Chapter 6
Cross-cutting and strategic issues

The five previous chapters reviewed the Bank’s High 5 priority areas and their links to agricultural transformation. We turn now to a number of cross-cutting and strategic issues running across the Bank’s portfolio—the areas of governance and institution-building, fragility, climate change and gender—that are integral to Africa’s achievement of the Sustainable Development Goals.

We assess progress in these cross-cutting areas using data from Level 1 of our Results Measurement Framework and review the Bank’s contribution in these areas against the indicators in Level 2, while also highlighting lessons from our programmes. In line with this year’s theme, we link these cross-cutting areas to our work in the agriculture sector.

Laying the foundations for High 5 delivery
Africa has enjoyed unprecedented economic growth in the period since 2000, with dramatic changes across the continent. The urban middle class has expanded, becoming an attractive market for investors. Foreign direct investment has accelerated, and trading with emerging economic powers has grown quickly. These changes transformed many lives, as the poverty rate fell faster than before and access to basic education, health and water services expanded.

The outlook for sustained and broad development is positive
Over the last few years, however, global economic growth has slowed, with lower trade and reduced investment. In 2016, budgetary constraints, droughts and security concerns contributed to a slowdown in the region. Chief among the challenges 2016 brought is the fact that the economic crisis has led to a slump in global commodity prices. For Africa, this meant a sharp reduction in export revenue for commodity-exporting countries. Africa’s average real gross domestic product (GDP) growth has fallen to 3.2%—following a period during which a number of states consistently managed growth rates above 7%—although for low-income ADF countries it is 5.1%, partly because of the benefits of cheaper oil and economic diversification (as in Côte d’Ivoire; see Figure 14). The Bank provided large-scale financial support to Algeria, Nigeria and Egypt in 2016, as they adjusted to reduced export revenues.

Despite these more difficult conditions, GDP per capita (constant 2010 prices) has continued to rise, albeit at different rates in different countries. Ethiopia, Rwanda and Tanzania are among the countries registering high growth rates, along with Côte d’Ivoire and Senegal. Although Africa can expect slower economic growth over the next few years, the outlook for sustained and broad development is positive, especially for countries that succeed in diversifying their economies, improving competitiveness and strengthening institutions.
This is the context in which the African Development Bank works to help its member countries achieve their goals of green and inclusive development—a context of solid achievement on which to build, but of a great distance yet to travel. To concentrate its efforts where they will do the most good, the Bank has recently developed its High 5s, each focusing on one development area. But certain issues are common to all High 5s—the cross-cutting issues of governance and institution-building, fragility, climate change, and gender.

Governance and institution-strengthening
Governance is the foundation for all sustainable development efforts. Overall, Africa has made remarkable progress in the various areas of governance over recent years. Governments are increasingly effective, democracy is becoming the norm, and the media and civil society are more vibrant, with increased citizen involvement in public life. Governments have raised more revenue and are increasingly held accountable for its use.

Improving African governance is a high priority for the Bank

Improving African governance is a high priority for the Bank. We have supported countries emerging from conflict, and strengthened their institutions to facilitate sustainable recovery. In 2016, our assistance contributed to four countries with improved budgetary and financial management, which is essential for public investments in essential services and development projects, including agricultural and agribusiness development.

The Institutional Capacity Building Project in Comoros focused on public financial management and built capacity, improving the budget processes, management of accounts, debt management and statistics. Our emergency support for economic recovery in the Central African Republic helped to reestablish the capacity to manage...
public finances, the public administration and service delivery, even though most civil servants had left their posts during the crisis. In Madagascar, our Economic Recovery Emergency Programme delivered expenditure controls, arrears clearance and higher domestic revenues, supporting public services and critical public sector investments.

Our projects also helped improve transparency and accountability in the public sector, which is essential to ensuring efficient and effective use of public resources. One of our focus areas is public procurement. In 2016, we only supported one country which improved procurement systems, against a target of three. Procurement indicators did not show progress in other countries we supported, so we needed to re-evaluate our support to improve effectiveness and impact. However, our support in this area takes time to yield impact. Our two successive Emergency Economic Recovery Support Programmes in Mali have led to consultation on public investment programmes, monthly reports setting out public sector debt owed to private suppliers, and clearer procedures for awarding, assessing performance on and making payments for public contracts.

Our projects helped countries improve transparency and accountability in the public sector

For the Bank, as we scale up our programmes, we promote better governance and stronger institutions. We support sound public sector financial management to deliver more resources for infrastructure, and public services that support productivity. We help to lower the costs of doing business, to attract more domestic and foreign investment.

Fragility in Africa

Conflict and fragility are a significant constraint on Africa’s development. Conflict-affected countries struggle to mobilise enough resources to invest in national development. They are vulnerable to famine, hunger and malnutrition, as Somalia, South Sudan and northeastern Nigeria illustrate today. As a result of conflict and widespread food insecurity, the number of refugees and internally displaced people has reached 17.3 million. While the international community prepares a major humanitarian response, the costs of doing business, to attract more domestic and foreign investment.

Supporting agricultural value chains plays a key role in raising income and reducing food insecurity

Drawing on the work of its High-Level Panel dedicated to fragile situations, the Bank has identified five drivers of fragility on the continent: poverty and exclusion; the youth bulge; urbanisation and the growing informal sector; extractive industries; and climate disruption and resource conflicts.

To address these drivers, we work to build resilience at local, national and regional levels. At the African Resilience Forum in early 2017, we agreed to deliver High 5 priorities in 10 000 communities in fragile situations in 1000 days, a bottom-up initiative to deliver development results. We are also increasing our funding to address conflict and fragility: 17% of the additional resources under the 14th replenishment of the African Development Fund are allocated to countries experiencing fragility, compared to 13% under the 13th ADF replenishment.

Some 75 million to 250 million people may be exposed to water stress in the future

Our efforts to promote agricultural value chains and trade also help to build resilience. Supporting agricultural value chains—for example, in the assistance provided to Somalia’s livestock sector and to northern Uganda’s cotton sector—plays a key role in raising income and reducing food insecurity. Trade in these sectors works even in the absence of a functioning government and contributes to mitigating conflict.

Adapting to climate change

Of the 10 countries in the world most threatened by climate change, 7 are in Africa—countries like Guinea Bissau, Ethiopia and Sierra Leone. Climate change is accelerating the loss of soil moisture and fertility, putting food production systems under pressure and increasing food insecurity.

We support climate-smart land- and water-management practices

Rainfall patterns are becoming more extreme, and flooding and droughts more frequent. Some 75 million to 250 million people may be exposed to water stress in the future, requiring adaptation strategies to increase their resilience to water shocks.

Many African countries are moving towards green growth, with policies and investments that limit carbon emissions. Kenya, Zambia and Mozambique are among the one-third of African countries that have designed green development strategies. Across the continent, carbon dioxide emissions are steady, as shown by the production efficiency indicator, rated as 0.54 kg per dollar of GDP.

The Bank is working closely with the Africa Adaptation Initiative, which launched its second phase in 2016, to scale up and replicate adaptation measures. We blend funds from the UN Green Climate Fund and various climate finance facilities to mitigate climate change and support adaptation strategies.

We are focusing our climate change support on the energy, transport and agriculture sectors—as in the Congo basin, where we have made...
What has worked well

Development partners acting in concert
For countries emerging from crises, strong donor coordination leads to better results. In Mali, our emergency economic recovery support responded to both the causes and the effects of the crisis. Concerted donor action with regular meetings at design and implementation stages contributed to making this multidonor programme a success.

Providing women and children access to energy
Electricity projects should be gender-sensitive, to ensure that women and children benefit. In Sierra Leone, access to energy reduced time spent on household chores and costs of doing business, resulting in greater economic independence for women. This was made possible by a gender equality objective that was at the core of the project.

Box 15 Helping Morocco become a green economy

In 2015, we supported the second phase of the Green Morocco Plan, which aims to bolster the agriculture sector—the mainstay of the country’s economy—and turn it into an engine for inclusive growth. This builds on our Phase I project, during which we provided €105 million in 2012.

Our partnership yielded lasting results. With this plan, Morocco made agricultural water management sustainable even in the face of severe water stress. A prime example is the introduction of modern irrigation infrastructure in Beni Moussa, a rural community 200 km southeast of Casablanca. The use of drip irrigation mechanisms limited water waste and increased productivity. Our operation improved the governance of water resources, with savings of 385 million m³ of agricultural water, above our target.

The implementation of this plan is proof that countries transition effectively to green growth with adequate planning and support. Already, our Phase II support is further expanding work on water management by promoting the use of treated waste water in agriculture and introducing solar-powered pumping in irrigation. In addition, special measures are being put in place for encouraging young green agripreneurs.

What has not worked so well

Lacking a theory of change
Projects need a clear rationale for how activities will achieve results. Our project to assist policy and strategy development in Rwanda had a weak theory of change and a poor monitoring and evaluation framework at start-up. There were too many actions to undertake, without clear linkages among them. These challenges were resolved during implementation.

Choosing disbursement triggers that are not fully under the government’s control
The Bank’s budget support for African governments is usually conditional on their taking a series of policy actions. In Burundi, because one such action was outside the government’s control and under the hand of a third party, there were delays in disbursement and inefficiencies in government budgeting. Negotiations during project preparation need to ensure that key reforms are achievable and benefit from political will.

Women make up more than half of all agricultural workers and 70% of the labour on smallholdings. However, as farmers, they face such constraints as poor infrastructure and limited access to markets, credit and inputs. Women also experience gender-specific barriers to land ownership, inheritance rights, and access to finance. Further challenges are created by the time they must devote to their household tasks, such as collecting water and firewood. These factors limit women’s productivity as farmers and hinder their expanding into agribusiness.

Our Gender Strategy aims for both women and men to participate equally in the economy, and we are shaping our interventions with this focus in mind. Our 2015 report on four agricultural value chains—cocoa, coffee, cotton and cassava—concluded that women need greater access to affordable finance, improved market links and training in business skills to improve their productivity and grow agribusinesses.

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Learning lessons from our cross-cutting work is important as it underpins the delivery of the High 5 priorities. Key lessons are set out in Box 16.

**New programmes in cross-cutting strategic areas**

As we expand our work to achieve the High 5 priorities, it is particularly important that we take account of cross-cutting issues during the preparation of projects to ensure that results will be sustainable.

We are supporting an innovative, multi-sectoral approach with the Federal Government of Nigeria to address fragility caused by the Boko Haram insurgency. This programme addresses a range of service delivery areas, working at both state and local levels. A key focus is promoting food security and providing economic opportunities, including through job creation. The support to schools includes school gardens for school feeding programmes and training in better farming practices.

Our economic governance work with Egypt continues to support strong, sustainable and inclusive growth. It provides incentives for fiscal consolidation, improved governance and efficiency in the energy sector. This will be integral to our programmes as we scale up to achieve the Light up and Power Africa High 5.

Realising the High 5s calls for a profound transformation of African economies and societies. While delivering on these priorities, we strengthen the resilience of institutions, support gender equality on the continent and provide decisive interventions to encourage adaptation in the face of climate change. Our operations targeting cross-cutting issues are at the core of bringing better and inclusive growth, and helping countries transition toward green growth.