African Development Bank Group

Annual Report 2017

AFRICAN DEVELOPMENT BANK GROUP

African Development Bank Group

Member Countries

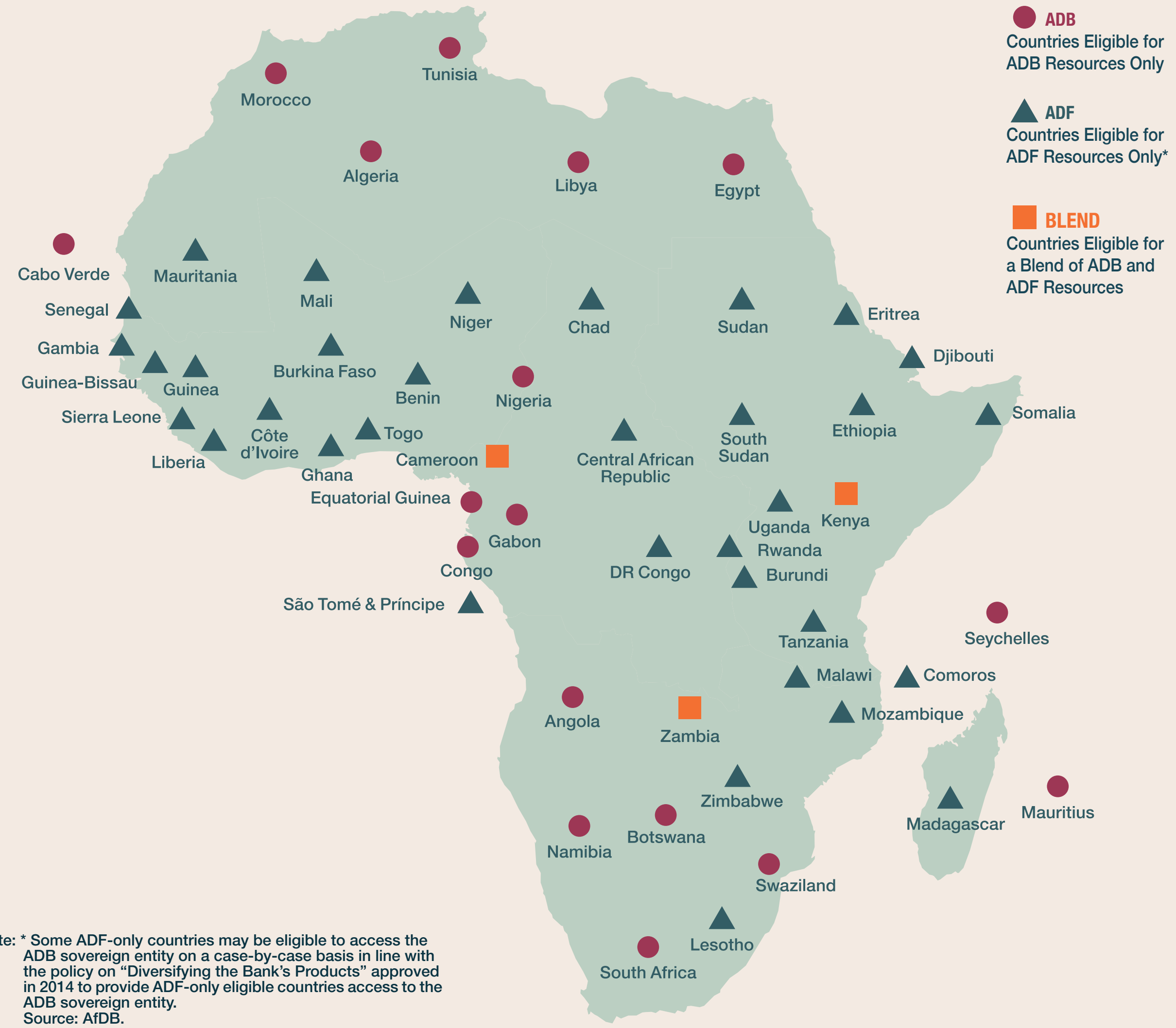
Regional Member Countries

Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Congo Democratic Republic of, Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, 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, South Sudan, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

Non-regional Member Countries

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 ADF only), United Kingdom, United States of America.

Classification of Regional Member Countries by Resources Entity



Note: * Some ADF-only countries may be eligible to access the ADB sovereign entity on a case-by-case basis in line with the policy on "Diversifying the Bank's Products" approved in 2014 to provide ADF-only eligible countries access to the ADB sovereign entity.
Source: AfDB.

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Acknowledgments

The Annual Report 2017 was prepared by the Macroeconomic Policy, Forecasting, and Research Department of the Vice Presidency for Economic Governance and Knowledge Management Complex. The Boards' Committee on External Communications and Preparation of the Annual Meetings (ECAM) provided overall guidance.

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The Report Team would also like to thank the Senior Management Coordinating Committee for its guidance and all complexes that contributed to the Report.

Message from the President

2017 was a good year for Africa. Demonstrating its resilience to climate change, regional shocks, and the global economic headwinds, Africa grew at 3.7 percent, up from 2.3 percent in 2016. That growth was higher than expected, especially for non-resource-rich economies, and it is forecast to rise further to 3.8 percent in 2018.

The year was also momentous for the Bank. We consolidated the reforms initiated in 2016 and delivered on our promise to take the Bank closer to its clients. By the end of 2017, three of the five regional hubs were fully operational; a total of 121 staff members were relocated to the regions; and a dynamic team of 30 country managers was on board. We also approved the opening of three new country offices – in Benin, Guinea and Niger. The Bank in 2017 was rated as one of the most transparent, efficient and fit-for-purpose multilateral banks in the world.

The Bank Group delivered valuable support to its Regional Member Countries (RMCs), including countries in fragile situations and in humanitarian crisis, and we paid particular attention to women and youth in our operations. We also advanced the continent's transition towards green growth and climate resilience, including in the most vulnerable regions. The Bank Group's approvals are expected to deliver significant outcomes in the future – just like the development impacts from projects completed in 2017. For example, 8.5 million people were provided with improved agricultural technologies; 210,000 owner-operators and small to medium sized businesses benefited from better access to financial services; and 8.3 million people had better access to water and sanitation.

Total disbursements in 2017 peaked at UA 5.43 billion, exceeding the year's target. In addition to improved portfolio management and enhanced dialogue with RMCs through our progress on decentralization, this achievement reflected a 56 percent increase in disbursements for non-sovereign operations (NSOs). A clear sign of the Bank Group's increasing engagement with Africa's private sector, NSOs accounted for 38 percent of ADB approvals, the highest share on record. The Bank Group also mobilized significant amounts of co-financing during the year, including UA 4.23 billion to the benefit of private sector operations.

Despite the challenging business environment in 2017, the Bank preserved its AAA rating, reinforcing its reputation as Africa's premier financial institution. This performance was underpinned by sound financial and risk management, excellent liquidity, and strong shareholder support. Thanks to its robust financial position, the Bank succeeded in mobilizing USD 9.73 billion from the capital market by leveraging its current balance sheet. This included two of the largest bond issues in the Bank's history – a USD 2.5 billion three-year global benchmark, followed by a USD 2 billion five-year transaction.

The Bank Group also continued to grow its income. Net operating income increased in 2017 to UA 567.84 million, up from UA 438.25 million in 2016, a 29.6 percent increase and the highest since 2009. During 2017, the Bank also consolidated its position as Africa's leading knowledge institution by taking full leadership responsibility for the publication of a key flagship – the *African Economic Outlook.* This is fitting testimony to the Bank's growing capacity to produce and disseminate impactful knowledge that informs its own operations, builds the institutional capacity of its RMCs, and influences policymaking on the ground. Examples in this area abound. The Bank-generated projections of investment needs for the infrastructure sector will guide the High 5 objective of achieving universal access to energy by 2025. The Bank also helped the governments of Mozambique and Tanzania in designing and operationalizing national gas domestication strategies. It also provided policy advice to Tanzania on setting up an environment conducive to foreign direct investment in the gas sector. Case studies produced on other RMCs will guide land reform and the development of fish-farming value chains.

Let me express my sincere gratitude to our Boards of Directors, Management, and staff for their unflinching support during the trying times of 2017. As we look forward to accelerated delivery in 2018, I trust that I can count on your continuing support to transform Africa and African lives through the High 5s.

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

The President and the Executive Directors

Standing, from left to right: René Obam-Nlong; Dominique Lebastard; Hiromi Ozawa; Heinrich Gaomab II; Domenico Fanizza; Calleb Weggoro; Mmakgoshi Lekhethe; David Stevenson; Karin Isaksson; Moussa Dosso; Steven Dowd; Tarik Al-Tushani.

Seating, from left to right: Bright Okogu; Abdelmajid Mellouki; Catherine Cudre-Mauroux; Samy Zaghloul; President Akinwumi Adesina; Soraya Mellali; Kwabena Oku-Afari; Martine Mabiala; Patrick Zimpita.

Letter of Transmittal

In accordance 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 of the African Development Bank and the African Development Fund for the financial year ended 31 December 2017.

The Annual Report includes a review of developments in the operational activities of the Bank Group during 2017. 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 2018 are contained in the electronic version of the Financial Report available on the Bank Group's web page at www.afdb.org/annualreport.

2017 Quick Facts

As Africa's premier development financial institution and the only multilateral development bank whose sole mandate is the development of Africa, the African Development Bank is uniquely placed to boost Africa's development. Underpinned by sound financial and risk management policies, excellent liquidity, and strong shareholder support, the African Development Bank has maintained its AAA rating, with a stable outlook, by all four global rating agencies.

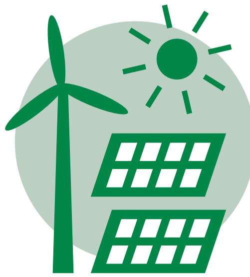
The Bank continued to implement its High 5 agenda and to deliver strong results on the ground. Through its sovereign and non-sovereign windows, the Bank is financing projects and programs that create jobs, support small and medium enterprises and deliver inclusive growth.

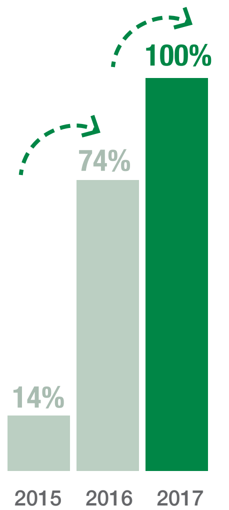
Some highlights for 2017, the year under review:

Light Up and Power Africa provided 4.4 million people with access to electricity.

Feed Africa brought 8.5 million Africans access to improved agricultural technologies.

The Bank is leading Africa's transition to inclusive and green growth.





The share of renewable energy in the Bank's energy generation portfolio increased from **14 percent in 2015** to **74 percent in 2016**, and in **2017** the Bank achieved a record: **100 percent** of its new lending on energy was all in renewables.

These investments will generate an additional **1,400 MW of power** and connect **3.8 million people** to electricity.

Industrialize Africa provided 210,000 small businesses with access to financial services.

Integrate Africa provided 14 million Africans with improved access to transport.

Improve the Quality of Life for the People of Africa provided 8.3 million Africans with improved access to water and sanitation.

Capital

as of 31 December 2017

Authorized capital	Subscribed capital	Callable capital
UA 66.98 billion	UA 65.50 billion	UA 60.52 billion

UA 4.98 billion Paid-up capital

UA 2.98 billion Total reserves

The Bank continued to strengthen, customize, and align its knowledge products to its High 5 priority areas while providing more policy-relevant analytical and advisory support and capacity building to Regional Member Countries (RMCs).

Thanks to its sound financial profile, the Bank raised capital in major international financial markets at competitive rates. In March 2017, the Bank successfully issued a three-year global benchmark. The transaction was its largest benchmark ever, and represents a clear step-up in its issuing profile, positioning it within the restricted group of issuers of large, liquid global benchmark transactions.

Total Bank Group approvals (excluding all Special Resources) reached UA 5.46 billion in 2017. With the inclusion of approvals from the Transition Support Facility (TSF), Private Sector Credit Enhancement Facility (PSF), and other special funds, the total approvals were UA 6.20 billion.The disbursement volume for the year was UA 5.43 billion, the highest ever overall in the history of the institution.

The Bank Group's net operating income increased by 29.6 percent from UA 438.25 million in 2016 to UA 567.84 million in 2017.

The Bank Group delivered value for money. The Multilateral Organization Performance Assessment Network assessed the Bank and other global and multilateral finance and development institutions, and found that the Bank was "fit for purpose."

Among all Multilateral Development Banks, the Bank Group has:

- The lowest administrative-cost-to-adjusted-common-equity ratio.
- The lowest administrative cost to adjusted common equity.
- The lowest staff cost per million dollars of lending.
- One of the lowest cost-to-income ratios.

1 Accelerating Transformation

Xina solar power plant, Northern Cape Province, South Africa

The global economic landscape and the drive for Africa's development

The global economy recovered in 2017, with world output growing by 3.8 percent, up from 3.2 percent in 2016 and higher than the recent peak of 3.6 percent in 2014. But the year also revealed risks, which are likely to persist in the near term. Protectionist sentiments resurged; financial conditions tightened with the rise in the U.S. benchmark interest rate; and the recovery in commodity prices remains fragile. In the absence of mitigating policies, these risks could hurt Africa's future growth through the usual channels of trade and capital flows, aid, and remittances. On the whole, however, economic prospects are brighter as the global recovery since 2016 continues to strengthen.

Africa's growth rebounded to 3.7 percent in 2017, up from 2.3 percent in 2016, and is forecast to rise further to 3.8 percent in 2018. Growth in 2017 was fostered by a recovery in commodity prices, improved agricultural production, sustained domestic demand, and better macroeconomic management. Of 54 countries, 29 posted growth of 3.7 percent or higher, with at least 10 growing at 6 percent or more. Very few countries experienced a deceleration in 2017. Despite the improved economic performance, however, most African economies are operating far below their full growth potential, and the growth level needed to achieve most of the targets set in the Sustainable Development Goals (SDGs). On current trends, they would actually miss the opportunity to eliminate poverty, hunger, and other forms of human deprivation on the continent by 2030.

The positive economic record in Africa in 2017 masks other deep-seated issues. Although fiscal and current account positions improved on average, they remain a source of concern, especially among the commodity-exporting economies, which were slow to adjust to changing macroeconomic conditions. Several of these countries saw a hike in inflation, with the average rate for Africa climbing to 12.7 percent in 2017. Similarly, while the risk of debt distress remains low or moderate for more than 60 percent of Africa's economies, some countries have accumulated very high levels of debt, raising concerns about their debt sustainability.[1]

Structural change on the continent has also been slow, with a slow pace of diversification from extractives, or of labor shifting to higher-productivity sectors. In several of the fastest-growing economies, challenges of unemployment and inclusive growth persist, with job creation growth only half that of output growth. In the face of rapidly growing populations and heightened risks of social unrest, jobless growth remains a serious concern for African policymakers.

African countries must fast-track structural transformation to create more jobs and reduce poverty. This calls for massive investment – in the order of 40 percent of GDP, if not more – in sectors with strong potential for growth and job creation. African economies must also step up efforts to mobilize resources domestically through savings and taxes. Given the massive funding requirements for African infrastructure, however, external finance will remain critical. Without scaled-up investment in Africa's future, the world will not achieve the SDGs by 2030.

Africa has good potential to turn opportunities in its favor. With its abundant natural resources and youthful population, alongside better macroeconomic management and improving global economic conditions, Africa is poised for economic transformation. Some positive signs are already emerging. African countries are integrating into global value chains and catching up with the digital revolution. Rapid urbanization is turning cities into growth poles. Economic diversification is spreading out, based on agro-industrial activity, the blue economy, and information technology–enabled services. The launch of the Continental Free Trade Area in March 2018 is expected to boost intra-African trade. And Africa's emerging middle class can drive future growth.

The African Development Bank, Africa's premier financial institution, with deep knowledge of, and proximity to its Regional Member Countries (RMCs), is ideally placed to act as a partner of choice in their quest for inclusive economic development. In 2017, the Bank Group continued to decisively implement its Ten-Year Strategy (2013–22) and the High 5 priorities while continuously reforming itself to deliver more effectively. Its infrastructure investments across the continent are laying the foundations for sustained growth, creating opportunities for millions of Africans, including women and youth, and ultimately helping to improve their quality of life. The Bank Group is also investing massively in agriculture as an industry, promoting industrial development by facilitating access to finance for small and medium enterprises, and supporting regional integration through cross-border roads, transport corridors, transnational railways, and regional power pools. Not least, the Bank's knowledge work and partnerships continue to support sound policymaking in Africa.

Delivering at a time of ongoing reform

The year 2017 marks the second full year of implementing the Development and Business Delivery Model (DBDM). During the year, the Bank embarked on a comprehensive organizational restructuring: internal processes were revamped or redesigned to increase efficiency, and an updated decentralization plan was rolled out to take the Bank closer to its clients for greater effectiveness. With the key strategies in place and institutional restructuring under way, the year was about accelerating transformation and delivering on lending and non-lending programs.

The Bank made good progress in several areas. First, the Bank continued to deliver on core financing, disbursements, operational strategies, and portfolio management objectives. The total Bank Group approvals in 2017 (excluding all Special Resources) reached UA 5.46 billion. With the inclusion of approvals from the Transition Support Facility (TSF), the Private Sector Credit Enhancement Facility (PSF), and other special funds, the total approvals were UA 6.20 billion.

Second, the Bank stepped up its resource mobilization efforts through co-financing with the objective of crowding in additional financing for the implementation of the High 5s. The Bank's approved operations generated a combined UA 7.65 billion on both its public and private sector operations in additional co-financing investments from partners such as the World Bank, European Union, European Investment Bank, and Agence Française de Développement (AFD).

Third, disbursements, on a positive trend since 2015 reached a new record level in 2017. This reflected, in part, the reforms of recent years, which have reduced processing delays – and decentralization, which has enhanced dialogue with RMC governments and enabled systematic follow-up by regional and country offices. The bulk of the disbursements were for project loans, including private sector operations.

Fourth, the Bank Group designed and adopted new policies in pursuit of the High 5s. During 2017, the Board approved the Results-Based Financing Policy as its third sovereign lending instrument – alongside investment lending and program-based operations (PBOs). The policy will support government-owned programs by linking disbursements directly to the achievement of program results, thus sharpening the institutional focus on results and enhancing development effectiveness. The Bank Group also adopted the Policy on the Prevention of Illicit Financial Flows (IFFs) and endorsed an action plan to strengthen its internal anti-IFF practices and enhance its collaboration with regional bodies in this regard.

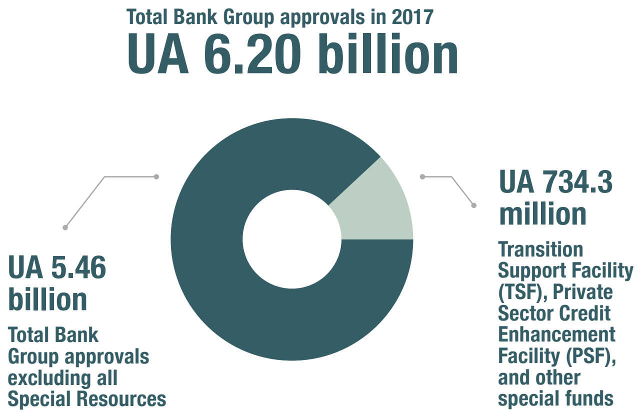
Fifth, the Bank Group successfully mobilized important volumes of resources for Africa. In 2017, UA 6.85 billion (equal to 99 percent of the approved borrowing program) were raised on the international capital market by leveraging the Bank's balance sheet. This included two of the Bank's largest-ever bond issues yet – a USD 2.5 billion three-year global benchmark, followed by a USD 2 billion five-year transaction, the largest in this maturity range.

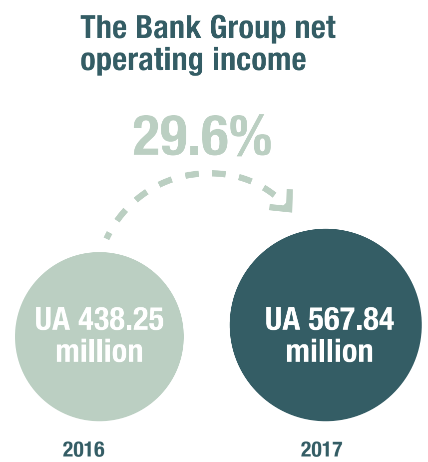
Additionally, operations approved during the year generated UA 7.65 billion in co-financing from the Bank's traditional and new partners. Significantly, UA 4.23 billion were leveraged as co-financing for private sector operations. Among other agreements, one signed with the EU in 2017 will bring EUR 2.2 billion for the EU-Africa Investment Platform, and USD 6 billion were mobilized for the Japan-Africa Energy Initiative.

Sixth, the Bank revamped its non-lending activities, produced several impactful knowledge products, and stepped up its advisory role to RMCs. All economic flagship reports were published as planned. Confirming the quality of the Bank's knowledge products, 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 2017, up from 28th, three years earlier. In the same vein, the impact factor of the flagship African Development Review improved to 1 in 2017, up from 0.724 three years earlier. For the first time, the African Economic Outlook was prepared entirely by Bank staff members and completed in 2017 for an early launch in January 2018 following Management's decision to bring forward its publication date.

Finally, the Bank Group's operations continued to deliver important development impacts in Africa in each of the High 5 priority areas. Power generation projects approved in 2017 will install 1,400 MW of new renewable energy capacity once completed. Thanks to Light Up and Power Africa, 4.4 million people were provided with electricity. Feed Africa provided 8.5 million people (half of them women) with improved agricultural technologies. Advancing the Industrialize Africa priority, 210,000 owner-operators and small businesses benefited from access to financial services. Projects in the Integrate Africa priority eased access to transport for 14 million people. Last, the Bank Group helped the Improve the Quality of Life for the People of Africa priority by providing better access to water and sanitation to 8.3 million people and supporting some 1.5 million direct jobs.

Bank efficiency indicators improved markedly in 2017. Despite operating in a challenging context, the Bank maintained a very strong financial profile, as reflected in its capital adequacy, funding, and liquidity. Prudent financial and risk management policies have mitigated risks while ensuring sound capitalization and strong liquidity levels. The net operating income of the Bank Group, which had declined between 2014 and 2015, has turned around rapidly. The Bank Group's net operating income rose from UA 438.25 million in 2016 to UA 567.84 million in 2017, a 29.6 percent increase and highest since 2009. And 90 percent of the allocable income of the Bank, apart from reserves, has gone into support for low-income ADF countries.





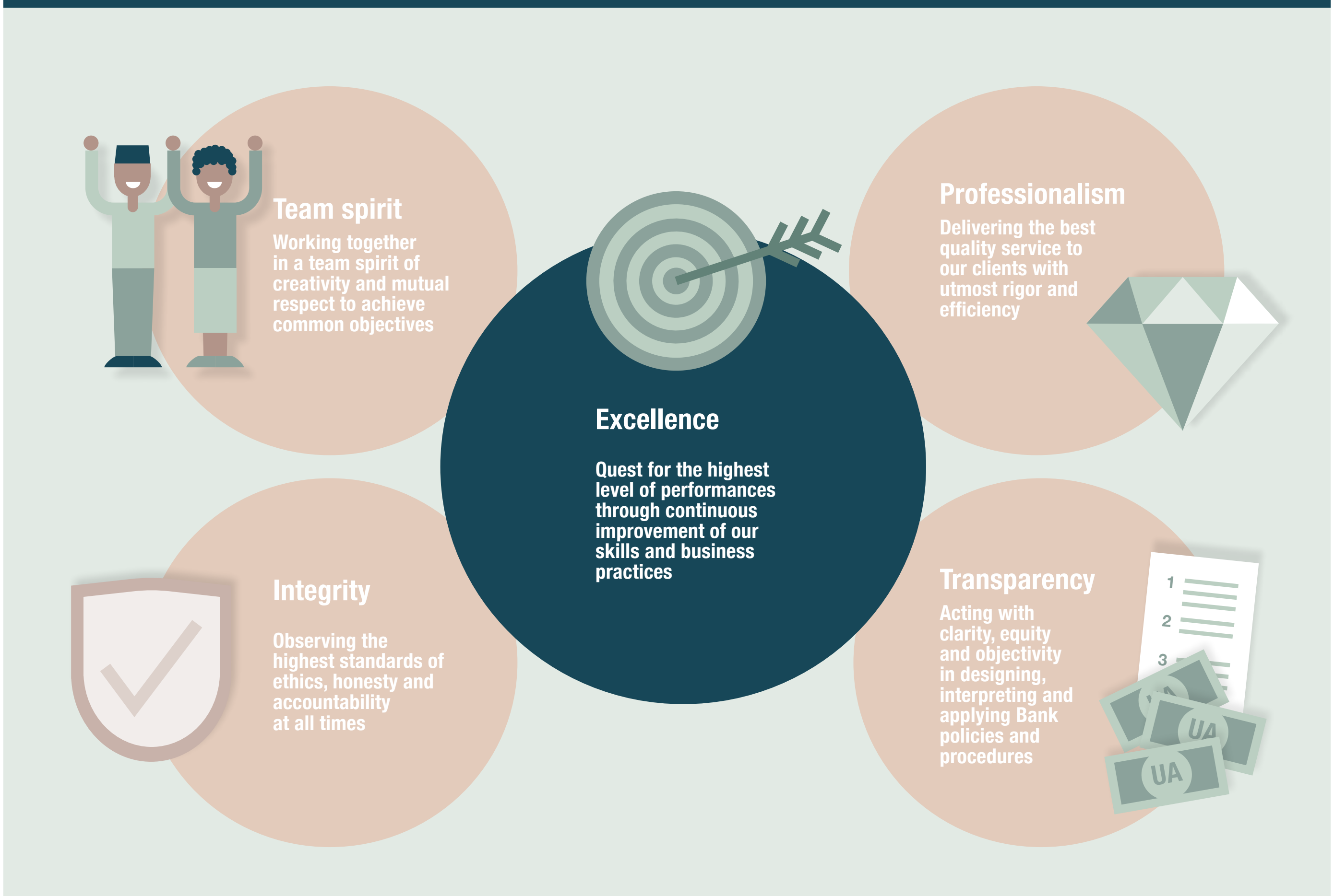
Looking ahead

Despite the achievements in 2017, several challenges remain, which are being addressed as the Bank moves forward. Improvements in disbursement volumes, overall portfolio performance, project cycle and procurement processes still require close monitoring. The average lapse of time from approval to effectiveness for first disbursement and from approval to first disbursement needs to be reduced at a faster pace. To further improve portfolio performance and efficiency in project cycle processes, the Bank is implementing a phased approach. Based on an in-depth review of a sample of slow disbursing operations, lessons from evaluation reports are being incorporated in the design of future operations. Time-bound action plans have been developed to address the implementation challenges for each project, leveraging on the enhanced country and regional presence of the Bank. This focus on portfolio performance will be streamlined throughout all sovereign operations, strengthening quality-at-entry, enhancing project supervision, and canceling non-performing operations much more quickly.

Under decentralization, senior managers in regional and country offices have been empowered to be decision makers. Principles underscoring faster decision making, greater transparency, and stronger performance have been instilled in the Bank's new culture to drive organizational effectiveness (Figure 1.1). Other reforms to strengthen the Bank's execution capability and expedite loan approval and disbursement are at advanced stages. With the institutional reforms solidly anchored, the Bank's focus has shifted to accelerating delivery and enhancing developmental impacts. The cascading of performance targets to regional, sectoral, and managerial levels for enhanced accountability for delivery is well under way. In addition, efforts are being stepped up to deploy innovative financial solutions to address financing gaps in RMCs.

The Bank is striving to manage its human resources even more cost-effectively: rather than hiring staff simply to meet gross vacancy numbers, it has given priority to recruitment for critical positions to deliver development results at scale. It will continue to improve its human resource management practices to ensure a shift to a culture of performance and results while accelerating the recruitment and retention of staff for the skills required to implement the High 5s.

Figure 1.1 Organizational values and culture



2 Bank Group Operations through a High 5 Lens

Plant operator at Menengai Geothermal Project, Kenya

The Bank Group continued in 2017 to implement the High 5 priorities alongside the Ten-Year Strategy through lending and non-lending activities. The latter included Economic and Sector Work, knowledge products and services, new policies and strategies, and new initiatives and partnerships along with deepening existing ones. Approvals were aligned with the High 5s. Gender was mainstreamed into operations and policies to ensure that the Bank Group's work delivers significant impacts for women. Additionaly, countries in fragile situations received special attention. The Bank Group also remained sensitive to Regional Member Countries (RMCs) adjusting to the collapse of commodity prices and to the humanitarian crisis in the Horn of Africa. It continued to mainstream climate change and green growth concerns into the High 5s and helped a number of countries adapt to climate change.

Approvals

Bank Group approvals for 2017 amounted to UA 6.20 billion across 249 operations (Figure 2.1).[1] The Improve the Quality of Life priority continued to absorb the biggest share of approvals, at UA 2.83 billion (45.7 percent of total approvals) in 2017. Approvals for Light Up and Power Africa amounted to UA 1.23 billion (20 percent). The Industrialize Africa priority took UA 855.4 million of Bank Group financing (13.8 percent), followed closely by the Feed Africa priority (UA 849.6 million, or 13.7 percent). Finally, approvals for Integrate Africa reached UA 431.5 million (7 percent).

Total approvals were UA 2.16 billion lower than the historic 2016 achievement of UA 7.62 billion (excluding all Special Resources). The decline in approval levels reflected in Figure 2.1 was due to several factors: 2016 was a special year, as the Bank stepped up its efforts to provide counter-cyclical financial support through large program-based operations (PBOs) to RMCs hit by the collapse in commodity prices that began in 2013 and continued through 2016. With the recovery in commodity prices and improved macroeconomic prospects in natural resource-rich economies, Bank Management self-imposed a 15 percent cap on PBOs to lending operations and shifted lending toward investment projects. In addition, lending volumes were carefully monitored and adjusted to ensure that there is no breach of the Bank's prudential ratios and threat to its credit rating.

1 This includes approvals across the Bank Group's three entities – the African Development Bank (ADB), the African Development Fund (ADF), and the Nigerian Trust Fund (NTF) – totaling UA 5.46 billion as well as approvals under the Private Sector Credit Enhancement Facility (PSF), the Transition Support Facility (TSF), and the Special Funds amounting to UA 734 million.

Disbursements

Total disbursements stood at UA 5.43 billion in 2017, a 15 percent increase over 2016 and the highest on record for the Bank Group (Figure 2.2). This improved performance is due in part to decentralization, which has helped deepen engagement with RMCs and speed up project implementation and monitoring – including that for slow-disbursing projects now subject to faster cancellations.

The increase in disbursements in 2017 was driven, to a large extent, by the 42 percent increase in project loan and grant disbursements, in part reflecting improved portfolio management. Among them were some notable private sector disbursements – such as for the First Bank of Nigeria (UA 150 million) and South Africa's Eskom II (UA 122 million). At UA 1.16 billion, disbursements for non-sovereign operations were 56 percent higher than in 2016, and 16 percent over the target for 2017. Confirming the increased disbursements on non-sovereign operations, the disbursement ratio on this financing window reached 64 percent in 2017, well above the target for the year (50 percent).

Also contributing to the rise in total disbursements were disbursements on lines of credit, which increased by 29 percent to UA 719 million in 2017. On the other hand, disbursements on policy-based loans fell by 11.2 percent relative to 2016. While the disbursement volume on the ADB Public Sector was roughly on target, the disbursement ratio (16.3 percent) fell short of its target of 23 percent. For the ADF entity, the disbursement ratio (21.4 percent) was higher than the target (18 percent).

Figure 2.1 Bank Group approvals by High 5 priority, 2015 - 2017 (UA millions)

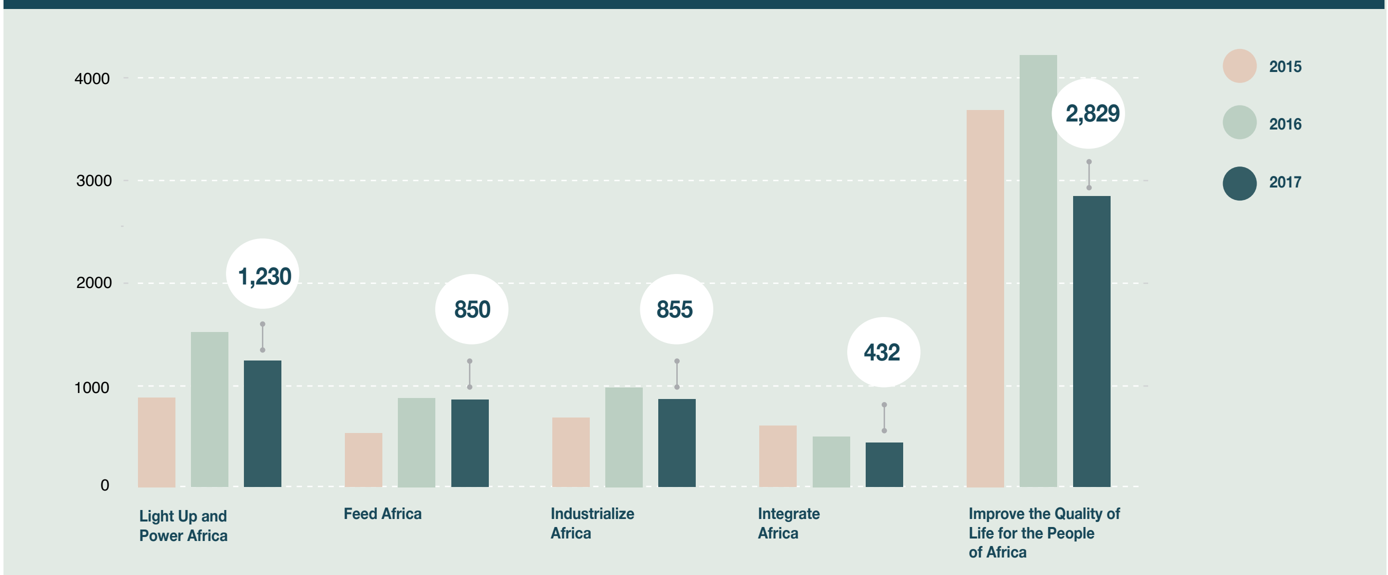
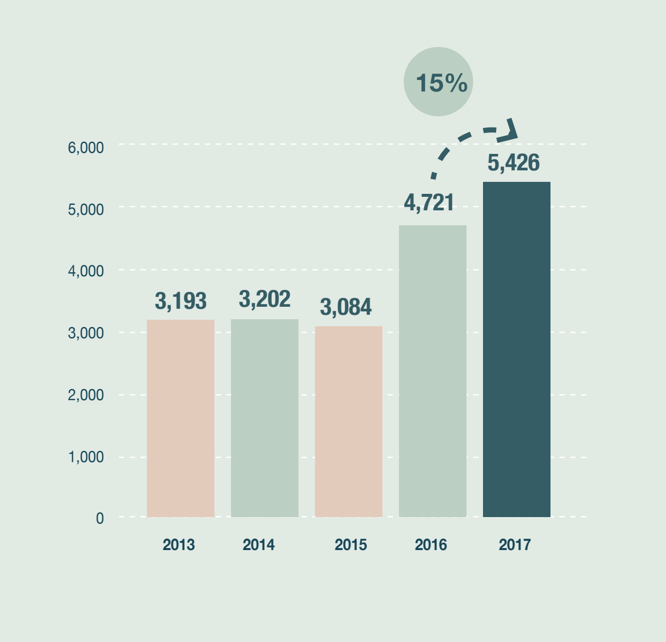
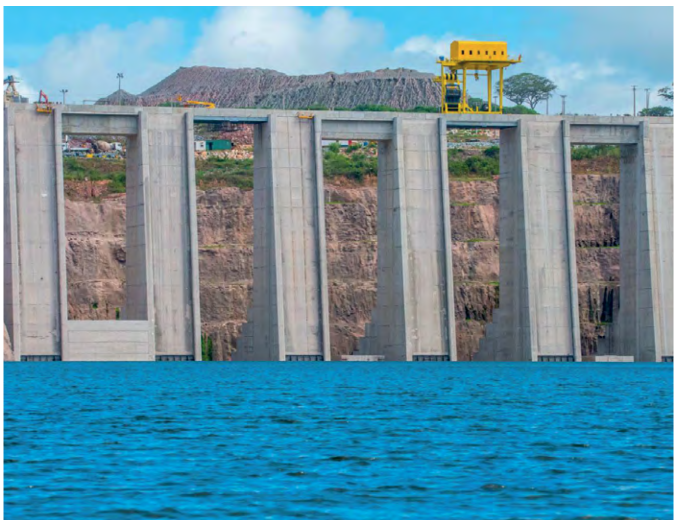


Figure 2.2 Bank Group disbursements, 2013 - 2017 (UA millions)



Bank Group's portfolio

The Bank Group's active portfolio on 31 December 2017 stood at UA 36.49 billion. Most of the portfolio shows satisfactory performance while the rest are either under close watch or require Management attention. Delays in project implementation were a key factor explaining flagged operations. They arose from delays in approval by the borrowing countries' parliaments; delays in obtaining counterpart contributions to the projects; lack of capacity among implementing agencies; and delays related to project readiness.



Angola's Lauca hydropower dam

Light Up and Power Africa

In 2017, the Bank Group dedicated much effort to executing the New Deal on Energy for Africa – the Bank Group's strategy to Light Up and Power Africa – and key related initiatives, such as the Off-grid Revolution or Desert-to-Power. It also approved implementation arrangements for the Facility for Energy Inclusion through two dedicated funds (for on-grid and off-grid access) to close funding gaps in the small-scale energy infrastructure sector and catalyze growth in last-mile energy access solutions.

Total approvals for Light Up and Power Africa amounted to UA 1.23 billion in 2017. The share of infrastructure investment increased to 91 percent, from 47 percent the year before. The Bank Group mobilized UA 3.52 billion in external co-financing, and private sector lending was up 40 percent to UA 290 million. Significantly, 100 percent of the Bank Group's approvals in the power generation sector were for renewable energy projects, such as Cameroon's 420 MW hydropower plant (Box 2.1). Multinational operations also made up a fair share of approvals for Light Up and Power Africa. These included a UA 300 million power interconnection project to construct a 714 km transmission line between Guinea and Mali. As part of the West African Power Pool, the transmission line will connect to other lines currently under construction in the sub-region, thus advancing the region's integration. The Bank Group invested UA 60 million through the African Development Fund (ADF) and mobilized UA 25 million from the EU–Africa Investment Facility.

The year 2017 saw five major energy projects completed – in Angola, Burkina Faso, Morocco, Senegal, and Zimbabwe. In Zimbabwe, a USD 35.3 million grant for refurbishing the ash plant at Hwange Coal Power Station and rehabilitating its sub-transmission and distribution facilities boosted electricity production by 717 gigawatt-hours (GWh). Reliable power supply for water pumps and treatment plants has reduced the risk of cholera and other waterborne diseases.

UA 1.23 billion

Invested to Light Up and Power Africa in 2017

40%

increase in private sector lending

Box 2.1

Cameroon's hydropower plant

The Nachtigal project is a 420-megawatt run-of-river hydropower plant in the south of Cameroon with a projected annual output of more than 2,800 gigawatt hours. Energy of Cameroon – the national utility – will be the off-taker under a 35-year power purchase agreement, purchasing electricity at the set price of 6 cents per kilowatt hour.

The project will increase the country's installed capacity by more than 30 percent. The use of hydropower, the most cost-effective and the cleanest source of energy for Cameroon, will save an estimated 1.35 million tons equivalent of greenhouse gas emissions a year. By providing clean and reliable power at a competitive tariff, the project will help support industrial expansion, job creation, and economic growth, benefiting especially the local community.

In a significant non-lending activity, the Bank, in collaboration with the UN Environment Program, launched the Atlas of Africa Energy Resources at the World Economic Forum in Durban, South Africa, in May 2017. Featuring 64 maps, 73 satellite images, and hundreds of photos, the atlas offers an authoritative guide to Africa's energy sector.

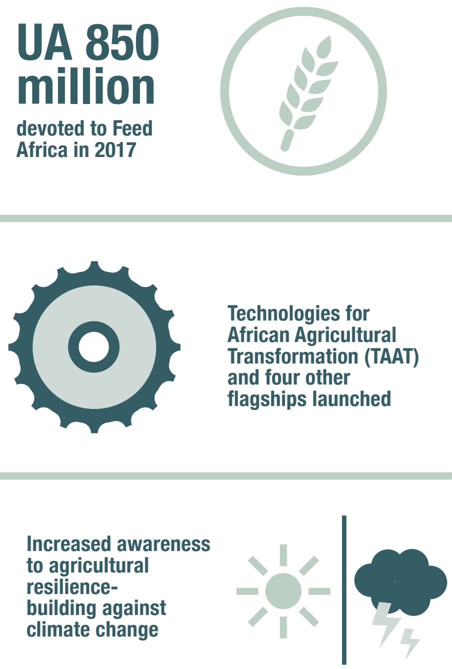
Feed Africa

The Bank Group implemented a range of activities under the Feed Africa flagship programs, launching new initiatives and approving 50 Feed Africa priority operations in 2017.

In November 2017, the Board approved the Technologies for African Agricultural Transformation (TAAT) – a major initiative to boost agricultural productivity in Africa by delivering proven technologies on a massive scale to farmers. TAAT is committed to mobilizing an estimated USD 1 billion through strategic partnerships. The Bank Group will invest a total of USD 404 million through this flagship, including USD 248 million in country programs across 18 RMCs, with nine high-yield commodities prioritized.

Fruits and vegetables market, Nairobi, Kenya

TAAT will work with African Women in Agricultural Research and Development (AWARD) to reach out to the women who make up more than half of African farmers. By 2025, interventions under TAAT are expected to create 3 million direct farm jobs, raise farm household income by USD 600 a year, and help lift 40 million people out of poverty.



Under the ENABLE Youth Program, capacity-building and advocacy events were organized to empower young "agripreneurs." These included the first African Youth Agripreneur Forum (AYAF) in Ibadan, Nigeria, which attracted over 250 delegates from 30 countries. The

Forum included an AgriPitch Challenge for 20 agripreneurs, a two-day coaching and training boot camp on business development. Subsequently, nine agripreneurs from eight countries received small and medium enterprise (SME) training by the Korean Institute for Development Strategy in Seoul, Korea, drawing on Korea's successful experience in promoting SMEs. In another event, the Brazil Africa Institute shared best practices from Brazil's cassava value chain with 28 agripreneurs from 14 African countries during a two-month training course in Brazil. ENABLE Youth side events were also held at the Bank's Annual Meetings in India, at the African Green Revolution Forum in Abidjan, and at the World Food Prize Ceremony in Iowa, with agripreneurs participating in all these events. Many agripreneurs received practical training on agribusiness development, were exposed to emerging and cutting-edge innovations in the agriculture sector, participated in high-level forums, and interacted with leading personalities in the sector. In brief, the events opened up a world of opportunities for the agripreneurs. The AYAF and AgriPitch have now been established as key annual events for stakeholders in the agripreneur space on the continent. This advocacy of agripreneurship is also creating demand for investments by RMCs, and in 2017 ENABLE Youth expanded to eight new countries with projects and project preparation financing, bringing total approvals under the program to about USD 300 million.

Approvals for the Feed Africa priority amounted to UA 849.6 million in 2017, representing a bigger share of total Bank Group approvals (13.7 percent, up from 10.8 percent in 2016). The Bank Group's focus was on promoting agriculture as a business, with key approvals in agricultural value chain development for Angola, Ghana, and Uganda, crop-specific projects in Guinea-Bissau (rice) and Nigeria (potato), and agro-industrial poles – coordinated multisector investments supporting industrialization – in Côte d'Ivoire. Gabon's GRAINE support program (UA 81.6 million), a fitting example of public–private partnership in agriculture, will allow the country to diversify its economy from petroleum while improving food security. It will directly affect some 140 farmer cooperatives. A recently completed project in Mozambique shows the potent role that agricultural development can play in reducing poverty among smallholder farmers (Box 2.2).

Lake Guiers restoration project, Senegal

"I've been here since 1992. Half of the young people have left on the risky adventure to get to Spain by boat. Others went to Dakar or Mauritania. With the arrival of the Lake Guiers Office, water has become accessible. We acquired motorized water pumps and dug ditches to irrigate our land. Before the project, we planted 50 hectares in our zone per year. Today we are at 2,000 hectares. The car you see there, I bought it for 4 million CFA francs thanks to my potato harvest last year. If I can make more than 4 million CFA francs, it's because I have better yields thanks to the dredging of the lake."

Djiby Mbaye, farmer.

Box 2.2

Rehabilitating the Massingir Dam to support smallholder agriculture in Mozambique

The project, approved in 2007, aimed at rehabilitating the 30-year-old Massingir Dam and enhancing smallholder farmer productivity in a range of food and cash crops through improved downstream irrigation and drainage infrastructure.

Commissioned in 2017, the project has restored the dam's full operating capacity (2,480 cubic meters), installed a new pump station, and built 22 km of main canal and 60 km of secondary ducts. As a result, the area under irrigation has doubled to 40,000 hectares, and is projected to increase further to 90,000 hectares. Alongside improved irrigation, disseminating an array of agricultural technologies (including better varieties of rice and vegetables, integrated pest management, and training for smallholder farmers) has caused the average area under cultivation, and the agricultural yields, to increase by at least 50 percent. According to estimates, farmers' net income has gone up from the baseline average of MZN 15,000 (in 2007) to MZN 35,000 (in 2016) and is expected to reach MZN 40,000 as the project's full potential is realized in coming years.

Consistent with the Bank's green initiative, agricultural resilience-building in the face of climate change received a high priority in 2017, with such projects as irrigation-water saving in Morocco, drought resilience and sustainable livelihoods in Eritrea, and climate-resilient livestock management in Zambia. Other approvals were for famine-related humanitarian assistance.

In 2017, the Bank Group launched four other Feed Africa flagships:

- **The Transformation of African Savannah Initiative (TASI)** is the Bank's response to Africa's rising food imports by bringing under cultivation some 2 million hectares of savannah over the next eight years. This will be achieved through the use of cutting-edge technologies for maize, soybean, and livestock, commercial farming skills, and long-term blended finance to support farmers. A TASI pilot in Ghana was launched in November 2017.

- **The Post-Harvest Losses and Agro-Processing program** seeks to increase the efficiency of post-harvest systems by strengthening policies, institutions, and rural infrastructure and by supporting technology and market development to reduce post-harvest losses. The program will be mainstreamed into all agricultural value chains.

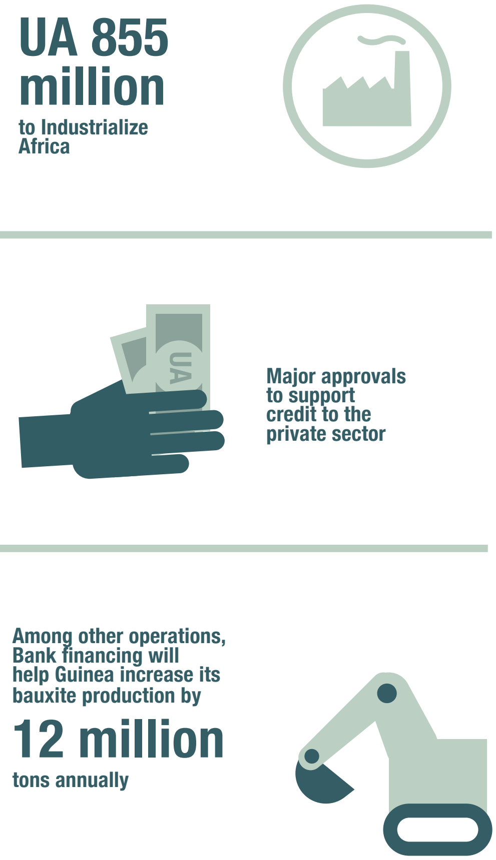
- **The Leadership for Agriculture platform** assembles policymakers, technical experts, private sector actors, and community champions for dialogue, advocacy, and policy formulation to pursue Africa's agricultural transformation. Launched by the Bank and the Initiative for Global Development Abidjan in November 2017, the platform also has the financial support of the Rockefeller Foundation.

- **The Say No to Famine framework** was adopted in May 2017 to respond with leadership and agility to the humanitarian crisis caused by prolonged drought in several RMCs. The Bank Group swiftly approved grants for Somalia (UA 25 million) and South Sudan (UA 31.5 million) as part of a Short-Term Regional Emergency Response Project, which is expected to benefit more than 1 million people facing famine and malnutrition. The Bank Group intends to invest about USD 1.1 billion in a coordinated response under this framework.

Industrialize Africa

The Industrial and Trade Development Department, which began operating in 2017, will champion the Industrialize Africa priority while implementing the Bank Group's trade agenda.

Approvals for Industrialize Africa in 2017 were UA 855.4 million. Most approvals (82.7 percent) were for financial sector operations to support credit to the private sector. The Bank approved UA 332.4 million for the African Export–Import Bank to support its trade finance activities.



Three private sector projects targeted industrial development directly: loans to the National Industrial and Mining Company of Mauritania (USD 50 million), to Morocco's TEKCIM Cement (EUR 50 million), and to the Boké project in Guinea (USD 100 million; Box 2.3). Several sovereign operations approved in 2017 also had industrialization components, including policy support to create an enabling environment, promote good governance, and mobilize public sector resources for industrial development. In Madagascar, for example, a competitiveness support program involving adoption of a national public–private partnership strategy and the establishment of special economic zones is expected to boost public and private investments, increase value addition, and create some 100,000 jobs during the program's three-year implementation.

Industrialization presents significant potential for creating jobs, boosting economic growth, and ultimately improving the quality of life for people of Africa, as in the Bank-financed Derba Midroc Cement Plant in Ethiopia, completed in 2017 (Box 2.4).

Among other initiatives, the Bank partnered with the United Nations Industrial Development Organization to support African countries in developing sound industrial policies. Ethiopia and Senegal were among the first beneficiaries.

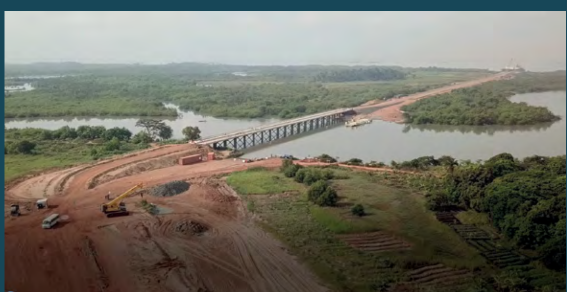
Box 2.3

Boosting bauxite production in the Boké region of Northwestern Guinea

The Bank is co-financing the development of an integrated bauxite-mining and transport infrastructure operation by the Guinea Alumina Corporation. The Bank provided USD 100 million in senior debt alongside other co-financiers to the USD 1.4 billion project, sponsored by Emirates Global Aluminum.

Guinea has the world's largest reserves of bauxite, the main ore used in manufacturing aluminum. The project will contribute to the transformation of Guinea into a leading world producer and exporter of bauxite and aluminum while contributing to the development of core transport infrastructure. An upgrade to the rail system linking the Boké region to the Port of Kamsar will transport bauxite, general cargo, and passengers.

The facility will have an annual production capacity of 12 million tons of bauxite. The construction phase is expected to employ 3,500 workers, 2,500 of them Guineans. Once in operation in 2019, the project will employ some 350 staff and 400 contractors. The largest greenfield investment project in Guinea for four decades, the project will contribute an estimated 10 percent of gross domestic product and boost government revenue, exports, and employment.



Aerial view of the Boké mining project, under construction

Box 2.4

The Derba Midroc Cement Plant project in Ethiopia

The 1.7 million tons of cement produced in Ethiopia in 2015 was insufficient to meet the booming construction sector's demand. To increase capacity, the Bank approved a USD 55 million long-term senior loan for the Derba Midroc Cement Plant. It also acted as lead in arranging financing for the project, mobilizing investment from lenders such as the Development Bank of Ethiopia and other Ethiopian institutions.

The coming into operation of the plant in 2017 precipitated a 70 percent fall in the price of cement in Ethiopia.

The project has created 1,460 jobs directly and is expected to create more than 1,000 ancillary jobs. As part of an integrated development program, 40 percent of the power produced by a 5 MW plant installed at the cement factory goes to the local community.

Derba Midroc cement plant, Ethiopia

"Before Derba, the construction industry was suffering. This time, if we order cement from Derba, we get it on-site in three or four days."

Samuel Telklay,
Satcon Construction

Integrate Africa

With a new Regional Integration Strategy in preparation, the Bank Group's activities under the Integrate Africa priority remain guided by the current Regional Integration Policy and Strategy 2014–2023. In 2017, the Bank Group approved major investments in hard and soft infrastructure to integrate financial and telecommunications markets, develop roads and bridges, and grow regional value chains that promote complementary markets. Projects ranged from technical assistance, to trade facilitation along corridors, and to multinational road and transport networks.

Approvals for Integrate Africa totaled UA 431.5 million in 2017. They were concentrated in multinational projects in the transport and finance sectors; there were no approvals in the (multinational) communication sector.

Transport (multinational)

Approvals in the multinational transport sector amounted to UA 360.8 million, representing 33.7 percent of total approvals in the transport sector (UA 1.07 billion). With 312 km of cross-border roads built or rehabilitated, operations in this sector will help plug gaps in major transport corridors and enhance linkages between countries. The Uganda–Kenya corridor and the Eldoret bypass in Kenya, the largest operation by value (USD 253 million), will boost regional trade in the East African Community – a region already known for its high level of intra-bloc trade – and improve the standard of living of millions of people. Other regional road projects include reconstruction of the Coyah–Farmoreah border road between Guinea and Sierra Leone (UA 38.3 million) and the construction of a bridge over the Logone River between Yagoua, Cameroon, and Bongor, Chad (UA 54.8 million).

Among multinational transport projects completed in 2017 are two major transport corridors in East Africa, with links to the northern and central corridors. This includes construction of 548 km, and rehabilitation of 320 km, of road along the Mombasa–Nairobi–Addis Ababa corridor, with a one-stop border-post at Moyale. The project has spurred economic activity along the corridor and will promote trade between Ethiopia and Kenya. Public transport has improved, with regular bus service between Moyale and Nairobi, fares have gone down 40 percent, and travel time has been reduced from more than three days to less than a day. A bank and several banking and money transfer outlets have set up along the route, and six new hotels and guesthouses have started operations in the Kenyan town of Marsabit alone. The project generated more than 65,000 person-months of local employment during construction and is expected to create thousands of jobs through new economic opportunities.

Trans-African Highway Cairo–Cape Town

From Tanzania:
"I buy goods and transport them to Dar-es-Salaam, Tanzania. Before the road was made, we were using the Singida or Arusha routes. It took a long time, almost two or three days. But now, because this new road is about to be complete, we take about 12 or 15 hours. Now I'm reaping the benefits of this road."

Mohammed Bajwa,
businessman

"The road has helped me to deliver goods much faster to marketplaces and saved me a lot of expenses from doing car repairs due to bad conditions of the older roads."

Omari Ayubu,
truck driver

UA 432 million
to Integrate Africa

312 km
of cross-border roads built or rehabilitated

Major operations in East, West, and Central Africa

One-stop border post (Kenya side) at the Kenya–Ethiopia border in Moyale

The Bank sees aviation as an accelerator for regional integration and economic growth. Africa's aviation industry contributes USD 73 billion to the continent's GDP and employs some 7 million people, with considerable unexploited growth potential. In 2017, the Bank Group approved USD 108.4 million in financing to support Air Côte d'Ivoire's modernization and fleet expansion while mobilizing an additional EUR 253 million from the private sector. This investment will allow Air Côte d'Ivoire to acquire five new aircraft and expand the number of passengers it serves from 3 million per year today to 8 million by 2026. The Bank also financed the construction of a new runway at the Jomo Kenyatta International Airport in Nairobi.

Policy initiatives

The Bank Group approved several multinational operations in trade facilitation, with significant potential to boost regional integration. For example, a trade facilitation project along the Lobito corridor between Angola and Zambia set up a simplified trade regime for small cross-border traders – including many women – who are subject to double taxation. Moreover, a one-stop border post between the two countries at the Jimbe border will facilitate cross-border trade and benefit local SMEs by linking them to established firms in regional value chains.

The Bank launched the second edition of the Africa Visa Openness Index in 2017. The index has helped raise awareness and drive deep visa policy reforms across the continent, unlocking opportunities for intra-regional tourism, trade, and investment. Several additional countries have embarked on reforms of visa procedures, including Benin, Ghana, Malawi, Senegal, and Tunisia.

The Bank participated in negotiations on the Continental Free Trade Area, to be launched in March 2018. It seeks to mobilize USD 8 million to support implementation of the Boosting Intra-African Trade (BIAT) Action Plan.

Improve the Quality of Life for the People of Africa

In 2017, the Bank Group's focus in this High 5 priority area was on jobs. By the end of the year, job creation had been mainstreamed in 46 percent of Bank-approved operations. Bank Group approvals in 2017 are expected to create or support 56,510 small and medium enterprises (up from 24,438 in 2016), and train close to half a million people, mostly youth. Operations in the water supply, sanitation, and hygiene sector continued to receive attention. Among non-lending operations, nutrition was high on the Bank's agenda. Approvals for the Improve the Quality of Life for the People of Africa priority in 2017 totaled UA 2.8 billion, close to 46 percent of total approvals.

Water and sanitation

The Bank Group approved 18 operations worth UA 338 million in the water and sanitation sector in 2017. These operations are expected to provide access to safe water for 4.7 million people and to improved sanitation for about 15.2 million people. They will support job creation and enhanced water sector governance, leading to more sustainable and equitable service delivery.

UA 2.8 billion

to Improve the Quality of Life for the People of Africa

Approvals in 2017 will provide safe water and improved sanitation to some

20 million people

The largest approval was for a sustainable water supply and sanitation program for Rwanda, financed by a Bank loan of USD 121 million, with an additional USD 50 million from the Africa Growing

Together Fund. The program will extend infrastructure and services to Kigali and seven satellite towns, benefiting an estimated 1.1 million people with improved water supply and 475,000 more people with better sanitation.

In Ethiopia, the Bank Group approved a water supply, sanitation, and hygiene program to expand access to such facilities in rural and pastoralist areas hit by drought in the Horn of Africa. The program will improve the livelihoods of about 3 million people and increase resilience to climate change in affected communities. Nearly 8,000 water schemes will be constructed or rehabilitated across 177 districts where water shortages affect health, thus reducing the incidence of diseases like typhoid. A Bank grant of USD 5.5 million in 2017 is in addition to initial funding of USD 91 million for the same project in 2014.

Projects completed in Mozambique and Kenya in 2017 show significant positive impacts on the quality of life (Box 2.5).

Box 2.5

Water and sanitation projects improving peoples' lives in Kenya and Mozambique

In Kenya, the Nairobi Rivers Rehabilitation project (UA 39.9 million, approved in 2010) aimed to upgrade the quality, availability, capacity, and sustainability of wastewater services in Nairobi through the construction, rehabilitation, or extension of sewerage services and wastewater treatment plants. The project improved the quality of water and reduced the incidence of typical waterborne diseases by nearly 46 percent in one year. In addition, it created 2,000 jobs at the implementation stage and is projected to generate an additional 200 jobs. The Kariobangi wastewater treatment facility will produce about 0.5 megawatts of electricity, meeting more than 60 percent of the need, by digesting sludge, whose by-product is usable as a soil conditioner.

A rural program in Mozambique, financed by an African Development Fund (ADF) grant of UA 12.7 million in 2010 increased sustainable access to improved water supply and sanitation in the poorly served provinces of Nampula and Zambezia. The water supply improved for 224,000 people, and better sanitation facilities were provided for 496,000 people.

Wastewater treatment plant, Dandora, Kenya

Inauguration of public water tap, Nampula Province, Mozambique

Urban development

The Bank is giving renewed attention to cities and urban development to ensure that urbanization delivers on its promise of a better life for the growing number of urban residents. In 2017, the Bank Group invested UA 238 million to modernize Senegal's capital, Dakar, including the "Promovilles" program, upgrading 78 km of urban roads in 13 municipalities, and the Dakar–Diamniadio–Blaise Diagne Airport Regional Express Train project (Figure 2.3).

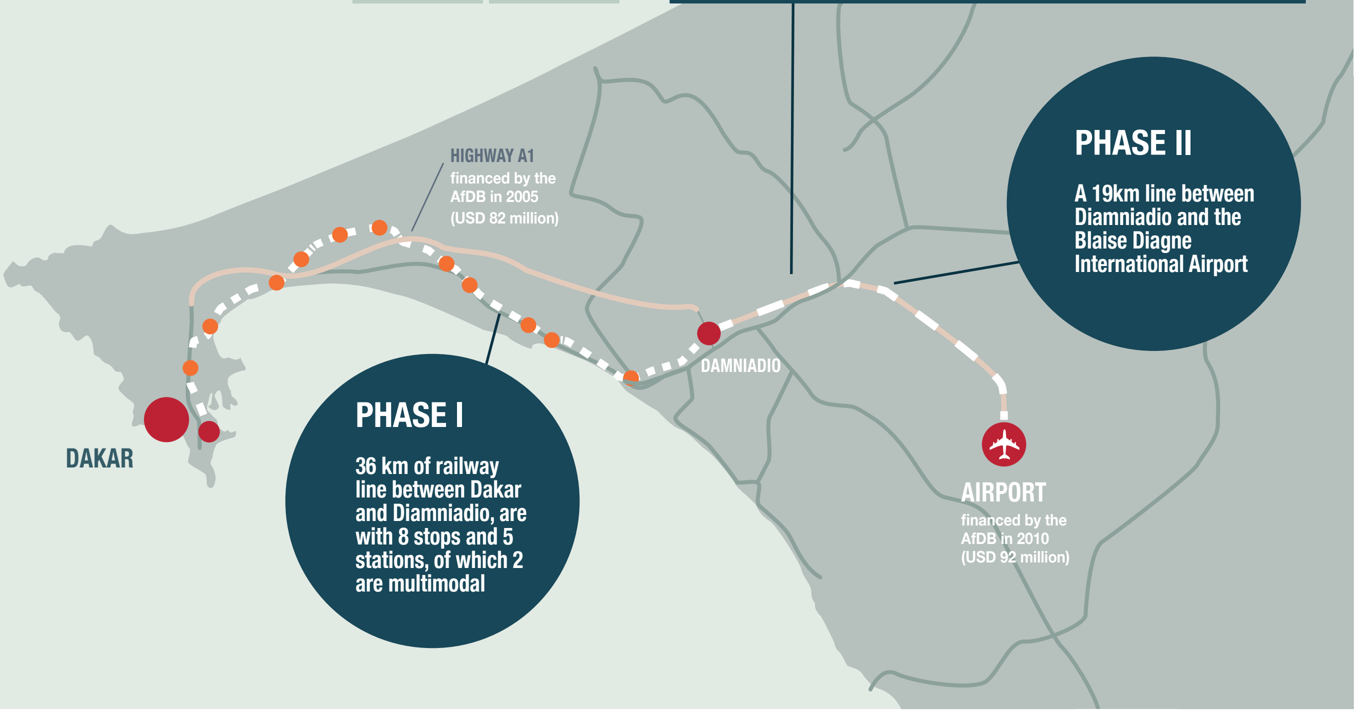
Figure 2.3 The Dakar–Diamniadio–Blaise Diagne Airport Regional Express Train (TER), Phase 1

TER – What will change

	2015	2019
PTB's speed	20 km/h	60 km/h
Average travel time between Dakar and Rufisque (near Diamniadio) via the PTB	2 hrs	45 min
Passengers per day (current use of the PTB)	25,000	113,000

Financed by an ADB loan of CFAF 120 billion, the 55 km-long railway will connect the heart of the capital to the new Blaise Diagne Airport (funded by the Bank in 2010), reducing the journey time between the historic stations of Dakar and Rufisque from about two hours to just 45 minutes. The TER will also serve a digital technology park, another Bank-financed project, currently under construction, in the bustling city of Diamniadio.

The project is a great complement to the Dakar-Diamniadio toll highway (picture), co-financed by the Bank in 2010 (Phase I) and 2014 (Phase II). Coming into operation in October 2016, the highway has reduced the average travel time from more than three hours to less than 30 minutes, with its impacts felt across Senegal.



Information and communication technology

In 2017, the Bank Group continued to support the spread of information and communication technology (ICT) infrastructure and digital services across Africa, investing UA 72 million in two projects in the Central African Republic and Tunisia.

The Central Africa Fiber Optic Backbone project, with 1,000 km of cabling, aims to boost ICT connectivity in the Central African Republic to diversify the economy, secure efficiency gains from lower transaction costs, and ultimately create jobs. The project will set up a data center, an ICT training center, an incubator at the University of Bangui, and some 20 digital community centers along the path of the optical fiber link. It will expand internet access to at least 20 percent of the population, substantially reduce the cost of mobile telephony, and increase the ICT sector's contribution to government revenue from 10.2 percent to 15.0 percent by 2021. This operation complements the 2016 Trans-Saharan Optical Fiber Backbone project.

Box 2.6

Promoting youth employment in Zimbabwe

Sharon Muchena is from Mutare, Zimbabwe. A Bank-funded Youth and Tourism Enhancement project trained her in garment making at the Mutare Vocational Training Centre in Zimbabwe. Sharon and her colleagues run one of the four small enterprises set up and registered at the end of the project in 2017.

Youth and Tourism Enhancement project in Zimbabwe

In Tunisia, the Bank is supporting Digital Tunisia 2020, the country's strategic plan for the ICT sector, through a loan of EUR 71.6 million. The project will increase IT competency among young graduates to better prepare them for employment in the ICT and emerging sectors, as the country seeks to integrate more effectively into global value chains. The Bank's intervention will create about 5,000 jobs, especially for youth and women.

Human and social development

The Bank Group places great importance on skills development and jobs, especially for Africa's youth, as vehicles for human and social development. The Jobs for Youth in Africa (JfYA) strategy became fully operational in 2017, with an array of advocacy and capacity-building activities, including Board approval of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund. With initial commitments of USD 4.4 million from Denmark and Norway, the fund will support building youth innovation labs and entrepreneurship ecosystems across Africa.

In 2017, various training activities were deployed to strengthen internal capacities, along with tools for mainstreaming youth employment and job creation. Attention was also paid to the supply side of skills development to tackle youth unemployment, as illustrated by the Youth and Tourism Enhancement Project in Zimbabwe (Box 2.6).

The Bank Group approved 11 operations worth UA 279 million in support of human and social development. These approvals are projected to deliver significant outcomes. For example, a skills and business development program in Rwanda (UA 60 million) is expected to enhance enterprise growth, especially in the export sector, lifting the share of exports in GDP from 19 percent in 2016 to 22 percent by 2020. An ICT competency project in Tunisia (UA 60 million) will extend digital technology use in secondary schools from 20 percent in 2016 to 26 percent in 2022 and create some 5,000 direct and indirect jobs, especially for youth and women. Tunisia also received financing for a large, inclusive regional development project (UA 100 million).

Nutrition

2017 was eventful for the Bank Group's nutrition initiatives, with the conclusion of major partnership agreements with the Bill & Melinda Gates Foundation (African Leaders for Nutrition) and with the Dangote Foundation and the Big Win Philanthropy (Banking on Nutrition). The Bank joined hands with the Scaling Up Nutrition (SUN) Movement to organize the SUN Global Gathering in Abidjan in November. The 2017 Global Nutrition Report, launched at the conference, highlighted that without massive investment in nutrition (in the order of USD 7 billion annually), many countries would miss their global nutrition targets.

Cross-cutting issues

Countries in situations of fragility

The Transition Support Facility (TSF) – the main vehicle for financing the Bank Group's interventions in countries in fragile situations – approved UA 302.8 million in 2017 for supplemental support (TSF Pillar 1) and targeted technical assistance and capacity-building (TSF Pillar 3) in 2017. Of this amount, UA 63.7 million came from the ADF 13 cycle, which ended in April 2017, with the rest from the ADF 14 cycle. Resources earmarked for debt relief under TSF Pillar 2 (UA 392.3 million) remained unused at the end of 2017 and were rolled over to ADF 14 for the same purpose.

As a reflection of the regional dimension of fragility and the Bank's increasing use of regionally coordinated approaches to address it, UA 125 million was approved for 14 regional operations, or 52 percent of TSF approvals. The energy sector absorbed about 22 percent of approvals.

Among other activities, the Bank Group designed and piloted a new tool – the Country Resilience and Fragility Assessment – to improve its assessment and analysis of fragility by integrating factors not previously taken into account, such as social cohesion and environmental fragility. The Bank also launched the Africa Resilience Forum in January 2017.

The Bank reached out to civil society organizations to enhance its operations in fragile situations. In Eritrea, for example, the Bank has been working with the influential National Union of Eritrean Women to integrate a gender perspective into its Drought Resilience and Sustainable Livelihood Phase II Project. This approach leverages the role of women as agents of change.

Promoting gender equality and civil society engagement

In 2017, the Gender, Women, and Civil Society Department became fully operational following approval of the new Development and Business Delivery Model. To strengthen gender analysis in Country Strategy Papers and country projects, gender specialists were assigned to regional resource centers.

The Gender Marker System – the Bank's approach to mainstreaming gender in its operational work – was also approved during the year. Department staff were trained to use the system in preparation for its full rollout in 2018. A mid-term review of the Gender Strategy was completed in 2017. While noting an increase in gender-responsive practices and policies since the adoption of the Gender Strategy in 2014, the Review rated implementation as modest in terms of efficiency. Implementation was hampered by a shortage of gender specialists in the Bank and some RMCs. Within the Bank, poor cross-departmental communication and a lack of collaboration were cited as additional constraints. Among its recommendations, the Review called for greater effort in gender-responsive monitoring and evaluation.

In November 2017, the Bank co-organized a regional gender statistics workshop, bringing together 68 representatives from 50 RMCs to review and validate the first edition of the Africa Gender Index, a joint initiative of the Bank and the Economic Commission for Africa. Under Fashionomics – a program to support micro, small, and medium enterprises in the textile and fashion sector – the Bank conducted training workshops in financial and business planning, branding, marketing, and networking in Ethiopia and Nigeria. A total of 293 textile and fashion entrepreneurs were trained, including 188 women.

In pursuit of its engagement with civil society organizations (CSOs), the Bank held extensive consultations on the Civil Society Engagement Action Plan and held a Civil Society Panel at the Annual Meetings in May 2017. The panel showcased the diverse forms of CSO engagement in the Bank Group's operations, focusing on agriculture, in line with the theme of the Annual Meetings. It provided a platform to reflect on key challenges in Bank–CSO partnerships for agricultural transformation in Africa and to explore strategies for enhancing such partnerships.

Supporting governance and accountability

The Management-imposed 15-percent cap on ADB-financed program-based operations (PBOs) during 2017 effectively limited the Bank Group's governance-related operations, which declined 56 percent relative to 2016. Twenty-two governance (multisectoral) projects were delivered through the ADF and ADB entities for a total value of UA 1.1 billion. This represented about 17 percent of total approvals, compared with 29.4 percent in 2016. Approvals for countries in fragile situations totaled UA 132 million.

The Central Africa region, which continued to suffer in 2017 from the decline in commodity prices, received 52 percent of Bank Group lending in support of governance. The largest PBO – UA 405 million – was to assist Gabon in implementing economic and financial reforms to consolidate public finance, improve the investment climate, and boost agriculture's competitiveness. Other PBOs approved for Central Africa were for Cameroon (UA 149 million) and Chad (UA 46 million).

Domestic resource mobilization received considerable attention in 2017. PBOs and institutional support programs to 10 RMCs focused on strengthening institutional capacity and supporting tax and customs administration reform to boost internal revenue collection. Among non-lending activities in the governance sector, the Bank Group approved the Policy on the Prevention of Illicit Financial Flows and, with the African Capacity Building Foundation, produced a new flagship report on financial governance – African Governance Outlook 2017. The Bank continued to support the African Peer Review Mechanism, participating in the second review of Uganda during the year.

Climate change

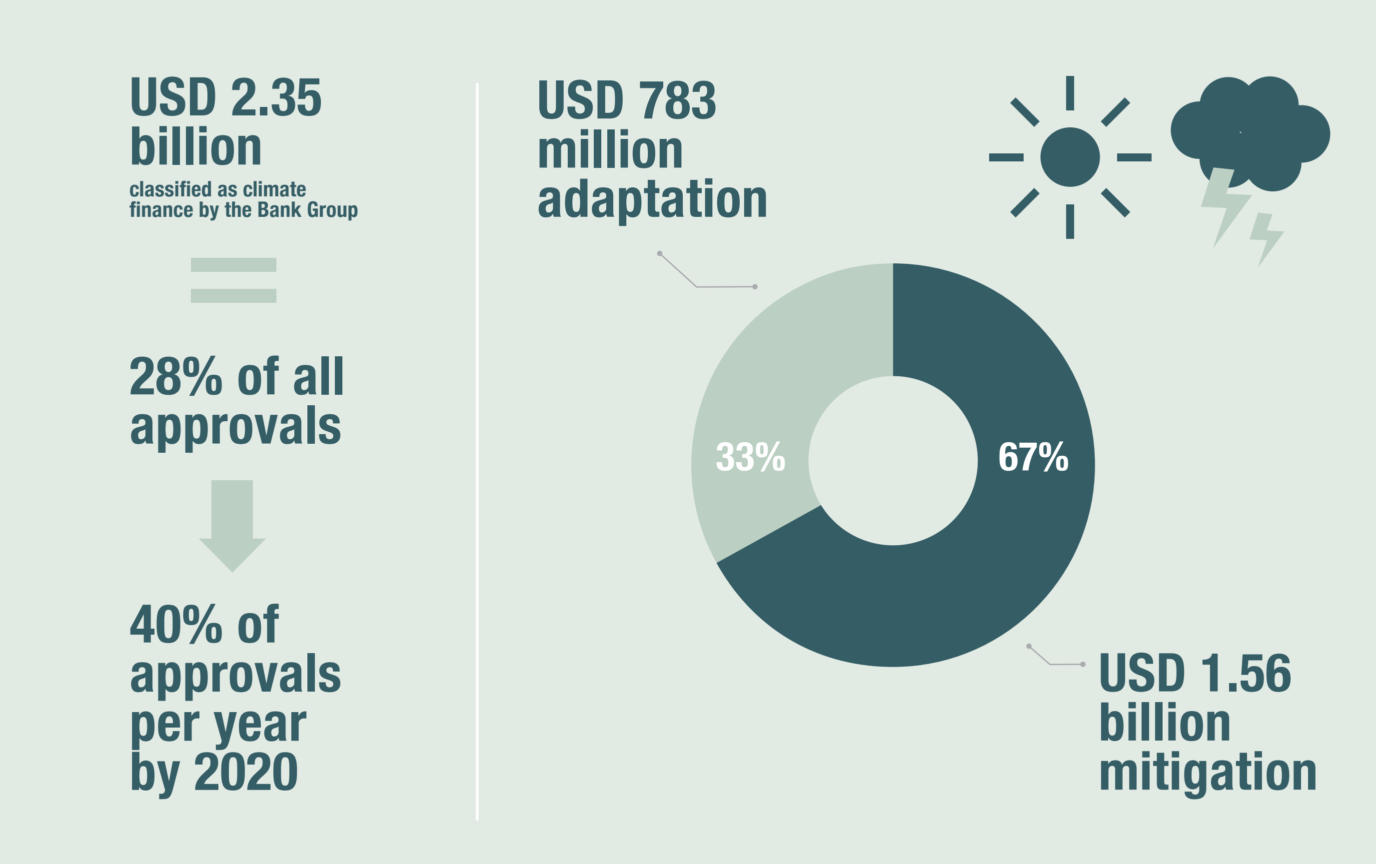
In November 2017, the Bank Group approved the second Climate Change Action Plan 2016–2020, endorsing three targets that will drive the Bank Climate Change and Green Growth Department's work:

- Ensuring that at least 40 percent of Bank Group approvals are tagged as climate finance by 2020, with equal proportions for adaptation and mitigation.
- Mainstreaming climate change and green growth initiatives into all Bank investments by 2020.
- Mobilizing significantly more new and additional climate finance to Africa by 2020.

In 2017, the Bank made some progress on each of the targets. About 28 percent of all approvals were allocated as climate finance, up from 9 percent in 2016 – a major step toward the 40 percent target set for 2020 (Figure 2.4). The Bank Group continued to identify adaptation, resilience, and mitigation options in its projects, and some 70 percent of projects approved in 2017 were climate-informed. The Bank Group mobilized USD 123 million from global climate funds during 2017 and stepped up efforts to access bilateral and private funds.

At the operational level, all the Bank Group's approvals in the power sector in 2017 supported renewable energy projects that will generate 1.4 gigawatt (GW) of clean energy and reduce greenhouse gas emissions by over 2.8 million tons annually. The Bank Group also made significant investments in climate-change adaptation and

Figure 2.4 Climate finance in 2017



resilience-building projects in the Horn of Africa and elsewhere. These include operations in agriculture, such as the Drought Resilience and Sustainable Livelihoods programs in Eritrea, the Climate-Resilient Livestock Management Project in Zambia, and the humanitarian relief to people affected by famine in Kenya and South Sudan. Further investment in climate and weather observation infrastructure was approved for five regional climate centers across Africa.

The Bank was particularly active in non-lending activities, leading climate-change advocacy, forging new partnerships, and developing innovative solutions. At the flagship Africa Day, organized on the margins of the 23rd session of the Conference of the Parties in Bonn in November 2017, the Bank launched the Africa NDC Hub – a platform to help African countries enhance and implement their Nationally Determined Contributions (NDCs).

In November 2017, the Bank signed the Accreditation Master Agreement with the Green Climate Fund (GCF), which authorizes the Bank to disburse GCF resources for approved funding proposals. The Bank already serves as implementing agency for the Global Environment Facility and the Climate Investment Funds. The Bank was also re-accredited, in April 2017, to the Adaptation Fund for another five years.

Bank Group operations by financing entity

Bank Group approvals amounted to UA 6.20 billion in 2017 (Figure 2.5). Approvals through the ADB totaled UA 4.50 billion, lower than 2016, due mainly to sovereign operations (UA 2.80 billion), which fell 36.7 percent during the year (Table 2.1).

This decline is attributable to several of the same factors that underpin the lower volume of total approvals, mentioned earlier: 2016 lending volumes were exceptionally high, as the Bank stepped up its counter-cyclical financial support to RMCs hit by sharp declines in commodity prices, and facing critical fiscal and current account gaps. In 2017, however, the situation improved significantly, reducing the need for counter-cyclical interventions by the Bank. Moreover, Bank Management decided to cap PBOs at 15 percent of ADB financing to shift additional lending into investment operations, and to ensure that the institutional prudential ratios and AAA rating are not compromised. Some of the Bank's ADB countries also faced high levels of debt, limiting their headroom for additional borrowing. With UA 1.71 billion in approvals, non-sovereign operations (NSOs) proved more resilient, declining by only 11 percent. Consequently,

Figure 2.5 Bank Group approvals by financing entity, 2015 - 2017 (UA billions)

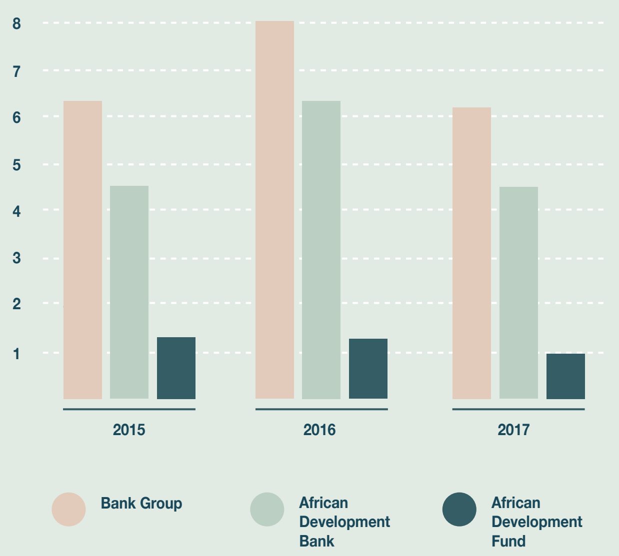


Table 2.1 Bank Group Total Approvals by Financing Source, 2016 and 2017 (UA millions)

Financing Source	2016 Operations	2017 Operations
Ordinary Resources		
ADB private*	1,918.5	1,706.5
ADB public	4,416.7	2,795.6
ADB total*	6,335.3	4,502.2
ADF*	1,267.9	959.5
NTF	18.5	-
Subtotal	7,621.7	5,461.7
Special Resources		
PSF	90.8	150.7
TSF	162.5	302.8
Special funds	160.3	280.8
Bank Group**	8,035.3	6,195.9

** Excluding Special Resources. ** Bank Group approvals in 2017 (UA 6,196 million) included Ordinary Resources (ADB, ADF, and NTF) of UA 5,462 million and Special Resources of UA 734 million. Amounts may not add up due to rounding.*

the share of NSOs in ADB approvals increased to 37.9 percent in 2017, the highest in recent years. Lines of credit to financial institutions represented 31 percent of NSOs in 2017.

ADF approvals in 2017 came to UA 959.5 million (Table 2.1). There were no approvals under the NTF. Approvals for the Private Sector Credit Enhancement Facility (PSF), the Transition Support Facility (TSF), and Special Funds all increased sharply in 2017, albeit from a low base. Loans and grants represented the bulk of ADB (95 percent) and ADF (98.5 percent) approvals, with guarantees making up 4 percent and 1.5 percent, respectively, of financing under the two entities. All of the financing under the PSF was in the form of guarantees (Table 2.2).

Table 2.2 Bank Group Approvals by Financing Instrument, 2017 (UA millions)

	Ordinary Resources				Special Resources			
Financing Instrument	ADB*	ADF*	NTF	Subtotal	PSF	TSF	SF	Bank Group
Total loans and grants	4,264.13	945.35	-	5,209.48	-	280.71	-	5,490.19
Other approvals	238.05	14.13	-	252.18	150.70	22.07	280.81	705.75
Of which				-				
Equity participation	69.96	-	-	69.96	-	-	-	69.96
Guarantee	168.08	14.13	-	182.21	150.70	22.07	-	354.98
Other	-	-	-	-	-	-	280.81	280.81
Total approvals	4,502.18	959.48	-	5,461.66	150.70	302.78	280.81	6,195.95

**Excluding Special Resources.*

Bank Group private sector operations

The Bank Group has put in place a strategy to promote a competitive private sector in Africa as an engine of sustainable economic growth and productive employment creation. In 2017, total approvals for private sector operations (in the real, or non-financial, sector) amounted to UA 512.8 million, with the largest share (30 percent) absorbed by industrialization projects.

From a High 5 perspective, the Bank Group approved the Segou Solar Photovoltaic Power Project in Mali (UA 18.5 million) and the Natchigal Hydraulic Dam Project in Cameroon (UA 150 million), the largest non-sovereign operation for the Light Up and Power Africa priority. For Feed Africa, the Bank approved, among others, a senior loan of UA 79.6 million for investments in processing wheat and palm oil to help the Olam Group, a multinational, deepen its agricultural value chain. And for Industrialize Africa, the Bank Group approved a dredging project in Mauritania (UA 46 million), a cement project in Morocco (UA 39.9 million), and a mine and infrastructure project in Guinea (UA 71.1 million).

Bank Group financial sector operations

Financial sector operations aimed to increase access for the underserved, particularly women and youth, and to broaden and deepen Africa's financial systems. Total approvals amounted to UA 1.16 billion, of which 29 percent was dedicated to Industrialize Africa, 21 percent to Integrate Africa, 18 percent to Improve the Quality of Life, and 15 percent to Light Up and Power Africa. These transactions involved, among others, a facility to finance Meridian's commodity exports; a USD 450 million trade finance facility to the African Export–Import Bank, with a sizable portion dedicated to supporting intra-African trade; and a total equity investment of USD 15 million to Shore Capital Fund to increase access to financial services for individuals and small businesses.

The Bank also approved several sovereign operations in the financial sector, including a senior loan of USD 25 million to the Zambia National Building Society, which is projected to create at least 1,667 permanent jobs, mainly for youth. A sovereign-guaranteed loan of USD 100 million to MauBank in Mauritius will support SMEs in various sectors.

Innovative financing

The creation of a new Syndications, Co-financing, and Client Solutions Department in 2017 heralds the Bank's renewed thrust in promoting the use of innovative financial products, including guarantees, local currency financing, co-financing, blended finance, and syndicated loan structures in financing sovereign and non-sovereign operations and in optimizing the balance sheet. The Soft Commodity Finance Facility (USD 20 million) approved for Meridian, a Southern Africa–based company specializing in commodity exports, exemplifies the Bank Group's use of innovative instruments to onlend to priority sectors, such as agribusiness. The company will use the funds to buy commodities directly from small farmers in Malawi, Mozambique, and Zimbabwe, allowing these farmers to integrate into Meridian's extensive value chains and boosting intraregional trade and agricultural productivity.

The Bank also co-led several private sector syndications. For example, for Bujagali Energy Limited in Uganda, it restructured the company's outstanding debt of USD 451 million by replacing its share of the debt (USD 68 million) maturing in 2023 with a new 15-year senior loan of USD 105 million and negotiated a similar restructuring of the outstanding debt to the International Finance Corporation. In Madagascar, an ADF partial credit guarantee on an initial TSF financing of USD 7.5 million succeeded in raising USD 40 million from the syndicated loan market. Among other significant initiatives, the Bank Group closed a USD 300 million concessional loan from the Japan International Cooperation Agency (JICA) to fund NSOs and leveraged USD 53 million in JICA co-financing for sovereign operations.

On the whole, the Bank's private sector investments (UA 1.71 billion) mobilized UA 4.23 billion in co-financing, for a leverage ratio of 1:2.5. For sovereign operations, additional co-financing of UA 3.42 billion was leveraged from partners such as the World Bank, the European Union, the European Investment Bank, the Islamic Development Bank, and Agence Française de Développement (AFD), among others.

Highlights of Bank Group regional approvals

On 31 December 2017 the Bank Group's portfolio (UA 36.49 billion) was distributed as follows:

Central Africa:	9.2 percent
East Africa:	22.5 percent
North Africa:	18.3 percent
Southern Africa:	22.1 percent
West Africa:	25.7 percent
Multiregional:	2.1 percent

Figure 2.6 shows the regional distribution of the Bank Group's approvals in 2017. Viewed through a High 5 lens, regional approvals were not very different from aggregate approvals. For example, the Improve the Quality of Life priority accounted for the largest share of approvals in all five regions, followed by Light Up and Power Africa – reflecting their ranking in total approvals. Beyond these, regional approvals by High 5 reflected region-specific priorities.[2]

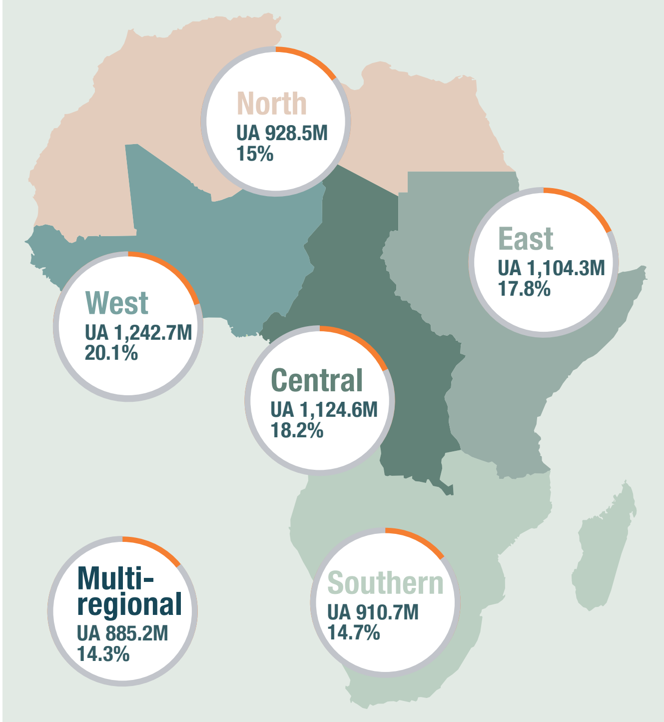
Central Africa

Central African economies expanded at an average of 1.4 percent in 2017, the slowest of all African regions. Although this is higher than the 0.3 percent in 2016, growth contraction in the Republic of Congo (-3.4 percent) and Equatorial Guinea (-2.5 percent) weighed the region down. Macroeconomic conditions have deteriorated sharply, stoked largely by the fall in oil revenues, despite the recovery in oil prices. In a region where oil continues to dominate economic activity, this situation underscores the urgency for structural transformation. Bank Group approvals for Central Africa reached UA 1.12 billion in 2017, 85 percent higher than in 2016. The sharp increase pushed up the region's share of total approvals to 18.2 percent in 2017. Large budget support operations for Gabon (UA 405.4 million) and Cameroon (UA 151.2 million) made up half the region's approvals.

Multinational projects (UA 277.6 million) absorbed about 25 percent of approvals for the region. Besides the Cameroon-Chad power interconnection project (Box 2.7), two other projects in the transport sector sought to deepen links between the two countries – a bridge over the Logone River between the towns of Yagoua in Cameroon and Bongor in Chad and a feasibility study for the extension of the

2 There is a change in the methodology for attributing multinational operations to regions. Previously, all such operations were lumped under a separate category—Multinational. For 2017, multinational operations occurring in a specific region were assigned to the region in question. Thus, a project involving Uganda and Kenya, for example, will appear in the East Africa approvals. The Multinational category is now a residual category comprising projects that cut across more than one region. Henceforth, this category will be called Multiregional.

Figure 2.6 Bank Group approvals by region, 2017



Box 2.7

Cameroon-Chad Power Interconnection Project

This project will extend a 700 km power transmission line and build a 250 km ramp between Maroua in Cameroon and N'Djamena in Chad and implement a rural electrification program along each line corridor. When the project is completed, 478 localities (409 in Cameroon and 69 in Chad) will have access to on-grid power.

One of Central Africa's priority integration projects, it will allow both countries to optimize their energy resources by integrating their power generation, transmission, and distribution infrastructure, thus increasing access to electricity. The Bank Group has invested UA 216 million. The other co-financiers of the UA 333 million project are the European Union and Islamic Development Bank.

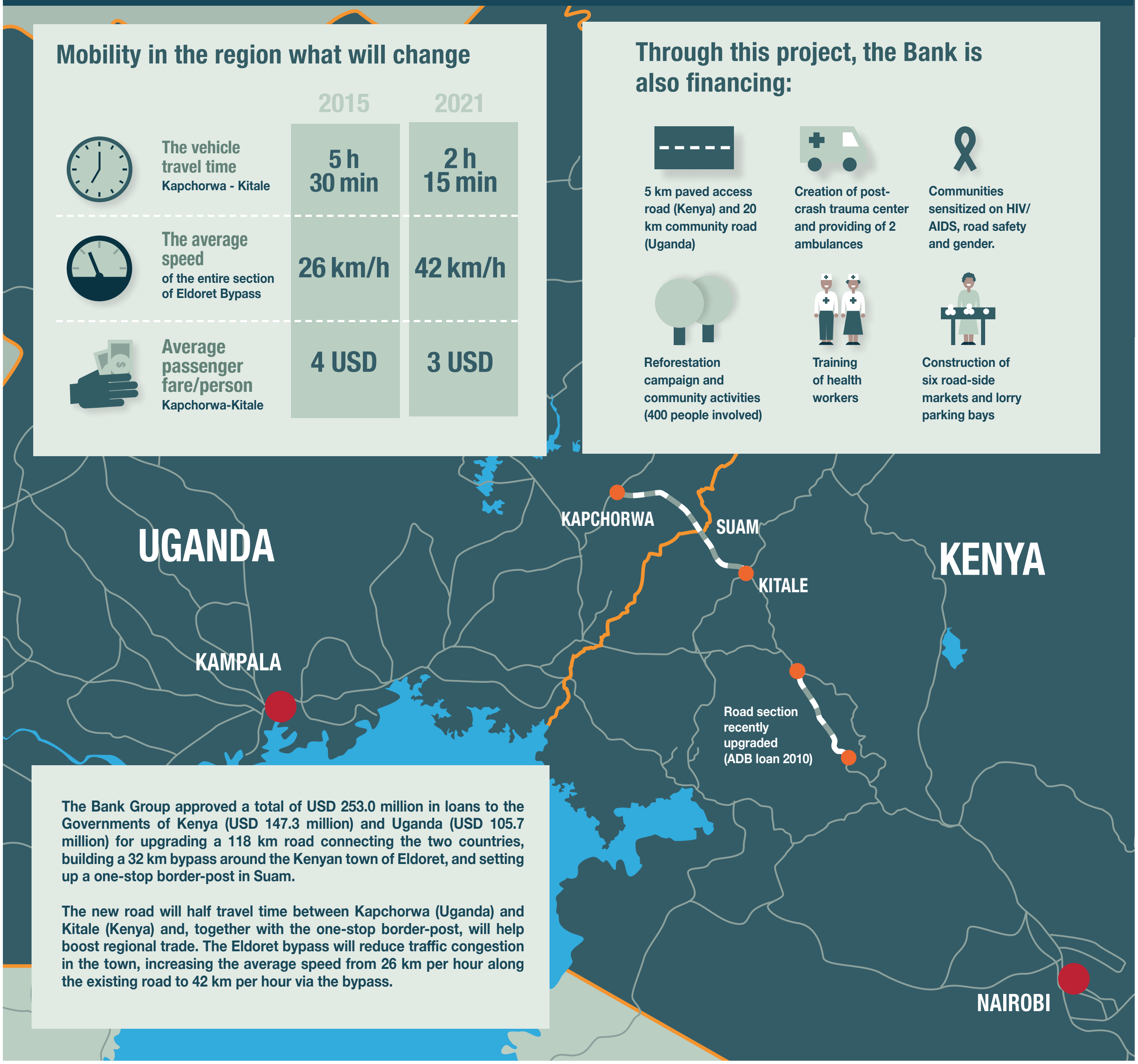
Cameroon-Chad rail line. The Bank Group is also supporting integration through a trade facilitation project in the Economic Community of Central African States (ECCAS).

An integrated transport project in Democratic Republic of Congo, completed in December 2017, involved the construction of a 64.8 km road between Loange and Lovua and the rehabilitation of 80 km of rural tracks, two primary schools, and health and sanitary facilities. The project has improved the quality of life of the rural population. Specifically, the new road cut the cost of transport between Kinshasa and Kikwit toward Tshikapa by 72 percent, reducing trade costs and easing mobility in the country.

East Africa

East Africa remains the fastest-growing region in Africa, although real GDP growth fell back slightly in 2017 to 5.3 percent from 5.5 percent in 2016. Growth was quite even across the region, with five countries recording growth of 5 percent or more. The region also showed signs of economic diversification, as services and manufacturing continued to expand in some countries. However, inflation remains the highest across Africa – 14.3 percent in 2017 – fueled by a drought-induced rise in food prices, especially in Kenya. Total approvals for East Africa in 2017 amounted to UA 1.1 billion

Figure 2.7 The Uganda-Kenya corridor and the Eldoret bypass



across 38 operations. The Bank Group continued to support regional infrastructure development in East Africa (45 percent of the region's approvals) and access to finance (16 percent) as foundations for private sector-led, inclusive growth. NSOs accounted for 22 percent (UA 227 million) of total approvals, including four lines of credit (three to commercial banks and one to the Development Bank of Rwanda) and a senior loan to Uganda's Bujagali Energy Ltd.

The largest approval was a Bank Group loan of USD 160 million to construct a second runway at Jomo Kenyatta International Airport in Kenya, with the government contributing USD 29.6 million. This, along with the Kenya-Uganda corridor and the Eldoret bypass project (Figure 2.7), will improve Kenya's connectivity in the region and the world, boosting intra regional trade, high-value exports, and tourist earnings.

To support countries in fragile situations in the Horn of Africa, the Bank Group approved a climate-change adaptation project for Somalia and Sudan. The project will create new boreholes to provide water for irrigation and set up veterinarian services to support farm and livestock activities and improve food security.

A Bank-financed the Skills, Employability, and Entrepreneurship Program in Rwanda, the third phase of which was completed in 2017, shows some progress toward improving the gender balance in employment. The female participation ratio rose from 42.0 percent to 45.5 percent, and there was an increase in the number of registered start-ups – a remarkable achievement given that the program lasted only one year. This progress was due to intensified advertising campaigns and robust measures to remove barriers to entry of women in technical and vocational education and training institutions.

Among other activities, the Bank hosted the first business opportunities seminar for East Africa in Nairobi in October 2017. The aim was to identify and leverage partnerships with the private sector for implementing the Bank's High 5 agenda. For the East Africa region, the Bank sought support from financial institutions in expanding its trade finance operations. More than 200 companies from the region attended the three-day event.

North Africa

North Africa was second to East Africa in economic performance, growing at 5.2 percent in 2017, up from 3.2 percent in 2016. The region's growth was boosted by Libya's remarkable 70.8 percent GDP growth (thanks mainly to recovery in oil production and a low base effect) after deep declines in previous years. Tunisia also improved its growth performance, growing by 1.9 percent in 2017. Higher growth rates in Egypt (4.2 percent) and Morocco (4.1 percent) further underpinned the region's improved performance. Algeria ended the year with an estimated 1.6 percent growth in real GDP. Approvals for North Africa totaled UA 928.5 million in 2017. About a quarter of the region's approvals were in energy. This included

Box 2.8

The Noor Midelt Solar Complex Project – Phase I, Morocco

Approved in 2017, Phase I of this project (USD 265 million) aims to develop two solar power plants (NOORM I and NOORM II) with a cumulative capacity of up to 800 megawatts (MW). The plants will be connected to the national grid and will have an estimated total annual output of 1,886 gigawatt-hours guaranteeing electricity supply for more than 2 million Moroccans (almost 6 percent of the population) and saving 0.7 million ton-equivalent of greenhouse gases from being released into the atmosphere.

An integral part of Morocco's Solar Program, which aims to develop power-generating capacity of at least 2,000 MW by 2020, the project will help improve the security of power supply in Morocco. It will be implemented by the Moroccan Agency for Sustainable Energy, under a public–private partnership based on the same mechanisms as for previous projects (Noor Ouarzazate Solar Complex, Phases I and II, co-financed by the Bank Group).

Noor Ouarzazate Solar Complex, Morocco

"With the arrival of the Noor solar power plant, our turnover has increased by 20 percent, and our staff has almost doubled. We built a new point of sale in the plant and we also have plans for the future. I can say that the project has helped us a lot."

Khalid T. Oujama, restaurant owner.

Noor Ouarzazate I (NOORo I) solar power plant, Morocco

financing of UA 33.96 million toward a solar power project in Egypt, the region's largest solar installation, with a projected capacity of 1.8 GW. Along with co-financing from several external partners, the project has attracted private investment of USD 1.3 billion under the government of Egypt's second feed-in tariff program. Approvals in the transport and communication sectors took up another 18 percent, and the social sector 17.5 percent. Among projects completed in 2017 is a small-sized, green growth project in Egypt that has spurred several start-ups in waste management.

The largest approval in the region in 2017 was for Morocco for four operations totaling UA 372.8 million (40.2 percent of the region's approvals), including UA 187.3 million for the Noor Midelt Solar Complex Project – Phase I (Box 2.8). In Tunisia, the Bank Group's operations will help increase access to credit for SMEs, build technological skills for jobs in the ICT sector, and develop irrigation schemes.

Box 2.9

Supporting agriculture in Namibia through mechanization and seed improvement

The UA 51.9 million project aims to improve household food security and nutrition and reduce poverty by enhancing agricultural productivity and output and facilitating job creation—in line with Namibia's Fifth National Development Plan. It will directly benefit 294,500 crop producers (more than half of them women) and some 10,000 livestock farmers (2,000 of them women), and it will indirectly affect about 800,000 people along the cereal and livestock value chains. Moreover, the project will support 111 farmer cooperatives, educate and train more than 2,000 households in food security and nutrition, support infant feeding programs, and train 4,000 farmers in agricultural practices. It will generate an estimated 111,240 jobs for men, women, and youth in agricultural production and processing.

Southern Africa

At 1.7 percent, growth in Southern Africa was better than in 2016 (1.1 percent). The slight upturn is attributable to the improved performance of the three main commodity exporters: South Africa doubled its growth to 1.3 percent, Angola's output expanded by 1.1 percent, and Zambia's economy grew by 3.9 percent. These three countries accounted for over 60 percent of the region's growth. Growth averaged a respectable 4 percent in Madagascar and Mauritius but was at 0.8 percent and 2.3 percent respectively in Namibia and Swaziland.

With UA 910.7 million in approvals in 2017, Southern Africa also received the largest share of approvals for the Industrialize Africa priority: 21.2 percent of the region's approvals (UA 192.6 million). All three projects approved in this priority were financial sector operations (one each for Mauritius, South Africa, and Zambia).

Among other major approvals were four operations in Namibia in governance (UA 165.2 million), agriculture (UA 51.9 million; Box 2.9), education and training (UA 51.9 million), and transport (UA 103.8 million). With these projects, Namibia alone took up more than half the region's total approvals.

Among projects completed in the region, a USD 1.2 billion program to support power sector reform in Angola led to unbundling the power utility into separate entities for generation, transmission, distribution, and regulation. The reforms improved the power distribution system, boosted revenue collection (by 50 percent against 2014 levels), and increased the share of metered on-grid customers from 20 percent in 2014 to 70.5 percent in 2016. The government used part of the Bank resources to finance the construction of the 2,070 MW Lauca hydropower dam, which will double the country's generation capacity to 5,000 MW by end-2018.

The Bank's knowledge work for the region – in such areas as trade, transport, irrigation, fragility, poverty analysis, and public budget management – sets the tone for its future engagement. The Bank also engaged in several strategic partnerships, including with the private sector, in a bid to mobilize co-financing for energy projects in Angola and in São Tomé and Príncipe. In Mozambique, it joined the World Wide Fund for Nature to support the government's Natural Capital Program.

West Africa

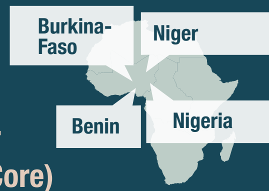
GDP growth in West Africa rose from 0.4 percent in 2016 to 2.7 percent in 2017 on the back of strong performance in several countries, along with Nigeria's emergence from recession. Nigeria's economy grew at 0.9 percent, up from a contraction of 1.6 percent in 2016, due to increased oil production and growth of agricultural output. The region's fastest-growing economies – Burkina Faso, Côte d'Ivoire, Guinea, and Senegal – maintained their strong showing, growing above 6 percent, while growth improved in other countries (such as Benin and Ghana). West Africa was still subject to inflationary pressures, however, with the rate edging up to 13.0 percent in 2017 (from 12.8 percent in 2016), the second highest in Africa.

Bank Group approvals for West Africa in 2017 amounted to UA 1.24 billion, the highest (20.1 percent) across all regions. The transport sector, with a regional express train project and an urban transport program for Dakar in Senegal, absorbed 38 percent of the region's approvals.

In the agriculture sector, a project for developing an agro-industrial pole in the Belier region of Côte d'Ivoire took close to UA 80 million. In the energy sector, approvals included three renewable energy projects and two major power interconnection projects between Guinea and Mali, and the North Core project linking Nigeria, Burkina Faso, Niger, and Benin (Box 2.10). These projects will strengthen energy security in West Africa and enhance prospects for deeper integration.

Box 2.10

The Nigeria-Burkina Faso-Niger-Benin Power Interconnection (North Core)



The North Core project will construct or expand an 842 km transmission line from Birnin Kebbi in Nigeria to Ouagadougou in Burkina Faso through Zabori and Niamey in Niger, with a T-off to Malanville in Benin and with associated substations.

The project will allow power exchange among the four countries as well as neighboring countries through existing interconnections. It will extend electricity supply to 394 localities along the line. In particular, it will allow Benin, Burkina Faso, and Niger to substitute low-cost thermal and hydropower for expensive diesel generation, thus reducing the region's carbon footprint.

Energy projects also figured prominently among operations completed in 2017 in West Africa. In Burkina Faso, for example, an ADF loan of UA 24.5 million to finance the construction or rehabilitation of 1,723 km of transmission lines and 557 km of distribution lines has allowed 16,035 households to connect to the grid. By extending on-grid power supply to three cotton plants in three towns, the project has also made a major economic impact. Among non-lending operations, the Bank completed a study on economic diversification in Sierra Leone and, following the expiry of the West Africa Regional Integration Strategy in December 2017, started consultations with regional economic communities to prepare a successor strategy for 2018–22.

Afe Babalola University teaching hospital, Ado-Ekiti, Nigeria

3 Strengthening Corporate Management

African Development Bank Headquarters, Abidjan, Côte d'Ivoire

The Bank Group's operational performance in 2017 was influenced by ongoing institutional reforms, which started in April 2016 with the approval of the Development and Business Delivery Model (DBDM). Reforms were pursued vigorously in 2017 as the Bank prepared for accelerated delivery in 2018. Although the transformation agenda remains unfinished, progress was good in several areas of organizational redesign.

Business process reforms

The Delivery Accountability and Process Efficiency Committee, responsible for proposing to Management process and systemic reforms aimed at making the Bank more effective and efficient, completed reviews of 14 key business processes, producing 17 Business Process Re-engineering reports in such areas as budget preparation and allocation, budget management, and performance monitoring and fiduciary safeguards. It recommended improvements in preparing Country Strategy Papers (CSPs) and Regional Integration Strategy Papers. The Committee additionally worked with the Bank's IT department to achieve an 80 percent automation rate for operational and institutional processes.

Budget reforms and management

Budget reforms focused on building the systems and tools needed to improve the accessibility and reliability of cost accounting information critical to strategy formulation, planning, and monitoring. Reports on costs by deliverables were disseminated regularly to Management. Revamping of the Strategic Resources Assessment Software – the Bank's planning and budgeting tool – had reached advanced stages by the end of the year.

Information technology

Consistent with the new DBDM and the productivity needs of a multilateral organization in the digital age, the Bank Group adopted the Digital Strategy 2017–2020 in July 2017. The strategy centers on seven transformative themes: digital collaboration, project and client management, online visibility, corporate excellence, financial management, data management and reporting, and the technology foundation. Progress was made under all seven themes in 2017. Major achievements include:

- Adopting a full unified communications system, including video-conferencing and remote interpretation in Regional and Country offices.
- Launching an upgraded intranet for the Bank (intranet 4.0).
- Implementing e-Bank solutions to reduce printing and create a seamless workflow for a greener Bank.
- Upgrading the SWIFT and Summit financial application systems.
- Implementing an improved WAN (wide area network) solution across the Bank and some Regional Offices to support the DBDM.
- Launching a client-centric campaign and IT staff awards to facilitate a culture of change toward service excellence.

Digital futures

Moving the Bank closer to its clients

The Bank accelerated implementation of the Updated Decentralization Action Plan in 2017. By the end of the year, three of the five Regional Offices were fully operational, with the other two operating from the Bank's headquarters in Abidjan. Thirty country managers were appointed, and 121 staff members were relocated to the regions. The Bank completed staff rotation and reintegration, aligned the Operations Manual with the DBDM, and reviewed the package of benefits and allowances for staff working in Regional and Country Offices.

In February 2017, the Board approved the opening of new country offices in Benin, Guinea, and Niger.

Refining the organizational structure

In September 2017, the Board approved a Management proposal to refine the organizational structure further to enhance overall delivery effectiveness, including:

- Redeploying fiduciary staff to the regions, consistent with the Bank Group's decentralization plan. This would mitigate fiduciary risks and reduce costs from duplicating fiduciary functions at the anchor and the regions.
- Creating a new Country Economics Department (ECCE) within the Economic Governance and Knowledge Management (ECVP) Complex to lead the preparation of CSPs and contribute to policy and operational engagement in Regional Member Countries (RMCs).
- Reinstating Water and Sanitation (AHWS) as a department in its own right and setting up a full-fledged Environmental and Social Safeguards and Compliance Department.
- Refining the roles and responsibilities of Country Managers in the Regional Offices.
- Introducing a collaborative system to better manage non-sovereign operations between sector Complexes and Regional Offices.

A dedicated unit – the Organization and Methods Division – was set up in the Office of the Senior Vice-President to oversee the proposed, and subsequent, refinements to the Bank's organizational structure.

Delivering results

The Bank Group's success in delivering results for Africa has been recognized by the Multilateral Organization Performance Assessment Network (MOPAN), a network of donor countries with a common interest in assessing the effectiveness of multilateral development banks (MDBs). In its most recent assessment of the Bank Group, the MOPAN Report concluded that: "The Bank is a robust and resilient organization that, while operating in a particularly difficult environment, is able to continually adjust and improve to meet the changing conditions."[3] The Report noted that the Bank achieved 97 percent of MOPAN's key performance indicators, with a rating of "Highly satisfactory" or "Satisfactory." Among all MDBs, the Bank has:

- The lowest administrative-cost-to-adjusted-common- equity ratio.
- The lowest administrative cost to adjusted common equity.
- The lowest staff cost per million dollars of lending.
- One of the lowest cost-to-income ratios.

3 The MOPAN assessment covered the period 2014 to mid-2016. The Report was presented to the Board in October 2017.

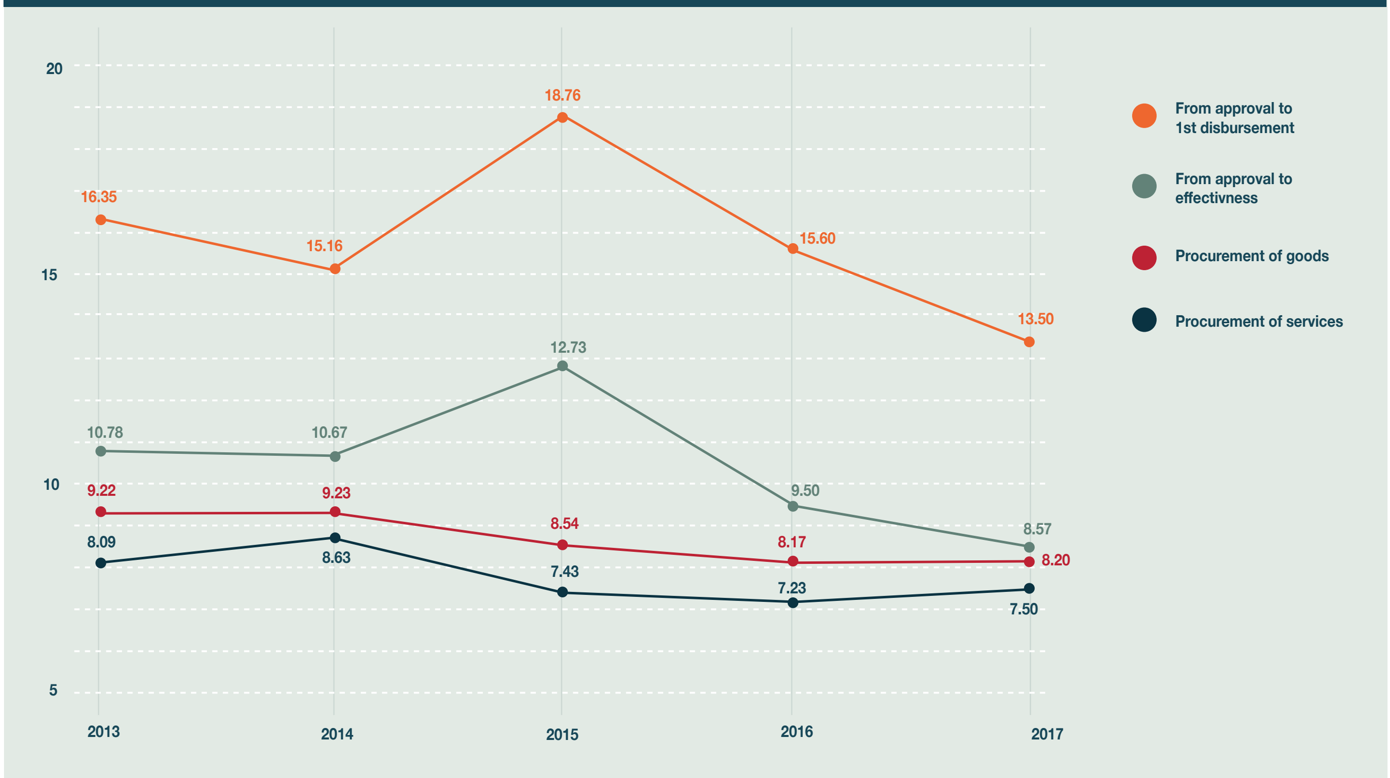
The Bank has indeed stepped up efforts to optimize its performance and to meet or exceed industry averages. Bank reforms have boosted efficiency and enhanced delivery. For example, the average time from approval to first disbursement fell from 18.8 months in 2015 to 13.5 months in 2017 (Figure 3.1). The time for procurement of goods also decreased, albeit marginally – from 8.5 months to 8.2 months – over the same period.

While Bank performance compares favorably with industry averages, the institution is committed to improving its performance in all areas, with portfolio performance a particular area of focus. The Bank will address recurrent issues such as disbursement delays, often caused by capacity constraints in executing agencies and delays by RMCs in ratifying loan agreements and processing procurement and disbursement documents.

Environmental and social sustainability

The Environmental and Social Safeguards and Compliance department uses the Integrated Safeguards System (ISS) to mainstream environmental and social sustainability considerations into its operations and policies to ensure that economic growth in Africa is 'green', i.e., environmentally sustainable and socially

Figure 3.1 Selected portfolio management trends (number of months)



Powering Africa

inclusive. Through the ISS, the Bank also shows its pledge to respect and promote human rights on the continent by applying international norms, standards, and best practices. A key focus of the Bank is to prevent operational and reputational risks while avoiding unnecessary adverse impacts and legacy issues. In implementing the Bank's transformation agenda during 2017, the ISS provided clarity and guidance on assessing and managing risks in the project portfolio.

In 2017, the Department performed 280 due diligence reviews for 150 Bank-approved operations and 130 ongoing activities. The Climate Safeguard System and the Greenhouse Gas Account tool, built into the ISS, allowed 70 percent of Bank Group operations in the year to be climate-informed, with 28 percent of approvals allocated as climate finance.

Managing for development results

The Bank Group's new Results Measurement Framework (RMF) was adopted in 2017 to better monitor and enhance the impact of Bank interventions on development. It represents a significant commitment to improving the way the Bank measures its results and performance as well as deepening its understanding of development impacts. To promote a results culture in the Bank, the RMF has been summarized in a user-friendly booklet. And in the spirit of innovation, the 2017 edition of the Annual Development Effectiveness Review reported against the indicators of the new RMF. The Bank also published two Country Results Briefs – for Cameroon and Tanzania – that reviewed progress in achieving the High 5s using various indicators from the RMF.

At the end of 2017, MapAfrica 2.0, an interactive online platform, covered 800 projects through more than 7,000 points. Launched in 2014 and upgraded in 2016, MapAfrica allows users to geo-locate the Bank's operations and survey their impacts, and enables the Bank to monitor and improve the quality and impact of its operations.

Donor support, agreements, and replenishment

The Bank Group continued to leverage its statutory and non-statutory resources through its active and continuing engagement with a wide range of funding partners – regional and global, traditional and emerging, existing and potential. Partnerships involved risk-sharing, co-financing, syndication, and technical cooperation. A total of UA 20.6 million was mobilized in 2017 through bilateral, thematic, and multidonor trust funds. This included:

- JPY 242.62 million for the Japanese bilateral fund.
- EUR 10 million from KWF (the German Development Bank) to the NEPAD IPPF (New Partnership for Africa's Development–Infrastructure Project Preparation Facility).
- GBP 2.65 million from the United Kingdom to the Trust Fund for Countries in Transition.
- EUR 1.1 million from Italy to the Somalia Infrastructure Fund (SIF) and the Infrastructure Consortium for Africa.
- NOK 25 million from Norway and DKK 9.9 million from Denmark for the Youth Entrepreneurship and Innovation Trust Fund (YEI).
- USD 3 million from the Rockefeller Foundation to support agriculture and the JfYA (Jobs for Youth in Africa) program.

The Korea–Africa Economic Cooperation (KOAFEC) Trust Fund – with the latest disbursement of USD 9 million received in December 2017, taking its total endowment to USD 75 million – is one of the largest pools of bilateral grant financing housed at the Bank. It has also been the most active trust fund since its establishment 10 years ago. In 2017, it approved 34 technical assistance, project preparation, and capacity-building projects, bringing its portfolio to more than 90 ongoing projects across 29 African countries, including many in situations of fragility.

Other agreements concluded by the Bank Group in 2017 will leverage, jointly with the Islamic Development Bank, USD 2 billion over the next three years, and mobilize USD 6 billion from the Government of Japan to launch the Japan–Africa Energy Initiative. Moreover, a historic framework agreement between the Bank Group and the European Commission – the Pillar Assessed Grant or Delegation Agreement (PAGODA) – approved in 2017, will bring millions in funds to support sovereign and non-sovereign operations through the EU–Africa Investment Platform.

Under the Africa Growing Together Fund (AGTF), USD 191 million was approved in 2017 to enable the Bank Group to scale up its operations in agriculture, energy, transport, and water and sanitation in five countries, bringing total financing from the AGTF to USD 421 million. From other trust funds, 12 projects worth USD 13 million, and an equity drawdown of USD 4.3 million from the African Renewable Energy Fund were approved under the Sustainable Energy Fund for Africa program.

In 2017, the Africa Climate Change Fund (ACCF) expanded from a bilateral fund with Germany to a multi-donor trust fund with the joining of two new donors – the Government of Italy, contributing EUR 4.7 million, and the Government of Flanders, contributing EUR 2 million. During the year, ACCF launched its second call for proposals to support African countries in accessing climate finance and in implementing small adaptation projects in vulnerable communities.

In June 2017, the 14th Replenishment of the African Development Fund (ADF-14) entered into force.[4] Resources from the USD 7.06 billion (UA 5.03 billion) fund were channeled in the form of concessional loans and grants to support investment projects in some of the poorest African countries.

Human resources

At the beginning of 2017, the Human Resources team embarked on the implementation of the new organization structure which had been approved by the Board. That structure reflected the critical work as well as the competencies required for the effective delivery against the Bank's business strategies well as the imperatives to move the human capital and other resources closer to the clients.

An institution-wide job description review and evaluation was carried out to ensure that all jobs are appropriately graded and the job-holders equitably rewarded for their contribution. In addition, all Bank staff went through a validation process to identify those whose roles had not significantly changed. To this end, 95 percent of the 1,744 staff at post were mapped into the new structure while eighty-nine (89) staff members, whose jobs were either abolished or had changed significantly, were not mapped in the new structures. These impacted staff were encouraged to apply for the new positions within the new structure which were advertised across the Bank. The Board of Directors also approved a Voluntary Separation Scheme to be accessed by the staff who did not wish to continue with the Bank. Consequently, 42 staff took the voluntary separation package as offered.

As a result of the implementation of the new structure, 566 vacancies came up. Management made the decision to optimize the Bank's human capital levels in order to deliver cost effectively against the work programs. Consequently 298 positions were identified as priority positions critical for delivering against the High 5s. These included non-sovereign operations and regional operations management roles. Of the 298 priority positions, 123 positions had been filled as of December 31, 2017. As a result, the effective vacancy rates relating to the 298 priority positions was 7 percent, including the effect of the strategic use of consultants and short term staff. The process for filling the balance of the priority positions would be completed at the end of the first quarter 2018. Subsequent recruitment into the future would be driven by the critical business needs linked to the growth trajectory.

Included in the positions filled were the Country Managers for the 30 Country Offices, including the fragile states, who have already been on-boarded. As part of the implementation of the decentralization plans, 121 staff were redeployed from the HQ to the Regional Hubs and Country Offices. As of 31 December 2017, staff in Country and Regional Offices accounted for 39 percent of total Bank staff in 2017, up from 29 percent in 2016, affirming the Bank's scaled-up decentralization efforts in 2017.

The Bank continued with its attention to the diversity agenda with specific focus on women in management and professional levels, and closed the year at 28.8 and 27.8 percent respectively against the corporate key performance indicator of 35 percent.

In order to enhance productivity and build a culture of performance, Management refreshed the performance management process, which enables the top-down, and bottom-up and cross-complex alignment on the corporate Key Performance Indicators. Deeper differentiation of performance levels was introduced, as was a stronger feedback procedure enabled through coaching and a critical incidence reporting tool, as well as personal development planning.

Furthermore, as a part of the process automation imperative, several HR processes were automated including the e-learning, payroll, contract renewal, probation management, performance management and a manager and employee self-service. A roadmap for an integrated HR system was prepared for implementation in 2018.

A comprehensive review of staff benefits and a salary survey across the continent resulted in a salary increase for locally recruited staff, in addition to the Bank-wide performance-based merit increase.

The Bank as knowledge broker

The ECVP Complex leads the Bank's knowledge work, generating analytical and policy-relevant research, disseminating such research through publications, workshops, and dialogues, and conducting capacity-building activities to support effective policy making in RMCs. Its role was boosted in 2017 by the Bank's decision to create a Country Economics Department within the complex.

4 The donor countries to ADF-14 are the UK, the USA, Germany, France, Japan, Italy, Canada, Sweden, the Netherlands, Norway, Switzerland, Austria, China, Denmark, Korea, Belgium, Finland, Saudi Arabia, India, Kuwait, Luxembourg, South Africa, Portugal, Egypt, and Turkey. Three of these countries—Japan, France, and India—agreed to complement their grant contribution with a concessional loan, and agreements were successfully negotiated with the first two in 2017.

Table 3.1 Bank Group staffing and employment status as of 31 December 2016 and 2017

	HQ						Regional/Country Offices				Grand Total
	VPs[a]	Directors & Managers	Other PL	GS Staff	Advisers to EDs	Total	RDs and Managers[b]	Other PL	GS Staff	Total	
2017											
Total staff	7	104	564	348	40	1,063	35	443	203	681	1,744
Male	6	74	386	128	31	625	24	342	102	468	1,093
Female	1	30	178	220	9	438	11	101	101	213	651
% female	14.3	28.8	31.6	63.2	22.5	41.2	31.4	22.8	49.8	31.3	37.3
2016											
Total staff	9	111	765	397	39	1,321	22	333	188	543	1,864
Male	8	79	520	142	29	778	15	272	106	393	1,171
Female	1	32	245	255	10	543	7	61	82	150	693
% female	11.1	28.8	32.0	64.2	25.6	41.1	31.8	18.3	43.6	27.6	37.2

Note: Despite ongoing recruitment, head count remains fairly unchanged due to the restructuring and the attendant exits. In addition, 80 percent of the recruitment is from internal sources and therefore creates further vacancies.
a. VPs and EL3 in 2016.
b. Resident Representatives in 2016.

Research activities

The Bank's research agenda sought to strengthen the analytical content of the Bank's operations by ensuring rigor in CSPs, Economic Sector Work (ESW), and Board Papers (projects, programs, policy papers, PBLs among others), thus enhancing the quality of policy dialogues in RMCs. In 2017, the Macroeconomic Policy, Forecasting, and Research Department (ECMR):

- Produced all the flagship publications for the year, namely the 2016 Bank Group Annual Report, the *African Economic Outlook 2017*, the *Africa Competitiveness Report 2017*, and five issues of the *African Development Review*.
- Published many well-received economic briefs, working papers, journal articles, book chapters, and other publications.
- Published a handbook – Industrialize Africa: Strategies, Policies, Institutions, and Financing – and the 2016 Additionality and Development Outcome Assessment (ADOA) Annual Report.
- Launched a new series on "How They Did It," with four inaugural editions.

Among the high-level or flagship events were the annual African Economic Conference (AEC), co-hosted by the United Nations Development Programme and the United Nations Economic Commission for Africa; a Senior Policy Seminar on Industrialization in Africa, organized jointly with the African Economic Research Consortium (AERC); and a technical seminar on the Structural Transformation of African Agriculture and Rural Spaces, in collaboration with other partners.

The quality and visibility of Bank research has benefited from the growing number of intellectual contributions from many of the world's leading economists (including several Nobel laureates) whose works are featured in various Bank publications. The department's working papers have been classified into the High 5 thematic areas for greater policy relevance and impact.

Confirming the quality of the Bank's knowledge products, RePEc (Research Papers in Economics), a reputable global depository of economic knowledge, ranked ADB 7th among almost 300 Africa-based economic and development research institutions in 2017, up from 28th, three years earlier. Similarly, the impact factor of the *African Development Review* – the Bank's flagship academic journal – improved progressively over the last three years from 0.724 to 1.

ECMR's work on Additionality and Development Outcome Assessment (ADOA) for private sector operations (PSOs) has proven an important screening and decision-making tool for enhancing the quality-at-entry of Bank projects. In 2017, it helped also in prioritizing regional operations (ROs) in the ADF pipeline. This exercise ensured that only the most deserving ROs are considered for financing. The department issued a total 126 ADOA notes – 26 percent over the year's target. These notes provided an independent and objective assessment of proposed projects, which informed and guided Board decisions on approvals.

In addition, ADOA played an advisory role in helping operational departments improve the structure of projects for better development outcomes and stronger value added. In its bid to continually disseminate and improve the forecast tool, ECMR held training workshops for investment officers of the Bank and senior project staff from 18 financial institutions in Africa. ADOA thus played a key role in mainstreaming a results-oriented culture, both within the Bank and across the continent.

The Country Economics Department led the Bank's knowledge work informing the design of Bank country strategies, operations, and dialogue with RMCs. During the year, it delivered CSPs and related documents for 20 countries, and completed eight ESW products. These knowledge products provided a sound basis for the Bank to undertake lending and non-lending operations in RMCs in pursuit of the High 5 priorities.

Statistical knowledge products and activities

During 2017, the Statistics Department (ECST) continued to align its statistical capacity-building work program with the High 5 agenda in RMCs, paying particular attention to fragile states, and supported other Bank sector departments by providing timely and relevant data. Through its Africa Infrastructure Knowledge Program (AIKP), ECST projected infrastructure investment needs in various infrastructure sectors, and estimated resource requirements to achieve universal energy access by 2025. ECST also scaled up implementation of the Action Plan for Improving Agriculture and Rural Statistics, supporting 48 African countries in compiling, for the first time in decades, the minimum core set of indicators to inform agricultural policy management and track progress on the Feed Africa priority.

The department launched continent-wide surveys under the International Comparison Program (ICP) for Africa, supporting 50 RMCs in collecting price data and compiling GDP expenditure data to compute purchasing power parity statistics. These statistics are critical to measuring poverty across countries and to monitoring Sustainable Development Goal 1 on eliminating poverty. ECST also provided technical assistance to the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) for monitoring macroeconomic policy convergence, and to Cabo Verde, Comoros, Madagascar, and Sudan for conducting household surveys, analyzing the data, and producing poverty profiles of the countries.

The African Natural Resource Center

The African Natural Resource Center's mandate is to assist RMCs leverage their natural resources for inclusive growth and sustainable development. In 2017, the Center took government technocrats and entrepreneurs from Mozambique and Tanzania on a study tour to Korea to learn from the Korean model in designing and operationalizing national gas domestication strategies and explore business opportunities. Best practices and lessons learned from the Korean model are expected to translate into better policies for gas utilization in the two gas-rich countries. In Guinea, the launch of a one-stop shop for licensing mining operations has helped build the government's capacity to negotiate, implement, and monitor the development of Simandou, the world's largest deposit of high-quality iron ore. In Liberia, the Center supported the design of a National Land Dispute Resolution Policy, which has enabled people to access justice easily and at low cost.

The Center's diverse knowledge work in 2017 included reports to the Government of Tanzania on setting up an enabling environment to maximize the economic gains from its natural gas wealth and attract increased foreign direct investment in the gas sector. Country case studies and toolkits on land tenure will guide land reform in Cameroon, Kenya, Nigeria, Senegal, and Tanzania. The Center's studies on the tilapia value chain and on green aquaculture in the Indian Ocean have informed fish farming value chain development in Cameroon and Seychelles, respectively.

Other training, knowledge management, and capacity development activities

The African Development Institute (ECAD) engaged with leading experts, both internally and externally, to create a platform for disseminating cutting-edge knowledge in areas that could affect livelihoods and futures of millions of Africans. The Bank's Eminent Speakers' Seminar Series addressed *Optimizing Royalties on Mining and The Cost of Borders in Africa*, bolstering dialogues with RMCs and the Bank's partners. Another example of the impact of the Bank's knowledge work includes a seminar showcasing the Saemaul Undong Project in Côte d'Ivoire, leading to formal collaboration with the Saemaul Undong Global Foundation in supporting staple crop processing zones in Togo. ECAD also convened national workshops on the Bank's fiduciary procedures aimed at enhancing project performance. Immediate outcomes were visible in the working groups that opened implementation bottlenecks, thereby accelerating project timelines.

4 Highlights of the Boards' Oversight Function

Boards of Governors

Constituted by 80 member countries, the Boards of Governors are the highest decision making organs of the Bank and the Fund. Governors are usually a minister of finance, minister of planning, or central bank governor. The 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. Furthermore, the Boards of Governors elect 20 members as the Board of Directors to oversee the management of the institution.

The Boards of Governors undertook a number of activities in fulfilling their mandate, including the Fifty-second Annual Meeting of the Board of Governors of the ADB and the Forty-third Annual Meeting of the Board of Governors of the ADF, held jointly on 22–25 May 2017 in Ahmedabad, India. The theme of the Annual Meetings was *Transforming Agriculture for Wealth Creation in Africa.* During these meetings, the Governors held discussions with Bank Group Management on the financial health and operational performance of the Bank Group.

Highlights of the Governors' dialogue

The dialogue presented an opportunity for the Governors to discuss the progress in the preceding 12 months on the Bank Group's institutional reform agenda to fast-track implementation of the High 5s; the increasing demand for Bank Group assistance; and the projected funding gap and the financing mechanisms proposed to bridge it.

The Governors reiterated their support for the High 5s and asked for their speedy implementation to accelerate achievement of the Sustainable Development Goals (SDGs) and African Union Agenda 2063. They commended the Bank Group for completing the institutional reform commitments for General Capital Increase (GCI-VI), supporting the continent's efforts to attain water security; attracting more investment for youth in agriculture, including through the Bank Group's Jobs for Youth in Africa Initiative; implementing the New Deal on Energy for Africa; and increasing disbursement rates. They also commended the Boards of Directors, Management, and staff for the Bank's performance in 2016, and encouraged them to continue striving for development impact in the Regional Member Countries (RMCs).

The Governors recognized the need for additional resources to achieve the High 5s. They expressed support for the Bank's multipronged resourcing strategy anchored on increasing co-financing, fine-tuning lending operations, optimizing the balance sheet, and, in due course, recapitalizing the Bank. But they urged the Bank to prioritize more of its lending to high-impact investment projects, optimize efficiency gains, and leverage additional resources. They also called for the Bank to deepen dialogues to enhance domestic resource mobilization and create an environment conducive to private sector development. The Governors commended the choice of the theme for the Annual Meetings, *Transforming Agriculture for Wealth Creation in Africa,* and emphasized the need to champion the transition of agriculture in Africa from manual to mechanical and from subsistence to commercial. They encouraged the Bank to strengthen support to countries in situations of fragility and to those in transition.

In exercising their statutory duties, the Boards of Governors adopted the Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2016, and the Annual Report and Audited Special Purpose Financial Statements for the Financial Year-ended 31 December 2016. In addition, they adopted resolutions pertaining to the By-Election of Executive Directors of the African Development Bank; Selection of Executive Directors of the African Development Fund; Appointment of Deloitte & Associés as External Auditors for the Financial Years 2017 through 2021; Allocation and Distribution of Allocable Income of UA 203.33 million of the African Development Bank for the Financial Year ended 31 December 2016 (compared with UA 137.41 million in 2015); and Distribution of Part of the Income (UA 1,897,000) of the Nigeria Trust Fund for the Financial Year ended 31 December 2016. Moreover, the Governors approved Amendments to the Agreement for the Establishment of the Africa Growing Together Fund; Conditions of Service of Elected Officers – Annual Review of the Remuneration of Executive Directors; and the Remuneration of Elected Officers – Annual Review of the Remuneration of the President. Other events during the Annual Meetings brought together stakeholders to explore opportunities for further and deeper partnerships. Among key results: the signing of agreements for bilateral cooperation between several African governments and counterpart governmental entities of India. Also noteworthy was the signing of a Memorandum of Understanding between the Bank Group and the International Finance Corporation (IFC) to coordinate their investments – through the Bank's Affirmative Finance Action for Women in Africa (AFAWA) program and the IFC's Banking on Women Program – for the benefit of women in Africa. The Bank's flagship publication, the African Economic Outlook 2017, was launched.

Boards of Directors

The Boards of Directors act on authority delegated from the Boards of Governors and are entrusted with the conduct of general operations. The Boards of Directors exercise all the powers of the Bank and the Fund except those expressly reserved for the Boards of Governors by the Bank and Fund's constitutive instruments.

In 2017, the Boards of Directors supported Management through strategic direction for attaining the organizational objectives to improve efficiency, fine-tune the structure, renew the workforce, move closer to the clients, and focus on projects with greater potential for development impact. The Boards, supported by the committees, approved strategies, policies, loans and grants, equity investments, and guarantees, and the administrative budget. Highlights of these approvals are provided in this Annual Report.

In all, the Boards approved 150 projects, totaling UA 6.08 billion.[5] Of the projects, 51 percent (9 percent by amount) were approved through the lapse-of-time procedure and 49 percent (91 percent by amount) in plenary sessions.

Developmental thrust of Country Strategy Papers and Briefs

In 2017, the Boards approved Country Strategy Papers for Angola, Benin, Burkina Faso, Central African Republic, Madagascar, Morocco, Tunisia, and Zambia. The Boards also approved an interim CSP for Eritrea and Country Briefs for Somalia and Sudan. The Boards ensured that these documents aligned with each country's socioeconomic development priorities, focused on inclusion as well as selectivity, and addressed economic diversification, fragility, gender mainstreaming, and regional integration.

5 The remaining UA 120 million of the total Bank Group approvals of UA 6.20 billion, including other special resources and technical assistance, was approved by Senior Management.

Strategic direction to the organization: Institutional reforms, effectiveness, and results

Institutional reforms. The Boards oversaw the ongoing institutional reforms by approving refinements to the Development and Business Delivery Model (DBDM) to better align the new organizational structure to business needs; reviews of the compensation system to tie benefits to performance; and a staff separation scheme to help renew the workforce.

Support to decentralization. Instituting the Bank's objective to move closer to its clients and enhance policy dialogue, the Board approved the opening of three new Country Offices in Benin, Guinea, and Niger, increasing the number of Country Offices to 35.

Focus on results. The Boards approved two major instruments. One is the Bank Group Results Measurement Framework 2016–2025, to enhance the Bank's ability to measure how its interventions create and boost economic, social, and environmental value as well as maximize development impact in Africa. The second is the Bank Group Policy Instrument on Results-Based Financing, to support government programs and link disbursements directly to the achievement of results.

Curbing illicit financial flows. The Board approved a policy on preventing illicit financial flows, setting a framework for the Bank Group's contribution to the continent's response to this issue.

Enhancing the Bank's IT ecosystem. The Board-approved Bank Group Digital Strategy 2017–2020, designed to drive greater innovation in the IT system for supporting decentralization, the implementation of the DBDM, and the achievement of the High 5s.

Budget Framework 2018–2020 and Three-Year Rolling Work Program. The Board considered the Budget Framework 2018–2020, together with a Three-Year Rolling Work Program, and in approving the administrative budget for 2018 called for operational efficiency and a focus on development impact and poverty reduction in Africa.

Response to emergencies. The Boards responded decisively to an emerging catastrophe in the Horn of Africa and Nigeria by approving the "Say No to Famine" initiative, intended to decrease the exposure of vulnerable populations to chronic hunger and malnutrition and enhance the resilience of households, communities, and agro-systems to human-induced and natural shocks.

The Boards' working modalities

The year 2017 was a particularly busy and productive for the Boards of Directors. Executive Directors participated in 173 formal and informal meetings, retreat seminars, and briefing sessions. The work of the Boards of Directors is conducted largely through their subsidiary organs, the committees. In 2017, the Boards were supported by seven standing committees, whose remits are described in Figure 4.1.

Consultative missions and study tours

Executive Directors undertook consultative missions to the Central African Republic, Guinea, Namibia, and Tanzania to engage governments, development partners, the business community, and civil society actors on the relevance and effectiveness of the Bank Group's strategy and presence. Similarly, the Senior Advisers and Advisers to Executive Directors undertook study tours to Benin, Liberia, Mali, and Uganda to assess the progress of Bank Group–financed projects.

The visits afforded Board members the opportunity to learn key lessons for crafting the Bank's interventions in its RMCs. These include giving greater focus to policy dialogue with governments and civil society; strengthening coordination with other development partners; supporting the creation of strong national institutions; building capacity in economic governance; and developing the infrastructure necessary for social, spatial, and economic inclusion.

Independent Development Evaluation of the Bank Group

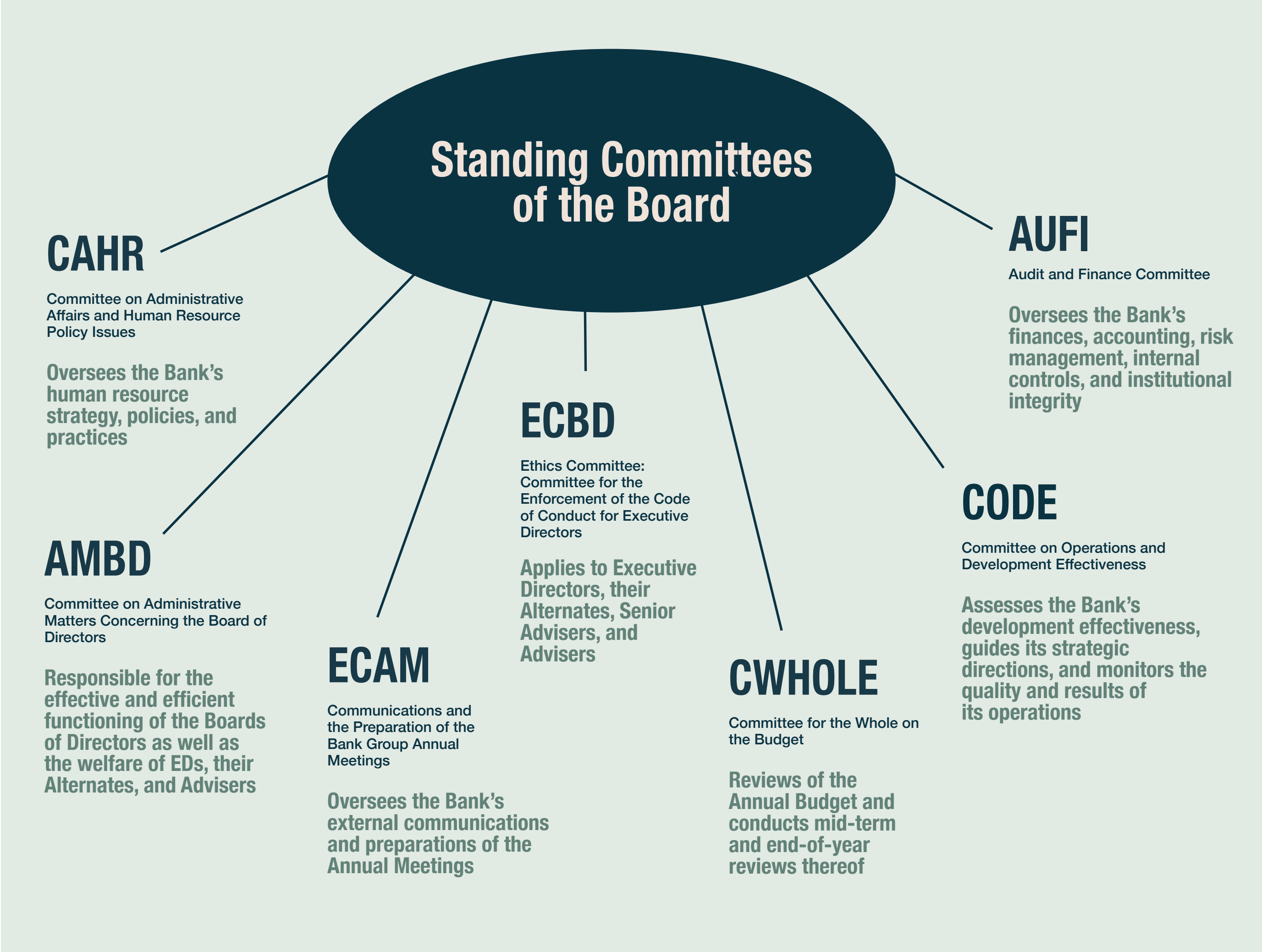
The Independent Development Evaluation (BDEV, also known as IDEV) works to enhance the development effectiveness of Bank Group initiatives in its RMCs through independent and impactful evaluations and through partnerships for sharing knowledge across Africa (Figure 4.2). BDEV produces credible evidence-based evaluations to help ensure that the Bank Group is learning from its own experiences to improve its policies, strategies, processes, and operations to achieve its strategic objective of reducing poverty and fostering economic growth in Africa.

In 2017, BDEV completed nine evaluation products (Table 4.1), of which three were distributed to the Board of Directors. Another 25 evaluations were ongoing at year-end and are expected to be delivered in 2018. BDEV led the production of the Evaluation Cooperation Group's reference document on integrating gender into project-level evaluations.

Knowledge management and learning

In 2017, BDEV continued to disseminate its evaluation reports and related knowledge products, such as briefs, infographics, and factsheets. In collaboration with the NORAD Evaluation Department, it organized learning and knowledge-sharing opportunities, including

Figure 4.1 Standing Committees of the Board



events in Nairobi and Pretoria on private sector development. It also organized three sessions at the biennial African Evaluation Association conference. Four issues of Evaluation Matters – BDEV's quarterly magazine on evaluation and development perspectives and insights – were produced and disseminated in print and electronic versions.

Evaluation capacity development and partnerships

In 2017, BDEV started a webinar series targeted at the evaluation community in Africa and beyond, on key evaluation topics and methodologies. It also provided training to its staff on presentation skills, theory-based evaluation, and qualitative comparative analysis. And it built strategic partnerships with expert centers, such as the Centers for Learning on Evaluation and Results, to promote a culture of evaluation and to facilitate learning opportunities for evaluation stakeholders.

Compliance, accountability, and intermediate recourse mechanisms

Compliance

Compliance Review and Mediation

The Compliance Review and Mediation Department handled seven complaints submitted to the Independent Review Mechanism by national non-governmental organizations in 2017. The complaints related to coal-fired power plants, agribusiness, and infrastructure (airport/transnational road) projects financed by the Bank Group in Guinea, Mali, Morocco, Senegal, and South Africa. Reports submitted by the Independent Review Mechanism to the Boards of Directors recommended that Management prepare and implement

Figure 4.2 Independent development evaluation in 2017

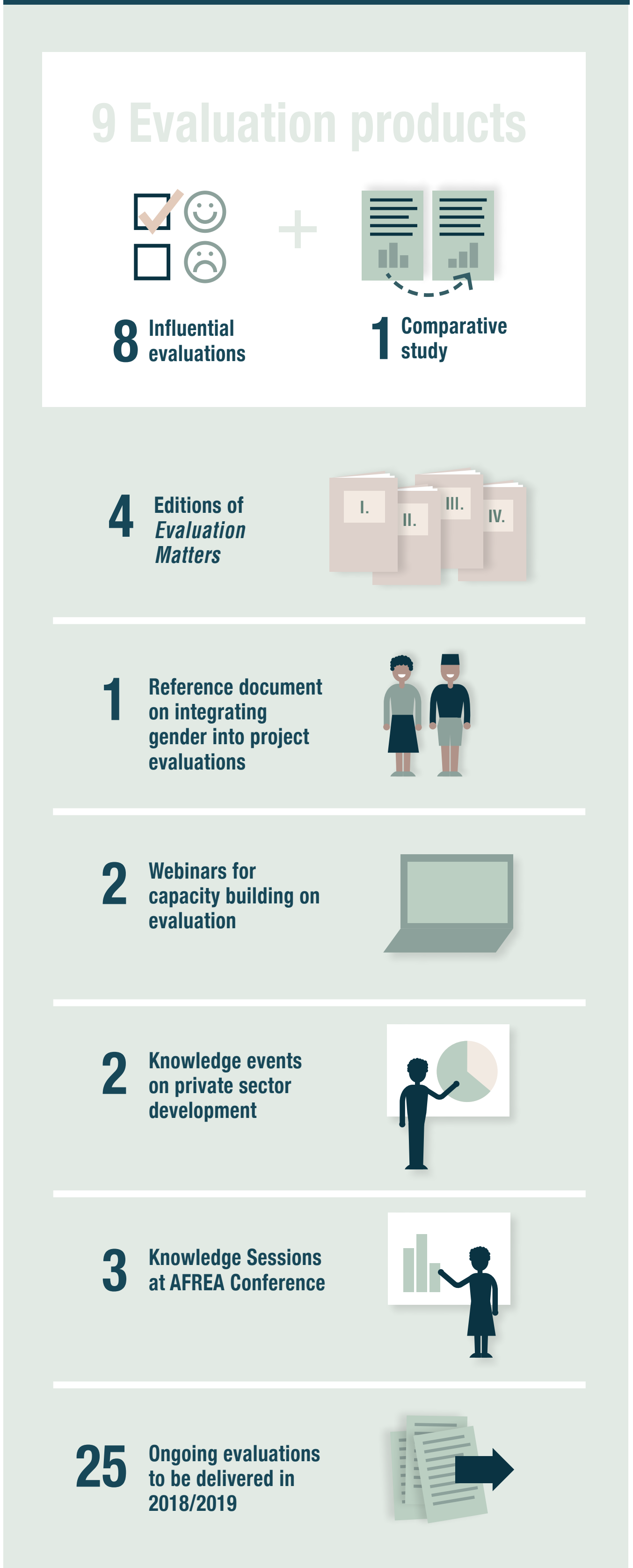


Table 4.1 BDEV evaluation products completed in 2017

Evaluation type	Number of evaluations completed
Project cluster evaluations of Bank projects in agricultural value chain development and rural electrification	2
Sector and thematic evaluations on agriculture value chains and Bank support for the water sector	2
Country strategy and program evaluations for Côte d' Ivoire* and Nigeria, to inform the Bank's new strategies for these countries	2
Regional integration strategy and program evaluation for Central Africa, to inform the Bank's new strategy for the region	1
Corporate evaluation of the Bank's human resource management and strategic directions, to inform the new strategy for people management*	1
Comparative study of board processes, procedures, and practices across multilateral financial institutions*	1

*Note: *Distributed to the Board of Directors in 2017*.

action plans to address these complaints concerning involuntary resettlement, lack of public consultation, health risks from air pollution, encroachment on livelihoods and cultural heritage sites, and inadequate social and environmental impact assessment studies.

To enhance institutional capacities in problem solving, the Bank focused its annual mediation training on community engagement and grievance redress mechanisms around the Bank Group/IFC co-financed projects in West African countries (Côte d'Ivoire, Ghana, Guinea, Liberia, Mali, Senegal, and Sierra Leone). The training, co-organized with the Compliance Advisory and Ombudsman Office of the IFC, was attended by companies (project sponsors), Bank staff, and regional representatives of networks of civil society accountability, and mediation in these countries.

Ethics

In line with the High 5s, the Ten-Year Strategy, and the Ethics Office's work program, the Bank continued to raise awareness on ethics and to assist Management and staff in handling ethical dilemmas. With the new organizational reforms, the challenge from a business ethics perspective is to ensure that all staff, wherever located, uphold and exhibit the highest standards of conduct and behavior expected of international civil servants. The office strives to ensure that it is available and reaches out to all staff at Headquarters and at regional and country offices.

Accountability and control

Audit

The execution rate of the 2017 Internal Audit Work Program is satisfactory. Of 44 planned audit assignments in 2017, the Office of the Auditor General completed nine in the Operations complexes, comprising eight country portfolios and one project-related activity; 22 assignments in the Board, Presidency, Finance, and Corporate complexes; and eight country office audits. In addition, the Audit Department carried out special request assignments, client assistance audits/activities, follow-up on implementation of past recommendations, and other program management activities.

Integrity and Anti-Corruption

The Bank's Whistleblowing and Complaints Handling Policy was updated to align reporting procedures with the DBDM. During 2017, 78 allegations of sanctionable practices were received (down from 86 in 2016). Of those, 39 were set aside following preliminary screening for credibility, verifiability, and materiality as not meriting investigation. The remaining 39 cases (41 in 2016) went into investigation. Investigations into 26 cases (21 in 2016) were completed and closed, resulting in the submission of nine (three in 2016) Findings of Sanctionable Practices to the Sanctions Commissioner for determination. Of 22 cases of staff misconduct received during the year, investigations into 12 were completed. Three cases were referred to other recourse mechanisms within the Bank, while one was unsubstantiated. Reports on the remaining eight completed cases were submitted to Management for appropriate action.

The Africa Integrity Fund, derived from fines and penalties imposed on companies found to have engaged in sanctionable practices, stood at USD 55 million at the end of 2017. The fund supports anti-corruption measures and strengthens the transparency and accountability of public resource management in RMCs.

Recourse mechanisms

Office of the Ombudsman

In 2017, 73 cases were brought to the attention of the Office of the Ombudsman, of which 99 percent were closed within an average of four weeks, in line with the key performance indicators. The caseload breakdown was as follows: career development and job security (45 percent), conduct and abuse of power (32 percent), policy implementation (17 percent), performance evaluation (4 percent), and compensation and benefits (2 percent). The office organized the 8th Annual Conflict Competency Week on the theme *Best Practices in Resolving Employment Disputes in International Organizations,* which was attended by law students from universities in Abidjan.

Administrative Tribunal

The Administrative Tribunal held one judicial session and one plenary session in Abidjan from 8 to 14 August 2017. The judicial session examined four applications. One was related to allegations of work-related injuries, for which the tribunal granted 100 percent medical coverage for one type of injury. Two applications challenged termination of service for the abolition of post; one was declared without merit and the other struck from the roll after an amicable settlement. The fourth application concerned the motion to dismiss raised by the Bank against an application challenging the deduction from a staff member's severance benefits of unpaid phone bills for non-professional calls. The tribunal invited both parties to continue the proceedings on the merits. The tribunal also registered five new applications. One was withdrawn at the applicant's request following a settlement with the Bank. Of the other four, one was a non-renewal of contract for poor performance and the other three were dismissals, including two for serious misconduct.

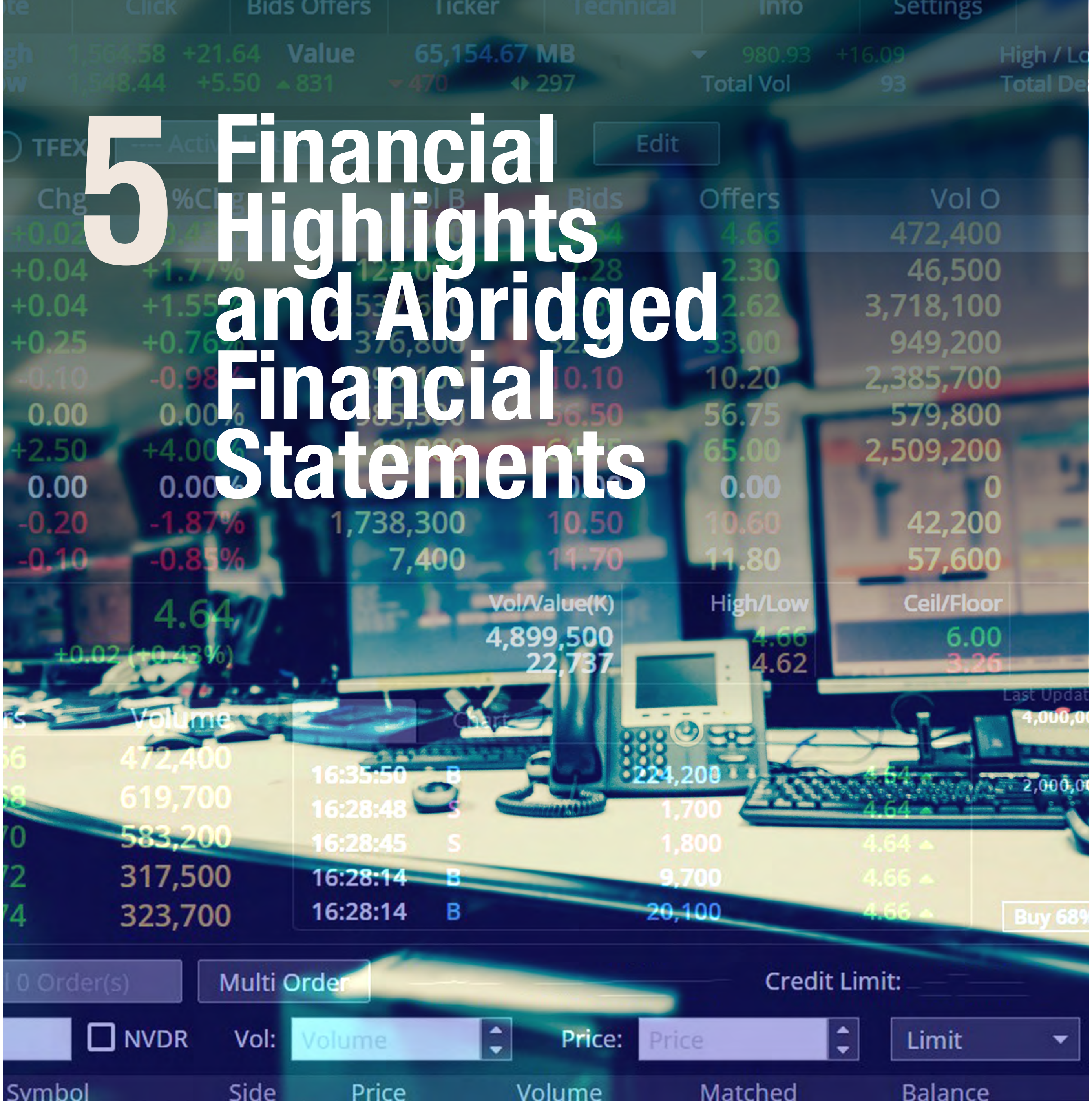
Staff Appeals Committee

The Staff Appeals Committee received five appeals in 2017 and disposed of two by the end of the year. Most appeals arose from contested benefit payments, and one was a claim for wrongful deduction from terminal benefits of a separating staff member. Reports and recommendations from three appeals heard at the end of 2016 were submitted in early 2017 for action by the President. Among notable concerns raised in these appeals were compliance with internal rules and regulations, respect for due process, and the need for accountability of both staff and managers. Other pertinent lessons include the management of performance culture based on the current system's objectivity and the review processes for contested evaluations. Finally, meaningful dialogue about the benefits due to either separating or active staff should take place at an earlier stage of a dispute. Undue delays could lead to the Bank incurring penalties in damages and interest on awards from costly litigation.

Sanctions Appeals Board

In 2017, the Board heard and deliberated on Sanctions Decision No. 3, a case that arose from the Monrovia Water and Sanitation Immediate Rehabilitation Project in Liberia. It upheld the decision of the Sanctions Commissioner, which debarred with conditional release the respondent company and its managing director for two years. In line with the Agreement for Mutual Enforcement of Debarment Decisions of 9 April 2010, the Board hosted the annual meeting for the multilateral development banks that are signatory to this agreement. The meeting was held in Abidjan from 26 to 27 October 2017 and was attended by representatives of the European Bank for Reconstruction and Development, Inter-American Development Bank, and World Bank, along with the Global Fund, which attended as an observer.

5 Financial Highlights and Abridged Financial Statements



Trading room

Despite the challenging business and low interest rate environment, the overall financial performance of the Bank Group in 2017 was strong. The Bank maintained its AAA rating with a stable outlook from all four rating agencies and consolidated its position as Africa's premier financial institution. With the exception of the African Development Fund (ADF), whose deficit widened, the Group recorded higher income than in 2016.

Financial results

While the African Development Bank (ADB) and Nigeria Trust Fund (NTF) realized higher net income before distributions compared with 2016, the ADF deficit increased (Table 5.1). The Bank's income has improved in recent years as a result of the increase in loan pricing, the increase in lending activities, and record levels of disbursements in 2016 and 2017. Apart from transfers to reserves, 90 percent of the allocable income of the Bank, has gone to support for low-income ADF countries. Detailed information and analysis on the financial results of the Bank Group are presented in a separate companion 2017 Financial Report.

African Development Bank

In 2017, the Bank earned a higher income of UA 258.43 million before distributions approved by the Board of Governors, compared with UA 120.07 million in 2016. The increase is primarily due to the combined effect of higher interest income realized on increased volumes of loans and investments, reduced impairment on non-sovereign loans, and a favourable valuation of borrowings and derivatives.

A summary of selected financial metrics for the Bank for the four years ended from 2014 to 31 December 2017 is shown in Table 5.2.

The net interest margin fell in 2017, primarily due to the replacement of maturing high-yielding investments held at amortized cost with lower-yielding investments and an increase in the absolute value of the trading portfolio. Interest income from loans increased by 24.40 percent due to a higher average volume of outstanding loans resulting from increased disbursements. The treasury portfolio continued to perform above its benchmarks. Overall, net interest income increased by 1.93 percent, driven mainly by the higher level of average gross interest earning assets during the year.

The Bank's share of the total Bank Group's administrative expenses, included in Table 5.1 in Other Expenses, amounted to UA 147.77 million in 2017, up from UA 130.06 million in the previous year.

The Bank's reserves, plus accumulated loan loss provisions on outstanding loan principal and charges, increased to UA 3.42 billion at the end of 2017, up from UA 3.26 billion at the end of 2016, an increase of 4.91 percent.

Table 5.1 Abridged 2016 and 2017 financial results of the Bank Group (UA millions)

	ADB		ADF		NTF	
	2017	2016	2017	2016	2017	2016
Income from loans and investments	668.05	563.47	147.59	178.58	2.75	2.35
Borrowing expenses and derivatives	(226.77)	(244.84)	-	-	-	-
Impairment charge on loans and investments	(16.99)	(67.65)	-	-	-	-
Translation gains/(losses) and other income	2.16	10.51	(8.96)	(4.17)	-	-
Net operational income	426.46	261.49	138.63	174.41	2.75	2.35
Other expenses	(168.03)	(141.42)	(257.41)	(241.67)	(0.56)	(0.45)
Income before distributions approved by the Board of Governors	258.43	120.07	(118.78)	(67.26)	2.18	1.90
Distributions approved by the Board of Governors	(82.00)	(95.00)	-	-	(0.19)	(0.14)
Net income/(loss) for the year	176.43	25.07	(118.78)	(67.26)	1.99	1.76

Table 5.2 Selected financial metrics for ADB, 2014 - 2017 (UA millions)

	2017	2016	2015	2014
Net operational income	426.46	261.49	229.65	282.20
Income before distribution approved by Board of Governors	258.43	120.07	93.16	151.69
Net income/(loss) for the year	176.43	25.07	(30.84)	31.70

Distributions approved by the Board of Governors

In 2017, the Board of Governors approved distributions of UA 82 million from 2016 income to various development initiatives, compared with UA 95 million distributed in 2016. The beneficiaries of these distributions are listed in note N to the financial statements in the 2017 Financial Report. In accordance with the Bank's accounting policies, such distributions are reported as expenses in the year of approval. The Board of Directors agreed to recommend to the Board of Governors, at its forthcoming Annual Meeting in May 2018, distributions of UA 78 million from 2017 net income to various development initiatives. If approved by the Board of Governors, such distributions, and any others that may be approved by the Board of Governors in 2018, will be reported as expenses in the 2018 financial statements, in line with the prevailing accounting practice.

Control of administrative expenses

For the year ending 31 December 2017, the Bank Group's general administrative expenses, excluding charges for depreciation and amortization, increased by 10.09 percent to UA 376.81 million. This increase was primarily due to higher operational expenses arising from staff end-of-service benefits and the impact of actuarial valuation deficits on the benefit plans. For 2018, the Bank Group's administrative expenditure is budgeted at UA 376.86 million, reflecting its commitment to strategic cost containment and to the achievement of sustainable returns. To maximize the resources for development financing and technical assistance to its member countries, the Bank continues to focus on a high level of budgetary discipline, effective cost controls, and proactive cost-recovery programs in managing its administrative and capital expenses.

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, including canceling longstanding loans "signed but not disbursed" to free up capital for new lending. Meanwhile, efforts to fully implement the operational risk management framework, as approved by the Board of Directors, are ongoing. Also in progress is the implementation of an integrated workflow-driven software platform expected to allow all stakeholders involved in credit risk assessment to streamline their work and enhance efficiency.

As part of its balance sheet optimization strategy, the Bank entered Exposure Exchange Agreements (EEAs) with other MDBs in 2015. This initiative aims to reduce sovereign-concentration risk and thus to increase lending headroom. The EEAs contracted have final maturities in 2030 with linear annual reduction of the notional amounts starting from 2025. On 31 December 2017 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 3.14 billion). No default events have occurred on any of the exposures covered under these exposure exchanges, and the Bank continues to expect its sovereign and sovereign-guaranteed exposures to be serviced in accordance with loan agreements. The counterparty credit exposure that can arise from the purchase or sale of protection under the EEA is limited given the AAA credit ratings of the Bank's counterparties.

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 2017 Financial Report.

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 ratings underline the Bank's strong financial position (as reflected in its capital and liquidity) and very strong business profile.

African Development Fund

The financial objective of the Fund is to protect its commitment capacity. The Fund reported a deficit of UA 118.78 million in 2017, up from the UA 67.26 million recorded in 2016, largely due to a decrease in investment income.

While loan income increased from UA 96.57 million in 2016 to UA 103.52 million in 2017 due to higher lending during the year, investment income decreased by 46 percent from UA 82.01 million in 2016 to UA 44.07 million in 2017. It is noteworthy that the 2016 investment income included a UA 31.66 million exceptional gain following the one-off sale of assets to accommodate the introduction of the renminbi in the Fund's investment portfolio. A decrease in ADF's average liquidity also contributed to the decline in investment income.

Persistent deficits over recent years are due mainly to structural changes to the Fund, including the cancellation of loans to certain beneficiaries under the Multilateral Debt Relief Initiative (MDRI), described in note F to the special purpose financial statements in the 2017 Financial Report. The increased grant component in the recent ADF resource allocations, and the impact of the prevailing low interest rates on investments of subscriptions was encashed early, left the Fund with a negative income gap. Although these structural changes affected the reported income in the Fund's financial statements, their impact did not adversely affect the commitment capacity or the financial sustainability of the Fund because it is expected to be compensated through additional donor subscriptions, payable over the life of the canceled loans.

The Fund's share of the total administrative expenses of the Bank Group increased by 7.92 percent, due to the general increase in operational expenses. However, the Fund's cost-sharing ratio of these expenses fell marginally to 60.95 percent in 2017, from 62.14 percent in 2016.

The Fund continues to cancel qualifying debts under the MDRI for countries that reach the Heavily Indebted Poor Countries (HIPC) completion point. No new country reached the completion point in 2017. A summary of the cumulative loan cancellations under the MDRI and HIPC is included in note F to the special purpose financial statements in the 2017 Financial Report.

Nigeria Trust Fund

The NTF's income before distributions approved by the Board of Governors increased from UA 1.90 million in 2016 to UA 2.18 million in 2017, mainly due to an increase in investment income.

The NTF's share of administrative expenses of the Bank Group increased from UA 0.47 million in 2016 to UA 0.55 million in 2017. The NTF's reserves, net of cumulative currency translation adjustments, decreased by 16.05 percent from UA 48.21 million at the end of 2016 to UA 40.47 million at 31 December 2017.

Selected financial metrics

A summary of selected financial metrics of the Bank Group entities (ADB, ADF, and NTF) for the four years ended 31 December is shown in Table 5.3.

Table 5.3 Selected financial metrics of the Bank Group, 2014 - 2017 (UA millions)

	2017	2016	2015	2014
African Development Bank				
Assets	32,575.74	29,727.08	25,346.74	22,950.83
Net income/(loss)	176.43	25.07	(30.84)	31.69
Comprehensive income/(loss)	235.22	(174.41)	105.93	(41.56)
Cash and cash equivalents	1,719.78	2,035.87	2,403.88	650.68
African Development Fund				
Net development resources	5,219.81	5,457.84	5,931.89	6,151.41
Deficit	(118.78)	(67.26)	(83.25)	(125.35)
Cash and cash equivalents	564.19	874.80	475.59	636.82
Nigeria Trust Fund				
Assets	169.36	192.43	170.52	169.60
Net income	1.99	1.76	1.24	1.33
Total comprehensive income	1.99	1.76	1.24	1.33
Cash and cash equivalents	12.20	21.57	22.54	13.63

Note: The full audited financial statements, together with the related audit opinion, are available separately in the 2017 Financial Report.

Conclusion

The Bank's financial strength was reinforced in 2017 as it maintained its AAA rating, with a stable outlook, by all four global rating agencies. The Bank's AAA stable outlook as assessed rating is underpinned by sound financial and risk management policies, excellent liquidity, and strong shareholder support.

Total Bank Group approvals (excluding all Special Funds) reached UA 5.46 billion in 2017. With the inclusion of approvals from the Transition Support Facility (TSF), Private Sector Credit Enhancement Facility (PSF), and other Special Funds, the total approvals were UA 6.20 billion.

The Bank raised more resources for Africa. In 2017, it mobilized USD 9.73 billion from the capital markets for African countries, including USD 300 million from the Enhanced Private Sector Facility for Africa. The Bank launched its largest bond transaction, with a USD 2.5 billion three-year global benchmark, followed by its largest ever five-year global benchmark for USD 2 billion. A new department was established in 2017 to increase syndication and co-financing activities, optimize the Bank's balance sheet, and accelerate the use of less capital-intensive instruments. These measures will help grow the Bank's franchise value and position the Bank competitively to serve its clients.

The Bank Group entities achieved the highest annual disbursement in its history, at UA 5.43 billion.

In 2017, as in the previous year, the Bank Group consolidated its strong financial position despite the difficult operating environment and prevailing low interest rates. For the Bank, the strong performance in 2017 has enabled the highest ever addition to reserves in the amount of UA 133 million. The strong financial position of the Bank enables it to distribute income to support urgent development needs especially in lower income countries. In 2017, the Bank distributed UA 82 million in support of such activities; and UA 78 million will be distributed in 2018 from the 2017 net income.

In 2018, the risk and financial management policies and practices will continue to be applied in a manner that protects the long-term sustainability of the Bank, as the Bank Group pursues the accelerated delivery of development resources to its Regional Member Countries.

The Bank continued to implement its High 5 agenda and to deliver strong results on the ground. Through its sovereign and non-sovereign windows, the Bank is financing projects and programs that create jobs, support small and medium enterprises, and deliver inclusive growth.

Highlights for 2017 include:

- Light Up and Power Africa reached 4.4 million people with access to electricity. The Bank is leading Africa's transition to inclusive and green growth. The share of renewable energy in the Bank's energy generation portfolio increased from 14 percent in 2015 to 74 percent in 2016, and in 2017 the Bank achieved a record 100 percent of its new lending on energy was all in renewables. These investments will generate an additional 1,400 MW of power and connect 3.8 million people to electricity.

- Feed Africa brought 8.5 million Africans access to improved agricultural technologies.

- Integrate Africa provided 14 million Africans with improved access to transport.

- Industrialize Africa provided 210,000 small businesses with access to financial services.

- Improve the Quality of Life for the People of Africa provided 8.3 million Africans with improved access to water and sanitation.

The Bank continued to strengthen, customize, and align its knowledge products to its High 5 priority areas while providing more policy-relevant analytical and advisory support and capacity building to Regional Member Countries (RMCs). Looking ahead to 2018, the Bank will continue reforming, innovating, leading, and delivering more for Africa than ever before. New policies and strategies, innovative financial instruments, decentralized operations, and an enhanced results culture will transform the way the Bank operates. The Bank has become more responsive to its clients and is able to deliver improved development results.

Appendices

Appendix 1
Abbreviations and Acronyms

ACCF	Africa Climate Change Fund
ADB	African Development Bank
ADF	African Development Fund
ADOA	Additionality and Development Outcomes Assessment
AEC	African Economic Conference
AERC	African Economic Research Consortium
AGTF	Africa Growing Together Fund
BDEV	Independent Development Evaluation
COMESA	Common Market for Eastern and Southern Africa
CSOs	Civil Society Organizations
CSP	Country Strategy Paper
DBDM	Development and Business Delivery Model
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
ECAD	African Development Institute
ECAM	External Communications and the Preparation of the Annual Meetings
EEAs	Exposure Exchange Agreements
ESW	Economic and Sector Work
GCF	Green Climate Fund
HIPC	Heavily Indebted Poor Country
IATI	International Aid Transparency Initiative
IFF	Illicit Financial Flows
JfYA	Jobs for Youth in Africa
KOAFEC	Korea-Africa Economic Cooperation
MDRI	Multilateral Debt Relief Initiative
MENA	Middle East and North Africa
MSMEs	Micro, small, and medium enterprises
NEPAD	New Partnership for Africa's Development
NORAD	Norwegian Agency for Development Cooperstion
NSOs	Non-sovereign operations
NTF	Nigerian Trust Fund
PAGODA	Pillar Assessed Grants or Delegated Agreements
PBO	Program-based operation
RePEc	Research Papers in Economics
RMC	Regional Member Countries
RMF	Results Measurement Framework
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SIF	Somalia Infrastructure Fund
SME	Small and medium enterprises
TAAT	Technologies for African Agricultural Transformation
TER	Dakar-Diamniadio-AIBD Regional Express Train
TSF	Transition Support Facility

Appendix 2
Summary of Bank Group operations, resources, and finance, 2008–17 (UA millions)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	CUMULATIVE TOTAL[a]
Operations											
Bank Group approvals[b]											
Number	133	181	139	184	199	317	232	241	305	**249**	**5,528**
Amount	3,528.73	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**	**102,204.43**
of which HIPC	159.87	372.56	202.95	1,350.85	248.00	22.32	-	46.96	-	**-**	**6,158.28**
Disbursements[c]	1,860.91	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**	
ADB approvals[b]											
Number	58	84	59	59	48	65	79	99	114	**87**	**1,810**
Amount	1,807.01	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**	**62,166.68**
of which HIPC	113.75	112.77	144.14	1,178.04	134.58	9.64	-	-	-	**-**	**3,158.22**
Disbursements[c]	727.53	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**	
ADF approvals[b]											
Number	59	65	58	56	65	121	77	70	94	**76**	**2,924**
Amount	1,629.77	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**	**35,555.67**
of which HIPC	17.95	259.09	29.99	171.93	112.21	12.68	-	46.96	-	**-**	**2,936.91**
Disbursements	1,124.92	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**	
NTF approvals											
Number	2	3	2	3	3	5	2	2	3	**-**	**100**
Amount	28.16	5.70	29.53	10.88	14.10	31.17	11.49	12.50	18.46	**-**	**469.93**
of which HIPC	28.16	0.70	28.83	0.88	1.20	-	-	-	-	**-**	**63.15**
Disbursements	8.45	4.87	5.02	8.67	1.76	0.96	3.13	7.47	10.98	**7.41**	
PSF approvals											
Number	-	-	-	-	-	-	-	-	8	**10**	**18**
Amount	-	-	-	-	-	-	-	-	90.78	**150.70**	**241.47**
TSF approvals											
Number	3	12	7	31	33	35	35	28	31	**35**	**250**
Amount	35.57	364.83	110.73	184.19	117.09	204.68	254.68	207.75	162.55	**302.78**	**1,944.85**
Special funds approvals[d]											
Number	11	17	13	35	50	91	39	42	55	**41**	**426**
Amount	28.21	27.76	32.38	188.12	269.03	253.36	244.22	288.85	160.32	**280.81**	**1,825.83**
Resources and finance (at year end)											
ADB											
Authorized capital	21,870.00	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**	
Subscribed capital[e]	21,765.14	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**	
Paid-up portion[e]	2,356.01	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**	
Callable portion	19,409.14	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**	
Outstanding debt	6,707.28	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**	
Cumulative exchange Adjustment on subscriptions	(161)	(162)	(163)	(161)	(167)	(173)	(174)	(169)	(161)	**(158)**	
Reserves	2,475.47	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**	
Gross income[f]	564.45	518.88	519.32	489.18	553.64	479.64	484.73	455.77	536.02	**665.76**	
Net income[g]	304.66	231.16	213.66	164.51	198.62	180.33	151.69	93.16	120.07	**258.43**	
ADF											
Subscriptions	16,566.02	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**	
Other resources	280.27	305.27	355.27	390.27	425.27	509.96	551.96	602.96	645.96	**680.96**	
NTF											
Resources (gross)	286.78	156.73	160.86	162.74	164.62	165.77	168.28	169.88	176.79	**169.05**	

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 ADB, 1974 for ADF, and 1976 for NTF).

b. Approvals include loans and grants, private and public equity investments, emergency operations, HIPC debt relief, loan reallocations, guarantee, and 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, MicroFinance 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. Since 2015, the gross income is net of interest on loan swaps.

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

The conversion rates are those for 31 December of each year. The conversion rates of the ADB, ADF, and NTF Unit of Account (UA) to the US Dollar for various years are as follows:

2008	1 UA = 1.54027 US dollars	2013	1 UA = 1.54000 US dollars
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

Appendix 3A
Bank Group approvals by High 5, 2017 (UA millions)

Sector	Ordinary Resources						Special Resources							
	ADB		ADF[a]		NTF		PSF		TSF		SF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Light Up and Power Africa	**11**	**685.30**	**15**	**256.98**	**-**	**-**	**2**	**37.68**	**4**	**85.61**	**22**	**164.57**	**54**	**1,230.14**
Energy supply	9	640.96	15	256.98	-	-	-	-	4	85.61	22	164.57	50	1,148.12
Finance	2	44.34	-	-	-	-	2	37.68	-	-	-	-	4	82.02
Feed Africa	**18**	**549.69**	**14**	**200.32**	**-**	**-**	**1**	**15.87**	**8**	**47.53**	**9**	**36.14**	**50**	**849.56**
Agriculture and rural development	16	530.14	14	200.32	-	-	-	-	8	47.53	9	36.14	47	814.13
Finance	2	19.55	-	-	-	-	1	15.87	-	-	-	-	3	35.42
Industrialize Africa	**12**	**802.54**	**2**	**6.00**	**-**	**-**	**4**	**44.53**	**-**	**-**	**1**	**2.38**	**19**	**855.44**
Industry, mining, and quarrying	3	148.10	-	-	-	-	-	-	-	-	-	-	3	148.10
Finance	9	654.44	2	6.00	-	-	4	44.53	-	-	1	2.38	16	707.34
Integrate Africa	**6**	**208.93**	**12**	**200.50**	**-**	**-**	**1**	**22.08**	**-**	**-**	**-**	**-**	**19**	**431.50**
Multinational														
Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport	4	151.64	10	187.12	-	-	1	22.08	-	-	-	-	15	360.83
Finance	2	57.29	2	13.38	-	-	-	-	-	-	-	-	4	70.67
Improve the Quality of Life for the People of Africa	**40**	**2,255.72**	**33**	**295.68**	**-**	**-**	**2**	**30.54**	**23**	**169.64**	**9**	**77.72**	**107**	**2,829.31**
Education	2	112.16	1	60.00	-	-	-	-	-	-	-	-	3	172.16
Health	2	1.43	-	-	-	-	-	-	-	-	-	-	2	1.43
Gender equity, population and nutrition	4	2.90	-	-	-	-	-	-	-	-	-	-	4	2.90
Poverty alleviation and micro-finance	1	101.08	1	1.36	-	-	-	-	-	-	-	-	2	102.44
Other Social	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply and sanitation	3	157.60	6	74.44	-	-	-	-	3	30.37	6	75.56	18	337.97
Communication (national)	1	59.29	1	13.22	-	-	-	-	-	-	-	-	2	72.50
Transport (national)	7	634.53	5	42.57	-	-	1	29.14	1	4.08	-	-	14	710.32
Multisector	14	980.77	18	102.60	-	-	-	-	19	135.19	3	2.16	54	1,220.72
Urban development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance	6	205.96	1	1.50	-	-	1	1.40	-	-	-	-	8	208.86
Total approvals	**87**	**4,502.18**	**76**	**959.48**	**-**	**-**	**10**	**150.70**	**35**	**302.78**	**41**	**280.81**	**249**	**6,195.95**

a. Excludes PSF and TSF

Appendix 3B
Bank Group approvals by sector, 2017 (UA millions)

Sector	Ordinary Resources						Special Resources							
	ADB		ADF[a]		NTF		PSF		TSF		SF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agriculture and rural development	16	530.14	14	200.32	-	-	-	-	8	47.53	9	36.14	47	814.13
Social	9	217.57	2	61.36	-	-	-	-	-	-	-	-	11	278.93
Education	2	112.16	1	60.00	-	-	-	-	-	-	-	-	3	172.16
Heath	2	1.43	-	-	-	-	-	-	-	-	-	-	2	1.43
Other	5	103.98	1	1.36	-	-	-	-	-	-	-	-	6	105.34
Infrastructure	24	1,644.01	37	574.32	-	-	2	51.22	8	120.06	28	240.14	99	2,629.74
Water supply and sanitation	3	157.60	6	74.44	-	-	-	-	3	30.37	6	75.56	18	337.97
Energy supply	9	640.96	15	256.98	-	-	-	-	4	85.61	22	164.57	50	1,148.12
Communication	1	59.29	1	13.22	-	-	-	-			-	-	2	72.50
Transport	11	786.17	15	229.68	-	-	2	51.22	1	4.08	-	-	29	1,071.15
Finance	21	981.58	5	20.88	-	-	8	99.48			1	2.38	35	1,104.31
Multisector	14	980.77	18	102.60	-	-	-	-	19	135.19	3	2.16	54	1,220.72
Industry, mining, and quarrying	3	148.10	-	-	-	-	-	-	-	-	-	-	3	148.10
Urban development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total approvals	**87**	**4,502.18**	**76**	**959.48**	**-**	**-**	**10**	**150.70**	**35**	**302.78**	**41**	**280.81**	**249**	**6,195.95**

a. Excludes PSF and TSF.

Appendix 3C
Bank Group approvals by financing instrument, 2017 (UA millions)

Financing Instrument	Ordinary Resources						Special Resources					
	ADB		ADF[a]		NTF		PSF		TSF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Project Lending	**54**	**3,371.05**	**32**	**584.00**	**-**	**-**	**-**	**-**	**5**	**59.39**	**91**	**4,014.43**
Public and publicly guaranteed :	25	1,902.56	32	584.00	-	-	-	-	5	59.39	62	2,545.95
Project loans	25	1,902.56	32	584.00	-	-	-	-	5	59.39	62	2,545.95
Sector investment and rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Lines of credit	-	-	-	-	-	-	-	-	-	-	-	-
Private non-publicly guaranteed :	29	1,468.49	-	-	-	-	-	-	-	-	29	1,468.49
Project loans	13	709.79	-	-	-	-	-	-	-	-	13	709.79
Lines of credit	13	599.35	-	-	-	-	-	-	-	-	13	599.35
Soft commodity finance facility	3	159.35	-	-	-	-	-	-	-	-	3	159.35
Policy-Based Lending	**6**	**880.19**	**4**	**62.85**	**-**	**-**	**-**	**-**	**2**	**17.02**	**12**	**960.07**
Sector adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Structural adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Budget support.	6	880.19	4	62.85	-	-	-	-	2	17.02	12	960.07
Grants	**17**	**12.88**	**34**	**263.37**	**-**	**-**	**-**	**-**	**25**	**193.45**	**76**	**469.69**
Technical assistance	5	4.23	8	13.81	-	-	-	-	5	15.30	13	18.04
Project cycle activities	-	-	1	0.10	-	-	-	-	-	-	1	0.10
Institutional support	-	-	7	13.71	-	-	-	-	5	15.30	12	29.01
of which private sector	-	-	-	-	-	-	-	-	-	-	-	-
Middle income countries grant	5	4.23	-	-	-	-	-	-	-	-	5	4.23
Project grants	-	-	25	247.23	-	-	-	-	16	113.37	41	360.61
Structural adjustment grant	-	-	-	-	-	-	-	-	-	-	-	-
Budget support grant	-	-	1	2.32	-	-	-	-	4	64.77	5	67.09
African food crisis response grant	-	-	-	-	-	-	-	-	-	-	-	-
Special relief fund	12	8.66	-	-	-	-	-	-	-	-	12	8.66
Emergency assistance	12	8.66	-	-	-	-	-	-	-	-	12	8.66
Emergency post-conflict	-	-	-	-	-	-	-	-	-	-	-	-
Special debt relief grant	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Capacity Building Loans	**-**	**-**	**5**	**35.13**	**-**	**-**	**-**	**-**	**2**	**10.86**	**7**	**46.00**
Project Preparation Facility	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt and Debt Service Reduction	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SFM debt alleviation	-	-	-	-	-	-	-	-	-	-	-	-
HIPC debt relief	-	-	-	-	-	-	-	-	-	-	-	-
Post - conflict country framework	-	-	-	-	-	-	-	-	-	-	-	-
Equity Participation	**7**	**69.96**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**69.96**
Public equity	-	-	-	-	-	-	-	-	-	-	-	-
Private equity	7	69.96	-	-	-	-	-	-	-	-	7	69.96
Guarantee	**3**	**168.08**	**1**	**14.13**	**-**	**-**	**10**	**150.70**	**1**	**22.07**	**15**	**354.98**
Public guarantees	-	-	1	14.13	-	-	-	-	1	22.07	2	36.20
Private guarantees	3	168.08	-	-	-	-	10	150.70	-	-	13	318.78
Loan Reallocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Special Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41**	**280.81**
Total approvals	**87**	**4,502.18**	**76**	**959.48**	**-**	**-**	**10**	**150.70**	**35**	**302.78**	**249**	**6,195.95**

a. Excludes PSF and TSF.

Appendix 3D
Bank Group total approvals by region (UA millions)

Region/Country	2012	2013	2014	2015	2016	2017
CENTRAL AFRICA						
Cameroon	47.3	45.5	143.8	447.9	323.0	274.1
Central African Republic	38.1	-	15.6	27.6	3.9	26.2
Chad	24.0	6.4	14.9	60.9	32.1	47.4
Congo	10.6	3.2	7.5	15.1	41.9	-
Congo, Democratic Republic of	69.0	204.9	187.1	40.7	138.3	7.1
Equatorial Guinea	-	-	0.8	-	-	-
Gabon	145.4	-	1.6	-	68.5	490.7
São Tomé & Príncipe	0.5	7.7	-	14.0	2.0	1.5
Multinational						277.6
Central Africa approvals	**335.0**	**267.7**	**371.3**	**606.2**	**609.7**	**1,124.6**
EAST AFRICA						
Burundi	17.8	17.6	41.8	-	0.5	25.8
Comoros	2.6	35.9	4.0	8.0	-	15.2
Djibouti	8.4	5.6	-	8.2	6.3	-
Eritrea	-	-	-	13.5	5.5	5.3
Ethiopia	166.0	85.7	66.6	182.3	314.4	140.4
Kenya	28.8	275.5	208.4	201.3	612.4	253.0
Rwanda	-	54.6	99.4	20.2	43.8	198.6
Seychelles	-	14.3	2.2	23.8	-	-
Somalia	-	3.5	2.9	1.9	22.7	6.2
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
Tanzania	154.6	42.1	98.7	549.2	219.1	20.3
Uganda	67.6	73.8	127.5	89.4	138.0	152.4
Multinational						236.6
East Africa approvals	**454.9**	**661.7**	**652.1**	**1,158.7**	**1,392.0**	**1,104.3**
NORTH AFRICA						
Algeria	0.8	-	0.8	2.9	717.5	-
Egypt	-	3.7	4.6	512.8	370.7	144.9
Libya	-	2.5	-	-	-	-
Mauritania	9.1	1.7	4.5	-	26.5	43.2
Morocco	901.2	206.1	313.5	267.7	426.6	372.8
Tunisia	354.6	28.6	67.8	337.9	509.5	362.9
Multinational						4.7
North Africa approvals	**1,265.7**	**242.6**	**391.4**	**1,121.2**	**2,050.8**	**928.5**
SOUTHERN AFRICA						
Angola	-	22.9	662.1	385.7	-	71.4
Botswana	-	-	-	-	55.9	-
Lesotho	-	20.1	-	-	15.7	6.2
Madagascar	2.3	81.7	65.9	34.4	57.9	3.,8
Malawi	52.6	59.0	23.1	35.1	38.4	1.5
Mauritius	-	99.0	76.8	1.2	-	70.7
Mozambique	78.0	26.5	28.7	18.6	60.0	1.4
Namibia	0.5	199.4	-	263.1	0.4	372.8
South Africa	273.1	-	264.8	274.5	30.3	123.1
Swaziland	0.5	-	45.8	0.9	43.3	19.6
Zambia	62.5	158.0	53.5	264.5	170.6	25.4
Zimbabwe	16.1	44.1	-	40.4	34.7	14.3
Multinational						171.7
Southern Africa approvals	**485.6**	**710.7**	**1,220.7**	**1,318.3**	**507.3**	**910.7**
WEST AFRICA						
Benin	31.2	46.4	26.4	34.6	-	39.1
Burkina Faso	-	86.9	32.2	41.0	58.9	4.6
Cabo Verde	1.2	67.1	12.7	13.2	3.2	17.4
Côte d'Ivoire	238.6	63.4	30.6	169.8	305.6	270.3
Gambia	6.9	18.3	6.3	2.0	6.7	4.8
Ghana	168.8	14.2	58.6	172.1	112.2	93.0
Guinea	113.6	22.4	13.1	-	16.5	73.1
Guinea-Bissau	0.7	-	0.6	24.0	0.7	5.5
Liberia	37.8	45.4	13.7	0.3	31.2	6.3
Mali	0.7	136.0	64.6	15.0	39.8	80.1
Niger	54.6	12.6	-	20.0	63.1	-
Nigeria	63.9	530.9	1,009.9	4.1	1,310.4	22.0
Senegal	4.8	111.1	52.7	145.8	99.1	237.8
Sierra Leone	23.5	28.6	7.0	29.5	11.2	5.2
Togo	2.9	2.3	8.6	15.1	18.1	10.2
Multinational						373.2
West Africa approvals	**749.2**	**1,185.6**	**1,337.0**	**686.6**	**2,076.8**	**1,242.7**
Multinational	**963.3**	**1,317.5**	**1,077.4**	**1,443.6**	**1,398.8**	
Multiregional						**885.2**
Total approvals	**4,253.8**	**4,385.8**	**5,049.9**	**6,334.7**	**8.035,3**	**6,195.9**

Appendix 4A
Board of Governors of ADB and voting powers of member countries as of 31 December 2017

	Country	Governor	Alternate	Total Votes	Voting Powers %
1	Algeria	Abderrahmane Raouya	Miloud Boutabba	275,513	4.221
2	Angola	Augusto De Sousa Archer Mangueira	Pedro Luis Da Fonseca	76,327	1.169
3	Benin	Abdoulaye Bio Tchane	Romuald Wadagni	13,115	0.201
4	Botswana	Ontefetse Kenneth Matambo	Taufila Nyamadzabo	70,427	1.079
5	Burkina Faso	Hadizatou Rosine Coulibaly Sori	Ambroise Kafando	26,459	0.405
6	Burundi	Domitien Ndihokubwayo	Côme Manirakiza	15,844	0.243
7	Cabo Verde	Olavo Correia	C/O	5,178	0.079
8	Cameroon	Louis Paul Motaze	Charles Assamba Ongodo	70,717	1.083
9	Central African Republic	Felix Moloua	Henri Marie Dondra	3,345	0.051
10	Chad	Issa Doubragne	Abdoulaye Sabre Fadoul	4,920	0.075
11	Comoros	Djaffar Ahmed Said Hassani	Fouady Goulame	1,152	0.018
12	Congo	Ingrid Olga Ghislaine Ebouka Babackas	Calixte Nganongo	30,033	0.460
13	Congo, Democratic Republic of	Henri Yav Mulang	Deogratias Mutombo M. Nyembo	84,404	1.293
14	Côte d'Ivoire	Niale Kaba	Adama Kone	242,781	3.719
15	Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.028
16	Egypt	Tarek Amer	Sahar Nasr	364,864	5.589
17	Equatorial Guinea	Miguel Obiang Engonga	Valentin Ela Maye	10,108	0.155
18	Eritrea	Berhane Habtemariam	Martha Woldegiorghis	2,628	0.040
19	Ethiopia	Abraham Tekeste	Ato Admasu Nebebe	102,955	1.577
20	Gabon	Regis Immongault	Mathias Otounga Ossibadjouo	65,240	0.999
21	Gambia,The	Amadou Sanneh	Abdoulie Jallow	10,454	0.160
22	Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	139,242	2.133
23	Guinea	Kanny Diallo	Malado Kaba	26,719	0.409
24	Guinea-Bissau	Joao Alage Mamadu Fadia	Jose Biai	1,973	0.030
25	Kenya	Henry Kiplagat Rotich	Kamau Thugge	93,918	1.439
26	Lesotho	Moeketsi Majoro	Tom Mpeta	4,350	0.067
27	Liberia	Boima Kamara	Alvin E. Attah	12,412	0.190
28	Libya	Osama S. Hamed Salah	Ali Mohamed Salem	172,459	2.642
29	Madagascar	Vonintsalama S. Andriambololona	Herivelo Andriamanga	42,701	0.654
30	Malawi	Goodall Edward Gondwe	Ben Botolo	16,419	0.252
31	Mali	Boubou Cisse	Konimba Sidibe	28,680	0.439
32	Mauritania	Mohamed Ould Kembou	Cheikh El Kebir Ould Chbich	4,331	0.066
33	Mauritius	Pravind Kumar Jugnauth	Dharam Dev Manraj	42,937	0.658
34	Morocco	Mohammed Boussaid	Faouzia Zaaboul	234,361	3.590
35	Mozambique	Adriano Afonso Maleiane	Rogerio Lucas Zandamela	40,898	0.627
36	Namibia	Carl Hermann Gustav Schlettwein	Ericah B. Shafudah	22,972	0.352
37	Niger	Kane Aichatou Boulama	Ahmat Jidoud	15,966	0.245
38	Nigeria	Kemi Adeosun	Mahmoud Isa-Dutse	605,184	9.271
39	Rwanda	Claver Gatete	Uzziel Ndagijimana	9,163	0.140
40	São Tomé & Príncipe	Americo D'oliveira Ramos	Helio Silva Vaz De Almeida	5,005	0.077
41	Senegal	Amadou Ba	Papa Amadou Sarr	68,435	1.048
42	Seychelles	Louis Rene Peter Larose	Caroline Abel	2,457	0.038
43	Sierra Leone	Momodu Lamina Kargbo	Edmund Koroma	19,327	0.296
44	Somalia	Adbirahman Beileh	Bashir Isse	2,566	0.039
45	South Africa	Malusi Gigaba	Sfiso Nobert Buthelezi	328,127	5.027
46	South Sudan	Stephen Dhieu Dau Ayik	Othom Rago Ajak	27,345	0.419
47	Sudan	Mohamed Osman Suleiman Elrekabi	Magdi Hassan Yassin	20,650	0.316
48	Swaziland	Martin Gobizandla Dlamini	Hlangusemphi Dlamini	8,013	0.123
49	Tanzania	Philip Isdor Mpango	Doto M. James	50,009	0.766
50	Togo	Sani Yaya	Kossi Assimaidou	10,780	0.165
51	Tunisia	Zied Ladhari	Moufida Jaballah Srarfi	91,734	1.405
52	Uganda	Matia Kasaija	Keith Muhakanizi	29,756	0.456
53	Zambia	Felix Mutati	Fredson Kango Yamba	76,850	1.177
54	Zimbabwe	Patrick Anthony Chinamasa	Willard L. Manungo	127,913	1.960
	Total regionals			**3,861,953**	**59.162**
1	Argentina	Luis Andres Caputo	Federico Sturzenegger	6,472	0.099
2	Austria	Johann Georg Schelling	Edith Frauwallner	29,686	0.455
3	Belgium	Alexander De Croo	Johan Van Overtveldt	42,202	0.647
4	Brazil	Dyogo Henrique De Oliveira	Jorge Saba Arbache Filho	22,124	0.339
5	Canada	Chrystia Freeland	Rob Stewart	251,737	3.856
6	China	Zhou Xiaochuan	Yi Gang	77,263	1.184
7	Denmark	Ulla Tørnæs	Martin B. Hermann	77,229	1.183
8	Finland	Elina Kalkku	Satu Santala	32,440	0.497
9	France	Odile Renaud-Basso	Guillaume Chabert	245,066	3.754
10	Germany	Thomas Silberhorn	Marianne Kothe	269,916	4.135
11	India	Arun Jaitley	Shaktikanta Das	17,327	0.265
12	Italy	Pier Carlo Padoan	Gelsomina Vigliotti	158,585	2.429
13	Japan	Taro Aso	Haruhiko Kuroda	358,091	5.486
14	Korea	Dong Yeon Kim	Juyeol Lee	31,924	0.489
15	Kuwait	Nayef Falah Al-Hajraf	Hesham Al–Waqayan	29,833	0.457
16	Luxembourg	Pierre Gramegna	Georges Heinen	13,739	0.210
17	Netherlands	Sigrid Kaag	Christiaan Rebergen	57,575	0.882
18	Norway	Marianne Hagen	Aslak Brun	77,146	1.182
19	Portugal	Mário Centeno	Ribeiro	16,204	0.248
20	Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	13,172	0.202
21	Spain	Luis De Guindos Jurado	Irene Garrido	69,922	1.071
22	Sweden	Ulrika Modéer	Magnus Lennartsson	102,863	1.576
23	Switzerland	Raymund Furrer	Chantal Nicod	96,074	1.472
24	Turkey	Osman Çelik	Ahmet Genç	23,878	0.366
25	United Kingdom	Penny Mordaunt	Lord Bates	115,570	1.770
26	United States of America	C/O	C/O	429,728	6.583
	Total non-regionals			**2,665,766**	**40.838**
	Grand Total			**6,527,718**	**100.000**

Appendix 4B
Board of Governors of ADF: Voting powers of State participants and of the ADB as of 31 December 2017

	Participant	Governor	Alternate	Total Votes	Voting Powers %
1	African Development Bank			1,000.000	50.000
2	Angola	Augusto De Sousa Archer Mangueira	Pedro Luis Da Fonseca	0.346	0.017
3	Argentina	Luis Andres Caputo	Federico Sturzenegger	0.066	0.003
4	Austria	Johann Georg Schelling	Edith Frauwallner	19.110	0.956
5	Belgium	Alexander De Croo	Johan Van Overtveldt	20.167	1.008
6	Brazil	Dyogo Henrique De Oliveira	Jorge Saba Arbache Filho	4.874	0.244
7	Canada	Chrystia Freeland	Rob Stewart	67.533	3.377
8	China	Zhou Xiaochuan	Yi Gang	22.546	1.127
9	Denmark	Ulla Tørnæs	Martin B. Hermann	24.658	1.233
10	Finland	Elina Kalkku	Satu Santala	20.366	1.018
11	France	Odile Renaud-Basso	Guillaume Chabert	102.771	5.139
12	Germany	Thomas Silberhorn	Marianne Kothe	104.525	5.226
13	India	Arun Jaitley	Shaktikanta Das	3.503	0.175
14	Italy	Pier Carlo Padoan	Gelsomina Vigliotti	55.355	2.768
15	Japan	Taro Aso	Haruhiko Kuroda	106.139	5.307
16	Korea	Dong Yeon Kim	Juyeol Lee	10.643	0.532
17	Kuwait	Nayef Falah Al-Hajraf	Hesham Al–Waqayan	6.893	0.345
18	Luxembourg	Pierre Gramegna	Georges Heinen	0.519	0.026
19	Netherlands	Sigrid Kaag	Christiaan Rebergen	46.609	2.330
20	Norway	Marianne Hagen	Aslak Brun	45.922	2.296
21	Portugal	Mário Centeno	Maria Teresa Ribeiro	6.395	0.320
22	Saudi Arabia	Yousef Ibrahim Albassam	Ahmed Mohammed Al-Ghannam	10.890	0.545
23	Spain	Luis De Guindos Jurado	Irene Garrido	22.179	1.109
24	Sweden	Ulrika Modéer	Magnus Lennartsson	51.424	2.571
25	Switzerland	Raymund Furrer	Chantal Nicod	37.061	1.853
26	Turkey	Osman Çelik	Ahmet Genç	1.463	0.073
27	United Arab Emirates	C/O	C/O	0.296	0.015
28	United Kingdom	Penny Mordaunt	Lord Bates	102.668	5.133
29	United States of America	C/O	C/O	105.078	5.254
	Total			**2,000.000**	**100.000**

Appendix 5
Directors of the Bank and Fund

Board of Directors of the African Development Bank
Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors		Alternate Executive Directors	
Names	**Country**	**Names**	**Country**
Tariq AL-TUSHANI	Libya	Hussein Abdi HALANE	Somalia
Catherine CUDRE-MAUROUX	Switzerland	(Vacant)	
Moussa DOSSO	Côte d'Ivoire	Bernardo ABAGA NDONG MAYIE	Equatorial Guinea
Steven DOWD	USA	(Vacant)	
Domenico FANIZZA	Italy	Eric HILBERINK	Netherlands
Heinrich Mihe GAOMAB II	Namibia	Judith KATEERA	Zimbabwe
Karin ISAKSSON	Sweden	(Vacant)	
Dominique LEBASTARD	France	Isabel RIANO	Spain
Mmakgoshi E.P. LEKHETHE	South Africa	Bheki SIBONGAYE BHEMBE	Swaziland
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 & Príncipe
Kwabena Boadu OKU-AFARI	Ghana	Patrick Saidu CONTEH	Sierra Leone
Hiromi OZAWA	Japan	Felix Martin SOTO	Argentina
David STEVENSON	Canada	Thamer M. ALFAILAKAWI	Kuwait
Nyamajeje Calleb WEGGORO	Tanzania	(Vacant)	
Samy ZAGHLOUL	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

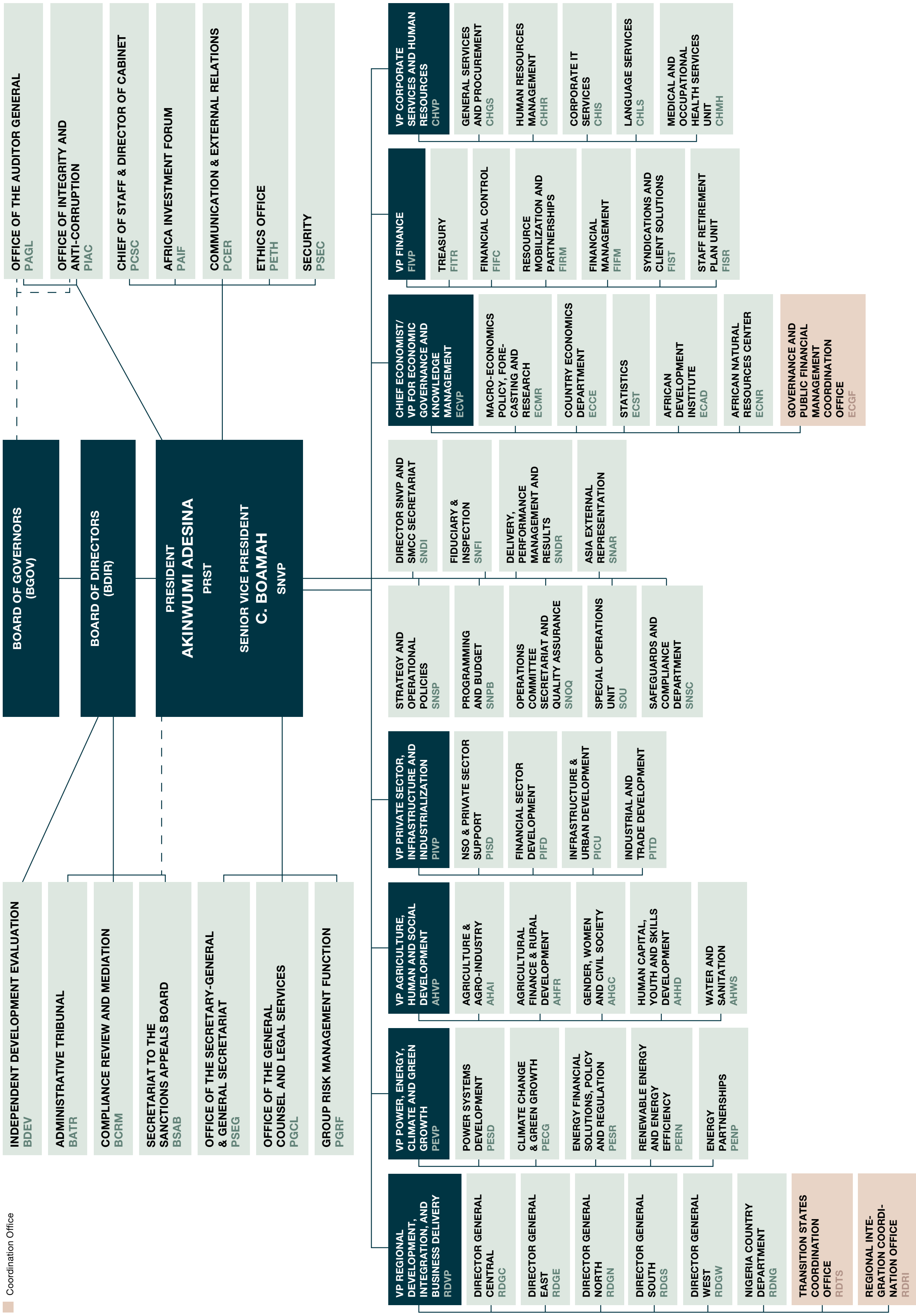
Executive Directors		Alternate Executive Directors	
Names	**Country**	**Names**	**Country**
Tariq AL-TUSHANI*	Libya	Hussein Abdi HALANE	Somalia
Catherine CUDRE-MAUROUX	Switzerland	(Vacant)	
Moussa DOSSO *	Côte d'Ivoire	Bernado ABAGA NDONG MAYIE	Equatorial Guinea
Steven DOWD	USA	Matthew TURNER	USA
Domenico FANIZZA	Italy	Eric HILBERINK	Netherlands
Heinrich Mihe GAOMAB II*	Namibia	Judith KATEERA	Zimbabwe
Karin ISAKSSON	Sweden	(Vacant)	
Dominique LEBASTARD	France	Isabel RIANO	Spain
Mmakgoshi E.P. LEKHETHE*	South Africa	Bheki SIBONGAYE BHEMBE	Swaziland
Martine MABIALA*	Gabon	Edith BELEM DAMIBA	Burkina Faso
Soraya MELLALI*	Algeria	Alfredo Paulo MENDES	Guinea Bissau
Hiromi OZAWA	Japan	Felix Martin SOTO	Argentina
David STEVENSON	Canada	Thamer M. ALFAILAKAWI	Kuwait
Nyamajeje Calleb WEGGORO*	Tanzania	(Vacant)	

* Representing ADB.

Appendix 6
Principal Officers of the Bank Group
(as of 31 December 2017)

	SURNAME	OTHER NAME
PRESIDENCY, UNITS REPORTING TO THE PRESIDENT, AND UNITS REPORTING TO THE BOARDS		
President	ADESINA	Akinwumi Ayodeji
Director of Cabinet/Chief of Staff	MULINDI	Maria Mutola
Secretary General	NMEHIELLE	Vincent Obisienunwo Orlu
Group Chief Risk Officer	TURNER	Timothy
General Counsel and Director	N'GARNIM-GANGA	Helene
Auditor General	OKONKWO	Chukwuma
Acting Director, Integrity & Anti-Corruption	SANKAREH	Bubacarr
Director, Compliance Review & Mediation	TOURE	Sekou
Evaluator General	NANGIA	Rakesh
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	KACOU	Albéric
FINANCE		
Acting Chief Financial Officer and Vice President	N'SELE	Hassatou
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
Officer in Charge for Director General, Southern Africa	NGURE	Josephine Waithira
Director General, West Africa	LITSE	Janvier Kpourou
POWER, ENERGY, CLIMATE, AND GREEN GROWTH		
Vice President	HOTT	Amadou
AGRICULTURE, HUMAN AND SOCIAL DEVELOPMENT		
Vice President	BLANKE	Jennifer Day
PRIVATE SECTOR, INFRASTRUCTURE, AND INDUSTRIALIZATION		
Vice President	GUISLAIN	Pierre Albert L.

Appendix 7.
Organizational structure of the Bank Group



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AFRICAN DEVELOPMENT BANK GROUP

African Development Bank Group

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ISSN – 1737-8990