



# The 2007 ADB Annual Meetings

## *Other Thematic Seminars*

### Shanghai International Convention Center Oriental Riverside Hotel

*Shanghai, China – 13-15 May 2007*

## Program

### DEVELOPMENT FINANCE AND CHINA-AFRICA ECONOMIC COOPERATION

Date: *Sunday, May 13, 2007*  
Venue: *Yangtze River Hall*  
Time: *2:00 p.m. – 4:30 p.m.*

#### Summary

*Development financing institutions have been set up by both China and African countries to play an important role in regional or national economic development. China and African countries are all developing countries with similar problems in their economic development. This provides broad scope and potential for their cooperation in agriculture, infrastructure, manufacturing and other fields. Subsequent to the successful conclusion of the Forum on China-Africa Cooperation in 2006, China-Africa relations enter a new era. Therefore, China is willing to strengthen dialogues with African countries on how to take advantage of development financing to promote mutually beneficial economic cooperation between China and African countries for win-win results.*

*The purpose of the forum is to push forward the China-Africa economic cooperation through development financing. The main objectives of the financial forum are to:*

- Promote communication and understanding between development financing institutions in China and those in African countries;*
- Share practical and successful experience of the development financing institutions in China and African countries;*
- Seek opportunities for cooperation among development financing institutions; and*
- Discuss the mode and methods of China-Africa economic cooperation through development financing.*

*The following six sub-topics would be discussed:*

- Opportunities and challenges for the development of African financial institutions;*
- Role of development financing institutions in the economic development of Africa;*
- Mode and prospects of China-Africa financial cooperation;*
- Role of development financing institutions in the China-Africa economic cooperation;*
- Government roles and financial stability; and*
- China-Africa financial cooperation and diversified financing channels.*

*The panel members for this seminar are as follows:*

**Chairperson:** **Mr. Zhou Xiaochuan**, Governor of the People's Bank of China (tbc)

**Keynote Speakers:**

- **Mr. Liu Dawei**, Chief Financial Officer, China Development Bank
- **Mr. Gao Jian**, Vice Governor, China Development Bank
- **Mr. Godfrey Tumusiime**, Director General, East African Development Bank
- **Mr. Charles Chikaura**, Chief Executive Officer, Infrastructure Development, Bank of Zimbabwe
- **Director of African Region**, Barclays Capital (tbc)
- **Mr. Colin Coleman**, Managing Director of African Region, Goldman Sachs
- **Mr. Charles Okeahalam**, Group Managing Director/CEO, Group AGH, South Africa
- **Mr. Mandla Gantsho**, Vice President, Operations: Infrastructure, Private Sector, and Regional Integration, AfDB

## LAUNCHING OF THE AFRICAN ECONOMIC OUTLOOK (AEO)

### PRESENTATION OF THE FORTHCOMING AFRICA COMPETITIVENESS REPORT (ACR) 2007

### PRESENTATION OF THE CONSUMPTION AND PRICE LEVELS IN AFRICAN COUNTRIES – FIRST RESULTS REPORT

Date: Sunday, May 13, 2007

Venue: Yellow River Hall

Time: 4:00 p.m. – 6:00 p.m.

#### Summary

#### THE AFRICAN ECONOMIC OUTLOOK

*The African Economic Outlook (AEO) is an annual publication jointly prepared and published by the Bank and the Organisation for Economic Co-operation and Development (OECD) Center. The Report surveys and analyzes the current socio-economic performance of African economies and provides information on a country-by-country basis on the socio-economic progress as well as on short to medium term prospects of the African countries. Each year, the Report is given a specific theme that focuses on a critical (but under-researched) area of Africa's socio-economic development. The theme for this year is: "Access to drinking water and sanitation". The Report is in three parts: an overview of specific international developments that may impact on African economies; country notes on selected number of countries; and selected Statistical Appendix on African countries. The current edition of the Report is the sixth of its kind and covers 31 African countries.*

*The key objective of the AEO is to broaden the knowledge base on African economies (and societies) and to offer a valuable support for policymaking, investment decisions and donors' interventions. Another important objective is that of capacity building. Through involvement of African experts and institutions in the Report's preparation it increases research capacity and reinforces the ownership of the AEO by African local experts.*

#### THE 2007 AFRICA COMPETITIVENESS REPORT

*The 2007 "Africa Competitiveness Report" (ACR) edition is a joint publication of the World Economic Forum (WEF), the African Development Bank (AfDB) and the World Bank (WB) that leverages the expertise and knowledge of the three institutions. The previous editions (1998, 2000 and 2004) were published by WEF alone. The ACR aim is to highlight the prospects for sustained growth in Africa and, more importantly, the obstacles to competitiveness. The Report builds on the methodology and findings from three sets of documents. It leverages the previous "Africa Competitiveness" reports published by the WEF. These reports are complemented by the Doing Business reports and the Investment Climate Assessments (ICAs), both published by the World Bank. Finally, several analytical papers on specific cross-cutting issues were commissioned by the WB. The findings of these papers are fed into the Report.*

*The joint 2007 ACR Report, which is the fourth edition, is expected to be a useful tool for African policy makers, the business community and the international donor community. It is grounded on rigorous analytical work. Based on lessons of experience, it brings practical recommendations on how to address the issues highlighted in the report. The report highlights recent competitiveness performance as well as the main issues and challenges that are hindering competitiveness in Africa. The report is structured in 7 chapters and provides country profiles: Assessing Africa's Competitiveness in a Global Context; The Investment Climate in Africa from the Perspective of Private investors; From Benchmarking to Impact: How Much Does the Investment Climate Matter for Job Creation and Productivity?; Competitiveness and Investment Climate in South Africa, Algeria, Nigeria, and Egypt (SANE) Economies; Gender, Entrepreneurship, and Competitiveness in Africa; Competitiveness and Information and Communication Technologies (ICTs) in Africa; and South-South Foreign Direct Investments (FDIs) and its Impact on African Competitiveness.*

#### THE CONSUMPTION AND PRICE LEVELS IN AFRICAN COUNTRIES – FIRST RESULTS REPORT

*This is the Bank's first publication of the results of the extensive monthly price surveys and GDP expenditure data compilation undertaken in 48 African countries over the past 2 years under the International Comparison Program for Africa (ICP-Africa). The report is in three parts: the first part provides an overview of issues pertaining to the generation of purchasing power parities (PPPs) and the usefulness of*

relevant comparative indicators; the second part presents PPP results for 48 African countries; and the last part presents detailed tables on price levels and GDP expenditure values.

The International Comparison Program (ICP) is a global program involving more than 140 participating countries world-wide, 51 of which are in Africa. The ICP aims to provide a reliable basis for comparing GDP per capita expenditures across countries using PPPs. It allows comparisons of the real value of production of each country, using a standardized benchmark and free of price and exchange rate distortions. The African Development Bank is responsible for managing the African component of the global program – ICP-Africa. In addition to preparing ICP estimates for Africa, ICP-Africa also aims to develop the statistical capacity of participating countries, including the enhancement of the skills of national statisticians.

The next publication is expected to be released by December 2007. It will relate to comparative income and price levels in African countries.

The panel members for the launching/presentation of these three documents are as follows:

**Chairperson:** **H. E. Mrs. A. Sayeh**, Minister of Finance, Liberia

**Speakers:**

- **Mrs. Louka T. Katseli**, Director, OECD Development Centre, France
- **Mr. Kenneth Ruffing**, OECD Development Centre (Water and Sanitation), France
- **Mr. Daniel Daco**, First Counsellor, Head of the Economic and Financial Section, Delegation of the European Commission, China
- **Mr. Louis Kasekende**, Chief Economist, AfDB
- **Mr. Waheed Oshikoya**, Director, Development Research Department, AfDB
- **Mr. Charles Lufumpa**, Director, Statistics Department, AfDB
- **Mr. Osei Barfour**, Development Research Department, AfDB
- **Mr. Peter Ondiege**, Development Research Department, AfDB

## THE ROLE OF CORPORATE GOVERNANCE IN PRIVATE SECTOR DEVELOPMENT: EXPLORING PARTNERSHIP AND PRACTICES IN ASIA

### Summary

Date: *Monday, May 14, 2007 (Breakfast Meeting)*  
 Venue: *Europe Hall*  
 Time: *7:15 a.m. – 9:00 a.m.*

*This breakfast seminar proposes to present the strategy of the Private Sector Department of the Bank and use the opportunity to share and learn from the Asian experience. The seminar will also be used to explore opportunities for possible partnership with Asian institutions in promoting good corporate governance in Africa. The proposed seminar will further offer the opportunity for development partners to review their role and agree on the best approaches to promote corporate governance, building in particular on one joint-venture success story: the AMSCO BV.*

*The seminar will address the following questions:*

- *What lessons can be learned from Asian experience in promoting good corporate governance practices and how this can help in fostering entrepreneurship development?*
- *What are the roles of key stakeholders (government entities and public banks, business groups and workers' associations) in countries such as China and India in laying the foundations of good corporate governance?*
- *What are the experiences of other development partners, especially AMSCO BV in diffusing corporate governance?*
- *What possibilities exist for the Bank to partner with other Asian institutions, other development partners and international financial institutions within the framework of NEPAD to lay the foundations of an accelerated adoption of good CG practices by African countries?*

*The program for this breakfast seminar will be as follows:*

### Opening Session

**Chairperson:** *Mr. Timothy Turner*, Director, Private Sector Department, AfDB

**Speaker:** *Mr. Mandla Gantsho*, Vice President, Operations: Infrastructure, Private Sector and Regional Integration, AfDB

### Open Discussions

**Moderator:** *Mr. Paulo Gomes*, Managing Partner, Constelor Group, LLC, USA

#### I. **Best Practices and Lessons Learned from Asia in Promoting Good Corporate Governance Practice**

**Speaker:** *Mr. Y.R.K. Reddy*, Academy of Corporate Governance, India

**Discussants:** *Ms. Anne Simpson, Mr. Anurag Goel, Mr. Michael Gillibrand, and Mr. David Wang*

## II. Lessons Learned from Donors in Disseminating Good Corporate Governance Principles

### Speakers:

- **Mr. Philip Armstrong**, Head Global Corporate Governance Forum, USA
- **Mr. Ayisi Makatiani**, CEO, AMSCO, The Netherlands
- **Mr. Karugor Gatamah**, CEO, Centre for Corporate Governance Forum, Kenya

Discussants: **Mr. Mats Isaksson**, **Mr. Hala El-Said**, and **Mr. Hemposa Bedicks**

## II. Partnership for an Accelerated Promotion of Good Corporate Governance Practices in Africa

Speaker: **Mr. Mohamed Bourenane**, Division Manager, Private Sector and Microfinance Department, AfDB

Discussants: **Mr. B. Tukur**; **Ms. Evelynne Tall** and **Ms. Natasha Ansell**

## III. Closing and Vote of Thanks

Speaker: **Mr. Gabriel Negatu**, Director, Governance, Economic and Financial Management Department, AfDB

### AFRICAN/CHINESE ENTERPRISES FORUM: AFRICAN INVESTMENT, FINANCING AND RISKS

Date: *Monday, May 14, 2007*

Venue: *Huangpu River Hall*

Time: *9:00 am – 12:30 pm*

### Summary

*China/Africa trade and investment flows are blooming. Bilateral trade reached US\$ 40 billion in 2005 and is set to exceed US\$ 50 billion in 2006. Investments by the Chinese in Africa surpassed US\$ 6 billion in 2005 while Africans are cautiously beginning to invest in the fast growing populous country.*

*China's influence in Africa has changed significantly over the past decade. China's investment in Africa is predominantly due to the following:*

- **Commodities** – *China's growing industries demand new energy and raw material suppliers. Within the next decade, China will surpass the United States as the largest global consumer of oil. China currently imports 28% of its oil and gas from sub-Saharan Africa. Sudan supplies, for example, 7% of China's total oil imports.*
- **Export** – *China is looking for new markets for its products. According to Chinese government reports, trade between China and Africa increased over 35% between November 2004 and 2005.*

*It is estimated that 674 Chinese companies were operating in Africa by June 2004. The total contracted investment of these companies was approximately US\$ 1.5 billion. In 2005 alone, Chinese construction companies won US\$ 6.3 billion worth of contracts in Africa. China has also used debt relief to assist African nations. Since 2000, China wrote off US\$ 1.2 billion in African debt followed by an additional US\$ 750 million in 2003.*

*How to facilitate the co-operation between African and Chinese enterprises and how to support their businesses are the major objectives of this forum. Standard Bank as a local African commercial bank, and China Export & Insurance Company as the Chinese export and investment promoter are good partners to co-host this forum and to serve the purpose of the meeting. As indicated below, the African Development Bank, as the premier development finance institution in Africa has a key role to play in facilitating this developmental and financing process.*

## PRESENTATION OF THE BANK GROUP'S FINANCIAL SITUATION AND OPERATIONS

Date: Monday, May 14, 2007  
Venue: Grand Ballroom  
Time: 12:30 p.m. – 2:00 p.m.

### Summary

*At this annual luncheon, the Bank makes a presentation of its activities covering Bank's Group financial situation and operations to its stakeholders and Annual Meetings participants. It presents specific details of the Bank's capital market operations and underlines its robust financial profile.*

*The presentation this year will highlight the favorable economic fundamentals enjoyed by the African continent as a whole and the opportunity it offers to the development and donor community to accelerate progress towards achievement of the Millennium Development Goals. An overview of the Bank Group activities in 2006 follows, including the recent steps taken to reposition the Bank to increase its effectiveness in furthering delivery of its development mandate.*

*Coverage of Bank's financial indicators is an integral component of the presentation and includes observations that underpin the AAA credit rating enjoyed by the Bank from the international credit rating agencies. The presentation concludes with an overview of the Bank's activities, as an issuer, in the international capital markets. Of major interest is the recent African currencies initiative, aimed at increasing visibility of African capital markets among international investors and expanding the offer of financial products to the Bank's clients.*

**Keynote Speaker:** Mr. Stefan Luis Nalletamby, Director, Treasury Department, AfDB.

## AFRICA'S RE-INDEBTEDNESS FOLLOWING THE HIPC AND MDRI CANCELLATIONS: PROPOSALS FOR BETTER DEBT GOVERNANCE

Date: *Monday, May 14, 2007*

Venue: *Yellow River Hall*

Time: *2:30 p.m. – 4:30 p.m.*

### Summary

*Low Income Countries (LICs) have benefited since 1996 from two major debt relief initiatives: the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative (MDRI). They have contributed to reduce sharply the debt burden of the qualified countries.*

*In the new context of recovered sovereign debt solvency, LICs might be tempted to accelerate borrowing for many reasons: (i) their development needs are huge, especially to finance the MDG, and exceed the amount of grants available within the international community of donors; (ii) many creditors, particularly emerging ones, are ready to provide important amount of non concessional loans; (iii) concessional loans provided by both multilateral and Paris Club bilateral creditors will most probably increase.*

*The question of how to prevent LICs from a new “loans/debt distress/debt relief” vicious circle is the main issue faced by the community of donors.*

*Answers can be given at least at two levels:*

1. *at the international level through a better debt governance. The Debt Sustainability Framework (DSF) elaborated jointly by the IMF and the World Bank gives a first answer. It is a coordination tool aiming at assessing and monitoring LICs' debt burdens and the risk of debt distress. However, the question of its application remains. This tool will be effective if both creditors and borrowers use it. Provided they know it, understand it, and agree with it, they will.*
2. *at the donors' level through the implementation of contingent loans that take into account the vulnerability of LICs' debt payment capacity.*

*The purpose of this seminar is to elaborate on the definition of the instruments which could permanently prevent LICs from debt distress while highlighting their implications issues.*

*The seminar will have the following panelists:*

**Chairperson:** **Ms. Amanda Rowlatt**, Director, International Finance and Europe Division, Department for International Development, United Kingdom

### Speakers:

- **Mr. Pierre Jacquet**, Chief Economist, Agence Française de Développement, France
- **Mr. Vikram Nehru**, Director, Economic Policy and Debt Dept, The World Bank, USA
- **Mr. Michael Atingi-Ego**, Executive Director, Research and Policy, Bank of Uganda, Uganda.
- **Mr. Mark Plant**, Senior Advisor, Policy Development and Review Dept, International Monetary Fund, USA
- **Mr. Zhou Yabin**, Director, West Asia and Africa Department, Ministry of Commerce, China
- **Mr. Louis Kasekende**, Chief Economist, AfDB

## FRAGILE STATES AND THE ROLE OF EXTRACTIVE INDUSTRIES IN AFRICA

Date: Monday, May 14, 2007  
Venue: Huangpu River Hall  
Time: 2:30 p.m. – 4:30 p.m.

### Summary

*Africa is the continent with the highest number of countries in fragile situations. Whatever the definition of fragile states, it is clear that a significant number of countries are characterized by weak human and institutional capacities, poor governance structures, political instability, and corruption. In addition, such countries are also often conflict-prone. At the same time, Africa is very rich with extractive resources. The continent is currently facing promising prospects in the discovery, exploration, and potential production of extractive resources, combined with a peak in commodity prices. A new “resource boom” may be underway, with new petroleum resources coming in the pipeline in a number of African countries. Handled well, in a positive scenario, this can lead to broad-based growth and poverty reduction in Africa.*

*However, research and analysis suggests that there is a clear positive correlation between fragility and extractive industries. Discovery of such resources may not in itself lead to political instability or conflict, but it can contribute to worsening existing tensions, lead to deterioration in governance, prolong crises, and not least create conditions for the start, resumption or fueling of existing conflicts. In a worst-case scenario a number of new fragile states may be the result, with very serious consequences for Africa’s development. Failing states have a dampening effect on the economies in their regions, and can rapidly undo years of steady development. Not only African countries and the continent as a whole, but also international investors will be badly affected if such worst case scenarios become a reality.*

*Therefore, a comprehensive and coherent strategy – based on lessons from experience – is necessary to help stabilize countries in fragile situations, prevent new resource rich countries from becoming fragile due to mismanagement of their extractive resources, and enable them to use their resource revenues for sustainable development. Such a strategy must focus on combining efforts to assist fragile states in rebuilding state capacity, including improving governance through strengthening management of extractive resources in resource rich countries. If the positive scenarios are to become the reality for Africa, all relevant actors need to be included in such a process, IFIs and donors, private sector and civil society, and not least – the new investors on the African continent, countries like China and India.*

*This seminar will have the following panelists:*

**Chairperson:** **H. E. Mr. Timothy Thahane**, Minister of Finance, Lesotho

### Speakers:

- **H. E. Mrs. A. Sayeh**, Minister of Finance, Liberia
- **H. E. Mr. Dominic K. Fobih**, Minister of Lands, Forestry and Mines, Ghana
- **Mr. Jonas Moberg**, Head of the Secretariat, Extractive Industries Transparency Initiative (EITI)
- **Mr. Paul Jourdan**, President and CEO, MINTEK, South Africa
- **Ms. Chen Ying**, Deputy Director General, China Enterprise Confederation, China
- **Mrs. Zeinab El Bakri**, Vice President, Sector Operations, AfDB

## CLIMATE CHANGE AND THE CHALLENGE FOR DEVELOPMENT

Date: *Monday, May 14, 2007*  
 Venue: *Auditorium*  
 Time: *2:30 p.m. – 4:30 p.m.*

### Summary

*The international community has now reached a consensus on the fact that increasing emissions of greenhouse gases like carbon dioxide and methane - most of which are linked to the human use of fossil fuels - are causing changes in the global climate systems. Climate change currently poses one of the greatest risks to environmental, social and economic development in both the developed and the developing world and its direct and indirect impacts threaten to reverse decades of development efforts.*

*In Africa, climate change and increased climate variability are already having profound and irreversible impacts on the continent's economic, social and environmental systems. This is increasingly apparent from the frequency and intensity in the occurrence of natural imbalances and climate related disasters on the continent including recurrent droughts, floods, and erratic rainfalls. Climate change is also manifested in other similar extreme weather events that threaten human health and infrastructure; agriculture production and food security, water, land and other natural resources sustainability that are at very basis of human survival and economic development.*

*While there are opportunities to introduce clean energy in Africa, what is more urgent is to introduce adaptation to climate change, because climate change affects and threatens natural resources conservation and their sustainable use. Agriculture, fisheries, livestock, water, tourism, natural parks and coastal resources are directly impacted by climate change with the dire consequences of more hunger and increased poverty. It is possible to reduce poverty while at the same time strengthening the capacity of those living in poverty to adapt to climate change.*

*The seminar will focus on the following issues:*

- *Issues, challenges and opportunities related to promoting low-carbon development. How to finance it, how to mainstream it in the development assistance and North-South cooperation including technology transfer and carbon trading;*
- *Issues, challenges and opportunities related to climate adaptation. How to support climate risk management, how to finance it and how to mainstream it in development assistance;*
- *The role of the Governments, Financial Institutions, Donors and Private Sector;*
- *Bridging the financial gap with existing and/or new financial instruments: the specific challenges for African countries.*

*The Panel members for this seminar will be as follows:*

**Chairperson:** *H. E. Mr. Eugene H. Shannon*, Minister, Ministry of Lands, Mines and Energy, Liberia

### **Speakers:**

- *Mrs. Ann Kajumulo Tibaijuka*, Executive Director, UN-Habitat, Kenya
- *Mrs. Rosebud Kurwijila*, Commissioner, Rural Economy & Agriculture, Africa Union, Ethiopia
- *Mr. Ogunlade R. Davidson*, University of Sierra Leone, Sierra Leone
- *Mr. Yogesh Vyas*, Lead Environmentalist Officer, AfDB

## ENVIRONMENTAL CONSIDERATIONS FOR SUSTAINABLE DEVELOPMENT

Date: Monday, May 14, 2007  
 Venue: Yangtze River Hall  
 Time: 2:30 p.m. – 4:30 p.m.

### Summary

Many countries in East Asia have experienced rapid economic growth. Japan, as the first wave of such an economic growth in the region, realized high economic growth in the 1960s. Four Asian countries/territories consisting of Hong Kong, Singapore, South Korea, and Taiwan are known as “Asian Tigers” for maintaining high growth rates and rapid industrialization between the early 1960s and 1990s. In the early 21st century, with the original four Tigers at or near to fully developed status, attention has increasingly shifted to other Asian economies.

During such rapid economic growth, many environmental problems were pointed out, such as water pollution, as a negative side of economic growth. Accelerating globalization and the expanding world economy have exposed various environmental issues around the world. Since the United Nations Conference on Environment and Development (the Earth Summit) in 1992, the international community has continuously made efforts to address these issues common for all nations, but Japan and some other countries had to struggle for balancing economic development and environmental conservation even in the 1960s. In this regard, it could be said that the history of economic development is the history of challenge for environmental conservation as well. What have we learned through our experiences and how could the lessons be applied to our future? Now, the environmental problems are not limited to the region, but have global impact. Environmental problems in the East Asian regions directly and indirectly affect African region, and vice versa.

Considering such history and background, this seminar would highlight implications for sustainable development in Africa, by sharing lessons learned from the past development experiences in Japan, China, and Korea, mainly in water and forestry sectors.

It would be timely and significant to explore the theme since many African countries might soon face an acute dilemma between rapid economic development and environmental conservation. In fact, the African Development Bank (AfDB) has put priority on the development of the water sector.

Some of the questions for discussion at the seminar are as follows:

1. What are the strategies that helped Japan and the Asian Tigers in realizing the dramatic growth? What are the valuable lessons that Africa can take on board in its stride to development, based on the Japanese experience?
2. Rapid economic development is most of the time challenged with environmental problems. What are the experiences of Japan on this and how can Africa learn from the Japanese experience to develop in an environmentally friendly manner? What could be the challenges and trade offs?
3. How can Japan further strengthen its collaboration and ties with the African Development Bank especially in the area of knowledge generation, management and dissemination to ensure that Africa minimizes a repeat of environmental problems associated with rapid economic development?

The panel members for this seminar will be as follows:

**Moderator:** **Mr. Kunio Okamura**, Director General, Development Assistance Strategy Department, JBIC, Japan

#### Speakers:

- **Mr. Song Tiedong**, Deputy Director, Sino-Japan Friendship Center for Environmental Protection (SEPA)
- **Mr. Tae-Dong Park**, Executive Director for EDCF Group, Korea
- **Mr. Hiroto Arakawa**, Japanese Bank for International Cooperation (JBIC), Japan

**Discussants:**

- **Prof. Kazuhiro Ueta**, Kyoto University, Japan
- **Prof. Ma Zhong**, Renmin University, China
- **Prof. Bok Yeong Park**, KIEP, Korea
- **Mr. Nils Tcheyan**, Director of Strategy and Operations for the Africa Region, The World Bank
- **Mr. John Benjamin**, Minister of Finance, Sierra Leone
- **Mr. Philibert Afrika**, Director, Operations Policy and Compliance, AfDB

**BREAKFAST MEETING ON FINANCIAL AND CAPITAL MARKET'S  
“AFRICAN BOND MARKETS: LEVERAGING THE GAINS OF THE PAST FEW YEARS”**

Date: *Tuesday, May 15, 2007*

Venue: *Europe Hall*

Time: *7:15 a.m. – 8:45 a.m.*

**Summary**

*Recent years have seen many African bond markets receiving renewed interest by investors and issuers alike. However, while some countries have made significant progress in their financial sector development, for others, achieving such development has remained challenging. A review of the bond markets in Africa shows great disparity in levels of development. Indeed, the vast majority of African countries only have rudimentary markets, with debt instruments usually of very short tenors. Government bonds generally dominate with few, if any, Corporate Bonds and Derivative Securities.*

*This workshop will seek to find ways of leveraging on the experiences gained over the past few years to enable the continent's bond markets to develop further.*

**Moderator:** **Mr. Thierry de Longuemar**, Vice President Finance, AfDB

**Speakers:**

- Regional Snapshot: Africa vs. Asia – **Mr. Ade Adebayo**, Director, Debt Capital Markets, Standard Chartered Bank
- Country Experiences of Developing Domestic Bond Markets - China and Morocco  
*(Speakers to be confirmed)*
- Where To From Here: Prioritizing The Key Issues - **Mr. Brad Koen**, Director, Global Markets, Standard Bank of South Africa

## SEMINAR FOR GOVERNORS

**THE ENHANCED PERFORMANCE BASED-ALLOCATION (PBA) AND THE DEBT SUSTAINABILITY FRAMEWORK/DEBT SUSTAINABILITY ANALYSIS (DSF/DSA)**

Date: Tuesday, May 15, 2007

Venue: Auditorium

Time: 5:00 p.m. – 6:00 p.m.

**Summary**

*The enhanced performance-based allocation system and the associated debt sustainability framework/debt sustainability analysis (PBA/DSF/DSA), presents a transparent mechanism for allocating concessional ADF resources to eligible borrowers based on performance, need, and population.*

*The PBA/DSF/DSA system is a two step process. The first is the determination of country allocations using the enhanced PBA framework, and the second, the determination of the financing terms using the DSF/DSA system.*

*Country allocations are determined using an enhanced PBA formula. The formula is a geometric, multiplicative function of three main variables: (i) per capita income, (GNI/P), as an indication of the country's need; (ii) an adjusted country performance assessment score (CPA) that measures the country's performance; and (iii) the level of population in the country (P). A Governance Factor (GF) which gives an indication of the country's performance in the area of governance, and a Post Conflict Enhancement Factor (PCEF) to support the efforts of post-conflict countries, are used to convert the basic CPA to the adjusted CPA. The basic CPA is a weighted average of Country's Policy and Institutional Assessment (CPIA) score which assesses the country's social, economic, political and institutional environment; and the country's Portfolio Performance Rating (CPPR) which measures the performance of the Bank's portfolio in the country.*

*After the determination of the country's allocation using the PBA system, the loan/grant financing terms are determined by the degree of debt distress associated with the country, using the DSF/DSA. The DSF/DSA classification is illustrated by the traffic light system with "green" signifying low risk of debt distress corresponding to 100 percent loan; "yellow" signifying moderate risk of debt distress corresponding to 50/50 loan/grant combination; and "red" signifying high risk of debt distress corresponding to 100 percent grant.*

*Based on the 2005 DSF country risk rankings, 14 countries were classified as loans only, 21 as grants only, and 5 as a combination of loans and grants. In the 2006 DSF/DSA country risk rankings, 16 countries were classified as loans only, 20 as grants only, and 4 as a combination of loans and grants.*

*A number of issues and challenges related to the application of the PBA system and the DSF/DSA are being addressed by the MDBs, ADF Deputies, and the Boards of Directors and Governors to improve the efficiency in the use of ADF resources. These include (i) complexity of the PBA formula; (ii) predictability of annual country allocations; (iii) subjectivity of performance ratings (iv) double counting of the Governance Factor; (v) the weight of the population factor; (vi) the Country Portfolio Performance Ratings process; (vii) the Post Conflict Enhancement Factor; (viii) front and back loading mechanism; (ix) eligibility criteria for re-allocation of ADF-X resources; (x) the Free Rider Problem; and (xi) relative weights of key variables in the enhanced PBA formula.*

*The issues and challenges of the PBA system are complex and require careful review and guidance by ADF Deputies and the Boards of Directors and Governors. The following are some of the key issues for consideration during the Seminar.*

- i. What are the main elements of a simplified PBA formula that achieves the underlying objectives of the enhanced PBA system?*
- ii. How would the volatility and the problem of predictability be minimized and/or eliminated?*
- iii. How can the double counting of governance in the PBA system be removed?*
- iv. Should the weight of the population factor be reduced and to what level?*
- v. How could the volatility in the CPPR process be addressed? Cleaning up of the portfolio, improve supervision of projects, applying a three year moving average of the rating, etc.*
- vi. Should the PCEF be eliminated from the PBA formula and a pool of resources set aside from the ADF replenishment resources to cater for the needs of the PCCs?*
- vii. How can the free rider issue be reconciled with the need for additional development resources needed to achieve the MDGs in ADF-only countries?*

**Chairperson:** *H. E. Mr. Goodall Gondwe*, Minister of Finance, Malawi

**Speakers:**

- *Mr. Vikram Nehru*, Director Economic Policy and Debt Department, The World Bank, USA
- *Mr. Sudipto Mundle*, Advisor, Strategy and Policy Department, Asian Development Bank, Philippines
- *Mr. Stefan Emblad*, Advisor, Africa Department, The World Bank, USA
- *Mr. P. Afrika*, Director, Operations Policy and Compliance, AfDB

**GROWTH AND RESPONSIBILITY IN AFRICA: PRESENTATION OF THE GERMAN EU/G8  
PRESIDENTIAL PROGRAMME  
PANEL DISCUSSION ON SUSTAINABLE PRIVATE INVESTMENT IN AFRICA**

Date: *Tuesday, May 15, 2007*  
Venue: *Yangtze River Hall*  
Time: *6.15 p.m.-7.45 p.m.*

*DEG, on behalf of BMZ will be responsible for the organization of the event. The event would consist of two interlinked parts: firstly, a presentation of the German twin G8/ EU presidency with a focus on the G8 pillar “Growth and Responsibility in Africa”, and secondly, a panel discussion focusing in particular on the issue of “Sustainable Private Investment in Africa”, which is one of the key demands of Germany’s G 8 Agenda.*

*The seminar would strive to convey the following three main messages, that:*

- *Africa is on the move (improved political and economic environment);*
- *Achieving the MDGs will have to be based on strong growth performance and hence increased investment, including FDI; and*
- *Investments need to be sustainable in order to contribute to “shared growth”*

*The panel members for this seminar are as follows:*

**Opening Remarks:**     **Mr. Donald Kaberuka**, President of the AfDB

**Moderator:**     **Dr. Winfried Polte**, Chairperson of the Management Board, DEG

**Speakers:**

- **Mrs. Karin Kortmann**, German Governor and Junior Minister in the German Ministry for Economic Cooperation and Development
- **Mr. Trevor Manuel**, Minister of Finance, Republic of South Africa
- **Mr. Chen Min**, Director Asian and African Affairs, Chinese Council for the Promotion of International Trade (CCPIT)