

ANNUAL REPORT 2021

African Development Bank Group HIGHLIGHTS

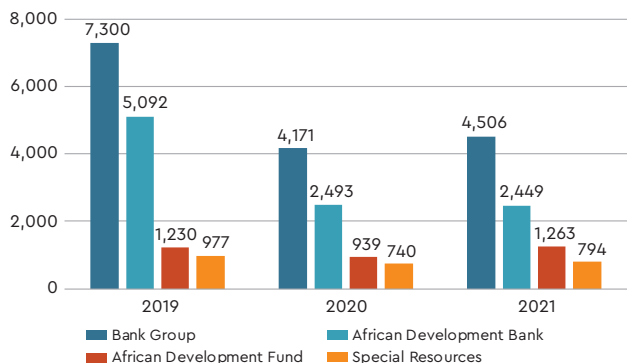


AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

Approvals

Bank Group approvals for 2021 (UA 4.51 billion) were slightly higher than approvals for 2020 (UA 4.17 billion) but lower than those before the pandemic (UA 7.3 billion).

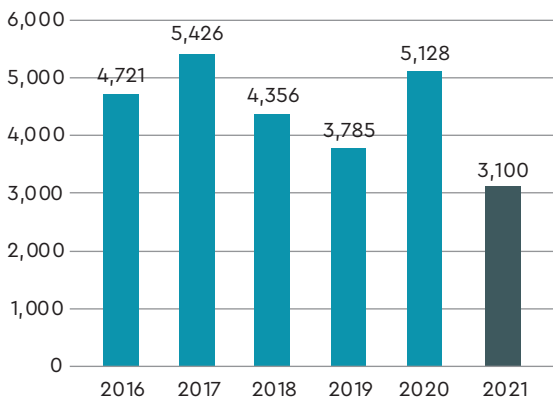
Bank Group approvals, 2019–2021 (UA millions)



Disbursements

The Bank Group disbursed UA 3.1 billion in 2021, a sharp drop from the UA 5.13 billion disbursed in 2020 on account of the large volume of crisis response budget support operations.

Bank Group disbursements, 2016–2021 (UA millions)



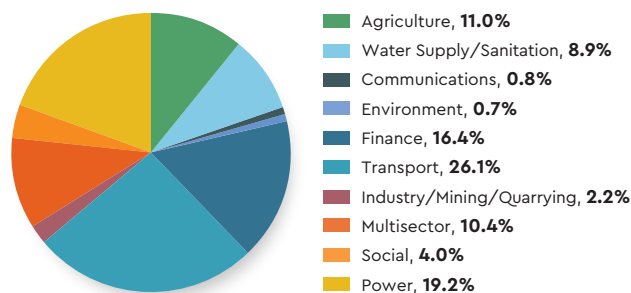
Bank Group approvals, by region, 2021



Bank Group portfolio

The Bank Group portfolio amounted to UA 42.23 billion at end-2021, relatively unchanged from UA 42.5 billion at end-2020. Of the portfolio of 1,584 loans and grants, 56 percent were rated satisfactory, 14 percent were under close management watch, and 30 percent were flagged for management attention.

Bank Group portfolio distribution by sector, as of December 31, 2021



Note: Percentages do not sum to 100 because of rounding.

Bank Group portfolio distribution by region, as of 31 December 2021

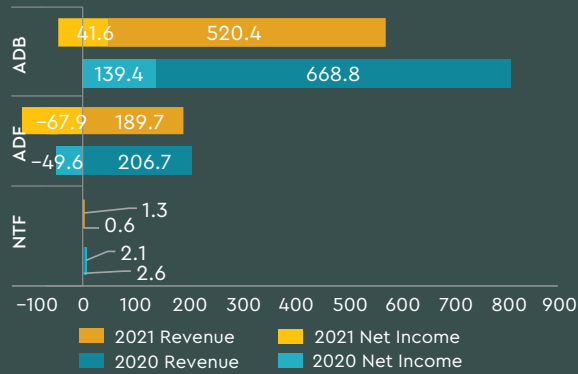
Region	Amount (UA millions)	Percent
Central Africa	4,567	10.8
East Africa	10,171	24.1
North Africa	5,987	14.2
Southern Africa	8,209	19.4
West Africa	11,467	27.1
Multiregional	1,835	4.3
Grand Total	42,235	100.0

Note: Percentages do not sum to 100 because of rounding.

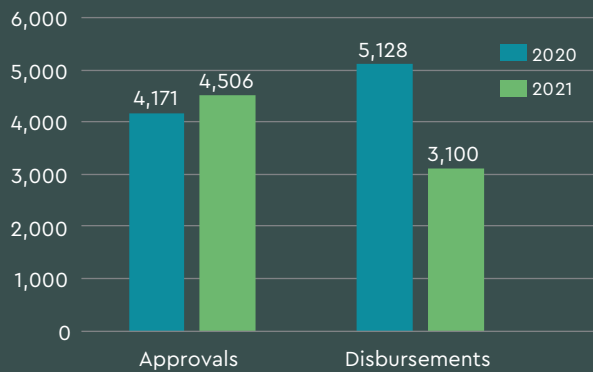
Financial Highlights

- The African Development Bank Group maintained its stellar Triple-A rating with a stable outlook by the major global credit rating agencies for the sixth year in a row.
- The prestigious U.S. magazine Global Finance nominated the African Development Bank Group as the "World's Best Multilateral Financial Institution" in 2021.

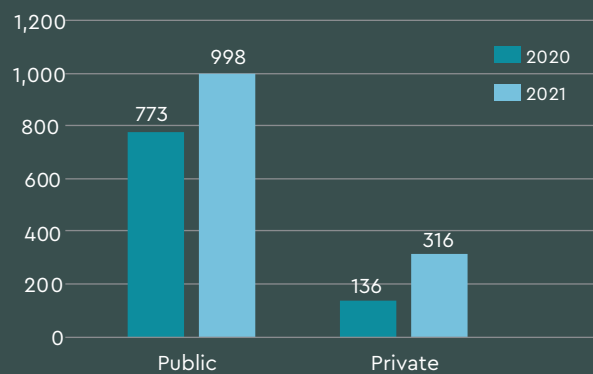
Bank Group revenue and income, 2020–2021 (UA millions)



Bank Group approvals and disbursements 2020–2021 (UA millions)

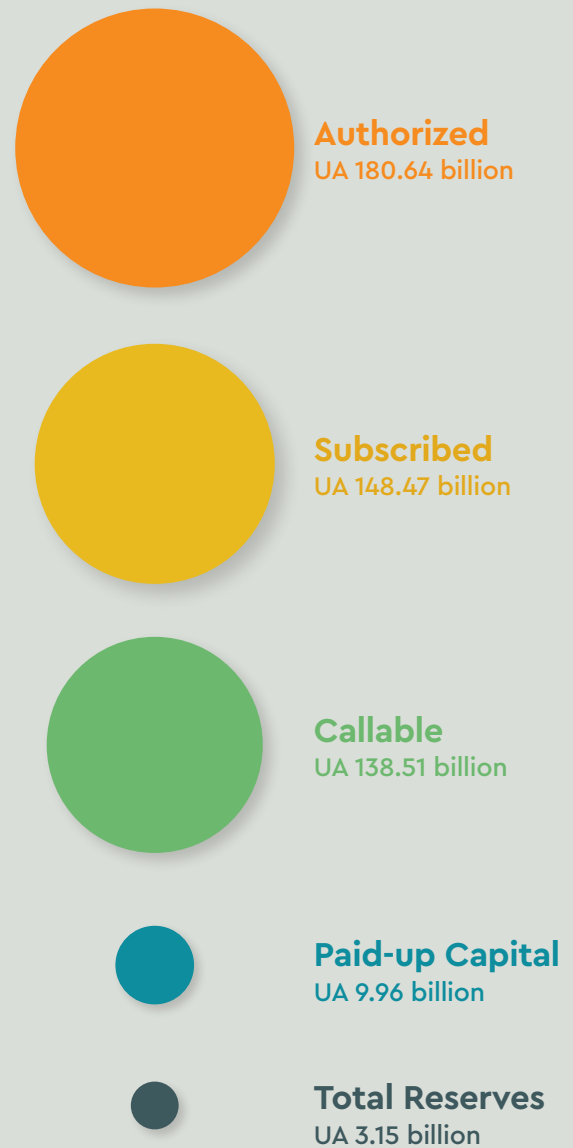


Co-financing resource mobilization by the Bank 2020–2021 (UA millions)



Note: As a result of rounding, the numbers in the charts may not add up precisely to the total.

Capital as of 31 December 2021



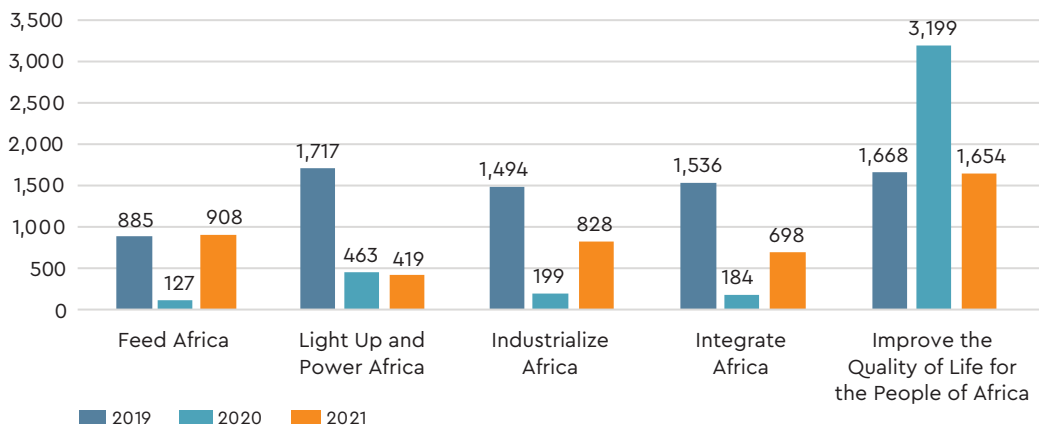
Highlights of the Bank Group's Operations, by High 5 Priority

Throughout 2021, the continent has been tested to the limits financially and economically. Thanks to swift and bold policy responses from the Bank and other development partners, the overall economic environment has improved, and gross domestic product (GDP) rebounded strongly to 6.9 percent in 2021, after a decline of 1.6 percent in 2020, which helped strengthen the Bank's operations.



Approvals for all High 5 priorities, except Light Up and Power Africa, experienced huge changes from their 2020 levels: sharp increases for Feed Africa, Industrialize Africa, and Integrate Africa, and a major decrease for Improve the Quality of Life for the People of Africa. These are explained by the substantial reprioritization of the 2020 lending program in addressing pandemic-related challenges.

Bank Group approvals by High 5 priority, 2019–2021 (UA millions)





Light Up and Power Africa

- 1.3 million people, 616,000 of them women, with new electricity connections
- 285 MW new capacity installed, 72 MW of it renewable
- 1.1 million fewer tons of carbon dioxide emissions produced

The Bank actively participated at the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, United Kingdom in November 2021 and officially announced its renewed commitments and ambitions to respond to climate change and promote green growth in Africa, through its new strategic framework adopted by the Board of Directors in October 2021. The framework includes a high-level policy, a long-term strategy (2021–2030), and a five-year action plan (2021–2025) on climate change and green growth. Through this framework, the Bank further committed to ensuring that all new Bank operations and sector strategies become fully Paris-aligned by 2023, with country-level and internal alignment by 2025. The Board of Directors has also adopted an amendment to the Bank's Energy Sector Policy of 2012. The amendments align the energy policy with Bank commitments to end all financing of new coal-based projects.

Reducing energy waste and reliance on fossil fuel-generated electricity

The Distributed Battery Energy Storage Project will support Eskom Holdings SOC Ltd., South Africa's public electricity utility—and Africa's largest—to harness battery storage technology that will enable an increase in electricity generation from reliable and efficient renewable energy sources. Funding of USD 57.7 million was mobilized from the Clean Technology Fund, a multi-donor trust fund under the Climate Investment Funds. Other co-financiers include the World Bank and the New Development Bank.

The project involves the development of 200 MW of battery storage with four hours of energy storage capacity per day, or the equivalent of 800 MWh in total, at seven sites. Once onstream, Eskom will be able to dispatch electricity sourced from variable renewable energy that would otherwise have been wasted, thereby reducing reliance on fossil fuel-generated electricity at peak times of the day. This

operation will also inform the rollout of similar projects in many other African countries.





Feed Africa

- **3.7 million** people, **1.6 million of them women**, benefited from improvements in agriculture
- **1,386 km** of feeder roads built or rehabilitated
- **9,500 ha** of land with improved water management

Under its Feed Africa strategy, the Bank is committed to raising agricultural productivity; prioritizing smallholders, women, and farming cooperatives; expanding young people's access to agribusiness training; and promoting resilience to climate change. To continue promoting the development of African agriculture, the Bank is also increasing its investments in agro-industrial initiatives that will add value and build productive capacity.

Building private sector strength in regional value chains in Liberia

The Special Agro-Industrial Processing Zone Project will provide the external infrastructure required to prepare and secure the Agri Hub for private sector developers and additional private sector investments in agro-industrial factories. The project will provide technical assistance to help set up the Liberia Special Economic Zone Authority and develop requisite skills and agricultural value-chain capacity to ensure competitiveness, productivity, and inclusivity in agro-industrial development. Such zones bring hard and soft infrastructure, as well as policy attributes, to enable agribusinesses and SMEs to process their production. Ultimately, the aim is to build the strength of the private sector in regional value chains to create

jobs, scale up production, and foster efficiency and competitiveness, in domestic, regional, and global markets.



Source: <https://www.afdb.org/en/news-and-events/multimedia/video/special-agro-industrial-processing-zones-sapz-initiative-46230>.



Industrialize Africa

- **857 km** of roads constructed, rehabilitated, or maintained, **708 km** of them in low-income countries
- **3.4 million** people, **1.4 million of them women**, benefited from investee projects
- **133,600 owner-operators** and micro, small, and medium-sized enterprises provided with access to financial services

The Bank is working to expand Africa's industrial sector and address manufacturing's geographic concentration by promoting industrial policies that have been successful elsewhere, attract funding to infrastructure and industry, support the growth of capital markets, and in general promote enterprise development.

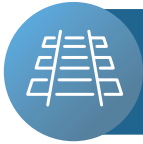
Increasing rubber processing in Africa

The Bank approved a corporate loan of EUR 12.5 million to support the investment plan of Société Internationale de Plantations d'Hévéas.

The company's main activity is the production, processing, and marketing of natural rubber. Its objective is to develop natural-rubber processing capacity on the continent by processing the raw material locally to reduce dependency on external milling capacity, generally located in Asia.

The objective will be achieved through an increase in industrial processing capacity for natural rubber with the construction of two plants in Côte d'Ivoire and Ghana, and with the renewal and expansion of existing rubber plantations.





Integrate Africa

- 262 km of cross-border roads constructed or rehabilitated
- 6.6 million people, nearly half of them women, gained access to better transport services

The Bank's support to regional integration is focused on catalyzing public and private investment in transport and in electricity connections. Beyond physical infrastructure, the Bank is helping develop institutions that advance integration. It has scaled up its support for the African Continental Free Trade Area, and is funding initiatives to strengthen air transport links, promote visa-free travel, and make finance more mobile.

A road to promote trade and alleviate poverty

The Horn of Africa Isiolo Mandera Corridor El Wak-Rhamu Road Upgrading Project (EUR 64.7 million ADB loan and UA 100 million ADF loan) aims to improve transport and trade along the corridor by reducing travel times and vehicle operating costs. The El Wak-Rhamu Road (142 km) is part of the 740 km Isiolo Wajir-Mandera road corridor in the North-Eastern region of Kenya. It is one of the major international trunk roads linking Kenya, Somalia, and Ethiopia. The project entails upgrading of the El Wak-Rhamu road, construction of town loop roads, flood-mitigation measures, provision of a virtual axle-load weighing station, and construction of access roads. It also includes the construction/rehabilitation of socio-economic amenities/infrastructure for water; health; higher education; science, technology, and innovation; and livestock in the project area, because the road traverses a marginalized, underdeveloped arid area of Kenya with high levels of pov-

erty. This road will help ease transport bottlenecks, promote trade, alleviate poverty, and promote regional integration. It will also improve security management in the area, and therefore help reduce fragility.



Improve the Quality of Life for the People of Africa

- 12.2 million people, half of them women, with new or improved access to water and sanitation
- 130,000 people, 70,000 of them women, benefited from better access to skills for decent jobs, mainly through infrastructure development interventions at higher education
- 108,000 people, 52,000 of them women, trained through Bank operations

The ultimate goal of the Bank's work is to improve the quality of life for people across Africa. A range of investments in its portfolio increases Africans' access to quality education and training, and to other basic services, as well as helping create secure, decent, and well-paid jobs. The Bank is scaling up its support for improving access to services, such as water and sanitation, and improving the quality of services throughout Africa.

Providing expertise, leadership, and access to credit to women farmers in Guinea-Bissau

The Project to Support the Empowerment and Financial Inclusion of Women and Youths in the Cashew, Fruit, and Vegetable Sectors in Guinea-Bissau aims to improve women's economic empowerment. It promotes the professionalization of cooperatives, micro and small agricultural produce-processing enterprises, the development of women's expertise and leadership, and their access to credit. The project will help professionalize 100 women cooperatives and micro and small enterprises, provide training opportunities for 300 young girls and boys, and train cashew specialists and trainers in processing agricultural products.



Highlights on cross-cutting areas



Supporting governance and accountability

- **13** governance lending operations for a total of **UA 642 million**
- Knowledge sharing: **4 webinars** and **3 sessions** on public financial management

The COVID-19 pandemic has brought into focus governance deficiencies in public financial management systems and in service delivery, and exposed African economies' vulnerability to external shocks. Debt has soared to unsustainable levels in many RMCs, becoming an issue of major concern. The Bank's response is articulated in the Strategy for Economic Governance in Africa. Addressing the rising public debt burden of many RMCs, reducing leakages for a more effective public sector, and promoting an environment that drives investment and private sector growth, are among the Bank's core priorities for the coming five years. In line with this new strategy, the Bank approved governance projects in 13 of its RMCs, for an approximate total amount of UA 642 million.



Countries in situations of fragility

- **29** operations approved through the Transition States Facility
 - **UA 483.1 million** total

In 2021, the Bank continued its support to transition states to tackle the economic and social impact of the pandemic. The TSF provided critical funding through 29 projects for a value of UA 483.1 million. These included 15 operations under Pillar I of the TSF (supplemental resources for national and regional operations to support countries in their state-building efforts) for a value of UA 314.2 million. One operation was approved for Sudan under Pillar II (arrears-clearance to enable eligible countries normalize relations with the international community and access debt relief) for a value of UA 151.4 million to offset its arrears with the Bank. Thirteen operations were approved for a total of UA 17.4 million under Pillar III (support to critical capacity-building interventions and technical assistance that cannot be adequately addressed through traditional projects and instruments).



Promoting gender equality and civil society engagement

- **100%** of sovereign operations were categorized using the Gender Marker System, exceeding the 80% target set for the year
- Number of operations with the sole purpose of empowering women and girls: **5** (up from 2 in 2020)

To mainstream gender in the Bank's operations, 100 percent of sovereign operations were categorized using the Gender Marker System, which captures gender results and actions. There was a positive trend in the number of operations with the sole purpose of empowering women and girls, from two in 2020 to five in 2021.

As background for developing gender-informed projects, the Bank completed eight Country Gender Profiles. Their goal is to highlight each country's status on gender equality, identify a pipeline of high-impact initiatives, and serve as a basis for evidence-based policy dialogue.

The Bank approved USD 240,000 for capacity building on gender mainstreaming for the Project Implementation Unit staff of Bank-funded projects to develop their capacity in gender mainstreaming and implementing the Gender Marker System.



Climate change

- Climate finance accounted for 41% of total approvals
 - **67%** adaptation
 - **33%** mitigation

In 2021, climate finance amounted to UA 1.85 billion and represented 41 percent of total Bank approvals, an increase over its share of 34 percent (UA 1.5 billion) of 2020 approvals. Of the Bank's climate finance resources, 67 percent was for adaptation (UA 1.24 billion) and 33 percent for mitigation (UA 609.7 million), against the 2020 split of 63 percent and 37 percent, respectively. In 2021, 92 percent of all Bank-approved projects, country strategies, and policy documents were designed with climate change and green growth considerations.

Enhancing the Bank Group's capacity to deliver

The Board approved a proposal to sharpen the Bank's strategic focus in the High 5 priorities by investing more selectively in fewer and more transformative operations, supported by a new methodology. This approach, applicable to all operations, was pilot-tested with the COVID-19 Rapid Response Facility operations and then launched in 2021. It relies on four complementary results planning tools—theory of change, results framework, monitoring plan, and risk analysis matrix.

The four results planning tools



The Bank also invested in building results management capacity at the regional level. The approach, launched on 1 May 2021, is a state-of-the-art results reporting system that automates and digitizes the preparation of the implementation performance and results report (by Task Managers) and the project completion report, enabling tracking of results in real time. The Joint Impact Model, produced in collaboration with 10 development finance institutions, was updated in 2021 and used to estimate the number of jobs supported by Bank operations, as well as the value added by these jobs to African economies.

Furthermore, the Bank partnered with an African high-tech start-up to map the difference that the Bank has made to the lives of thousands of smallholder farmers in East Africa. Using a combination of satellite pictures and Global Positioning System data from household surveys, the resulting map shows how the Bank-financed road, energy, and agriculture projects transformed communities within 20 km of the Mombasa–Nairobi–Addis Ababa corridor. Through the Management Action Record System Flashlight Report, Management continued to update the Board of Directors on actions it is taking to implement the Independent Development Evaluation's recommendations. The rate of timely implementation or completion of Management actions increased from 64 percent in 2017 to 90 percent in December 2021. The 2021 Annual Development Effectiveness Review analyzed the impacts of the COVID-19 pandemic on Africa's development trajectory and on the Bank's operations.

Human resources

At year-end 2021, female staff account for 39 percent of the Bank workforce, 26 percent of managerial positions, and 32 percent of other professional roles. The Bank had 41.8 percent of its staff from West Africa, 16.8 percent from East Africa, 14.6 percent from Non-Regional Member Countries, 9.5 percent from Southern Africa, 9.5 percent from North Africa, and 7.9 percent from Central Africa. Regarding representation in Management, 34 percent were from West Africa, 28 percent from Non-Regional Member Countries, 16 percent from East Africa, 11 percent from Southern Africa, 6 percent from North Africa, and 5 percent from Central Africa.

Bank Group staffing as of December 31, 2021

	Headquarters					Regional/Country Offices					Grand total
	Vice presidents	Directors and managers	Other professionals*	General services	Total	Directors and managers	Other professionals*	Local professionals	General services	Total	
Total staff	5	120	755	380	1,260	55	393	167	220	835	2,095
Male	3	86	489	144	722	44	282	128	105	559	1,281
Female	2	34	266	236	538	11	111	39	115	276	814
% Female	40.0	28.3	35.2	62.1	42.7	20	28.2	23.4	52.3	33.1	38.9

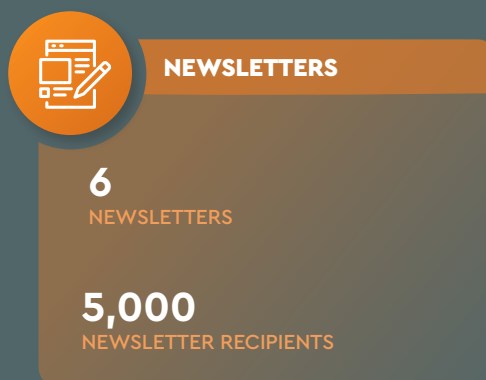
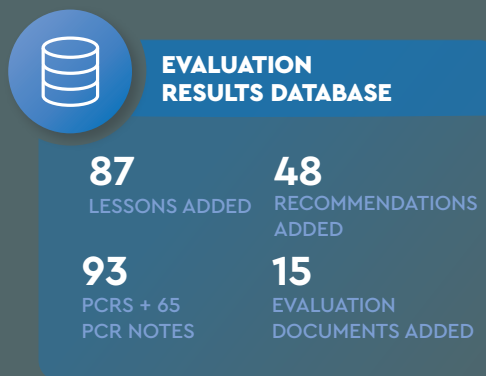
*Including EL4 and EL5 staff who are not Head of Department.

Board Oversight

In 2021, the Boards continued to adapt to the new working modalities necessitated by the COVID-19 pandemic. The Boards of Governors convened in two virtual sessions; and the Executive Directors participated in 166 formal and informal meetings, seminars, and technical sessions. The Board of Directors also provided strategic direction toward implementing the reform commitments undertaken as part of the GCI-VII and ADF-15.

The mission of the Independent Development Evaluation (BDEV) is to help AfDB foster sustainable growth and poverty reduction in Africa through independent and influential evaluations of its policies, strategies, and operations. In 2021, BDEV delivered 13 evaluation products: (i) four country strategy evaluations for Angola, Gabon, Rwanda, and Uganda; (ii) a cluster evaluation of AfDB road and port projects; (iii) an impact evaluation of the Last Mile Connectivity Energy Project in Kenya; (iv) two thematic evaluations of the Bank's Transition Support Facility and its Additionality and Development Outcomes Assessment (ADOA) Framework; (v) two corporate evaluations of AfDB's Non-concessional Debt Accumulation Policy and its Results Measurement Framework; (vi) a synthesis report of the 2019 Project Completion Report validations; and (vii) the 2020 and 2021 Management Action Record System reports.

2021 Promoting our evaluations





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<https://www.afdb.org/en/documents/african-development-bank-group-annual-report-2021-highlights>

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