As Africa’s premier finance institution, the AfDB provides investments, technical knowledge and policy advocacy to transform lives and livelihoods across the continent and help African countries achieve their development goals. At the end of 2014 our portfolio of operations was valued at more than $31.7 billion.

Our Bank Strategy (2013–22) sets out five core priorities, which provide the structure for this chapter: infrastructure, regional integration, private sector development, skills and technology, and governance and accountability. We also provide an account of our work on cross-cutting policy objectives: strengthening food security, promoting gender equality and reducing conflict and fragility.

In this section, we report on progress against 39 indicators at Level 2 of the One Bank Results Measurement Framework, showing results in the period 2012–14. We use a traffic light system to indicate whether we reached or fell short of our targets. We also set out some of our plans and targets for the next three years.

The Bank and innovation
Under our Bank Strategy (2013–22), the AfDB aims to help Africa achieve inclusive growth and make a gradual transition towards a green development path. These ambitions cannot be achieved without a profound transformation in African economies. Such a transformation will require innovation at many levels and from many different sources across society — from firms, civil society organisations, communities and households. While governments can also innovate, through their policy choices and design of organisations and public services, their primary role is to create an environment in which innovation can take place.

This is also true of the AfDB. We help to put in place the conditions that enable Africans to come up with innovative solutions to their livelihood and development challenges. We invest in the infrastructure solutions that enable the adoption of new technologies and help to connect African firms to each other and to the rest of the world. We promote a sound policy environment and a business climate that fosters investment in innovation. We invest in building the capacity of Africans, through improved health outcomes, better education and more access to finance and opportunities. And in addition to creating the environment for others to innovate, we are always looking for opportunities to support innovative solutions in the public and private sectors.

Yet more is needed to achieve the transformation required to make major inroads into poverty reduction. Our first Human Capacity Strategy (2014–18) identifies the skill levels in the African workforce as a critical constraint to transformation. Under this Strategy, we will intensify our efforts to build skills that foster creativity, innovation and entrepreneurship, especially those of young people and women.

We will help to equip the next generation of Africans to take up job opportunities in manufacturing and business and to turn farming or low-productivity work in the informal sector into real livelihood opportunities (see Box 2.1). This will require a major investment in vocational training capacity, as well as high-impact investments in education, science and technology.

In this chapter, under each of the five operational priorities of our Bank Strategy (2013–22) and the three areas of special emphasis, we present our approach, our operations, our results in recent years and our plans for the coming period.

Infrastructure development
The AfDB has a major portfolio of infrastructure operations, with $22 billion invested in transport, energy, water and sanitation, and telecommunications projects across the continent at end-2014. This section describes our infrastructure work and its results.

Transport
In recent years, we have given high priority to investing in transport operations, helping to build the backbone infrastructure network
This table presents the contribution the Bank is making to development through its operations in Africa. The Bank’s performance is measured by comparing expected and actual achievements for all operations that have been completed:

- Bank operations achieved 95% or more of their targets
- Bank operations achieved less than 60% of their targets
- Bank operations achieved 60-94% of their targets
- Data are not available to measure progress

### Table 2: How AfDB contributes to Africa’s development (Level 2)

This table presents the contribution the Bank is making to development through its operations in Africa. The Bank’s performance is measured by comparing expected and actual achievements for all operations that have been completed:

- Bank operations achieved 95% or more of their targets
- Bank operations achieved less than 60% of their targets
- Bank operations achieved 60-94% of their targets
- Data are not available to measure progress

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INFRASTRUCTURE DEVELOPMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport — Roads constructed, rehabilitated or maintained (km)</td>
<td>6184</td>
<td>5126</td>
<td>83%</td>
<td>21 529</td>
</tr>
<tr>
<td>Transport — Staff trained/recruited for road maintenance</td>
<td>9142</td>
<td>9376</td>
<td>103%</td>
<td>26 814</td>
</tr>
<tr>
<td>Transport — People educated in road safety, etc</td>
<td>663 240</td>
<td>859 400</td>
<td>130%</td>
<td>1 505 762</td>
</tr>
<tr>
<td>Transport — People with improved access to transport — of which women</td>
<td>19 510 540</td>
<td>19 350 390</td>
<td>99%</td>
<td>43 593 280</td>
</tr>
<tr>
<td>Energy — Power capacity installed (MW)</td>
<td>1334</td>
<td>1334</td>
<td>100%</td>
<td>3730</td>
</tr>
<tr>
<td>Energy — Staff trained/recruited in the maintenance of energy facilities</td>
<td>142</td>
<td>142</td>
<td>100%</td>
<td>1849</td>
</tr>
<tr>
<td>Energy — People with new or improved electricity connections — of which women</td>
<td>9 669 470</td>
<td>10 869 730</td>
<td>112%</td>
<td>22 087 750</td>
</tr>
<tr>
<td>Energy — CO2 emissions reduced (tons per year)</td>
<td>635 030</td>
<td>706 700</td>
<td>111%</td>
<td>6 208 740</td>
</tr>
<tr>
<td>Water — Drinking water capacity created (m3/day)</td>
<td>76 890</td>
<td>58 940</td>
<td>77%</td>
<td>1 213 460</td>
</tr>
<tr>
<td>Water — Workers trained in maintenance of water facilities</td>
<td>5391</td>
<td>5234</td>
<td>97%</td>
<td>88 121</td>
</tr>
<tr>
<td>Water — People with new or improved access to water and sanitation — of which women</td>
<td>4 010 340</td>
<td>4 234 650</td>
<td>106%</td>
<td>41 036 130</td>
</tr>
<tr>
<td>ICT — People benefiting from improved access to basic ICT services</td>
<td>602 780</td>
<td>602 780</td>
<td>100%</td>
<td>4 616 960</td>
</tr>
<tr>
<td>REGIONAL INTEGRATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport — Cross-border roads constructed or rehabilitated (km)</td>
<td>695</td>
<td>680</td>
<td>98%</td>
<td>5279</td>
</tr>
<tr>
<td>Energy — Cross-border transmission lines constructed or rehabilitated (km)</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>1215</td>
</tr>
<tr>
<td>PRIVATE SECTOR DEVELOPMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government revenue from investee projects and subprojects (US$ million)</td>
<td>1095</td>
<td>1680</td>
<td>153%</td>
<td>1085</td>
</tr>
<tr>
<td>SME effect (turnover from investments) (US$ million)</td>
<td>345</td>
<td>386</td>
<td>112%</td>
<td>1392</td>
</tr>
<tr>
<td>Microcredits granted (number)</td>
<td>20 198</td>
<td>17 958</td>
<td>89%</td>
<td>50 607</td>
</tr>
<tr>
<td>Microfinance clients trained in business management</td>
<td>312</td>
<td>311</td>
<td>100%</td>
<td>35 130</td>
</tr>
<tr>
<td>Jobs created — of which jobs for women</td>
<td>1 260 950</td>
<td>1 239 670</td>
<td>98%</td>
<td>1 194 740</td>
</tr>
<tr>
<td>People benefiting from investee projects and microfinance — of which women</td>
<td>2 903 380</td>
<td>2 989 180</td>
<td>103%</td>
<td>3 801 340</td>
</tr>
<tr>
<td>Agriculture — Land with improved water management (ha)</td>
<td>76 644</td>
<td>53 004</td>
<td>69%</td>
<td>181 770</td>
</tr>
<tr>
<td>Agriculture — Land whose use has been improved: replanted, reforested (ha)</td>
<td>452 090</td>
<td>441 270</td>
<td>98%</td>
<td>393 050</td>
</tr>
<tr>
<td>Agriculture — Rural population using improved technology</td>
<td>1 188 680</td>
<td>2 305 670</td>
<td>194%</td>
<td>1 306 330</td>
</tr>
<tr>
<td>Agriculture — People benefiting from improvements in agriculture — of which women</td>
<td>9 762 940</td>
<td>9 696 310</td>
<td>99%</td>
<td>41 726 070</td>
</tr>
<tr>
<td>SKILLS AND TECHNOLOGY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People benefiting from vocational training — of which women</td>
<td>8695</td>
<td>5435</td>
<td>63%</td>
<td>78 747</td>
</tr>
<tr>
<td>Classrooms and educational support facilities constructed</td>
<td>1871</td>
<td>1478</td>
<td>79%</td>
<td>1025</td>
</tr>
<tr>
<td>Teachers and other educational staff recruited/trained</td>
<td>40 390</td>
<td>33 747</td>
<td>84%</td>
<td>22 661</td>
</tr>
<tr>
<td>People benefiting from better access to education — of which female</td>
<td>2 196 600</td>
<td>2 159 210</td>
<td>98%</td>
<td>1 116 690</td>
</tr>
<tr>
<td>Primary, secondary and tertiary health centres constructed/equipped</td>
<td>807</td>
<td>755</td>
<td>94%</td>
<td>260</td>
</tr>
<tr>
<td>Health workers trained</td>
<td>13 879</td>
<td>14 661</td>
<td>106%</td>
<td>30 417</td>
</tr>
</tbody>
</table>
connections on which innovation and development depend. Farmers and entrepreneurs need improved access to inputs and markets and lower transport costs to reach larger markets and be competitive, and to develop new products, linked into wider value chains, that provide greater returns. Improved road connections not only help firms, traders and farmers, but also help communities to access services.

Over the past three years, we have committed $2.7 billion in new transport projects. Traditionally, the Bank has focused on financing new road construction and the rehabilitation of existing roads, both major trunk roads and the rural network. Since 2012, we have delivered 5126 km of roads that were constructed, rehabilitated or maintained, which was 83% of our target, and we enabled 859 400 people to be educated in road safety. In addition, 9376 staff were trained or recruited for road maintenance. Overall, we provided 19.3 million people with improved access to transport. During 2015–17, through our active projects, we expect to more than double the number of beneficiaries from road projects, to 43.6 million people.

Our support to rural roads in Ethiopia demonstrates how better transport services can improve the lives of communities. The 175 km road connecting the towns of Wacha and Maji serves a mountainous region and has reduced transport costs by a factor of 20, enabling higher returns to maize and fruit farmers as well as tripling the returns from coffee, Ethiopia’s main export. Greater access to fertiliser and other inputs has raised agricultural productivity: for example, the amount of unprocessed coffee sold has increased from 138 tons in 2007 to 370 tons in 2011. New markets have been established in villages, prompting greater economic activity and reducing the migration of young people to larger towns. There has also been

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>People with access to better health services</td>
<td>55 326 350</td>
<td>12 930 390</td>
</tr>
<tr>
<td>— of which female</td>
<td>48 557 860</td>
<td>6 992 410</td>
</tr>
<tr>
<td>GOVERNANCE AND ACCOUNTABILITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Countries with improved quality of budgetary and financial management</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Countries with improved quality of public administration</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Countries with improved transparency, accountability and corruption mitigation in the public sector</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Countries with improved procurement systems</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Countries with improved competitive environment</td>
<td>13</td>
<td>7</td>
</tr>
</tbody>
</table>

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

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

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

Note: UA figures from material converted at 1 UA = $1.53.

Source: African Development Bank

Box 2.1 One billion people, one billion opportunities: The Bank’s first Human Capital Strategy

To take forward the Bank Strategy (2013–22), the AfDB’s new Human Capital Strategy 2014–18 sets out how the Bank will help raise the skills and capacities of people across the continent. The vision is to harness the potential of Africa’s one billion people so that they are equipped for high-quality jobs that contribute towards inclusive growth and reduced poverty.

When investing in human capital, the Bank focuses in particularly on the needs of young people and women, to help them to move out of low-pay, low-productivity activities in the informal sector and take up employment and business opportunities. Through the Bank’s support, they will gain a wide range of skills, with a particular focus on science and technology. They will become more effective users of new technologies, helping them to drive the innovations in business needed to increase competitiveness and create more jobs.
Box 2.2  Presidential Award for excellence — for connecting people and cities in the Democratic Republic of Congo

Roads can transform the economic opportunities for rural communities. In DRC, the Bank rehabilitated 310 km of national and feeder roads, providing a wide range of benefits to the people of Kenge and Kikwit provinces. Travel times were reduced from 3 days to 4 hours and transport costs fell by 50%, promoting trade and production. The output of corn increased threefold, and the production of cassava, squash and rice expanded by 48%, 35% and 15%, respectively. The increase in agricultural trade has boosted local incomes and provided food for other parts of the country, with sales in Kinshasa increasing by 85%. Food security has improved, and the cost of nutritious foods, such as fish and fresh fruits and vegetables, has come down. Increased traffic on the road has increased the range of goods available in local markets and allowed more movement of people, creating jobs in hotels, travel agencies, fuel stations and other services.

In DRC, our award-winning road project in Kenge and Kikwit reduced travel time from 3 days to 4 hours, increasing agricultural trade

Box 2.3  The Africa50 Fund: delivering vital infrastructure

It has been estimated that it will take more than $60 billion a year over the next 25 years to overcome Africa’s energy deficit. In 2012, in a Declaration on the Program for Infrastructure Development in Africa (PIDA), the African Heads of State called for innovative financial solutions to meet this gap. In response, the AfDB created the Africa50 Fund to mobilise finance on a large scale and unlock international private finance to invest in African infrastructure.

Drawing on lessons from previous large investments, the Africa50 Fund’s remit is to ensure a dramatic increase in bankable projects. Currently, major investments take seven years from the initial project idea to financial closure. The Africa50 Fund’s ambition is to reduce this to three years by providing substantially increased funding up front for project development activities. The fund develops innovative partnerships with nontraditional funders, and it uses a wider range of financial instruments and risk mitigation measures.

By accelerating the speed of infrastructure delivery in Africa, the Africa50 Fund will create a new platform for Africa’s growth.

accelerated larger-scale investment to develop the rich agricultural land and create jobs. Similarly, in the Democratic Republic of Congo (DRC), the rehabilitation of national and feeder roads has led to important benefits (see Box 2.2).

In addition to giving attention to roads, the AfDB is now responding to the changing context of globalisation, climate change and rapid urbanisation by diversifying into urban mobility and other transport services — air, rail and ports. We are supporting design work for expanded container capacity at the Walvis Bay port in Namibia. We are beginning to support infrastructure solutions for Africa’s expanding cities, where we finance modernised urban management systems. In 2014 an independent evaluation of our assistance to the transport sector recommended that the Bank improve the sustainability of transport projects through more engagement in the maintenance stages of projects. We will address this issue of sustainability monitoring at the sector level, as our projects are increasingly part of program-based approaches.

Energy

The Bank has continued to invest in the energy sector to expand access to affordable electricity, which opens up new opportunities for firms and businesses and transforms the lives of individuals.

We have contributed to the improvement of the energy sector and its transition towards greater social, economic and environmental sustainability. We have set up a new global partnership platform—the Africa50 Fund—to help address Africa’s energy and wider infrastructure capacity gaps (See Box2.3).

We have delivered well against our targets. In 2012–14, we helped install 1334 MW of new power generating capacity, of which 142 MW was renewable energy. Our investments enabled over 10.8 million people to have new or improved electricity connections and also achieved a reduction of 706 700 tonnes per year in carbon dioxide emissions.

One of our flagship projects was the Tunisia Electricity Project, which helped expand the capacity of the country’s power distribution system. A steady increase in Tunisia’s living standards through the early 2000s had generated an annual 12% increase in the demand for electricity, saturating parts of the distribution network and reducing the quality of the service. We supported the installation and rehabilitation of more than 4800 km of transmission and distribution lines and nearly 1700 substations and transformers, along with 202 MW of additional capacity. As a result, over half a million people benefited from more reliable and affordable electricity.

We also financed a major thermal power plant at Abu Qir in Egypt, expanding national generation capacity by 4% to help meet the expected increase in demand from business and individual households. The facility was a combined cycle steam power plant connected to the national grid. The project created 3600 jobs during the construction phase and built technical capacity in the Egyptian Electricity Holding Company and the West Delta Electricity Production Company.
In addition to public sector project investment, we invest in sector-level support — as in Tanzania, Angola and Comoros — which is not only essential for the concerned utility but also contributes to the sound sector policies and legal frameworks that are key to attracting private sector finance.

**We helped bring Kenya’s electricity generation capacity up to 5000 MW by financing sub-Saharan Africa’s largest single wind power project, in Lake Turkana**

Under our 2012 Energy Policy, we focused on helping African countries increase access to modern electricity, promote energy efficiency and use more renewable energy. This is reflected both in project work and support for crucial initiatives. For instance, we host the Sustainable Energy for All (SE4ALL) Africa Hub, which is supporting country-level work in the context of the United Nations-led SE4ALL Initiative in Africa.

The achievement of our energy goals is closely tied to innovation. As more investment around the world goes into supporting a transition to green growth, energy technologies are developing rapidly. Energy grids are increasingly supplemented by off-grid and micro-grid solutions to reach people in more remote areas. Smaller-scale technologies such as wind and solar power involve high start-up costs but are cost-effective over the longer term and environmentally friendly.

Overall, our energy policy plans that around half of the necessary expansion in energy generation in Africa could come from renewable technologies, especially hydropower. This is why our work to help governments with the transition to green growth has a major focus on developing hydropower and other innovative clean energy solutions.

For example, we helped develop the financing of sub-Saharan Africa’s largest single wind power project, in Lake Turkana, Kenya. Cofinanced with commercial banks and other development banks, this project will help to bring Kenya’s electricity generation capacity up to 5000 MW. Besides playing a central role in the financing of the independent power producer, we also provided a partial risk guarantee to help protect investors against the risk of governments’ failing to deliver the 428 km transmission line and the substations needed to connect the plant to the national grid.

**Water and sanitation**

Access to clean water and improved sanitation facilities transforms the health of communities, especially when combined with public health education. Improved access to water also transforms the lives of rural women and children, who often spend many hours each day collecting water and whose welfare is most negatively affected by poor access.

We have financed investments in water and sanitation infrastructure across Africa, improving health, promoting socioeconomic development, and reducing waterborne and hygiene-related diseases. The Bank’s current investments in water and sanitation across 37 countries amount to $3 billion. Our Rural Drinking Water Supply and Sanitation Initiative in Senegal, for example, made an important impact on the lives of rural communities. The participatory approach used in preparing the project helped to ensure its success (see Box 2.4).

**Box 2.4 Improving socioeconomic conditions in rural Senegal**

The AfDB helped reduce poverty and improve health in 240 rural localities in three regions in Senegal (Louga, Ziguinchor and Kolda) by providing access to cleaner water and better sanitation facilities. We designed the project in a participatory way, working with government ministries, development partners and local communities. We helped to establish users’ associations to build community ownership, and cost recovery mechanisms to promote sustainability. Women played a key role throughout the project, including in social marketing and in hygiene and sanitation promotion.

This $44 million project provided 290,000 people with access to drinking water by rehabilitating boreholes and restoring damaged or obsolete water pumps. Some 160,000 people now have individual sanitation facilities, and 42,200 can access public toilet facilities. By collaborating closely with the UNDP’s Millennium Villages Project, the project achieved remarkable access rates.

In urban areas, we have constructed piped water systems, trained technicians, and built institutional capacity to manage water facilities, improve revenue collection, and contribute to enhanced utility performance. In Ethiopia, for example, our investment in piped water systems in the city of Harar, a World Heritage Site, and four nearby towns addressed the problem of inadequate supply and poor water quality, which had held back public health and economic development in that region. In Zambia, we delivered clean water and improved sanitation services to 300,000 people in eight urban centres by rehabilitating two water treatment plants, constructing five storage reservoirs, installing water kiosks in peri-urban areas to meet the needs of especially the urban poor and building the capacity of the water utility.

Overall, our projects created 58,940 m³ of **drinking water capacity**. We trained 5,234 **workers in maintenance of water facilities**, and more than 4.2 million **people benefitted from improved access to water and sanitation**.

The Bank has played a leading role in Africa in promoting special initiatives on water and sanitation. We have succeeded in leveraging additional resources, promoting good practice and developing innovative solutions. To leverage resources and draw on strategic partnerships, we host the Rural Water Supply and Sanitation Initiative...
related to diseases such as HIV/AIDS, malaria and other waterborne 
the cost of health evacuation and increased awareness of the risks 
markets also facilitated increases in agricultural income; reduced 
The improved conditions of transport to internal and external 
100 km, further reducing cost and travel time.

the number of road control points was reduced from 5 to 2.8 every 
in 2011 when the road was first opened to service; in addition, 
The programme increased the road traffic from 1% in 2006 to 47% 
project built one common border control post and related works.

More than 4 million people 
benefitted from new or improved 
access to water and sanitation 
through our support

Finally, we increasingly focus on the impact of climate change on water resources and the management of trans-boundary water resources, with the aim of becoming the leading centre of expertise and finance on water security in Africa.

Regional integration
Promoting regional economic integration remains a key objective for the Bank, in line with the priorities of the African Union and New Partnership on Africa’s Development (NEPAD). We are Africa’s main financier of regional projects, and the majority of our regional lending is used to expand transport and energy infrastructure. We also provide assistance to “soft infrastructure” projects dealing with regulatory issues and capacity building, and we support regional initiatives to promote the financial sector and private sector development.

Our new Strategy for Regional Integration (2014-23) aims to build larger markets, link landlocked countries to international markets and support intra-African trade. The Strategy has two mutually reinforcing pillars: the development of regional infrastructure and the enhancement of industrialisation and trade. To achieve these goals, we need to improve regional and country mechanisms and build institutional capacity. Our regional integration work is enhanced by mainstreaming into our regional programmes other priorities such as reducing conflict and fragility, supporting small and micro enterprises, and promoting the needs of women, youth and the environment.

Regional infrastructure is critical to enabling businesses to access new markets and achieve the lower costs of production and transport needed for competitiveness in regional and global markets. This in turn triggers the cycle of investment and innovation that leads to more rapid industrialisation, resulting in higher returns and more employment creation.

We have a strong record of developing regional transport links and institutional reforms such as one-stop border crossings, which reduce the time and cost of transporting goods across borders. The rehabilitation of the Conakry-Dakar corridor, with feeder roads to reach more remote areas, has produced some dramatic results: the travel time between Dakar and Conakry has fallen from 6 days in 2005 to 2.5 days in 2013. Box 2.5 explains how the Dori-Tera Road project in Burkina Faso and Niger has transformed the lives of many people living on or near the road. Overall, as a result of our projects, 680 km of cross-border roads were constructed or rehabilitated, in line with our target.

We have recently approved a number of new regional road projects with innovative design features. We are upgrading 276 km of road across three fragile states, Guinea, Côte d’Ivoire and Liberia. In response to the Ebola crisis, the project design was adapted to include health screening services at the one-stop border posts. In Cameroon, we are developing nearly 600 km of the major north-south trade route, as well as a network of feeder roads. We have built gender concerns into the project design to maximise benefits to both women and men. The project will also produce a methodological guide on gender mainstreaming in the road sector.

Whilst no cross-border power transmission lines were completed during this period, 1,837 km will be constructed or rehabilitated over the next two years through operations now under way. In particular, a major power transmission line will be constructed in Kenya and Tanzania, enabling trade in electricity across East Africa and leading to improved reliability and affordability of electricity service. The line will connect the regional power pools of Eastern and Southern Africa, opening up trade in energy across the continent and creating greater competitiveness, increased private sector investment in energy generation, and cheaper

Box 2.5 Diversification of sea access in West Africa
The Dori-Tera Road rehabilitation and transport facilitation programme on the Ouagadougou-Niamey corridor aimed at promoting trade in integration corridors in West Africa by reducing the costs of cross-border transport.
In addition to 91 km of road rehabilitated between Burkina Faso and Niger, the project built one common border control post and related works. The programme increased the road traffic from 1% in 2006 to 47% in 2011 when the road was first opened to service; in addition, the number of road control points was reduced from 5 to 2.8 every 100 km, further reducing cost and travel time.
The improved conditions of transport to internal and external markets also facilitated increases in agricultural income; reduced the cost of health evacuation and increased awareness of the risks related to diseases such as HIV/AIDS, malaria and other waterborne diseases; and provided easier access to health centres and schools.

We have a strong record of developing regional transport links and institutional reforms such as one-stop border crossings, which reduce the time and cost of transporting goods across borders. The rehabilitation of the Conakry-Dakar corridor, with feeder roads to reach more remote areas, has produced some dramatic results: the travel time between Dakar and Conakry has fallen from 6 days in 2005 to 2.5 days in 2013. Box 2.5 explains how the Dori-Tera Road project in Burkina Faso and Niger has transformed the lives of many people living on or near the road. Overall, as a result of our projects, 680 km of cross-border roads were constructed or rehabilitated, in line with our target.

The Dori-Tera Road rehabilitation and transport facilitation programme on the Ouagadougou-Niamey corridor aimed at promoting trade in integration corridors in West Africa by reducing the costs of cross-border transport.
In addition to 91 km of road rehabilitated between Burkina Faso and Niger, the project built one common border control post and related works. The programme increased the road traffic from 1% in 2006 to 47% in 2011 when the road was first opened to service; in addition, the number of road control points was reduced from 5 to 2.8 every 100 km, further reducing cost and travel time.
The improved conditions of transport to internal and external markets also facilitated increases in agricultural income; reduced the cost of health evacuation and increased awareness of the risks related to diseases such as HIV/AIDS, malaria and other waterborne diseases; and provided easier access to health centres and schools.
and more reliable energy for households and business. In addition, energy trade will enable Kenya to make use of greener energy.

We are financing a 500 km transmission line between Kenya and Tanzania, connecting the Eastern and Southern Africa regional power pools

Evaluations of three of our regional programmes in the eastern, western and southern regions generated lessons that were incorporated into our new Regional Strategy. A key message is the critical importance of soft infrastructure and capacity building. As a result, we are strengthening capacity in the NEPAD Planning and Coordination Agency and developing a suite of useful tools, such as sets of indicators for measuring progress on regional integration. In partnership with Canada, we have established an African Trade Fund to build capacity on trade. We also help the regional economic communities provide direct support to regional member countries to deliver the actions needed for regional integration—for example, by engaging with private sector associations and other regional bodies and using tools such as scorecards.

We aim to promote greater coherence between regional and national projects, fully reflecting regional projects in Country Strategy Papers and taking a more integrated approach to managing operations at national level. We also believe that closer collaboration with other African regional institutions, multilateral development banks and development partners will be very important for delivering regional integration.

Being innovative in promoting regional integration depends upon sound knowledge management. We need to be able draw on the lessons from our wide range of economic and sector analyses and from external research and development to identify innovative and cost-effective solutions. For example, we funded a review of options for integrating the electricity grids of the Economic Community of Central African States (ECCAS) and the design of feasible alternatives. Three of the five proposals identified are now in the pipeline for Bank funding.

Regional integration can play a key role in consolidating understanding and cooperation between countries. Some of our regional initiatives contain an explicit focus on promoting peace and security. One example is our support for the International Conference in the Great Lakes Region, a mechanism for regional peace, security, stability and development in the core countries of Africa’s Great Lakes region. Our support has also included organising round tables and hosting and managing the Special Fund for Reconstruction and Development.

Private sector development

The Bank’s vision for development in Africa sees the private sector in the driving seat. Developing the private sector, from micro and small enterprises to large-scale businesses, is essential to achieving inclusive growth and reducing poverty across Africa. It is the private sector that will lead on the innovations required to transform African economies. Therefore, many of our projects contribute to creating and promoting a sound climate for business and investment and equipping people with the skills to participate in the private sector. These interventions are intended to help Africa’s private sector to grow and flourish, providing an environment for greater risk-taking and innovation.

Our Private Sector Strategy (2013–17) focuses on improving Africa’s investment and business climate, expanding access to infrastructure and promoting enterprise development. Barriers to doing business range from difficulties in setting up and growing businesses to trying to operate within weak legal and regulatory frameworks. To create an enabling environment for business, we help African countries modernise their regulations and institutions and make their tax systems more efficient. In Mozambique, for example, we financed a one-stop shop to make it easier for new businesses to register. We also delivered a simplified electronic customs system at a one-stop border post on the South African border.

However, lack of access to finance remains a major constraint for private sector development. In sub-Saharan Africa, financial infrastructure and capital markets are still relatively undeveloped, and the lack of access to credit, especially long-term finance for micro, small and medium-sized enterprises, is a major barrier to progress. Moreover, uncertainties over property rights and a lack of collateral hinder access to finance, especially for women and young people.

The new Henri Konan Bédié bridge in Abidjan will reduce congestion and save 90 000 tons of CO₂ emissions per year

In response, we have helped to promote the market in microfinance, combining it with training in entrepreneurial and business skills, to give poor people opportunities to increase their incomes. Over 2012–14, we granted 17 958 microcredits and trained 311 clients in business management. For example, we promoted financial inclusion in Guinea Conakry through a microfinance scheme that has facilitated the establishment of 400 community-based micro-businesses. In Mauritania, microfinance has been combined with training and capacity building for both microfinance institutions and the Central Bank, leading to a healthier and better managed microfinance sector that is contributing to enterprise development and increased rural incomes.

Overall, our support to enterprises has created more than 1.2 million jobs, of which 338 040 were for women. Our projects resulted in 2.9 million people benefiting from investee projects and microfinance, including 1.4 million women.

For more established businesses, through our private sector window we provide direct lending for projects that modernise production facilities or that promote diversification, the uptake of new technologies, and greater innovation — particularly projects that have the potential for wider development impact. A current example...
of direct lending is our construction of a 60-bed, state-of-the-art medical facility in Gambia, with outreach services and a training centre for local and regional health workers.

We also leverage private investment funds through public-private partnerships, usually for the purpose of financing infrastructure. Our finance reduces risks to other investors and so attracts private sector investment. We have just completed a major bridge financed by a public-private partnership in the economic capital of Côte d’Ivoire, Abidjan; the bridge has made an important contribution to easing the costs of doing business in a rapidly growing megacity (see Box 2.6).

**Skills and technology**

The AfDB invests considerably in skills and technology, which we see as fundamental to creating dynamic and innovative economies. In addition, we promote the use of emerging technologies to deliver services and improve governance. We help farmers improve their production or move into agribusiness, and we help entrepreneurs establish and expand their businesses, using technology to increase their competitiveness and link to global value chains. By supporting improvements in education and vocational skills training, we are accelerating our efforts to build the technical and vocational skills of young Africans, so as to equip them for gainful employment or successful entrepreneurship. Developing the potential of young Africans is critical to Africa’s transformation. It is also a challenge of increasing urgency, as youth unemployment is one of Africa’s most pressing social issues.

Over the past two years, our projects resulted in 5435 ● **people benefiting from vocational training**, which was 60% of our target. Through our work in education, science and technology, we constructed 1478 ● **classrooms and educational support facilities**, and we recruited or trained 33 747 ● **teachers and other educational staff**. Overall, more than 2.1 million ● **people** — of whom 1 million were female — **benefited from better access to education**. For example, our support to secondary education in Malawi provided 400 qualified mathematics and science teachers for the country. The project also created new classrooms for 18 schools, enabling old structures to be converted into dormitories for girls to improve their safety at school.

"**In Malawi, our investment in secondary science education provided 400 qualified mathematics and science teachers for the country**"
and Innovation took place in Morocco, bringing together African Ministers in charge of higher education, science and technology with industry leaders, academia, diaspora, civil society and global scientific communities. The Forum recognised that greater use of technology and innovation is required throughout the value chain, if African goods are to become competitive in local and global markets. The training young people receive will determine their ability to participate in, and exploit, new economic opportunities.

The use of mobile and other technologies to improve the delivery of social services is still fairly new, but we are increasingly incorporating it into our sector programmes to increase results. For example, in our public health systems project, we helped Ebola-affected countries introduce an emergency alert and first response system. The use of mobile technology facilitated the coordination of health and other professionals within the crisis response. We are also actively generating new knowledge and ideas on the use of new technologies, such as a study in Ethiopia on innovation in the delivery of basic services. During the last two years, 602,780 people benefited from improving access to basic ICT services. Looking ahead, we expect that our projects will result in 4.6 million more people gaining access in 2015–17.

**Governance and accountability**

It is widely recognised that good governance is needed to deliver the economic and social transformation that will promote inclusive growth. We have developed a new Governance Strategic Framework and Action Plan 2014–18 to guide the implementation of our governance and accountability work.

Overall, progress on governance in Africa is mixed. The Mo Ibrahim index for Africa for 2014 showed gradual improvements in governance over the past five years, while highlighting some significant deficits. Several African countries have seen improvements in areas such as participation, human rights and human development, but there has been much less progress on public safety, rule of law and sustainable economic opportunity.

One of the Bank’s key objectives through its governance work is to strengthen governments’ capacity for transparent and accountable use of public resources and citizens’ ability to hold governments to account. For example, through our assistance to budgeting and financial management, we help governments raise revenues and target their spending to national development priorities. We also provide support to strengthen formal accountability functions, helping to ensure that resources are matched to development plans and reducing the potential for rent-seeking and corruption.

In the Union of the Comoros, for example, our support for energy sector reform included improving financial and procurement management and enhancing the work of anticorruption agencies. In Sierra Leone we are working to consolidate public financial management reforms to improve public resources management, including the governance of the extractive and energy sectors.

An important part of improving economic governance is finding ways to enable civil society and citizens to hold government to account. E-governance is opening up innovative new ways to strengthen accountability. For example, following the Jasmine Revolution in Tunisia, transparency of government emerged as a key concern of the public. We therefore helped the Ministry of Finance to publish all budget information online. We also supported greater efficiency and transparency in public procurement through publishing documents and improving and standardising systems.

Our multidonor Governance Trust Fund (GTF) provides flexible funding to support innovative ideas in the field of economic and financial governance. Amongst other things, it finances activities to help African countries become more transparent and accountable in their use of public resources, with a particular emphasis on direct accountability to citizens or civil society. The recent evaluation of the GTF recommended that these “demand-side” activities should be scaled up to allow civil society and parliaments to benefit directly from the Fund (see Box 2.8). The GTF also finances measures to improve our internal capacity to deliver our governance objectives.

**Box 2.8 Governance Trust Fund**

The Bank established the Governance Trust Fund (GTF) in 2010 to promote innovative approaches to governance challenges, particularly in the area of government accountability to citizens. The GTF has helped the Malawi Economic Justice Network improve public awareness of the public procurement process, to reduce corruption and waste of public resources. In Liberia, the GTF is enhancing young women’s oversight of community development funds, so they can monitor and contribute to the use of public resources at the local level. In Togo, to improve revenue management and collection, the GTF financed a study to establish a single autonomous revenue collection agency. Norway, Sweden and Switzerland are contributors to the GTF.

Strengthening sector governance is an important part of our governance work. Given the growing importance of revenue from extractive industries across Africa, robust governance of the natural resource sector has emerged as a key priority. We are providing a range of direct assistance in this area to Guinea, Mozambique, Sierra Leone and Togo. For example, in Sierra Leone we promoted the legislation underlying the Extractive Industries Transparency Initiative and published all agreements with mining companies, whilst also providing broader economic and financial management support.

We assess our overall progress in promoting better governance and accountability by drawing on our Country Policy and Institutional Assessment score for each country. By comparing these scores before and after our projects, we can learn whether we are having a positive influence. Over the recent period, we have achieved our
strongest results in the areas of quality of public administration and improving procurement systems. We have had credible results on budgeting and financial management and public sector transparency, accountability and corruption mitigation. We have been less successful in helping countries improve their competitive environment.

In Tunisia, we helped publish all budget information online, strengthening accountability and transparency.

Agriculture and food security
The Bank has funded a range of projects in the agriculture sector to raise production, encourage trade and improve livelihoods. Our goal has been to increase agricultural productivity and food security to help people lift themselves out of poverty, whilst conserving the natural resource base and improving sustainable agriculture.

Innovations in technology and business models are beginning to make their mark on the productivity of African agriculture. Our assistance is helping to increase cattle production by eradicating tsetse fly in certain areas, leading to increases in meat and milk output. Our award-winning multinational project New Rice for Africa has increased domestic production and food security in seven West African countries, with rice grain yield increasing from 1 ton/hectare to 2.5–3 tons/hectares. In Mozambique, we increased fish production by supporting artisanal fishers with credit and community infrastructure. Fishermen’s incomes more than doubled between 2001 and 2012.

Overall, our projects have delivered 53 004 hectares of land with improved water management, which was 69% of our target, and 441 270 hectares of land whose use has been improved through replanting or reforestation, which was 98% of our target. We have helped 2.3 million of the rural population use improved technology, which was 194% of our target. Overall, we met our targets, with 9.6 million people benefitting from improvements in agriculture, of whom 4.1 million were women.

Our upcoming Agriculture and Agribusiness Strategy (2015-19) sets out our goals of improving skills, financial services, infrastructure, and building resilience and sustainable management of natural resources, so as to turn African agriculture and related agro-processing into an attractive livelihood prospect. Our support for agricultural production will seek to link farmers to agribusinesses, creating more sophisticated value chains that can increase rural incomes. We will continue to finance rural roads, electrification and market infrastructure, and better irrigation and water-management systems. For example, in Uganda our markets and agriculture project has improved rural and market infrastructure and resulted in major increases in rural-urban and cross-border trade in crops, fish and other agricultural products. In Ghana, farmers have benefitted from using new knowledge and technology in horticulture (See Box 2.9).

Africa needs continued innovations in technology and farming methods to deal with the threats of disease, pests and drought, as well as to boost the nutritional content of staple crops. Our strategy has a strong focus on encouraging innovation and the use of technology to produce higher-value products and bring more commercialisation to the sector. We promote agriculture commodity exchange markets as well as the development of low-cost technologies for primary processing. We are supporting African countries in developing coherent agricultural policies to attract more investment into the sector and accelerate skills and technological development. We will focus particularly on helping young people and women in rural areas to become more entrepreneurial and increase their incomes.

Our award-winning project New Rice for Africa has increased rice grain yield from 1 to 3 tons per hectare.

To address the challenges of climate change, we will continue to pay close attention to promoting resilience, including better management of natural resources. For example, we are supporting seven West African states in addressing the rise of chronic food insecurity and vulnerability to climate change through such measures as irrigation schemes, pastoral facilities, storage and marketing infrastructure, and development of fisheries and aquaculture with support for processing and marketing. Besides increasing resilience to climate change, this approach should improve nutrition and provide young people with employment.

Our support for improved management of the water resources of the Lake Chad Basin will serve vulnerable communities in...
industrial producers. The availability of water led to new business opportunities, with water sold frozen in small plastic bags to compete with bottled water.

Our rural water and sanitation project in Ghana involved women and youth groups were also trained in local productive activities. Various women project’s quasi-equity fund were owned by women.

In Nigeria, we provided agro-processing facilities to women’s groups to create small-scale value chains and raise incomes. Various women and youth groups were also trained in local productive activities. Our rural water and sanitation project in Ghana involved women as the planners and managers of community water schemes. The availability of water led to new business opportunities, with water sold frozen in small plastic bags to compete with bottled water from industrial producers.

Promoting gender equality in Africa
Our Gender Strategy (2014–18) reaffirms our commitment to promoting gender equality, both within the Bank as an organisation and through all our country and regional programmes. Gender equality is not only an important development goal in itself, but also a precondition for achieving other development outcomes. Our Bank Strategy expresses our conviction that achieving sustainable development and poverty reduction across Africa requires strengthening women’s legal and property rights and promoting women’s economic empowerment. We also need to promote women’s voice and participation at all levels and to be clear in our dialogue with African countries that gender equality is not only a basic human right, but makes economic sense.

The Bank advocated for women’s economic empowerment by financing the third Africa Women’s Economic Summit, held in 2014 in Zambia. This meeting focused on how economic policies, financial systems, affordable finance and business services can support women entrepreneurs. Following the summit, a number of private institutions — including the Stanbic Bank in Zambia and the National Bank of Rwanda — pledged to increase women’s access to finance.

This year we are developing three flagship initiatives: (i) a fund to support small and medium-sized enterprises with high growth potential that are led and managed by women; (ii) an Ebola Social Investment Fund to help women who have suffered serious socioeconomic impacts as a result of the epidemic; and (iii) an interactive platform to link millions of women entrepreneurs, further catalysing financial inclusion and deepening the ecosystem. We will also explore global and regional value chains to leverage women’s potential in agricultural trade.

Other examples of our work on gender equality include a project in Rwanda to promote education and skills development through technical and vocational training, which targets women and girls as both participants and beneficiaries. Over one-third of the micro, small and medium-sized enterprises that received finance from the project’s quasi-equity fund were owned by women.

In Nigeria, we provided agro-processing facilities to women’s groups to create small-scale value chains and raise incomes. Various women and youth groups were also trained in local productive activities. Our rural water and sanitation project in Ghana involved women as the planners and managers of community water schemes. The availability of water led to new business opportunities, with water sold frozen in small plastic bags to compete with bottled water from industrial producers.

We are launching the first Africa Gender Equality Index, which will provide data on gender disparities across 52 African countries

Our gender work cuts across our sectoral operations, and we now incorporate gender performance indicators in all our projects. We have invested in programmes that provide life-changing opportunities for girls and women, including access to water and sanitation, improved food security, and access to better health and education services. However, we still need to promote innovative solutions to enable women to be more active in business and more engaged in the economic, social and institutional areas of public life.

We will also launch the first Africa Gender Equality Index, which will provide hard data on gender disparities across 52 African countries, to focus policymakers’ attention on the importance of gender equality to Africa’s development. In addition, we are increasingly exploring how our portfolio can address peace and security issues, including violence against women.

Addressing fragility and building resilience
The AfDB now has a new strategy and operational guidelines for working in fragile situations. It is grounded in our Ten Year Strategy and the principles of the multilateral “New Deal for Engagement in Fragile States”. It is informed by our own experience of engaging in fragile situations and the work of the High Level Panel on Fragile States, led by the President of Liberia, Ellen Johnson Sirleaf, to advise the Bank and the international community on how to address fragility and build resilience in Africa.

More than 250 million Africans live in countries where conflict and fragility reduce the prospects for development. We define fragility as a “condition of elevated risk of institutional breakdown, societal collapse or violent conflict”. Recognising that no country is immune to fragility, our strategy focuses on fragile situations, rather than on a list of “fragile states”. To deepen our understanding of the drivers of fragility and the sources of resilience, we apply to our engagement in all countries a fragility lens that is based on analytical work at country and regional levels.

A key principle underlying our work is the importance of staying engaged. Even in deteriorating situations, as an African institution committed to the development of the continent, we cannot afford to withdraw but instead need to adapt our operations and financial instruments so that we can effectively engage in these complex and dynamic environments.

This is not “business as usual”, and we are using all available instruments and resources to enhance our effectiveness. The Transition Support Facility (formerly Fragile States Facility) continues to play a vital role in this context, providing additional resources and a flexible instrument with which to engage in fragile situations.
Our One Bank approach involves deploying our financial and other resources in a coherent way, taking on the role of a trusted broker where appropriate. This was evident in an early visit by AfDB President Kaberuka to the countries affected by Ebola, as well as in high-level discussions with Burkina Faso and the Central African Republic. We also maintained support to South Sudan, despite persistent security challenges.

We supported national health systems in Guinea, Liberia and Sierra Leone following the Ebola crisis, investing $210 million in recruiting and training health professionals.

In 2014, the Ebola epidemic brought home Africa’s continuing fragility in the face of shocks, as health systems in the affected countries were soon overwhelmed. The AfDB quickly mobilised support for the affected countries, promoting, among other things, regional solutions through the deployment of African medical doctors to affected countries (see Box 2.10). In Zimbabwe, we have been exploring debt policy options with a view to normalising countries’ relations with the international financial institutions and helping them regain access to support. We have also provided funding for infrastructure through the Zimbabwe Trust Fund.

Box 2.10 A rapid response to the Ebola epidemic in Guinea, Liberia and Sierra Leone

The Bank responded quickly to the Ebola crisis, approving $60 million in urgent funding to help local health systems respond to the crisis. President Kaberuka visited the region, and the Board was convened to consider and approve the assistance. The emergency funding helped break the transmission chain and support the three countries’ response programmes.

The AfDB then approved a three-year, $150 million project to address some of deficits in national health systems exposed by the crisis. The project will support recruiting, training and equipping professionals; strengthening emergency alert and response systems, including e-health and mobile networks; and improving governance, including government communications with civil society. It will help the region to be more resilient in the face of any future health crisis.

Conclusion and outlook

This has been a very positive year for the Bank. Many of our projects have performed well, achieving their objectives and delivering development benefits to people across Africa. We have achieved or surpassed the majority of our targets, and we have led and supported a number of important continent-wide initiatives.

With our Bank Strategy 2013–22, we now have a clear sense of direction for the Bank for the next decade, which is fully embedded throughout our operations. We have prepared a series of sector strategies that elaborate on our commitment to promote inclusive and green growth. As older projects are completed and new ones are approved, the focus of our portfolio will shift toward greater alignment with the Bank Strategy 2013–22.

We recognise that Africa’s ambitious development goals call for a profound transformation of African economies and societies. The coming years must bring accelerated innovation across the continent, as Africa picks up new ideas from around the world and adapts them to African conditions. We are helping both the public and private sectors to embrace new technologies and ways of working, to improve their effectiveness. We are accelerating our work to help Africans, especially young people and women, gain vocational and technical skills, so that they are equipped to use modern technologies, start enterprises and find creative solutions to tomorrow’s development challenges.

Through our investments in transport, power and water infrastructure, we have provided tangible results, putting in place many of the conditions for economic transformation. We will take a multi-sector approach to address skills needs in our infrastructure projects. We have helped large numbers of people through improved health and education services. Our projects have promoted a better business climate and increased access to finance, alongside improvements to economic governance — all preconditions for an acceleration in development results. We have supported agriculture projects and agribusiness to improve rural livelihoods and promote food security. In addition, our support to fragile contexts is becoming more effective, as we learn better ways to build resilience and sustainability — as demonstrated by our quick and targeted response to the Ebola epidemic.

In the next two sections of this Development Effectiveness Review, we assess our progress in strengthening the management of our portfolio and in building our own organisational capacity to deliver better development results.