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**AFRICAN DEVELOPMENT BANK GROUP'S  
COVID-19 RAPID RESPONSE FACILITY (CRF)**

ARTICLE SERIES

# INTRODUCTION

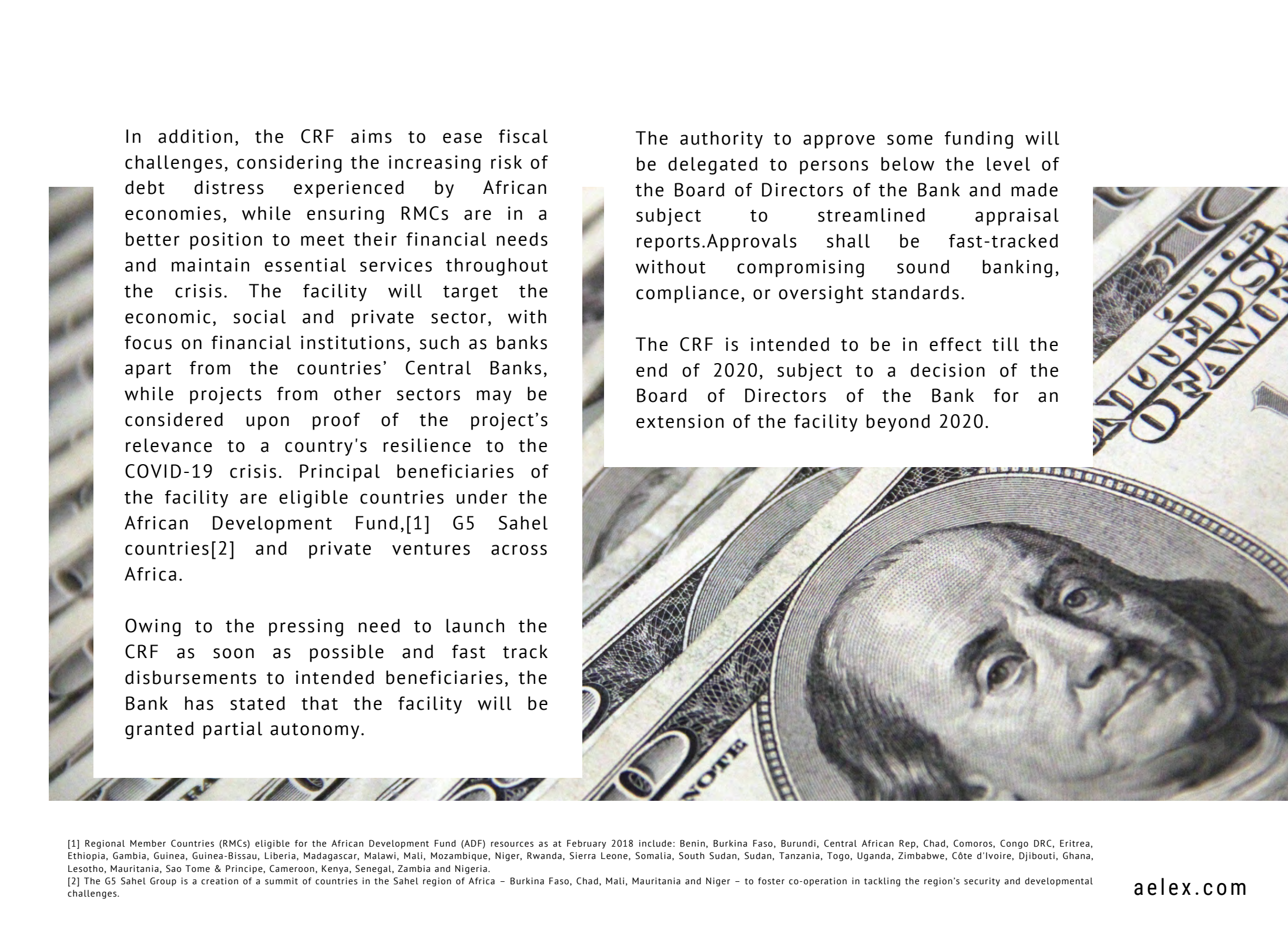
Following the unprecedented economic and social impact of the COVID-19 pandemic on the African continent, the African Development Bank (the “Bank”) has introduced a COVID-19 Rapid Response Facility (“CRF”), as part of its efforts to support African

nations in addressing the pandemic and managing the attendant economic downturns. This would be in addition to earlier efforts made by the Bank, such as the launch of a \$3 billion social bond to raise funds and a \$2 million emergency assistance grant for the implementation of World Health Organisation measures to flatten the spread curve of the pandemic in Africa.

The CRF, which is to be the Bank’s key medium for its efforts to tackle the prevailing crisis, is a facility of up to \$10 billion targeted at the Bank’s Regional Member Countries (“RMCs”) and their private sector establishments.

The CRF includes \$5.5 billion for sovereign operations in African Development Bank countries, \$3.1 billion for sovereign and regional operations for countries under the African Development Fund - the Bank's concessional arm that caters to fragile countries and \$1.35 billion for private sector operations.

The CRF will be actualized primarily through the Crisis Response Budget Support (“CRBS”) and is intended to mitigate the devastating impacts of the pandemic. It aims to protect poor and vulnerable groups by financing part of the fiscal deficit of RMCs. The Bank has stated that the CRF will provide a total of \$8.7 billion financing directly to RMCs in 2020.



In addition, the CRF aims to ease fiscal challenges, considering the increasing risk of debt distress experienced by African economies, while ensuring RMCs are in a better position to meet their financial needs and maintain essential services throughout the crisis. The facility will target the economic, social and private sector, with focus on financial institutions, such as banks apart from the countries' Central Banks, while projects from other sectors may be considered upon proof of the project's relevance to a country's resilience to the COVID-19 crisis. Principal beneficiaries of the facility are eligible countries under the African Development Fund,[1] G5 Sahel countries[2] and private ventures across Africa.

Owing to the pressing need to launch the CRF as soon as possible and fast track disbursements to intended beneficiaries, the Bank has stated that the facility will be granted partial autonomy.

The authority to approve some funding will be delegated to persons below the level of the Board of Directors of the Bank and made subject to streamlined appraisal reports. Approvals shall be fast-tracked without compromising sound banking, compliance, or oversight standards.

The CRF is intended to be in effect till the end of 2020, subject to a decision of the Board of Directors of the Bank for an extension of the facility beyond 2020.

[1] Regional Member Countries (RMCs) eligible for the African Development Fund (ADF) resources as at February 2018 include: Benin, Burkina Faso, Burundi, Central African Rep, Chad, Comoros, Congo DRC, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Uganda, Zimbabwe, Côte d'Ivoire, Djibouti, Ghana, Lesotho, Mauritania, Sao Tome & Principe, Cameroon, Kenya, Senegal, Zambia and Nigeria.

[2] The G5 Sahel Group is a creation of a summit of countries in the Sahel region of Africa – Burkina Faso, Chad, Mali, Mauritania and Niger – to foster co-operation in tackling the region's security and developmental challenges.

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