African Development Bank Group

Annual **Report** 2022

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

African Development Bank Group

MEMBER COUNTRIES

REGIONAL
Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia (The), 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, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

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

Contents

BOXES

TABLE

FIGURES

APPENDICES

Benban Solar Park in Egypt

Amid multiple global shocks, the Bank demonstrated once again its unwavering commitment to African countries through targeted actions tailored to strengthening resilience across the continent.

Dr. Akinwumi Ayodeji Adesina

Message from the President

The year 2022 brought its share of economic and social challenges with the persistence of multiple shocks: the growing impacts of climate change, lingering COVID-19 risks, tightening global financial conditions, and spillover effects of rising geopolitical tensions, especially Russia's invasion of Ukraine. The rising global food and energy prices affected lives and livelihoods, pushing more than 15 million additional Africans into extreme poverty.

Africa's estimated real Gross Domestic Product (GDP) growth slowed to 3.8 percent in 2022 from 4.8 percent in 2021, following the contraction of 1.7 percent in 2020. Notwithstanding this growth deceleration, Africa demonstrated remarkable resilience. The continent's estimated growth rate in 2022 was above the world average of 3.4 percent and only lagged Asia's (4.3 percent). All but three countries maintained positive GDP growth rates in 2022, and the medium-term outlook is stable. Five of the six best-performing economies on the continent before the pandemic are expected to return to the league of the world's 10 fastest-growing economies in 2023–2024. This resilience is largely a result of the bold policies that African governments implemented throughout the year to cope with global challenges and the benefit of the strong growth in Asia, one of Africa's main trading partners.

Amid these multiple global shocks, the Bank demonstrated once again its unwavering commitment to African countries through targeted actions tailored to strengthening resilience across the continent. By approving USD 8.20 billion in 2022, up from USD 6.31 billion in 2021, the Bank continued to sharpen its focus on results and enhance the quality of its operations to increase its development impact.

The Bank also responded swiftly to the rising food insecurity and adverse weather events. It established the African Emergency Food Production Facility to raise the production of essential food products—wheat, maize, rice, and soybean—and compensate for supply deficits and price increases stoked by supply chain disruptions. The Facility provided USD 1.5 billion in investments, including resources from key partners such as the African Union, regional economic commissions, other multilateral development banks, bilateral partners including the Japan International Cooperation Agency (JICA), the Netherlands, USAID, Norway, and Germany, and private foundations.

In 2022, the Bank made significant investments in its High 5 strategic priorities.

To ***Feed Africa,*** we committed UA 1.34 billion in 2022, a substantial 48 percent increase from the amount invested in 2021.

To ***Light Up and Power Africa,*** we strengthened our support to Regional Member Countries (RMCs) by providing 1.3 million people with new electricity connections, including 750,000 people through the Desert to Power Project across the Sahel region.

To ***Industrialize Africa,*** we focused interventions on improving the continent's resilience and addressing the dependence on imports by financing investment projects that benefit 4.08 million Africans, of whom 1.59 million are women.

To ***Integrate Africa,*** we continued to finance trans-country and transnational infrastructure while supporting Africa's regional institutions that contribute to the continent's integration, with a particular focus on the African Continental Free Trade Area (AfCFTA). The Bank financed the construction and rehabilitation of 146 km of cross-border transmission lines.

To ***Improve the Quality of Life for the People of Africa,*** we continued our support for improved water and sanitation, with an additional 12.3 million people gaining access to water and sanitation in 2022.

The Bank also scaled up efforts to deal with the effects of climate change on the continent, including being at the forefront of mobilizing development financing for Africa's climate resilience and just energy transition. During the 27th Conference of the Parties to the UN Framework Convention on Climate Change (COP27), we played an active role in the preparation of the Sharm El Sheikh Guidebook for Just Financing. We continue to address climate-related risks and strengthen the continent's resilience by scaling up investments in climate-smart projects. In 2022, 100 percent of the Bank's power generation-related investments were based on renewable energy, up from 56 percent during 2010–15.

To increase the range of resources to finance African countries' development initiatives, the Bank supported several initiatives such as the Africa Investment Forum (AIF), which in three years has helped to mobilize USD 110 billion in investment interests to Africa. The Bank also leveraged its role as the premier assembler of development finance on the continent to scale up resource mobilization with co-financing resources amounting to USD 1.79 billion in 2022, well above the target of USD 1.41 billion.

The adoption of the 16th replenishment of the African Development Fund (ADF-16) was another bold action to expand the range of our resources. Through ADF-16, development partners agreed to commit USD 8.9 billion to the Bank's 2023–25 financing cycle, the highest in the 50 year history of the Fund. A bold Climate Action Window was also established to mobilize resources to support climate adaptation actions in ADF countries. I would like to acknowledge the contribution of Algeria, Democratic Republic of Congo, and Morocco to the Fund and appeal to other Regional Member Countries to follow their example. The record ADF-16 replenishment, the Climate Action Window, and the progress being made on the ADF Market Leverage will allow the Fund to mobilize more resources to help Africa's most vulnerable countries and address the skewed impact of climate change on the continent.

All these great achievements were made possible by the result of strong financial performance and sound financial and risk management, which maintained the Bank's triple-A rating with a stable outlook from the four major global rating agencies. The Bank was also ranked the top-most transparent development institution out of 50 other bilateral and multilateral organizations in the world by *Publish What You Fund*.

While we celebrate our key achievements of 2022, we must remain mindful of the multiple challenges that continue to buffet the continent requiring the Bank's support.

I remain optimistic about the future of the Africa We Want: A developed continent with resilient economies that offers its citizens quality life and livelihood.

My optimism is strengthened by the dedication and support of the Board of Executive Directors, and our extraordinary shareholders, management team and staff, without whom none of these would have been possible. I wish to express my deep gratitude to you all for your unwavering dedication and commitment. I am confident that we will help make 2023 another year of great achievements by the Bank in support of Africa's accelerated growth and development.

Dr. Akinwumi A. Adesina
President of the African Development Bank Group

Executive Summary

Africa, like the rest of the world in 2022, faced significant headwinds that threatened to undo the gradual recovery from the COVID-19 pandemic. The impact of the headwinds was reflected in Africa's real gross domestic product growth, which is estimated to have declined to 3.8 percent in 2022 from 4.8 percent in 2021. Climate change also impaired socioeconomic outcomes and aggravated poverty. The 27th Conference of the Parties to the UN Framework Convention on Climate Change held in Sharm El Sheikh, Egypt, last November was an opportunity to shine a spotlight on the continent's special needs and circumstances in supporting climate resilience and its quest for a just energy transition. These needs were specifically addressed in the 16th replenishment of the African Development Fund (ADF-16). Development partners agreed to commit USD 8.9 billion—including USD 429 million for the newly created Climate Action Window—to its 2023–25 financing cycle, the largest replenishment in the Fund's history.

Bank Group approvals in 2022 were significantly higher than in the previous two years, almost reversing the impact of COVID-19

Bank Group approvals in 2022 (UA 6.16 billion) were significantly higher than in the previous two years (UA 4.51 billion in 2021 and UA 4.17 billion in 2020) and getting closer to 2019's UA 7.3 billion, almost reversing the impact of the COVID-19 pandemic on recent years' approvals. The Transition Support Facility continued to provide critical funding to build resilience in transition states and regional hotspots, while at the same time allowing the Bank to respond quickly to emergencies. Africa's economic resilience in 2022 helped sustain growth and limit the severity of the impacts of multiple exogenous shocks on the well-being of Africans.

Approvals for High 5 priorities in 2022 increased substantially over 2021 for all High 5s except Improve the Quality of Life for the People of Africa, reflecting the beginning of a return to more balanced needs by RMCs. In addition, through its role as an assembler of development finance, the Bank substantially increased the volume of active co-financing, which reached UA 1.34 billion, 124 percent of its target. The Africa Investment Forum held two boardroom events in 2022, and the deals that reached financial close by the end of 2022 amounted to UA 4.2 billion.

Approvals for the Light Up and Power Africa High 5 amounted to UA 524 million, 9 percent of total approvals, the same share as in 2021. Through this priority, the Bank continued in 2022 to support Regional Member Countries in developing their just energy transition plans and long-term low-carbon and climate resilience strategies. Of the Bank's generation-related approvals, 100 percent were based on renewable energy, up from 56 percent during 2010–15, prior to the launch of the New Deal on Energy for Africa in 2016.

Approvals for the Feed Africa High 5 reached UA 1.34 billion or 22 percent of total approvals, compared with 20 percent of total approvals in 2021. The increase results from approvals of UA 1.21 billion through the African Emergency Food Production Facility, which the Bank set up as a rapid response framework to address the food crisis, and the supply disruptions of critical inputs for food production.

Approvals for the Industrialize Africa High 5 amounted to UA 1.59 billion in 2022, or 26 percent of total approvals, compared with 18 percent in 2021. Regarding this High 5, the Bank emphasized reducing transaction costs and improving infrastructure to increase access to markets and promote regional integration. Strong efforts continued to be invested in the pharmaceutical/vaccine manufacturing sectors.

Through its Integrate Africa High 5, for which approvals reached UA 1.13 billion or 18 percent of total approvals, compared with 15 percent in 2021, the Bank put in place its first Public-Private Partnership Strategic Framework 2022–29 to provide solutions to Africa's large infrastructure investment gap. Road projects financed in 2022 were designed to withstand climatic hazards, ensuring long life spans.

Approvals for the Improve the Quality of Life for the People of Africa totaled UA 1.56 billion in

2022. At 25 percent of total approvals, their share was aligned with the 2018–2019 average share of 28 percent. They had risen substantially in 2020 and 2021 to address the impact of the COVID-19 pandemic.

The Bank Group portfolio of active projects amounted to UA 44.33 billion at the end of 2022, a 5 percent increase from UA 42.23 billion at the end of 2021. In relation to its loans and grants, 58 percent were rated satisfactory, compared with 56 percent in 2021. The Bank Group disbursed UA 3.5 billion in 2022, a slight decrease over the UA 3.6 billion in 2021 and 75 percent of the UA 4.7 billion target.

During the year, the Bank continued to sharpen its focus on results, enhance the quality of its operations, and strengthen its knowledge work toward increasing its development impact. A new Results Measurement Framework will be aligned with the Ten-Year Strategy 2023–32. The proportion of projects rated satisfactory across all criteria improved, reflecting a significant improvement in quality at entry. On the resource front, Management reached an agreement with the Board on a Cost Containment Framework and introduced improvements in its approach to allocating and monitoring the use of staff and budget resources. The Bank's Human Resources reforms included the extension of the retirement age from 62 to 65 years, an enhanced Young Professionals Program, and a new approach to Executive Performance Agreements.

The Bank continued to strengthen partnerships and mobilized UA 184.8 million in trust fund resources. On the knowledge services front, the Bank produced important publications including its flagship *African Economic Outlook 2022* and provided important capacity development support, including through its African Development Institute and the African Natural Resource Management, and Investment Center.

The 57th Annual Meeting of the Boards of Governors of the African Development Bank (ADB) and the 48th Annual Meeting of the Board of Governors of the African Development Fund (ADF) were held under the theme "Achieving Climate Resilience and a Just Energy Transition for Africa." The Governors' dialogue addressed the continent's most pressing challenges and opportunities, focusing on the strategic positioning of the Bank Group over the next 10 years to build a "prosperous Africa, based on inclusive growth and sustainable development." The Boards of Directors provided strategic direction toward addressing the continent's development challenges and the Bank's implementation of the reform commitments undertaken as part of ADF-15 and GCI-VII. The Boards also approved 121 projects, totaling UA 6.117 billion. The Independent Development Evaluation Office delivered 11 evaluation products in 2022, some of which helped inform the Bank's policies and strategies formulated in 2022.

Kumulus Water project, Tunisia

The overall financial performance of the Bank Group improved in 2022 with an increase in gross income across its entities. Both income before distributions and net income of the ADB and the ADF were higher than in 2021. Loan and investment income for the Nigeria Trust Fund (NTF) increased in 2022. The ratings of the Bank's senior debt (AAA/Aaa) and subordinated debt (AA+/Aa1) with a stable outlook were reaffirmed during the year by the four leading international rating agencies. This rating continued to reflect the Bank's solid capital adequacy, robust risk management, prudent financial management, high liquidity coverage, strong funding record, preferred creditor status, and strong shareholder support.

The overall financial performance of the Bank Group improved in 2022 with an increase in gross income across its entities

Letter of Transmittal

In conformity with Article 32 of the Agreement Establishing the African Development Bank, and Articles 8, 11, and 12 of the General Regulations adopted thereunder, and pursuant to Article 26 of the Agreement Establishing the African Development Fund, and Articles 8, 11, and 12 of the General Regulations adopted thereunder, the Boards of Directors of the Bank and of the Fund hereby submit to the Boards of Governors the Annual Report and the Financial Report of the African Development Bank and the African Development Fund for the financial year ended 31 December 2022. This Annual Report includes a review of developments in the operational activities of the Bank Group during 2022. The Financial Report contains the full set of audited financial statements of the Bank and the special purpose financial statements of the Fund, together with the approved administrative budget for 2023. Electronic versions of the two Reports are available on the Bank Group's website at www.afdb.org/annualreport.

Abidjan Urban Transport Project (PTUA)—Works on the 4th bridge in Abidjan, Côte d'Ivoire

Boards of Directors


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Niels BREYER


Gerard Pascal BUSSIER


Rufus N. DARKORTEY


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Abdulhakim Mohamed ELMISURATI


Domenico Giuseppe FANIZZA


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Jonathan NZAYIKORERA


Samson Oyebode OYETUNDE


Edmond Dejon WEGA

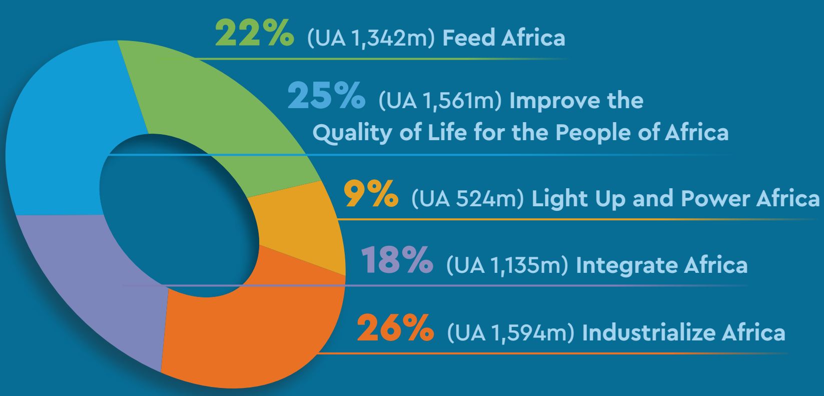

Oren Elaine WHYCHE-SHAW

2022 Quick Facts

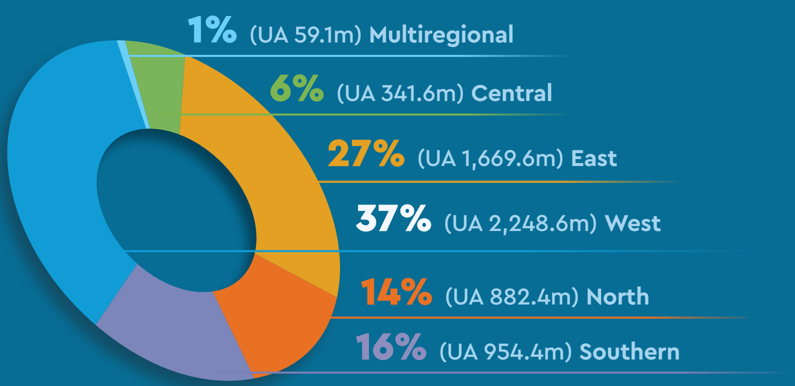
FINANCIAL HIGHLIGHTS

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

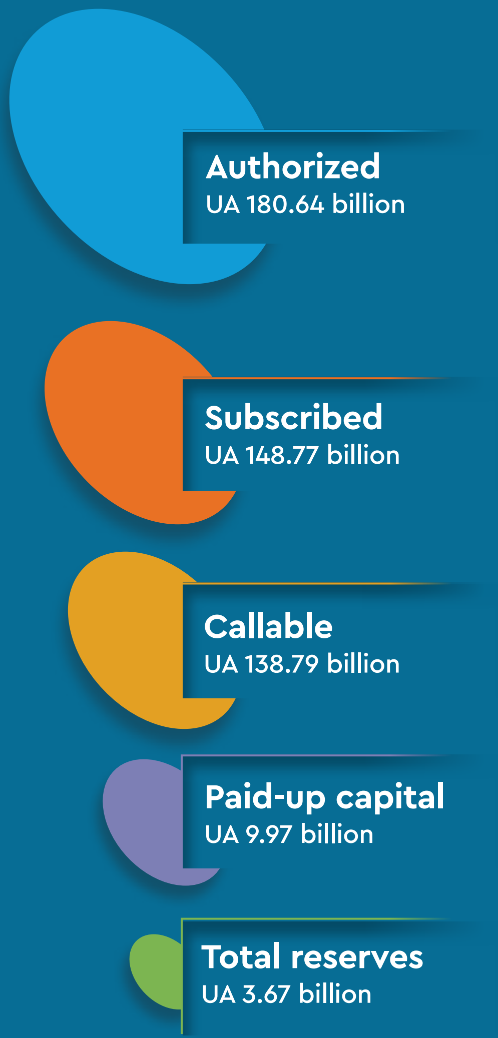
Bank Group 2022 approvals of UA 6,156 million, by High 5



Bank Group 2022 approvals of UA 6,156 million, by region



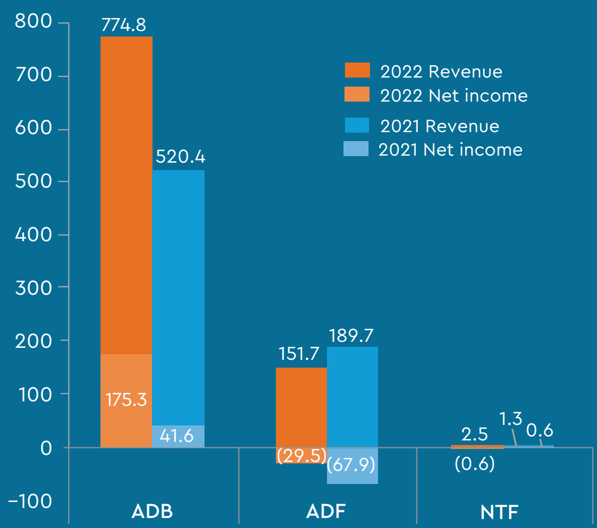
Capital as of 31 December 2022



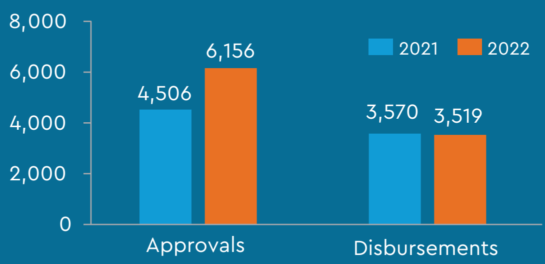
Note: As a result of rounding, the numbers in the charts may not add up precisely to the total.

FINANCIAL HIGHLIGHTS

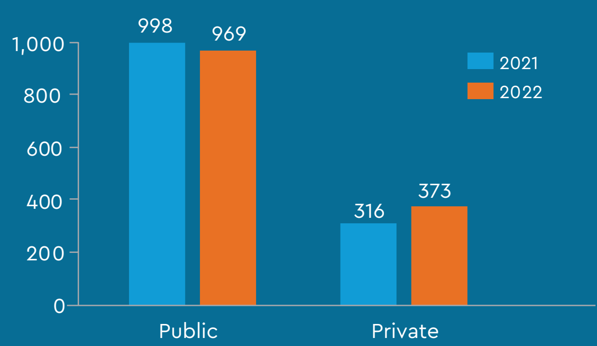
Bank Group revenue and net income 2021–2022 (UA millions)



Bank Group approvals and disbursements 2021–2022 (UA millions)



Co-financing resource mobilization by the Bank 2021–2022 (UA millions)



AFRICAN EMERGENCY FOOD PRODUCTION FACILITY (AEFPF) EXPECTED OUTCOMES

USD 1.5 BILLION AEFPF

+10.74 million
metric tons of
WHEAT

+6 million
tons of
RICE

+18.36 million
tons of
MAIZE

+2.5 million
metric tons of
SOYBEAN

2022 Quick Facts, *continued*

HIGHLIGHTS on the HIGH 5s[1]

Light Up and Power Africa

- **1.3 million** people, **613,000 of them women,** with new electricity connections
- **408 km** of new or improved power distribution lines
- **366 km** of new or improved power transmission lines
- **612 MW** new total power capacity installed, **113 MW** of it renewable
- **2.6 million tons** of carbon dioxide emissions reduced

Feed Africa

- **2.9 million** people, **1.4 million of them women,** benefited from improvements in agriculture
- **1,682 km** of feeder roads built or rehabilitated
- **11,100 ha** of land with improved water management
- **2,605 tons** of agricultural inputs provided (fertilizer, seeds, etc.)

Industrialize Africa

- **833 km** of roads constructed, rehabilitated, or maintained, **244 km** of which are in low-income countries
- **4.08 million** people, **1.59 million of them women,** benefited from investee projects
- **396,500 owner-operators** and micro, small, and medium-sized enterprises provided with access to financial services

Integrate Africa

- **146 km** of cross-border transmission lines constructed or rehabilitated
- **2.9 million** people gained access to better transport services

Improve the Quality of Life for the People of Africa

- **12.3 million** people, **6 million of them women,** with new or improved access to water and sanitation
- **340,000** people, **226,000 of them women** trained through Bank operations
- **60,000** people, **half of them women,** benefited from better access to education

Program for Strengthening Resilience to Food and Nutritional Insecurity in the Sahel (P2RS): Baboulaye Valley in Diofior, Senegal

1. Results data are presented as a three-year moving average. Because the Bank's interventions are increasingly co-financed with other development partners, the outputs are prorated according to the proportion of total project costs financed by the Bank.

2022 Quick Facts, *continued*

HIGHLIGHTS on CROSS-CUTTING AREAS

Governance and Accountability

- **17** governance operations approved for a total of **UA 726.9 million**

Gender Equality

- Bank cumulative approvals reached **USD 1 billion** by end-2022
- **63%** of sovereign operations contributed directly to women's access to social services or skills enhancement

Fragility and Building Resilience

- **64** operations approved through the Transition Support Facility
- **UA 344 million** total

Climate Change

- Climate finance amounted to **UA 1.93 billion** and **42%** of total approvals
  - **64%** adaptation
  - **36%** mitigation

Mombasa-Nairobi-Addis Ababa Road Corridor Project, Multinational

1

Africa's Development Context

Africa, like the rest of the world, faced significant headwinds in 2022 that threatened to undo the gradual recovery from the COVID-19 pandemic, with repercussions on people's lives and livelihoods.

SA Taxi, a success story empowered by the ADB, South Africa

The shocks include the lingering effects of the COVID-19 pandemic; the tightening of global financial conditions; the spillover effects of rising geopolitical tensions, including Russia's invasion of Ukraine;[2] and the growing impacts of climate change and adverse weather events. The confluence of these shocks led to high volatility in global financial markets and associated increase in cost of capital and debt servicing, a build-up of inflationary pressures fueled by rising food and energy prices, and disruptions in global supply chains. Low global demand in major export markets, especially in Europe and China, Africa's main trading partners, added to the continent's challenges.

The impact of the shocks was reflected in the decline in Africa's real gross domestic product (GDP) growth, which is estimated to have slowed to 3.8 percent in 2022 from 4.8 percent in 2021, as reported in *Africa's Macroeconomic Performance and Outlook 2023*. Africa's lower growth rate is, however, stronger than the pre-pandemic level of 3 percent in 2019 and surpassed the world average of 3.4 percent (as reported in the International Monetary Fund's April 2023 *World Economic Outlook*). Compared with other world regions, Africa's growth in 2022 is the second highest, after Asia (4.3 percent), underscoring the continent's resilience despite the difficult challenges in navigating these multiple and overlapping shocks. Crucially, all African regions posted positive GDP growth rates in 2022, though cross-regional variations in the pace of growth reflect differences in economic structure, commodity dependence, global exogenous shock impacts, and domestic policy responses.

The economic slowdown was steepest in Southern Africa, where it decelerated to 2.7 percent in 2022 from 4.4 percent in 2021, attributable mostly to subdued growth in South Africa (2 percent), as weak domestic demand, higher interest rates, and persistent power outages took a toll on the economy. At the other extreme, Central Africa registered growth of 5 percent in 2022, up from 3.4 percent in 2021, benefiting largely from favorable commodity prices. West Africa's real GDP growth slowed from 4.4 percent in 2021 to 3.8 percent in 2022, driven mainly by decelerations in the region's two large economies, Côte d'Ivoire (from 7.4 percent to 6.7 percent) due to the lingering impacts of the COVID-19 pandemic and Russia's invasion of Ukraine,[2] and Nigeria (from 3.6 percent to 3.3 percent) due to technical inefficiencies in oil production arising from aging infrastructure and theft. In North Africa, the sharp contraction in Libya (by 40.4 percentage points to −12.1 percent in 2022 from 28.3 percent in 2021) and the drought in Morocco caused the region's growth to decline from 5.4 percent in 2021 to 4.1 percent in 2022. In East Africa, a region comprising mainly net commodity importers but also one of the most diversified, growth moderated to 4.4 percent in 2022 from 4.7 percent in 2021, as countries bore the brunt of high international commodity prices in addition to recurrent climate shocks and certain insecurity episodes.

In terms of economic structures, tourism-dependent economies posted the fastest growth rate on the continent of 8.4 percent in 2022 from 4.0 percent in 2021, bolstered by a relative easing of pandemic risks and the rebound in tourism. Growth in this group was led by Seychelles (9.5 percent), Mauritius (8.7 percent), and Cabo Verde (10.5 percent), though these countries represent less than 1 percent of the continent's GDP. Growth in oil-exporting countries, which account for about 51 percent of the continent's GDP, weakened mar-

Low global demand in major export markets, especially in Europe and China, Africa's main trading partners, added to the continent's challenges

Yannick Fosso, cocoa buyer sun-drying cocoa beans in Cameroon

2 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria, and South Africa entered a reservation and proposed "Russia-Ukraine Conflict."

Smallholder crop production and marketing project, Malawi

The dynamics of Africa's macroeconomic fundamentals in 2022 were mixed, mainly mirroring developments in the global economy

ginally to 4 percent in 2022 from 4.2 percent in 2021, despite high oil prices, due to the sharp contraction in Libya and the tepid growth in Nigeria, stemming from weak oil production, rising insecurity, and effects of flooding. Average growth in other resource-intensive economies decelerated to 3.0 percent in 2022 from 4.5 percent in 2021, reflecting structural weaknesses, inadequate electricity generation, subdued household consumption spending because of high inflation, and weak global demand. Growth in non-resource-intensive economies is estimated to have declined to 4.4 percent in 2022 from 6.3 percent in 2021, weighed down by the effect of heightened inflation on household consumption and subdued global demand for exports.

The dynamics of Africa's macroeconomic fundamentals in 2022 were mixed, mainly mirroring developments in the global economy. The tighter global financial conditions exerted pressure on most African currencies, especially in commodity-exporting economies. Depreciation rates against the US dollar ranged from 17.7 percent in Malawi to 75 percent in South Sudan. But some countries proved resilient by registering exchange rate appreciations, including 27.1 percent in Angola, 15.6 percent in Seychelles, and 15.3 percent in Zambia. Tighter global financial conditions combined with high food and energy prices and global value chain disruptions stoked by Russia's invasion of Ukraine[3] contributed to the heightening of inflationary pressures on the continent. As a result, inflation increased by 1.3 percentage points to 14.2 percent in 2022, well above the average inflation rate over the past decade, estimated at about 9.4 percent. Monetary policy in this context was geared toward taming soaring inflation, with policy rates adjusted upward in most African countries facing elevated inflationary pressures. Policy rate adjustments varied from 400 basis points (bp) in Mozambique and Nigeria to as high as 750 bp in Ghana.

Fiscal positions improved in Africa, with the average fiscal deficit narrowing to 4.0 percent of GDP in 2022 from 4.9 percent in 2021. This narrowing was a result of relative improvement in revenues, especially in oil-exporting countries, many of which posted surpluses, including Angola, Chad, Congo, Equatorial Guinea, Gabon, and Libya. The narrowed fiscal deficit led to a decline of 3.3 percentage points in Africa's debt-to-GDP ratio to 64.8 percent in 2022, from 68.1 percent in 2021. But average sovereign debt levels remained high, above pre-pandemic levels of 60.6 percent of GDP, and debt vulnerability continued to pose a challenge. By end-2022, 22 African countries were either in debt distress or at high risk of debt distress, up from 20 in 2020. The increased pressure on African currencies caused by tightening monetary policy in advanced economies is likely to exacerbate debt vulnerabilities in Africa further, as debt service costs could escalate.

On the external position, the average current account deficit is estimated to have widened to 2.1 percent of GDP in 2022 from 1.7 percent in 2021. This is attributable mainly to the deterioration in non-resource-intensive countries, which recorded a current account deficit of 7.6 percent of GDP in 2022 from 5.4 percent in 2021. Commodity-exporting economies recorded mixed external positions. For instance, while oil exporters benefitting from higher oil prices are estimated to have had an improvement in current account to a surplus of 1.4 percent of GDP in 2022, reversing the deficit of 1.1 percent in the previous year, current account position in other resource intensive countries is estimated to have deteriorated to a deficit of 2.6 percent of GDP from a surplus of 0.5 percent in the same period. The current accounts in tourism-dependent economies remains significantly weak at a deficit of 14.4 percent of GDP in 2022, a slight improvement from 21.5 percent in 2021. Over the short to medium term, most of the headwinds are likely to persist, and the risks of debt distress may increase in some African countries given the additional financial pressures.

3 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

Beyond macroeconomic risks, the shocks translated into welfare losses and exacerbated the rise in COVID-19-induced extreme poverty. The Bank estimates that 15 million additional people were driven into extreme poverty in Africa due to higher global energy and food prices in 2022. On average, per capita income growth is estimated to have declined to 1.5 percent in 2022 from 2.3 percent in 2021. Poorer households were the most vulnerable to higher food and energy prices, losing on average about 0.9 percent of real income per capita due to rising food prices and 1.2 percent due to increased energy costs.

Climate change also impaired socioeconomic outcomes and aggravated poverty in Africa. African countries suffer the most from climate impacts while contributing the least to the problem.[4] The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change was an opportunity to spotlight the continent's special needs and circumstances in supporting climate resilience and a just energy transition. The Bank participated actively in this event and joined African countries and leaders to amplify Africa's voice and priorities on climate change. Since climate change is a common global problem that requires concerted efforts by all concerned to achieve the expected results, the Bank is also committed to strengthening strategic partnerships to mobilize significant new financial resources.

The Bank has been at the forefront of other important areas. In response to the effect of Russia's invasion of Ukraine,[5] the Bank set up a USD 1.5 billion African Emergency Food Production Facility. Complementing the actions of other partners, the facility is a rapid response framework to address the food crisis and the supply disruptions of critical inputs for food production. The Bank Group's 2022–2026 Strategy for Addressing Fragility and Building Resilience in Africa, approved in March 2022, was a bold action to strengthen institutional capacity, build resilient societies, and catalyze private investment in fragile situations. The findings of the Bank's *African Economic Outlook 2002* continue to shape the policy debate on the need for a just energy transition for Africa. And the adoption of the terms of the 16th replenishment of the African Development Fund was another key action through which development partners agreed to commit USD 8.9 billion (including USD 429 million for the newly created Climate Action Window) to its 2023–2025 financing cycle), which is the largest replenishment in the Fund's history. This will allow the Bank to mobilize more resources to help Africa's most vulnerable countries address the skewed impact of climate change on the continent.

Overall, Africa's economic resilience in 2022 resulted from well-formulated policies implemented by African policymakers, with support from multilateral development banks including the Bank Group and other development partners. This helped sustain growth despite the extraordinary circumstances and limit the severity of the impacts of multiple exogenous shocks on the well-being of Africans.

The Bank is committed to strengthening strategic partnerships to mobilize significant new financial resources

4 AEO 2022. https://www.afdb.org/en/knowledge/publications/african-economic-outlook

5 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

Solar panels installed at the Benban Solar Park, Egypt

2 Bank Group Operations through a High 5 Lens

The High 5s are intrinsically linked to global and regional development goals, such as the UN's Sustainable Development Goals, the Climate Change Agenda, and the African Union's Agenda 2063, as evidenced by the Bank's corporate Results Measurement Framework. The Bank scaled up resource flows to Regional Member Countries (RMCs) and leveraged its unique position to play a catalytic role in mobilizing additional resources, generate relevant data and knowledge products, and provide expert advice and leadership in areas such as agriculture, health (pharmaceuticals), fragility, and climate change.

Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel, Multinational

Approvals

Bank Group approvals in 2022 (UA 6.16 billion) were significantly higher than in the previous two years (UA 4.51 billion in 2021 and UA 4.17 billion in 2020) and getting closer to the 2019 level of UA 7.3 billion, thus almost reversing the impact of the COVID-19 pandemic on recent years' approvals. African Development Bank (ADB) approvals amounted to UA 3.72 billion, and African Development Fund (ADF) approvals to UA 1.82 billion (Table 2.1). Special Resources included UA 344 million under the Transition Support Facility (TSF) and UA 275.1 million under Special Funds (SF) (Figure 2.1).

Approvals for non-sovereign operations (NSOs) in 2022 were UA 1.4 billion (Figure 2.2), more than 2.5 times 2020's UA 549.3 million, thus approaching the pre-pandemic level of 2019 (UA 1.56 billion) and reaching a 23 percent share of total approvals. This substantial increase was driven mainly by the recovery of post-pandemic activities. In 2022, approvals of new transactions in all the key sectors across the Bank's High 5s grew significantly, with industry and agriculture and social sectors reporting more than seven-fold and ten-fold increases respectively, while the energy, financial, and transport sectors reported a more than two-fold increase over 2021. The focus continued on supporting export-oriented manufacturing and targeted value-chain development for economic diversification and increased productivity. The Bank also continued to support the development of African enterprises through their entry, expansion, and sustainability across value chains.

Bank Group portfolio

The Bank Group portfolio amounted to UA 44.33 billion at end-2022, a 5 percent increase from UA 42.23 billion at end-2021. It included 1,747 loans and grants, of which 58 percent were rated satisfactory, 12 percent are under close watch, and 30 percent were flagged for Management attention. This changed minimally from the 2021 portfolio profile, which included 56 percent of loans and grants rated satisfactory, 14 percent under close watch, and 30 percent flagged for Management attention. In 2022, improvements were recorded over 2021 and included the lapse of time from approval to first disbursement and the lapse of time for procurement of services, goods, and works.

There was, however, a deterioration in 2022 in the following indicators, which are also lower than their targets: operations eligible for cancellation, the lapse of time from concept note to approval, and the NSO non-performing loans (NPL) ratio. The high volume of flagged operations and operations eligible for cancellation is due largely to delays in project start-up, disbursements, and procurement. The deterioration in the NSO NPL ratio was largely a result of the foreign exchange impact, and the 1 percent increase in total loans and guarantees on the back of higher disbursement (UA 118 million), compared with repayments (UA 42 million) during the last quarter of 2022. Figure 2.3 shows the distribution of the portfolio by sector at end-2022.

In 2022, NSO approvals of new transactions in all the key sectors across the Bank's High 5s grew significantly

TABLE 2.1 Bank Group approvals, by source and financing instrument, 2022 (UA millions)

	Ordinary Resources			Special Resources					Bank Group
	African Development Bank*	African Development Fund*	Subtotal	Nigeria Trust Fund	Private Sector Credit Enhancement Facility	Transition Support Facility	Special Funds	Subtotal	Bank Group
Total loans and grants	3,322.02	1,661.81	4,983.83	—	—	344.03	—	344.03	5,327.86
Other approvals	396.79	156.00	552.79	—	—	—	275.10	275.10	827.89
of which									
Equity participation	40.11	—	40.11	—	—	—	—	—	40.11
Guarantee	356.68	156.00	512.68	—	—	—	—	—	512.68
Other	—	—	—	—	—	—	275.10	275.10	275.10
Total approvals	**3,718.81**	**1,817.81**	**5,536.62**	**—**	**—**	**344.03**	**275.10**	**619.13**	**6,155.8**

*Excluding special resources

FIGURE 2.1 **Bank Group approvals, 2019–2022** (UA millions)

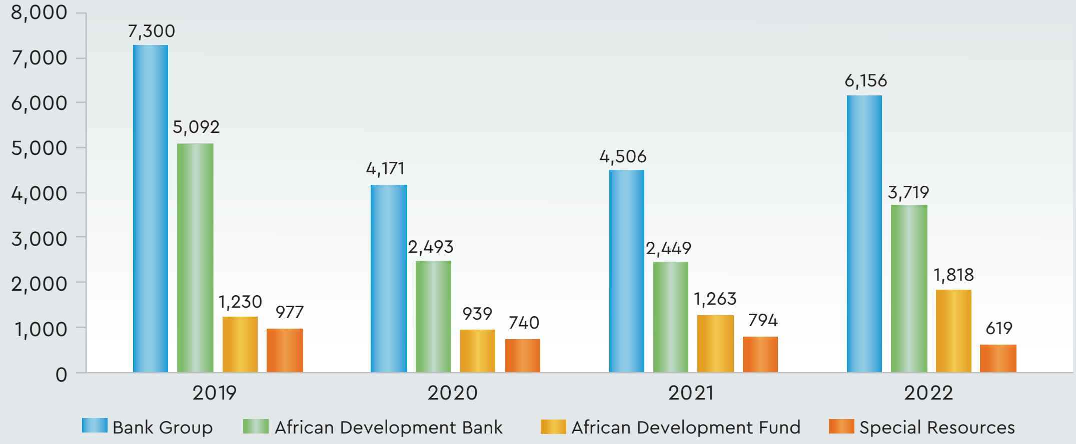


FIGURE 2.2 **Bank Group approvals for non-sovereign operations, 2019–2022** (UA millions)

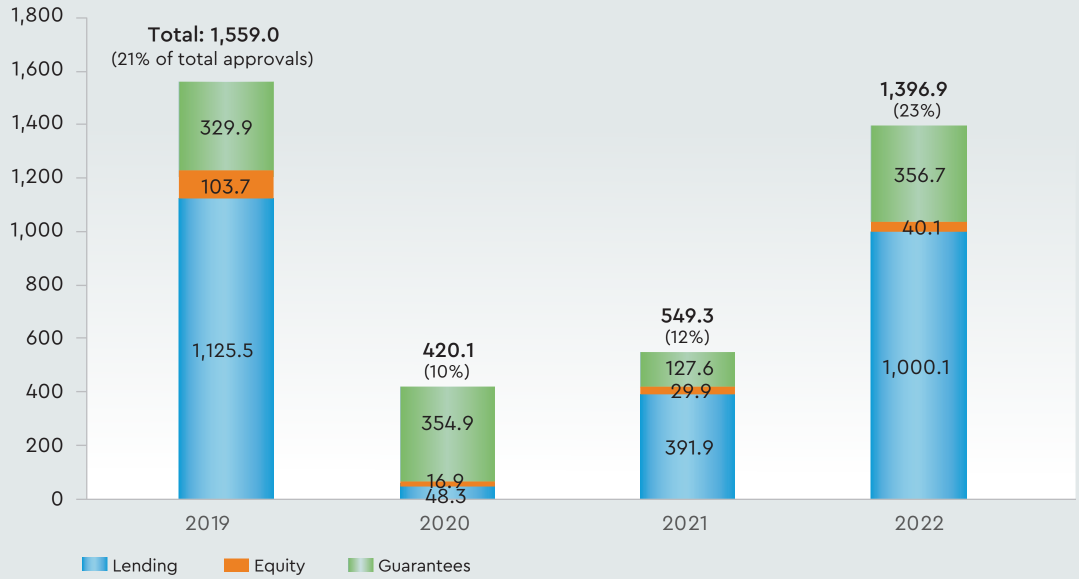
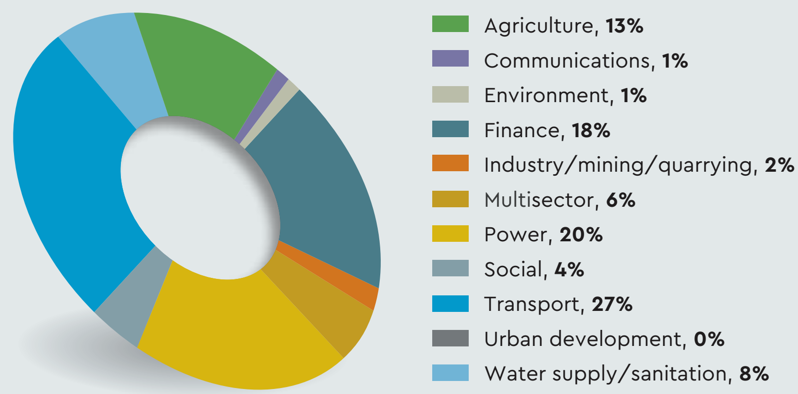


FIGURE 2.3 **Bank Group portfolio distribution by sector, as of 31 December 2022**

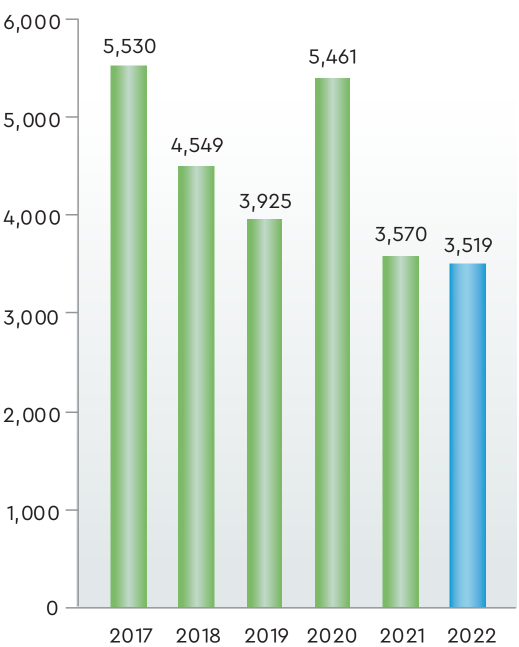


Disbursements

The Bank Group disbursed UA 3.5 billion in 2022, a slight decrease over the UA 3.6 billion disbursed in 2021, and 75 percent of the UA 4.7 billion target. The volume of disbursements on ADB sovereign operations (94 percent of target) was strong, while that for ADB NSOs was only satisfactory (63 percent of target). The performance of ADF and NTF was relatively low at, respectively, 47 and 55 percent of the target. Compared with 2021, disbursements for ADB sovereign operations and ADB NSOs rose by 37 percent and 49 percent, respectively, while ADF and NTF disbursements fell by 39 percent and 60 percent, respectively.

In 2022, project start-up and implementation delays continued to slow implementation of the Bank's portfolio and thus disbursements (Figure 2.4). Factors such as the lengthy ratification process and the suspension of parliament due to political unrest in some RMCs were cited as delaying the disbursement for some projects. Capacity constraints and the impact of the pandemic on procurement, materials delivery, and site mobilization also continued to hinder project implementation progress.

FIGURE 2.4 **Bank Group disbursements, 2017–2022** (UA millions)



The Bank as an assembler of development finance

Co-financing

In 2022, the volume of active co-financing reached USD 1.79 billion (UA 1.34 billion), 124 percent of the target of USD 1.41 billion (UA 1.06 billion). Of this total, USD 1.26 billion (UA 969.2 million) was mobilized for public sector operations, and USD 495.7 million (UA 372.5 million) for private sector operations. The main contributions to public sector operations were UA 229 million from the Accelerated Co-financing Facility for Africa of the Japanese International Cooperation Agency, UA 272.1 million from the Islamic Development Bank OPEC Fund, and UA 88.2 million from the Africa Growing Together Fund (AGTF). Other contributions came from Agence Française de Développement, multilateral partners such as the Arab Bank for Economic Development in Africa (BADEA) and the European Investment Bank, and syndication transactions set up by the Bank. Resources mobilized for private sector operations included UA 121.8 million syndications and UA 66 million from AGTF. Table 2.2 shows the breakdown of in-house mobilized resources by source.[6]

In 2022, the volume of active co-financing reached USD 1.79 billion (UA 1.34 billion)

Blended finance

Following a review of the blended finance initiative by the Bank, a blended finance policy is under development to complement the Bank's approach paper for blended finance learning from benchmarking with sister institutions initiated at end-2022.

For co-financing and blended finance, the Bank engaged with various partners in 2022, such as the

6 These are Bank-managed trust funds.

TABLE 2.2 **In-house co-financing resources mobilized**

Facility	Donor	Resources (UA millions)
Accelerated Co-Financing Facility	Japan	315.12
Africa Growing Together Fund	China	154.23
OPEC Fund for International Development	OFID	62.57
Agence Française de Développement	AFD	47.51
Islamic Development Bank	IsDB	272.06
Total		**851.49**

Canada AfDB Climate Facility, a blended finance facility under concessional terms, and the Agri-Food Small and Medium Enterprises (SMEs) Catalytic Financing Mechanism, with a contribution from the US Agency for International Development. Others include two Qatari funds (EAA/Silatech); the Global Partnership for Education, managed at the World Bank, the Green Climate Fund, and the Swedish International Development Cooperation Agency; and the Abu Dhabi Fund, with a request to the EU for the Bank's Desert to Power initiative. Initial discussions are under way with other partners such as Italy's Cassa Depositi e Prestiti to establish a new blended facility for climate and a new agriculture–SME climate-blended facility.

Syndications

The economic slowdown due to the COVID-19 pandemic and other shocks hampered the Bank's ability to reach its USD 1 billion target for syndicated loans closed. The syndication transactions included:

As part of the mobilization efforts from institutional investors, the Bank is structuring insurance cover for projects in the financial, transport, and manufacturing sectors

- The Malicounda project—EUR 115 million (UA 90 million)—was supported by the OPEC Fund with EUR 25 million (UA 19.6 million), BADEA, EUR 29 million (UA 22.7 million), and Banque Ouest Africaine de Développement, EUR 10 million (UA 7.8 million), and the Bank provided EUR 51 million (UA 39.9 million).
- The Singrobo hydropower project—EUR 130 million (UA 101.7 million)—was supported by the Bank—with EUR 40 million (UA 31.3 million), and with EUR 90 million (UA 70.4 million) from the African Finance Corporation, KfW DEG, and the Emerging African Infrastructure Fund.
- The Bank also mobilized EUR 60 million (UA 46.9 million) and EUR 20 million (UA 15.6 million) from CDP Italy and Findev, respectively, for a line of credit to the Banque Ouest Africaine de Développement of up to EUR 150 million (UA 117.3 million) and USD 15 million (UA 11.3 million) collateralized risk participation from Norfund as subordinated debt to Tanzania's CRDB Bank.
- The Bank executed a USD 10 million (UA 7.5 million) partial sell down of the FCMB Nigeria Line of Credit to Finnfund.
- In April 2022, the transfer of the Redstone 100MW Concentrated Solar Power project ZAR 1.179 billion (UA 56.1 million) was sold to Industrial Development Corporation and Investec.

Balance sheet optimization

In line with the G7 and G20 call for multilateral development banks (MDBs) to optimize their balance sheets and move from "billions to trillions," the Bank accelerated and formalized balance sheet optimization efforts under the Room to Run Sovereign (R2RS) initiative in 2022 with a landmark USD 2 billion (UA 1.50 billion) synthetic risk transfer covering the Bank's outstanding sovereign loan portfolio. The R2RS is the first and largest ever synthetic transfer of seasoned sovereign assets by an MDB involving both the private insurance market and a public guarantor at the same time. The Lusophone Compact Guarantee—EUR 400 million (UA 312.9 million)—was also approved in 2022. The Bank also engaged extensively with insurance companies with a minimum rating of A– to reduce credit-risk exposures at origination on certain non-sovereign assets (Board approvals for offloading USD 326 million to the insurance market were obtained in 2022). A Risk Participation Agreement (RPA) template that will accelerate the acquisition of credit insurance at origination is also being finalized.

As part of the mobilization efforts from institutional investors, the Bank is structuring insurance cover of up to USD 221 million (UA 166.1 million) for projects in the financial, transport, and manufacturing sectors.

Innovative transactions and initiatives

In September 2022, a Partial Credit Guarantee of UA 156 million was approved under the ADF window to cover the debt service obligations of Benin under loan agreements to be executed with commercial banks for financing the country's Environmental, Social, and Governance Framework operations. Additional upcoming guarantee transactions covering five other countries are in the pipeline, including one to assist entry into the Chinese Panda Bond market.

The Co-Guarantee Platform, established in 2018, accelerated its work program in 2022 by focusing on deal origination and consolidation of the administrative arrangements between the various partners. With 25 projects in the pipeline, the Coordinator and ADB Management are working with the other partners to put the platform on a path to self-sustainability.

Highlights of Bank Group operations approved in 2022

Approvals for High 5 priorities in 2022 show substantial increases over the 2021 levels for all High 5s except **Improve the Quality of Life for the People of Africa, which decreased by 6 percent** (Figures 2.5 and 2.6). **Light Up and Power Africa was up 25 percent, Feed Africa 48 percent, Industrialize Africa 93 percent,** and **Integrate Africa 63 percent.**

Approvals in 2022 show the beginning of a return to more balanced needs by RMCs. Feed Africa, with 2022 approvals of UA 1.34 billion, is at its highest level due to approvals of UA 1.21 billion through the African Emergency Food Production Facility (see Box 2.2).

FIGURE 2.5 **Distribution of 2022 approvals by High 5 priority**

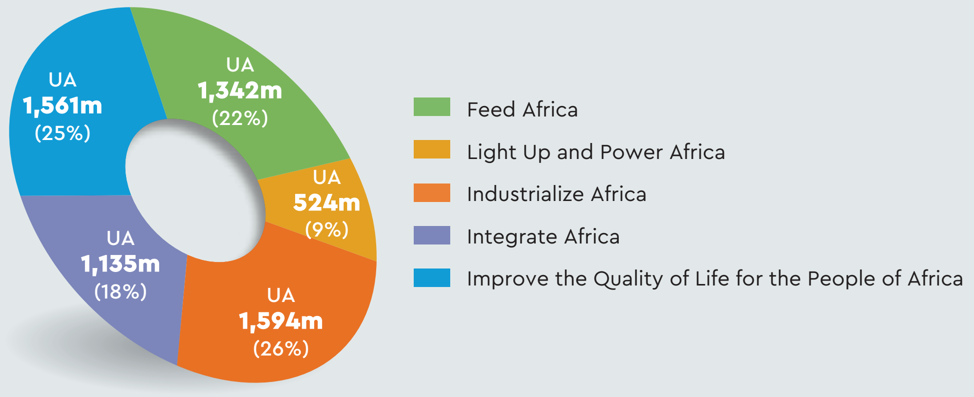
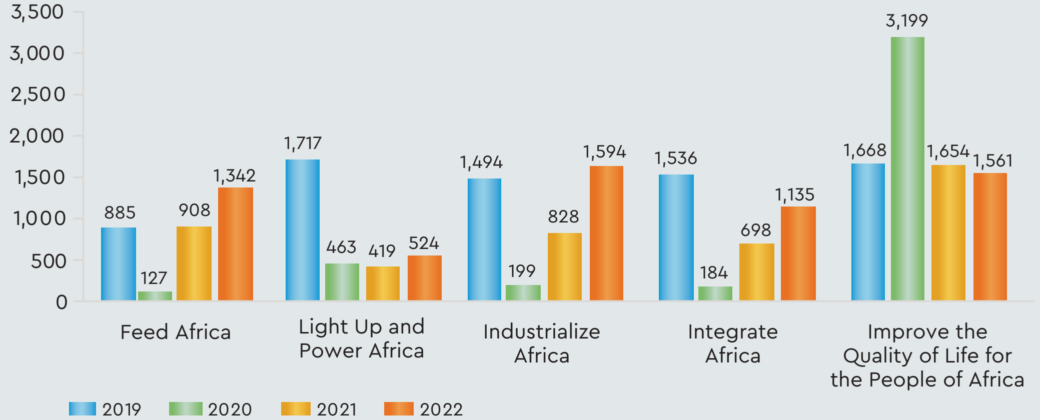


FIGURE 2.6 **Bank Group approvals by High 5 priority, 2019–2022** (UA millions)



Light Up and Power Africa

In 2022, the Bank continued to support RMCs in developing their just energy transition plans and long-term low-carbon and climate resilience strategies. This support was delivered through new generation renewable energy and storage technologies, such as green hydrogen and battery energy storage systems, which will be critical in Africa's energy transition. The Bank is also supporting RMCs in scaling up the harmonization of regulatory frameworks and policies through the Regional Regulators of four Regional Economic Communities (SADC, COMESA, ECOWAS, and ECCAS).

In 2022, 100 percent of the Bank's generation-related approvals were based on renewable energy

In 2022, 100 percent of the Bank's generation-related approvals were based on renewable energy. This compares with a share of 56 percent during 2010–2015, prior to the launch of the New Deal on Energy for Africa in 2016. The Bank continued to mobilize climate finance and co-financing resources from development partners and philanthropic sources to leverage its own resources to finance power generation projects primarily from renewable energy, support grid reinforcement, and increase access to energy on the continent. For example, co-financing for the Mini Grid and Soar PV Net Metering Project in Ghana accounts for 68 percent of total project costs, with contributions from the Scaling-Up Renewable Energy Programme, the government of Ghana, and the Swiss State Secretariat for Economic Affairs. Another example is the Transmission Reinforcement and Last Mile Connectivity project in Rwanda, where co-financing accounts for 60 percent of total project costs, with contributions from the World Bank Group, the OPEC Fund for International Development, the Saudi Fund for Development, the Agence Française de Développement, and the European Investment Bank.

Approvals for this High 5 priority in 2022 amounted to UA 524.1 million (9 percent of total approvals), 25 percent higher than the 2021 amount of UA 419.4 million (9 percent of the total). Examples of approved operations illustrating the focus on renewables are:

- The Kakono Hydropower Project in Tanzania—USD 161.5 million (UA 121.4 million), an ADB loan—aims to increase on-grid energy production from least-cost renewables to address the electricity deficits in north-western Tanzania. The project will displace the use of fossil fuels in the Lake Zone, where costly diesel power generators are often brought online to either supplement the grid supply or improve the quality of supply to avoid prolonged blackouts and brownouts.
- The Electricity Sector Support Project in Chad—UA 15 million ADF grant and USD 1.6 million (UA 1.2 million) SF grant, for a total of UA 16.2 million—aims to improve access to and the quality of electricity supply. It will do this by increasing the capacity to produce clean and sustainable electricity to meet growing demand, especially in underprivileged areas; reducing electricity production costs in certain localities; and contributing to the improvement of technical, financial, and commercial performance of SNE (the national electricity company).
- Phase II of Scaling up the COVID-19 Off-Grid Recovery Platform—USD 19.5 million Chad—UA UA 15 million), of which USD 13 million (UA 10 million) is from Global Environment Facility

Charlotte Nagalo, a mother of three and a resident of Bonheurville, outside Ouagadougou, Burkina Faso, celebrates a recent connection to the electricity grid: **"It was such a relief! We had been without electricity, and it wasn't easy. We got by with solar panels, but we had to keep changing the batteries. Now, it's easier for the children to study, and we no longer must go elsewhere for fresh water."**

Electrification of semi-urban areas of Ouagadougou and Bobo-Dioulasso Project, Burkina Faso

BOX 2.1

Schools, health centers, small businesses, and 750,000 people will get access to electricity in Niger

The Desert to Power Project for the Development of Solar Power Plants and Improvement of Access to Electricity Niger will increase electricity production from renewable sources and improve sustainable access to modern energy. The project area covers all eight regions, including 17 urban centers, 186 rural localities to be connected to the national electricity network, and 12 villages electrified by mini grids.

The project includes the construction of 40.5 MW solar PV plants, 1,203 km of MV distribution network, 1,484 km of LV distribution network, a mini-grid cluster distribution system to supply 12 rural localities, and 15 km MV, 30 km LV, 12 H61 substations. It will also include the creation of 300 MV/LV transformer stations. The project's main beneficiaries are the government, NIGELEC (the national electric power generation and transmission utility company), and about 750,000 people, more than 45 percent of them rural dwellers, and 52 percent of them women.

loans, and USD 6.5 million (UA 5 million) is from a Sustainable Energy Fund for Africa (SEFA) reimbursable grant—will extend the original program and facilitate the provision of affordable debt products to energy access companies. Phase I was approved in 2020 to provide relief and recovery capital to energy companies and to mitigate the negative impacts of the COVID-19 pandemic while advancing access to clean electricity and promoting a more viable and robust sector post-crisis. Additional funding under Phase II—to mitigate, among others, the impact of Russia's invasion of Ukraine[7]—will enable the provision of new off-grid connections to about 1 million households and 900 connections to small businesses and social infrastructure. It will create 2,300 new full-time jobs, with 30 percent estimated to be filled by women. And it will install 28MW of solar capacity, resulting in more than 1.28 million tons of carbon dioxide equivalent (tCO_2eq) of reduced greenhouse gas emissions.

- The Desert to Power Project for the Development of Solar Power Plants and Improvement of Access to Electricity Niger—UA 99.9 million, of which UA 35.2 million is an ADF loan, UA 29.8 million an ADF grant, UA 33.3 million a TSF loan, UA 0.8 million a TSF grant, and UA 0.8 million an SF grant (Box 2.1).

Electrification projects connect thousands of semi-urban households to electricity grids

A noteworthy knowledge activity is the publication of the 2022 edition (for the fifth year) of the Electricity Regulatory Index, a diagnostic tool to benchmark on an annual basis the performance of electricity regulators to improve the sustainability of power markets and better inform the Bank's policy dialogue. The 2022 edition covered, among others, 29 ADF countries. In 2022, the Bank collaborated with the World Bank to launch the inaugural edition of the Global Electricity Regulatory Index.

7 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria, and South Africa entered a reservation and proposed "Russia-Ukraine Conflict."

Results of some of the Light Up and Power Africa operations completed in 2022:

- **1.3 million people, 613,000 of them women,** with new electricity connections
- **408 km** of new or improved power distribution lines
- **366 km** of new or improved power transmission lines
- **612 MW** new total power capacity installed, **113 MW** of it renewable
- **2.6 million tons** of carbon dioxide emissions reduced

Feed Africa

Rising food prices and disruptions in global food supply chains due to COVID-19, climate change, and Russia's invasion of Ukraine[8] worsened food insecurity in Africa. To address the increased risk to food security, the Bank created the African Emergency Food Production Facility (Box 2.2).

Approvals for Feed Africa amounted to UA 1.34 billion, 22 percent of total approvals, and a substantial increase (48 percent) over the 2021 approved amount of UA 908 million. The approvals included:

Financing through the African Emergency Food Production Facility resulted in a 48 percent increase in approvals for Feed Africa in 2022 over 2021

- The Support Programme for Competitive and Resilient Development of Cereals Farming in Morocco—EUR 199 million (UA 152.9 million) an ADB loan—aims to improve productivity and build the resilience of the national cereal industry in efforts to guarantee food and nutrition security in the short term and reduce dependence on cereal imports in the medium and long term. The expected outcomes are to improve the technical and economic performance of the sector and build resilience by strengthening sector governance, supporting the sector's stakeholders, and adapting to climate change.
- The Support to National Agricultural Growth Scheme–Agro-Pocket Project in Nigeria—USD 134 million (UA 100.9 million), an ADB loan—aims to build the resilience of farming livelihoods and increase food and nutrition security. Its goals are to improve the performance of agricultural sector institutions and enhance private sector participation in the input production and distribution system, particularly the wheat value chain. It targets increasing the use of high-quality fertilizers and agrochemicals and certified climate-resilient seed varieties. The expected outcomes are higher farming productivity and greater cereal and oil grains production.
- The Emergency Food Production Enhancement Project in Madagascar—UA 15 million, of which UA 9 million is an ADF grant, UA 3.3 million a TSF loan, and UA 2.7 million a TSF grant—aims to increase cereal and oilseed production to enhance food security in Madagascar by improving the productivity and production of rice, wheat, soybeans, and groundnuts as well as the population's access to good-quality food products. The expected outcomes are greater access to inputs, agricultural services, and markets for small-scale producers and better governance and sustainability in agricultural production by encouraging the development of a local agro-industry.
- The multinational[9] Strengthening Emergency Preparedness and Response to Food Crisis Project—UA 8.2 million TSF grants, of which UA 2 million to Burundi, UA 2 million to Comoros, UA 2.1 million to Somalia, and UA 2.1 million to South Sudan (Box 2.3).

8 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

9 Multinational or multi-country refers to operations in more than one country in the same region. Multiregional refers to operations in countries from different regions.

Ethiopian farmers growing heat-tolerant wheat use whips and whistles to deter birds from eating wheat crops. Wheat was funded by the Technologies for African Agriculture Transformation initiative.

BOX 2.2

Supporting African countries through a global food crisis

In 2022, the Bank created the African Emergency Food Production Facility (AEFPF) as a short-term intervention to raise the production of wheat, maize, rice, and soybean to compensate for the supply deficits due to Russia's invasion of Ukraine.[10] With Ukraine and Russia accounting for 30 percent of the world's wheat, 20 percent of the world's potash (a key nutrient and fertilizer to help plants use water and resist drought) and nearly 50 percent of blended fertilizer, wheat prices have soared by 50 percent, and fertilizer is three to four times more expensive than in 2020.

The African Development Bank Group is investing USD 1.5 billion in the facility (UA 1.13 billion), USD 1.3 billion (UA 977 million) from ADB and the ADF resources, with the remaining being mobilized from global partners, such as the African Union, regional economic commissions, multilateral development banks, Rome-based United Nations agencies, bilateral partners including the Japan International Cooperation Agency (JICA), the Netherlands, USAID, Norway and Germany and other partners, including private foundations. The facility focuses on three areas: delivering certified seeds, fertilizer, and extension services to 20 million farmers, using innovation as well as internet and communications technology platforms; providing financing and credit guarantees for the large-scale supply of fertilizer to wholesalers and aggregators; and supporting policy reform facilitating modern inputs getting to farmers, including strengthening national institutions overseeing input markets. With respect to delivering agricultural technologies for increased food production, the AEFPF is building on the Bank's experience with: Technologies for African Agricultural Transformation to provide high-quality climate-resilient seed varieties and with the Africa Fertilizer Financing Mechanism to work with the private sector to enhance farmers' access to fertilizers.

The Bank will work with fertilizer manufacturers, seed companies, commodity exchanges, large aggregators, and RMCs to deliver 3.5 million tons of fertilizer and 383,875 tons of certified seeds to smallholder farmers. In total, the Bank initiative is expected to support the production of 37.6 million tons of food, worth an estimated USD 11.5 billion.

In 2022, the Bank approved 35 RMC and 2 multinational operations,[11] with an additional four operations being processed in 2023. Other development partners, including Japan, Norway, Germany, Netherlands, and the United States of America, contributed an additional UA 226 million in support of AEFPF operations.

10 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

11 35 RMC with approved AEFPF operations: Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Egypt, Eswatini, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria (with 2 operations), Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Uganda, Togo, Tunisia, Zimbabwe, and Zambia; and 2 multinational operations (for Technologies for African Agricultural Transformation II in the West Africa Regional Development and Business Delivery Office and another in the East Africa Regional Development and Business Delivery Office covering Burundi, Comoros, Somalia, and South Sudan).

BOX 2.3

Combating hazards affecting food security in East Africa

Multiple hazards are affecting food security and nutritional outcomes in East Africa: the current drought emergency, flooding, conflict and insecurity, macroeconomic challenges, and rising global food prices (partially linked to Russia's invasion of Ukraine[12]), socioeconomic impacts of COVID-19, and the desert locust invasion. It was estimated that between 15 and 19 million people (depending on rainfall) in the target countries will experience high levels of acute food insecurity. The multinational Strengthening Emergency Preparedness and Response to Food Crisis Project aims to increase agricultural production, productivity, and resilience of agricultural production systems in Burundi, Comoros, Somalia, and South Sudan to mitigate risks in the short and medium term.

12 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

In addition, the Bank approved two Special Agro-Industrial Processing Zone projects. One is the Integrated Agricultural and Agro-Industrial Growth Cluster Programme in South Madagascar—Phase 1 (UA 12.5 million, of which UA 5.7 million ADF loan and UA 6.8 million ADF grant). The other is the Centre Agro-Industrial Processing Zone Project in Senegal (EUR 63.6 million ADB loan). The Bank also approved additional ADF financing (UA 2.3 million) for the Special Agro-Industrial Processing Zone project in Liberia.

Knowledge activities in 2022 included:

- The Bank co-hosted—with the African Union, in collaboration with the Food and Agriculture Organization, the World Food Programme, the International Fund for Agricultural Development, the World Bank, the European Union, and others—a joint virtual meeting of Ministers of Finance and Ministers of Agriculture to discuss the Food Emergency Plan and to secure support of the RMCs. The meeting led, among others, to the creation of the Bank's African Emergency Food Production Facility.
- The Bank sponsored the 4th World Small-scale Fisheries Congress in Cape Town, South Africa, a transdisciplinary forum to discuss the future of the world's small-scale fisheries and their economic and social contribution to nutritional well-being and food security. The event achieved its goal of facilitating opportunities to share information about all aspects of small-scale fisheries and to formulate action plans and capacity development programs to support the implementation of the Small-scale Fisheries Guidelines, especially in the least developed countries.

Results of some of the Feed Africa operations completed in 2022:

- **2.9 million people, 1.4 million of them women,** benefited from improvements in agriculture
- **1,682 km** of feeder roads built or rehabilitated
- **11,100 ha** of land with improved water management
- **2,605 tons** of agricultural inputs provided (fertilizer, seeds, etc.)

Dr. Khaoula Abrougui, outside Tunisia

For Dr. Khaoula Abrougui, a teacher-researcher in agricultural machinery and precision agriculture, who recently graduated in piloting agricultural drones, "The goal is to increase the income of the Tunisian farmer while contributing to food security, by adapting to climate change and minimizing greenhouse gas emissions."

Experimental program for the use of agricultural drones, an AFDB, Tunisian government, and Korea-Africa Economic Fund partnership

Industrialize Africa

In 2022, the Bank continued to focus on improving the continent's resilience and addressing the dependence on imports. In trade support, the Bank emphasized reducing transaction costs and improving infrastructure to increase access to markets and promote regional integration. Strong efforts continued to be invested in pharmaceutical/vaccine manufacturing sectors with potential in Cabo Verde, Côte d'Ivoire, Ghana, Morocco, Senegal, and South Africa.

The Bank took a step in addressing the infrastructure gap with its first Public-Private Partnership Strategic Framework 2022–2029. Africa's infrastructure investment gap is estimated at more than USD 100 billion a year, affecting the living conditions of Africans and the continent's global competitiveness. The new framework is rooted in the following three pillars to provide end-to-end solutions to member countries.

- Upstream support to ensure an enabling environment and capacity in member countries.
- Midstream support for project preparation and transaction advisory services to help structure projects to achieve financial closure.
- Downstream support to finance investment projects.

The road projects financed in 2022 exemplify the Bank's commitment to addressing the continent's climate vulnerabilities and transition to net zero greenhouse gas emissions by 2050. They are built to withstand climatic hazards, ensuring long life spans. The Bank now provides climate and green growth categorization for selected projects based on parameters such as topography, soil information, average temperatures, and annual rainfall.

Approvals for Industrialize Africa, at UA 1.59 billion (26 percent of total approvals)—show a substantial increase (93 percent) over the 2021 approvals of UA 827.7 million (18 percent of approvals).

The Bank also approved some technical assistance-focused operations. For example, the multiregional Project for Enhancing Post-Pandemic Resilience and the AfCFTA (African Continental Free Trade Area) Participation by Developing SMEs and Private Sector Capabilities in Transition Countries—Burundi, Comoros, The Gambia, and Sierra Leone (UA 2.2 million TSF grant)—will provide technical assistance and capacity building to the national agencies for trade. It will address human and institutional capacity gaps to boost AfCFTA participation by SMEs and support the streamlining, digitalization, and automation of information and services across national agencies in the trade regulation chain.

Other approved operations included:

- The multiregional Project for Enhancing Post-Pandemic Resilience and the AfCFTA (African Continental Free Trade Area) Participation by Developing SMEs and Private Sector Capabilities in Transition Countries—Burundi, Comoros, The Gambia, and Sierra Leone (UA 2.2 million TSF grant)—would provide technical assistance and capacity building to the national agencies for trade. It would address human and institutional capacity gaps to boost AfCFTA participation by SMEs and support the streamlining, digitalization, and automation of information and services across national agencies in the trade regulation chain.

The Bank's Industrialization Strategy for Africa (2016–2025) provides a roadmap for how it supports African governments with developing their industrial policies, including identifying potential sectors for support and developing policy instruments to promote value chain development

Mrs. Djénéba Ouédraogo, owner of Grace SARL, a construction and food company that received financing through the line of credit to Coris Bank International. The company now employs 150 people who, among other activities, serve 7,000 daily meals to students at the Université Thomas Sankara in Ouagadougou, Burkina Faso.

"With this financing, I was able to buy equipment and strengthen my working capital. My employees, mostly women, can take better care of their families."

Line of credit to Coris Bank International to finance private sector enterprises (including SMEs and SMIs) in Burkina Faso

BOX 2.4

More cement for affordable housing

The BUA Cement PLC Project in Nigeria operation aims to:

- Increase the availability of cement to address Africa's affordable housing concerns.
- Increase revenues for the Nigerian government from taxes.
- Boost Nigeria's foreign exchange reserves through foreign exchange inflows from exports.
- Adopt sustainable and impactful gender strategy to promote opportunities for women.
- Contribute to industrialization and skills development, and reduce the greenhouse gas emissions via reduction of carbon dioxide emissions as the Company transitions to the use of cleaner natural gas in its Sokoto plant, and,
- Create 1,000 direct and 10,000 indirect jobs during construction and operations.

The project includes the expansion of an existing cement production facility in Kalaimbaina, Sokoto State, Northern Nigeria from 2 million to 8 million tons a year, and the installation of 120 MW natural gas power plants to replace older liquid fuel power plants.

The Bank will partner, as a parallel lender, with other development finance institutions to provide long-term financing that is currently unavailable in the market and promote adequate corporate governance, gender, and environmental standards.

Interchange of Accra Urban Transport Project, which won the Best Project award at the November 2022 FIDIC Conference in London

Results of some of the Industrialize Africa operations completed in 2022:

- **833 km** of roads constructed, rehabilitated, or maintained, **244 km** of which are in low-income countries
- **4.08 million people, 1.59 million of them women,** benefited from investee projects
- **396,500 owner-operators** and micro, small, and medium-sized enterprises provided with access to financial services

Other approved operations included:

- The multiregional COMESA (Common Market for Eastern and Southern Africa) Support toward Regional Pharmaceutical Sector Development (UA 5 million ADF grant) will provide institutional support for developing the pharmaceutical industry. It will strengthen the capacities of the region's pharmaceutical regulatory, quality control, and management systems. And it will support research and development institutions for manufacturing safe and quality pharmaceutical products in response to the COVID-19 pandemic and other diseases.
- The FirstRand Bank (FRB) Risk Participation Facility—USD 75 million (UA 58.6 million), Unfunded Risk Participation, will share the default risk on a portfolio of eligible trade finance instruments originated by African issuing banks and confirmed by FRB. The Bank will provide up to a 50 percent guarantee to support trade finance transactions originated by issuing banks in RMCs in Southern Africa and, exceptionally, up to 75 percent on transactions originated by issuing banks in low-income countries and transition states.
- The BUA Cement PLC Project in Nigeria—USD 100 million (UA 76.1 million), is an ADB Private Sector loan (Box 2.4).

A key knowledge activity is the launch of the Africa Industrialization Index, which tracks, assesses, and compares industrial development trajectories on the continent. Providing an overview of Africa's progress on industrialization at the country level, it identifies key trends, opportunities, and constraints to support the formulation of efficient industrial policies.

Integrate Africa

Approvals for this High 5 priority amounted to UA 1.13 billion (18 percent of total approvals), reflecting a 63 percent jump over the UA 697.6 million (15 percent of approvals) approved in 2021. Examples of key operations include:

- The Trans-National Economic Corridor Construction Project–Phase 1 in the Democratic Republic of Congo (DRC) and Angola—UA 125 million, with a UA 75.2 million ADF loan and a UA 49.8 million ADF grant to DRC—is designed to stimulate integration and subregional cooperation in Central Africa. It aims to improve the interstate road transport system and promote intraregional trade in Central and Southern Africa. The expected benefits include reduced travel times and vehicle maintenance costs, improved economic potential in the project area, greater road safety, and job creation during construction.
- The Southern African Development Community (SADC) Sub-Regional Transport and Trade Facilitation Project in Malawi and Mozambique—UA 100.7 million, of which UA 48.2 to Malawi (UA 46.5 million ADF grants and UA 1.6 million ADF loans) and UA 52.5 million ADF grants to Mozambique—aims to improve the transport systems of both countries, accelerating their development trajectories. The reconstruction of the Kaphatenga-Nkhotakota-Dwangwa road (135 km) in Malawi and the Mueda-Nambungale road (64.4 km) in Mozambique will improve connectivity on the entire 1,604 km link from Malawi to Mozambique—and reinforce social cohesion and regional integration.

Approvals for Integrate Africa amounted to UA 1.13 billion in 2022, a 63 percent jump from 2021

- The Cross Border Roads Upgrading Project, Phase I in Rwanda, and Burundi—UA 56.7 million, of which UA 54.2 to Rwanda (UA 41.5 million ADF loans and UA 12.7 ADF grants) and UA 2.5 million ADF grant to Burundi—aims to improve transport connectivity between Burundi and Rwanda by upgrading missing links on the Central and Northern Corridors in both countries. The project will reduce the high trade costs in both countries, which are landlocked and have missing road links. The proportion of transport costs on imports and exports is about four times that for Kenya and Tanzania.
- The Trade Finance Risk Participation Partnership with Natixis—USD 50 million (UA 38.4 million) (Box 2.5).

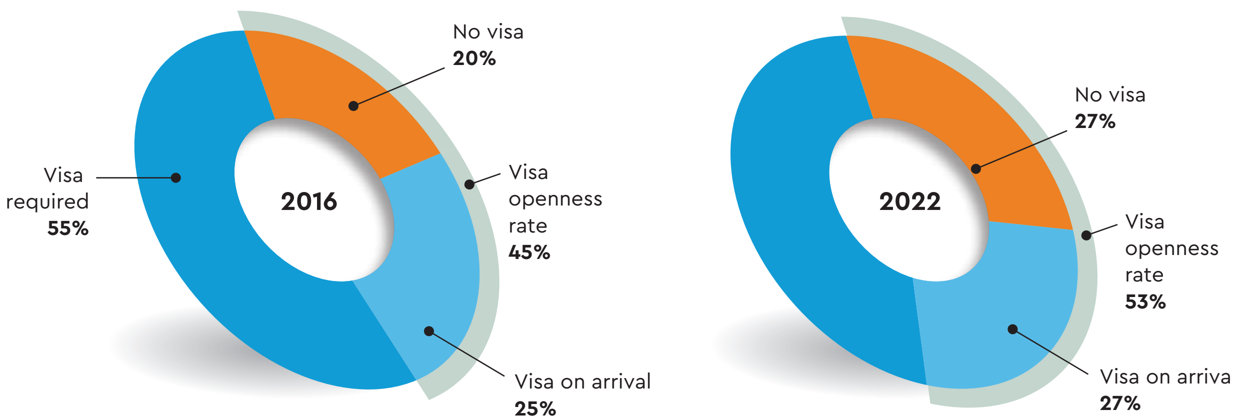
The seventh edition of the Africa Visa Openness Index is developed in collaboration with the African Union Commission to measure how open African countries are to visitors from other African countries. The 2022 edition includes a detailed analysis on the link between free movement and implementation of AfCFTA and investments and trade in services. In 2022, visa openness rebounded significantly as African countries eased COVID-19 travel restrictions. Ten countries improved their visa openness score over the year, and visa openness on the continent now exceeds that recorded in the year before the pandemic and is in line with the peak score achieved in 2020 (Figure 2.7).

BOX 2.5

Catalyze greater intra-African trade flows

The Trade Finance Risk Participation Partnership with Natixis in North Africa is a risk-sharing agreement between the Bank and Natixis, a French bank with an earlier relationship with the Bank, is intended to meet the growing demand from African markets for trade finance in vital economic sectors such as agribusiness, energy, manufacturing, health, and services. It will also help diversify production, creating jobs and additional tax revenues for several African countries. The agreement will support African commercial banks and small and medium-sized enterprises by ensuring stable access to trade finance, an important driver of economic growth and regional integration. This is another step toward the realization of the AfCFTA, which will unleash the full growth potential of the continent and create new opportunities and jobs.

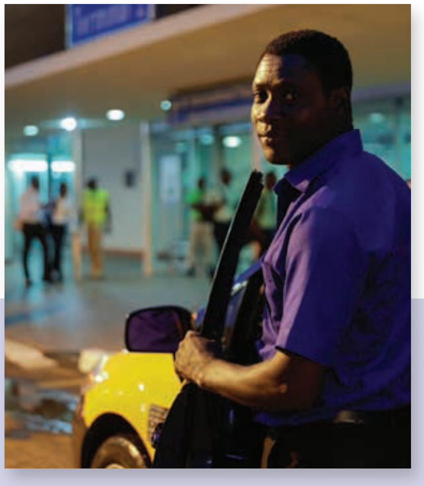
FIGURE 2.7 Visa openness rates, 2016 and 2022



Visa openness combines the visa on arrival and visa free travel scores. Figures may not add to 100% due to rounding.

Some of the operations completed in 2022 and their impacts were:

- The Central Africa Communications Project's fibre-optic backbone project will break the digital isolation in the Central African Republic and the region. The new network will transform national and international connections—a recommendation of the Africa's Program for Infrastructure Development—and will reduce economic and social transaction costs for people across Central Africa, including young people and people living in rural areas. Its main achievements are 900 km of fibre-optic cables, 12 technical sites built and fully equipped, and 4,000 jobs created.
- The multinational Arusha Holili/Taveta–Voi Road Project is constructing and upgrading 157.5 km of roads in Kenya and Tanzania. It will reduce transit times at Taveta/Holili border crossing point between Southern Kenya and Northern Tanzania from 24 hours to less than 2 hours, due to the improved road conditions and streamlined border procedures.



Expansion of Kotoka International Airport Project

Kofi Acheampong, a taxi driver, parks at the entrance to Terminal 3 (T3) of Accra–Kotoka International Airport in Ghana.

He notes: **"The new terminal has reduced the pressure on the flow of departures and arrivals at the international airport [providing a more even flow of taxi clients]. Every day, I hope to take the last passenger and then return home to my wife and children."**

Airport modernization (here, the Fez, Morocco airport) strengthens integration within and across countries in Africa and the rest of the world.

Results of some of the Integrate Africa operations completed in 2022:

- **146 km** of cross-border transmission lines constructed or rehabilitated
- **2.9 million** people gained access to better transport services

Improve the Quality of Life for the People of Africa

In 2022, approvals for this High 5 priority totaled UA 1.56 billion, a 6 percent decrease over the 2021 approvals of UA 1.65 billion. At 25 percent, its share of total approvals was noticeably less than the 37 percent achieved in 2021 and is aligned with the 2018–2019 average share of 28 percent.

Water and sanitation

Approvals for 14 water and sanitation operations amounted to UA 388.1 million in 2022, a 12 percent increase over the UA 347.3 million approved in 2021. An example of key approvals is the Borana Resilient Water Development for Improved Livelihoods Program in Ethiopia (UA 10.7 million ADF grant), which aims to improve access to climate-resilient and gender-sensitive integrated sustainable water and sanitation services to pastoralist communities in dryland areas of Borana in the Oromia region. The project addresses the need for tapping into and managing groundwater resources to cope with and adapt to drought, among other climate shocks and stressors impacting the area. This will lead to improved health, livelihoods, nutrition, and food security, covering 62 rural villages and 12 small towns, with over 300,000 people and close to one million livestock.

Approvals for 14 water and sanitation operations amounted to UA 388.1 million in 2022, a 12 percent increase over the UA 347.3 million approved in 2021

A notable knowledge activity was the Bank's participation in the 9th edition of the World Water Forum in Senegal, under the theme of "Water Security for Peace and Development." The Bank coordinated the action group to mobilize water sector finance and led the sponsorship and convening of the Africa Pavilion, which hosted over 30 events.

Urban development

The Bank approved one urban development operation in 2022—the Technical Assistance for the Feasibility Studies for the Project to Build 20,000 Affordable Housing Units in Togo (UA 3.8 million ADF loan). The project will facilitate the structuring of the government's 20,000 housing unit project (at the legal and institutional levels) and finance studies for the development of the Kpomé pilot site with a view to preparing the layout and construction work. The Bank-supported intervention will contribute to the rapid start-up of this project, which will guarantee low- and middle-income households' access to decent housing and better living conditions.

Information and communication technology

The Bank approved four information and communication technology (ICT) operations in 2022, including the multinational Horn of Africa Digital Market Integration Project, Phase 1—UA 8.2 million, of which UA 4.2 million ADF grant, UA 2 million TSF grant, and UA 2 million TSF grant. The project will target five Horn of Africa countries (Djibouti, Ethiopia, Somalia, South Sudan, and Sudan), which are also members of the Intergovernmental Authority on Development, the grant recipient. The project aims to accelerate the regional integration agenda through filling gaps in national Digital Financial Services platforms, digital payment systems interoperability, and logistics. As such, it will stimulate the economies of the region through the reduction of transaction costs for the three economic operators: individuals, companies, and administrations.

Florence Latila, a warehouse worker, remembers the destruction that flooding caused in Yaoundé, for over three decades from 1980: **"When it rained, the water could reach my waistline. It was not possible to access the area to work on many days. And when the water was gone, it left mud, which attracted mosquitoes. We used to get sick often. Since the construction of the bridge, no floods have occurred in the area. Everything is good."**

The Yaoundé City Sustainable Enhanced Drainage and Sanitation Project and the previous Yaoundé City Sustainable Sanitation Project

Human and social development

Three operations were approved in human and social development, including:

- The Support Program for the Generalization of Social Coverage in Morocco (EUR 87 million ADB loan (UA 68.1 million)) (Box 2.6).

In 2022, the Bank approved the Skills for Employability and Productivity in Africa (SEPA) Action Plan, 2022–2025, a structured approach for operationalizing the Bank's commitment to skilling Africa's workforce. It builds on the achievements of the Bank's Human Capital Strategy (HCS), 2014–2021and sustains the Bank's commitment to Science and Technology under the Ten-Year Strategy (TYS 2013–2022). SEPA is anchored to the 2016–2025 Jobs for Youth in Africa Strategy and will contribute to its goal of creating 25 million jobs and equipping 50 million youth with relevant skills for productive employment and self-employment. It seeks to bridge Africa's skills gap, address skills mismatch and relevance on the back of the Fourth Industrial Revolution (4IR), climate change agenda and digital transformation in the labor market.

Health

The Bank approved three health operations. The Post-COVID-19 Skills Development and Productivity Enhancement Project in Ghana (UA 20.1 million ADF grant) aims to contribute to the country's post-pandemic recovery through infrastructure development to build health-related skills in higher

BOX 2.6

Better access to social protection services in Morocco

The Support Program for the Generalization of Social Coverage in Morocco will contribute to increasing inclusive access to quality social protection services including medical insurance, on the one hand, while promoting fiscal sustainability of the Government's social protection program on the other hand. The reform program will benefit 11 million self-employed workers (including 1.6 million farmers), including their dependents, and seven million children aged 0 to 21 years. It will also enable five million non-salaried workers to be insured and subject to the pension plan, and 20 percent of informal sector workers to migrate to more secure formal employment.

Hope after war

Arsène Koffi, 32, is the Secretary General of the Unit for the Valorization of Plastic Waste of Yopougon in Côte d'Ivoire, a cooperative that collects the plastics that litter the streets and populate the lagoon in the city's capital.

Arsène was a beneficiary of the ADF Program to Support Social Inclusion and Cohesion, aimed at assisting Côte d'Ivoire in its post-conflict reconstruction efforts. The initiative provided youth, many of them ex-combatants, with skills training that enabled them to find employment and integrate into the workforce and civil society.

The African Pharmaceutical Technology Foundation is expected to boost Africa's access to technology for manufacturing the full range of pharmaceutical products, focusing on building supply chains, and expanding access to building block technologies of various kinds

education, the restoration of livelihoods, and the creation of jobs among youths and women. It takes a multisectoral approach to investing in infrastructure for the development of high-level skills in health as well as in technical and vocational education training (TVET) and entrepreneurial skills development for youth and women. Leveraging the skill development component and taking an ecosystem approach, the project set up a USD 4 million credit facility to support the micro, small, and medium-sized enterprises of women and youths to enable them recover from COVID-19 impacts, grow and scale their businesses for job creation.

A key knowledge activity was the establishment of the African Pharmaceutical Technology Foundation (APTF) in Kigali, Rwanda. The Foundation will significantly enhance Africa's access to technologies that underpin the manufacture of medicines, vaccines, and other pharmaceutical products. It will, in partnership with African and global private sector companies and public research institutions, facilitate technological access, technology transfer, and technological learning in the pharmaceutical sector.

Africa imports more than 70 percent of the medicines it needs at a cost of USD 14 billion annually. The Foundation, which will be a game changer by enabling African countries develop their capacity to manufacture pharmaceutical products, has public health, strategic, and economic rationales. It is expected to boost Africa's access to technology for manufacturing the full range of pharmaceutical products, focusing on building supply chains and expanding access to various building block technologies. It will also serve as a transparent intermediator, advancing and brokering the interests of the African pharmaceutical sector on the global stage, to enhance access to proprietary technologies, know-how, and related industrial processes, through licensing and other market-based and non-market mechanisms.

Examples of operations completed in 2022 and their results are:

- The Rural Water Supply and Sanitation project in Sierra Leone contributed to increasing access to safe water supply to about 720,000 people, and sanitation services to 25,370 households in rural areas. The project provided community training for the management of water supply systems. Due to these efforts, 1,740 Water, Sanitation, and Hygiene Program Management Committee members were trained and over 1,000 communities are open-defecation free.
- The Support Program for COVID-19 Response through Social Inclusion and Employment in Tunisia supported 110,000 registered artisans and traders whose activities were affected by the crisis and 542,000 employees at risk of being laid off or made redundant, including informal sector workers. About 1 million families benefited from a series of exceptional and temporary social measures initiated by the government to assist families and vulnerable individuals impacted by successive containment measures.

Digital Ambassadors Program Training Boosts Senegalese Entrepreneur Business Performance, Service to Community

Senegalese entrepreneur Fatou Diouf is one of the 500 youth selected from 21,000 applicants for the Bank's Digital Ambassadors program, which aims to expand digital skills to African youth—especially in rural communities—through a peer-to-peer training model.

"Thanks to the program, I now manage the Federation of Tailors in Senegal's YouTube, Instagram, and Facebook accounts. In my tailoring business, I recently won a tender to supply 2,000 school uniforms in Sedhiou [region in southwest Senegal]. Digital skills were invaluable in this process because I used my Microsoft Excel and Word skills to prepare my bid—and I did it all on my own, while other tailors had to hire consultants to help them prepare their bids."

The Bank launched the African Pharmaceutical Technology Foundation in December 2022

Initiatives targeting jobs for youth help them gain employment and often help them develop an entrepreneurial culture leading to enterprise creation

Results of some of the operations to Improve the Quality of Life for the People of Africa completed in 2022:

- **12.3 million people, 6.0 million of whom are women** with new or improved access to water and sanitation
- **340,000 people, 226,000 of them women,** trained through Bank operations
- **60,000 people, half of them women,** benefited from better access to education

Africa Investment Forum

The Africa Investment Forum (AIF) held two events in 2022. The first event, the AIF2021 Virtual Boardrooms (rescheduled from 2021), held in March, reinforced the Forum's position as Africa's preeminent investment marketplace. With the clear objective of advancing projects to bankable stages, raising capital, and accelerating the financial closure of deals, the AIF2021 Virtual Boardrooms attracted huge attendance with over 750 participants, including project sponsors, investors, and leading policy makers. The three-day virtual event featured 41 deals valued at USD 53.9 billion. During its three days, deals valued at USD 32.8 billion attracted investment interest from both African and global investors. A remarkable feature was the constitution of a Boardroom session specifically convened to present and showcase qualifying deals in the gender investment category, thereby targeting institutions that can provide pre-development funding to such projects. The second event, the Africa Investment Forum Market Days (AIF2022), took place in Abidjan in November, with the theme "Building Economic Resilience Through Sustainable Investment." The AIF2022 edition, the first in-person event held since 2020, attracted more than 1,650 participants.

The November Boardrooms drew USD 31 billion in investment interest from African and global investors, bringing the total investment interest for 2022 to USD 63.8 billion. This is in addition to the Virtual Boardrooms held in March 2022, which garnered USD 32.8 billion of investment interest. The Bank expressed interest in 34 of the 52 deals presented for investor consideration. Energy attracted the highest interest at 60.4 percent, followed by infrastructure and urban development at 25.3 percent. Industrial Trade and Funds as an asset class category accounted for 9.8 percent. All other sectors accounted for the remaining 4.4 percent. A snapshot of the combined deals and sectoral breakdown are in Figure 2.8. Table 2.4 shows the deals that have reached financial deal close as of 31 December 2022.

The Virtual Boardrooms reinforced the Forum's position as Africa's preeminent investment marketplace

FIGURE 2.8

AIF 2022 Boardroom deals

Boardroom deals

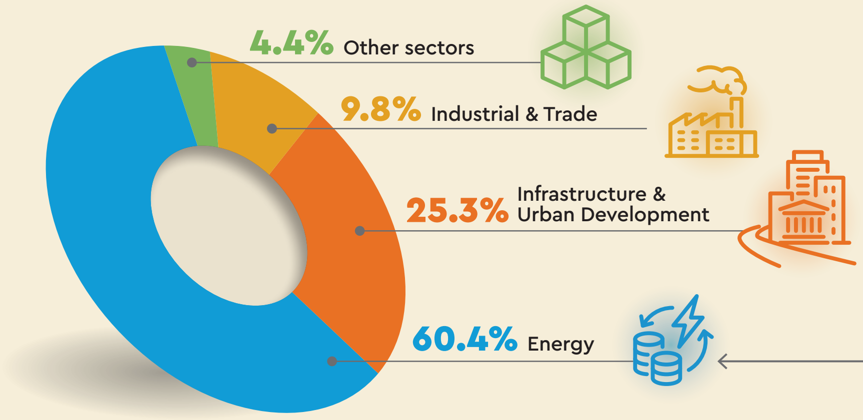
$102 billion

92 deals with a total value of **USD 102 billion** were generated across **24** countries on the continent.

$63.8 billion

USD 63.8 billion value of investor interest was drawn to the projects, accounting for **63%** of the total deal value.

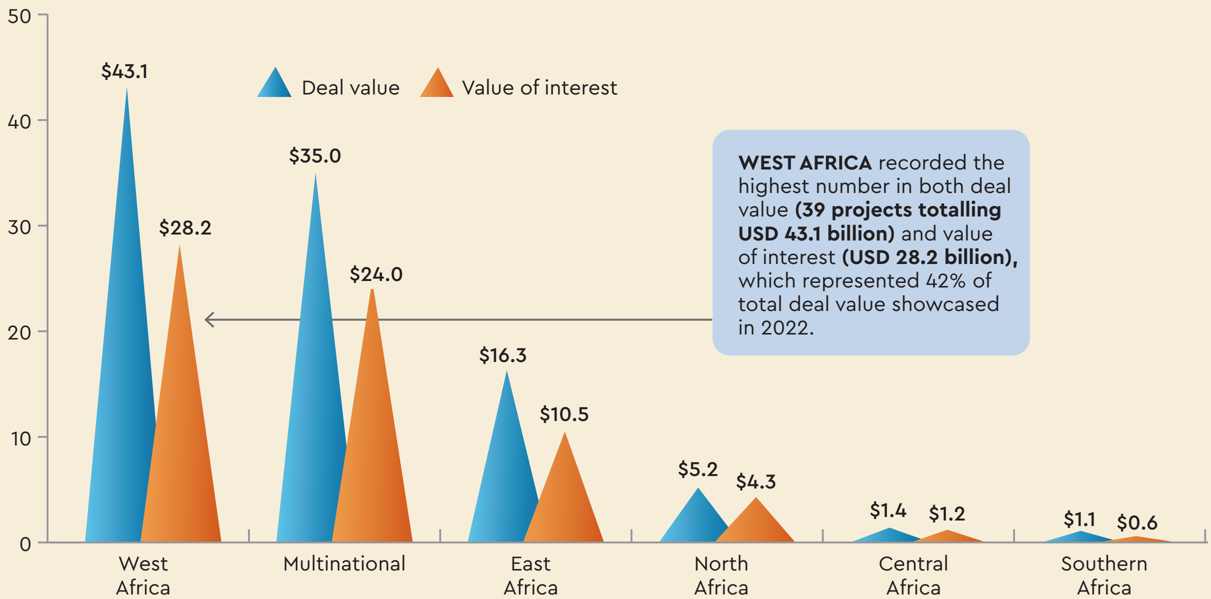
Sectoral breakdown of the boardroom deals by value (%)



AfDB expressed interest in 34 deals

ENERGY was the largest sector in terms of deal value. There were **28 energy related projects** with a total value of **USD 49.9 billion** discussed in the boardrooms.

Regional breakdown of the boardroom deals by value



WEST AFRICA recorded the highest number in both deal value **(39 projects totalling USD 43.1 billion)** and value of interest **(USD 28.2 billion),** which represented 42% of total deal value showcased in 2022.

TABLE 2.3 AIF deals that have reached financial close (as of 31 December 2022)

Project name	Total deal value (USD million)
Geometric Power	514
Kampala–Jinja Expressway PPP	1,543
GE Paper Machine & Wastepaper Collection Sites	250
Canal Sugar Project	973
IHS Affordable Green Housing Development Fund	150
Rwanda Innovation Fund	150
SPARK+ Africa (Clean Cooking) Fund	70
Tulu Moye Geothermal Power Project	233
CIAF Leasing	90
ARCH Africa Renewable Power Fund	250
TOTAL	4,223

Cross-cutting priorities

Addressing Fragility and Building Resilience

In March 2022, African Development Bank's Boards of Directors approved the third Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026), reflecting the Bank's long-standing commitment to increasing resilience across African regions, countries, and communities. The Strategy was developed based on inclusive consultations, lessons learned, an independent evaluation of the prior Strategy and the Bank's comparative advantage. It sets the ambition for scaling up the Bank's impact by shifting toward preventive actions, rather than reacting to crises after they occur. For this purpose, it prioritizes a focus on building resilience by strengthening institutional capacity, building resilient societies, and catalyzing private investment.

The Transition Support Facility (TSF) plays a catalytic role for this agenda by financing operations that intentionally address drivers of fragility and build resilience in low-income countries and regional hotspots, while also providing support to quickly respond to emergencies. In 2022, 37 projects with a total value of UA 307 million were approved under TSF Pillar I, which provides additional financing for eligible transition states to specifically foster conflict sensitivity and harness resilience opportunities, with agriculture receiving the largest share (52 percent), followed by energy (24 percent), water supply and sanitation (9 percent), and transport (9 percent). The unallocated reserve under TSF Pillar I was instrumental to allow the African Emergency Food Production Facility (AEFPF) reach transition states by allocating UA 80 million to it. Under TSF Pillar III, which provides targeted institutional support, 15 projects with a total value of UA 30.8 million were approved in 2022 with a focus on (i) strengthening debt management capacity, (ii) building institutional capacity for crisis prevention and emergency preparedness, (iii) catalyzing private investments, including from the diaspora, to support private sector development for forcibly displaced populations, and (iv) accelerating the AfCFTA in transition states. Building on the successful implementation of the TSF over the past 15 years, ADF Deputies have pledged a record amount of UA 1.244 billion for the TSF under ADF-16, which comprises an allocation of UA 400 million to implement an innovative programmatic approach with TSF Pillar I resources to scale up impact based on a competitive call-for-proposal, while also strengthening its preventive actions.

The fragility-lens application in the Bank's strategies and operations is underpinned by tailored analytical work at the country level. For this purpose, the Bank carried out a total of 20 fragility and resilience assessments (133 percent of the target) in 2022 and collected the country-level data for the Country Resilience and Fragility Assessment (CRFA) for all 54 RMCs. These qualitative and quantitative assessments informed the preparation of 226 projects and 13 strategy documents.

Working in partnerships with other MDBs and building new partnerships along the humanitarian-development-peace nexus is a core part of the Bank's approach to addressing the complex, multidimensional and dynamic drivers of fragility and building resilience at community, country, regional and continental levels. In 2022, the Bank assumed the senior chairmanship of the MDB Platform on Economic Migration and Forced Displacement and collaborated with the International Organization for Migration (IOM) during this period to chart an agenda for MDBs to tap into the potential of the diaspora, address climate-induced forced displacement and migration, and boosting employment through intra-African mobility in support of the AfCFTA.

The *Strategy for Addressing Fragility and Building Resilience in Africa* sets the ambition for scaling up the Bank's impact by shifting toward preventive actions, rather than reacting to crises after they occur

Bank commitments reached USD 1 billion in approved lending to women-owned small and medium-sized enterprises across 27 countries

Throughout 2022, the Bank further strengthened its existing partnership with the African Union Political Affairs, Peace and Security Department by, among other things, organizing the Tangiers Policy Conference on Promoting Peace, Security and Development Nexus, on which occasion the Bank launched a pioneering diagnostic on the relationship between security, investment and development, which is informing the development of the Security-Indexed Investment Bonds initiative.

With a view to strengthening early warning systems, the Bank is collaborating with Regional Economic Communities to harness complementarities and synergies with its own analytical tools.

The Partnerships with UNHCR, ICRC and Civil Society Organizations (CSOs) are also expanding as these are strategic partners for the Bank to engage in the humanitarian space from a durable/lasting solutions perspective, especially in protracted displacement situations, whereas the UN-Peacebuilding Support Office has become a key partner in the peacebuilding space. In addition, the Bank is forging new partnerships, such as with the Peace Dividends Initiative, to tap into the potential of the private sector to advance this agenda, while contributing alongside other development finance institutions to the Investing for Peace Initiative to develop innovative financing instruments.

The Bank anchors its engagement in regional hotspots in partnership platforms such as the Sahel Alliance, the Horn of Africa Initiative, as well as with the Lake Chad Basin Commission, with a view to identifying a joint pipeline of operations and agreeing on priorities for policy engagements.

An African woman entrepreneur selling vegetables at a market in Nigeria.

Promoting gender equality

In 2022, all approved sovereign operations were categorized using the Gender Marker System. The majority (63 percent) were in categories 1 and 2—contributing directly to women's access to social services and/or skills enhancement across the High 5s. Bank commitments reached USD 1 billion in approved lending (up to the end of 2022) to women-owned small and medium-sized enterprises across 27 countries, and through 56 financial institutions.

Gender-inclusive approaches were applied in designing and implementing projects under the USD 1.5 billion African Emergency Food Production Facility.

The Bank is implementing 8 high-impact gender interventions in 16 countries for a total of UA 8.5 million. The Economic Empowerment of Vulnerable Women in Sahel funded by the Transition Support Facility Pillar III has reached 1,888 women with microeconomic initiatives like cash transfer and business skills training in remote and hard-to-reach regions. Overall, the project supported more than 11,000 people in 2022.

In 2022, the Bank completed nine country gender profiles, one regional gender profile (G5 Sahel countries), and three sector-specific knowledge products. The Bank's Affirmative Finance Action for the Women of Africa (AFAWA) initiative has multiplied the volume of investments toward women-owned small and medium enterprises sevenfold, with 4,115 women-owned small and medium enterprises having already received loans, the bulk of which came through the AFAWA Guarantee Mechanism in 2022. The funding went largely to enterprises in wholesale/retail trade, agriculture, and personal services. A total of USD 20 million in technical assistance has also been approved to enhance women's finance and business managerial skills, as well as increase financial institutions' gender sensitivity and ability to develop women-centric solutions for their access to finance needs. To accelerate the uptake and utilization of the AFAWA Guarantee Mechanism, the Bank and Africa Guarantee Fund, launched the AFAWA Finance Series in Tanzania and Democratic Republic of the Congo in 2022; more than USD 150 million in financing was signed to accelerate access to finance for women-owned small and medium enterprises. In 2023 the Bank, together with the African Guarantee Fund, will organize similar events in six coun-

"I came out of poverty. I'm no longer afraid of falling back into precariousness." Divorced with five children, Mrs. Diallo adds: **"Thanks to the Women's Savings and Credit Group (GEFEC), I was able to take out five small loans at a favorable rate. I bought equipment and merchandise. Without them, I would never have been able to get credit because I had no solid collateral."**

GEFEC is part of microfinance institutions financed by the Capacity Building Project for Microfinance Stakeholders

Khadijetou Diallo in front of her beauty salon in Nouakchott, Mauritania

tries including Angola, Ghana, Kenya, Nigeria, and South Africa.

Civil society engagement

In civil society engagement, the Bank held several events, such as the annual Civil Society Forum in October 2022, under the theme "Engaging Civil Society for Climate Resilience and a Just Energy Transition in Africa," which gathered more than 200,000 participants in a hybrid format. At the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change, Sharm El-Sheikh, Egypt (COP27), the Bank for the first time set up a Bank–Civil Society Organization Coalition and organized a CSO event at the Africa Pavilion. A joint Bank–Civil Society statement was issued highlighting key priorities on the climate agenda for Africa and key outcomes expected from the COP27. In 2022, civil society engagement was mainstreamed in 25 operations and 21 country strategy papers.

Supporting governance and accountability

The Bank approved 17 governance operations in 2022, designed to move RMCs beyond recovery efforts following the economic shocks of the previous years to economic resilience and sustainability and to consolidate on past gains in reforms in some of the core themes of economic governance, including public expenditure management, taxation, debt management, private sector development, and anti-corruption. Half of the governance projects approved in 2022 were the second or third phase of programmatic operations from earlier years and reflected a sequenced programmatic approach to governance reform.

With a total lending outlay of UA 726.9 million, governance operations were approved across middle-income, low-income, and transition states. These operations were underpinned by the Bank's Strategy for Economic Governance in Africa which was in its second year of implementation. Nine of the projects were institutional support projects (ISP) which have the general objective of building or improving the capacity of public sector institutions to enhance or sustain their performance over time.

Examples of operations approved in 2022 include:

- The Public Finance Governance Support Project in Cameroon—UA 12.4 million, of which UA 11.6 million ADF loan and UA 820,000 ADF grant—aims to strengthen the institutional and organizational environment of public finance management through increased collection of tax revenue and promotion of public expenditure efficiency. Specific expected outcomes are to improve the collection and protection of tax revenue; limit budgetary risks through the control and management of budget implementation; systematize internal and external audit and verification practices; and fight against corruption and illicit financial flows.
- The multiregional African Financial Integrity and Accountability Support Project—UA 6 million ADF grants, of which UA 4.5 million to the Secretariat of the Coalition for Dialogue in Africa (CoDA), and UA 1.5 million to the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E)—whose objective is to improve the regional coordination in combating illicit financial flows and in oversight and accountability of public finances, for opti-

The Bank approved 17 governance operations in 2022, designed to move RMCs beyond recovery efforts to economic resilience and sustainability

mal revenue mobilization and management in African countries.

- The Competitiveness and Economic Recovery Support Programme Phase II in Kenya—EUR 89 million (UA 70.6 million), ADB loan—seeks to reduce the country's fiscal deficit by 1.7 percentage points to 6.6 percent in 2022. Achieving this requires a combination of measures, including reversing the tax exemptions put in place due to mitigate the impact of the pandemic as well as auditing all tax exemptions from the previous five years by the Kenya Revenue Authority. The project is also rationalizing public expenditure by institutionalizing e-procurement through standard bidding documents.

To bring focus to the need to mitigate the risks of heightened debt vulnerabilities across the continent, the Bank organized a series of knowledge and policy dialogue events during the year. This included a high-level dialogue event on Sustainable Debt Management in Africa, on the margins of the Eighth Tokyo International Conference on African Development, to share knowledge and experiences of key drivers and trends of debt in African countries, draw lessons from past debt management practices, and reflect on innovative, evidence-based approaches to strengthen African countries' economic resilience in the face of their debt burden.

Climate change

The ADB responded to calls to innovate and significantly increase climate finance for Africa through the establishment of the Climate Action Window

The African Development Bank responded to calls to innovate and significantly increase climate finance for Africa through the establishment of the Climate Action Window (CAW), a dedicated window within the 16th replenishment of the African Development Fund (ADF-16). The CAW received pledges amounting to USD 429 million with initial support from Germany, Switzerland, the Netherlands, and the United Kingdom, which aims to mobilize between USD 4 billion and USD 13 billion for climate adaptation and mitigation in the most fragile and vulnerable African countries over three years. Bank Management has established a CAW secretariat, which will be responsible for operationalizing the Facility, including selecting and prioritizing the projects to be funded.

Actions taken at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change, Paris Agreement COP27 are presented in Box 2.7.

Climate finance amounted to UA 1.93 billion and represented 42 percent of total Bank financing, exceeding the Bank's target of 40 percent. Of the amount deployed for climate finance, 64 percent was for adaptation finance and 36 percent for mitigation finance; the corresponding numbers in 2021 were 67 and 33 percent, respectively. Since 2018, the Bank has committed more funds for adaptation than mitigation, becoming the first MDB to reach and exceed parity—50 percent of adaptation financing. Some of the operations approved in 2022 include:

- The multinational Programme for Integrated Development and Adaptation to Climate Change in The Zambezi River Basin—UA 12.7 million, of which UA 7 million ADF loan to Zambia, UA 2.2 million ADF grant to Mozambique, and UA 3.5 million ADF grant to the Zambezi Watercourse Commission (ZAMCOM). The program aims to strengthen the institutional capacities and mechanisms for coordination of Basin monitoring, planning, and management; increase demand-driven community-level feasible climate resilient infrastructure that would support livelihoods; develop and improve livelihoods, including job creation, by strengthening agribusiness through investments in water and sanitation, energy, human capital, and agriculture sectors; build capacity of communities with the view to avoid, reduce, and reverse land degradation and effectively manage water resources in a sustainable manner; and enhance institutional development and adaptive capacity to reduce vulnerabilities.
- The Improving Climate Information Systems for Resilient Development Project in Liberia—USD 10 million (UA 7.1 million) SF grant and EUR 358,000 SF grant—will increase the resilience of Liberia's population and infrastructure to climate change. It will strengthen the country's adaptive capacities to integrate adequate climate risk reduction and long-term adaptation measures into national planning and development through the establishment of a forecasting system. And it will include training and equipping the relevant agencies to enable them to collect meteorological and climate data, set up and implement modelling, predict weather events, provide early warning systems, and strengthen climate-based decision-making, planning, and response actions across the country.

BOX 2.7

The African Pavilion at COP27

The Bank participated in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change, Paris Agreement (COP27), held in Sharm El Sheikh, Egypt, in November 2022, hosting the African Pavilion and achieving several major milestones:

- Promoting the ADF16 Climate Action Window.
- Announcing the commitment of Agriculture Ministers and Development Partners to unlock Africa's potential to achieve food security, supporting the Dakar II Summit on Climate-Smart Food and Agriculture Delivery Compacts.
- Supporting the Bank's flagship Desert to Power initiative in the Sahel, with the Global Energy Alliance for People and Planet and Norway committing USD 64 million to the Sustainable Energy Fund for Africa (SEFA).
- Launching the Alliance for Green Infrastructure in Africa, an initiative of the Bank, African Union, and Africa50—in partnership with several global partners—to scale and accelerate financing for green infrastructure projects in Africa.

AfDB President Dr. Akinwumi Ayodeji Adesina at the Africa Pavilion

- Additional Financing for the African Disaster Risk Financing Programme in Madagascar—USD 4.7 million (UA 3.6 million) SF grant, UA 5.5 million TSF loan, and UA 4.5 million TSF grant, for a total of UA 13.6 million. This additional financing is emergency support following the tropical storms and cyclones that harshly hit the country during the first quarter of 2022, causing damage in almost all sectors (housing, education, health, infrastructure (administrative, road, railway, irrigation, energy). The additional financing will consolidate the achievements of the first phase of the Program. The main objective of this program is to build resilience and response to climate shocks by improving disaster risk management and climate change adaptation in Madagascar. It will build the financial resilience of the government to climatic hazards through the adoption of risk transfer mechanisms capable of mobilizing financial resources for rapid assistance to vulnerable populations in the event of a disaster. And it will strengthen the food security and social resilience of vulnerable populations affected by climatic hazards in the South and South-East.

Regional portfolio and approvals

The distribution of the Bank's 2022 approvals of UA 6.16 billion across regions is in Figure 2.9, and the distribution of the Bank's portfolio at end-2022 by region is in Table 2.4.

Central Africa

Approvals for Central Africa amounted to UA 341.6 million, or 6 percent of total 2022 approvals (see figure 2.10 for approvals by High 5). This is almost half (49 percent) of 2021's approvals of UA 673.3 million (15 percent of total approvals). Three factors explain this reduction: most of the ADF-15 funds having been used in 2020 and 2021; the lack of headroom for Congo and Equatorial Guinea; and a change of priorities from the Gabonese authorities. At UA 157.4 million, approvals for Cameroon saw a 23 percent increase over 2021 and represented 46 percent of all approvals to Central Africa. Approvals for all other countries and for multinational operations experienced substantial decreases. The share of approvals for transport operations (46 percent) was lower than in 2021

FIGURE 2.9 Bank Group approvals, by region, 2022

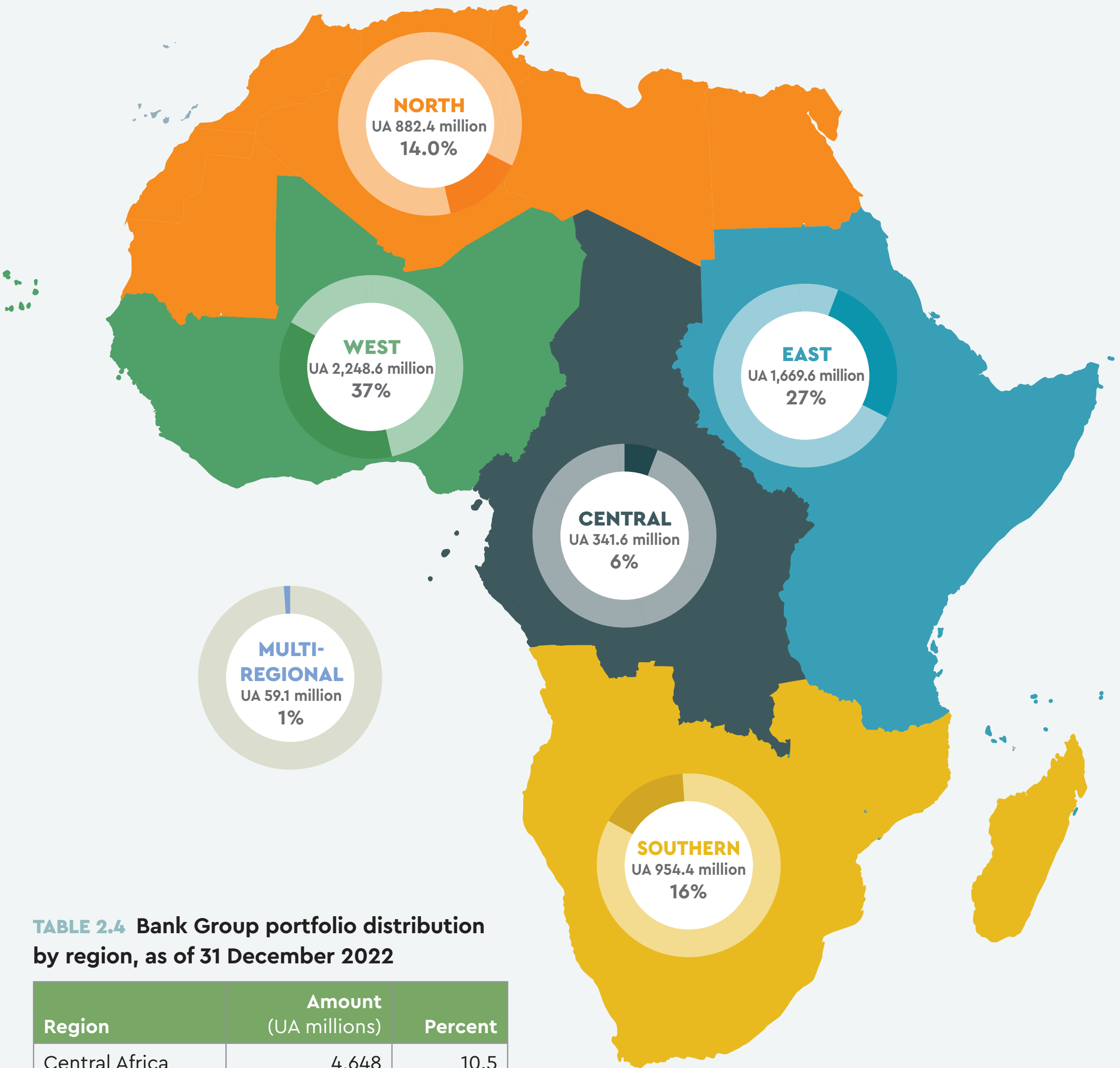


TABLE 2.4 Bank Group portfolio distribution by region, as of 31 December 2022

Region	Amount (UA millions)	Percent
Central Africa	4,648	10.5
East Africa	10,950	24.7
North Africa	5,860	13.2
Southern Africa	8,214	18.5
West Africa	12,519	28.2
Multiregional	2,138	4.8
Grand Total	44,329	100.0

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

FIGURE 2.10 Distribution of 2022 approvals by High 5—Central Africa

The Bank supports fisheries and aquaculture in Gabon

(57 percent) but still the largest share of approvals for the region. Approvals for multisector operations (UA 86.4 million) accounted for 25 percent of all approvals.

Examples of operations approved in 2022 are:

- The Emergency Food Production Project in the Democratic Republic of Congo (DRC)—UA 10 million, of which UA 5.6 million TSF loan and UA 4.4 million TSF grant—aims to ramp up productivity and agricultural production of the corn, cassava, and rice sectors. The expected outcomes are the greater availability of pre-basic and basic seeds at research stations, improved access to seeds and fertilizers for 7,000 smallholders, increased yields and production, support to seed multiplier producer groups, organization of fairs for better dissemination of improved seeds, capacity building of the key institutions involved in the seed sector, and greater private sector involvement in the revival of agricultural production.
- The Semi-Urban and Rural Drinking Water Supply and Sanitation Program in Eleven Regions–Phase I in Chad—USD 8.7 million (UA 6.8 million) SF grant—aims at improving the availability and quality of drinking water and sanitation services in semi-urban and rural areas; reducing the hardship of fetching water, especially for women, girls, and children; reducing water cost; combating water-borne diseases; promoting income-generating activities related to drinking water and sanitation; providing the country with the means to monitor the drinking water supply and sanitation sector; and building capacity to ensure the durability and sustainability of these services in semi-urban and rural areas.
- The Multinational—AfDB-FAO Cooperative Program—Technical Assistance to Improve the Design and Implementation of Agriculture Investment Projects in Transition States in Central Africa (AFTACA) project (UA 2.2 million TSF grant) (Box 2.8).

BOX 2.8

Better design and implementation of agriculture projects for transition states in Central Africa

Under the Bank and the Food and Agriculture Organization of the United Nations (FAO) Cooperative Programme, technical assistance is provided to transition states in Central Africa to strengthen national capacity to identify, plan, formulate, implement, and monitor agricultural investment operations to deliver better development outcomes in Burundi, Central African Republic, Chad, and Democratic Republic of Congo.

The Multinational—AfDB-FAO Cooperative Program—Technical Assistance to Improve the Design and Implementation of Agriculture Investment Projects in Transition States in Burundi, Central African Republic (CAR) Chad, and DRC will result into more and better investment operations in agriculture and food security, benefiting more people in Central Africa region. The project includes capacity development for investment results-based management; technical assistance for project preparation and implementation support; promoting learning, knowledge sharing and innovation; and project management, monitoring, and evaluation.

Knowledge activities in 2022 included Country Diagnostic Notes on the economic and social situation of countries, analyses of countries debt dynamics, and Country Focus Reports on how to support climate resilience and a just energy transition in Central African countries.

East Africa

The East Africa region received approvals of UA 1.67 billion, or 27 percent of total 2022 approvals, a 27 percent increase over the UA 1 billion approved in 2021 (see figure 2.11 for approvals by High 5).[12] Multinational operations accounted for 45 percent of total approvals for the region, the highest representation of all regions. Approvals for Tanzania and Kenya represented 33 percent of approvals. Approvals for the transport sector represented 37 percent of total approvals, 70 percent of which were for multi-country operations. This was followed by agriculture and rural development at 18 percent.

FIGURE 2.11 Distribution of 2022 approvals by High 5—East Africa

12 Following the suspension of Sudan by the African Union and subsequent declaration of the de facto government in Sudan by the Bank in November 2021, the Bank maintained technical dialogue and engagement with the authorities during 2022 but limited its approval of operations to an Emergency Wheat Production Project (UA 59.8 million) to support the people of Sudan amid the looming food crisis. This emergency operation is being implemented by a third party, the World Food Programme.

BOX 2.9

Improving trade flows to, from, and in the COMESA region

The Bank created a facility with the Eastern and Southern African Trade and Development Bank (TDB) to provide liquidity of up to 50 percent (the other 50 percent to be matched by TDB) on a risk-share basis. TDB will use the facility to provide trade loans to top-tier issuing banks that would in turn support eligible trade activities of SMEs and local corporates in the Common Market for Eastern and Southern Africa (COMESA). The RPA will have a tenure of 3 years (with an option to extend for a further 6 months) with underlying transactions not exceeding 2 years.

This facility is expected to foster trade flows from, to, and in the COMESA region and by extension improve the economic status of the region. The funded RPA to TDB will help unlock funding toward transformational projects in RMCs and actively support regional integration in North, East, and Southern Africa. The enhanced economic output and improved competitiveness will thus have positive spillover effects of increased export revenues, and improved employment opportunities.

Examples of approvals are:

- The Transmission Reinforcement and Last Mile Connectivity Project in Rwanda—JPY 17.3 billion (UA 102 million), an ADB loan and USD 40 million (UA 28.9 million), a loan from the Africa Growing Together Fund, for a total of UA 130.9 million—aims to increase electricity access by connecting new customers to the grid and strengthening the transmission and distribution networks to enhance service quality. It will improve livelihoods, economic opportunities, reduce inequalities between urban and rural areas, and benefit small-scale businesses as well as enhance job creation opportunities for the youth. It will also reduce greenhouse gas emissions from the energy sector.
- The multinational East African Community (EAC) Capacity Building Project—UA 8 million ADF grant—aims to strengthen EAC's capacity for effective integration. The project will support interventions to improve market access for goods, services, and movement of people in the EAC, boost the region's position as a single investment destination to support value-addition and structural transformation, and strengthen the EAC institutional capacities through short-term technical assistance and systems reform and upgrade. The project will also contribute to enhanced food security in the region by facilitating food trade. And it will boost the region's position as a single investment destination to support value addition and structural transformation to grow trade and create jobs.

The Alternative Learning and Skills Development project in Zanzibar, Tanzania, fills gaps in non-formal education

- The Eastern and Southern African Trade and Development Bank (TDB)—USD 190 million (UA 143.5 million)—of which a USD 175 million (UA 131.8 million)—funded Risk Participation Agreement (funded RPA) and a USD 15 million (UA 11.7 million) equity investment) (Box 2.9).

A key knowledge product of 2022 was the publication of the East African Economic Outlook, themed "Supporting Climate Resilience and a Just Energy Transition." The report predicted a slow recovery in the region in 2022 to 4 percent, against 5.1 percent in 2021, due to the lingering effects of COVID-19, and the adverse impacts of Russia's invasion of Ukraine,[13] climate change, and devastating locust invasion, together with regional conflicts and tensions. These factors have heightened inflationary pressures, particularly on food and fuel, leading to rising costs of living. The continued global reopening of economies could mitigate these adverse effects in 2023 and result in a higher growth rate.

Bank approvals for North Africa amounted to UA 882.4 million, a 14 percent increase over the UA 629.7 million in 2021

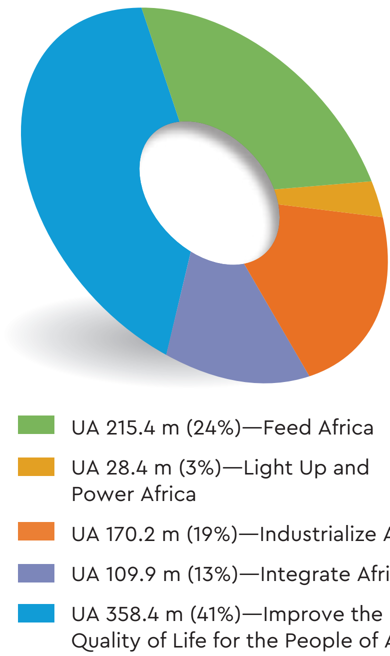
North Africa

Bank approvals for North Africa amounted to UA 882.4 million (or 14 percent of total 2022 approvals), a 14 percent increase over the UA 629.7 million approved in 2021 (see figure 2.12 for approvals by High 5). Approvals for Egypt and Morocco represented 80 percent of approvals for the region. Approvals in support of agriculture and rural development accounted for 34 percent of approvals, the financial sector, 24 percent, and multisector operations, 23 percent.

Examples of operations approved in 2021 are:

- Egypt's Banque MISR will receive USD 160 million (UA 124.7 million)—of which USD 130 million (UA 101.3 million) is an ADB line of credit, and USD 30 million (UA 23.4 million) is from an Africa Growing Together Fund line of credit—to increase its long-term liquidity so that it can extend loans to small and medium-sized enterprises and corporates operating in industry, ICT, and agriculture/agribusiness. The objective is to contribute to increasing the country's industrial production, strengthening economic competitiveness, generating fiscal revenues, and creating employment opportunities, especially for women and young people.

FIGURE 2.12 Distribution of 2022 approvals by High 5—North Africa



The hydro-agricultural development project in West Brakna in Mauritania aims to secure the incomes of more than 4,500 farmers by reactivating flood recession cropping

13 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

- The Emergency Aid Project for Flood Victims in the Tagant and Valley regions in Mauritania—USD 1 million (UA 779,000), ADF grant—aims to help cover the urgent need for agricultural inputs to quickly restart production, and thus contribute to strengthening the resilience of flood-affected households. It will help mitigate the impact of this natural disaster and prevent negative effects related to malnutrition and the development of epidemics. It will also include the acquisition, delivery, and distribution of 220 tons of seeds, 236 tons of urea, and 464 tons of triple superphosphate TSP46.
- The Kairouan Solar PV Project—USD 10 million (UA 7.6 million) ADB loan, EUR 10 million (UA 7.9 million) ADB loan, and USD 17 million (UA 12.9 million) SEFA loan, for a total of UA 28.4 million—will support the first solar independent power producer in Tunisia (Box 2.10).

A notable 2022 knowledge activity was the dissemination of the study on "Egypt's participation in global and regional value chains and post

Support to micro, small, and medium-sized enterprises in Egypt harnesses their potential and integrates them along the manufacturing supply chain

BOX 2.10

The Bank and IFC join forces to finance the first independent power producer solar plant in Tunisia

The Bank and the International Finance Corporation (IFC, the private sector arm of the World Bank) will be joint co-MLAs (Lead Arrangers) of the Kairouan Solar PV Project. Each will contribute senior debt financing and concessional resources for the design, construction, and operation of a greenfield solar photovoltaic (PV) plant with a contractual capacity of 100 megawatts, to be implemented under a build, own, and operate scheme. Société Kairouan Solar Plant S.A.R.L., developed by Dubai-based AMEA Power, will manage the project.

The project aims to reduce the dependence on imported and expensive natural gas from Algeria; diversify the current energy mix mainly composed of thermal generation (96 percent of the mix); accompany the transition to clean energy generation sources, enabling the country to lower the greenhouse gas emissions of its energy sector and its carbon intensity; and reduce state subsidies in the energy sector.

The project is expected to create 350 temporary jobs during construction and 25 full-time jobs during operation.

COVID-19 industrial recovery," in collaboration with UNIDO and Egypt Ministry of Trade.

Southern Africa

Approvals for Southern Africa in 2022 amounted to UA 954.4 million, 16 percent of total approvals and a 15 percent increase over the UA 832.1 million approved in 2021 (see figure 2.13 for approvals by High 5). At UA 225 million, multinational operations accounted for 24 percent of approvals for Southern Africa. Approvals for Botswana, Eswatini, and Namibia (UA 390 million) represented 41 percent of approvals. Approvals in support of multisector operations (UA 255 million) accounted for 27 percent of total approvals for the region, approvals for finance operations (UA 246.6 million) accounted for 26 percent, and approvals for the agriculture and rural development sector (UA 224.6 million) accounted for 24 percent of total approvals.

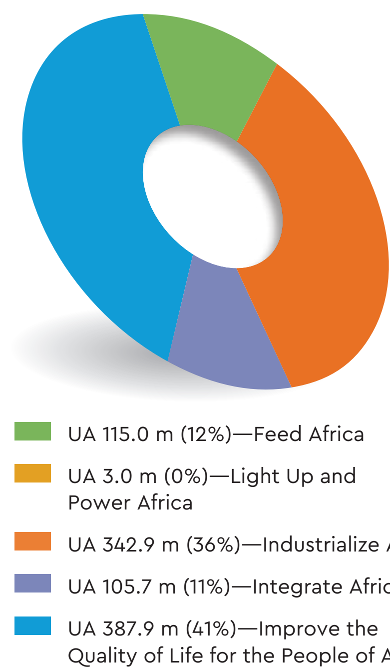
Approvals for Southern Africa in 2022 amounted to UA 954.4 million, a 15 percent increase over the UA 832.1 million in 2021

Examples of approvals are as follows:

- The Development Bank of Southern Africa—ZAR 2.2 billion (UA 98.6 million), an ADB line of credit facility—will receive long-term funding to support the continued expansion of its portfolio of assets in critical sectors such as clean and renewable energy, and industrialization, as well as social and transport infrastructure, manufacturing, and affordable housing across the Southern Africa Development Community (SADC) region. The SADC region is a relatively integrated bloc with a significant level of economic, financial, and trade cooperation based on a shared strategy for energy access, transport infrastructure, and cross-border trade and payments as well as market integration, access to information, and ICT services. The proceeds of this intervention will be channeled for support projects across these areas, with at least 20 percent channeled to projects that have a gender-beneficial component and target women-owned and women-led businesses.
- The Emergency Food Production Project in Zimbabwe (UA 19 million TSF grant) aims to improve the availability and affordability of certified seeds, fertilizer, and extension services to 180,000 beneficiaries (40 percent female) using Technologies for African Agricultural Transformation initiative and ICT platforms based on the existing private sector-based distribution platforms. It will also improve the affordability of certified seeds and fertilizer to smallholder farmers through innovative financing. It is expected to increase domestic food

Water supply operations in Angola train workers in maintaining water facilities

FIGURE 2.13 Distribution of 2022 approvals by High 5—Southern Africa



BOX 2.11

Disaster risk management in Malawi to respond to climate shocks

The Africa Disaster Risk Financing Program aims to enhance the country's resilience and response to climate shocks by improving the management and financing of climate disaster risks. This will be achieved through capacity building on disaster risk management and the promotion of an innovative risk financing tool that will cushion the government from the financial impacts of episodes of drought and foster sovereign risk transfer as a viable solution to address the risks of climate disasters.

The expected outcomes are: (i) enhanced government preparedness to respond to climatic shocks when they occur; and (ii) strengthened resilience of rural communities that suffer from drought.

production of maize and wheat and deploy high-yielding varieties of oil seeds (soybean and sunflower) on an additional 40,000 ha, targeting total aggregate production of 400,000 metric tons.

- The Africa Disaster Risk Financing Program—USD 4.4 million (UA 3.2 million)—SF grant (Box 2.11).

West Africa

Approvals for West Africa amounted to UA 2.25 billion in 2022 (37 percent of total approvals), a 75 percent increase over the UA 1.29 billion approved in 2021 (see figure 2.14 for approvals by High 5). Approvals for multinational operations (UA 670.6 million) accounted for 30 percent of approvals for the region, and approvals to Senegal (UA 393.9 million) for 18 percent of approvals. At UA 633.5 million, approvals in support of the finance sector represented 28 percent of approvals to West Africa, and approvals to the agriculture and rural development sector (UA 601.3 million) accounted for 27 percent of approvals.

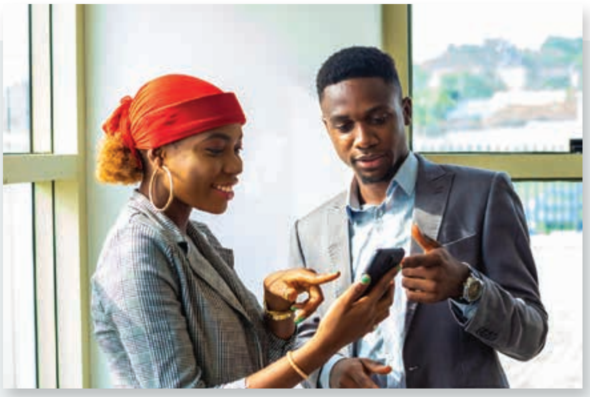
The Bank's headroom in some countries in the region has been constrained by their sovereign weighted average risk ratings. For Nigeria, this led to a significant decrease in the allocated headroom from UA 389 million in 2021 to UA 143 million in 2022. However, the Bank is working to deploy innovative instruments to help mitigate the headroom limitation. Insurance cover was required for all eligible NSOs to be processed for 2022, thus releasing UA 105.6 million additional headroom.

Some notable approvals were:

- Business Climate Improvement Support Program for the Structural Transformation of the Ivorian Economy–Phase I in Côte d'Ivoire (UA 10 million ADF loan), an institutional support operation that aims to achieve the structural transformation of the Ivorian economy and strengthen the competitiveness of local enterprises, in particular SMEs, including those owned and managed by women. The program will remove obstacles in the business climate to increase the inclusiveness and resilience of growth and ensure decent jobs and income for the population. It also aims to facilitate access to financing and guarantee mechanisms, particularly for women-run micro, small and medium-sized enterprises.
- The multinational ECOWAS Quality Health Infrastructure to Fight Neglected Tropical Diseases (NTDs) Project in Burkina Faso, Mali, and Niger will provide a UA 5.7 million ADF grant to OOAS–Organisation Ouest Africaine de la Santé

BOX 2.12

Transform Cabo Verde into a digital and innovation hub



The Technology Park—Phase II Project aims to transform Cabo Verde into a digital and innovation hub by operationalizing a technology park, equipped with modern infrastructure and workspaces, designed to accommodate a range of companies, from emerging start-ups to more established multinational technology companies (including telecoms, software development companies, and animation firms). Climate-friendly and energy-saving big-data processors and bandwidth-optimizing infrastructure are some of the features of the Park's three data centers.

The goals for the Park are to:

- Foster an ecosystem of technology-based innovation and entrepreneurship.
- Establish partnerships with key international players in the sector.
- Attract foreign direct investment for ICT-based services.
- Empower the development, visibility, and distribution of e-governance solutions.
- Expand and integrate e-solutions and services for diverse business areas.
- Encourage ICT training for domestic and regional human resources.

The Modern Mills project in Mali increased access to quality staples such as pasta, couscous, and various flours

(West African Health Organization). NTDs are a group of 20 bacterial, viral, parasitic, fungal, and non-communicable diseases that have devastating health, social, and economic consequences. The project aims to improve diagnosis, prevention, and treatment of NTDs among vulnerable populations (especially women, girls, and children) in cross-border communities in the three targeted countries. It will modernize laboratories and health infrastructure to ensure high-quality diagnosis and management of NTDs, improve the surveillance-sensitive response climate, and include water, sanitation, and hygiene infrastructure. The intervention areas will include 10 health districts in each country.

- The Technology Park—Phase II Project—EUR 14 million (UA 10.8 million) ADB loan (Box 2.12).

FIGURE 2.14 Distribution of 2022 approvals by High 5—West Africa

- UA 616.0 m (37%)—Feed Africa
- UA 180.1 m (11%)—Light Up and Power Africa
- UA 75.9 m (5%)—Industrialize Africa
- UA 242.2 m (15%)—Integrate Africa
- UA 531.5 m (32%)—Improve the Quality of Life for the People of Africa

Multiregional

Approvals in support of multiregional operations amounted to UA 59.1 million, or less than 1 percent of total 2022 approvals, compared with the UA 64.8 million approved in 2021 (see figure 2.15 for approvals by High 5). Approvals for multicountry operations in the regions, however, at UA 1.85 billion, almost doubled over the 2021 level of approvals (UA 946.9 million) which, itself, was a close to fourfold increase over the 2020 level (UA 237.1 million). All multiregional operations approved in 2022 were in energy, except for one in governance, highlighted earlier in the Cross-Cutting Priorities section of this chapter.

Multiregional operations include:

- The Evolution Fund III—USD 20 million (UA 15.6 million) equity participation is a Bank equity investment in the third-generation private equity fund, Evolution Fund III. The Fund will target investments with 65 percent to greenfield and mature clean energy infrastructure equity/project finance, and up to 35 percent to growth equity in energy and resource efficiency. The Fund's indicative pipeline contains 20 investments across Africa including women-led green businesses in line with the AFAWA and the 2X Challenge (founded by the G7 development finance institutions to shift more capital toward investments that empower women in developing countries) criteria, with a total installed renewable capacity of 2,728 GW.
- The Institutional Support Project to the African Continental Free Trade Area (AfCFTA) Secretariat for Effective AfCFTA Implementation (UA 8.2 million ADF grant) aims to enhance sustainable intra-Africa trade by scaling up the effective implementation of the AfCFTA. The project will enable the AfCFTA Secretariat and RMCs—with a focus on transition countries—to streamline and embed national and regional trade policy-related initiatives and move forward the African trade integration agenda.

FIGURE 2.15 Distribution of 2022 approvals by High 5—Multiregional

UA 29.4 m (50%)—Light Up and Power Africa

UA 15.6 m (26%)—Industrialize Africa

UA 14.2 m (24%) Integrate Africa

The Mombasa-Nairobi-Addis Ababa Road Corridor markedly improved transport between Kenya and Ethiopia and contributed to regional integration

Approvals in support of multiregional operations amounted to UA 59.1 million, compared with the UA 64.8 million approved in 2021

Savannah Agriculture Value Chain Development Project, Ghana

3 Enhancing the Bank Group's Delivery Capacity

In 2022, the Bank continued to sharpen its focus on results and enhance the quality of its operations toward increasing its development impact. The Board approved several important policies and strategies cutting across operations (including knowledge activities) and human resources.

Sharpening the focus on results

The Bank started developing a new Results Measurement Framework (RMF) in line with the recommendations of the independent evaluations of the RMF 2016–2025 and the Ten-Year Strategy (TYS) 2013–2022. The new RMF will be aligned with the TYS 2023–2032. Changes to enhance results planning and monitoring of the Bank's non-sovereign operations include updates to the Additionality and Development Outcomes Assessment (ADOA), the Annual Supervision report, and the methodology of the Extended Supervision Report (XSR), all in close cooperation with the Bank's Independent Development Evaluation department.

Through the Management Action Record System Flashlight Report, Management continued to update the Board of Directors on actions to implement the Independent Development Evaluation recommendations. The rate of timely implementation or completion of Management actions increased from 64 percent in 2017 to 89 percent in December 2022.

The 2022 Annual Development Effectiveness Review highlights development trends across the continent and explores the contributions of Bank's Group operations to addressing Africa's development challenges.

Enhancing quality at entry

The execution of the Integrated Quality Assurance Plan made good progress in 2022. More than 1,900 staff enrolled in the Operations Academy, more than 900 have graduated from the Operations Gateway, and more than 100 have gone on to be accredited in one of the in-depth Pathways (Figure 3.1).

More than 98 percent of participants rated the courses as good or excellent. Moreover, quality-at-entry standards of sovereign operations are being raised through consistent application of 13 criteria covering strategic, results, and implementation readiness of operations, environmental and social compliance, as well as the responsiveness of the operations to the Bank's cross-cutting priorities of fragility, climate change, and gender.

The proportion of projects rated satisfactory across all 13 criteria improved from 48 percent in 2021 to 62 percent in 2022 (Figure 3.2). Improvement in quality during the design and appraisal phases is also visible in the proportion of operations with no flags increasing from 5 percent at Project Concept Note stage to 65 percent at the 2nd Project Appraisal Report review.

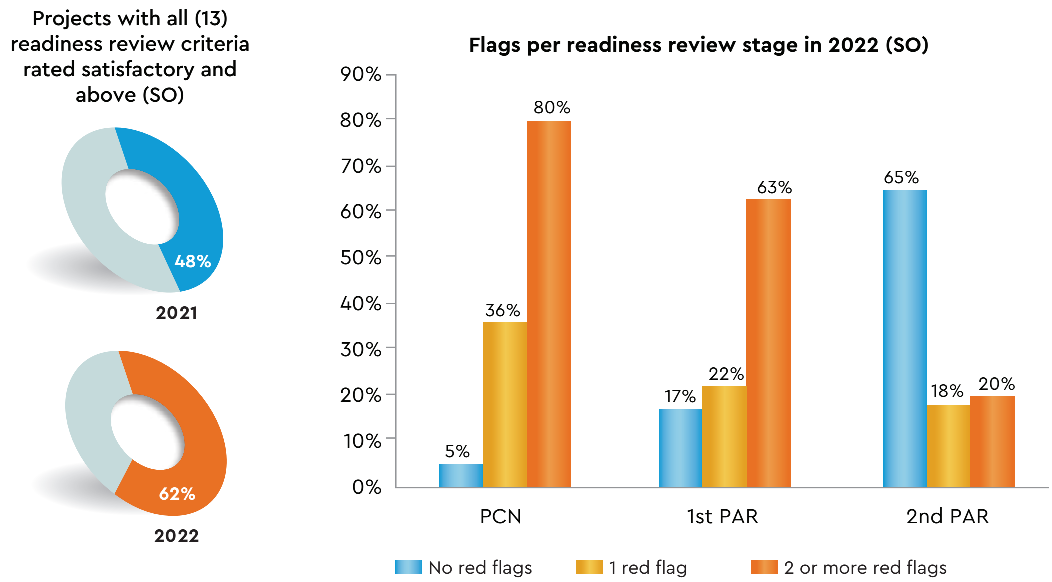
The rate of timely implementation or completion of Management actions increased from 64 percent in 2017 to 89 percent in December 2022

Policies and strategies

The Bank Group Sustainable Borrowing Policy (approved in February 2022) supports sustainable borrowing practices by recipients of ADF resources (ADF-only and Blend countries). The Policy on Multi-tranche Financing Facility (approved in March 2022) enables the Bank to structure a long-term, large, or complex operations to be packaged as a series of interlinked projects (tranches) over a defined period (maximum 10 years). The Policy on Sovereign Oper-

FIGURE 3.1 The Operations Academy

FIGURE 3.2 **Improvements in quality**



ations Restructuring (approved in December 2022) provides clear guidance on how Bank Group projects and portfolios could be modified during their implementation to address performance challenges or to align with the strategic reorientation of countries' needs.

Publish What You Fund ranked the Bank the top-most transparent development institution

The Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026) (approved in March 2022) sets out the approach to addressing fragility by building more resilient institutions, economies, and societies in all its Regional Member Countries (RMCs). The Strategy for Quality Health Infrastructure in Africa (2022–2030) (approved in February 2022), elaborates a framework for the Bank's engagement in developing health infrastructure. The Knowledge Management Strategy (2022–2031) (approved in April 2022) sets the vision of the Bank to become the premier provider of the knowledge that RMCs need to achieve better outcomes on their development priorities.

Institutional reforms

The Bank continued to enhance transparency and disclosure. Its investment in strengthening data reporting of operations and results in line with standards set by the International Aid Transparency Initiative (IATI) received global recognition. In 2022, Publish What You Fund, an independent organization that ranks the transparency of the major development organizations, ranked the Bank the top-most transparent development institution of 50 bilateral and multilateral organizations, based on the reporting related to the sovereign portfolio.

As part of commitments during the 7th General Capital Increase (GCI-VII) negotiations to develop a long-term financial sustainability framework, Management reached an agreement with the Board on a Cost Containment Framework. Enhancements to the budgeting systems and tools include deployment of a new version of the Bank's resource planning tool (SRAS Edge). This improvement is necessary to align budget submissions with the One Bank approach and enhance the budget process in general while making the tool more user-friendly. Management has also enhanced the Activity Time Recording System (ATRS) with a view to improving the quality of data and user-friendliness. These efforts increased the ATRS filing rate to 95 percent in 2022 (up from 92 percent in 2021), which allowed enhanced decision-making on resource allocation and provided improved data for the cost accounting system and cost sharing among the Bank Group lending windows. Management continues to refine the approach to allocating resources to important special initiatives that cannot be accommodated within the budget baseline, and to improve the coefficient-based approach to budgeting by calibrating and refining the key assumptions underlying the coefficients and addressing implementation issues.

In May 2022, the Corporate Services and Human Resources (CHVP) Complex was split into two Complexes—Technology and Services (TCVP)—and People and Talent Management (PTVP) as part of the organizational finetuning. The former has three departments—IT, General Services, and Language Services—and three units—Business Continuity, Cyber Security, and Consultant Management.

The Cybersecurity Unit was created in 2022 with the main goal of protecting AfDB's information assets, including IT systems, applications, and data, and to ensure confidentiality, integrity, and availability. Consultations between senior management and the Board continued on the revision of the Real Estate Management Framework. The Bank signed a contract with a new global travel management company in December 2022. In the context of the return to office, the Bank implemented automation solutions, such as touchless equipment, that are contributing to a safer and healthier work environment.

A number of IT projects were implemented in 2022, including the deployment of the Remote Appraisal, Supervision, Monitoring and Evaluation Project in 15 countries and the implementation of AfDB Digital Workspace (AfDB Anywhere) to improve staff productivity and facilitate access to Bank systems anywhere and at any time. WAKANDA (Working better, Accountability, Know-how, Accessibility, New, Decentralization, Accuracy) is developing an integrated IT platform to enhance operations management, providing end-to-end tracking of projects and their related documentation, that will also enable borrowers and financing partners to perform transactions and access information. With the phasing out of the last Digital Strategy (2018–2021), the Bank prepared a Digital Action Plan for 2022–2023 to bridge the gap between the previous strategy and the subsequent one, which is expected to be anchored on the Bank's next Ten-Year Strategy (TYS) for 2023–2032, the final approval of which was extended to the end of June 2023.

Human resource reforms and new programs

The Board approved the extension of the retirement age from 62 to 65 years in June 2022, effective from 1 January 2023. This will enable the Bank to retain talent while reaping the productivity benefits of a multigenerational workforce. Other HR initiatives in 2022 included the introduction of Talent Councils, the revamp of the Internship Program and the Grievance Management Process, the establishment of the Remote Work Guidelines, the GS Career Progression Presidential Directive, and the implementation of the Total Compensation Framework. A revised Young Professionals Program Policy approved in September 2022 is intended to enhance program management; improve motivation, engagement, and retention of Young Professionals; and ensure a pipeline of high-caliber development specialists and leaders in the Bank.

The Performance Management Handbook was revised and published in August 2022. The completion rate of performance evaluations increased steadily from 85 percent in 2018 to 99 percent in the 2021 cycle. A new approach for Executive Performance Agreements aligns with three strategic focus areas: key business deliverables, working together (including joint corporate deliverables), and managerial effectiveness (including people and resource management). The Bank also conducted the Gallup Q12 survey on Managerial Effectiveness during September–October 2022.

The Bank continued its efforts to sensitize staff and staff to keep staff aware of disease outbreaks, epidemics, ergonomic measures, and information promoting good health and well-being in the workplace. The second Wellbeing Week was organized in November 2022 around the theme "Build Healthy Workplace to Strengthen Engagement and Productivity." More than 400 people connected every day for the five days of exchanges.

The Bank made concerted efforts to address vacancy rates, which have been declining over the last few years and stood at 11.1 percent as of 31 December 2022, compared with 24 percent at the end of 2016. Management targets and commits to keeping the vacancy rate below 10 percent. The Bank staff complement rose from 2,095 at the end of 2021 to 2,123 at the end of 2022 (Table 3.1).

The Bank continued its efforts to sensitize and keep staff aware of disease outbreaks, epidemics, ergonomic measures, and information promoting good health and well-being in the workplace

TABLE 3.1 **Bank Group staffing on 31 December 2022**

	HQ					Regional and country offices					Grand total
	Vice presidents	Directors and managers	Other PL[a]	GS	Total	Directors and managers	Other PL[a]	Local PL	GS	Total	
Total staff	**5**	**132**	**758**	**372**	**1267**	**60**	**423**	**159**	**214**	**856**	**2,123**
Male	2	95	475	140	712	47	303	121	103	574	1,286
Female	3	37	283	232	555	13	120	38	111	282	837
% female	60.0	28.0	37.3	62.4	43.8	21.7	28.4	23.9	51.9	32.9	39.4

a. Includes professional staff with EL4 and EL5 positions.

Gérard Essi Ntoumba, Civil Engineer, discusses progress on the Yaounde Sanitation Project with a co-worker, Cameroon

Overall, female staff account for 39.4 percent of the workforce and 27 percent of managerial positions, and the proportion of women in other professional roles increased from 26 percent at end-2021 to 33 percent. As of 31 December 2022, staff from the Regions made up 85.4 percent of all Bank staff: 41.5 percent from West Africa, 16.9 percent from East Africa, 9.9 percent from Southern Africa, 9.2 percent from North Africa, and 7.9 percent from Central Africa. Staff from Non-Regional Member Countries accounted for 14.6 percent of total staff. In Management, 35.5 percent were from West Africa, 15.2 percent from East Africa, 9.6 percent from Southern Africa, 4.6 percent from North Africa, and 4.6 percent from Central Africa. Staff from Non-Regional Member Countries accounted for 30.5 percent of management.

Implementing ADF-15 and GCI VII commitments

As of end-2022, 90 of the 92 policy commitments agreed under ADF-15 have been delivered, representing a completion rate of 98 percent. The remaining two commitments are expected to be delivered in 2023.

The Bank also delivered an additional four commitments of the five originally planned for 2022, bringing the total GCI-VII commitments delivered to 29. Work is progressing well on the one outstanding commitment for 2022—consultations on the Bank Group Ten-Year Strategy—to be presented for Board approval in mid-2023. A more detailed report is included in Appendix 10. Analytical work and consultations are ongoing on the remaining commitments related to increasing ADB relevance in ADF countries, with progress to be measured over 2020–2032.

TABLE 3.2 Trust Fund resources mobilized in 2022

Vehicle	Donor partner	Resources in		
		Donor currency millions		UA millions
AgriFood-SMEs Catalytic Financing Mechanism—TAF	Canada	CAD	20	11.58
AgriFood-SMEs Catalytic Financing Mechanism—IF	Canada	CAD	80	46.31
Africa Circular Economy Facility (ACEF)	NDF and Finland	EUR	4	2.96
Policy and Human Resources Development Grant (PHRDG)	Japan	JPY	345.6	1.98
Africa Disaster Risk Finance (ADRiFi)	US State Dept	USD	1.467	1.15
Africa Water Facility (AWF)	USAID	USD	3	2.34
Cooperation for Education and Youth Employment and Empowerment (CEYEE)	EAA, Silatech	USD	100	78.13
Sustainable Energy Fund for Africa Special Fund (SEFA)	GEAPP	USD	35	27.27
Africa Digital Financial Inclusion Facility (ADFI)	Luxembourg	EUR	1	0.77
Africa Climate Change Fund (ACCF)	Ireland	EUR	2	1.6
Africa Leaders in Nutrition (ALN)	BMGF	USD	1.25	0.97
PP003-SA: Egypt and Sudan Extra High Voltage Power System Interconnector Project	MCDF-AIIB	USD	2.835	2.16
Korea Africa Economic Cooperation (KOAFC)	Korea	USD	9	6.76
Africa Climate Change Fund (ACCF)	Austria	EUR	1	0.8
		UA millions		184.79

A farmer using electric tool to cut grass, Last Mile Connectivity Project, Kenya

Partnerships and mobilization of trust fund resources

The Bank continues to develop new and strengthen existing partnerships. The Board approved a new Special Fund called the Agric-SME Catalytic Financing Mechanism with the financial support of Canada (CAD 100 million). Subsequently, the Fund has successfully mobilized additional resources from USAID. The Sustainable Energy Fund for Africa (SEFA) continues to mobilize significant investment and is fast approaching the USD 500 million capitalization target with strong backing from 10 donors. It is increasingly becoming the leading catalytic finance facility to promote the energy transition in Africa. Table 3.2 shows the Trust Fund resources mobilized in 2022. The volume of resources mobilized reached UA 184.8 million—137 percent of target. With such trust funds, the Bank continued to provide technical assistance for project feasibility studies, project preparation, and evaluation in several RMCs.

The Bank engaged in numerous activities to strengthen partnerships and facilitate communication with Asian stakeholders

Negotiations with the European Commission to sign the new Financial Framework Partnership Agreement (FFPA) advanced well during 2022. Four Bank proposals were accepted under the European Fund for Sustainable Development Plus for guarantee and technical assistance agreements with a combined total value of just under EUR 200 million. Under the EIB-AfDB Action Plan signed in 2021, the Bank Group launched the Alliance for Entrepreneurship in Africa in March 2022 alongside a number of development finance institutions including the IFC, EIB, and EBRD. The 3rd edition of the Finance in Common Summit was co-organized by the Bank and EIB in October 2022 in Abidjan, Côte d'Ivoire—under the theme of "Green and Just Transition for a Sustainable Recovery."

Eighth Tokyo International Conference on African Development (TICAD8), Tunis, Tunisia, August 2022

External representation

The Bank engaged in numerous activities to strengthen partnerships and facilitate communication with Asian stakeholders. The eighth edition of the Tokyo International Conference on African Development (TICAD8) in Tunisia in August 2022 provided an opportunity to showcase the longstanding cooperation between the Bank and Japan. It drew further commitments from Japan, including the announcement of expanded financial cooperation under the fifth phase of the Enhanced Private Sector Assistance for Africa Initiative for 2023–2025. The Bank's agenda for energy, green growth, and climate change was also successfully promoted in Korea, where the Bank delegation participated in the MDB Project Plaza event organized by the government in November. In addition, the Bank's Chinese website has been restructured to disseminate information to more Chinese stakeholders through an improved user experience.

The Bank as a knowledge services provider

In addition to the knowledge activities described under each High 5 and cross-cutting priority, the Bank produced several important publications. These include the 2022 *African Economic Outlook* (AEO) entitled Supporting Climate Resilience and a Just Energy Transition in Africa (Box 3.1). This flagship was supplemented by the 2022 Regional Economic Outlooks (REOs) and the 2022 Country Focus Reports (CFRs) for the 54 RMCs. The Bank also produced 35 Country Strategy Papers, Regional Integration Strategy Papers, Country Diagnostic Notes, and Regional Diagnostic Notes as well as many Economic and Sector Work outputs.

Other notable knowledge outputs include the *2021 Bank Group Annual Report*, the *ADOA Annual Report*, ADOA 3.0 framework, ADOA platform, and *Trade Finance Demand and Supply in Africa: Evidence from Kenya and Tanzania*. The Bank also published several papers and journal articles, organized policy and research seminars, training, and knowledge outreach activities. And it conducted research projects, including Structural Change and Institutional Reform; Public Debt Sustainability and Illicit Financial Flows; Intra-African Food Market Integration; Dynamics

BOX 3.1

2022 African Economic Outlook: Supporting Climate Resilience and a Just Energy Transition in Africa

(https://www.afdb.org/en/documents/african-economic-outlook-2022)

The 2022 edition of the Bank's flagship knowledge report was launched in May on the sidelines of the Bank Group's Annual Meetings in Accra, Ghana. The Bank Group President unveiled the report during a hybrid launch that featured in-person participation of African heads of state, ministers, diplomats, and representatives of international agencies, private sector, researchers, and the civil society. The report rekindled the Bank's strong commitment to addressing the continent's climate vulnerabilities and transitioning toward net zero by 2050.

Following the official launch, dissemination of the report was undertaken throughout the year across Africa and globally, engaging with the Bank's partners and other stakeholders. The Bank presented the 2022 AEO at the meeting of the African Caucus of the World Bank Group and International Monetary Fund in Marrakech, Morocco, the Public Seminar for Policy Stakeholders at the Atlantic Council in Washington DC, the Egypt-International Cooperation Forum in Cairo, and the Oxford University World Forum on Enterprise and the Environment in England. There also were panel discussions on the "Roadmap to Nigeria's COP: A Pragmatic Path to Net Zero Using the Green Economy, Blue Economy and Forestry" in Abuja, and the traditional AEO launch for the Asia region audience in Tokyo. The year ended with a high-level event at the Africa Pavilion at the COP27 Meeting in Sharm El Sheikh in November 2022 to present the key findings of the 2022 AEO, Regional Economic Outlooks, and Country Focus Reports to global stakeholders—and to listen to their views and perspectives on the findings and policy implications for inclusive growth and sustained development in Africa.

Irrigation channel in between fields, Mozambique

Local family benefits from the construction of the Kazangula Bridge, Zambia

of Poverty and Job Creation in Africa; and Accelerating Economic Recovery and Building Resilience of African States.

The Bank organized the 2022 African Economic Conference in Balaclava, Mauritius, jointly with the UN Economic Commission for Africa and the United Nations Development Programme on the theme, "Supporting climate-smart development in Africa." The conference brought together a variety of stakeholders—including policymakers, climate experts, the private sector, researchers, and youth. Discussions centered around four topics: just energy transition in African economies; climate change, the food system, and ocean economies; climate-smart industrialization; and Africa's governance, strategies, financing, and policies for building and mainstreaming resilient and sustainable climate change adaptation and mitigation.

The Bank continued technical consultations on the establishment of the Africa Financial Stability Mechanism, with focal points of RMCs and other regional financial arrangements. The focal points strongly endorsed the initiative and pledged technical support to the Bank in establishing the Mechanism and put in place a High-Level Advisory Panel of 13 international experts to spearhead international advocacy for the initiative.

ADI Capacity and Fiduciary Clinics contributed to driving development effectiveness in RMCs through better performance of Bank-funded projects

Capacity development

The African Development Institute (ADI) delivered 25 Institutional Capacity and Fiduciary Clinics in 2022, reaching 1,490 participants across several RMCs. The clinics contributed to driving development effectiveness in RMCs through better performance of Bank-funded projects in terms of improved compliance and reduced delays in procurement, faster disbursement rates, and higher quality reporting in Bank-funded projects.

ADI also initiated an 18-month structured training program covering the public finance management (PFM) cycle, offering it to the first cohort of 135 PFM practitioners from 45 countries. The training modules covered Managing Public Finance in Times of Crisis in Africa; Domestic Revenue Mobilization; Macro-fiscal modeling and forecasting in Africa: application to public finance management; and Prudential Public Budgeting in Africa to strengthen the capacities of public officials.

Other activities included a macroeconomic modeling and forecasting training for 26 participants from the technical staff of different ministries and other institutions of the Central African Republic; technical assistance to Zimbabwe on the development of a dynamic stochastic general equilibrium model, accompanied by technical support to the core technical team of 10 people from the concerned institutions; and a capacity building workshop on the Bank's sovereign lending for Shelter Afrique.

Under the aegis of the Global Community of Practice, ADI hosted a high-level policy dialogue on Managing public finance in times of crisis in Africa, success, or failure of the current development finance models in Africa, and Development without borders: Leveraging the African diaspora for inclusive and sustainable development in Africa. The outcomes were presented at the US–Africa Summit in Washington, DC, in December 2022 to shape US policy on African diaspora.

Pilot Program for Climate Resilience (PPCR), Mozambique

Statistics-related support

The Bank published the Africa Statistics Yearbook 2021 in collaboration with other Pan-African Institutions, and implementation of the Statistical Capacity Building 5 (SCB 5) continued through an executing agency. The Bank provided support to eight RMCs on development and review of their National Strategies for the Development of Statistics, and to the SADC Secretariat related to the regional strategy for development of statistics. As part of the Strategy for Harmonization of Statistics in Africa, the Bank extended technical support in statistics for development to a large number of RMCs to facilitate the generation of quality data required to inform policies in the context of the Sustainable Development Goals, Agenda 2063, and the Bank's High 5 priorities.

The Bank supported UEMOA, SADC, and COMESA to improve data on the harmonized consumer price index, which is key for economic integration. It provided training to 52 RMCs to prepare for their participation in the 2021 round of the International Comparison Program. The Bank, in collaboration with the International Monetary Fund and the Bill and Melinda Gates Foundation, provided technical support to RMCs and RECs to improve management of the Africa Information Highway, aimed at revolutionizing data management and dissemination systems in RMCs. The Bank also launched the Data Innovation Lab, an outgrowth of the Africa Information Highway.

In collaboration with the African Union Commission, UN Economic Commission for Africa and other partners, the Bank provided technical support to RMCs to improve the quality of data for civil registration and vital statistics.

Greater Accra Sustainable Sanitation and Livelihoods Improvement Project, Ghana

Natural resource management

The African Natural Resource Management and Investment Center was responsible for many reports as well as policy dialogue and knowledge dissemination events on various themes in natural resources management. The themes included mining, petroleum, blue economy, forestry, debt-for-nature swaps, riverine fisheries, green aquaculture, impact of COVID-19 on timber and wood-products trade, nature-based solutions, and greenhouse gas emission reductions in emerging gas producers in Africa. The Center provided technical assistance and policy advice to RMCs on various themes in natural resource management and investment: establishing a local content unit/agency in Zambia's mining sector, developing an ECOWAS mineral feedstock and input strategy and regional petroleum code, conducting a timber value chain evaluation in Gabon, and identifying opportunities in secondary wood processing in Liberia.

The Center organized the first and second training phases of the TSF Pillar III on Financial Modeling for the Extractive Sector. The project, which involved around 200 senior policy officials in Guinea, Liberia, Niger, Mali, Madagascar, Sierra Leone, South Sudan, and Zimbabwe, was delivered by a consortium of the Columbia University's Center on Sustainable Development and the Foundation for Studies and Research on International Development.

Together with partners, the Center worked on an analysis of battery precursor production in Africa, using the DRC as anchor. The study concluded that Africa could become a low-cost, low-emissions producer of lithium-ion battery precursors, which has since led to the signing of a cooperation agreement between the DRC and Zambia.

A key outcome of the Center's participation in COP27 was the conclusion of a strategic partnership with the OECD to implement the Equitable Framework and Finance for Extractive-based Countries in Transition (EFFECT) program in Africa, focusing on natural gas and mineral resources, to benefit from the energy transition. As part of the Mainstreaming Natural Capital in African Development Finance (NC4-ADF) program, the African Natural Resources Center in collaboration with the African Development Institute organized two training workshops for policymakers in Kenya and Mozambique, on the use of natural capital methods for decision-making, under the Africa Natural Capital Academy.

The Center, in collaboration with the Bank's Climate Change and Green Growth Department of the Bank, mobilized USD 21.3 million (UA million) in grant resources from the Global Environment Facility for a project to facilitate capacity strengthening and technical assistance for implementing the Stockholm and Minamata Conventions in 11 RMCs. It also deployed a UA 2 million grant from the Transitional Support Facility for a project on Governing Natural Resource Outflows for Enhanced Economic Resilience in Fragile and Transitional Countries, to be implemented in six RMCs.

Together with partners, the Center worked on an analysis of battery precursor production in Africa

4

Board Oversight

In 2022, the Boards continued to adapt to the working modalities necessitated by the prevailing COVID-19 pandemic. The Boards of Governors convened in one hybrid session, and the Board of Directors held 173 formal and informal meetings, seminars, and technical sessions.

AfDB Group Executive Directors' visit to Morocco—meeting with CGEM

Highlights of the Boards' oversight activities

Boards of Governors

The Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) are the highest decision-making organs of the Bank Group. With representation from all the Bank Group's 81 member countries, the Boards of Governors executed their mandate with the support of six subsidiary organs (Figure 4.1): 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, the Governors' Consultative Committee (GCC), and the Ad Hoc Committee on the Reform of Governance Instruments (Ad Hoc Committee).

Work of the Ad Hoc Committee of the Boards of Governors

Established in the last quarter of 2020 to oversee and guide the review of certain governance instruments of the ADB Group, the five-member Ad Hoc Committee of the Boards of Governors held nine meetings in 2022.

The Ad Hoc Committee presented a final report on its activities to the Boards of Governors at the 2022 Annual Meetings. The Governors adopted the report, which proposed amendments to the Code of Conduct for Board Officials and the Whistleblowing Policy (the "Draft Governance Instruments"). They endorsed the general orientations in the Draft Governance Instruments and referred them to the Boards of Directors for finalization and adoption by year's end. They also adopted the provisions uniquely relating to the President of the Bank Group contained in the Draft Governance Instruments. And they directed the Boards of Directors to undertake a comprehensive and holistic review of the independence of key oversight functions of the Bank Group, within the Group's ongoing work on institutional reforms, and to submit a report on progress made at the next Annual Meetings scheduled in May 2023.

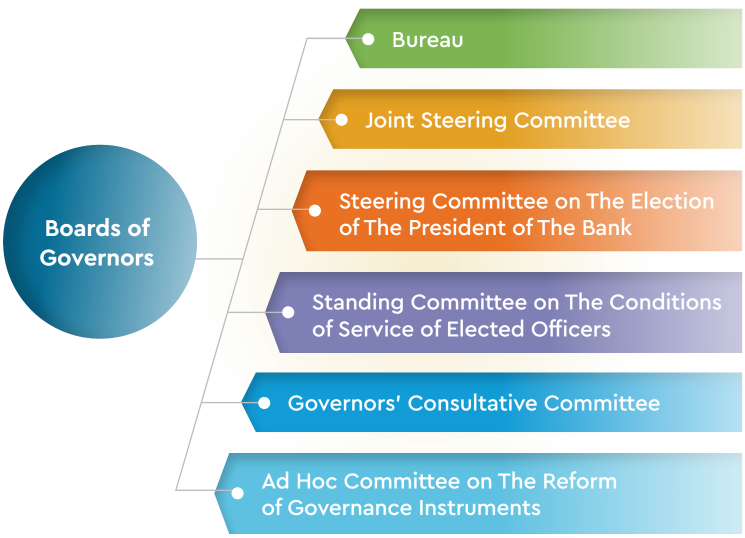
The 2022 Annual Meetings

The 57th Annual Meeting of the Board of Governors of the ADB and the 48th Annual Meeting of the Board of Governors of the ADF were held jointly in Accra in a hybrid format from 23 to 27 May 2022, under the theme "Achieving Climate Resilience and a Just Energy Transition for Africa."

The Boards of Governors adopted the Annual Report and Audited Financial Statements for the financial year ended 31 December 2021. In addition, they adopted Resolutions on the following:

- General Election of the Executive Directors of the ADB.
- Selection of the Executive Directors of the ADF.
- Appointment of Deloitte & Associates as External Auditors for the Financial Years 2022 through 2026.
- Distributions of Allocable Income of the African Development Bank for the Financial Year ended 31 December 2021.
- Distribution of Part of the Income of the Nigeria Trust Fund for the Financial Year ended 31 December 2021.
- Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2021.

FIGURE 4.1 **Boards of Governors institutional governance structure**



At the 2022 Annual Meetings, the Governors discussed the continent's most pressing challenges and opportunities, focusing on the next 10 years to build a "prosperous Africa, based on inclusive growth and sustainable development"

- Conditions of Service of Elected Officers: Comprehensive Review of the Remuneration of the President and Executive Directors.
- Reforms of Certain Governance Instruments of the African Development Bank and African Development Fund.
- Election of the President of the African Development Bank—Electronic Voting.

Governors' dialogue

At the 2022 Annual Meetings, the Governors discussed the continent's most pressing challenges and opportunities, focusing on the strategic positioning of the Bank Group over the next 10 years to build a "prosperous Africa, based on inclusive growth and sustainable development." The President highlighted 10 areas that will be critical in defining the new Ten-Year Strategy for the Bank Group: Africa's economic growth and recovery; Lessons from the COVID-19 pandemic; Relevance of the High 5s; Climate change and the role of the Bank Group; Energy and a just energy transition; Infrastructure; Fragility and insecurity; Strengthening the African Development Fund; Inclusive growth, Women and youth; and Economic governance and long-term financial sustainability.

The Governors:

- Acknowledged that the High 5 priorities—Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa—remain relevant in the strategic orientation of the Bank Group over the next 10 years, particularly in the context of selectivity and the Bank's comparative advantage.
- Agreed with the 10 areas highlighted by the President as the basis for the next Ten-Year Strategy taking into consideration the current exogenous shocks caused by the COVID-19 pandemic, Russia's invasion of Ukraine,[14] and the resulting food crisis that required short-term and medium-to-long-term strategies to deal with the resulting multifaceted challenges facing the continent.
- Called for sustained efforts toward addressing the challenges of climate change through mitigation and adaptation and by adopting approaches that ensure a just transition to clean, renewable, affordable, reliable, and sustainable energy services while ensuring energy security and sustainability. In this regard, while welcoming the alignment of the Bank Group's activities with the Paris Agreement through the recently adopted Climate Change and Green Growth Strategic Framework, the Governors called for an ambitious revision to the energy policy.
- Underscored the importance of the Bank Group's financing of healthcare infrastructure in line with the Bank's comparative advantage to enhance Africa's preparedness for and resilience to future pandemics, including supporting the development of quality healthcare infrastructure on the continent and fostering partnerships to build the capacity of the pharmaceutical industry to manufacture vaccines and therapeutics.
- Welcomed efforts to strengthen the standalone credit rating of the Bank and ensure the financial sustainability of the Bank Group and the mobilization of innovative financing through mechanisms such as hybrid capital, public-private partnerships, balance sheet optimization, and other co-financing and risk-sharing arrangements. In this vein, the Governors also welcomed efforts being made by the Bank to explore options for the strategic use of Special Drawing Rights (SDRs) to support Africa, including the channeling of SDRs on a voluntary basis from advanced and emerging economies that can do so through the Bank Group, as a prescribed holder, to leverage the resources to provide greater financing to African economies.
- Underscored addressing the root causes of fragility and providing adequate resources to fragile countries in recognition of the 50th anniversary of the ADF. In this vein, Governors called for a substantial and transformative ADF-16 replenishment. They welcomed the ongoing discussions among ADF Deputies on the possibility of the ADF being allowed to go to the market to leverage its equity and raise additional resources to offer at affordable rates to Africa's low-income countries while providing incentives for countries that graduate from the ADF.

14 The Board of Governors agreed on this text during their meeting in 2022. However, Algeria, China, Egypt, Eswatini, Namibia, Nigeria, and South Africa entered a reservation and proposed "Russia-Ukraine Conflict."

- Called for sustained efforts toward inclusive development through interventions that promote gender equality and inclusiveness for women, support youth through job creation, and increase access to finance for youth entrepreneurship initiatives.
- Underscored policy and economic governance reforms to boost domestic resource mobilization, transparent natural resource management, economic diversification, human capacity development, private sector–led growth, and digitalization. Governors also highlighted sound debt management practices to ensure transparency and accuracy in the reporting of debt. Governors further called for the timely implementation of the G-20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI) and urged eligible Regional Member Countries (RMCs) to continue to apply to the Framework, while calling for effective coordination among creditors.
- Reiterated the importance of regional integration and the critical role of the Bank supporting the African Continental Free Trade Agreement (AfCFTA), which has the potential to play a catalytical role in integrating the continent and enhancing inter-African trade and the continent's sustainable development.

Mandate and composition of the resident Boards of Directors

The resident ADB and ADF Boards of Directors guide the strategic direction and general operations of the Bank Group pursuant to powers delegated by their Boards of Governors. The Bank's Board of Directors has 20 members, with 13 representing the 54 RMCs, and 7, the 27 non-regional member countries. The Fund's Board of Directors has 14 members, with the Bank and the ADF state participants, each designating 7 members. Executive Directors serve as shareholder representatives to the Bank Group and work to advance its development mission in their constituent countries.

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

In 2022, the Boards of Directors provided strategic direction toward addressing the continent's development challenges, including the Bank's implementation of the reform commitments undertaken as part of the 7th General Capital Increase (GCI-VII) and the African Development Fund's 15th Replenishment (ADF-15). They approved the following items:

- Allocation of Shares Under the Share Transfer Rules: Shares Available for the Period ending 22 December 2021.
- African Emergency Food Production Facility (AEFPF) to address the looming food crisis in RMCs as a result of Russia's invasion of Ukraine.
- Cost Containment Framework.
- Review of the Cost-to-Income Ratio.
- 2021 Review of the Sovereign Loan Pricing.
- Issuance of up to UA 3 billion in hybrid capital to strengthen the Bank's financing capacity.
- Establishment of the Africa Circular Economy Facility (ACEF) multi-donor trust fund.
- Establishment of the Public Finance Management Academy for Africa (PFMA).
- Establishment of the African Pharmaceutical Technology Foundation (APTF).
- Extension of the ADB's Mandatory Retirement Age from 62 to 65.
- Revisions to the Financial Regulations of the ADF.
- Revisions to the Financial Regulations of the ADB.
- Room to Run Sovereign—A Public-Private Capital Recycling Transaction.

The Boards of Directors provided strategic direction toward addressing the continent's development challenges

Executive Directors on a visit to Nigeria

In all, the Boards approved 121 projects, totaling UA 6.117 billion

- A new Code of Conduct for Board Officials.
- A new Whistleblowing and Complaints Handling Policy.
- Performance-Related Remuneration for 2021.

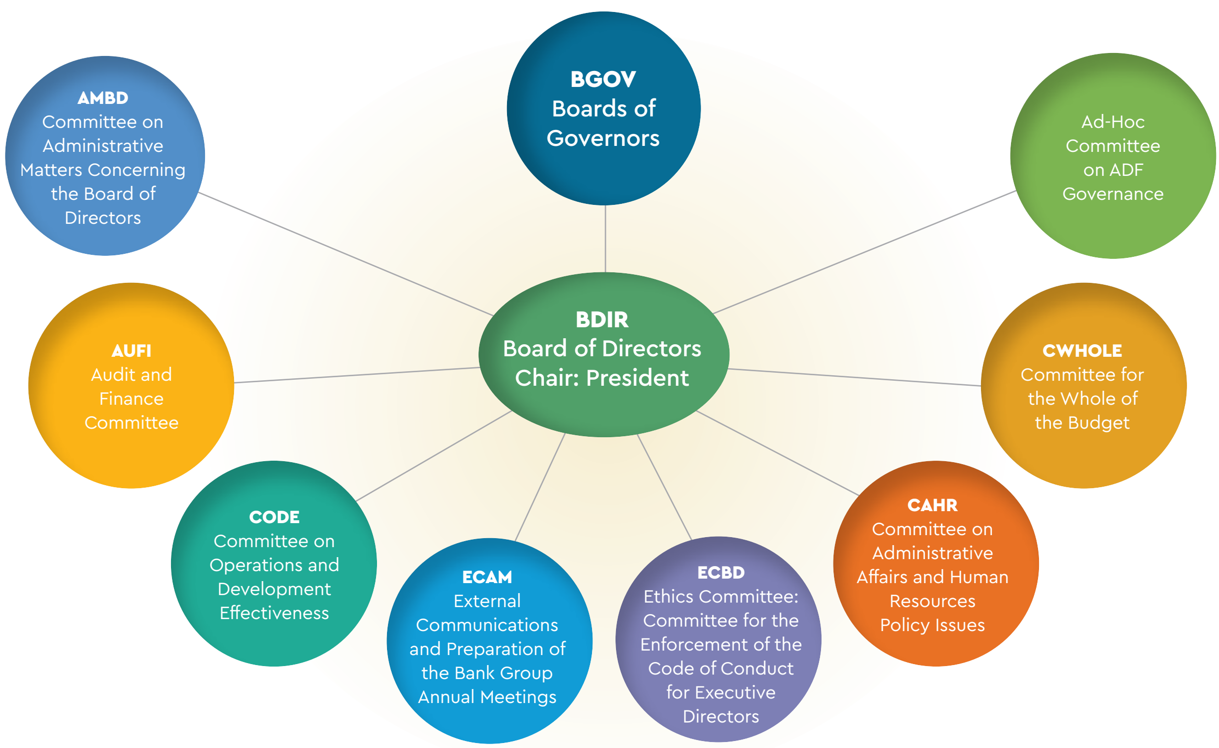
The Boards reviewed and cleared several documents for consideration by the Boards of Governors, including the Resolutions adopted at the Annual Meetings and documents for information such as the Third Progress Report on the Implementation of the GCI-VII Commitments; Optimizing the Financial Strength and Capacity of the African Development Bank; the Independent Recourse Mechanism's 2021 Annual Report; the Bank's Water Sector Activities and Initiatives in 2021; and the African Union's New Partnership for Africa's Development Infrastructure Program's Annual Report 2021.

The Boards also provided strategic and institutional direction to ensure delivery of the High 5 priorities, with an emphasis on sustainable development, inclusive growth, and concrete impact on the lives of beneficiaries in RMCs. The Boards approved strategies, policies, loans, grants, equity investments, guarantees, the 2023–2025 work program and budget document, and the 2023 borrowing program of the ADB. In all, the Boards approved 121 projects, totaling UA 6.117 billion. Some 58 percent of these projects (14 percent of the amount) were approved through the lapse-of-time procedure, and 42 percent (86 percent of the amount were approved in plenary sessions. (Highlights of these approvals are in Chapter 2.) In addition, Senior Management approved technical assistance and other activities amounting to UA 38.6 million.

Consultative missions and study tours

The Executive Directors undertook consultative missions to Nigeria, Morocco, and the Republic of Congo to engage governments, development partners, the business community, and civil society on the quality and relevance of the Bank's country strategies; the socioeconomic and political challenges facing the countries, as well as the efforts of the respective governments to tackle them; the benefits of the Bank's presence and the condition and status of Bank Group operations in the countries; and the Bank Group's contribution to donor coordination and implementation of the Paris Declaration on Aid Effectiveness. In the same vein, Senior Advisers and Advisers to Executive

FIGURE 4.2 Standing committees of the Boards of Directors



Directors undertook study tours to Lesotho and Rwanda to assess the progress of Bank Group–financed projects.

Standing committees of the Boards of Directors

The Boards worked through eight standing committees, including the new Ad Hoc Committee on the ADF Governance Framework toward Increasing Regional Member Countries' Voice and Contribution, added in 2022, to which they delegate certain responsibilities (Figure 4.2 and Appendix 9). These committees conduct close reviews of matters in their areas of competence and make recommendations to the Boards as appropriate. Each committee also oversees the performance of the organizational units related to its responsibility.

Independent evaluation of Bank Group interventions

Throughout 2022, Independent Development Evaluation (IDEV)'s active engagement with Bank stakeholders, including Senior Management and task teams, ensured that important evaluative knowledge was being leveraged. For example, the new Bank Group Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026), approved in March 2022, was strongly informed by the learnings from IDEV's 2020 evaluation of the Bank's previous Fragility Strategy (2014–2019) and its evaluation of the Transition Support Facility. Likewise, the Bank's new Private Sector Development Strategy and its Framework for Public–Private Partnerships, both approved in January 2022, were informed by IDEV evaluations, as was the Sustainable Borrowing Policy, approved in February 2022.

In 2022, IDEV delivered 11 evaluation products (Figure 4.3). Five Regional Member Countries (RMCs) benefited from an IDEV evaluation of support by the Bank for their development programs, among which one impact evaluation. The Bank's overall support to its RMCs was covered by one project cluster evaluation, one sector evaluation, and the biennial synthesis report on the validation of Project Completion Reports and Expanded Supervision Reports. Strategically, the Bank benefited from two corporate evaluations and an evaluation synthesis.

Lesson from the evaluation of the Bank Group's COVID-19 response

Responding with a single quick-disbursing short-term instrument may be relevant but is not sufficient in the context of a crisis, the evolution of which is uncertain. Adopting a multi-stage and multi-instrument approach allows for adjustment of the intervention to country specificities as the crisis evolves.

Knowledge-sharing efforts were closely aligned with the Bank's focus on climate resilience, just energy transition, and food security: IDEV contributed to the AfDB Governors' Digest and produced a background paper for COP27 as well as lessons learned note to inform the Board of Directors' discussion of the African Emergency Food Production Facility. The 2022 edition of IDEV's flagship event, the AfDB Development Evaluation Week, attracted over 800 online participants.

Knowledge-sharing efforts were closely aligned with the Bank's focus on climate resilience, just energy transition, and food security

In 2022, evaluation capacity development was high on IDEV's agenda. The team responded to various demands by organizing eight targeted training programs for IDEV staff and a number of dialogue and learning forums. IDEV further extended its technical support to the Global Evaluation Initiative, EvalPartners, Twende Mbele, the Evaluation Platform for Regional African Development Institutions, and the African Parliamentarians' Network on Development Evaluation.

Compliance, accountability, and intermediate recourse mechanisms

Compliance

Compliance review and mediation

In 2022, the Independent Recourse Mechanism (IRM) handled a total of 16 active complaints submitted by Civil Society Organizations and Project Affected Persons for projects in the transportation (8), power (4), agriculture (2), water supply, and sanitation (2) sectors. In addition, the IRM supported institutional learning with an advisory note on Preventing, Mitigating, and Responding to Sexual Exploitation, Abuse and Harassment within AfDB operations, as well as a preliminary draft on retaliation risk assessments. In partnership with the Arab Watch Coalition, Accountability Coun-

FIGURE 4.3 **IDEV delivered 11 evaluation products in 2022**

- The evaluation synthesis of **inclusive growth**
- The validation of the **Equatorial Guinea** Country Strategy Paper Mid-Term Review
- The **Benin** Country Strategy and Program Evaluation (2012–2021)
- The evaluation of the **Bank's Support to its Regional Member Countries in Response to the COVID-19 Pandemic**
- The evaluation of the **Management of Resources in African Development Fund ADFJ-Funded Projects**
- The evaluation of the **Bank's Non-Sovereign Operations**
- The evaluation of the **Bank's Ten Year Strategy, 2013–2022**
- The validation of the **Niger** Country Strategy Paper Mid-Term Review
- The **Djibouti** Country Strategy and Program Evaluation (2011–2020)
- The impact evaluation of a Public Finance Modernization project in the **Democratic Republic of Congo**
- The synthesis report on the **Validation of the 2020–2021 Project Completion Reports and Expanded Supervision Reports**

sel, and West Africa Civil Society Institute, IRM engaged with Civil Society Organizations in North Africa and Francophone West Africa through virtual and hybrid outreach events on issues of accessibility to the mechanism and identifying obstacles to effective remedy for people affected by ADB-funded projects.

Ethics

In 2022, the Ethics Office handled 176 requests for guidance and conducted series of trainings on the Bank's Code of Ethics for all categories of staff and fiduciary clinics in some of the Bank's Country Offices. It participated in meetings, conferences, and professional activities of heads of ethics from inter-governmental institutions, multilateral development banks, and the United Nations. It acquired a new web-based reporting and case management system known as Ethics Point to facilitate reporting, enhance confidentiality, and improve results. It also revamped its intranet-based microsite to include documents relating to ethics, such as the Bank's Code of Ethics, the Ethics 101 Awareness Series, communication materials on the Sexual Exploitation, Abuse and Harassment campaign, and annual reports of the Ethics Office, for ease of consultation by employees.

The Office of the Auditor General transitioned from a remote working posture to a mixture of hybrid and on-site audit inspections

Accountability and control

Audit

During 2022, the Office of the Auditor General transitioned from a remote working posture to a mixture of hybrid and on-site audit inspections. It focused on delivering 48 internal audit assignments, providing assurance across a wide range of both developmental and corporate Bank activities. It also organized a forward-looking off-site retreat with the theme "Build on firm foundations to deliver greater value addition to the Bank." The actions noted for implementation included improving reporting and strengthening communications and client relationships. Many of the initiatives have been operationalized.

Integrity and anti-corruption

In 2022, a total of 92 Integrity Risk Opinions were issued, covering 48 proposed non-sovereign operation transactions valued at UA 2 billion and 44 other Bank activities and operations such as Anti-Money Laundering/Combating the Financing of Terrorism. The Office of Integrity and Anti-Corruption (PIAC) also issued 46 Integrity Risk Advisories. PIAC initiated the tracking of recommendations for the implementation of due diligence opinions on a quarterly basis to increase the Bank's monitoring of integrity opinions. As part of the Bank's participation in the MDBs' Mutual Enforcement of Debarment Decisions, PIAC debarred 154 entities in 2022. During the year, the Bank supported 21 debarred entities to enhance their Integrity Compliance Programs as a condition for release from debarment. In addition, PIAC completed 39 Sanctionable Practices representing 58 percent of the case pipeline at the end of 2022. This led to the filing of 8 Findings of Sanctionable Practices, 2 Negotiated Settlement Agreements, and 4 Appeals. A new trend of cases received in 2022 was related to cyber security and phishing and was swiftly investigated to protect the Bank. Regarding staff misconduct, 17 of 21 of cases in the pipeline were completed.

Recourse mechanisms

Office of the Ombudsman
The Office of the Ombudsman (SNOM) carried out its key activities on Conflict Management and Mediation and successfully dealt with 62 cases. Of those, 43 originated from Headquarters and 19 from Region and Country Offices. Nine cases are ongoing, 3 have been referred to the appropriate units, and the remaining 50 were dealt with and closed within 4 weeks. The cases fell into the following categories: Policy (24 percent), Conduct & Abuse of Power (24 percent), Separation (7 percent), Career Development & Job Security (31 percent), Performance Management (5 percent), Benefit and Compensation (6 percent), and Other Issues (3 percent). The Bank-wide 12th Annual Conflict Competency Week was held from 25 to 28 October 2022 with the theme "The Future of Work: Growing Your Team Brand" as the Ombudsman's Office marked its 30th Anniversary. SNOM participated in the 17th Annual Conference of the International Ombudsman Association and the 19th United Nations and Related Heads of International Organizations Conference.

Administrative Tribunal
In 2022, the Administrative Tribunal registered 11 new applications, heard 10 cases, and issued 9 judgments and 1 order. The Administrative Tribunal held 2 judicial sessions and 1 plenary session in 2022, during which 10 applications were decided: 2 cases from 2022, 6 cases from 2021, and 2 cases from 2020 that had been re-opened after a first judgment.

Staff Appeals Committee
The Staff Appeals Committee was replaced by the Staff Grievance Committee (STAGRICO) effective October 2022. The new Rules of Procedure and the Presidential Directive N°06/2022 brought important changes to the peer review mechanism, which will lead to applications before STAGRICO being handled significantly more quickly. STAGRICO heard three applications in 2022 and registered an additional three, which involved issues of non-confirmation of probation, contested performance evaluation ratings, and contestation of a warning letter. These changes will streamline the grievance procedure and make it more efficient, less litigious, and more cost-effective for the benefit of all staff members.

Sanctions Commissioner's Office
In 2022, the Sanctions Commissioner reviewed nine cases, including six formal sanctions cases, two Negotiated Settlements Agreements (NSAs), and one Request for temporary suspension. All these cases involved Sanctionable Practices in connection with the procurement of works and services (3) and execution of contracts (6), involving six projects financed in six RMCs. The Sanctionable Practices are related mostly to fraud (7) and fraud and obstruction (2). A final determination was issued on the Request for Temporary Suspension, and the two NSAs were cleared, concluding a conditional non-debarment for 24 months for one respondent and a letter of reprimand for the other. Five formal sanctions cases were concluded, resulting in four sanctions decisions and the closure of one case pending a preliminary action by PIAC. The sanctions decisions declared four firms and one individual ineligible to participate in activities financed and managed by the Bank Group for periods ranging from 18 months to 4 years.

The Office of the Ombudsman successfully dealt with 62 cases

Sanctions Appeals Board
In 2022, the Sanctions Appeals Board Secretariat issued Decision No. 9 for an appeal filed in 2021 and prepared two appeals that were reviewed separately by the Board. Decisions No. 10 and 11 are pending publication. In addition, the Secretariat received two new appeals in late 2022 that will be reviewed in 2023. As part of the exchange knowledge program, harmonization of definitions, and improvement of sanctions systems within MDBs, the Secretariat actively participated in virtual workshops and conferences with other Sanctions Appeals institutions.

5

Financial Highlights and Abridged Financial Statements

Analyst reviewing financial statements

Bank Group financial results

The overall financial performance of the Bank Group improved in 2022 with an increase in gross income across its entities (Table 5.1). Both income before distributions and net income of the African Development Bank (ADB) and the African Development Fund (ADF) were higher than in 2021. Loan and investment income for the Nigeria Trust Fund (NTF) increased in 2022.

Apart from transfers to reserves, the Bank distributes part of its net income and surplus account to support development financing initiatives in low-income countries. During 2022, a total of UA 64 million was distributed. Detailed information and analysis of each Bank Group entity's audited financial results are presented in a separate Financial Report.

Selected financial metrics

A summary of selected financial metrics of the Bank Group entities (ADB, ADF, and NTF) for the past five years, ended 31 December, is presented in Table 5.2.

The full audited financial statements are available separately and can be accessed at https://www.afdb.org/en/documents/financial-report-2022.

African Development Bank

Financial results and performance

ADB revenue increased to UA 774.79 million in 2022, from UA 520.41 million in 2021, driven mainly by higher loan income and investment returns due to higher global interest rates. Although this was partially offset during the year by higher interest expense (which increased by 398.2 percent, reflecting higher interest rates) and higher impairment provisions on loans (which increased by 288.55 percent), the fair value gains on borrowings and related derivatives helped drive up the net operational income. The combined effect of these factors was a UA 142.73 million increase in income before distributions approved by the Board of Governors, which stood at UA 239.28 million at the end of 2022, compared with UA 96.55 million at the end of 2021.

While the treasury portfolio continued to perform above its benchmarks, income from the treasury investment portfolio increased by 68.67 percent, from UA 129.34 million in 2021 to UA 218.16 million in 2022, driven by higher interest rates. Income from loans increased by 49.77 percent due to higher interest rates from UA 348.24 million in 2021 to UA 521.57 in 2022.

Financial Highlights and Abridged Financial Statements

ADB revenue increased to UA 774.79 million in 2022, from UA 520.41 million in 2021

TABLE 5.1 Abridged financial results of the Bank Group entities, 2021–2022 (UA millions)

Figures in UA millions	ADB		ADF		NTF	
	2022	2021	2022	2021	2022	2021
Income from loans, investments, and other income	774.79	520.41	151.74	189.65	2.54	1.25
Borrowing expenses and gains/losses on borrowings at FVTPL and related derivatives	(265.09)	(182.26)	93.64	(11.51)	—	—
Impairment charge on loans and investment and equity	(94.59)	(25.46)	—	—	(2.53)	(0.07)
Translation gains/(losses)	66.46	(1.48)	(4.89)	(5.22)	—	—
Net operational income	481.57	311.21	240.50	172.93	0.01	1.18
Other expenses	(242.29)	(214.66)	(269.96)	(240.80)	(0.52)	(0.27)
Income before distributions approved by the Board of Governors	239.28	96.55	(29.47)	(67.87)	(0.51)	0.91
Distributions approved by the Board of Governors	(64.00)	(55.00)	—	—	(0.09)	(0.29)
Net income/(loss) for the year	175.28	41.55	(29.47)	(67.87)	(0.60)	0.62
Allocable income[a]	83.92	209.35				

a. Allocable income excludes from income before distributions the impact of volatile elements such as fair value changes on borrowings and related derivatives, as well as currency translation gains and losses.

TABLE 5.2 Selected financial metrics of the Bank Group, 2018–2022 (UA millions)

	2022	2021	2020	2019	2018
African Development Bank					
Assets	38,221.22	36,325.22	35,348.69	35,244.06	33,770.59
Net income	175.28	41.55	139.40	52.17	41.68
Allocable income	83.92	209.35	158.56	125.35	153.52
Total comprehensive income/(loss)	519.48	226.19	60.37	(9.41)	(3.43)
Cash and cash equivalents	3,298.39	3,623.54	2,456.29	2,317.89	2,179.64
Total equity	9,882.74	8,705.92	7,790.61	7,373.96	7,185.78
African Development Fund					
Net development resources	5,403.46	4,844.76	4,719.76	4,883.11	4,953.58
Deficit	29.47	67.87	49.59	86.88	74.07
Income after adjustment for the impact of MDRI & Grants	72.82	33.19	48.31	5.91	15.15
Cash and cash equivalents	2,015.95	1,899.42	1,170.86	1,505.50	1,373.14
Commitment capacity	2,368.73	2,995.07	2,892.30	1,836.60	2,201.63
Nigeria Trust Fund					
Assets	190.32	181.01	174.46	179.47	176.21
Net income/(loss)	(0.60)	0.62	2.63	2.64	2.44
Total comprehensive income/(loss)	8.70	5.73	(4.56)	3.65	6.45
Cash and cash equivalents	19.95	33.00	17.55	11.11	10.07

The Bank's reserves plus accumulated loan loss provisions on outstanding loan principal and charges increased by 15.34 percent

Bank Group administrative expenses increased by 15.39 percent, from UA 393.36 million in 2021 to UA 453.88 million in 2022. The Bank's share of administrative expenses, including charges for depreciation and sundry expenses, increased from UA 214.66 million in 2021 to UA 242.29 million in 2022, mainly due to an increase in personnel expenses (including consultancy), missions and meetings and the reduction in cost-sharing for both ADF and NTF from 51.35 percent in 2021 to 51.08 percent in 2022.

The Bank's reserves increased by UA 519.47 million (16.48 percent) from UA 3.15 billion in 2021 to UA 3.67 billion in 2022. This increase is due to the total comprehensive income reported for the year. The Bank's reserves plus accumulated loan loss provisions on outstanding loan principal and charges increased by 15.34 percent to UA 4.62 billion at the end of 2022 from UA 4.01 billion at the end of 2021.

Net income and allocable income

For the year ended 31 December 2022, net income amounted to UA 175.28 million, compared with UA 41.55 million for the year ended 31 December 2021. This higher income is mainly attributable to increases in fair value gains on borrowings and related derivatives, currency translation gains, and realized gains on treasury investments.

Allocable income was UA 83.92 million as of 31 December 2022, compared with UA 209.35 million as of 31 December 2021. The reduction in allocable income is attributable to the higher Expected Credit Losses (ECLs), lower net interest income and higher operating expenses.

Net outstanding loans increased to UA 20.69 billion as of 31 December 2022, from UA 20.10 billion as of 31 December 2021.

Borrowings

The borrowing portfolio decreased to UA 24.25 billion as of 31 December 2022, compared with UA 25.12 billion as of 31 December 2021. The decrease was caused by the effect of fair value and currency translation gains on borrowings.

Investment portfolio

The treasury investment portfolio comprises high-quality liquid assets, of which 45.7 percent are rated AAA, 38.6 percent between AA- and AA+, and 15.7 percent between A- and A+ as of 31 December 2022. The portfolio increased by 19.6 percent from UA 9.79 billion as of 31 December

2021 to UA 11.71 billion as of 31 December 2022. Treasury investment income for 2022 amounted to UA 218.17 million, for a return of 1.49 percent on an average liquidity of UA 14.67 billion, compared with an income of UA 129.34 million, for a return of 1.01 percent on an average liquidity of UA 12.79 billion, in 2021. The significant increase in investment income is mainly a result of higher interest rates in the markets, albeit partially offset by higher funding costs. Even so, the treasury investment portfolios outperformed their weighted average benchmark by 0.22 percent over the year.

While inflation started to rise in 2021, it peaked in 2022, reaching 9.1 percent in June in the US and 10.6 percent in the euro zone in October, and remained at levels well above the central bank's target of 2 percent. Central banks reacted by increasing their policy rates to curb demand and bring down inflation. In the United States, the target range for federal funds was raised by 425 bps to between 4.25 percent and 4.50 percent, with the US Federal Reserve Bank accelerating its "quantitative tightening" (QT) program by reducing the size of its balance sheet. In the euro zone, the European Central Bank hiked interest rates in July, the first time in 11 years in July and raised the deposit facility rate to 2.00 percent (+250 bps) in December.

Distributions approved by the Board of Governors

In 2022, the Board of Governors approved distributions of UA 64 million from 2021 income and the surplus account to various development initiatives, compared with UA 55 million distributed in 2021. The beneficiaries of these distributions are listed in Note K to the financial statements in the 2022 Financial Report. The Board of Directors agreed to recommend to the Board of Governors the distribution of UA 46.00 million from 2022 net income and surplus account to various development initiatives.[15]

Risk management policies and processes

The Bank's balance sheet risks are actively monitored on a risk dashboard that is regularly updated to reflect the evolving risk profile of the Bank's operations. The policies, processes, and practices the Bank deploys to manage these risks are described in more detail in Note C to the financial statements in the 2022 Financial Report. Other activities undertaken by the Bank as part of its risk management are summarized below.

The Bank's Long-Term Financial Sustainability Framework integrates decision factors and underlying financial and risk management policies that have a bearing on the sustainability of the Bank's capital resources and operating efficiency. The Medium-Term Financial Outlook used to monitor Strategic Control Measures are spelt out in the Long-Term Financial Sustainability Framework to ensure that the Bank's financial position and prudential and financial ratios are sustained over the agreed General Capital Increase (GCI) implementation horizon. The risks of the Bank are also monitored periodically in the capital adequacy report, which focuses on tracking key capital adequacy metrics including those assessed by rating agencies. The risk limits for the Bank's prudential ratios are defined in the Bank's Risk Appetite Statement. As at end-December 2022, all the Bank's Strategic Control Measures, financial and prudential ratios were within their limits.

The Bank continued to undertake necessary optimization measures to free up capital to remain within its limits under the Balance Sheet Optimization Framework approved by the Board of Directors in 2020. The Bank welcomes and subscribes to the objectives sought by the G20 panel on the capital adequacy of multilateral development banks.

The Bank closed a USD 2 billion balance sheet optimization transaction in October 2022 known as Room 2 Run Sovereign (R2R-S) with the UK's Foreign Commonwealth and Development Office and three private insurers from the London-based Lloyd's market to support lending toward climate relevant transactions. The Bank also closed the Lusophone Compact Guarantee with the Government of Portugal, which will be providing USD 400 million through a risk-sharing mechanism. Furthermore, the Bank approved individual private sector credit insurance transactions as part of its active mobilization of institutional investors with the added benefit of managing the weighted average risk rating of the private sector portfolio while minimizing the use of its own risk capital.

The Operational Risk Management Committee, created in late 2019, continues to exercise oversight over the operational risk management process to ensure that the Bank's operational risk

The Board of Governors approved distributions of UA 64 million from 2021 income and the surplus account to various development initiatives

15 This figure is provisional and subject to approval by the Board of Directors of the 2022 net income allocation proposals.

exposure, including those emanating from new financial products, is well-managed.

Bank ratings

The ratings of the Bank's senior debt (AAA/Aaa) and subordinated debt (AA+/Aa1) with a stable outlook were reaffirmed during the year by the four leading international rating agencies—Standard & Poor's, Fitch, Moody's, and the Japan Credit Rating Agency. These high credit ratings reflect the Bank's solid capital adequacy, robust risk management, prudent financial management, very high liquidity coverage, excellent funding record, preferred creditor status, and very strong shareholder support. These strengths continue to position the Bank to navigate the challenging operating environment, constraints around its asset quality compared with its triple-A-rated peers, and downward pressure on the quality of its development assets following downgrades of some of its sovereign borrowers.

In December 2022, the Fund successfully completed the negotiations for the 16th replenishment, with a total resource envelope of UA 6,208.7 million

Capital market activities

The African Development Bank mobilizes resources from the capital markets to finance development projects and programs in regional member countries (RMCs) and to meet its cash flow needs. Throughout the year, the Bank continued to deepen and diversify its investor base and cost-effectively raise resources in a broad range of markets, currencies, and instruments.

The market for public issuance was challenging in 2022, given the impact of geopolitical events, widespread inflation, and changes in monetary policy. In spite of this, the Bank was able to execute two USD global benchmarks, in both the 3-year and 5-year parts of the curve, for a total of USD 3 billion. USD global benchmark issuances have been the lynchpin of the Bank's borrowing program for many years and consistently attract high-quality institutional investor interest. Commitment to launch regular benchmarks allows the Bank to reinforce its visibility and presence in the capital markets. The Bank issued its first euro denominated benchmark bond in 2016, driven by the need to expand its footprint and extend the maturity of its bonds at a reasonable cost while accessing a reliable source of funds and, importantly, a new investor base.

During 2022, the Bank successfully launched two EUR global benchmark transactions, a 5-year, and a 7-year (in social format), for a combined amount of EUR 2.5 billion. This strategy was complemented by primary issuance in public domestic markets, including two transactions in the Australian dollar Kangaroo market and one in the Sterling market. Since its emergence in 2007, the Green Bond market has grown rapidly, closely followed by the Social Bond market. The Bank continued to consolidate its footprint in the ESG space during the year with issuance of a Social Bond in EUR and AUD and a Green Bond in Swedish kroner (SEK). As of December 2022, it was the largest MDB issuer of social bonds.

The Bank continued to meet demand from Japanese investors for theme bonds linked to the High 5s. Investor preferences for investing their savings are still focused on bonds that finance socially responsible projects and that meet their investment risk/return preferences. In 2022, the Bank issued 27 theme bonds aligned with the Bank's High 5 operational priorities, including 14 Improve the Quality of Life for the People of Africa bonds, 10 Feed Africa bonds, 2 Integrate Africa bonds, and 1 Light Up and Power Africa bond, for a combined total amount of UA 422 million.

African Development Fund

ADF-16 replenishment

In December 2022, the Fund successfully completed the negotiations for the 16th replenishment held in Tangiers, Morocco, covering the 2023–2025 operational period, with a total resource envelope of UA 6,208.7 million. The replenishment coincided with the 50th anniversary of ADF (Box 5.1). Algeria, Morocco and DRC contributed to the Fund for the first time. The replenishment also includes the creation of a Climate Action Window (CAW) for a total grant contribution of UA 312.6 million. ADF-16 will support two strategic operational priorities: developing sustainable, climate-resilient, and quality infrastructure; and governance, capacity building, and sustainable debt management in recipient countries. It will also focus on empowering women and girls as a condition for achieving inclusive and sustainable development.

The CAW will be structured around three components: adaptation, mitigation, and a technical assistance program for policy support and capacity building. Adaptation is the core priority of the CAW, to reduce the vulnerability of ADF coun-

BOX 5.1

ADF at 50

With the African Development Fund (ADF) turning 50 in 2022, it was a time to celebrate its achievements and paint its future to meet the evolving needs of African countries. ADF operations have changed the lives of millions of Africans, making it a trusted and strategic partner for all its stakeholders. The event to celebrate ADF achievements was designed as an open event. The event showcased the Fund's achievements over the last 50 years through visual aids (both physical and virtual) and provided a platform for the Fund's stakeholders to dialogue with the Bank's Management on issues of strategic significance to ADF-eligible countries and to the Fund. The Fund is achieving significant impact and in the past five years alone helped to connect 15.5 million people to electricity and provided 74 million people access to improved agriculture, 42 million access to water and sanitation, and 50 million access to improved transport. Participants included beneficiaries, donors, and others attending the Bank Group's Annual Meetings. The Meetings celebrated the achievements of the Fund so far and, at the same time, reflected on the way forward. Beneficiaries, attending either in person or through video recordings, shared how ADF projects have impacted and changed their lives.

tries and stem loss and damage from the direct impacts of climate change. Mitigation will focus on the greening of brown assets. The technical assistance, policy support, and capacity building program will help ADF countries access other international climate finance—by strengthening their national climate policies and strategies, creating an enabling environment for climate action, and preparing investment-ready projects.

ADF-16 is expected to deliver even more impact over the next three years. It will help to connect 20 million people to electricity and 24 million people will benefit from improvements in agriculture, 32 million from access to water and sanitation services, and 15 million from improved access to transport.

Financial results and performance

For the year ended 31 December 2022, the Fund reported a deficit of UA 29.47 million, representing a decrease of 55.86 percent (UA 37.91 million) from the deficit of UA 67.87 million reported in December 2021.

The persistent deficits of the Fund are primarily due to structural changes, including the cancellation of loans to several beneficiaries under the Multilateral Debt Relief Initiative (MDRI); the increased share of grants in country allocations due to the deterioration of some countries' Debt Sustainability Analysis (DSA); and the impact of movement of market interest rates on subscriptions encashed early, leaving the Fund with a negative income gap.

These structural changes impact the Fund's reported income but do not adversely affect the financial sustainability or commitment capacity of the Fund, which stood at UA 2.37 billion in 2022 from UA 2.99 billion in 2021. The effect of the MDRI and increased share of grants on the Fund's operating results is presented below.

The Fund reported a deficit of UA 29.47 million, down from UA 67.87 million in 2021

Loan and investment income

Loan income for the year ended 31 December 2022 fell by UA 29.29 million (18.57 percent) to UA 128.46 million, compared with UA 157.75 million reported in December 2021. The loan income recorded in 2022 was in line with operational expectations. The reduction was due to the recognition of service charges from the one-off arrears payment of UA 34.14 million received from Sudan in May 2021, which caused loan income in 2021 to be higher than 2022. If the one-off receipt of UA 34.14 million from Sudan is excluded, service charges on loans for the year ended December 2021 would be UA 123.61 million, and the year 2022 service charges on loans

TABLE 5.3 Effect of MDRI and increased share of grants on ADF's operating result

Year ended 31 December:	2022	2021
Deficit for the year	(29.47)	(67.87)
Grant income forgone	59.17	57.94
MDRI income forgone	43.12	43.12
Surplus after adjustment for the impact of MDRI and grants	72.82	33.19

would have increased by UA 4.85 million.

Interest income on treasury investments increased by UA 5.35 million (7.74 percent) to UA 74.43 million in December 2022 compared with UA 69.08 million in December 2021. However, treasury investment income declined to UA 23.28 million from UA 31.90 million in 2021 due mainly to fair value losses on derivative instruments used to hedge accelerated encashments.

The Nigeria Trust Fund reported a net loss before distributions of UA 0.51 million

Administrative expenses

Bank Group shareable administrative expenses attributable to the Fund for the year ended 31 December 2022 increased by UA 28.11 million (12.86 percent) to UA 246.21 million compared to UA 218.56 million for the period ended December 2021. The Fund's share of administrative expenses is computed based on a predetermined cost–sharing formula, driven primarily by the staff time spent on individual entity's work program deliverables. The increase in absolute terms in the Fund's share of expenses was due to the increase in the total Bank Group administrative expenses. But in percentage terms, the Fund's proportionate share of total administrative expenses of the Bank Group decreased marginally from 51.29 percent in 2021 to 50.98 percent in 2022.

Revenue

In 2022, the Fund's revenue decreased by 19.99 percent to hit UA 151.74 million from UA 189.65 million in 2021. The decline is mainly attributable to (i) lower loan income due to the recognition of one-off service charge arrears payment of UA 34.14 million 2021; and (ii) higher fair value losses recorded on treasury trading portfolio and related derivatives for year ended December 2022 compared to 2021, resulting from the fair value losses reported on derivatives used to hedge accelerated encashments, designed to lock in the credit or discount provided to countries that choose to accelerate their payments. As market interest rates rise, present value or fair value of treasury investments decreases, leading to a loss in the statement of income and expenses (and as market interest rates go down, present value or fair value of treasury investments increases, leading to a gain in the statement of income and expenses).

Nigeria Trust Fund

Financial results and performance

The Nigeria Trust Fund (NTF) reported a net loss before distributions approved by the Board of Governors of UA 0.51 million for the year ended 31 December 2022, a decrease of 155.43 percent (UA 1.43 million) compared to the net income of UA 0.92 million reported for December 2021. The net loss before distributions approved by the Board was primarily attributable to the combined effect of (i) a UA 2.46 million increase in provisions for Expected Credit Losses (ECL) on loan principal and charges, because of the change in the credit risk parameters used in the ECL estimation, and (ii) a UA 0.25 million increase in administrative expenses, moderated by (iii) a UA 1.26 million increase in income from treasury investments. The higher ECL was due to changes to the parameters used in the estimation of credit losses.

Loan and investment income

Loan income in 2022 amounted to UA 1.14 million, representing a 2.70 percent increase over UA 1.11 million earned for 2021, while investment income increased by 900 percent to UA 1.40 million compared with UA 0.14 million in 2021. The increase in investment income is attributable to the combined effect of an increase in USD market interest rates, a 7 percent increase in treasury investment portfolio balances, and reduced volatility in the prices of trading assets.

Administrative expenses

NTF's share of Bank Group administrative expenses increased by 104 percent from UA 0.25 million in 2021 to UA 0.51 million in 2022. In accordance with the Agreement establishing the NTF, the Fund compensates the Bank for expenses incurred in managing the Fund. But the annual payment to the Bank for expenses incurred is capped at 20 percent of the Fund's total annual income.

Retained earnings

Retained earnings as of 31 December 2022 decreased by UA 0.60 million (0.40 percent) to UA 151.05 million from UA 151.65 million as of 31 December 2021, reflecting the net loss incurred during the year.

Reserves

Reserves totaled UA 59.57 million on 31 December 2022, an increase of 17.10 percent (UA 8.70 million) compared to UA 50.87 million as of 31 December 2021. The reserves increased mainly due to the increase in the Cumulative Currency Translation Adjustment (CCTA) arising from the translation gains reported during the year.

Appendices

As a knowledge services provider the Bank produced many important publications

APPENDIX 1
Abbreviations

ADB	African Development Bank
ADF	African Development Fund
ADF-15	African Development Fund 15th Replenishment
ADOA	Additionality and Development Outcomes Assessment
AEFPF	African Emergency Food Production Facility
AFAWA	Affirmative Finance Action for Women in Africa
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank Group
AIF	Africa Investment Forum
AMBD	Committee on Administrative Matters Concerning the Board of Directors
AUFI	Audit and Finance Committee
BADEA	Arab Bank for Economic Development in Africa
CAHR	Committee on Administrative Affairs and Human Resources Policy Issues
CAW	Climate Action Window
CODE	Committee on Operations and Development Effectiveness
COMESA	Common Market for Eastern and Southern Africa
COP27	27th Conference of the Parties to the United Nations Framework Convention on Climate Change
CSO	Civil society organization
CSP	Country Strategy Paper
CWHOLE	Committee of the Whole on the Budget
ECAM	External Communications and Preparation of the Bank Group Annual Meetings
ECBD	Ethics Committee: Committee for the Enforcement of the Code of Conduct for Executive Directors
EU	European Union
EUR	Euro
GCI-VII	7th General Capital Increase
GDP	Gross domestic product
HIPC	Heavily Indebted Poor Country
ICT	Information and communication technologies
IDEV	Independent Development Evaluation
IRM	Independent Recourse Mechanism
MDB	Multilateral development bank
MDRI	Multilateral Debt Relief Initiative
NSO	Non-sovereign Operation
NTF	Nigeria Trust Fund
PPP	Public-private partnership
PSF	Private Sector Credit Enhancement Facility
R2RS	Room to Run Sovereign initiative
RMCs	Regional Member Countries
RPA	Risk Participation Agreement
SDR	Special Drawing Rights
SEFA	Sustainable Energy Fund for Africa
SF	Special Funds
SMEs	Small and medium-sized enterprises
TDB	Eastern and Southern African Trade and Development Bank
TSF	Transition Support Facility
UA	Unit of Account
US	United States
USD	US Dollar
ZAR	South African Rand

APPENDIX 2

Summary of Bank Group operations, resources, and finance, 2013–2022

(UA millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative 2022 total[a]
OPERATIONS											
Bank Group approvals[b]											
Number	317	232	241	305	249	341	293	217	196	284	6,859
Amount	4,385.78	5,049.92	6,334.69	8,035.34	6,195.95	7,278.81	7,300.11	4,171.12	4,506.29	6,155.75	131,617
of which HIPC	22.32		—	—	—	—	—	—	—	—	6,158
Disbursements[c]	3,257.91	3,309.39	3,221.49	4,796.10	5,529.86	4,548.58	3,925.35	5,461.15	3,569.98	3,518.75	83,528
ADB approvals[b]											
Number	65	79	99	114	87	103	91	48	66	76	2,194
Amount	1,831.70	3,201.30	4,518.23	6,335.32	4,502.18	5,125.14	5,092.45	2,492.70	2,449.14	3,718.81	81,045
of which HIPC	9.64		—	—	—	—	—	—	—	—	3,158
Disbursements	1,489.83	1,983.89	1,678.17	3,262.52	3,715.42	2,995.98	2,507.00	3,385.82	1,728.04	2,526.91	49,892
ADF approvals[b]											
Number	121	77	70	94	76	87	82	71	66	107	3,337
Amount	2,064.87	1,338.23	1,307.36	1,267.91	959.48	1,088.20	1,230.46	938.76	1,263.25	1,817.81	41,894
of which HIPC	12.68	—	46.96	—	—	—	—	—	—	—	2,937
Disbursements	1,702.21	1,215.30	1,398.36	1,447.41	1,703.00	1,358.32	1,266.03	1,731.56	1,358.19	830.70	31,279
NTF approvals											
Number	5	2	2	3	—	3	1	—	1	—	105
Amount	31.17	11.49	12.50	18.46	—	13.30	4.00	—	3.60	—	491
of which HIPC	1.20	—	—	—	—	—	—	—	—	—	63
Disbursements	0.96	3.13	7.47	10.98	7.41	10.96	12.34	10.65	14.57	6.0	322
PSF approvals											
Number	—	—	—	8	10	9	2	3	3	—	35
Amount	—	—	—	90.78	150.70	119.45	19.61	27.24	43.67	—	451
TSF approvals											
Number	35	35	28	31	35	33	59	57	29	64	492
Amount	204.68	254.68	207.75	162.55	302.78	224.51	319.26	471.90	483.09	344.03	3,788
Disbursements	64.91	107.07	137.49	75.19	104.03	183.33	139.98	333.12	469.18	155.16	2,034
Special Funds approvals[c]											
Number	91	39	42	55	41	106	58	38	31	37	696
Amount	253.36	244.22	288.85	160.32	280.81	708.21	634.33	240.51	263.55	275.10	3,948
ADB											
Authorized capital	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	66,975.05	153,191.36	153,191.36	180,638.83	180,638.83	
Subscribed capital	65,210.13	65,133.22	65,482.51	65,486.17	65,497.96	65,107.91	66,146.32	100,846.68	148,473.62	148,768.18	
Paid-up portion	4,962.34	4,864.52	4,884.41	4,897.39	4,980.43	4,956.92	4,950.44	7,053.87	9,958.90	9,974.54	
Callable portion	60,247.80	60,268.70	60,598.10	60,588.78	60,517.53	60,150.99	61,195.88	93,792.81	138,514.72	138,793.64	
Outstanding debt	12,947.44	14,375.95	16,449.27	20,644.15	23,175.69	23,989.86	25,466.87	25,090.10	25,115.71	24,254.21	
Cumulative exchange adjustment on subscriptions	(173)	(174)	(169)	(161)	(158)	(156)	(148)	(148)	(156)	(154)	
Reserves	2,856.88	2,815.32	2,921.25	2,746.84	2,982.05	2,806.65	2,797.24	2,857.61	3,151.19	3,670.66	
Gross income[d]	479.64	484.73	455.77	536.02	665.76	847.57	920.50	660.21	506.97	760.80	
Net income[e]	180.33	151.69	93.16	120.07	258.43	124.68	126.17	198.40	96.55	239.28	
ADF											
Subscriptions	23,084.05	24,921.04	26,122.31	27,226.94	28,601.22	29,785.35	30,924.91	32,261.33	33,560.25	34,960.95	
Other resources	509.96	551.96	602.96	645.96	680.96	715.96	750.96	785.96	820.96	855.96	
NTF											
Resources (gross)	165.77	168.28	169.88	176.79	169.05	174.63	178.28	173.72	179.46	188.16	

Notes: 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, and guarantee and post-conflict country facility and exclude PSF and TSF.
c. These are approvals on the operations of the African Water Fund and Rural Water Supply and Sanitation Initiative, Global Environment Facility, Global Agriculture and Food Security Program, Climate Investment Fund, Congo Basin Forest Fund, 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.
d. Starting from 2015, the gross income is net of interest on loan swaps.
e. 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 (USD) for various years are as follows:

2013	1 UA = USD 1.54000	2018	1 UA = USD 1.39079
2014	1 UA = USD 1.44881	2019	1 UA = USD 1.38283
2015	1 UA = USD 1.38573	2020	1 UA = USD 1.44027
2016	1 UA = USD 1.34433	2021	1 UA = USD 1.39959
2017	1 UA = USD 1.42413	2022	1 UA = USD 1.33084

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

APPENDIX 3A

Bank Group approvals by High 5 priority, 2022

(UA millions)

HIGH 5 PRIORITY	ORDINARY RESOURCES		SPECIAL RESOURCES				BANK GROUP
	ADB	ADF[a]	NTF	PSF	TSF	SF	
Light Up and Power Africa	**248.50**	**125.33**	**—**	**—**	**73.94**	**76.35**	**524.12**
Power Generation, Transmission, and Distribution—Conventional	102.01	18.51	—	—	37.81	28.94	187.27
Power Generation—Renewable	139.30	91.60	—	—	32.09	23.05	286.04
Off-grid Solutions	—	7.03	—	—	2.05	0.81	9.89
Energy Sector Strengthening and Reform	—	0.51	—	—	1.99	—	2.50
Infrastructure for Energy Sector Development	—	—	—	—	—	—	—
Multisector Operations (budget support)	—	—	—	—	—	—	—
Others[b]	7.19	7.67	—	—	—	23.56	38.42
Feed Africa	**737.42**	**427.09**	**—**	**—**	**161.84**	**15.62**	**1,341.97**
National and Regional Operations in Production and Value Addition	79.50	305.87	—	—	135.69	9.93	530.99
Investment in Infrastructure	2.69	39.30	—	—	1.86	—	43.84
Agriculture Finance and Agribusiness Environment	25.13	20.25	—	—	6.23	—	51.61
Inclusivity and Sustainable Development	34.69	10.51	—	—	8.57	5.69	59.46
Multisector Operations (budget support)	595.41	51.16	—	—	9.50	—	656.07
Industrialize Africa	**1,331.22**	**187.81**	**—**	**-**	**6.20**	**68.32**	**1,593.55**
Industrial Business Environment	76.15	7.80	—	—	—	—	83.95
Financial Sector, Capital Markets Development and Trade Finance	1,024.43	177.81	—	—	1.00	46.76	1,250.00
Enterprises Development	5.62	2.20	—	—	5.20	2.25	15.27
Infrastructure for industry	213.29	—	—	—	—	19.31	232.61
Multisector operation (budget support)	—	—	—	—	—	—	—
Regional environment improvement	11.72	—	—	—	—	—	11.72
Integrate Africa	**325.67**	**774.75**	**—**	**—**	**26.74**	**7.59**	**1,134.75**
Regional Infrastructure Connectivity	248.28	514.15	—	—	11.26	7.59	781.29
Trade Facilitation, Financial Integration and Investment	77.39	5.03	—	—	0.50	—	82.91
Support to RECs	—	8.20	—	—	4.21	—	12.41
Regional Operations	—	247.37	—	—	10.76	—	258.13
Improve the Quality of Life for the People of Africa	**1,076.00**	**302 83**	**—**	**—**	**75.31**	**107.22**	**1,561.36**
Water Supply and Sanitation	184.58	114.72	—	—	30.40	58.40	388.11
Human and Social Development	7.17	58.33	—	—	3.18	0.48	69.17
Multisector Operations (budget support)	671.26	40.53	—	—	15.16	—	726.95
Others[c]	212.98	89.25	—	—	26.57	48.33	377.14
Total approvals	**3,718.81**	**1,817.81**	**—**	**—**	**344.03**	**275.10**	**6,155.75**

a Excludes PSF and TSF.
b "Others" includes the following subthemes: clean/efficient cooking, energy efficiency demand side management, oil and gas and utility transformation services, and energy finance.
c "Others" includes the following subthemes: other social development, national infrastructure, urban development, natural disaster management, environment and natural resources management, transboundary water resources management, regional education, and health initiatives.

APPENDIX 3B

Bank Group approvals by sector, 2022

(UA millions)

	ORDINARY RESOURCES				SPECIAL RESOURCES								BANK GROUP	
	ADB		ADF[a]		NTF		PSF		TSF		SF			
SECTOR	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
Agriculture and rural development	**15**	**971.32**	**21**	**284.37**	**—**	**—**	**—**	**—**	**33**	**164.63**	**9**	**70.75**	**78**	**1,491.07**
Social	**2**	**68.82**	**6**	**87.24**	**—**	**—**	**—**	**—**	**5**	**10.39**	**—**	**—**	**13**	**166.45**
Education	—	—	1	14.00	—	—	—	—	—	—	—	—	1	14.00
Health	1	0.76	2	25.86	—	—	—	—	—	—	—	—	3	26.62
Other	1	68.06	3	47.38	—	—	—	—	5	10.39	—	—	9	125.83
Infrastructure	**22**	**893.46**	**41**	**999.64**	**—**	**—**	**—**	**—**	**12**	**135.59**	**23**	**169.87**	**98**	**2,198.57**
Water supply and sanitation	2	29.07	5	114.72	—	—	—	—	2	30.40	9	30.08	18	204.28
Energy supply	10	341.34	12	130.76	—	—	—	—	4	73.94	12	95.66	38	641.70
Communication	2	14.77	2	11.15	—	—	—	—	2	4.00	—	—	6	29.92
Transport	8	508.28	22	743.01	—	—	—	—	4	27.25	2	44.13	36	1,322.67
Finance	**20**	**1,036.85**	**4**	**177.81**	**—**	**—**	**—**	**—**	**—**	**—**	**3**	**27.04**	**27**	**1,241.70**
Multisector	**15**	**672.13**	**18**	**85.93**	**—**	**—**	**—**	**—**	**13**	**30.42**	**2**	**7.43**	**48**	**795.91**
Industry, mining, and quarrying	**1**	**76.05**	**2**	**7.50**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3**	**83.55**
Urban development	**—**	**—**	**1**	**3.75**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**3.75**
Environment	**1**	**0.18**	**14**	**171.57**	**—**	**—**	**—**	**—**	**1**	**3.00**	**—**	**—**	**16**	**174.75**
Total approvals	**76**	**3,718.81**	**107**	**1,817.81**	**—**	**—**	**—**	**—**	**64**	**344.03**	**37**	**275.10**	**284**	**6,155.75**

[a] Excludes PSF and TSF.

APPENDIX 3C

Bank Group approvals by financing instrument, 2022

(UA millions)

FINANCING INSTRUMENT	ORDINARY RESOURCES				SPECIAL RESOURCES						BANK GROUP	
	ADB		ADF[a]		NTF		PSF		TSF			
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
Project lending	**31**	**1,983.30**	**25**	**594.07**	**—**	**—**	**—**	**—**	**9**	**114.50**	**65**	**2,691.87**
Public and publicly guaranteed:	18	983.17	25	594.07	—	—	—	—	9	114.50	52	1,691.74
Project loans	18	983.17	25	594.07	—	—	—	—	9	114.496	52	1,691.74
Sector investment and rehabilitation	—	—	—	—	—	—	—	—	—	—	—	—
Lines of credit	—	—	—	—	—	—	—	—	—	—	—	—
Private non-publicly guaranteed	13	1,000.13	—	—	—	—	—	—	—	—	13	1,000.13
Project loans	8	727.53	—	—	—	—	—	—	—	—	8	727.53
Lines of credit	5	272.60	—	—	—	—	—	—	—	—	5	272.60
Soft Commodity Finance Facility	—	—	—	—	—	—	—	—	—	—	—	—
Policy-based lending	**16**	**1,334.28**	**—**	**—**	**—**	**—**	**—**	**—**	**2.00**	**4.00**	**18**	**1,338.28**
Sector adjustment	—	—	—	—	—	—	—	—	—	—	—	—
Structural adjustment	—	—	—	—	—	—	—	—	—	—	—	—
Budget support.	16	1,334.28	—	—	—	—	—	—	2	4	18	1,338.28
Result-based financing	—	—	—	—	—	—	—	—	—	—	—	—
Grants	**15**	**4.43**	**72**	**839.57**	**—**	**—**	**—**	**—**	**53**	**225.53**	**140**	**1,069.54**
Technical assistance	13	2.90	14	56.06	—	—	—	—	21	45.42	48	104.37
Project cycle activities	—	—	—	—	—	—	—	—	—	—	—	—
Institutional support	—	—	14	56.06	—	—	—	—	21	45.41834	35	101.48
of which private sector	—	—	—	—	—	—	—	—	—	—	—	—
Middle-income countries grant	8	2.35	—	—	—	—	—	—	—	—	8	2.35
Middle income countries Institutional support	5	0.55	—	—	—	—	—	—	—	—	5	0.55
Project grants	—	—	58	783.51	—	—	—	—	30	174.6124	88	958.12
Structural adjustment grant	—	—	—	—	—	—	—	—	—	—	—	—
Budget support grant	—	—	—	—	—	—	—	—	2	5.5	2	5.50
African food crisis response grant	—	—	—	—	—	—	—	—	—	—	—	—
Special relief fund	2	1.54	—	—	—	—	—	—	—	—	2	1.54
Emergency assistance	2	1.54	—	—	—	—	—	—	—	—	2	1.54
Emergency post-conflict	—	—	—	—	—	—	—	—	—	—	—	—
Special debt relief grant	—	—	—	—	—	—	—	—	—	—	—	—
Institutional Capacity Building Loans	**—**	**—**	**8**	**226.06**	**—**	**—**	**—**	**—**	**—**	**—**	**8**	**226.06**
Project Preparation Facility	**—**	**—**	**1**	**2.11**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**2.11**
Debt and Debt Service Reduction	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Supplementary Financing Mechanism debt alleviation	—	—	—	—	—	—	—	—	—	—	—	—
Heavily Indebited Poor Country debt relief	—	—	—	—	—	—	—	—	—	—	—	—
Post-conflict country framework	—	—	—	—	—	—	—	—	—	—	—	—
Equity participation	**4**	**40.11**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4**	**40.11**
Public equity	—	—	—	—	—	—	—	—	—	—	—	—
Private equity	4	40.11	—	—	—	—	—	—	—	—	4	40.11
Guarantee	**10**	**356.68**	**1**	**156.00**	**—**	**—**	**—**	**—**	**—**	**—**	**11**	**512.68**
Public guarantees	—	—	1	156.00	—	—	—	—	—	—	1	156.00
Private guarantees	10	356.68	—	—	—	—	—	—	—	—	10	356.68
Loan reallocations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Special funds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31**	**275.10**
Total approvals	**76**	**3,718.81**	**107**	**1,817.81**	**—**	**—**	**—**	**—**	**64**	**344.03**	**196**	**6,155.75**

[a] Excludes PSF and TSF.

APPENDIX 3D

Bank Group total approvals by region

(UA millions)

Region/country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CENTRAL AFRICA											
Cameroon	47.3	45.5	143.8	447.9	323.0	274.1	242.5	242.3	71.4	127.7	157.4
Central African Republic	38.1	—	15.6	27.6	3.9	26.2	39.0	2.1	22.0	18.7	4.0
Chad	24.0	6.4	14.9	60.9	32.1	47.4	29.9	31.3	53.0	36.9	33.0
Congo	10.6	3.2	7.5	15.1	41.9	—	—	209.1	0.8	5.6	—
Congo, Democratic Republic of	69.0	204.9	187.1	40.7	138.3	7.1	106.1	174.7	100.0	190.0	19.4
Equatorial Guinea	—	—	0.8	—	—	—	—	66.9	—	—	0.5
Gabon	145.4	—	1.6	—	68.5	490.7	229.1	144.9	81.6	75.3	—
Multinational	—	—	—	—	—	277.6	40.5	70.9	104.7	219.1	127.2
Central Africa approvals	**334.5**	**260.0**	**371.3**	**592.2**	**607.7**	**1,123.1**	**687.1**	**942.4**	**433.5**	**673.3**	**341.6**
EAST AFRICA											
Burundi	17.8	17.6	41.8	—	0.5	25.8	1.0	8.7	16.0	20.0	19.4
Comoros	2.6	35.9	4.0	8.0	—	15.2	—	30.0	30.0	—	19.8
Djibouti	8.4	5.6	—	8.2	6.3	—	11.5	—	2.4	0.3	7.5
Eritrea	—	—	—	13.5	5.5	5.3	—	33.1	—	—	—
Ethiopia	166.0	85.7	66.6	182.3	314.4	140.4	99.7	8.9	121.6	55.3	21.5
Kenya	28.8	275.5	208.4	201.3	612.4	253.0	349.3	355.0	153.3	101.6	246.9
Rwanda	—	54.6	99.4	20.2	43.8	198.6	312.6	26.5	172.8	59.7	130.9
Seychelles	—	14.3	2.2	23.8	—	—	—	5.8	7.5	14.0	19.5
Somalia	—	3.5	2.9	1.9	22.7	6.2	0.7	55.7	89.0	9.5	19.1
South Sudan	4.8	27.4	0.7	2.0	5.0	35.4	—	31.5	14.0	6.9	13.0
Sudan	4.3	25.6	—	58.9	24.5	15.0	131.0	81.2	51.7	321.9	59.8
Tanzania	154.6	42.1	98.7	549.2	219.1	20.3	151.0	369.5	135.2	122.7	302.2
Uganda	67.6	73.8	127.5	89.4	138.0	152.4	231.5	200.7	73.0	—	61.7
Multinational	—	—	—	—	—	236.6	271.2	404.2	59.1	307.4	748.2
East Africa approvals	**454.9**	**661.7**	**652.1**	**1,158.7**	**1,392.0**	**1,104.3**	**1,559.5**	**1,610.8**	**925.6**	**1,019.2**	**1,669.6**
NORTH AFRICA											
Algeria	0.8	—	0.8	2.9	717.5	—	1.1	—	0.7	—	0.2
Egypt	—	3.7	4.6	512.8	370.7	144.9	355.2	87.4	198.9	211.2	413.8
Libya	—	2.5	—	—	—	—	—	—	0.3	0.3	—
Mauritania	9.1	1.7	4.5	—	26.5	43.2	13.0	0.7	9.4	17.9	0.8
Morocco	901.2	206.1	313.5	267.7	426.6	372.8	631.6	805.2	307.8	265.8	292.8
Tunisia	354.6	28.6	67.8	337.9	509.5	362.9	69.1	355.9	146.1	134.4	90.9
Multinational	—	—	—	—	—	4.7	95.6	14.4	—	—	83.9
North Africa approvals	**1,265.7**	**242.6**	**391.4**	**1,121.2**	**2,050.8**	**928.5**	**1,165.6**	**1,263.5**	**663.2**	**629.7**	**882.4**
SOUTHERN AFRICA											
Angola	—	22.9	662.1	385.7	—	71.4	69.3	511.0	29.4	0.1	7.7
Botswana	—	—	—	—	55.9	—	0.7	57.6	—	97.2	140.1
Eswatini	0.5	—	45.8	0.9	43.3	19.6	56.7	—	1.2	144.9	123.8
Lesotho	—	20.1	—	—	15.7	6.2	0.4	13.4	—	3.0	12.0
Madagascar	2.3	81.7	65.9	34.4	57.9	32.8	109.5	114.5	96.8	1.0	42.5
Malawi	52.6	59.0	23.1	35.1	38.4	1.5	42.0	11.5	33.6	10.5	25.2
Mauritius	—	99.0	76.8	1.2	—	70.7	—	—	152.4	0.1	11.6
Mozambique	78.0	26.5	28.7	18.6	60.0	1.4	35.9	322.4	30.0	85.9	103.5

continued

APPENDIX 3D, *continued*

Region/country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Namibia	0.5	199.4	—	263.1	0.4	372.8	155.8	1.5	185.3	69.7	126.1
São Tomé & Príncipe	0.5	7.7	—	14.0	2.0	1.5	0.7	—	22.5	7.5	—
South Africa	273.1	—	264.8	274.5	30.3	123.1	382.5	—	210.5	102.5	98.6
Zambia	62.5	158.0	53.5	264.5	170.6	25.4	1.1	15.5	2.6	8.1	11.1
Zimbabwe	16.1	44.1	—	40.4	34.7	14.3	1.7	10.1	16.5	8.7	27.4
Multinational	—	—	—	—	—	171.7	—	180.4	15.8	292.8	225.0
Southern Africa approvals	**486.1**	**718.5**	**1,220.7**	**1,332.3**	**509.3**	**912.2**	**856.3**	**1,237.8**	**796.5**	**832.1**	**954.4**
WEST AFRICA											
Benin	31.2	46.4	26.4	34.6	—	39.1	141.0	117.1	14.3	27.8	156.0
Burkina Faso	—	86.9	32.2	41.0	58.9	4.6	54.2	81.6	40.4	56.8	96.1
Cabo Verde	1.2	67.1	12.7	13.2	3.2	17.4	31.3	16.0	23.9	17.1	34.3
Côte d'Ivoire	238.6	63.4	30.6	169.8	305.6	270.3	339.9	524.9	121.2	199.7	136.0
Gambia	6.9	18.3	6.3	2.0	6.7	4.8	17.2	28.3	10.0	12.4	29.3
Ghana	168.8	14.2	58.6	172.1	112.2	93.0	163.6	83.6	73.0	81.0	61.4
Guinea	113.6	22.4	13.1	—	16.5	73.1	8.9	16.2	34.1	0.3	67.7
Guinea-Bissau	0.7	—	0.6	24.0	0.7	5.5	20.7	9.6	6.9	6.0	12.1
Liberia	37.8	45.4	13.7	0.3	31.2	6.3	27.4	23.8	10.2	17.1	13.7
Mali	0.7	136.0	64.6	15.0	39.8	80.1	168.0	74.4	36.0	6.1	51.9
Niger	54.6	12.6	—	20.0	63.1	—	51.0	130.7	114.8	1.0	212.1
Nigeria	63.9	530.9	1,009.9	4.1	1,310.4	22.0	398.2	330.5	210.3	435.8	291.3
Senegal	4.8	111.1	52.7	145.8	99.1	237.8	637.6	234.9	88.6	275.1	393.9
Sierra Leone	23.5	28.6	7.0	29.5	11.2	5.2	35.7	25.0	18.2	11.9	10.8
Togo	2.9	2.3	8.6	15.1	18.1	10.2	21.0	14.5	21.0	11.5	11.6
Multinational	—	—	—	—	—	373.2	373.1	47.4	57.6	127.7	670.6
West Africa approvals	**749.2**	**1,185.6**	**1,337.0**	**686.6**	**2,076.8**	**1,242.7**	**2,488.6**	**1,758.4**	**880.4**	**1,287.3**	**2,248.6**
MULTINATIONAL	**963.3**	**1,317.5**	**1,077.4**	**1,443.6**	**1,398.8**	—	—	—	—	—	—
MULTIREGIONAL	—	—	—	—	—	**885.2**	**521.8**	**487.2**	**471.9**	**64.8**	**59.1**
Total approvals	**4,253.8**	**4,385.8**	**5,049.9**	**6,334.7**	**8,035.3**	**6,195.9**	**7,278.8**	**7,300.1**	**4,171.1**	**4,506.3**	**6,155.8**

APPENDIX 4A

Board of Governors of the African Development Bank and voting powers of member countries

(as of 31 December 2022)

Country	Governor	Alternate	Total votes	Voting power (%)
Algeria	Brahim Djamel Kassali	Ali Bouharaoua	730,848	5.054
Angola	Vera Daves de Sousa	Mario Augusto Caetano Joao	153,948	1.065
Benin	Romuald Wadagni	Vacant	30,299	0.210
Botswana	Peggy O. Serame	Olesitse H. Masimega	112,819	0.780
Burkina Faso	Aboubakar Nacanabo	Inoussa Ouiminga	58,714	0.406
Burundi	Audace Niyonzima	Ibrahim Uwizeye	34,060	0.236
Cabo Verde	Olavo Correia	Adalgisa Barbosa Evora	9,174	0.063
Cameroon	Alamine Ousmane Mey	Charles Assamba Ongodo	151,314	1.046
Central African Republic	Felix Moloua	Herve Ndoba	5,909	0.041
Chad	Moussa Batraki	Tahir Hamid Nguilin	8,935	0.062
Comoros	Mze Abdou Mohamed Chanfiou	Fouady Goulame	1,719	0.012
Congo	Ingrid O. G. Ebouka-Babackas	Vacant	55,122	0.381
Congo, Democratic Republic of	Kazadi Kadima-Nzuji Nicolas	Deogratias Mutombo M. Nyembo	253,094	1.750
Côte d'Ivoire	Niale Kaba	Adama Coulibaly	540,203	3.735
Djibouti	Ilyas Moussa Dawaleh	Ahmed Osman Ali	1,838	0.013
Egypt	Hassan Abdallah	Rania A. Al-Mashat	875,097	6.051
Equatorial Guinea	Valentin Ela Maye Mba	Milagrosa Obono Angue	10,213	0.071
Eritrea	Giorgis Teklemikael	Martha Woldegiorghis	5,135	0.036
Eswatini	Neal Rijkenberg	Tambo Gina	16,857	0.117
Ethiopia	Ahmed Shide	Semereta Sewasew	231,765	1.603
Gabon	Nicole Jeanine Lydie Roboty épse Mbou	Ekiri Mounombi Épse Oyouomi	66,010	0.456
Gambia (The)	Seedy K.M Keita	Abdoulie Jallow	19,496	0.135
Ghana	Kenneth Ofori-Atta	Ernest Kwamina Yedu Addison	324,093	2.241
Guinea	Moussa Cissé	Rosa Pola Pricemou	58,331	0.403
Guinea-Bissau	José Carlos Varela Casimiro	Mamadu Balde	1,603	0.011
Kenya	Njuguna Ndung'u	Julius Muia	196,470	1.359
Lesotho	Adelaide Retšelisitsoe Matlanyane	Nthoateng Lebona	12,848	0.089
Liberia	Samuel D. Tweah Jr.	Augustus J. Flomo	29,033	0.201
Libya	Khalid Al Mabrouk Abdalla	Mustafa Ali Keshada	350,893	2.426
Madagascar	Rindra Hasimbelo Rabarinirinarison	Rajaofetra Andry Nirina	94,276	0.652
Malawi	Sosten Alfred Gwengwe	Macdonald Mafuta Mwale	50,060	0.346
Mali	Alousseni Sanou	Vacant	27,573	0.191
Mauritania	Ousmane Mamoudou Kane	Mohamed Salem Nany	8,669	0.060
Mauritius	Renganaden Padayachy	Dharam Dev Manraj	93,997	0.650
Morocco	Nadia Fettah	Faouzia Zaaboul	629,419	4.352
Mozambique	Ernesto Max Elias Tonela	Rogerio Lucas Zandamela	86,098	0.595
Namibia	Ipumbu Shiimi	Titus Ndove	49,971	0.346
Niger	Abdou Rabiou	Ahmat Jidoud	30,397	0.210
Nigeria	Zainab Shamsuna Ahmed	Aliyu Ahmed	1,254,652	8.676
Rwanda	Uzziel Ndagijimana	Claudine Uwera	19,712	0.136

continued

APPENDIX 4A, *continued*

Country	Governor	Alternate	Total votes	Voting power (%)
São Tomé and Príncipe	Ginésio Valentim Afonso Da Mata	Americo D'oliveira Dos Ramos	9,924	0.069
Senegal	Oulimata Sarr	Amadou Moustapha Ba	151,737	1.049
Seychelles	Naadir Hassan	Caroline Abel	2,462	0.017
Sierra Leone	Dennis K. Vandi	Sahr Lahai Jusu	16,492	0.114
Somalia	Elmi M. Nur	Abdi Mohamed Abdullahi	4,676	0.032
South Africa	Enoch Godongwana	Ismail Momoniat	727,946	5.034
South Sudan	Dier Tong Ngor	Johhny Ohisa Damian	47,842	0.331
Sudan	Gibril Ibrahim Mohamed	Abdalla Ibrahim Ali Ismail	14,659	0.101
Tanzania	Mwigulu Lameck Nchemba	Emmanuel Mpawe Tutuba	124,330	0.860
Togo	Sani Yaya	Demba Tignokpa	24,378	0.169
Tunisia	Samir Saïed	Vacant	208,908	1.445
Uganda	Matia Kasaija	Ramathan Ggoobi	58,298	0.403
Zambia	Situmbeko Musokotwane	Felix Nkulukusa	169,965	1.175
Zimbabwe	Mthuli Ncube	George Tongesayi Guvamatanga	248,642	1.719
TOTAL REGIONAL			8,500,922	58.781

Country	Governor	Alternate	Total votes	Voting powers %
Argentina	Sergio T. Massa	Leandro Gorgal	12,495	0.086
Austria	Magnus Brunner	Edith Frauwallner	64,339	0.445
Belgium	Caroline Gennez	Vincent Van Peteghem	94,173	0.651
Brazil	Lucas Pedreira Do Couto Ferraz	Marco Aurélio Dos Santos Rocha	22,416	0.155
Canada	Harjit S. Sajjan	Vacant	561,060	3.880
China	Gang Yi	Yulu Chen	184,459	1.275
Denmark	Flemming Møller Mortensen	Lotte Machon	156,436	1.082
Finland	Pasi Hellman	Titta Maja	70,082	0.485
France	Emmanuel Moulin	William Roos	534,273	3.694
Germany	Bärbel Kofler	Ruediger Von Kleist	595,582	4.118
India	Nirmala Sitharaman	Ajay Seth	41,651	0.288
Ireland	Paschal Donohoe	John Hogan	115,394	0.798
Italy	Giancarlo Giorgetti	Francesca Utili	346,931	2.399
Japan	Shunichi Suzuki	Haruhiko Kuroda	783,260	5.416
Korea	Kyungho Choo	Chang Yong Rhee	69,006	0.477
Kuwait	Abdulwahab M. Al-Rasheed	Nedhal Abdulaziz Alolayan	64,070	0.443
Luxembourg	Yuriko Backes	Miguel Marques	30,080	0.208
Netherlands	Liesje Schreinemacher	Kitty Van Der Heijden	126,618	0.876
Norway	Bjørg Sandkjær	Bjørn Brede Hansen	168,794	1.167
Portugal	Fernando Medina	Francisco André	34,806	0.241
Saudi Arabia	Ryadh M. Alkhareif	Sultan Al-Marshad	28,271	0.195
Spain	Nadia Calvino	Gonzalo Garcia Andres	153,875	1.064
Sweden	Jenny Ohlsson	Sigrun Rawet	224,891	1.555
Switzerland	Dominique Paravicini	Nicolas Randin	209,260	1.447
Türkiye	Murat Zaman	Kerem Dönmez	56,867	0.393
United Kingdom	James Cleverly	Gillian Keegan	269,748	1.865
United States of America	Janet Yellen	Jose Fernandez	942,151	6.515
TOTAL NON-REGIONAL			5,960,988	41.219
GRAND TOTAL			14,461,910	100.000

APPENDIX 4B

Board of Governors of the African Development Fund: Voting powers of state participants and the African Development Bank

(as of 31 December 2022)

Country	Governor	Alternate	Total votes	Voting powers %
African Development Bank			1,000.000	50.000
Angola	Vera Daves de Sousa	Mario Augusto Caetano Joao	0.507	0.025
Argentina	Sergio T. Massa	Leandro Gorgal	0.053	0.003
Austria	Magnus Brunner	Edith Frauwallner	20.311	1.016
Belgium	Caroline Gennez	Vincent Van Peteghem	19.567	0.978
Brazil	Lucas Pedreira Do Couto Ferraz	Marco Aurélio Dos Santos Rocha	4.155	0.208
Canada	Harjit S. Sajjan	Vacant	66.159	3.308
China	Gang Yi	Yulu Chen	21.555	1.078
Denmark	Flemming Møller Mortensen	Lotte Machon	23.539	1.177
Finland	Pasi Hellman	Titta Maja	19.369	0.968
France	Emmanuel Moulin	William Roos	104.977	5.249
Germany	Bärbel Kofler	Ruediger Von Kleist	107.310	5.365
India	Nirmala Sitharaman	Ajay Seth	3.598	0.180
Ireland	Paschal Donohoe	John Hogan	1.515	0.076
Italy	Giancarlo Giorgetti	Francesca Utili	56.352	2.818
Japan	Shunichi Suzuki	Haruhiko Kuroda	103.211	5.161
Korea	Kyungho Choo	Chang Yong Rhee	12.008	0.600
Kuwait	Abdulwahab M. Al-Rasheed	Nedhal Abdulaziz Alolayan	6.093	0.305
Luxembourg	Yuriko Backes	Miguel Marques	0.929	0.046
Netherlands	Liesje Schreinemacher	Kitty Van Der Heijden	39.777	1.989
Norway	Bjørg Sandkjær	Bjørn Brede Hansen	46.359	2.318
Portugal	Fernando Medina	Francisco André	6.166	0.308
Saudi Arabia	Ryadh M. Alkhareif	Sultan Al-Marshad	8.813	0.441
Spain	Nadia Calvino	Gonzalo Garcia Andres	21.332	1.067
Sweden	Jenny Ohlsson	Sigrun Rawet	51.425	2.571
Switzerland	Dominique Paravicini	Nicolas Randin	38.940	1.947
Türkiye	Murat Zaman	Kerem Dönmez	1.219	0.061
United Arab Emirates	Vacant	Vacant	0.240	0.012
United Kingdom	James Cleverly	Gillian Keegan	110.625	5.531
United States of America	Janet Yellen	Jose Fernandez	103.895	5.195
TOTAL			**2,000.000**	**100.000**

APPENDIX 5

Directors of the Bank and Fund (as of 31 December 2022)

BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT BANK

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors		Alternate Executive Directors	
Names	Country	Names	Country
Brahim BOUZEBOUDJEN	Algeria	Alfredo Paulo MENDES	Guinea-Bissau
Niels BREYER	Germany	Vacant	
Gerard Pascal BUSSIER	Mauritius	Shebo NALISHEBO	Zambia
Rufus N. DARKORTEY	Liberia	Elsiddig Mohamed Elobaid RAHMA	Sudan
Malika DHIF	Morocco	Yandja YENTCHABRE	Togo
Abdulhakim Mohamed ELMISURATI	Libya	Mohamed M. HAMMA KHATTAR	Mauritania
Domenico Giuseppe FANIZZA	Italy	Vacant	
Desiré GUEDON	Gabon	Vacant	
Mette KNUDSEN	Denmark	Vacant	
Adama KONE	Côte d'Ivoire	Pascual NVO MANGUE	Equatorial Guinea
Stéphane MOUSSET	France	Ana SOBRINO	Spain
João Luis NGIMBI	Angola	Eugenio Maria PAULO	Mozambique
Nomfundo Xenia NGWENYA	South Africa	Khotso MOLELEKI	Lesotho
Takaaki NOMOTO	Japan	Mohammed Adhan A. AL SHAMMARI	Saudi Arabia
Chantal Modeste NONAULT	Congo	Vacant	
Jonathan NZAYIKORERA	Rwanda	Maris WANYERA	Uganda
Samson Oyebode OYETUNDE	Nigeria	Maria Das Neves CEITA BATISTA DE SOUSA	Sao Tome E Principe
Edmond Dejon WEGA	Canada	Ayad ALGHARABALLI	Kuwait
Oren Elaine WHYCHE-SHAW	United States of America	Jessica ISAACS	United States of America
Ahmed Mahmoud ZAYED	Egypt	Ali MOHAMED ALI	Djibouti

APPENDIX 5, *continued*

BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT FUND

Chairperson: Akinwumi Ayodeji ADESINA

Executive Directors	
Names	**Country**
Brahim BOUZEBOUDJEN*	Algeria
Niels BREYER	Germany
Rufus N. DARKORTEY*	Liberia
Abdulhakim Mohamed ELMISURATI*	Libya
Domenico Giuseppe FANIZZA	Italy
Desiré GUEDON*	Gabon
Mette KNUDSEN	Denmark
Stéphane MOUSSET	France
Takaaki NOMOTO	Japan
Jonathan NZAYIKORERA*	Rwanda
Samson Oyebode OYETUNDE*	Nigeria
Edmond Dejon WEGA	Canada
Oren Elaine WHYCHE-SHAW	United States of America
Ahmed Mahmoud ZAYED*	Egypt

Alternate Executive Directors	
Names	**Country**
Alfredo Paulo MENDES	Guinea-Bissau
Vacant	
Elsiddig Mohamed Elobaid RAHMA	Sudan
Mohamed M. HAMMA KHATTAR	Mauritania
Vacant	
Vacant	
Vacant	
Ana SOBRINO	Spain
Mohammed Adhan A. AL SHAMMARI	Saudi Arabia
Maris WANYERA	Uganda
Maria Das Neves CEITA BATISTA DE SOUSA	São Tomé E Príncipe
Ayad ALGHARABALLI	Kuwait
Jessica ISAACS	United States of America
Ali MOHAMED ALI	Djibouti

*Representing the African Development Bank.

APPENDIX 6

Principal officers of the Bank Group (as of 31 December 2022)

BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT BANK

Chairperson: Akinwumi Ayodeji ADESINA

	Name
Presidency, Units reporting to the President and to the Boards	
President	Akinwumi Ayodeji ADESINA
Director General, Cabinet Office of the President	Alex MUBIRU
Secretary General, PSEG	Vincent Obisienunwo Orlu NMEHIELLE
Group Chief Risk Officer, PGRF	Ifedayo ORIMOLOYE
General Counsel and Director, PGCL	Souley AMADOU
Auditor General, PAGL	Maurice James GODDARD
Director, Integrity and Anti-corruption	Paula Santos DA COSTA
Director, Compliance Review and Mediation	David James SIMPSON
Evaluator General	Karen ROT-MUNSTERMANN
Senior Presidency	
Senior Vice President	Bajabulile Swazi TSHABALALA
Chief Economist and Vice President, Economic Governance and Knowledge Management	
Chief Economist and Vice President, Economic Governance and Knowledge Management (Acting)	Kevin Chika URAMA
People & Talent Management Complex	
Vice President (Acting)	Jacques EDJANGUE
Technology & Corporate Services Complex	
Vice President (Acting)	Simon MIZRAHI
Finance	
Chief Financial Officer and Vice President	Hassatou DIOP N'SELE
Regional Development, Integration and Business Delivery	
Vice President (Acting)	Marie-Laure AKIN-OLUGBADE Née NDONGO-SEH
Director General, Central Africa	Serge N'GUESSAN
Director General, East Africa	Nnenna NWABUFO
Director General, North Africa	Mohamed EL AZIZI
Director General, Southern Africa	Leila MOKKADEM
Director General, West Africa	Marie-Laure AKIN-OLUGBADE née NDONGO-SEH
Director General, Nigeria Country Department	Lamin Gorgui BARROW
Power, Energy, Climate and Green Growth	
Vice President	Kevin Kanina KARIUKI
Agriculture, Human and Social Development	
Vice President	Beth DUNFORD
Private Sector, Infrastructure and Industrialization	
Vice President	Solomon QUAYNOR

APPENDIX 7

African Development Bank Group organizational structure

APPENDIX 8

Classification of Regional Member Countries

APPENDIX 9

Oversight activities of the Boards' committees in 2022

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

In 2022, the AMBD provided strategic guidance for establishing the Ad Hoc Committee of the Board of Directors on the ADF Governance Framework and creating Workstreams to implement Resolution B/BG/2022/08–F/BG/2022/05, pursuant to which the Boards of Governors adopted the Report of the Ad Hoc Committee of the Boards of Governors on the Review of Certain Governance Instruments. The AMBD also considered reports from various Executive Director consultation missions and Senior Advisers and Advisers study tours, the outcomes of which were expected to be considered in joint sessions of the AMBD and Committee on Operations and Development Effectiveness (CODE) sessions and to provide strategic input into the development of Country Strategy Papers. In addition, the AMBD considered the findings of an internal Review of the Implementation of Streamlining of Approval Procedures for Operations Proposals submitted to the Boards of Directors (2015), and it offered guidance in the form of improvements to consider in the planned revisions of the procedures. Further, under the guidance of the AMBD, the 2022 Boards Retreat was convened under two themes: the Strategic Outlook for the Bank, and Board Effectiveness and Efficiency under the New Normal, prompted by the impact of the COVID-19 pandemic.

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

AUFI reviewed reports of several audits, as well as the draft 2023 Annual Internal Audit Plan, and continued to provide oversight and monitoring of the implementation of audit recommendations. It provided updates on the work progress of the external auditor, the 2022 administrative budget, the 2022 lending program, the Special Operations Unit Portfolio and group risk management reports on capital adequacy, exposure and market risks. It also reviewed and provided inputs into several documents, notably the revised Whistleblowing and Complaint Handling Policy, the Cost Containment Framework, the Review of the Bank's Cost-to-Income Ratio, the Review of the Bank's Sovereign Loan Pricing, the proposed Hybrid Capital for the ADB, the Revision of the Financial Regulations of the ADB, the Revision of the Financial Regulations of the ADF, the LIBOR Transition: Request to Amend Legacy Loans, the Balance Sheet Optimization "Room to Run Sovereign: A Public-Private Capital Recycling Transaction," the Action Plan to Strengthen the Bank's Compliance and Accountability Functions (with CODE) and the proposed Way Forward for the Africa Integrity Fund. In addition, (with CODE) AUFI defined the modalities for the conduct of a Comprehensive and Holistic Review of the Independence of Key Control Functions, as directed by the Boards of Governors. AUFI also endorsed the financial statements of Bank Group entities for the period ending 31 December 2021, as well as the 2023 work programs and budgets of the Office of the Auditor General, the Portfolio Risk Management Function, the Office of Integrity and Anti-Corruption, and the Secretariat to the Sanctions Appeals Board, and recommended their transmission to the Boards for consideration and approval.

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

In 2022, CAHR provided strategic guidance on the internal administration of justice to enhance the rule of law and accountability and on the implementation of a roadmap and action plan for human resource–related initiatives for 2022 and beyond, including the Performance-Based Remuneration for the 2021 Cycle, the Strategic Staffing Framework Paper, the 2022–2026 Strategic Staffing Plan, the Bank's Real Estate Strategic Framework, the Young Professionals Program Policy, and the Proposed Extension of AfDB's Mandatory Retirement Age from 62 to 65.

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

In 2022, CODE reviewed several evaluations, including those related to the Bank Group's Ten-Year Strategy (2013–2022), the Bank Group's Support to Its Regional Member Countries' Response to the COVID-19 Pandemic and the Bank Group's Transition Support Facility. CODE also reviewed other important reports including (jointly with ECAM) the Report on the Implementation Review of the 2012–2021 Disclosure and Access to Information Policy. Jointly with AUFI, it oversaw the development of an Action Plan to Strengthen the Bank's Compliance and Accountability Functions and defined the modalities for the conduct of a Comprehensive and Holistic Review of the Independence of Key Oversight Functions, as directed by the Boards of Governors. It also reviewed and provided significant input into a variety of operational documents, including endorsing 11 Country Strategy Papers (CSPs), 5 CSP Completion Reports and 6 CSP Updates and Extensions, and approving, on a lapse of time basis, 7 CSP Mid-Term-Reviews. And it endorsed the 2022–2024 work program and budget of the Independent Development Evaluation Office (IDEV) and the 2023 work program and budget for the Independent Recourse Mechanism (IRM) and recommended their transmission to the Boards of Directors for consideration and approval. Following the approval by the Board of Directors in July 2021 of the Third Review of the performance of the IRM and its New Operating Rules and Procedures, CODE endorsed the amendments of its terms of reference to clearly spell out and specify its role in relation to IRM.

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

In 2022, ECAM oversaw the convening of the virtual Annual Meetings of the ADB Group and considered options for the conduct of the Governors' Dialogue and the drafting process of the communique. It also provided direction for preparing the Bank Group's 2021 Annual Report. And it reviewed (jointly with CODE) the Report on the Implementation Review of the 2012–2021 Disclosure and Access to Information Policy. ECAM also provided direction for the preparation of the 2022 African Economic Outlook and considered the first draft of the Communications and External Relations Strategy.

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

ECBD enforces the Code of Conduct for Executive Directors, which applies to Executive Directors, the President of the Bank Group, and the Senior Advisers and Advisers of Executive Directors. In 2022, it reviewed a draft Code of Conduct for Board Officials and recommended it to the Boards of Directors for adoption.

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

In 2022, CWHOLE conducted mid-term and end-of-year reviews of the performance reports on the implementation of the budget and the work program. It also reviewed and shaped the strategic orientations for the three-year work program and budget framework paper (2023–2025) for consideration by the Boards of Directors.

Ad Hoc Committee on the ADF Governance Framework toward Increasing Regional Member Countries' (RMC) Voice and Contribution (the "Ad Hoc Committee")

The Ad Hoc Committee, established in 2021 by the Board of Directors of the ADF on the recommendations of the ADF Deputies, held its inaugural meeting on 29 November 2022 to agree on how to carry out its terms of reference. Those terms are to examine and assess all reform options in view of increasing RMCs' voice and contribution that it deems fit to consider; explore measures to improve RMCs' voice and contribution and, for this purpose, carry out consultations with RMCs; prepare a report containing recommendations on concrete measures and decisions to be taken for the reform of the governance structure of the ADF to increase the participation of RMCs; consider the question of sequencing amendments to the Agreement Establishing the ADF called for by any changes to the ADF's governance; and submit by the 2023 Annual Meetings a report to the Board of Directors for its consideration, endorsement, and transmittal to the Board of Governors.

APPENDIX 10

Progress in delivering on the 7th General Capital Increase (GCI-VII) commitments

● Action completed ● Action in progress

	Objective, reform area and action	Initial date	Revised date	Status
	OBJECTIVE 1 | INCREASE STRATEGIC ALIGNMENT AND OPERATIONAL FOCUS			
●	**Selectivity** | Institutionalize greater selectivity and operational focus within the Bank's rules and operational procedures (Action 1) ADF-15	Dec. 2020	Jun. 2021	Completed
●	**Selectivity** | Make selectivity and focus a centerpiece of a future long-term strategy (Action 2) ADF-15	Dec. 2022	Dec. 2022	In progress
●	**Climate change** | Develop a new green growth policy and strategy framework that sets out a clear vision for the future (Actions 3) ADF-15	Dec. 2021	Oct. 2021	Completed
●	**Climate change** | Develop a new climate change and green growth policy and strategy framework that sets out a clear vision for the future (Actions 4) ADF-15	Dec. 2021	Nov. 2021	Completed
●	**Climate change** | Mainstream climate change actions and climate impact (Action 5) ADF-15	Dec. 2025	Dec. 2025	In progress
●	**Gender equality** | Develop a new gender equality strategy and action plan that sets out the Bank's organizational goals for promoting gender equality (Action 6) ADF-15	Dec. 2020	Dec. 2020	Completed
	OBJECTIVE 2 | IMPROVE THE QUALITY AND DEVELOPMENT IMPACT OF OPERATIONS			
●	**Quality** | Fully implement the Quality Assurance Plan to improve the quality and the development impact of sovereign and non-sovereign operations (Action 7) ADF-15.	Dec. 2019	Feb. 2020	Completed
●	**Quality** | Improve the quality, impact, and additionality of non-sovereign operations (Action 8)	Dec. 2020	Feb. 2020	Completed
●	**Safeguards** | Prepare an action plan to strengthen compliance with the Integrated Safeguard System with a view to promoting environmentally sustainable growth (Action 9)	Dec. 2019	Feb. 2020	Completed
	OBJECTIVE 3 | INCREASE POLICY DIALOGUE EFFECTIVENESS			
●	**Governance** | Develop a new strategy to frame and drive the Bank's approach to governance with a view to strengthening the Bank's capacity to engage in policy dialogue (Action 10)	Dec. 2020	Feb. 2021	Completed
●	**Policy reforms** | Develop a systematic approach to identifying and supporting policy reforms (Action 11)	Dec. 2021	Sep. 2020	Completed
●	**Private sector development** | Develop a new strategy to improve the enabling environment for private sector development (Action 12) ADF-15	Dec. 2020	Jan. 2022	Completed
●	**Debt management** | Develop a Bank-wide action plan to better manage and mitigate the risk of debt distress in Africa (Action 13) ADF-15	Dec. 2020	Jul. 2021	Completed
●	**Debt management** | Revise the policy on non-concessional debt accumulation (Action 14) ADF-15	Dec. 2021	Feb. 2022	Completed
	OBJECTIVE 4 | STRENGTHEN THE BANK'S CAPACITY TO DELIVER ON ITS MANDATE			
●	**Right-sizing** | Adopt a "right-sizing" approach to staff allocation that aligns with business requirements to increase the Bank's capacity to deliver (Action 15) ADF-15	Oct. 2019	Dec. 2020	Completed
●	**People strategy** | Finalize the People Strategy to promote a stronger employee value proposition (Action 16) ADF-15	Dec. 2020	Nov. 2020	Completed
●	**Compensation framework** | Conduct a comprehensive review of total compensation (Action 17) ADF-15	Dec. 2020	Sep. 2021	Completed
●	**Staff performance** | Improve systems and processes for managing staff performance (Action 18) ADF-15	Dec. 2020	Dec. 2020	Completed
●	**Accountability** | Develop a plan to strengthen the Bank's oversight, compliance and accountability functions (Action 19) ADF-15	Dec. 2019	Jul. 2022	Completed
●	**Anti-corruption** | Prepare annual updates on actions in response to completed investigations (Action 20)	Dec. 2020	May 2021	Completed
	OBJECTIVE 5 | INCREASE EFFICIENCY BY FINE-TUNING THE BANK'S ORGANIZATIONAL STRUCTURE			
●	**Fine-tuning** | Fine-tune and improve the Bank's organizational structure to enhance organizational efficiency (Action 21)	Dec. 2019	Dec. 2021	Completed
●	**One Bank** | Institutionalize the organizational arrangements that guide and underpin the matrix delivery model (Action 22)	Oct. 2019	Jul. 2021	Completed

continued

APPENDIX 10, *continued*

	Objective, reform area and action	Initial date	Revised date	Status
	OBJECTIVE 6 | IMPROVE THE BANK'S LONG-TERM FINANCIAL SUSTAINABILITY			
●	**Financial sustainability** | Revise the Bank's income model to enhance the long-term financial sustainability of the Bank's partially sustainable financial framework (Action 23)	Dec. 2020	Dec. 2020	Completed
●	**Net income** | Review principles for the allocation of net income (Action 24)	Dec. 2019	Dec. 2020	Completed
●	**Liquidity and debt ratios** | Review the Bank's financial and risk policies to ensure adequacy with the regulatory environment and rating agencies' standards (Action 25)	Dec. 2020	Nov. 2021	Completed
●	**Prudential ratios** | Review prudential ratios and financial indicators (Action 26)	Dec. 2020	Dec. 2020	Completed
●	**Budgetary procedures** | Review and enhance the Bank's budgetary procedures (Action 27) ADF-15	Dec. 2019	Dec. 2020	Completed
●	**Cost sharing** | Review the cost-sharing formula of the Bank Group (Action 28) ADF-15	Dec. 2019	Dec. 2020	Completed
●	**Cost-to-income ratio** | Review the Bank's cost-to-income ratio, sovereign loan pricing review and cost containment framework (Action 29) ADF-15	Dec. 2019	Jul. 2022	Completed
●	**Costing of new initiatives** | Develop tools to cost new initiatives (Action 30)	Dec. 2019	Dec. 2020	Completed
●	**Budget coefficients** | Introduce budget coefficients to use administrative resources more efficiently (Action 31) ADF-15	Dec. 2020	Dec. 2020	Completed
	OBJECTIVE 7 | ADB/ADF SYNERGIES: INCREASE ADB RELEVANCE IN ADF COUNTRIES			
●	**ADB/ADF synergies** | Optimize lending to strengthen ADB/ADF synergies in Non-sovereign Operations (Action 32) ADF-15	Dec. 2032	2020–2032	In progress
●	**ADB/ADF synergies** | Optimize lending to strengthen ADB/ADF synergies in graduation (Action 33) ADF-15	Dec. 2032	2020–2032	In progress
●	**ADB/ADF synergies** | Optimize lending to strengthen ADB/ADF synergies in regional integration (Action 34) ADF-15	Dec. 2032	2020–2032	In progress

ADB = African Development Bank; ADF = African Development Fund.

APPENDIX 11

Progress in delivering on ADF-15 commitments

The theme of ADF-15 was the creation of an enabling environment for inclusive and sustainable growth and transformation, decent jobs, and greater resilience. ADF-15 focused on two strategic pillars: developing quality and sustainable infrastructure that provides impetus for job-creating private sector investments and that promotes sustainable development; and building human, governance, and institutional capacity development to enable people to participate in and benefit from job creation opportunities for inclusive growth. The two pillars are viewed through the lens of fragility and resilience and are anchored in the crosscutting themes of gender, climate change, governance, and private sector development to foster inclusive growth and strengthen resilience.

To respond to the impacts of the COVID-19 pandemic on ADF economies, the 2020 lending program was amended through the COVID-19 Response Facility operations. Even as staff adjusted to new ways of working, the COVID-19 Response Facility was operationalized with impressive speed over a period of six months between 3 July and 17 December 2020. The 2020 lending program was repurposed and 13 Crisis Response Budget Support operations covering 25 ADF countries for a total of USD 1,234 million were approved. Over 61 percent of ADF resources for Crisis Response Budget Support are in the form of grants, and the balance is in loans.

At the end of the ADF-15 negotiations, Management and ADF Deputies agreed on 92 commitments to be delivered over the cycle. As of December 2022, 90 policy commitments have been delivered, representing a completion rate of 98 percent. The 2 remaining commitments are expected to be delivered by the end of the ADF-15 cycle in 2023.

APPENDIX 12

Disclosure in Relation to G20 Independent Review of MDBs' Capital Adequacy Frameworks

Disclosure Statement:

The Independent Review of Multilateral Development Banks' (MDBs') Capital Adequacy Frameworks is a report commissioned by the G20's International Financing Architecture (IFA) Working Group (WG) to respond to calls to scale up MDB financing. The reforms proposed in the report aim to make MDB capital adequacy policies fit to face global challenges and make the best use of shareholder capital to achieve development goals.

The report recommends strategic shifts in five areas, to maximize the impact of MDB capital: (1) Redefine the Approach to Risk Appetite; (2) Incorporate Uplift from Callable Capital in Capital Adequacy Frameworks (CAF); (3) Implement Innovations; (4) Improve Credit Rating Agency Assessment; and (5) Improve the Enabling Environment for Capital Adequacy Governance.

Out of the seventeen (17) recommendations proposed by the committee, nine (9) are under the sole control of MDBs, four (4) require MDBs to work together, two (2) are under the purview of shareholders, one is under the purview of highly rated central banks, and the final one is under the purview of credit rating agencies.

The Africa Development Bank has examined the recommendations of the G20 and is taking appropriate steps to implement those that are relevant to the Bank. The Bank has either implemented or is well advanced in the implementation of six (6) of the nine (9) recommendations made by the G20 IFA which are under the purview of MDBs.

Specifically, in relation to these six recommendations:

(i) Our risk appetite is based on our internal metrics and models;

(ii) Our risk management frameworks already account for Preferred Creditor Treatment and have also benefitted from enhancements following a full review by Moody's Analytics in 2020;

(iii) Our Board of Directors approved the issuance of hybrid capital in July 2022;

(iv) Several risk transfers transactions have been executed with the private sector since 2018;

(v) Sovereign risk transfer transactions have been done with other peer MDBs (first Exposure Exchange Agreement executed in 2015) and also with the private sector, specifically in 2022 with the United Kingdoms Foreign and Commonwealth Development office (UK FCDO) and private insurance companies; and finally

(vi) Temporary callable capital has been used as an instrument by the Bank since 2010.

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