

Implementing Entity for the Fund. The three roles of the Bank will require different capacities. Potential conflicts of interest will be addressed and, if necessary, the object of specific commitments.

7.1 The Bank as a Trustee

7.1.1 The Bank has the requisite experience and capacity to manage and efficiently disburse large scale funds, including those related to climate change. As of June 2011, the Bank is currently a trustee and managing US\$ 5.46 billion on behalf of over 50 funds either hosted by the Bank or by external institutions.

7.1.2 The Bank's responsibilities shall include fund management, financial reporting and the execution of legal agreements. The Bank's institutional structure and processes allow the Bank to play this role, as it currently does for several similar funds such as the Nigerian Trust Fund, the NEPAD-Infrastructure Project Preparation Facility, Congo Basin Forest Fund, the African Water Facility, and the newly established ClimDev Fund. The Bank also hosts several bilateral Trust Funds. The Bank therefore has the experience in managing different types of funds. However, additional human resources will be required by the Bank to execute its Trustee role.

7.2 The Bank as the AfGF's Secretariat

The Bank has adequate experience in hosting the Secretariat of Funds. It plays that function with the AWF, the CBFF and the ClimDev-Africa Special Fund . While the magnitude of existing funds is smaller than the proposed AfGF, the principle is the same. The Bank will recruit the required staff to manage the secretariat in line with the level of AfGF resources that the Secretariat will manage.

7.3 The Bank as an Implementing Entity

7.3.1 The Bank is an Implementing Entity of other global funds such as the Climate Investment Funds and the Global Environment Facility. It is currently being accredited as an Implementing Entity for the UNFCCC Adaptation Fund. The Bank's comparative advantage as an Implementing Entity stems from the fact that it is the largest infrastructure financing institution on the continent.

7.3.2 The Bank also has expertise in implementing projects in all economic sectors that are sensitive to climate change. As an Implementing Entity, the Bank will leverage AfGF resources with internal Bank resources as well as raise additional resources from donors who have come to trust the Bank's high fiduciary standards, as exemplified by the recent Bank 200% capital increase. As an Implementing Entity, the Bank will apply to the Fund, as with other registered and accredited agencies, for resources to implement its projects. The Bank is not expected to absorb all the Fund's resources.

7.4 AfGF's Alignment with the Bank's Mandate

7.4.1 The proposal for the Bank to host, govern and manage the AfGF reflects a careful consideration of AfGF objectives, as well as AfDB's mandate, capacity and procedures. The AfDB is a significant and committed leader of African development. It was established for the purpose of contributing to the sustainable economic development and social progress of its regional member states. Clearly, addressing climate change issues in Africa is critical to achieving the AfDB's mandate.

7.4.2 AfGF's establishment is consistent with Article 8 of the Agreement establishing the Bank, which authorizes the Bank to establish Special Funds that are designed to serve the purposes for which the Bank was created, and which fall within the scope of its functions.

7.4.3 The AfGF's design and implementation will benefit from the experience that the Bank has acquired in hosting and administering similar special funds that address the needs and specificities of AfDB Regional Member Countries.

8. AfDB's INSTITUTIONAL CAPACITY TO MANAGE AfGF

8.1 The Bank has the requisite experience and capacity to manage and efficiently disburse large scale funds, including those related to climate change. As of June 2011, the Bank is currently the trustee and

