

Ex-Ante Evaluation (for Japanese ODA Loan)
Private Sector Investment Finance Division, Private Sector Partnership and
Finance Department, JICA

1. Name of the Project

Country: African region

Project name: Support to COVID-19 Response in Africa

L/A signing date: March 30, 2022

2. Background and Necessity of the Project

(1) Current status and Issues of Development and the Priority of this Project

The new coronavirus disease (hereafter referred to as COVID-19) is prevalent worldwide, and has had a very serious impact on the whole of Africa. According to the World Health Organization (hereafter referred to as WHO) 6,195,515 people have been infected in the continent of Africa, and 152,299 people have died there (as of December 1, 2021), but it is thought that these numbers are due to limited testing ability and that the actual number of infected people and deaths far exceed those figures. The result of long-term constraints on socioeconomic activity from COVID-19 meant that the GDP growth rate in 2020 was -1.7% (IMF) for the whole of Sub-Saharan Africa, and -1.1% (AfDB) for the whole of North Africa, which are record low levels.

Health care services, including COVID-19 vaccinations, are needed for a smooth socioeconomic recovery from the effects of COVID-19, but weaknesses in the health care system were identified before the onset of COVID-19, and its spread has exposed once again that there are shortages of hospital beds, medicines and medical equipment. In regards to vaccines in particular, Africa is reliant on imports for 99% of all of its vaccines (including COVID-19 and flu vaccines), and the system to supply the COVID-19 vaccine is extremely fragile as there are only around ten companies in four countries that could potentially manufacture the COVID-19 vaccine. In April 2021, the African Union (AU) and the African Centers for Disease Control and Prevention (African CDC) launched the Partnerships for African Vaccine Manufacturing (hereafter referred to as PAVM), with the objective of manufacturing and distributing in Africa 60% of the vaccines Africa needs by 2040, as it is important to expand the supply system in the area.

In these circumstances, this project aims to contribute to mitigating the impact of COVID-19 in Africa by expanding the health care system and strengthening the supply of medical supplies and equipment, including the COVID-19 vaccine, within Africa, through a loan to Afrexim, a regional financial institution that most African governments have an affiliation with, to help support loans to the health sector for the development of medical facilities, etc. In addition, as Afrexim is committed to supporting the development and manufacture of vaccines within the PAVM framework, this project will also contribute to the financing of PAVM.

(2) Japan and JICA's Cooperative Policies and the Priority of this Project
The Japanese government, through Prime Minister (at that time) Suga, stated in the General Debate Address of the 75th session of the United Nations General Assembly that in response to the spread of COVID-19 they would proactively implement COVID-19 countermeasures support, and aim to support the strengthening of health care systems in developing countries, by increasing their efforts to build hospitals, as well as provide equipment and develop human resources. In addition, at the G7 Cornwall Summit held in June 2021, the Japanese government and the other G7 member countries confirmed the importance of financial support and promoting private investment in Africa to help aid Africa have a better recovery from COVID-19. At the G20 Rome Summit held in October 2021, Prime Minister Kishida said that the G20 countries should continue to cooperate together to improve access to vaccines.

JICA aims for improvements in prevention, vigilance and treatment based on its "Initiative for Global Health and Medicine," and this project is positioned to contribute to "enhancing diagnosis and treatment systems for infectious diseases" and "improving prevention of infectious diseases and mainstreaming the health crisis response."

3. Project Description

(1) Project Objective(s)

This project will help strengthen health care systems in Africa and support a smoother socioeconomic recovery from the impact of COVID-19, by financing Afrexim's funds for COVID-19 related loans, to help improve the manufacturing and supply capacity of medical products and pharmaceuticals in the region, including the development of a vaccine manufacturing line in

Africa, and establish health care facilities such as hospitals.

(2) Project Site/Target Area

African region

(3) Project Component(s)

The loan from this project will be on-lent through Afrexim to private enterprises in order to develop manufacturing and supply capacity of medical products and pharmaceuticals in the region, including a vaccine manufacturing line, and establish health care related facilities such as hospitals.

(4) Total Project Cost

400 million US dollars

(5) Project Implementation Structure

1) Borrower: African Export-Import Bank

2) Executing Agency: African Export-Import Bank

(6) Environmental and Social Considerations, Cross-sectional Items, and Gender Classification

1) Environmental and Social Consideration

① Category classification: FI

② Reasons for Categorization: This is according to the “Japan International Cooperation Agency Environmental and Social Consideration Guidelines” (announced in April 2010, and hereafter referred to as JICA Environmental Guidelines), as in this project the subprojects could not be specified before JICA’s financing agreement, but those types of subprojects are assumed to have an impact on the environment.

③ Other things: In this project, the borrower classifies each subproject into categories based on the company's environmental and social consideration system, the legal system of each country, and the JICA Environmental Guidelines, and it has been confirmed by a review that they will take the necessary countermeasures applicable to each category. Furthermore, it has been agreed with the borrower that they will not carry out subprojects that are classified as Category A in the JICA guidelines (projects in protected areas and important natural habitats, or projects involving the large-scale relocation of residents, large-scale deforestation, the large-scale modification of land, etc.).

- 2) Cross-sectional Items: None in particular
- 3) Gender classification: [Not applicable] ■GI (Gender mainstreaming needs investigation and analysis item)

<Reasons for Categorization>: Although gender mainstreaming needs were investigated and confirmed, the project stopped short of including any specific initiatives that would contribute to gender equality and women's empowerment.

(7) Other Important Issues

This project is an application case of the Sustainable Finance Framework for co-financing between SMBC and JICA that was introduced on March 30, 2021.

4. Project's Effects

(1) Quantitative Effects

Indicator	Baseline (Actual value at the end of June 2021)	Target (March 2027) [5 years after the signing of the loan agreement]
Increase in ability to supply medical and health products and services due to the implementation of the JICA loan	N/A	Scheduled to be set when the subproject is selected

(2) Qualitative Effects

Prevent the spread of COVID-19, strengthen the health care system, and aid the recovery of socioeconomic activities.

(3) Internal Rate of Return

As this is a bank loan project, the EIRR (Economic Internal Rate of Return) and the FIRR (Financial Internal Rate of Return) have not been calculated.

5. Prerequisites and External Factors

None in particular

6. Lessons Learned from Past Projects

We learned from the ex-post evaluation report (2015) for the ODA loan to the AfDB for “Private Sector Support Loans,” “Private Sector Support Loans under the Joint Initiative for African Private Sector Development (II),” and “Private Sector Support Loans under the Joint Initiative for African Private Sector Development (III)” that (1) the target indicator, if possible, should be set provisionally for a proposed subproject, then after the object of the subproject is confirmed, the target should be reset based on the nature of the subproject, and (2) if the effects of the project will be demonstrated over a range of time, achievements over several years should be considered as an indicator. Based on these lessons, the target was set when the subproject was confirmed, and the evaluation point was set for five years’ time, as the effects of the project can be expected to appear after several years.

7. Evaluation Results

This project is in compliance with the developmental issues and developmental policies of the African region, as well as Japan and JICA’s cooperation policies and analyses, and contributes to SDGs Goal 3 (good health and well-being for all), Goal 9 (build infrastructure for industry and innovation) and Goal 17 (partnerships to achieve goals) by strengthening health care systems in Africa and aiding a smooth socioeconomic recovery from the impact of COVID 19, so this support through an overseas loan is highly meaningful.

8. Plan for Future Evaluation

(1) Indicators for Future Evaluation

As shown in Section 4

(2) Future Evaluation Schedule

Ex-Post Evaluation scheduled for March 2027.

End