GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Media information

AfDB President Working Visit to Nigeria, 23-24 November 2010

PRESS KIT

Contents

-

AfDB

The African Development Bank Group President

Mr. **Donald Kaberuka** is the 7th elected President of the African Development Bank Group (AfDB).

Mr. Donald Kaberuka was elected in 2005 as the seventh president of the African Development Bank Group. He was re-elected in May 2010 in Abidjan, Côte d'Ivoire, for a second five-year term.

Before joining the AfDB, Mr. Kaberuka worked for many years in the banking, trade finance, international trade and development domains.

Biodata

He was Rwanda's Minister of Finance and Economic Planning from 1997 to 2005, and is widely credited with the country's successful economic reconstruction after the country's civil war. He initiated and implemented major economic reforms and in terms of structural, monetary and fiscal governance, especially on central bank independence. These reforms led to the widely-recognized revival of Rwanda's economy, and to the sustained economic growth that enabled Rwanda to obtain debt cancellation under the Heavily Indebted Poor Countries (HIPC) initiative in April 2005.

Mr. Donald Kaberuka holds a PhD in Economics from Glasgow University. He is proficient in English, French and Swahili.

Original

BAD

Le président du Groupe de la Banque africaine de développement

M. **Donald Kaberuka** est le 7e président élu du Groupe de la Banque africaine de développement.

Elu en 2005, comme 7ème président du Groupe de la Banque africaine de développement, M. Donald Kaberuka a été réélu en mai 2010 à Abidjan, en Cote d'Ivoire, pour un second mandat de 5 ans.

Avant d'entrer au service de la Banque, M. Kaberuka avait une vaste expérience dans les secteurs de la banque, du financement du commerce, des échanges internationaux et des questions liées au développement.

Renseignements personnels

Il a été ministre des Finances et de la Planification du Rwanda de 1997 à 2005 et est, à ce titre, largement crédité du succès du programme de reconstruction et de réforme économique mis en œuvre dans ce pays après la guerre. Il a lancé et mis en œuvre de grandes réformes économiques et sur le front de la gouvernance dans les domaines monétaire, budgétaire et structurel, notamment en ce qui concerne l'indépendance des banques centrales. Ces réformes ont mené à la reprise largement reconnue de l'économie rwandaise et à une croissance économique soutenue qui a permis au Rwanda d'obtenir en avril 2005 des annulations de dette dans le cadre de l'Initiative en faveur des pays pauvres très endettés (PPTE).

M. Kaberuka est titulaire d'un doctorat en économie de l'Université de Glasgow en Écosse.

Il parle couramment l'anglais, le français et le swahili.

AfDB President Kaberuka to Visit Nigeria

Tunis, 18 November 2010 – The African Development Bank (AfDB) Group President, Donald Kaberuka, will on Tuesday, 23 November 2010 start a two-day trip to Nigeria.

The AfDB is supporting Nigeria's growth, poverty reduction and economic diversification plans. AfDB strategic pillars of intervention in Nigeria include the development of human capital through improved service delivery in education and health; as well as stimulating private sector-led growth in the non-oil sector through enhanced infrastructure, agricultural and rural development.

Nigeria potentially has the largest consumer market on the continent. The Nigerian economy has witnessed a period of sustained growth over the past five years, averaging 5.6% annually.

During his visit, Mr. Kaberuka will meet with Nigeria's finance minister, Olusegun Aganga, the Nigerian Central Bank Governor, Sanusi Lamido Sanusi, as well as senators and members of the house of representatives, among others. He will also attend a working session with private sector operators.

Nigeria played a key role in the establishment of the AfDB Bank and hosted the first board of governors meeting in November 1964. Nigeria has, since then, been the largest Bank Group shareholder with about 9 percent of the Bank's total capital stock.

In July 1976, Nigeria established the Nigeria Trust Fund (NTF) as a soft window affiliate of the Bank to help with development efforts of more disadvantaged AfDB member countries. Nigeria further established the Nigeria Technical Cooperation Fund (NTCF) in April 2004 in Tunis with USD 25 million grant resources to assist AfDB regional member countries in the preparation and implementation of projects and programmes in the spirit of south–south partnership.

Brief on AfDB's Operations in Nigeria

Nigeria is Africa's most populated country, and it is also home to a number of major multimillion dollar projects financed by the African Development Bank Group (AfDB), particularly in the infrastructure sector, which is one of the Bank's key strategic pillars.

Within the infrastructure sector, roads play a key role in facilitating trade, transportation and regional integration. Nigeria's links with neighbouring Cameroon are expected to strongly improve with the launch of the AfDB-funded 443km Bamenda-Enugu Multinational Highway and Transportation Programme in June 2010.

The programme, launched at the Nigeria-Cameroon border post at Mfum before a large group of dignitaries and officials from both countries, is funded to the tune of USD 278 million with a loan from the AfDB Group's 'soft loan' arm, the African Development Fund. The link also has implications for wider trans-Africa transportation and trade.

Another major road project is the Lekki toll road, linking Victoria Island with the Lekki peninsula in Nigeria's commercial capital, Lagos. This AfDB senior loan of up to USD 85 million for the upgrade and rehabilitation of the route was first approved in March 2008. The total project cost is USD 382 million, and the AfDB loan accounted 35% of the senior debt.

The aims of this upgrading and tolling of the pre-existing 50 km long Lekki-Epe Expressway are to cut congestion and travel times while at the same time improving road safety, creating jobs and boosting business and trade along the corridor.

Another major Nigerian infrastructure project is the laying of an undersea fibre-optic cable along the West African coast that will considerably boost the communications capacity not just of Nigeria, but other countries across the region, including Côte d'Ivoire, Senegal, Ghana, Morocco and the Canary Islands, and cut communications costs.

The AfDB signed a USD 61 million loan agreement with Main One Cable Company in September 2009. This loan is part of the USD 240 million project involving the laying of 7,000km of submarine fibre-optic cable between the Portuguese capital, Lisbon, the Ghanaian capital, Accra, and Lagos.

The 1.92 Tbps available bandwidth will be leased to telecom operators and internet service providers, ensuring a large customer base and estimated price reductions of 50% and more for users.

The Main One loan represents an increase in AfDB's support for African ICT projects, which include investments in the East African 'EaSSy' submarine cable and the satellites, Rascom and New Dawn.

Media Information

Nigeria Trust Fund: A Development Solidarity and Collaboration Instrument with Other African Countries

The Agreement Establishing the Nigeria Trust Fund (NTF) as one of the special funds administered by the Bank was signed by the Nigerian government and the African Development Bank (AfDB) in February 1976. Since then, Nigeria has been making effective contributions to the continent's economic development and social progress by channeling development assistance on concessionary basis to less favoured African countries through the Bank's facilities. Towards the conclusion of the Fund's first thirty-year normal validity period, the Nigerian government and the African Development Bank successfully reviewed NTF's overall operations and on the 22 September 2003, they endorsed certain amendments to the original Agreement. The amendments were essentially aimed at enhancing NTF operational procedures in order to ensure their effectiveness in helping emerging development efforts by AfDB regional member countries.

With the admission of non regional member countries yet to be concluded in December 1982, the Bank's limited resource as at that time made NTF resource support most welcome and all the more important. The initial capital of about USD 80 million provided in two tranches in July 1976 and February 1977 was consequently fully committed by the end of 1980 and in 1981.The Nigerian government had to replenish the Fund a second time with USD 71 million. The creation of the NTF coincided with the election of the Bank's third president, Dr. Kwame Donkor Fordwor who, realizing the challenge posed by the Bank's capital shortage, made resource mobilization the key focus of his mandate, including the admission of non-regional countries and the Bank's third capital increase.

By 2003, NTF's resource base had grown to USD 558 million, reflecting the Bank's efficiency in managing the Fund's resources. From 1976 to 2009, the Nigeria Trust Fund approved a cumulative amount of USD 650 million for some 80 projects in 32 regional member countries. Of this amount, USD 25 million was allocated to multinational projects. At the end of December 2009, cumulative NTF disbursements amounted to USD 333 million or over 51 percent of the cumulative lending. In all, some 60 NTF loans were fully disbursed for a total of about USD 300 million. The NTF provides loans bearing an interest rate of 2-4 percent and a repayment period of 25 years, including a 5-year grace period.

Following the end of NTF's initial period of 30 years in April 25, 2006, the Bank and the Nigerian government agreed to a 10-year extension of the Fund, commencing from 26 April 2006. As a result of NTF Operational Guidelines approved by the AfDB boards of directors in December 2008, the new NTF lending programme commenced in 2009 and coincided with the overall Bank Group medium-term Strategy. One of the structural changes made to the Nigeria Trust Fund is the establishment of the Nigeria Technical Cooperation Fund of USD 25 million which is the most important bilateral cooperation grant resources in the Bank.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Media Information

NIGERIA TECHNICAL COOPERATION FUND

Objective

- On 5 April 2004, the Government of Nigeria and the African Development Bank (AfDB) signed the Agreement Establishing the Nigeria Technical Cooperation Fund under which Nigeria provided the Bank Group USD (United States Dollars) 25 million grant resources to assist in the preparation and implementation of development projects and programs for the benefit of the Regional Members.

- The grant amount of USD 25,000,000 allocated from the resources of NTF is the largest single bilateral co-operation fund. The other grant resources come mainly from the Bank's 24 non-regional member countries.

- The NCTF is established at the end of the first 30-year period of the Nigeria Trust Fund as another symbol of African solidarity in general and Nigeria's commitment to the development of Africa in a spirit of south-south partnership.

Scope of the Fund

- Key areas of focus: science & technology, health, business & finance, agriculture, education, public administration and regional integration, gender issues.

Management of the Fund

It is jointly managed by the Bank's Partnerships and Cooperation Unit (ORRU) and the Directorate of Technical Cooperation in Africa (DTCA) of the Nigerian Ministry of Foreign Affairs.

Operations of the Fund

Since 2005, 35 activities are financed with NTCF grants of which 9 activities ranging from USD 50,000 to USD 309,303 have been completed for a total amount of USD 0.9 million while 26 other activities are ongoing and at different levels of completion. The ongoing activities, ranging from USD 25000 for science and technology training material, to USD 1.411 million for NEPAD medium to long-term strategic framework study, amount to a total of about USD 4.5 million.

Key Pan-African Initiatives being funded by NTCF, include the Programme for Infrastructure Development in Africa (PIDA for USD 975,699), and the Capacity Building in Science and Technology in Africa Programme (USD 1 million).

- By and large, the activities covered by the Fund include:

  a) Institutional/technical support & capacity-building;
  b) Engagement of consultants/consulting firms for the preparation of pre-feasibility and feasibility studies;
  c) Acquisition of consulting services for the identification, preparation, appraisal, implementation, supervision and post-evaluation of development projects and programmes, as well as to carry out mid-term reviews and audits;
  d) Provision of technical assistance related to projects experiencing difficulties;
  e) Provision of training and capacity-building;
  f) Provision of TA in the preparation of policy studies; and
  g) Other TA activities as may be mutually agreed upon between the parties from time to time.

Amount available under the Fund

- As of end of October 2010, resources available for allocation amounted to USD 19.6 million

Ceiling amounts of commitment

- Without requiring the approval of the Government of Nigeria: an amount not exceeding USD 50,000 out of the resources of the grant. The amount committed without the approval of the Government under a free-limit facility shall not exceed USD 250,000.

- Commitments from the resources of the Grant shall not exceed USD 2,500,000 each year.

Flexibility

- On an exceptional basis, and with prior written approval of the Government, the ceiling may be exceeded to fund an activity which is considered essential for achieving the purposes of the Grant.

Processing of Requests

Eligibility & Limitations

- Consultants must be nationals, permanent residents, or entities established under the laws of Member Countries of the Bank
- Activities to be financed out of the NTCF must be eligible for funding
- Goods and services to be financed out of the Fund shall be from the territories of Regional Member Countries
- Consultants from Nigeria, Nigerian diaspora and women are given preference within the Rules and Procedures of the Bank

Procedure

1. Applicants submit a NTCF Request Form. The proposal may be submitted either directly to the Bank by potential beneficiaries or through Directorate of the Technical cooperation in Africa (DTCA). Requests received by DTCA are initially processed in consultation with the Bank's Country Office in Abuja prior to its official submission to the Partnership and Cooperation Department of the Bank. All proposals are acknowledged in writing.

2. The Bank and DTCA will carry out an assessment of the proposals for eligibility and viability.

3. The Bank may approve proposals not exceeding fifty thousand United States Dollars (USD 50,000) subject to a total commitment in a given year of an amount not exceeding two hundred and fifty thousand United States Dollars (USD 250,000).

4. Proposals with total costs above USD 50, 000 shall be submitted[1] to the Government of Nigeria, through the Honourable Minister of Cooperation & Integration in Africa, for approval. If, within sixty (60) calendar days from the date of the said proposal, the Government of the FRN shall not have communicated to the Bank its concurrence or objection to the proposed activity, the relevant activity shall then be deemed to have been approved by the Government.

5. Approval by the Nigerian Government and feedback to the beneficiary and User Department of the Bank.

6. Once a funding proposal has been approved, the shortlist of potential consultants is drawn up by the Bank Group from DACON and DTCA database and forwarded to DTCA for endorsement.

7. Selected consultants will be informed of the decision in a written form by the Bank. The Bank will engage in the negotiation with the consultant and organize the signing of contracts.

Payment for Funded Activities

Payment for approved and/or executed activities shall be upon review, verification and approval in accordance with the signed contracts and the Rules and Procedures of the Bank.

Portfolio Manager:	**Donor Agency Contact:**
Ms. DIABI E. Khadidia (Name, Telephone No., Office) Principal Cooperation Officer, ORRU Telephone: 216 71 10 30 02 Fax: 216 71 830 172 *Email: k.diabi@afdb.org* Office: 5C1 Building: EPIA	Engr. Dr. Sule Yakubu Bassi Director General Directorate of Technical Cooperation in Africa Ministry of Foreign Affairs Plot 894, N°. 11 Onitsha Crescent (Facing Gimbiya Street) Area 11 P.M.B. 557 Garki, Abuja FEDERAL REPUBLIC OF NIGERIA Fax: (234-9) 523-5372

[1] Submission by the Bank shall be accompanied by a letter from the Beneficiary Government co- authoring the request.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Media information

Bio Notes

-Aloysius Uche Ordu, Vice-President, Country & Policies

Mr. Aloysius Uche Ordu, a Nigerian national, joined the African Development Bank in June 2007.

As Vice President, his responsibility is to work closely with other members of the Senior Management team in shaping the Bank Group's strategic thrusts and delivering corporate priorities and results. In ORVP, he exercises oversight over several departments, units and country offices responsible for shaping the assistance strategies of various regional member countries (including middle income countries, fragile states and low income countries); ensuring effective execution of programs and portfolios; assuring the quality, fiduciary, safeguards and results of Bank-supported operations; mobilizing resources, contributing to the Bank Group's program of analytical work and knowledge services; and ensuring the development and simplification of operational policies and business processes.

Until May 1, 2009, Aloysius was Regional Director, East Africa Department where he oversaw country strategies, lending operations, policy advice and knowledge services and mentoring a team of staff decentralized across East Africa.

Prior to joining the African Development Bank, Aloysius worked at the World Bank in Washington DC, USA from 1988 to 2007 where he served in various capacities in various world regions (East Asia, South Asia, Middle East, and Africa) and in diverse sectors and Networks (infrastructure, rural development, private sector development, operations quality and, research).

He is the recipient of the World Bank Group President's Award for Excellence and the Independent Evaluation Group's 2006 Good Practice Award.

Before joining the World Bank, Aloysius worked as International Economist at the Midland Bank Group Economics Department and as Economist at the Economist Intelligence Unit in London. Aloysius holds a PhD in Economics (University of Sussex), MSc. in Quantitative Economics (Bristol University) and BSc. in Law and Economics (University of Wales, U.K). Aloysius is married with a son and two daughters.

-Cecilia Akintomide, Secretary-General

Ms. Cecilia Akintomide is the Secretary-General (SEGL) of the African Development Bank.

Prior to assuming the position in May 2010, she served in several positions in the Bank, including Division Manager for Public and Private Sector Operations, in the General Counsel and Legal Services (GECL) Department, and Chief Legal Counsel, Administrative and Institutional Affairs.

Before joining the Bank, Ms. Akintomide worked in law firms in Nigeria and the United States of America, including O. Thomas & Co. (Solicitors) (Lagos, Nigeria) and Weil, Gotshal & Manges (New York, U.S.A.). Ms. Akintomide holds a Bachelor of Laws Degree from the University of Ife (now Obafemi Awolowo University, Ile-Ife, Nigeria), a Master of Laws Degree from both the University of Miami Law School (Florida, U.S.A.) and the University of Pennsylvania Law School (Pennsylvania, U.S.A), and is a member of both the Nigerian and New York State Bars.

FACT SHEET ON
African Development Bank Group

The African Development Bank (AfDB) Group is a regional multilateral development finance institution, comprising three distinct entities under one management. The African Development Bank (AfDB) is the parent institution with two affiliates: the African Development Fund (ADF) and the Nigerian Trust Fund (NTF). The AfDB was established to contribute to the economic development and social progress of African countries.

Creation

The AfDB was created on 4 August 1963 in Khartoum, Sudan, where 23 newly independent African countries signed the agreement establishing the institution. On 10 September 1964, the Agreement came into force when 20 member countries subscribed to 65% of the Bank's capital stock of US$250 million. The AfDB headquarters was opened in Abidjan, Côte d'Ivoire, in March 1965 and commenced operations in July 1966 with 10 members of staff.

Mission

The AfDB mission is to promote the investment of public and private capital in projects and programmes that are likely to contribute to the economic development of its stakeholders. The Bank therefore finances public and private sector projects.

Membership and Organizational Structure

The Bank Group has 77 member countries, comprising 53 regional (African) member countries (RMCs), and from 1982, 24 non-regional (non-African) member countries2 (NRMCs) joined the institution. Each member country is represented on the AfDB's Board of Governors, the Bank's highest decision-making body. The Board of Governors elects the President during a session held in camera, open only to Governors and Alternate Governors of RMCs and NRMCs. The presidential candidate is introduced by the Governor of the RMC of the nationality he holds, and is elected for a five-year term, renewable once. The Board of Directors is responsible for the conduct of the Bank's general operations and accordingly, has the authority to exercise all Bank supervisory function except those reserved exclusively for the Board of Governors. The AfDB President is responsible for the Bank's management under the supervision of the Board of Directors. In this regard, he takes responsibility for the proper application of policies and guidelines issued by the Board.

Resource Mobilization

The Bank's funds are derived from Member Countries' subscriptions, borrowings on the international markets and loan repayments. Its resources also come from ADF and NTF replenishments, and general capital increases.

ADF and NTF roles

The role of the ADF is to provide the Bank Group's regional member countries with concessionary resources to boost their productivity and economic growth. Its resources are derived directly from special contributions from states participants, especially NRMCs. Similarly, the NTF was established in 1976 to help the AfDB's most underprivileged member countries and provide on highly concessionary terms.

Beneficiaries from Bank Group assistance

Most AfDB resources and projects are intended for its RMCs. The establishment of the Bank's new credit policy in 1995 resulted in a rationalization of loan conditions.

[1] Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Congo (Democratic Republic of), Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tomé & Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

[2] Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States of America.

Countries are therefore classified under three categories on the basis of country-creditworthiness and GDP-related considerations. The first category comprises countries with a per capita GDP of less than US$540 that are only eligible for concessionary resources from the African Development Fund. The second category comprises countries with a GDP per capita of between US$540 and US$1,050 that have access to both AfDB and ADF resources. The third category is made up of countries with access only to AfDB loans. Such countries have a GDP per capita higher than US$1,050.

AfDB Operational Focus for 2008-2012

The Bank will increase selectivity, with particular operational focus on infrastructure, governance, developing a more robust private sector, and higher education. Through investments in these areas, the Bank will contribute directly to regional integration, Middle Income Countries (MICs) and fragile states assistance, human development, and agriculture. Knowledge-generation, climate change and gender will be mainstreamed in all the institution's operations.

AfDB Key Statistics

- AfDB capital as of December 31, 2009: US$33 billion.
- Approved operations in 2009: 181 operations totaling US$12.66 billion. Loans and grants totaled US$11.77 billion.
- Sector approvals in 2009: Infrastructure, US$ 6.13 billion (52.05 percent of total loans and grants); Multisector, US$3.43 billion (23 percent); Finance, US$ 1.27 billion (6.13 percent), Industry, mining quarrying, US$ 175 million (1.49 percent); Social, US$ 358.4 million (3.04 percent); Agriculture and rural development, US$ 341.7 million (2.9 percent); Urban Development, US$ 940,000 (0.05 percent) and Environment, US$ 69 million (0.6 percent).

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media Information

AfDB 2008-2012 Medium Term Strategy

-A Road Map for the African Development Bank

Message from Donald Kaberuka, President, African Development Bank

Our 2008-2012 Medium Term Strategy constitutes a road map for the African Development Bank (AfDB) and its partners at a critical time for Africa.

Its design benefited from wide consultation and is consistent with the High Level Panel Report. It combines ambition and realism and clearly spells out deliverables. When strategic design began, the financial crisis was in its very early stages with its full economic ramifications slowly unfolding.

The AfDB and other multilateral development banks have been called upon to play a bigger role, to do more, to innovate. I am determined that the African Development Bank answers this call. Our central challenge then is how to stay focused on core priorities while providing a response to the new unfolding economic landscape.

This strategic framework provides the guidance and sets the direction. It is not a straight jacket and it enables us to respond to changing needs and circumstances. It seeks to give selectivity and complementarity a much clearer operational definition, charting a way on how to avoid strategic drift as new demands and needs arise.

Building on lessons from earlier strategies, it sets out principles and priorities on the best way to maximize focus and effectiveness on our core areas; Infrastructure, Private Sector, Regional Integration and Governance while being complementary with other key domains. I am fully aware that the main obstacle will be that of delivery capacity and the resource base. We will overcome by steadily building that internal capacity and reform the business processes – a fulcrum of success for this plan. At the same time, we will continue to emphasize financial soundness, maintain our strong ratings while innovatively leveraging our balance sheet and drawing on our financial strength for the benefit of our member countries.

As we embark on this journey, I take the opportunity to thank the Board, Senior Management and Staff who were involved in this exercise. We will now focus fully on implementation.

AfDB 2008-2012 Medium Term Strategy: Highlights

The AfDB 2008-2012 Medium Term Strategy builds and draws on the Bank's previous multi-year Strategic Plan (2003-2007). Extensive consultations across a wide spectrum of shareholders and partners have, in particular, revealed the need for greater focus on results; more selectivity in areas of engagement and rigor in implementation; continued improvement in business processes and efficiency; intensified country dialogue; and more systematic matching of resources with priorities.

The last decade brought unprecedented growth to many African economies with promising reductions in poverty levels. Conditions for sustained growth have been broadly favorable until recently, as the global financial crisis has introduced new pressures and uncertainties. At a minimum, a sharply softer global economy characterized by more difficult credit conditions, coupled with the significantly changing international aid architecture, means sharper medium-term challenges for the Bank and its regional member countries.

The strategy aims at effectively positioning the Bank within a more volatile, uncertain and competitive environment, while remaining focused on serving the primary needs of its African clients. The Bank has a unique position in Africa and must remain relevant to all its regional member countries. To do so, it must be more effective and equipped with appropriate instruments and resources.

An effective strategy must therefore be a framework, not a blueprint. Within a clear set of priorities, the Bank must be able to respond to changing needs and circumstances. It should be judged by its results. The contribution it makes to development and poverty reduction efforts in particular, by promoting equitable growth and economic integration, and through them, wider opportunities for Africa's poor.

The AfDB's aim is to become the preferred partner in Africa, providing quality investment and advice. To this end, the Bank will increase selectivity, with particular operational focus on infrastructure, governance, developing a more robust private sector, and higher education. Through investments in these areas, the Bank will contribute directly to regional integration, Middle Income Countries and fragile states assistance, human development, and agriculture. Knowledge-generation, climate change and gender will be mainstreamed in all the institution's operations.

The Bank has built and will maintain a strong balance sheet and credit rating. It will more fully use the comparative advantages of its integrated structure, bringing together sovereign, non-sovereign, and concessional resources to meet the special needs of individual regional member countries. The Bank will also work more consistently in partnership with others to maximize development impact, and improve harmonization, alignment and the use of country systems, as agreed in the Accra Agenda for Action.

There will be more focus on delivery and on development results, improving portfolio quality, and accelerating implementation. Changes in operational and human resource processes and budgeting will give managers greater responsibilities, but also hold them to account for results. Progress will be closely monitored and regularly reported.

GENERAL CAPITAL INCREASE

The African Development Bank (AfDB) is seeking a General Capital Increase (GCI) in order to maintain its ability to meet the growing demand of African countries for development finance.

This demand has grown in the wake of the global financial and economic crisis, and will continue to grow as more finance is needed to fund the recovery.

In 2009, the value of operations approved by the AfDB for its regional member countries more than doubled, increasing to USD 12.66 billion compared to USD 5,435 billion in 2008. According to AfDB forecasts, demand is projected to remain at this level until 2011.

The General Capital Increase that the Bank is seeking between USD 30 billion and USD 100 billion, and it considers that this is an immediate and urgent need to enable it to continue to lend beyond 2010. It will help the Bank continue to finance Africa's economic development while remaining within prudent limits.

Already some member countries have taken positive steps. In late 2009, Canada and South Korea decided temporarily to triple their share in AfDB's callable capital.

AfDB' regional member countries gave their unanimous support for the GCI sought by the institution when they met in Tunis on 12 February 2010, and called upon non-regional members to also give their support.

The African Union also gave its support for the GCI at its meeting in Addis Ababa in January 2010. This was followed by support from the Committee of Ten (C10) which held its fourth meeting in Cape Town in February 2010.

The GCI will also strengthen the Bank's ability to call upon the capital markets for finance.

In this regard, the AfDB's former Finance Vice-President, Thierry de Longuemar, said: *'The General Capital Increase will directly benefit borrowing member countries, as it will enable the Bank to raise funds on the capital markets at very competitive prices".*

As a result of comprehensive institutional reforms carried out since 2006, the AfDB has greatly enhanced its capacity to deliver. These reforms have enabled the institution to effectively manage an unprecedented level of lending volumes in 2009, and to become the leading development finance institution in Africa.

The last GCI dates back to 1999 and it sought to strengthen the institution's capital structure. Together with institutional reforms, the GCI helped the Bank sustain its AAA rating, according to an independent report commissioned by AfDB in December 2009.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Media information

AFRICAN DEVELOPMENT FUND

12th Resource Replenishment of the African Development Fund (ADF-12)

The African Development Fund (ADF) is the soft loan window of the Bank Group that provides concessional loans and grants to Africa's poorest countries.

Replenished every three years by 26 donor countries, the Fund aims to reduce poverty through programs and projects that boost economic growth and improve people's living conditions.

In December 2007, the ADF successfully concluded its 11th Resource Replenishment (ADF-11) with a record level of USD 8.9 billion for the Fund's activities between 2008 and 2010. For this period, Bank management and donor countries, represented by ADF Deputies, agreed on a focused set of strategic and operational core priorities centered on infrastructure, governance, regional integration, and support for fragile states.

The ADF-11 Mid-Term Review (MTR) was held in Helsinki, Finland in 2009. The meetings allowed ADF Deputies to review the Fund's achievements over the previous 18 months, especially core priorities, in terms of development outcomes, as well as institutional reforms, harmonization and alignment of assistance, debt relief and debt sustainability.

The meetings acted as the initial forum for the ADF-12 replenishment process. There was a second consultation meeting held in Cape Town, South Africa, from 22-23 February 2010

At that meeting, the African Development Bank (AfDB) President, Donald Kaberuka, made the following key points in his opening address: "We have, together, in successive previous cycles achieved a great deal on the continent. The Fund has demonstrated its dexterity, its relevance and its place in the aid architecture. Now, as we go forward:

- We essentially face three challenges which I would describe as:
  - Consolidating gains and preventing slippages
  - Sustaining and building on our achievements
  - Being ready at all times to adapt to exogenous shocks and changing landscape; and
  - Regional economic integration. You will be pleased to know that the bank is becoming the lead financier of regional integration work in Africa. Since the turn of this decade, we have invested close to $9 billion, making the Bank the largest financier in the domain in Africa.
- Fragile states. Under ADF-12, the Bank will continue to support these countries in rebuilding fractured institutions, infrastructure rehabilitation, capacity, and arrears clearance. Tailoring our interventions to each country's circumstances and taking into account the lessons we have learned during ADF-11.
- Budget support operations. The Bank has now acquired solid experience which enables us to maximize the benefits.
- Climate Change. We have an opportunity to follow a new, lower carbon, development path. However such projects will undoubtedly require significant additional financial resources".

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media Information

Private Sector Development

The growing role of the private sector in achieving sustainable development and poverty alleviation is evident worldwide.

The African Development Bank (AfDB) considers private sector development as a major objective of its development activities. It addresses private sector development at two primary levels:

- Assist African governments to improve the enabling environment for the private sector:
    - Improve essential physical infrastructure (e.g. power, information and communication technology, transportation)
    - Improve “soft infrastructure” (e.g. regulatory and legal frameworks, financial sector, trade liberalization)

- Create catalytic and demonstration effects by assisting entrepreneurs with specific transactions:
    - Infrastructure (e.g. power, transportation, telecoms, water)
    - Industries and Services (e.g. mining, cement, agribusiness, hotels)
    - Financial Intermediation (e.g. banks, MFIs, insurance, leasing).

The mandate of the AfDB Private Sector Operations Department is to ensure the Bank Group's support to private sector development in the Bank’s Regional Member Countries, by means of financial and technical assistance to private sector-led projects and programs.

The AfDB identifies, formulates, organizes and carries out activities related to private sector development projects. It also conducts studies on the investment climate of its regional member countries as well as other private sector related dimensions, with a view to identifying and supporting specific investment opportunities and programs contributing to private sector development.

AfDB Private Sector Operations: More than USD 1.5 Billion Projects in 2009

The Private Sector Department of the African Development Bank continually develops and finances projects in various areas of infrastructure (energy, transport and communications), as well as supporting operations in the financial and industrial sectors.

Private sector approved operations in 2009 came to Units of Accounts (UA) 1.16 billion, or approximately USD 1.8 billion.

They included loans, projects and lines of credit, equity investment, and private guarantees. Private sector approvals accounted 14.3% of total AfDB Group approvals for 2009.

In general, project loans have been used to accelerate economic growth and poverty reduction, while credit lines were designed to strengthen domestic financial markets, promoting access to finance for small and medium enterprises.

By investing in many projects and programs of multinational scope in the form of loans, lines of credit and equity investments, the Bank Group intends to strengthen economic cooperation and regional integration among African countries. The geographical distribution shows that more than half of private sector operations in 2009 focused on regional or multinational projects.

The four major projects from the Regional Operations / multinational line of credit to the Liquidity Program for global commerce, Phase I of the Project on the cable system of Main One, Emerging Africa Infrastructure Fund and the equity of Pan African Investment Partners II Limited.

As far as low-income countries were concerned, the two main private sector loans granted were for the Guelbs II SNIM extension project in Mauritania, and the Cocoa Board Phases I and II in Ghana.

The Bank also provided lines of credit to United Bank for Africa plc and to Intercontinental Bank PLC, both of which are in Nigeria, among others.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media information

Infrastructure Development

Generally, Africa lags behind other continents in the area of infrastructure. This deficiency is particularly greater in the area of sanitation (65% coverage for sub-sahelian countries against a total of 82% for developing countries as a whole), electricity (24% against 58%) and rural road access (34% against 90%).

An annual growth of 7%, making it possible to attain the Millennium Development Goals on poverty reduction, will require a yearly investment of USD 22 billion in infrastructure on the continent, 40% of which is in the transport sector, 25% in energy, 20% in water and the rest in telecommunications.

The four key areas under the infrastructure sector are sanitation, energy, transport and telecommunications. Besides the said annual investment, there are financial needs estimated at USD 18 billion for the operation and maintenance of investments in Africa.

The continent should allocate approximately USD 38 billion each year, which is between USD 32 and USD 40 per inhabitant, from 2005 to 2015, to enable the continent achieve the Millennium Development Goals for these sectors. This deficiency raises a major impediment to economic development and the improvement of the populations' living conditions.

AfDB and Infrastructure

Aware that this sector is lagging behind, the African Development Bank (AfDB) has, since its establishment in 1967, favored infrastructure by devoting 36% of its total commitments to this sector, equivalent to over USD 55 billion.

Even with the substantial effort it has put into this area, AfDB financial resources remain limited. To make up for this, it is necessary to call on the private sector to meet the increasing financing needs and the infrastructure department encourages public-private partnerships for its new organizational structure, which includes sound expertise in this area.

Investing in Infrastructure

The approval of Units of Accounts (UA)* 3.91 billion for infrastructure in 2009, compared to UA 1.41 billion in 2008, represents an increase of 177.3 percent over 2008. Among the subsectors, power supply received the largest share (57.2 percent), followed by transportation (33.1 percent), water supply and sanitation (7.6 percent), and communications (2.2 percent).

The targeting of infrastructure demonstrates the Bank's selectivity toward high-impact projects that will improve the climate for private sector investment, enhance competitiveness and productivity, increase employment, and support sustainable economic growth.

Infrastructure Consortium for Africa

The Infrastructure Consortium for Africa (ICA) was created in 2005 following the Gleaneagles G8 Summit. The Consortium is a major new effort to accelerate progress to meet Africa's urgent infrastructure needs in support of economic growth and development. It addresses both national and regional constraints to infrastructure development, with emphasis on regional infrastructure, recognizing particular challenges at this scale. The Consortium is made up of G8 bilateral donors and multilateral agencies. It is managed by a Secretariat hosted by the AfDB.

For more information: www.icafrica.org.

1 Unit of Account = 1.57 USD (November 2010)

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media information

Good Economic and Financial Governance

Against the background of higher aid flows, debt relief, and increasing revenues from natural resources in Africa, Good Economic and Financial Governance (GEFG) is receiving increasing attention. Competent, transparent and accountable public financial management is considered a central element of a functioning state, while weaknesses in this field hamper sustainable development, investment, and economic growth. In addition, a healthy and competitive private sector is central to growth, job creation and poverty reduction. A conductive business enabling environment provides the legal framework, administrative services, infrastructure, financial base, and human resources that the private needs to thrive.

Transparency, participation, and accountability that come from an empowered citizenry are the strongest antidotes to corruption. In addition to other governance issues, GEFG is therefore of particular importance as it is connected to the achievement of the Millennium Development Goals (MDGs).

Good governance is crucial for inclusive and sustained economic growth and its promotion is a key element in the African Development Bank (AfDB) Group’s strategy to alleviate poverty in Africa. AfDB is committed to assessing the quality of governance in order to monitor progress, strengths and weaknesses of financial governance in Africa. Moving forward, our Governance, Economic & Financial Reforms Department (OSGE) will establish a strategic partners steering group to strengthen collaboration and complementarity with international and regional institutions.

Many African countries have already made important progress in public financial management. In recent years, public expenditure management in several countries has improved, regulatory and supervisory bodies have been strengthened, and tax systems have been reformed, aligning them with internationally recognized standards of good fiscal practice. As a result, Africa is, today, performing much better than a decade ago and African economies continue to sustain the economic growth momentum which has been built up in recent years.

However, the progress is still insufficient (measured against international comparators) and uneven with limited institutional and human capacity proven to be major obstacles. Reforming public institutions is about establishing new binding rules and constraints; the task is to establish those incentives and accountability systems, which lead people to adhere to these rules. Successfully advancing public sector reforms therefore depend on sustained political commitment and respective communication.

As the African Union (AU) has stressed in its New Partnership for Africa's Development (NEPAD) programme, African countries accept that responsibility for peace, development, good governance and transparent, sustainable financing of the public sector lies with them. In order to assume this responsibility at both the national and regional levels, they need the required leadership, capacity and institutions.

African Development Bank is promoting and supporting the establishment and strengthening of these institutions. In this context, African finance ministers endorsed the Abuja Commitment to Action in 2006 and called for long-term predictable financing as part of efforts by African countries for transparent and reliable budget management.

With its Strategic Directions and Action Plan adopted in 2008, the African Development Bank has made "good economic and financial governance" an imperative in its lending and non-lending operations. AfDB provides support to regional members to implement economic and financial reforms through policy-based operations as well as through institutional support projects. Budget support is used to strengthen financial governance and budgetary systems, in particular, government auditing and public procurement.

AfDB approaches include:

- **Strengthening African Tax Systems**

  African tax systems are generally characterized by low tax/GDP ratios. Despite intensive efforts so far undertaken by our partner countries with the help of bilateral and multilateral institutions, there is still room for reforms in tax policy and more pressingly in tax administrations. In 2002, most African countries committed themselves to the Monterrey Consensus to take steps to mobilize their own revenues, since appropriate participation by citizens in the financing of the development process is a key element in achieving autonomy. In the long term, development policy transfers are no substitute for a partner country's own effort to finance its development.

  In this context, AfDB is supporting efforts by RMCs to reform their tax policies and tax administration. AfDB encourages African countries to make use of regional networks and international knowledge on tax policy and administration in order to bolster domestic capacity (African Tax and Administrators Forum - ATAF). In last 15th and 16th November, AfDB hosted the 2nd Meeting of their administrators who signed the Agreement establishing ATAF as a legal panafrican Organization. The countries are the following: Botswana, Ghana, Gabon, Kenya, Nigeria, Rwanda, Senegal, South Africa, and Zimbabwe.

- **Establishing Transparent and Comprehensive Budgeting Procedures**

  Positive economic developments in Africa are also based on national budgets that reflect a government's political priorities. AfDB supports African countries in their efforts to develop concepts for transparent and reliable budget management, as stated in the Abuja Commitment to Action. One of the approaches to strengthen capacities and "peer learning" for budgeting procedures in Africa is the Bank's support to the Collaborative Africa Budget Reform Initiative (CABRI).

- **Promoting Accountability, Transparency and Enhancing Budgetary Control**

The credibility and reliability of governments of partner countries in managing their public finances depend upon regular auditing to ensure both the legality and efficiency of public expenditure. This requires an effective and independent system of financial control. Under the umbrella of the International Organization of Supreme Audit Institutions (INTOSAI), African supreme audit institutions have set up the African Organization of Supreme Audit Institutions (AFROSAI) which the Bank supports in many ways.

- **Increasing Accountability for Revenues from Extractive Industries**

African countries that are rich in oil, gas and minerals generate a vital proportion of their revenues from the sale of these resources. The call for transparency in the management of public revenues from extractive industries is a vital contribution to the establishment of good governance. It enables citizens enjoy a share of their country's potential wealth.

The Bank is committed to increasing transparency and accountability in the management of extractive industries resources. It follows a two-pronged approach in its engagement in the Extractive Industry Transparency Initiative (EITI): advocacy to create the political will among resource-rich regional members that have not endorsed the initiative; and technical and financial assistance to regional member countries that have demonstrated political will by endorsing the EITI, but lack the implementation capacity.

- **Supporting Fiscal Decentralization**

Effective use of public funds can only be effective if the central government and sub-national levels of government charged with providing public services are both able to perform their tasks properly. The AfDB supports African countries in their efforts to establish legally concise and sustainable intra-governmental fiscal transfer and tax-sharing systems that adhere to principles of fairness and accountability.

- **Enhancing Capacities for Governance in Fragile States and Situations**

In many partner countries, statehood has suffered temporary or long-term damage as a result of political crises, conflicts or natural disasters. In fragile states, democratic legitimacy is often limited and government structures at all levels are fragmented and lack sufficient capacity to plan, manage and implement policies. These are particular demands on governance, but modest capacity development can be achieved even in states and situations with acute governance challenges. In such a situation, it is often necessary to restore basic functions of government in order to provide basic services and security for the population.

In order to support governance in partner countries with limited state capacity, the AfDB is seeking to strengthen key governmental functions, so that countries may initiate, coordinate and implement their own development policies.

- **Governance throughout the AfDB**

  Governance is an issue that affects many Bank activities and nearly every department or unit within the Bank does some work on this critical issue.

In addition, the Bank's contribution to a conductive business enabling environment focuses on the following areas:

- **Small and Medium Enterprises (SME).** SMEs have the greatest potential to increase national output, create employment and help reduce poverty in RMCs; but yet face a number of challenges unique to this sector. AfDB in particular provides lines of credits to finance SMEs.

- **Corporate Governance (CG).** There is a wide consensus that good corporate governance is important for attracting investment, improving efficiency and competitiveness of the private sector. Empirical studies suggest that CG is one key consideration by businesses before deciding to invest in a certain country or sector. Particular emphasis is put on improving the governance of State Owned Enterprises through capacity building.

- **Improved access to finance through Financial Sector Development (FSD) including regional financial systems integration.** Several studies on business environment in Africa, including the Africa Competitiveness Report, show that Access to Finance is among the key binding constraints to the performance and growth of the private sector. In this regard, the Bank aims to strengthen financial infrastructure, while encouraging greater reliance on markets and the private sector to deepen and diversify RMC financial systems across RMCs.

- **Public-Private Partnerships (PPP), particularly for infrastructure and energy.** Lack of reliable infrastructure networks (including power, roads and telecom) is a key constraint to business competitiveness in Africa. The region's infrastructure needs are estimated to be more than USD 100 billion; with close to 50 percent financing gap. Improving the regulatory environment for PPP on such a significant demand for investment is crucial. Beyond closing the infrastructure financing gap and improving competition and efficiency, PPPs will also improve investment and facilitate regional integration. The Bank provides assistance to improve the legal, institutional and regulatory framework for a PPP enabling environment; and capacity building for implementing PPP arrangements.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media information

Regional Integration

Regional integration has been a part of the Bank's Charter since its establishment in 1964, reflecting the continent's aspiration.

The African Development (AfDB) Group has invested significant resources, both financial and non-financial in supporting regional integration initiatives throughout the continent.

The regional integration agenda in Africa is driven by the NEPAD program, which focuses on selected pillars and seeks to deliver results by fostering partnerships at the global, regional and national levels.

The Vision and Strategy

The Bank's vision is of an empowered and prosperous continent, which is integrated regionally, and into the global economy. It is supportive of the African Union's strategic vision of building a united and integrated Africa underpinned by political, economic, social and cultural integration.

It proposes a bolder, yet more focused and co-coordinated set of interventions by the AfDB Group, and closer collaboration and partnership with key stakeholders.

The strategy emphasizes a triple role of catalytic financier, knowledge broker and partner, and builds on the Bank's key comparative and competitive advantages as Africa's premier development finance institution.

The strategy is underpinned by two mutually reinforcing pillars, which reflect priority areas in which the Bank has specific competencies, and where it is strategically well-placed to intervene.

These are:

- Regional infrastructure; and
- Institutional capacity building, including trade facilitation.

While the Bank will work with African Union-designated regional economic communities (REC), it will assess its partner regional organizations for strength of commitment and support of their member countries, program implementation capacity and governance structures in order to ensure program sustainability. There is also the issue of fragile states, other low income and middle income countries involved in some common integration programs.

The strategy, therefore, calls for the Bank to provide special capacity building support to fragile states that have very weak institutions and to develop innovative instruments to help address the problem of middle income countries that have to borrow at market rates to participate in regional operations with low-income countries benefiting from concessional resources.

Understanding Regional Integration

"Regional integration" refers to the outcome of processes, including cooperative arrangements, the implementation of intergovernmental treaties and market-led processes, through which national economies become more closely interconnected.

Regional integration is essential to building markets, creating robust and diverse economies, increasing opportunities for growth, and attracting new sources of investment finance.

The small size and primary production structure of the typical African economy provided the rationale for pursuing mutually beneficial economic cooperation and regional integration, particularly among adjacent states.

Since the early years of Africa's independence, the imperative of regional integration has been central to the political and economic vision of the continent's leadership. The fragmentation of Africa into many nation states with scant economic coherence led African leaders, following political independence, to embrace regional integration as a central element of their development strategy.

Over the past two decades, globalization forces have brought this imperative ever more sharply into focus as Africa has grappled with the challenges of globalization. Notwithstanding political commitment and efforts to bring Africa's regional integration vision to fruition, progress has not proceeded apace with other developing regions.

Challenges to regional integration and to realizing Africa's trade potential are complex and diverse. A key dimension is the wide-ranging and pervasive 'soft' infrastructure constraints that hamper the regional integration process and discourage investment and trade.

These include: poorly developed financial markets; complex procedures regulating investment and business activity; complex customs arrangements; and lack of harmonization of policies, regulations and procedures governing investment, trade and infrastructure development at the regional and continental level.

In addition, poor physical infrastructure and connectivity remains a key constraint on Africa's business, investment and trade competitiveness and that makes it hard for the continent to meaningfully challenge the benefits from globalization and regional integration.

*Programme for Infrastructure in Africa (PIDA)
Officially launched in July 2010, PIDA's overall goal is to promote socio-economic development and reduce poverty in Africa through improved access to integrated regional and continental infrastructure networks and services.

PIDA's aims to develop a vision, policies, strategies and a comprehensive programme for the development of priority regional and continental infrastructure in the transport, energy, trans-boundary water and ICT sectors.

The PIDA initiative is being led by the African Union Commission, the NEPAD Secretariat and the African Development Bank. The AfDB is the Executing Agency of the Programme for Infrastructure Development in Africa.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Media Information

Climate Change

"Climate change is central to the core business of the African Development Bank and requires urgent action." - Donald Kaberuka, AfDB President

Climate change seriously threatens sustainable development, poverty reduction and the achievement of the Millennium Development Goals (MDGs), particularly in Africa. The adverse impacts of climate change affect Africa disproportionately and already manifest themselves in more frequent occurrences of climate extremes such as floods and droughts.

The impacts of climate change are significant, so too are the opportunities. Africa is poised to take greater advantage of its vast renewable energy resources, tap international concessional funding and chart a course for sustainable green growth. Such a path can bridge. Africa's energy gap and lead the way to increased private investment in the energy sector in support of accelerated growth, job creation, and poverty reduction on the continent.

The African Development Bank (AfDB) considers climate change a cross-cutting issue, and has developed a two-pronged policy: The Climate Risk Management and Adaptation Strategy (CRMA) and The Clean Energy Investment Framework (CEIF). Both aim to "climate proof" or build climate resilience into every Bank investment across all sectors, and to strengthen the capacity of regional member countries to address their climate change risks and opportunities. Moreover, the AfDB's strategy focuses on:

• Encouraging countries to mainstream clean energy options into national development plans

• Promoting investment in climate resilience, renewable energy and energy efficiency, sustainable transport, and sustainable land use and forestry management

• Boosting energy access in Africa by using the huge energy potential of the continent and addressing the need for a low-carbon economy.

To implement these policies, the Bank has set up an Integrated Result-Oriented Climate Change Action Plan (2011-2015) to guide the implementation of priority projects already identified by African countries to support climate compatible development in Africa.

About USD 11.5 billion worth of investments have been identified as existing demand, USD 5.6 billion for supporting low-carbon growth and USD 5.8 billion for supporting climate-resilient development.

Catalyzing Climate Change Financing
To balance compeling demand from member countries' for energy access and the need for green-growth and climate-resilient economy, a paradigm shift in the development of the power sector is occurring to tap the vast renewable resources of the continent: hydro, geothermal, wind and solar.

These sustainable sources of energy are best positioned to respond to the access needs of Africa's large rural population which can only be reached in the medium term by off-grid technologies. Moreover, they can provide the necessary scale to avoid reliance on costly small-scale national power systems, which are heavily reliant on expensive oil-based generation.

Unfortunately, the perceived risks in these projects are high due to the relative long-term maturity of such investments and the sometimes new or expensive technology. The Bank has a key role in backing such projects with its own resources and financing from other sources to incite investor confidence and participation in this emerging market.

AfDB plans to invest more than USD 10 billion from its own resources, as well as global funds like the Climate Investment Funds (CIF), on climate change-related projects over the next five years, 10% of which will be used to strengthen policy, regulatory reforms and competency building so African countries can move toward green growth and climate resilience economic paths. Roughly 80% of investments will go to infrastructure projects with a large component to be implemented through regional projects.

The AfDB is leading the development of new financing tools to support climate change actions in Africa, such as the Sustainable Energy Fund for Africa, the Fund for Private Sector Assistance, the Clim-Dev Africa Fund, the Africa Carbon Support Project, the Seed Capital Assistance Facility and the Africa Green Fund. It is also catalyzing private sector support to generate additional resources for green economy investments through the launch of clean energy bonds and carbon finance.

In addition, the Bank is participating in the implementation of programs and projects funded by global funding platforms, such as the Climate Investment Funds (CIF) which will be channeling approximately USD 625 million through the AfDB for clean technology projects. The Bank will blend these funds with its own resources to support several large-scale renewable energy projects such as:

• Morocco's 500 MW solar power complex in Ouarzazate

• Egypt's 200 MW wind farm and transmission infrastructure on the Gulf of Suez

• IFC-AfDB joint initiative to target two to three commercial private banks or financial leasing companies in South Africa for on-lending of funds for renewable energy and energy efficiency investments.

The AfDB is also supporting nine other African nations— Burkina Faso, DRC, Ethiopia, Ghana, Kenya, Mali, Mozambique, Niger, Zambia — to develop CIF-funded investment strategies and projects promoting innovative approaches to climate resilience, sustainable forest management and small-scale renewable energy supply system, particularly in areas where on-grid, centralized energy supply systems are not cost-effective.

The Congo Basin Forest Fund

In June 2008 the multi-donor Congo Basin Forest Fund (CBFF) was created to take preventative measures to protect the Congo Basin forests. Congo Basin forests cover an estimated 200 million hectares and constitute the second largest rainforest in the world. They provide food, shelter and livelihoods for over 50 million people living in the countries they cover: Burundi, Cameroon, the Central African Republic, Chad, Equatorial Guinea, the Democratic Republic of Congo, Gabon, Republic of Congo, Rwanda, and Sao Tome and Principe.

The Congo Basin forests have been storing an estimated 500 million tonnes of carbon dioxide per year. The significance of the Congo Basin forests as a sink for carbon dioxide, therefore makes their protection vital for regulating climate. Increased logging, changing patterns of agriculture, population growth and industrial activities are depleting the forests. Without the right policies and immediate action, the Congo Basin forests will be destroyed.

The future of the Congo Basin forests depends on the ability of governments, NGO partners, the private sector and the international community to consider the sustainable management of these forests as integral to achieving sustainable economic development and alleviating poverty in the Congo Basin.

Hosted by the African Development Bank

A governing council manages CBFF, defines strategic directions and actively reviews and endorses project proposals. The organization is chaired by former Canadian Prime Minister, the Rt. Hon Paul Martin and Nobel Peace Prize Laureate Wangari Maathai. The CBFF Secretariat is based in Tunis, at the African Development Bank.

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Media Information

Sustainable Food Security

Increases in food prices have the potential to reverse poverty reduction gains and progress toward MDGs. Africa, in particular, has higher levels of poverty and the poor are hit hardest as they spend a significantly large proportion of their income on food.

Africa's situation requires both short-term and long-term responses to address its vulnerability to unstable food prices and to achieve food security.

Global Agriculture and Food Security Program (GAFSP)

The Bank is partnering with others to solicit additional resources in support of agriculture and food security in Africa. In this regard, a Global Multi-donor Trust Fund for financing the Global Agriculture and Food Security Program (GAFSP) was established in April 2010 in response to a call by G-20 leaders in Pittsburgh in 2009, with initial funding from the USA, Canada, Spain, Korea and the Bill & Melinda Gates Foundation.

The AfDB sits on the Fund's Steering Committee. Some eighteen (18) countries have, so far, requested the Bank to be their Supervising Entity and assist in preparing their GAFSP proposals. Ten (10) countries completed the review process and submitted their GAFSP application packages on 1 October 2010. These include Ethiopia, Ghana, Liberia, Malawi, Mali, Nigeria, Niger, Senegal, the Gambia and Uganda. The other eight (8) namely, Angola, Benin, DRC, Guinea, Guinea Bissau, Madagascar, Mauritania and Tanzania, are yet to complete the CAADP review process.

The GAFSP Independent Technical Advisory Committee (TAC) will evaluate the twenty (20) proposals submitted (11 from Africa and 9 from outside the region).

African Food Crisis Response (AFCR)

Twenty seven (27) regional member countries (RMCs) benefited from the AFCR's intervention and about 2.3 million beneficiaries, 33% of whom are women, have received agricultural inputs and materials. The data obtained from a number of projects clearly show a positive impact on the RMCs' food production as a result of increased use of fertilizers, improved seed varieties and other agricultural materials. The AFCR has achieved its objectives through the following:

- Increased agricultural productivity, reduced vulnerability of the poor to high and unstable food prices, and reduced malnutrition in recipient RMCs; as a result of increased national food supplies and improved national food security;

- Increased farming incomes through increased food crop yields. For example, in Burkina Faso, an independent survey conducted by the World Bank reported that the provision of fertilizers and improved cereal seeds at subsidized prices has increase average yields by 25% and that 5% of the population has improved its income levels;
- Enhanced the Bank's experience in responding to future crises; and
- Strengthened farmers' capacity building, as well as staff of Ministries of Agriculture in agriculture production and accomplished satisfactory levels of community involvement and ownership of the activities.

Special Programs for Operationalizing the Bank's Agriculture Strategy

The Bank has prepared a number of special programs to assist in operationalizing the agriculture sector strategy. Amongst other notable embodiments, these programmes will have a strong direct and indirect influence on hunger and food security in Bank RMCs. With Africa's annual value of post-harvest losses estimated at USD 48 billion, the Program for the Reduction of Post-Harvest Losses (PHL) will enhance supply-chain efficiencies and contribute to the reduction of physical losses and improved food availability by assisting African countries to develop targeted PHL reduction programmes.

The Bank's Agriculture Water Development and Water Storage Enhancement Plan will help increase food security and improve livelihoods by building country policy and implementation capacity, increasing water storage capacity for multi-purpose use, and developing irrigated land. The Capacity Building Program for Agricultural Institutions in Africa will strengthen the capacity of agriculture ministries and allied institutions to adequately deliver services.

The Bank is also processing various investment proposals for agricultural pipeline operations that could leave a positive footprint in the regional fight against hunger, food insecurity and poverty.

Amongst them, the Mali Markala Sugar Project is a key agro-industrial development and flagship pipeline project for the Bank that stands out as a prominent Public-Private-Partnership operation envisaged to be possibly co-financed by the Bank, BIDC, BOAD, ECOWAS Fund, IsDB, OPEC Fund, Kuwait Fund, Saudi Fund, Korea Eximbank and the Malian government.

On-going Bank Review of the Regional Food Security Situation

Against the backdrop of Russia's ban on wheat exports announced in August 2010 in the aftermath of severe droughts and wild fires, as well as the prevailing vulnerability caused by other external shocks of some Low Income Food Deficit Countries (LIFDC) in Africa, the Bank is presently undertaking a comprehensive review of the food situation in its RMCs, with a view to identifying options for a possible Bank response.