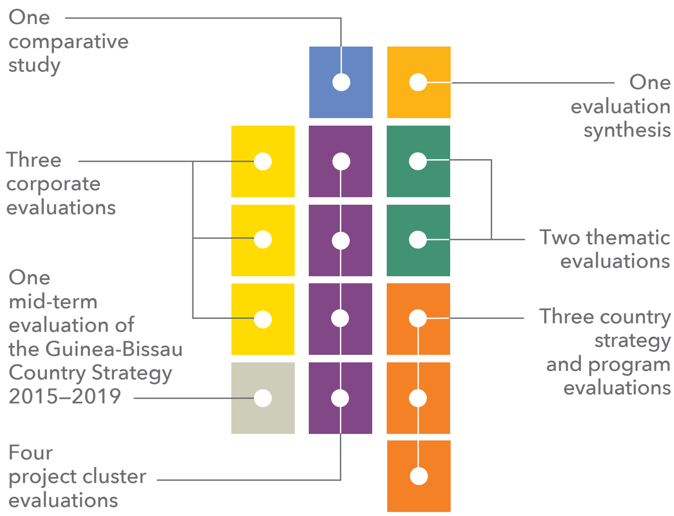
The Independent Development Evaluation Department (BDEV) at the African Development Bank is an independent entity that enhances the Bank's development effectiveness. By conducting evaluations and proactively sharing best practices (Figure 4.2), and by sharing knowledge through partnerships across Africa, BDEV ensures that the Bank and its stakeholders learn from experience to plan and deliver development activities to the highest possible standards.

In 2018, BDEV completed 15 evaluations, of which 10 were also presented to the Boards: four project cluster evaluations on Program Based Operations in energy and private sector environment and the Bank's work on urban and rural water supply and sanitation; three corporate evaluations on quality at entry of African Development Bank Group operations, quality of supervision and exit of African Development Bank Group operations, and Quality Assurance Across the Project Cycle of the African Development Bank Group; three country strategy and program evaluations on Cabo Verde, Malawi, and Mauritius; one mid-term evaluation of the Guinea-Bissau Country Strategy and Program; two thematic evaluations on the Bank's Program Based Operations and the Congo Basin Forest Fund (CBFF); one evaluation synthesis on lines of credit; and one comparative study of sanctions practices across multilateral development banks.

BDEV increased its efforts to ensure that evaluative knowledge was shared, discussed, and taken on board by the Bank's Management and operational staff. In addition to disseminating briefs and highlights on its evaluations, BDEV held the first capitalization workshops, where Bank staff and evaluators discussed evaluations to learn what worked, what did not work, and why. The AfDB Development Evaluation Week 2018 attracted more than 450 participants.

Figure 4.2: **Independent Development Evaluation, 2018**

15 Evaluations done by AfDB



Evaluation Knowledge Events

450+ Participants attended Evaluation Week 2018

2 Capitalization workshops organized for Bank operations staff

As part of its mandate to build an evaluation culture, BDEV supported and hosted the Secretariat of the African Parliamentarians' Network on Development Evaluation, which includes more than 60 parliamentarians from 29 countries; implemented the Strengthening National Evaluation Systems (SNES) initiative in Ethiopia and Tanzania; and contributed to the Twende Mbele South-South peer learning partnership on Monitoring and Evaluation systems that improve government performance.

Compliance, Accountability, and Intermediate Recourse Mechanisms

Compliance

Compliance Review and Mediation

The Compliance Review and Mediation Unit (BCRM) administers the Bank Group's Independent Review Mechanism (IRM). The BCRM handled 12 complaints, submitted by Non-Governmental Organizations and affected persons and related to different Bank-financed public and private sector operations. Three of these complaints were closed to the satisfaction of the requestors. To enhance institutional learning, the BCRM facilitated the IRM spot check advisory reviews that investigated two high-risk private sector operations investing in the forestry and gas industries. The IRM recommendations led Management to adopt and implement rigorous action plans to remedy harm inflicted on people, and to address problematic systemic issues to avoid recurrence of non-compliance by similar operations in future.

Ethics

In 2018, the Ethics Office undertook a Bank-wide sensitization on the Code of Ethics, promulgated in April 2018, through regular induction and outreach programs. The awareness on expected ethical conduct targets officials and staff working in the Bank and those involved in implementing its projects in RMCs. In promoting a speak-up culture, the Office encourages the reporting of incidents of unethical behavior. Ethics advice was provided for 151 ethical dilemma cases handled in 2018. In addition, the Office, in coordination with Regional and Country Offices sensitized the Bank's project management teams in 27 RMCs, to highlight their role in uplifting the name, image, and reputation of the Bank. The Office also developed Ethics Guidelines for Regional and Country Offices and produced a booklet providing examples of ethics dilemmas.

Accountability and Control

Audit

In 2018, the Office of the Auditor General's work program covered 22 activities in the Operations Complexes comprising 14 Country and Regional Offices' audits, and eight project-related activities. It also carried out 20 assignments in the Board, Presidency, Finance, and Corporate Complexes—and provided client assistance (such as advisory assignments), followed up on the implementation of past recommendations, and pursued other program management activities.

Integrity and Anti-Corruption

In 2018, investigations by the Integrity and Anti-Corruption (PIAC) Department in 44 cases were completed and closed, compared with the target of 30 cases. The department participated in 23 training and outreach activities in 13 countries involving 684 staff focused on the prevention of fraud and corruption in Bank-financed activities. To enhance integrity matters within the Bank, PIAC will continue to engage in outreach and awareness creation with staff.

Recourse Mechanisms

Office of the Ombudsman

In 2018, 110 cases were brought to the attention of the Office of the Ombudsman. Of those, 20 percent originated from Headquarters, while the rest were from Regional and Country Offices. All matters were closed within four weeks in line with the agreed key performance indicators.

Administrative Tribunal

The Administrative Tribunal held one plenary session and two judicial sessions. During the two judicial sessions, 11 applications were determined and 13 judgments delivered.

Staff Appeals Committee

The Staff Appeals Committee is part of the Bank's internal recourse mechanism to resolve employment disputes between staff and the Bank. The Committee comprises 12 members, including a Chairperson, an Alternate Chairperson, five members nominated by the President, and five members nominated by the Staff Representative Council. The Committee received 22 appeals in 2018. The Committee heard nine appeals and dismissed one as incompetent. Three appeals were negotiated and withdrawn, and one was abandoned. The remaining eight active appeals will be heard in 2019.

Sanctions Commissioner's Office

In 2018, the Sanctions Commissioner's Office examined 11 sanctions cases, four were carried over from the previous year. Eight of these cases involved allegations of fraudulent practices in connection with the procurement of works and services for Bank Group–financed operations in RMCs. Two concerned allegations of collusion in connection with a bid, and one involved an obstruction to the exercise of the Bank's inspection and audit right. Six cases were concluded, of which three resulted in sanctions decisions.

Sanctions Appeals Board

The Sanctions Appeals Board ensures that the funds in projects financed by the Bank are used for their intended purposes and that businesses or individuals who practice corruption, fraud, collusion, coercion, or obstruction are punished. The Board rules on appeals against sanctions decisions issued by the Sanctions Commissioner and reviews all appeals from the beginning—and its decisions are final and binding. In June 2018, Sanctions Appeals Board members organized two sessions for the adoption of rules and procedures for the Board's internal work.

CHAPTER 5

Financial Performance and Abridged Financial Statements

African currency and trading operations

The overall financial performance of the Bank Group in 2018 remained strong. The Bank maintained its triple-A rating with a stable outlook from all four global rating agencies. The deficit for the African Development Fund (ADF), which had widened in the previous year, came down sharply in 2018. Income revenues for the Group's three lending windows were higher than in 2017. These were, however, hit by the first-time application of new impairment requirements and the effects of volatile fair valuations.

Financial Results

While the African Development Bank (ADB) realized lower income before distributions in 2018 compared with 2017, the performance of NTF and the ADF continued to improve with the deficit for the latter decreasing further during 2018 (Table 5.1). Apart from transfers to reserves, the Bank continued to make distributions out of its net income and surplus account to support development financing in low-income countries. Detailed information and analysis on the audited financial results of each of the Bank Group entities are presented in a separate companion Financial Report 2018.

African Development Bank

ADB revenue increased to UA 854.47 million in 2018 from UA 671.66 million in 2017. However, this was adversely impacted by the higher impairment provisions following the adoption of the new International Financial Reporting Standard (IFRS 9) and the effect of unfavorable market valuations on borrowings and derivatives. The net effect of these charges on revenue was a UA 133.75 million reduction in the income before distributions approved by the Board of Governors, which stood at UA 124.68 million at year end.

Table 5.1: **Abridged 2018 Financial Results of the Bank Group** *(UA millions)*

	ADB		ADF		NTF	
	2018	2017	2018	2017	2018	2017
Income from loans, investments, and other income	854.47	671.66	183.25	147.59	3.52	2.75
Borrowing expenses and derivatives	(468.21)	(226.77)	(0.34)	-	-	-
Impairment charge on loans and investments	(76.53)	(16.99)	-	-	(0.06)	-
Translation gains/(losses) and other income	6.41	(1.45)	(0.65)	(8.96)	-	-
Net operational income	316.53	426.46	182.26	138.63	3.46	2.75
Other expenses	(191.85)	(168.03)	(256.33)	(257.41)	(0.80)	(0.56)
Income before distributions approved by the ADB Board of Governors	124.68	258.43	(74.07)	(118.78)	2.66	2.18
Distributions approved by the ADB Board of Governors	(83.00)	(82.00)	-	-	(0.22)	(0.19)
Net Income/(Loss) for the Year	**41.68**	**176.43**	**(74.07)**	**(118.78)**	**2.44**	**1.99**

Table 5.2: **Selected Financial Metrics, 2014–18** *(UA millions)*

	2018	2017	2016	2015	2014
Net operational income	316.53	426.46	261.49	229.65	282.20
Income before distribution approved by Board of Governors	124.68	258.43	120.07	93.16	151.69
Net income/(loss) for the year	**41.68**	**176.43**	**25.07**	**(30.83)**	**31.70**

A summary of selected financial metrics for the Bank for the five years ended 31 December 2018 is shown in Table 5.2.

Interest income from loans increased by 29.96 percent due to higher levels of lending activity. The treasury portfolio continued to perform above its benchmarks. Overall, net interest income increased by 2.26 percent, driven mainly by the higher returns realized on liquid funds and the US dollars treasury investment portfolio.

Bank Group administrative expenses increased by 6.73 percent from UA 377 million in 2017 to UA 402 million in 2018 primarily due to higher consultancy and Bank business meetings related expenses. The Bank's share of administrative expenses, inclusive of charges for depreciation and sundry expenses in 2018 increased from UA 168 million in 2017 to UA 192 million, due to higher operational expenses.

The Bank's reserves, plus accumulated loan loss provisions on outstanding loan principal and charges, increased to UA 3.49 billion at the end of 2018, up from UA 3.42 billion at the end of 2017, an increase of 2.05 percent.

Distributions Approved by the ADB Board of Governors

In 2018, the Board of Governors approved distributions of UA 83 million from 2017 income and surplus to various development initiatives, compared with UA 82 million distributed in 2017. The beneficiaries of these distributions are listed in note M to the financial statements in the Financial Report 2018. The ADB Board of Directors agreed to recommend to the Board of Governors, at its forthcoming Annual Meeting in June 2019, distributions of UA 74 million from 2018 net income and surplus account to various development initiatives.

Risk Management Policies and Processes

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

As part of its Balance Sheet Optimization (BSO) strategy, the Bank undertakes risk transfer transactions to manage risks in its loan portfolio, reduce sovereign and non-sovereign concentration risk, and increase lending headroom in order to optimize its balance sheet. In this regard, the Bank entered into Exposure Exchange Agreements (EEAs) with other multilateral development banks in 2015. The EEAs involve a simultaneous exchange of equivalent credit risk on defined portfolios of sovereign exposures. On 31 December 2018, the total outstanding notional credit protection purchased or sold on the relevant underlying single reference entities, which remained unchanged from the previous year, was USD 4.47 billion (UA 3.21 billion).

In 2018, the Bank completed two new commercial credit risk transfer mechanisms as part of its "Room to Run" balance sheet optimization in line with G20 calls to multilateral development banks to optimize their balance sheets while mobilizing additional financial resources. The transactions involved synthetic securitization and credit insurance on its non-sovereign portfolio in Africa aimed at reducing concentration risk and creating additional lending headroom. The two transactions with a total notional value of USD 1.5 billion freed up more than USD 1 billion in headroom. Like the EEAs, these transactions are accounted for as financial guarantees.

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

The risks to the Bank's balance sheet are actively monitored on a risk dashboard that is regularly updated to reflect the evolving risk profile of the Bank's operations. The policies and practices deployed by the Bank to manage these risks are described in more detail in note D to the financial statements in the *Financial Report 2018*.

Bank Rating

The four leading international rating agencies—Standard & Poor's, Fitch, Moody's, and Japan Credit Rating Agency—reaffirmed their ratings of the Bank's senior debt (AAA/Aaa) and subordinated debt (AA+/Aa1) with a stable outlook. The high credit ratings attained underline the Bank's strong financial position (as reflected in its capital and liquidity) and business profile.

Accessing Capital Markets

The Bank leveraged its balance sheet to raise UA 5.6 billion (equal to 99.2 percent of the approved borrowing program) from the international capital markets in 2018. This included two benchmark issues in US dollars and a EUR 1.25 billion ten-year benchmark transaction, marking the Bank's largest social bond and its largest ever euro transaction (Box 5.1).

African Development Fund

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

The Fund's revenue increased by 24 percent from UA 147.59 million in 2017, to UA 183.25 million, driven largely by higher investment and loan income, contributing to a significantly improved deficit of UA 74.07 million—a 38 percent reduction over the previous year. The Fund's share of the total administrative expenses of the Bank Group fell marginally to 58.38 percent in 2018, from 60.95 percent in 2017.

It is noteworthy that the persistent deficits experienced by the Fund in recent years are due primarily to structural changes, including the cancellation of loans to certain beneficiaries under the Multilateral Debt Relief Initiative (MDRI), the increased grant component included in the recent ADF resource allocations, and the impact of low interest rates on subscriptions encashed early, leaving the Fund with a negative income gap. Although these structural changes affect the reported income of the Fund, their impact does not adversely affect the commitment capacity or the financial sustainability of the Fund because the Fund is expected to be ultimately compensated through additional donor subscriptions payable over the life of the cancelled loans. The impact of the MDRI initiative is included in note F to the special purpose financial statements in the *Financial Report 2018*. No new country reached the completion point in 2018.

Box 5.1: Bank Capital Market Operations

The Bank leveraged its balance sheet with bond issues to raise

UA 5.6 billion **which included:**

USD 2 billion
three-year global benchmark

USD 2 billion
five-year global benchmark

EUR 1.25 billion
ten-year global benchmark

At the Global Capital SRI Awards, the Bank was recognized as the second "Most Impressive Social or Sustainability Bond Issuer."

Nigeria Trust Fund

The NTF's income before distributions approved by the ADB Board of Governors increased by UA 0.48 million from UA 2.18 million in 2017 to UA 2.66 million in 2018, mainly due to an increase in investment income, which drove the NTF's revenue up from UA 2.75 million in 2017 to UA 3.52 million in 2018.

The NTF's share of administrative expenses incurred by the Bank Group increased by UA 0.15 million from UA 0.55 million in 2017 to UA 0.70 million in 2018. The NTF's reserves, net of cumulative currency translation adjustments, increased by 13.76 percent from UA 40.47 million at the end of 2017 to UA 46.04 million on 31 December 2018.

Selected Financial Metrics

A summary of selected financial metrics of the Bank Group entities for the past five years ended 31 December 2018 is shown in Table 5.3.

Table 5.3: **Selected Financial Metrics of the Bank Group, 2014–18** *(UA millions)*

	2018	2017	2016	2015	2014
African Development Bank					
Assets	33,770.59	32,575.74	29,727.08	25,346.74	22,950.83
Net income/(loss)	41,68	176.43	25.07	(30.84)	31.69
Comprehensive income/(loss)	(3.43)	235.22	(174.41)	105.93	(41.56)
Cash and cash equivalents	2,179.64	1,719.78	2,035.87	2,403.88	650.64
African Development Fund					
Net development resources	4,953.58	5,219.81	5,457.84	5,931.89	6,151.41
Deficit	(74.07)	(118.78)	(67.26)	(83.25)	(125.35)
Cash and cash equivalents	1,373.14	564.19	874.80	475.59	636.82
Nigeria Trust Fund					
Assets	176.21	169.36	192.43	170.52	169.60
Net income	2.44	1.99	1.76	1.24	1.33
Cash and cash equivalents	10.07	12.20	21.57	22.54	13.63

Note: The full audited financial statements, together with the related audit opinions, are available separately in the Financial Report 2018.

Appendices

Rhodesfield Train Station, South Africa

Appendix 1: Abbreviations and Acronyms

4IR	Fourth Industrial Revolution
ADB	African Development Bank
ADF	African Development Fund
AEO	Africa Economic Outlook
AFAWA	Affirmative Finance Action for Women in Africa
AfCFTA	African Continental Free Trade Agreement
AGTF	Africa Growing Together Fund
AIH	Africa Information Highway
BDEV	Independent Development Evaluation Department
BOAD	West African Development Bank
BPPS	Bank-wide program processing schedule
BSO	Balance sheet optimization
CFA	African Financial Community
CGIAR	Consultative Group on International Agricultural Research
COP	Conference of the Parties
DBDM	Development and Business Delivery Model
DKK	Danish krone
EC	European Commission
EFSD	European Fund for Sustainable Development
EU	European Union
EUR	Euro
GCC	Governors' Consultative Committee
GCI	General Capital Increase
GDP	Gross domestic product
ICT	Information and Communications Technology
IMF	International Monetary Fund
Km	Kilometer
MDRI	Multilateral Debt Relief Initiative
MT	Metric tons
MW	Megawatt
NSO	Non-sovereign operation
NTF	Nigeria Trust Fund
ONE4A	One Platform for Africa
PIAC	Integrity and Anti-Corruption department
PBO	Program-Based Operation
PSF	Private Sector Credit Enhancement Facility
RBF	Resource-based Financing
RMC	Regional Member Country
RMF	Results Measurement Framework
SDG	Sustainable Development Goals
SEK	Swedish krona
SFM	Supplementary Financing Mechanism
SMEs	Small and medium enterprises
SRAS	Strategic Resources Assessment Software
TAAT	Technologies for African Agricultural Transformation
TSF	Transition Support Facility
UA	Unit of Account
USD	United States dollar

Appendix 2: Summary of Bank Group Operations, Resources, and Finance, 2009–18

(UA millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Cumulative Total[a]
Operations											
Bank Group Approvals[b]											
Number	181	139	184	199	317	232	241	305	249	**341**	**5,869**
Amount	8,064.49	4,099.75	5,720.29	4,253.75	4,385.78	5,049.92	6,334.69	8,035.34	6,195.95	**7,278.81**	**109,483.25**
of which HIPC	372.56	202.95	1,350.85	248.00	22.32	-	46.96	-	-	**-**	**6,158**
Disbursements[c]	4,083.59	2,510.70	3,174.11	3,379.53	3,193.00	3,202.31	3,084.00	4,720.92	5,425.83	**4,365.26**	**66,115.47**
African Development Bank Approvals[b]											
Number	84	59	59	48	65	79	99	114	87	**103**	**1,913**
Amount	5,604.07	2,581.13	3,689.43	2,080.46	1,831.70	3,201.30	4,518.23	6,335.32	4,502.18	**5,125.14**	**67,291.82**
of which HIPC	112.77	144.14	1,178.04	134.58	9.64	-	-	-	-	**-**	**3,158.22**
Disbursements[c]	2,352.29	1,339.85	1,868.79	2,208.17	1,489.83	1,983.89	1,678.17	3,262.52	3,715.42	**2,995.98**	**39,744.34**
African Development Fund Approvals[b]											
Number	65	58	56	65	121	77	70	94	76	**87**	**3,011**
Amount	2,062.14	1,345.99	1,647.67	1,773.08	2,064.87	1,338.23	1,307.36	1,267.91	959.48	**1,088.20**	**36,643.87**
of which HIPC	259.09	29.99	171.93	112.21	12.68	-	46.96	-	-	**-**	**2,936.91**
Disbursements	1,726.43	1,165.84	1,296.65	1,169.60	1,702.21	1,215.30	1,398.36	1,447.41	1,703.00	**1,358.32**	**26,092.71**
Nigeria Trust Fund Approvals											
Number	3	2	3	3	5	2	2	3	-	**3**	**103**
Amount	5.70	29.53	10.88	14.10	31.17	11.49	12.50	18.46	-	**13.30**	**483.23**
of which HIPC	0.70	28.83	0.88	1.20	-	-	-	-	-	**-**	**63**
Disbursements	4.87	5.02	8.67	1.76	0.96	3.13	7.47	10.98	7.41	**10.96**	**278.41**
PSF Approvals											
Number	-	-	-	-	-	-	-	8	10	**9**	**27**
Amount	-	-	-	-	-	-	-	90.78	150.70	**119.45**	**360.93**
TSF Approvals											
Number	12	7	31	33	35	35	28	31	35	**33**	**283**
Amount	364.83	110.73	184.19	117.09	204.68	254.68	207.75	162.55	302.78	**224.51**	**2,169.36**
Special Funds Approvals[d]											
Number	17	13	35	50	91	39	42	55	41	**106**	**532**
Amount	27.76	32.38	188.12	269.03	253.36	244.22	288.85	160.32	280.81	**708.21**	**2,534.04**
Resources and Finance (at year's end)											
African Development Bank											
Authorized Capital	22,120.00	67,687.46	66,054.50	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	**66,975.05**	
Subscribed Capital[e]	21,817.58	23,924.62	37,322.00	65,215.04	65,210.13	65,133.22	65,482.51	65,486.17	65,497.96	**65,107.91**	
Paid-up Portion[e]	2,359.32	2,375.63	3,289.06	4,962.68	4,962.34	4,864.52	4,884.41	4,897.39	4,980.43	**4,956.92**	
Callable Portion	19,458.25	21,548.99	34,032.95	60,252.36	60,247.80	60,268.70	60,598.10	60,588.78	60,517.53	**60,150.99**	
Outstanding Debt	10,580.64	11,980.57	12,902.96	13,278.80	12,947.44	14,375.95	16,449.27	20,644.15	23,175.69	**23,989.86**	
Cumulative Exchange											
Adjustment on Subscriptions	(162)	(163)	(161)	(167)	(173)	(174)	(169)	(161)	(158)	**(156)**	
Reserves	2,552.96	2,627.28	2,536.18	2,667.44	2,856.88	2,815.32	2,921.25	2,746.84	2,982.05	**2,806.65**	
Gross Income[f]	518.88	519.32	489.18	553.64	479.64	484.73	455.77	536.02	665.76	**847.57**	
Net Income[g]	231.16	213.66	164.51	198.62	180.33	151.69	93.16	120.07	258.43	**124.68**	
African Development Fund											
Subscriptions	17,854.02	19,030.32	20,428.32	21,622.28	23,084.05	24,921.04	26,122.31	27,226.94	28,601.22	**29,785.35**	
Other Resources	305.27	355.27	390.27	425.27	509.96	551.96	602.96	645.96	680.96	**715.96**	
Nigeria Trust Fund											
Resources (gross)	156.73	160.86	162.74	164.62	165.77	168.28	169.88	176.79	169.05	**174.63**	

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

a. The cumulative figures go back to the initial operations of the three institutions (1967 for the African Development Bank, 1974 for the African Development Fund, and 1976 for the Nigeria Trust Fund).

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

c. From 2013, disbursements include Equity Participation.

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

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

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

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

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

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

2009 1 UA = 1.56769 US dollars 2014 1 UA = 1.44881 US dollars
2010 1 UA = 1.54003 US dollars 2015 1 UA = 1.38573 US dollars
2011 1 UA = 1.53527 US dollars 2016 1 UA = 1.34433 US dollars
2012 1 UA = 1.53692 US dollars 2017 1 UA = 1.42413 US dollars
2013 1 UA = 1.54000 US dollars 2018 1 UA = 1.39079 US dollars

Appendix 3A:
Bank Group Approvals by High 5, 2018

(UA millions)

High 5	Ordinary Resources		Special Resources				Bank Group
	ADB	ADF[a]	NTF	PSF	TSF	SF	
Light up and Power Africa	**1,000.60**	**112.50**	**-**	**42.93**	**43.37**	**187.41**	**1,386.81**
Power Generation, Transmission, and Distribution, Conventional	361.40	34.13	-	-	24.05	17.84	437.43
Power Generation, Renewable	180.77	10.74	-	4.55	-	21.94	218.01
Off-grid Solutions	116.45	5.51	-	-	-	53.22	175.18
Energy Sector Strengthening and Reform	50.34	18.01	-	-	2.70	4.47	75.53
Infrastructure for Energy Sector Development	103.49	15.86	-	-	7.62	49.48	176.45
Multisector Operations (budget support)	146.57	28.25	-	-	9.00	-	183.82
Others[b]	41.57	-	-	38.38	-	40.45	120.41
Feed Africa	**766.47**	**219.38**	**10.50**	**27.11**	**62.21**	**39.90**	**1,125.57**
National and Regional Operations in Production and Value Addition	17.65	37.80	-	-	14.83	8.41	78.68
Investment in Infrastructure	253.35	83.13	7.61	-	29.63	29.91	403.63
Agriculture Finance and Agribusiness Environment	242.70	33.33	1.40	27.11	3.65	-	308.19
Inclusivity and Sustainable Development	33.59	54.12	1.50	-	5.11	1.58	95.90
Multisector Operations (budget support)	219.17	11.00	-	-	9.00	-	239.17
Industrialize Africa	**1,498.81**	**53.79**	**-**	**42.72**	**5.00**	**6.90**	**1,607.22**
Industrial Business Environment	-	7.00	-	-	-	0.98	7.98
Financial Sector and Capital Markets Development	581.53	10.21	-	42.72	-	-	634.46
Enterprise Development	425.81	-	-	-	-	3.52	429.33
Infrastructure for Industry	-	-	-	-	-	-	-
Multisector Operation (budget support)	223.29	36.58	-	-	5.00	0.71	265.58
Regional Environment Improvement	268.18	-	-	-	-	1.69	269.87
Integrate Africa	**320.08**	**265.05**	**-**	**-**	**27.02**	**170.91**	**783.06**
Regional Infrastructure Connectivity	312.08	252.41	-	-	26.24	168.00	758.72
Trade Facilitation and Investment	8.01	12.64	-	-	0.78	2.91	24.34
Improve the Quality of Life for the People of Africa	**1,539.17**	**437.48**	**2.80**	**6.69**	**86.91**	**303.10**	**2,376.15**
Water Supply and Sanitation	525.27	82.02	-	6.69	2.50	75.35	691.83
Human and Social Development	90.67	148.99	2.80	-	2.62	9.51	254.60
Multisector Operations (budget support)	359.25	84.17	-	-	16.66	-	460.07
Others[c]	563.98	122.30	-	-	65.13	218.24	969.65
Total approvals	**5,125.14**	**1,088.20**	**13.30**	**119.45**	**224.51**	**708.21**	**7,278.81**

[a] *Excludes PSF and TSF.*
[b] *Others include the following subthemes: Clean/efficient cooking, energy efficiency demand-side management, oil and gas Utility Transformation Services, and Energy Finance.*
[c] *Others include the following subthemes: other social development, national infrastructure, urban development, natural disaster management, environment and natural resources management, transboundary water resources management, regional education, and health initiatives.*

Appendix 3B:
Bank Group Approvals by Sector, 2018

(UA millions)

Sector	Ordinary Resources				Special Resources								Bank Group	
	ADB		ADF[a]		NTF		PSF		TSF		SF			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agriculture and Rural Development	12	470.40	20	179.68	2	10.50	1	27.11	7	53.21	4	19.37	46	760.28
Social	8	87.57	8	46.23	1	2.80	-	-	4	26.05	6	13.67	27	176.32
Education	2	1.44	1	6.74	-	-	-	-	-	-	-	-	3	8.18
Health	2	14.47	-	-	-	-	-	-	1	20.05	-	-	3	34.52
Other	4	71.66	7	39.49	1	2.80	-	-	3	6.00	6	13.67	21	133.62
Infrastructure	36	2,346.16	28	517.92	-	-	5	74.02	15	105.59	47	574.13	131	3,617.83
Water Supply and Sanitation	7	525.27	8	82.02	-	-	1	6.69	1	2.50	9	74.92	26	691.40
Energy Supply	15	867.80	7	99.25	-	-	4	67.33	5	34.87	21	186.70	52	1,255.95
Communication	1	20.75	-	-	-	-	-	-	1	3.00	1	14.32	3	38.07
Transport	13	932.34	13	336.65	-	-	-	-	8	65.22	16	298.19	50	1,632.40
Finance	31	1,235.47	1	7.50	-	-	3	18.32	-	-	2	1.03	37	1,262.33
Multisector	11	743.28	18	274.87	-	-	-	-	7	39.66	2	4.80	38	1,062.61
Industry, Mining, and Quarrying	4	241.52	1	7.00	-	-	-	-	-	-	8	4.55	13	253.07
Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	1	0.72	11	55.00	-	-	-	-	-	-	37	90.65	49	146.38
Total approvals	**103**	**5,125.14**	**87**	**1,088.20**	**3**	**13.30**	**9**	**119.45**	**33**	**224.51**	**106**	**708.21**	**341**	**7,278.81**

[a] *Excludes PSF and TSF.*

Appendix 3C:
Bank Group Approvals by Financing Instrument, 2018

(UA millions)

Financing Instrument	Ordinary Resources				Special Resources						Bank Group	
	ADB		ADF[a]		NTF		PSF		TSF			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Project Lending	**58**	**3,197.06**	**36**	**484.89**	**3**	**13.30**	**-**	**-**	**6**	**61.44**	**103**	**3,756.68**
Public and Publicly Guaranteed	29	2,121.84	36	484.89	3	13.30	-	-	6	61.44	74	2,681.47
Project Loans	29	2,121.84	36	484.89	3	13.30	-	-	6	61.44	74	2,681.47
Sector Investment and Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-	-	-	-	-
Private Non-Publicly Guaranteed	29	1,075.22	-	-	-	-	-	-	-	-	29	1,075.22
Project Loans	16	759.51	-	-	-	-	-	-	-	-	16	759.51
Lines of Credit	13	315.71	-	-	-	-	-	-	-	-	13	315.71
Soft Commodity Finance Facility	-	-	-	-	-	-	-	-	-	-	-	-
Policy-Based Lending	**7**	**895.26**	**3**	**65.00**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**960.26**
Sector Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Structural Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support	7	895.26	3	65.00	-	-	-	-	-	-	10	960.26
Grants	**14**	**9.58**	**44**	**513.49**	**-**	**-**	**-**	**-**	**27**	**163.07**	**85**	**686.14**
Technical Assistance	5	3.16	6	36.97	-	-	-	-	-	-	11	40.13
Project Cycle Activities	-	-	1	0.80	-	-	-	-	-	-	1	0.80
Institutional Support	-	-	5	36.17	-	-	-	-	-	-	5	36.17
of which Private Sector	-	-	-	-	-	-	-	-	-	-	-	-
Middle-Income Countries Grant	5	3.16	-	-	-	-	-	-	-	-	5	3.16
Project Grants	-	-	32	339.86	-	-	-	-	24	127.07	56	466.93
Structural Adjustment Grant	-	-	-	-	-	-	-	-	-	-	-	-
Budget Support Grant	-	-	6	136.66	-	-	-	-	3	36.00	9	172.66
African Food Crisis Response Grant	-	-	-	-	-	-	-	-	-	-	-	-
Special Relief Fund	9	6.42	-	-	-	-	-	-	-	-	9	6.42
Emergency Assistance	9	6.42	-	-	-	-	-	-	-	-	9	6.42
Emergency Post-Conflict	-	-	-	-	-	-	-	-	-	-	-	-
Special Debt Relief Grant	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Capacity Building Loans	**1**	**51.81**	**4**	**24.83**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**76.64**
Project Preparation Facility	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt and Debt Service Reduction	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	-	-	-	-	-	-	-	-	-	-	-	-
Post-conflict Country Framework	-	-	-	-	-	-	-	-	-	-	-	-
Equity Participation	**15**	**211.83**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**211.83**
Public Equity	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity	15	211.83	-	-	-	-	-	-	-	-	15	211.83
Guarantee	**8**	**759.61**	**-**	**-**	**-**	**-**	**9**	**119.45**	**-**	**-**	**17**	**879.06**
Public Guarantees	1	390.75	-	-	-	-	-	-	-	-	1	390.75
Private Guarantees	7	368.85	-	-	-	-	9	119.45	-	-	16	488.31
Loan Reallocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Special Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**106**	**708.21**
Total Approvals	**103**	**5,125.14**	**87**	**1,088.20**	**3**	**13.30**	**9**	**119.45**	**33**	**224.51**	**341**	**7,278.81**

[a] *Excludes PSF and TSF.*

Appendix 3D:
Bank Group Approvals by Region, 2012–18

(UA millions)

Region/Country	2012	2013	2014	2015	2016	2017	2018
Central Africa							
Cameroon	47.3	45.5	143.8	447.9	323.0	274.1	242.5
Central African Republic	38.1	-	15.6	27.6	3.9	26.2	39.0
Chad	24.0	6.4	14.9	60.9	32.1	47.4	29.9
Congo	10.6	3.2	7.5	15.1	41.9	-	-
Democratic Republic of Congo	69.0	204.9	187.1	40.7	138.3	7.1	106.1
Equatorial Guinea	-	-	-	-	-	-	-
Gabon	145.4	-	1.6	-	68.5	490.7	229.1
São Tomé & Príncipe	0.5	7.7	-	14.0	2.0	1.5	0.7
Multinational						277.6	40.5
Central Africa Approvals	**335.0**	**267.7**	**371.3**	**606.2**	**609.7**	**1,124.6**	**687.8**
East Africa							
Burundi	17.8	17.6	41.8	-	0.5	25.8	1.0
Comoros	2.6	35.9	4.0	8.0	-	15.2	-
Djibouti	8.4	5.6	-	8.2	6.3	-	11.5
Eritrea	-	-	-	13.5	5.5	5.3	-
Ethiopia	166.0	85.7	66.6	182.3	314.4	140.4	99.7
Kenya	28.8	275.5	208.4	201.3	612.4	253.0	349.3
Rwanda	-	54.6	99.4	20.2	43.8	198.6	312.6
Seychelles	-	14.3	2.2	23.8	-	-	-
Somalia	-	3.5	2.9	1.9	22.7	6.2	0.7
South Sudan	4.8	27.4	0.7	2.0	5.0	35.4	-
Sudan	4.3	25.6	-	58.9	24.5	15.0	131.0
Tanzania	154.6	42.1	98.7	549.2	219.1	20.3	151.0
Uganda	67.6	73.8	127.5	89.4	138.0	152.4	231.5
Multinational						236.6	271.2
East Africa Approvals	**454.9**	**661.7**	**652.1**	**1,158.7**	**1,392.0**	**1,104.3**	**1,559.5**
North Africa							
Algeria	0.8	-	0.8	2.9	717.5	-	1.1
Egypt	-	3.7	4.6	512.8	370.7	144.9	355.2
Libya	-	2.5	-	-	-	-	-
Mauritania	9.1	1.7	4.5	-	26.5	43.2	13.0
Morocco	901.2	206.1	313.5	267.7	426.6	372.8	631.6
Tunisia	354.6	28.6	67.8	337.9	509.5	362.9	69.1
Multinational						4.7	95.6
North Africa Approvals	**1,265.7**	**242.6**	**391.4**	**1,121.2**	**2,050.8**	**928.5**	**1,165.6**

Appendix 3D:
Bank Group Approvals by Region, 2012–18 (continued)
(UA millions)

Region/Country	2012	2013	2014	2015	2016	2017	2018
Southern Africa							
Angola	-	22.9	662.1	385.7	-	71.4	69.3
Botswana	-	-	-	-	55.9	-	0.7
Eswatini	0.5	-	45.8	0.9	43.3	19.6	56.7
Lesotho	-	20.1	-	-	15.7	6.2	0.4
Madagascar	2.3	81.7	65.9	34.4	57.9	32.8	109.5
Malawi	52.6	59.0	23.1	35.1	38.4	1.5	42.0
Mauritius	-	99.0	76.8	1.2	-	70.7	-
Mozambique	78.0	26.5	28.7	18.6	60.0	1.4	35.9
Namibia	0.5	199.4	-	263.1	0.4	372.8	155.8
South Africa	273.1	-	264.8	274.5	30.3	123.1	382.5
Zambia	62.5	158.0	53.5	264.5	170.6	25.4	1.1
Zimbabwe	16.1	44.1	-	40.4	34.7	14.3	1.7
Multinational						171.7	-
Southern Africa Approvals	**485.6**	**710.7**	**1,220.7**	**1,318.3**	**507.3**	**910.7**	**855.6**
West Africa							
Benin	31.2	46.4	26.4	34.6	-	39.1	141.0
Burkina Faso	-	86.9	32.2	41.0	58.9	4.6	54.2
Cabo Verde	1.2	67.1	12.7	13.2	3.2	17.4	31.3
Côte d'Ivoire	238.6	63.4	30.6	169.8	305.6	270.3	339.9
Gambia	6.9	18.3	6.3	2.0	6.7	4.8	17.2
Ghana	168.8	14.2	58.6	172.1	112.2	93.0	163.6
Guinea	113.6	22.4	13.1	-	16.5	73.1	8.9
Guinea-Bissau	0.7	-	0.6	24.0	0.7	5.5	20.7
Liberia	37.8	45.4	13.7	0.3	31.2	6.3	27.4
Mali	0.7	136.0	64.6	15.0	39.8	80.1	168.0
Niger	54.6	12.6	-	20.0	63.1	-	51.0
Nigeria	63.9	530.9	1,009.9	4.1	1,310.4	22.0	398.2
Senegal	4.8	111.1	52.7	145.8	99.1	237.8	637.6
Sierra Leone	23.5	28.6	7.0	29.5	11.2	5.2	35.7
Togo	2.9	2.3	8.6	15.1	18.1	10.2	21.0
Multinational						373.2	373.1
West Africa Approvals	**749.2**	**1,185.6**	**1,337.0**	**686.6**	**2,076.8**	**1,242.7**	**2,488.6**
Multinational	**963.3**	**1,317.5**	**1,077.4**	**1,443.6**	**1,398.8**		
Multiregional						**885.2**	**521.8**
Total Approvals	**4,253.8**	**4,385.8**	**5,049.9**	**6,334.7**	**8,035.3**	**6,195.9**	**7,278.81**

Appendix 4A: Board of Governors of African Development Bank and Voting Powers of Member Countries (as of 31 December 2018)

	Country	Governor	Alternate	Total votes	Voting powers (%)
1	Algeria	Abderrahmane Raouya	Miloud Boutabba	276,940	4.250
2	Angola	Augusto De Sousa Archer Mangueira	Pedro Luis Da Fonseca	76,588	1.175
3	Benin	Abdoulaye Bio Tchane	Romuald Wadagni	13,157	0.202
4	Botswana	Ontefetse Kenneth Matambo	Taufila Nyamadzabo	70,603	1.083
5	Burkina Faso	Hadizatou Rosine Coulibaly Sori	Ambroise Kafando	26,552	0.407
6	Burundi	Domitien Ndihokubwayo	Côme Manirakiza	15,246	0.234
7	Cabo Verde	Olavo Correia	C/O	5,203	0.080
8	Cameroon	Alamine Ousmane Mey	Charles Assamba Ongodo	70,961	1.089
9	Central African Republic	Felix Moloua	Henri Marie Dondra	3,189	0.049
10	Chad	Issa Doubragne	Issa Mahamat Abdelmamout	4,686	0.072
11	Comoros	Said Ali Said Chayhane	Fouady Goulame	1,152	0.018
12	Congo	Ingrid Olga Ghislaine Ebouka Babackas	Calixte Nganongo	28,498	0.437
13	Côte d'Ivoire	Niale Kaba	Adama Kone	243,611	3.738
14	Democratic Republic of Congo	Henri Yav Mulang	Deogratias Mutombo M. Nyembo	84,632	1.299
15	Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.028
16	Egypt	Tarek Amer	Sahar Nasr	366,857	5.629
17	Equatorial Guinea	Lucas Abaga Nchama	Montserrat Afang Ondo	10,161	0.156
18	Eritrea	Berhane Habtemariam	Martha Woldegiorghis	2,628	0.040
19	Eswatini	Neal Rijkenberg	Tambo Gina	8,013	0.123
20	Ethiopia	Ahmed Shide	Ato Admasu Nebebe	103,303	1.585
21	Gabon	Jean Marie Ogandaga	Jean Fidéle Otandault	65,634	1.007
22	Gambia	Mambury Njie	Mod K. Ceesay	9,971	0.153
23	Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	139,748	2.144
24	Guinea	Kanny Diallo	C/O	26,808	0.411
25	Guinea-Bissau	Aristides Gomes	Gino Mendes	1,879	0.029
26	Kenya	Henry Kiplagat Rotich	Kamau Thugge	94,235	1.446
27	Lesotho	Moeketsi Majoro	Motena Tsolo	4,336	0.067
28	Liberia	Samuel D. Tweah Jr	Augustus J. Flomo	12,455	0.191
29	Libya	Faraj A. Faraj Omar	Ali Mohamed Salem	151,138	2.319
30	Madagascar	Vonintsalama S. Andriambololona	Herivelo Andriamanga	42,859	0.658
31	Malawi	Goodall Edward Gondwe	Ben Botolo	15,401	0.236
32	Mali	Boubou Cisse	Arouna Modibo Toure	28,775	0.442
33	Mauritania	Mohamed Ould Kembou	Cheikh El Kebir Ould Chbich	4,305	0.066
34	Mauritius	Pravind Kumar Jugnauth	Dharam Dev Manraj	42,941	0.659
35	Morocco	Mohamed Benchaaboun	Faouzia Zaaboul	235,561	3.615
36	Mozambique	Adriano Afonso Maleiane	Rogerio Lucas Zandamela	41,099	0.631
37	Namibia	Carl Hermann Gustav Schlettwein	Ericah B. Shafudah	23,084	0.354
38	Niger	Kane Aichatou Boulama	Ahmat Jidoud	15,106	0.232
39	Nigeria	Zainab Shamsuna Ahmed	Mahmoud Isa-Dutse	608,316	9.334
40	Rwanda	Uzziel Ndagijimana	Claudine Uwere	9,192	0.141
41	São Tomé & Príncipe	Osvaldo Vaz	Helio Silva Vaz De Almeida	5,020	0.077
42	Senegal	Amadou Ba	Papa Amadou Sarr	68,649	1.053
43	Seychelles	Maurice Loustau Lalanne	Caroline Abel	2,462	0.038
44	Sierra Leone	Jacob Jusu Saffa	Sahr Lahai Jusu	18,482	0.284
45	Somalia	Adbirahman Beileh	Bashir Isse	2,566	0.039
46	South Africa	Tito Titus Mboweni	Mondli Gungubele	329,751	5.060
47	South Sudan	Salvatore Garang Mabiordit	Othom Rago Ajak	24,698	0.379
48	Sudan	Mutaz Musa Abdalla Salim	Mosllem Ahmed Alamir	19,555	0.300
49	Tanzania	Philip Isdor Mpango	Doto M. James	50,187	0.770
50	Togo	Sani Yaya	Kossi Assimaidou	10,986	0.169
51	Tunisia	Zied Ladhari	Moufida Jaballah Srarfi	92,175	1.414
52	Uganda	Matia Kasaija	Keith Muhakanizi	28,866	0.443
53	Zambia	Margaret Mwanakatwe	Fredson Kango Yamba	77,125	1.183
54	Zimbabwe	Professor Mthuli Ncube	George Tongesayi Guvamatanga	120,754	1.853
Total Regional				**3,837,937**	**58.891**

Appendix 4A:
Board of Governors of African Development Bank and Voting Powers of Member Countries (as of 31 December 2018) (continued)

	Country	Governor	Alternate	Total votes	Voting powers (%)
1	Argentina	Nicolas Dujovne	Guido Sandleris	6,472	0.099
2	Austria	Hartwig Löger	Edith Frauwallner	29,833	0.458
3	Belgium	Alexander De Croo	Johan Van Oovertveldt	42,412	0.651
4	Brazil	Esteves Pedro Colnago Junior	Carlos Eduardo Lampert Costa	22,270	0.342
5	Canada	Chrystia Freeland	Rick Stewart	251,775	3.863
6	China	Yi Gang	C/O	77,649	1.191
7	Denmark	Ulla Tørnæs	Martin B. Hermann	77,247	1.185
8	Finland	Elina Kalkku	Satu Santala	32,601	0.500
9	France	Odile Renaud-Basso	Guillaume Chabert	246,297	3.779
10	Germany	Maria Flachsbarth	Marianne Kothé	271,266	4.162
11	India	Arun Jaitley	Subhash Chandra Garg	17,404	0.267
12	Italy	Giovanni Tria	Gelsomina Vigliott	159,379	2.446
13	Japan	Taro Aso	Haruhiko Kuroda	359,890	5.522
14	Korea	Dong Yeon Kim	Juyeol Lee	32,077	0.492
15	Kuwait	Nayef Falah Al-Hajraf	Marwan Al-Ghanem	29,833	0.458
16	Luxembourg	Pierre Gramegna	Georges Heinen	13,840	0.212
17	Netherlands	Sigrid Kaag	R.M. (Reina) Buijs	57,862	0.888
18	Norway	Jens Frølich Holte	Bjørn Brede Hansen	77,536	1.190
19	Portugal	Mário Centeno	Maria Teresa Ribeiro	16,282	0.250
20	Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	13,235	0.203
21	Spain	Nadia Calvino	Ana De La Cueva	69,932	1.073
22	Sweden	C/O	Magnus Lennartsson	103,391	1.586
23	Switzerland	Raymund Furrer	Chantal Nicod	96,555	1.482
24	Turkey	Bülent Aksu	Kemal Çağatay Imirgi	24,096	0.370
25	United Kingdom	Penny Mordaunt	Lord Michael Bates	117,999	1.811
26	United States of America	Steven T. Mnuchin	C/O	431,898	6.627
Total Non-Regional				**2,679,031**	**41.109**
Grand Total				**6,516,968**	**100.000**

Note: The subscription position including the distribution of voting rights reflects the differences in the timing of subscription payments by member countries. After all shares created by the Bank have been fully subscribed and paid for, the regional and non-regional groups are expected to hold 60 percent and 40 percent voting rights, respectively.

Appendix 4B:
Board of Governors of African Development Fund: Voting Powers of State Participants and the African Development Bank (as of 31 December 2018)

State Participants/Donors	Governors	Alternate	Total votes	Voting powers (%)
African Development Bank			1,000.000	50.000
Angola	Augusto De Sousa Archer Mangueira	Pedro Luis Da Fonseca	0.508	0.025
Argentina	Nicolas Dujovne	Guido Sandleris	0.063	0.003
Austria	Hartwig Löger	Edith Frauwallner	19.380	0.969
Belgium	Alexander De Croo	Johan Van Overtveldt	19.616	0.981
Brazil	Esteves Pedro Colnago Junior	Carlos Eduardo Lampert Costa	4.821	0.241
Canada	Chrystia Freeland	Rick Stewart	68.565	3.428
China	Yi Gang	C/O	21.666	1.083
Denmark	Ulla Tørnæs	Martin B. Hermann	23.984	1.199
Finland	Elina Kalkku	Satu Santala	19.880	0.994
France	Odile Renaud-Basso	Guillaume Chabert	104.391	5.220
Germany	Maria Flachsbarth	Marianne Kothe	105.133	5.257
India	Arun Jaitley	Subhash Chandra Garg	3.540	0.177
Italy	Giovanni Tria	Gelsomina Vigliotti	56.279	2.814
Japan	Taro Aso	Haruhiko Kuroda	105.634	5.282
Korea	Dong Yeon Kim	Juyeol Lee	10.922	0.546
Kuwait	Nayef Falah Al-Hajraf	Marwan Al-Ghanem	6.875	0.344
Luxembourg	Pierre Gramegna	Georges Heinen	0.686	0.034
Netherlands	Sigrid Kaag	R.M. (Reina) Buijs	44.507	2.225
Norway	Jens Frølich Holte	Bjørn Brede Hansen	45.907	2.295
Portugal	Mário Centeno	Maria Teresa Ribeiro	6.441	0.322
Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	10.399	0.520
Spain	Nadia Calvino	Ana De La Cueva	22.011	1.101
Sweden	C/O	Magnus Lennartsson	51.343	2.567
Switzerland	Raymund Furrer	Chantal Nicod	37.597	1.880
Turkey	Bülent Aksu	Kemal Çağatay İmïrg	1.405	0.070
United Arab Emirates	C/O	C/O	0.283	0.014
United Kingdom	Penny Mordaunt	Michael Bates	103.343	5.167
United States of America	Steven T. Mnuchin	C/O	104.820	5.241
Total			**2,000.000**	**100.000**

Appendix 5:
Executive Directors of the Bank and the Fund (as of 31 December 2018)

Board of Directors of the African Development Bank

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors		Alternative Executive Directors	
Names	Country	Names	Country
Tariq Al-Tushani	Libya	Hussein Abdi Halane	Libya
Catherine Cudre-Mauroux	Switzerland	(Vacant)	
Moussa Dosso	Côte d'Ivoire	Bernardo Abaga Ndong Mayie	Equatorial Guinea
Steven Dowd	United States of America	(Vacant)	
Federica Diamanti	Italy	Pim De Keizer	Netherlands
Heinrich Mihe Gaomab	Namibia	Judith Kateera	Zimbabwe
Karin Isaksson	Sweden	(Vacant)	
Dominique Lebastard	France	Isabel Riano	Spain
Mmakgoshi E.P. Lekhethe	South Africa	Khotso Moleleki	Lesotho
Martine Mabiala	Gabon	Edith Belem Damiba	Burkina Faso
Soraya Mellali	Algeria	Alfredo Paulo Mendes	Guinea-Bissau
Abdelmajid Mellouki	Morocco	Yandja Yentchabre	Togo
René Obam Nlong	Cameroon	Donatien Maleyombo	Central African Republic
Bright Erakpoweri Okogu	Nigeria	Alvaro Joao Santiago	São Tome and Principe
Kwabena Boadu Oku-Afari	Ghana	Patrick Saidu Conteh	Sierra Leone
Takuji Yano	Japan	Felix Martin Soto	Argentina
David Stevenson	Canada	Thamer M. Alfailakawi	Kuwait
Nyamajeje Calleb Weggoro	Tanzania	Efrem Tesfai Biedemariam	Eritrea
Ahmed Mahmoud Zayed	Egypt	Ali Mohamed Ali	Djibouti
Patrick Francis Zimpita	Malawi	Boniface Godirafetse Mphetlhe	Botswana

Board of Directors of the African Development Fund

Chairperson: Akinwumi Ayodeji ADESINA

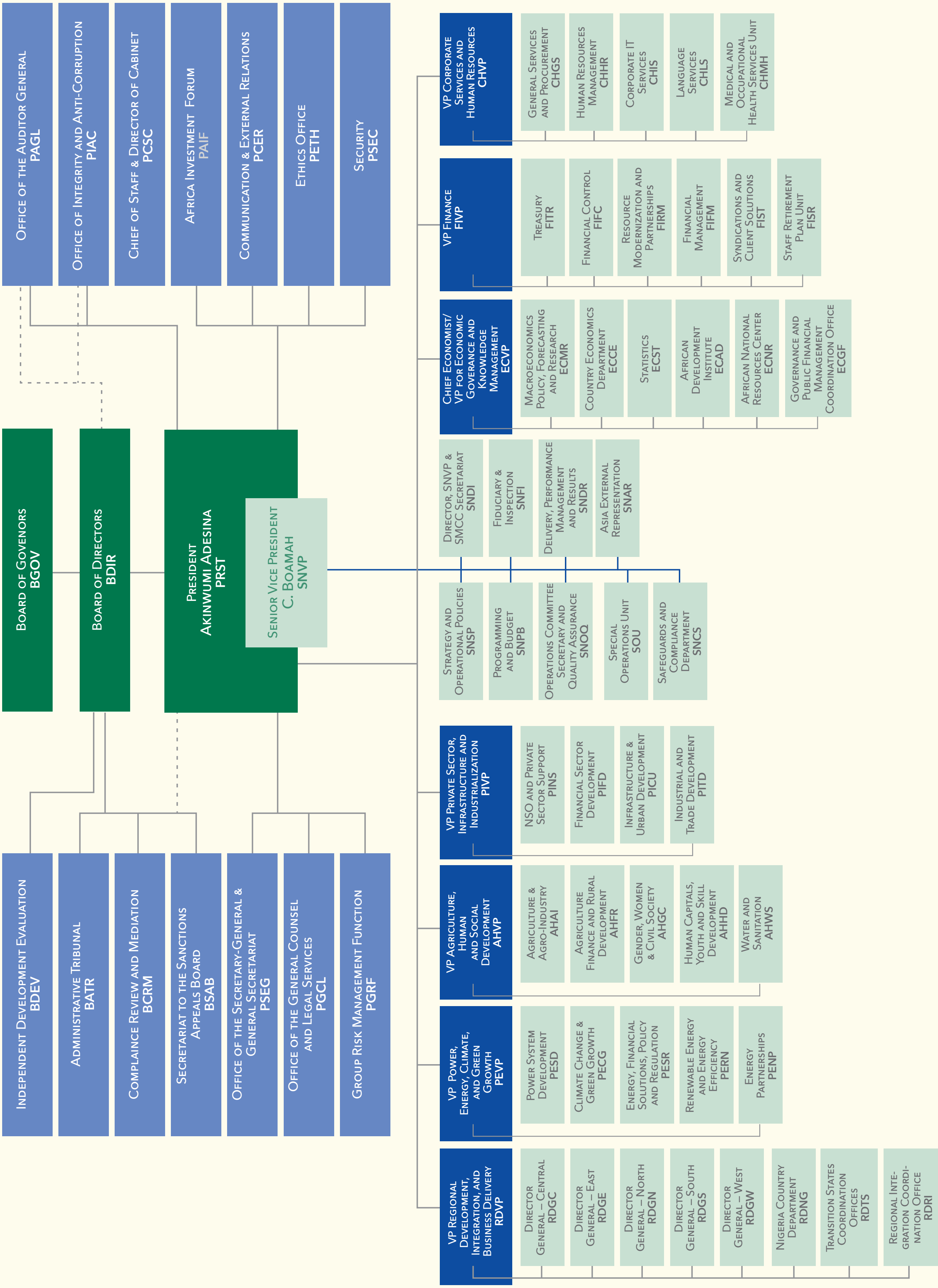
Executive Directors		Alternative Executive Directors	
Names	Country	Names	Country
Tariq Al-Tushani*	Libya	(Vacant)	
Catherine Cudre-Mauroux	Switzerland	(Vacant)	
Moussa Dosso *	Côte d'Ivoire	Bernado Abaga Ndong Mayie	Equatorial Guinea
Steven Dowd	United States of America	Matthew Turner	United States of America
Federica Diamanti	Italy	Pim De Keizer	Netherlands
Heinrich Mihe Gaomab *	Namibia	Judith Kateera	Zimbabwe
Karin Isaksson	Sweden	(Vacant)	
Dominique Lebastard	France	Isabel Riano	Spain
Mmakgoshi E.P. Lekhethe*	South Africa	Khotso Moleleki	Lesotho
Martine Mabiala*	Gabon	Edith Belem Damiba	Burkina Faso
Soraya Mellali*	Algeria	Alfredo Paulo Mendes	Guinea-Bissau
Takuji Yano	Japan	Felix Martin Soto	Argentina
David Stevenson	Canada	Thamer M. Alfailakawi	Kuwait
Nyamajeje Calleb Weggoro*	Tanzania	Efrem Tesfai Biedemariam	Eritrea

** Representing African Development Bank*

Appendix 6:
Principal Officers of the Bank Group (as of 31 December 2018)

	SURNAME	OTHER NAME
Presidency, Units Reporting to the President, and the Boards		
President	Adesina	Akinwumi Ayodeji
Director of Cabinet/Chief of Staff	Naidoo	Samantha
Secretary General	Nmehielle	Vincent Obisienunwo Orlu
Group Chief Risk Officer	Turner	Timothy
Acting General Counsel and Director	Penn	Godfred Awa Eddy
Auditor General	Okonkwo	Chukwuma
Acting Director, Integrity & Anti-Corruption	Sankareh	Bubacarr
Director, Compliance Review & Mediation	Toure	Sekou
Acting Evaluator General	Rot-Munstermann	Karen
Senior Vice Presidency		
Senior Vice President	Boamah	Charles Owusu
Chief Economist and Vice President, Economic Governance and Knowledge Management		
Chief Economist & Vice President, Economic Governance and Knowledge Management	Monga	Célestin
Corporate Services and Human Resources		
Vice President	Magala	Mateus
Finance		
Chief Financial Officer and Vice President	Tshabalala	Bajabulile Swazi
Regional Development, Integration, and Business Delivery		
Vice President	Sherif	Khaled
Director General, Central Africa	Dore	Ousmane
Director General, East Africa	Negatu	Gabriel
Director General, North Africa	El Azizi	Mohamed
Director General, Southern Africa	Kapoor	Kapil
Director General, West Africa	Akin-Olugbade Née Ndongo-Seh	Marie-Laure
Power, Energy, Climate, and Green Growth		
Vice President	Hott	Amadou
Agriculture, Human and Social Development		
Vice President	Blanke	Jennifer Day Rosen
Private Sector, Infrastructure, and Industrialization		
Vice President	Guislain	Pierre Albert L.

Appendix 7: Organizational Structure of the Bank Group



Appendix 8: Classification of Regional Member Countries

Category A – Countries Eligible for African Development Fund Resources Only			
1	Benin	18	Madagascar
2	Burkina Faso	19	Malawi
3	Burundi	20	Mali
4	Central African Republic	21	Mauritania
5	Chad	22	Mozambique
6	Comoros	23	Niger
7	Côte d'Ivoire	24	Rwanda
8	Democratic Republic of Congo	25	São Tomé & Príncipe
9	Djibouti	26	Sierra Leone
10	Eritrea	27	Somalia
11	Ethiopia	28	South Sudan
12	Gambia	29	Sudan
13	Ghana	30	Tanzania
14	Guinea	31	Togo
15	Guinea-Bissau	32	Uganda
16	Lesotho	33	Zimbabwe
17	Liberia		

Category B – Countries Eligible for a Blend of African Development Bank and African Development Fund Resources	
1	Cameroon
2	Kenya
3	Senegal
4	Zambia

Category C – Countries Eligible for African Development Bank Resources Only	
1	Algeria
2	Angola
3	Botswana
4	Cabo Verde
5	Congo
6	Egypt
7	Equatorial Guinea
8	Eswatini
9	Gabon
10	Libya
11	Mauritius
12	Morocco
13	Namibia
14	Nigeria
15	Seychelles
16	South Africa
17	Tunisia

Appendix 9: Standing Committees of the Boards

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

In 2018, the AMBD considered reports from consultation missions and study tours, with outcomes providing strategic input into the development of the new Regional and Country Strategy Frameworks and an evaluation of the development impact of the ongoing decentralization. In addition, the AMBD reviewed a number of instruments designed to enhance Board effectiveness, including a Board handbook and manual. Under the guidance of the committee, the 2018 Board Retreat convened under two themes: "Private Sector Engagement" and "The Positioning of the Bank Relative to Other Multilateral Development Banks." The retreat aimed to prioritize areas for greater private sector involvement in the Bank Group's interventions and identify ways that the multilateral development bank system can act as a catalyst for change.

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

In 2018, AUFI provided oversight and monitoring of the implementation of audit recommendations, the administrative budget, the 2018 Lending Program, Special Operations Unit Portfolio, Group Risk Management, Capital Adequacy and Exposure reports, and market risks. AUFI also reviewed and cleared the work plans of independent accountability units reporting to it, including the Office of the Auditor General and the Office of Integrity and Anti-Corruption.

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

In 2018, CAHR provided strategic guidance on internal administration of justice to enhance the rule of law and accountability, and advised the Boards on a long-term strategy for acquiring and managing real estate for Regional and Country Offices. CAHR also oversaw a review of the Staff Pension Scheme in order to enhance its long-term sustainability. Further, it reviewed a new draft of the Bank Group's People Strategy and provided considerable input.

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

In 2018, CODE reviewed and provided input into draft Country Strategy Papers for Congo, Côte d'Ivoire, Equatorial Guinea, Guinea, Liberia, Malawi, Mozambique, Niger, São Tomé and Príncipe, and South Africa, as well as an updated Country Strategy Paper for Nigeria. CODE sought to align these instruments with each country's socioeconomic development priorities, emphasized inclusion as well as selectivity, and addressed climate change, fragility, gender mainstreaming, regional integration, economic diversification, and engagement with the private sector. In addition, it reviewed and cleared the work plans of independent accountability units reporting to it, including independent development evaluation and compliance review and mediation.

Client orientation and stakeholder management: The Committee on External Communications and Preparation of the Bank Group Annual Meetings (ECAM)

In 2018, ECAM provided strategic guidance that led to the successful convening of the Annual Meetings of the Bank Group in Busan, Korea. Further, ECAM provided direction toward preparing the Bank Group *Annual Report 2018* and the *African Economic Outlook 2018*.

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

In 2018, ECBD successfully resolved one matter referred to it.

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

In 2018, CWHOLE conducted mid-term and end-of-year reviews of the performance reports on implementing the budget and the work program. It also reviewed and shaped the strategic orientations for the three-year budget framework paper and work program for 2019–21, for consideration by the Boards.

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