50 years at the service of Africa
1964-2014
Acknowledgements

This book was prepared by the Complex of the Chief Economist of the African Development Bank to mark the 50th Anniversary of the establishment of the Bank.

The production of the book was made possible by the overall supervision and leadership of an Editorial Committee chaired by the Acting Vice President and Chief Economist, Steve Kayizzi-Mugerwa.

The membership of the Committee included Bank staff and consultants who provided intellectual input, content as well as editorial advice at various stages during the preparation of the book. They are:

Joel Serunkuma Kibazo, Director of the Communication and External Relations Department

Baki Musa Abdul Karim, Division Manager, African Development Institute

John Phillips, Lead Strategic Communications Adviser, and Chief Economist, Dr. Steve Kayizzi-Mugerwa.

The following played key roles:

Dr. Elfatih Shaaeldin played an important role in the collection of historical and contemporary material for the book. He also prepared its first draft.

The Directors of several organizational units of the Bank supported the idea of the book and encouraged their staff to contribute. In particular, the following played key roles:


Thanks are also due to the family of the late first President of the African Development Bank, Mr. Mamoun Bahani, who contributed some rare photographs and valuable historical material.

May 2015  www.afdb.org
Africa: Many faces One continent
The Bank’s Golden Jubilee is a momentous occasion for us all. 50 years is an important milestone for the African Development Bank, an institution that rose from the foresightedness of a handful of Africa’s leaders and civil servants in the early 1960s to become the great institution that we know today. I pay homage to Romeo Horton, the Committee of Nine, and all those moving spirits who founded this Bank. Without that dream of unity and cooperation, we would never have existed or prospered. I believe we have been faithful to their vision, as a dynamic institution, in a fast-moving continent, in a rapidly changing world.

From the beginning, the goal was to better the lives of the people of Africa. At no point have we ever lost sight of this endeavor. In fifty years of operations, our vocabulary has changed a great deal. It now includes words such as ‘fragile states’, ‘gender equality’, ‘private sector development’, ‘good governance’, ‘climate change’, and ‘inclusiveness.’ Yes, change has been the only constant, and the Bank owes its longevity to its capacity to move with the times.

In 1964, the Bank had 10 staff, 26 member countries, and a capital base of some US$ 370 million. Three years later, in 1967, it had launched its first three projects. 50 years later in 2014, it had 1900 staff, 80 member countries, and a capital base of US$ 100 billion.

In the last few years, the Bank has focused on Africa’s economic transformation. It sees itself as being at the center of the transformation of a continent whose time has come. It is fully conscious of the need to become a nimble and responsive institution in order to help unleash Africa’s potential. Much of that work implies mobilizing others; increasing our role as a knowledge generator and a knowledge broker, and above all enhancing our capacity to leverage resources to the content.

Let me acknowledge and thank all the people and institutions with whom we have shared our journey. I thank our Member countries, in the form of our Boards of Governors and Executive Directors. I thank our many development partners. Above all, I thank the management and staff of the Bank over the past five decades. I salute all those who have gone before, and all those who still carry the torch forward. We are thankful for your skills, your dedication, and your humanity.

Donald Kaberuka
President
African Development Bank Group

Foreword
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**African Development Bank 1964-2014**  
50 years at the service of Africa

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- Inclusive growth
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- Private sector
- Agriculture
- Gender
- Cross-border cooperation
This book has been written to mark the 50th Anniversary of the founding of the African Development Bank in 1964. It aims to highlight some of the important landmarks in the history of the institution, while also recognizing the efforts of the many people who contributed to its establishment and subsequent development. We have tried to present some of the dynamism and resilience that have characterised the institution over five decades, and that continue to push it forward.

This Golden Jubilee is an important landmark for the African Development Bank and the rest of the continent. The Bank grew out of Africa’s quest for solidarity and cooperation during the 1960s, and has become the pre-eminent development finance institution on the continent. It has played a crucial role in furthering many of the objectives set by its founders – promoting economic integration, reducing poverty and raising Africa’s standing in the world.

The Bank has since increased its resources many times over, embarked on projects and programs of increasing complexity, and provided technical assistance and policy advice to many regional member countries. It has become the partner of choice in promoting Africa’s development, with a large portfolio distributed across Africa.

In 50 years, there has been an exponential growth in the demand for the Bank’s financial support in a range of areas, including roads, energy, water supply, schools, new health facilities, ICT and other communication infrastructure, and governance and accountability in the public sector. The creation of the African Development Fund in 1973 and the Nigeria Trust Fund in 1976 expanded the institution’s resource base and led to the creation of the African Development Bank Group. Subsequently, the ownership of the Bank was extended to non-regional member countries, of which there are now 26.

The Bank, according to its clients and peers, has been innovative, flexible and able to evolve continuously to meet the changing needs of its regional membership. The past decade, in particular, saw the introduction of a Bank strategy that emphasised selectivity and focus, with emphasis on areas where the Bank has comparative advantage. The Bank has also sought to leverage its resources better to attract the private sector. Equally important has been the Bank’s emphasis on policy dialogue and sharing of knowledge with its clients, enabling countries to put their resources to the best possible use. From exclusive reliance on lending to finance projects in the past, the Bank Group now employs a wide variety of financing instruments that include loans, grants and partial risk guarantees.

With the launch of its Ten-Year Strategy for 2013-2022, entitled “At the Centre of Africa’s Transformation”, the Bank has demonstrated its commitment to support the long-term growth of the continent. This will require further emphasis on regional economic integration, including support to power pools, regional transport and port services, as well as policy dialogue targeted at regulatory reforms and enhancing competitiveness. Above all, the Bank will seek to ensure that Africa’s growth is inclusive, while also increasingly paying due attention to the environment.

This book is a brief narration of the Bank’s fifty years at the service of Africa, focusing on key moments in the life of the institution. During this time, Africa has undergone many economic and political changes, while its demand for financial as well as advisory services has expanded. The Bank will continue to respond to Africa’s needs in the decades ahead, undertaking internal reforms to ensure that it remains agile and relevant. We also hope that the book reveals something of that indomitable spirit on the continent that has inspired our efforts, and that will carry us forward for the years ahead.
The African Development Bank Group

Regional member countries

Non-regional member countries
The African Development Bank Group is the continent's largest development finance institution. It is also known as a regional multilateral development institution.

Its prime objectives are to mobilize financial resources to support sustainable economic and social development in Africa, and to support economic integration. To do this, the Bank raises funds from inside and outside the continent to finance development projects such as roads, hospitals and schools, agricultural projects and electricity.

The highest governing body of the Bank is the Board of Governors, whose members are 80 Ministers representing the Member Countries. It also has a resident Board of 20 Executive Directors who are elected to represent all the Bank’s shareholders.

The Bank is headed by a President, who is the Chief Executive Officer of the Bank as well as Chair of the Board. The President manages the day-to-day business of the Bank and determines the functions, responsibilities and internal structure of its various organizational units. The President is elected for a term of five years by the Board of Governors and serves for a maximum of 10 years.

The African Development Bank Group is in figures

Cumulative Bank Group Loan and Grant Approvals by Sector 1967-2014 (%)

Cumulative Bank Group operations 1967-2014 (in million USD)

Approved Operations

Loan and Grant Approvals by Sector

Total Loan and Grants Approvals, 1967-2014 4,165 loans and grants totaling USD 103.1 billion

Constituent Institutions

The African Development Bank (AfDB)
The African Development Fund (ADF)
The Nigeria Trust Fund (NTF)

Shareholders

54 African countries
26 non-African countries

Mission

To promote sustainable economic growth and reduce poverty in Africa

Authorized Capital, December 2014 USD 97 billion
Subscribed Capital, December 2014 USD 94 billion
Paid-up Capital, December 2014 USD 7 billion
Callable Capital, December 2014 USD 87 billion
Total Reserves, December 2014 USD 4 billion

Approved Operations, 2014, of which 232 operations totaling USD 7.3 billion (Bank Group)

Loans

Grants

Equity Participation

Special Funds

US$ 5.5 billion (84 operations)
US$ 1.1 billion (98 operations)
US$ 192 million (6 operations)
US$ 354 million (39 operations)

Loan and Grant Approvals by Sector, 2014 (Bank Group)

Infrastructure: USD 3.62 billion (54.4 percent)
Transport: USD 1.33 billion (20.4 %)
Water & Sanitation: USD 1.35 billion (5.7 %)
Energy: USD 1.19 billion (19.3 %)
Agriculture & Rural Development: USD 2.12 billion (31.6 %)
Education, Health & Social: USD 54.05 million (9.9 %)
Finance: USD 1.17 billion (17.9 %)
Multisector: USD 387.35 million (6.9 %)
Other sectors: USD 104 million (1.6 %)

Total Loan and Grants Approvals, 1967-2014 4,165 loans and grants totaling USD 103.1 billion
The African Development Bank Group presence in Africa
Inclusive growth
Green growth
Fighting poverty, spurring economic and social development, and promoting trade between African nations and with other regions of the world.
The African Development Bank Group timeline

1964
- Bank members: 26
- Bank staff: 10
- Bank loans/grants: USD 2.3 million
- September 10: Birth of AfDB
- November 4-7: Board of Governors inaugural meeting in Lagos, Nigeria
- Amran Beheiry (Sudan) elected 1st AfDB President

1965
- Conference of Ministers established committee from 9 countries to prepare for the creation of AfDB

1966
- Board of Governors 1st meeting in Abidjan
- July: official start of operational activities
- First Bank projects in Agriculture and in Water supply
- Abdelwahab Labidi (Tunisia) elected 2nd President

1967
- 1st General Capital Increase (USD 206 million)
- First Bank projects in Power supply 

1968
- Bank loans/grants: USD 135.5 million
- Bank loans/grants: USD 7.9 million
- 2nd meeting of Board of Governors approved first two Bank operations (in Sierra Leone & Kenya)

1969
- Bank loans/grants: USD 2.3 million
- First GeneralCapital Increase (USD 256 million)
- Kwame Donkor Fordwor (Ghana) elected 3rd President
- Mamoun Beheiry (Sudan) re-elected 1st President

1970
- Bank loans/grants: USD 519.9 million
- Goodall Gondwe (Malawi) Acting President

1971
- Bank loans/grants: USD 712 million (to 1975)
- Bank loans/grants: USD 327 million (to 1978)

1972
- ADF I Replenishment of USD 327 million (to 1978)

1974
- ADF II Replenishment of USD 712 million (to 1981)
- Board of Governors approved establishment of the Nigeria Trust Fund

1976
- The Board of Governors approved establishment of the ADB (to 1975)
- The Board of Governors approved establishment of the AFD (ADF) (to 1975)

1979
- Second oil price shock

AFRICA
300 million people
USD 39 billion GDP

1979
To the 1960s:
High hopes, great challenges

The Bank began as an idea but has emerged as an important multilateral development organization.
The African Development Bank began as a hopeful idea, arising from the post-independence aspirations of African countries. Half a century later it has emerged as Africa’s most successful expression of its goal of regional economic integration.

Before the 1950s, African countries – with the exception of Liberia, Ethiopia and Egypt – were either European colonies or, as in Southern Africa, living under apartheid. Independence changed this mood entirely, and there were hopes for rapid development. However, the post-independence years were dominated by state-led economic models, one-party states, and increasingly by military dictatorships. The Cold War that pervaded these years also limited the policy choices available to African leaders. Institutional weaknesses, corruption and poverty became entrenched. It seemed that less than a decade after independence, Africa’s socio-economic development was in reverse.

Besides, newly independent African countries faced numerous economic problems. They depended on a few primary commodities, mainly agriculture, and had weak export capacities. Infrastructure was largely under-developed, and there was a serious lack of technical skills. High population growth was an additional burden, while weak government finances limited the ability to provide social services on a large scale. Rural-urban migration emptied the countryside of able-bodied youth, while shanty towns with inadequate access to utilities, including water and sanitation services, became a common feature of Africa’s cities.

**1964: the birth of Africa’s Bank**

The journey towards the establishment of the African Development Bank began as early as 1958, at the four-day Tubman-Nkrumah-Touré Conference, named after the Presidents of Liberia, Ghana and Guinea, held in the village of Saniquelle in Liberia. In their final communiqué, the Presidents committed to do everything in their power to speed up Africa’s independence and to develop institutions on the basis of continental solidarity.

Three other conferences – held in Accra in December 1958, Tunis in January 1960, and Cairo in March 1961 – solidified the idea of the African Development Bank. They explicitly called for the setting up of institutions for economic cooperation. In Tunis, the economic and social resolution stated that:

> “Considering the under-developed state of the African countries, which was the result of the colonial system and foreign domination; considering the departmentalization and lack of harmony existing in the African economies and the inadequate technical cadres and finance; and considering that economic growth and development constitutes the surest guarantee of the freedom of the African countries…” the participants proposed, “the creation by all African states, of a common organization for the conduct of finance and commerce, and centres of social and economic research.”

Following these meetings, the Liberian government proposed the setting up of an African Development Bank. Romeo Horton, a Liberian, was subsequently requested by his government to solicit support for the establishment of an African Development Bank. Following meetings with 16 African Heads of State, he reported that they were without hesitation committed to the creation of the Bank.

The proposal finally reached the UNECA Under-Secretary General, Mr. Meekri Abbas, who submitted it to the Fourth Conference of the African Ministers of Finance, during their meeting in Addis Ababa in February 1961. The Conference adopted the proposal as Resolution 27 (III) on the need for an African development bank.

In March 1962, the Conference of Ministers established a committee from nine countries to undertake the preparatory work for the establishment of the Bank. The mandate of the Committee was to consult African and non-African governments, and to come up with recommendations on the financial and administrative structure of the proposed bank, including the amount of its authorized capital, and the modes and terms of its financing from African and non-African sources.
To the 1960s:
High hopes, great challenges

1962: the Committee of Nine at work

The first meeting of the Committee of Nine was convened in June 1962 in Monrovia, Liberia, in appreciation of the Liberian government’s role in initiating the proposal. The Committee set up delegations to visit African and non-African countries. Mr. Horton headed the delegation which visited Japan, the US and some eastern European countries. Mr. Mamoun Beheiry of Sudan led the delegation to Europe, taking in the Netherlands, France, West Germany and the United Kingdom.

While African countries showed strong support for the proposal, non-African governments and institutions were sceptical. They generally adopted an attitude of wait-and-see. But some countries and international financial executives were far from convinced. Others thought, not surprisingly for the time, that an African bank would add no value. The Committee of Nine delegates assured the sceptics that an African bank would complement rather than compete with existing international financial institutions, notably the World Bank. They argued that a viable African financial institution would enhance African unity and development by funding multilateral and continental projects.

Despite the cautious reaction from Western quarters, two prominent European economists backed the idea of an African bank. Sir Hans Singer, a renowned development economist within the United Nations system, and Professor Jan Tinbergen, a Dutch economist of note, were in full support of the project. Sir Hans suggested that Africa needed additional finances and additional technical power to cement its economic base. The existence of an African bank would add to the financial resources and technical support needed by African countries, but it would not replace the support being given by others. The continent’s needs were extensive. Professor Tinbergen, co-Nobel Prize Laureate in Economics, argued that the benefits of economic cooperation among African countries would be furthered by the proposed African bank.

September 1964: the Agreement coming into force

In August 1963, the Committee submitted a comprehensive report to the Conference of the Ministers of Finance at its plenary session held in Khartoum. The Conference approved the Draft Agreement Establishing the ADB, and entrusted the Committee of Nine to carry out the preparatory work for the establishment of the Bank.

Twenty-three states signed the Agreement in Khartoum on 4 August 1963. Later on, eight more countries signed at the UN Headquarters in New York. The Agreement came into force on 10 September 1964.

The Agreement became the Charter of the Bank, which explained its purpose, functions, governance and organization. The Preamble of the Agreement partly echoed the motivation for the establishment of the Bank. It states that:

“The Governments on whose behalf the Agreement was signed were determined to strengthen African solidarity by means of economic cooperation between African states, and therefore agreed to establish hereby the African Development Bank with the objective of contributing to the sustainable development and social progress of the African member countries.”

The Agreement restricted membership to independent African states. The initial authorized capital stock of the Bank was some US$370 million.
To the 1960s: High hopes, great challenges

November 1964: the inaugural meeting of the Board of Governors

Following the entry into force of the Agreement Establishing the Bank, an inaugural meeting of the Board of Governors was held in Lagos on 4-7 November 1964. The main agenda items of the meeting were the choice of the headquarters, the election of the first president of the Bank, and the nomination of the members of the Board of Directors.

The meeting chose Abidjan, the capital of Côte d’Ivoire, to host the Bank’s headquarters. The decision was reached through consensus as an expression of geographical, linguistic, and political balancing. Abidjan was also considered a suitable place for the new institution on several other grounds, including its status as a cosmopolitan city; its good infrastructure; and its accessibility to the rest of Africa and the world.

Mr. Mamoun Beheiry, a Sudanese national, was elected as the first President of the Bank for a five-year term from 1964 to 1969. An Oxford University graduate in Politics, Philosophy and Economics, he had had a distinguished career as a civil servant and governor of the Central Bank of Sudan, and been a member of the Committee of Nine.
Two years after the inaugural meeting in Lagos, the Bank was ready for business. In 1967, the Board of Directors approved the first two operations of the Bank.
**1964-1979: the formative years**

Following his election as President, Mr. Mamoun Beheiry spent a short period in Addis Ababa, benefiting from the human and physical infrastructure of the ECA and the OAU as he addressed the issues of establishing the Bank. The President subsequently moved to Abidjan in 1965 and officially inaugurated the Headquarters. Assisted by Vice Presidents, he embarked immediately on recruiting staff and following up on the subscriptions of the Bank’s capital.

Two years after the inaugural meeting in Lagos, the Bank was ready for business. In 1967, the Board of Directors approved the first two operations of the Bank. The first was an equity participation in the construction of a road in Kenya. Two years after the inaugural meeting in Lagos, the Bank was ready for business. In 1967, the Board of Directors approved the first two operations of the Bank. The first was an equity participation in the construction of a road in Kenya. The pace of approving loans was slow at the beginning. In addition, when requests for finance accumulated, management faced the reality of the meagre resources at the Bank. The President subsequently moved to Abidjan, benefiting from the human and physical infrastructure of the ECA and the OAU as he addressed the issues of establishing the Bank. The President subsequently moved to Abidjan in 1965 and officially inaugurated the Headquarters. Assisted by Vice Presidents, he embarked immediately on recruiting staff and following up on the subscriptions of the Bank’s capital.

The tempo was slow, sometimes extremely slow, but patience and understanding helped and eventually matters moved. After a short period of temporary accommodation at the building of the National Assembly of Côte d’Ivoire, the Bank soon moved to rented offices in the Noor El Hayat Building in the central business district of Abidjan. The opening of the headquarters in Abidjan took place in March 1965.

In the early days, Mr. Beheiry felt the growing political pressures on the institution. However, determined to resist these pressures, he set out to lay the foundations for an efficient and well-governed bank. He wrote that the financial constraints “should not overrule idealism, dedication, honesty and clarity of purpose, and the potential of qualifying as part of the mainstream of international financial institutions”. The President of the Bank saw his generation – the first post-colonial educated Africans – as having “a series of services, of the inviolability and sanctity of public funds, of objectively and honestly, clarity of purpose, commitment and promptness.”

The next challenge for the Bank’s senior management was to assemble on able cadre of African professionals. The Bank needed skilled Africans, not only to perform its core operational duties, but also to contribute to institutionalizing the procedures and modalities of work. There was a need for a wide range of expertise in a number of areas but particularly in project management, economics, finance, accounting, and human resources. However, African countries at the time were short of such skills. The few trained and experienced individuals available were needed in their own countries to institutionalize the civil service and the professional positions, which had formerly been held by colonial personnel. By 1970, the total number of staff in the Bank was 130, including support staff. Since the Bank was not paying salaries competitive compared to other international agencies, there was a high turnover among its employees, some of whom quickly returned to their government jobs, or joined other organizations.

At senior management level, the Board of Governors had selected four vice presidents, all of whom had held high positions in their home governments. They included Mansour Moala, an Arab and the first Inspector of France in Tunisia. Ola Wiin, ex-Governor of the Central Bank of Nigeria; Louis Negre, ex-Governor of the Central Bank of Mali; and Aziz Al-Amoudi, a prominent Kenyan civil servant. A Palestinian economist, Mr. Leif Qasim, was also recruited to assist in planning and resource mobilization.

The Board of Governors had already selected the members of the first Board of Directors of the Bank, some of whom were members of the Committee of Nine. From the outset, the leaders of the Bank were conscious of the value of building partnerships with other African and UN organizations. There was also a strategic focus on strengthening ties with the two most important existing pan-African institutions, the OAU and the ECA.

In addition to several meetings with Robert Gardiner, head of the ECA, the President also held meetings with OAU officials. The First Secretary General of the OAU, and signed cooperative agreements with FAO, UNESCO and UNDP. The UNDP approved a grant of $500,000 to help with the challenge of housing Bank staff in Abidjan. The World Bank, which had set up an office in Abidjan, offered to accommodate the Bank in its early days. The World Bank also provided the Bank with technical assistance through financing the establishment of a “Pre-investment Unit”, FAO and UNESCO seconded staff to the Bank, USAID, Canada, the Netherlands and Belgium provided technical assistance support in the area of project appraisal.

**Installation at the new Headquarters**

The Bank offices were temporarily hosted by UNECA in Addis Ababa. One of the first tasks facing President Beheiry was the installation of the Bank in Côte d’Ivoire. President Félix Houphouët-Boigny was grateful for the selection of his country as the seat of the Bank, and was eager to help it settle in Abidjan. Beheiry wrote that “the tempo was slow, sometimes extremely slow, but patience and understanding helped and eventually matters moved”. After a short period of temporary accommodation at the building of the National Assembly of Côte d’Ivoire, the Bank soon moved to rented offices in the Noor El Hayat Building in the central business district of Abidjan. This opening of the headquarters in Abidjan took place in March 1965.

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By the end of 1970, the Bank’s total commitments to development projects amounted to about US$ 24.4 million.
Transport

From economic growth
... to economic transformation

Building & rebuilding for today

.... looking ahead to the needs of tomorrow
1969: operations kick off

The official start of operational activities was July 1964, and the first approval of a project by the Board of Directors was made in 1967. The Bank approved an equity participation in the National Development Bank of Sierra Leone and extended a loan of US$ 2.5 million to the Government of Kenya to finance a road project. In 1968 and 1969, six more projects were approved, for a total of US$ 11.5 million. The countries that benefited from these projects were Banks: Faso (then Upper Volta), Kenya, Liberia, Malawi, Mali, Morocco, Tanzania, Sierra Leone, Uganda. There were also two equity participations in the East African Development Bank, and the National Development Bank of Sierra Leone. By the end of 1970, the Bank's total commitments amounted to about US$ 24.4 million.

Several factors contributed to the slow start of operations. First, the process of establishing the ADB was slower than expected. Second, in the first few years the Bank could not finance projects from outside Africa. Finally, its resources were limited by the lack of good projects presented to the Board. These challenges were presented to the Board of Governors in 1968, when they asked for the Bank to receive funds if authorized by the Board of Governors. Special funds from non-African countries. The Bank Agreement allows it to establish special funds if authorized by the Board of Governors.

In 1967-1973: the Bank opens two new windows

The idea of creating special funds first surfaced in 1966, when the ADB forwarded a proposal to 27 countries outside Africa for a multi-national Special Fund. The Bank's approach to the non-African countries was endorsed by the Board of Governors at its first meeting, which took place in August 1967. The role of an African development fund would be to establish a "soft" window for lower income countries.

The African Development Fund was formally inaugurated at the ninth Annual Meetings of the Bank in Lusaka in July 1973. The Fund began operations on August 1, 1973 and provided its first loan in January 1974. Initially, all African member countries were eligible to access ADF resources, with priority given to the poorest countries.

In 1975, the Nigerian government expressed its interest in providing resources to the "less favoured" African countries. Consequently, in April 1976 the Board of Governors adopted the Agreement Establishing the Nigeria Trust Fund (NTF).

The purpose of the NTF is to assist the development efforts of the ADB members, particularly low-income countries, by extending loans on softer terms than the conventional terms of the ADB. In particular, the NTF Agreement maintains that the resources of the Fund should be devoted primarily to long-term project financing in the fields of agriculture, including livestock, fisheries, forestry, health, transport, water supply and other areas. It also emphasized projects that benefit more than one country.

The establishment of the ADF and the NTF led to a significant increase in the Bank Group's lending in the 1970s. Cumulative lending between 1971 and 1980 was approximately US$ 2,510 million, with a yearly average of US$ 250 million.

By the end of the 1970s, the three windows of the Bank Group – the ADB, the ADF and the NTF – were well established and functioning. The next chapter traces the opening up of the capital of the Bank to non-African countries.

1981-1983: the formative years
Energy
From economic growth
... to economic transformation

Meeting today's needs

... re-imagining the energy supply of the future
The decision to open the Bank’s capital to non-regional states improved the Bank’s capital structure and the resources available for operations.
1980-1995: Going global
During the 1980s, most of the African countries, which constituted ADB’s borrowing clients, faced serious economic difficulties. The two oil price shocks of 1973 and 1979 had great adverse impact on African economies, and these price shocks persisted up to the 1980s. The subsequent global recession adversely affected commodity prices for African producers. The volatile exchange rates and high interest rates throughout the 1980s caused serious debt servicing difficulties, and led to defaults in repayments by developing countries, many of them in Africa.

Mr. Wila D. Mung’omba was elected fourth President in 1980, following a caretaker Presidency of four months by Mr. Goodall Gondwe of Malawi. During Mung’omba’s period in office, Africa’s economic difficulties were exacerbated by prolonged periods of drought and slow growth. These circumstances pushed African countries towards seeking external resources, and eventually the Bank decided to open its capital to non-African members. Towards the mid-1980s, many African countries started to make adjustments in their economies to meet the economic challenges. The Bank, too, had to respond to the emerging economic situations by amending its lending policies to provide financial assistance to help its Member Countries.

In 1985, Mr. Babacar N’diaye of Senegal was elected fifth President, and would subsequently be re-elected for a second term in 1990. President N’diaye’s record included the expansion of the Bank’s lending capacity and the setting up of a unit for funding private sector operations. He was also instrumental in the establishment of a number of initiatives including Shelter Africa, ARIFEMBANK and the Africa Business Forum, and in increasing the Bank’s equity participation in general. President N’diaye also appointed Mrs. Badour Abu Affan as the first female vice president for operations, reflecting his commitment to bridging the gender gap.

The establishment of the ADF opened the door for non-African countries to become partners of the Bank Group. However, these countries were still not shareholders of the Bank. Since its inception in 1964, there had been hot debate among African countries over the idea of admitting non-regional countries to the membership of the Bank. At the time it seemed like a reversal of their newly-earned independence.

It was also evident that, with its limited capital base, the Bank would not be able to borrow money from the international markets at favourable rates. The weak economic situation of its African member states made it even more difficult for the Bank to have a strong financial position in these markets. Eventually there was almost universal agreement that the Bank would not meet Africa’s financial needs unless more resources were mobilized.

In 1977, the Board of Governors approved in principle the admission of non-regional countries to the Bank’s membership. The management of the Bank – under the Presidency of Dr. Kwame Fordwor of Ghana, who had been elected in 1976 – engaged in prolonged negotiations over the admission of the non-regional countries. However, the Agreement Establishing the Bank was only amended in 1982, to admit the non-regional members.

The admission of the non-regional countries helped to improve the financial position of the Bank, and consequently its rating by international financial markets. The ADB is rated by four major international rating agencies to determine its creditworthiness. The opening up of its capital also required the Bank to adhere to sound financial management principles and to commit to high quality operations, and to prove to the rating agencies - as well as to its members - that its resources will be put to good use.

Mrs. Badour Abu Affan
Sudan
First female vice president of operations
Offshoots and partners of the Bank

The African Development Bank has established, or invested in, a number of key organisations working in the service of African development.

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With the entry of new shareholders and General Capital Increases the Bank’s authorized capital increased from US$ 1.6 billion in 1981 to US$ 6.3 in 1983. In 1987, the capital increased 200% to reach $22.3 billion.
Water

From economic growth
... to economic transformation

Giving access to clean water for everyone

... setting up long term water resources management
Governance

From economic growth
… to economic transformation

Building government capacity

… delivering quality services for citizens
Country programming was enhanced by selective and well-targeted macroeconomic and sector analyses, as well as policy and institutional assessments for individual countries.

1995-2005: revitalizing the Bank
In 1995, Mr. Omar Kabbaj was elected sixth President of the Bank. President Kabbaj, a Moroccan national, served two terms between 1995 and 2005. He came to the presidency with years of experience as a Minister and as a staff member of the World Bank and the IMF.

At the operational level, Mr. Kabbaj was confronted with two major challenges at the beginning of his term of office. First, a number of African economies were in difficulties, and this had led to an arrears problem at the Bank. Second, the performance of the Bank’s portfolio had worsened, partly as a result of financial difficulties suffered by some of the borrowing countries, and partly because of poor project design and implementation. The incoming President also faced the challenge of restoring the Bank’s credibility and its standing on the international financial markets. He also had to adapt the Bank’s operations to the changing needs of clients, as well as to respond to an evolving development agenda.

The early 1990s was a difficult period for the Bank. Africa’s growth performance was poor. African countries had serious debt-servicing problems, with 29 of them considered as heavily indebted. As a result, more countries were not able to repay the Bank for their outstanding loans. The countries which were rated as high risk and severely indebted held US$ 7.5 billion of the Bank's outstanding loans – or over 75% of its portfolio. The amount of non-performing loans rose from US$ 105 million in 1989 (3.1% of the total) to US$ 950 million in 1993 (11.4%).

An important development in the membership structure during the Kabbaj presidency was that South Africa became a member of the Bank Group.

Among the important governance reforms during Kabbaj’s presidency was the restriction on the number of times the President and Members of the Board of Directors could be re-elected. Additionally, the President was empowered to reform procedures for the selection of staff and senior managers, including the Vice Presidents. The Bank also undertook a major organizational reform in 1998. This was subsequently expanded in 2002. The objective was to re-establish the credibility of the Bank and restore external confidence in it.

Other measures included strengthening the Bank’s sanction policy on borrowers who fail to pay their outstanding loans. In addition, enhancing the quality of operations required attention at all phases of the project cycle. Other major issues were the strengthening of the Bank’s country focus by establishing country teams, aligning the Bank’s interventions with the development priorities of the countries, improving the quality-at-entry of projects, as well as the monitoring and evaluation of projects.

Country programming improved through enhancing analytical work, especially by looking more closely at the policy and institutional setting of the individual countries. The preparation of country studies and reports, particularly the Country Strategy Papers, was greatly enhanced, emphasizing the use of country systems and harmonization with other donor agencies.

In 1999, the Bank adopted a new vision aimed at promoting economic growth, with equity and poverty reduction as central goals. To this end, Bank resources would target four operational areas: agricultural and rural development; human resources development; private sector development; and good governance. The Bank would put the vision into action by adopting the 2003-2007 Strategic Plan.

The incoming President had to face the arrears problem, partly because of financial difficulties suffered by some of the borrowing countries, and partly because of poor project design and implementation.
In 1999, the Bank adopted a new vision aimed at promoting economic growth, with equity and poverty reduction as central goals.

2003: a strategic retreat

Because of the growing social and political instability which started in late 1999 in Côte d’Ivoire, the Bank’s host country, it was forced to relocate to Tunisia. It was the first and only MDB which had to abandon its headquarters in this manner. When the risk of political instability was evident, the Bank adopted a plan to ensure business continuity. The core objective of the plan was to minimize disruption to Bank operations, while maintaining the safety of its staff.

The Temporary Relocation Agency for the Bank in Tunis was well prepared to accommodate staff and management. Within three months, almost all staff had arrived and settled in Tunis. The successful relocation of the Bank was a unique experience, widely regarded as a testimony to the resilience and vigilance of staff, management and the Board. Ultimately, the business of the Bank was only minimally disrupted. Staff had to adopt to a new work environment, at the time when the Bank was expanding its operations.

1996-2005: revitalizing the Bank
Education

From economic growth … to economic transformation

Ensuring access to education for all … creating jobs for all
The Bank’s effectiveness has been strengthened by greater country ownership and donor harmonization.

2005 and beyond: an enhanced franchise value
Donald Kaberuka, a former Minister of Finance of Rwanda and Governor of the Bank, assumed office as seventh President in September 2005. He was re-elected for a second term in 2010.

Kaberuka’s period at the Bank coincided with a fast changing situation in Africa. Most countries had embarked on the agenda of economic growth, but strategic choices needed to be made in light of limited resources. He later witnessed the financial crisis which struck in 2008 and peaked in the following two years, and the “Arab Spring” that started in 2010, and which seriously affected some of the Bank's largest shareholders in North Africa – Tunisia, Libya and Egypt. Thus, although Africa had witnessed good growth numbers from the early 2000s – much above the average of the previous decades – the crises threatened to unwind the progress made thus far. In both cases, the Bank unrolled a massive countercyclical response, securing finances for countries and using approaches that it had never before deployed, such as liquidity support and trade finance. The Bank was able to mount its largest ever General Capital Increase in 2010, raising its capitalization by 200 percent to US$ 100 billion.

Selectivity and focus became the differentiating features of the reforms introduced by Kaberuka during his ten years at the helm of the Bank. Above all, his paradigm was: “the Bank cannot do everything”. He put emphasis on infrastructure, economic integration and the private sector (operations in the private sector multiplied ten times). He also pushed for far-reaching decentralization of Bank operations. The Bank also reinforced its internal accountability and transparency mechanisms to improve efficiency and boost professional standards.

With his experience from Rwanda, President Kaberuka championed the Bank’s own approach to addressing fragility in Africa. He is also recognized for giving real meaning to the concept of the Knowledge Bank. Because of this commitment, the Bank has been able to brand itself not only as a financing institution but also as a knowledge broker.

Kaberuka combined his work at headquarters with frequent trips to the field to visit Bank projects, in over 50 countries. Kaberuka returned the Bank to its headquarters after 11 years in Tunis.
From 2005 to 2014, Bank Group lending totaled some US$60 billion.
Health

From economic growth
... to economic transformation

Strengthening capacity to deliver health services

... bringing a better life for all
Raising the bar

During Karatson’s first tenure in office, the Bank’s work was guided by the Medium-Term Strategy, 2009-2012. This was a compact that arose from a long process of internal and external consultation, which reflected the Bank’s growing prominence in the world. The medium-term strategy, which was set up by the President, its thrust and momentum was extended and modernized to form the Bank’s Ten Year Strategy 2013-2022, which depicts the Bank as being at ‘the centre of Africa’s transformation’. The new strategy, in many ways an enhancement but not a departure from the previous one, is responsive to the broad need among Bank clients to ensure that the growth that they were beginning to see on the continent would be inclusive as well as sustainable. Hence, also, the importance of transforming to a greener economy.

The Bank’s approach is to preserve its focus on where it has comparative advantage and which remain relevant for its development agenda: infrastructure, regional integration, governance, accountability, private sector development, and technology and science development. Moreover, the Bank also identified areas deserving special emphasis, including food security, gender, and fragility.

During Karatson’s tenure, the Bank achieved a marked increase in its financial resources. Its capital rose a 25% increase during the Sixth General Capital Increase in 2010. This made it possible to scale-up operations and to begin to finance the continent’s structural transformation, including by embarking on game changing mega projects in mobile and fixed income countries. These increased resources boosted Bank lending. From 2003 to 2014, the Bank Group has loaned some US$ 60 billion, which was greater than the total loans and grants it had provided during its first four decades of operations.

The African Development Fund has also increased in importance as a source of financing for Africa’s low income countries. Donor countries provided some US $7.3 billion in the 13th replenishment of the Fund for the period 2014-2016. The Bank has also been able to mobilize support from a host of other agencies and countries, in the form of trust funds or direct participation in Bank projects and activities, to leverage its own resources, thereby mobilize support from a host of other agencies and countries, in the form of trust funds or direct participation in Bank projects and activities, to leverage its own resources, thereby increasing the Bank’s own capital resources a billion in the following two years.

Investing in gender equality

The Bank has pursued a two-pronged approach to gender ensuring that its own internal processes and structures processes demonstrate concern over gender equality, and ensuring that its programs and projects are equally sensitive to gender issues. In 2010, the Bank created a Gender Division, as a first step in institutionalizing gender mainstreaming and the promotion of gender equality in the Bank’s projects and policies, and among regional member countries. It had a positive impact on operations, with the percentage of newly approved projects that were rated as having mainstreamed gender in a satisfactory manner increasing from 36% to 67% in the following two years.

In 2012, the Bank Group won the prestigious United States Treasury Award for Development Impact for a project in Côte d’Ivoire that was designed to address gender-based violence in a post-conflict environment. In 2013, President Karatson appointed a Special Envoy on Gender as another important step in raising gender issues to the very top of the Bank’s agenda.

The Bank’s Gender Strategy for the period 2014-2018 underlines gender equality and mainstreaming as an important element of Africa’s transformation. The strategy has three areas of emphasis enhancing the legal status and property rights of women, raising the economic empowerment of women, and undertaking the important roles of knowledge management and capacity building in the process.

The infrastructure imperative

The African Development Bank is sometimes called the ‘infrastructure bank’. This is in an apt description given the emphasis that it has put on expanding Africa’s infrastructure in the last 50 years. Indeed, the Bank’s very first operation in 1964 was a road project for Kenya that cost US$ 2.3 million. Today, the Bank invests some US$ 5 billion in infrastructure each year.

Power and transport have received the bulk of resources targeted at infrastructure in recent years. Between 2011 and 2015, the Bank financed a number of projects for power generation, transmission lines and national and regional grids. In just under three years, it supported projects generating some 360 Mwatts of electricity, benefiting an estimated 8 million people and connecting about 15,000 households. It has also helped to increase Africa’s role of rural electrification from a coverage of 25% in the late 1990s to about 30% today. In transport, the Bank has been crucial to developing transport corridors in Southern Africa and boosting regional integration in West Africa. It also supported the extension of the East African Railway, as well as regional ports and harbours, notably Namibia’s Walvis Bay.

Perhaps less is known in the effort that the Bank has put into connecting Africa via ICT and related communication technologies in recent years. When the Bank was formed 50 years ago, the ICT sector did not exist. However, it was quite to identify the opportunities in the sector for growth and private sector development and, notably how ICT could help address the connectivity constraints of the continent.

Above all, infrastructure development has provided a platform for broad collaboration between the Bank and other development partners, the private sector and regional agencies. The concept of public-private partnerships has received prominence in recent years as a good model for expanding infrastructure provision. The construction of the Bujagali and Mui-Mui hydro power stations in Uganda and Zambia respectively, demonstrate public-private partnerships in action, including for the power transmission lines. A number of actions including governments, donors and equity holders looked to finance the much needed infrastructure. It would have been much harder if governments had to do it alone.

There has also been significant collaboration with respect to water, sanitation, and hygiene. The Bank is the host of the African Water Facility, funded by donors, which has co-financed a range of water and sanitation projects in the past decade. Considering the role of water and girls children’s health, their right to access safe drinking water also plays a critical role in health and social welfare achievements, food security, and income generation.

Inclusive growth

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Private sector

From economic growth
... to economic transformation

Raising skills & incomes for families & communities

... boosting national economies
The private sector generates 2/3 of Africa’s investment, 3/4 of its economic output, and 9/10 of its formal and informal employment. The Bank’s private investment operations have increased nearly tenfold since 2000, from US$ 250 million in 2005 to US$ 2 billion in 2012.
Agriculture
From economic growth
... to economic transformation

Meeting basic food needs
... building agribusinesses that supply regions and beyond
The private sector as driver

In the past, African governments had an antagonistic relationship with the private sector, seeing it in some cases as an agent of exploitation. Much of this is now in the past, and governments are actively cultivating, through incentives and other means, the participation of the private sector in socio-economic development. Today, the importance of the sector is not in dispute. It generates two-thirds of Africa’s investment, three-quarters of its GDP, and creates the bulk of employment opportunities.

The goal of the Bank’s Private Sector Development Strategy, 2013-2017, is to create a competitive private sector across Africa. It will be key to sustainable growth, employment generation and poverty reduction, and hence to Africa’s economic transformation. The Bank has supported private sector operations from the end of the 1980s, but operations did not pick up significantly until the 2000s—rising tenfold from 2005 to about US$ 2 billion in 2013. A number of instruments and approaches have been developed at the Bank to expand the role of the private sector—including through public-private partnerships.

Energy and the environment

The Bank’s work in the energy sector dates back several decades and accounts for approximately 14% of the Bank’s cumulative commitments. The Bank has played a key role in providing regional member countries with energy, and also with the climate change knowledge, technical leadership and advice needed to adopt clean technologies. It has also been an advocate of policies and programs that take into account the power needs of Africa’s low-income economies. The Bank has also committed to ensure that environmental and social safeguards are mainstreamed into its projects.

Many African countries are today confronted by the uncertainties of climate change, be they long-droughts or excessive flooding. The Bank has assisted regional member countries in the preparation of frameworks and strategies for climate-resilient and low-carbon development. For instance, it has assisted a number of countries to undertake climate-smart investments through partnerships with global and regional funding institutions. Its advocacy role has been important in pushing government’s to increase climate change awareness.

Knowledge is vital

The Bank is aware that lending on its own is not enough, and that regional member countries also require analytical advice and capacity building. In the past few decades, the Bank has put considerable investment in its capacity to generate knowledge and to conduct policy dialogue. Today, knowledge underpins the Bank’s ability to respond to new challenges and provide intellectual leadership on African and global issues.

In recent years, the Bank has produced a number of flagship publications, as well as economic and sector work, and a range of databases—many are the most important sources of sources of information on African development today. The Bank has also benefited from collaboration with a number of African and International agencies.

The Bank’s own African Development Institute has been an important channel for capacity building, across a range of issues. It has helped enhance capacities in crucial analytical areas within the Bank and among its clients. The Institute also regularly invites persons of high standing to take part in its Eminent Speakers Program, which addresses economic and political challenges on the continent. One of the latest of these was Nobel Laureate Wole Soyinka.

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2014: the Bank returns home

When the Bank left Abidjan for Tunis in 2003, it was expected to be a brief stay. However, it was away for 11 years. By December 2013, an advance team had been sent to Abidjan to manage the return of the Bank. In August 2014 the President and Chair of the Board returned to Abidjan, marking the end of the Bank’s exile. The Ivorian Government had offered a 26-storey tower (the CCIA Building) in the centre of Abidjan to host the Bank, since repairs to its permanent headquarters were being completed. It is an imposing building across the street from the High Court of Côte d’Ivoire and Saint Paul’s Cathedral. The number of Bank staff had doubled during those eleven years: it now had over 1900 staff, including 500 ‘in the field’.

By December 2014, about 1000 Bank employees had already taken up duty in Abidjan. A flag raising ceremony was held on 8 September 2014 to mark the Bank’s official return to its permanent headquarters. The event was attended by the Prime Minister of Côte d’Ivoire, Bank management and staff, and other prominent guests. The Agreement establishing the African Development Bank had come into effect on 10 September 1964, so the 2014 flag raising ceremony came just two days short of the official “50th Anniversary”. Later that day, the first meeting of the Board of Directors after the Bank’s return was held in the CCIA Building.
Gender
From economic growth … to economic transformation

Promoting women’s role in society

making women a driving force for Africa
Cross-border cooperation

From economic growth

... to economic transformation

Increasing the movement of people and goods

... trading and speaking as one
From 2011 to 2012, the percentage of newly approved projects that were rated as having mainstreamed gender in a satisfactory manner increased from 38% to 67%.
From 4000 Bank projects in 50 years
... 10 recent examples

**TUNISIA**
Rural water supply project
$133 m
350,000 beneficiaries

**ANGOLA, MALAWI, MISSIONARIES, TANZANIA, ZAMBIA**
Trans-boundary animal disease control project
$20 m
12.7 m beneficiaries in 5 countries

**RWANDA**
Skills, employability and entrepreneurship program
$38 m
5 m beneficiaries

**MOROCCO**
Increasing capacity on the Tanger-Marrakech railway line
$390 m
10 m beneficiaries

**GHANA**
Rural enterprise program
$70 m
102,000 beneficiaries

**CHAD**
Institutional support for fragile states
$10 m
6 Government ministries & agencies as beneficiaries (Health)

**BENIN**
Electrification for 17 rural areas
$7 m
50,000 beneficiaries

**KENYA**
Nairobi-Thika Highway
$186 m
80,000 vehicles a day

**SIERRA LEONE**
Rehabilitation of basic and non-formal education
$21 m
98 primary schools renovated, 4000 teachers trained

**UGANDA**
Rural income and employment enhancement project
$16 m
1.4 m beneficiaries

“Now I just need to turn on the tap”.

“A healthy cow means a healthy profit, I make 70% more these days”.

“The program guaranteed 75% of my loan. It was a real opportunity, as we had no other means”.

“The Thika road used to be something to avoid. Now everyone uses it”.

“A healthy cow means a healthy profit, I make 70% more these days”.

“I passed my exams because I could revise by the light of a light bulb!”.

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2014: the Bank returns home to Abidjan
Lessons for the next 50 years

The Bank will continue to pursue the goals of its founders: economic growth and development are the surest guarantee of Africa’s freedom.
Looking to the future

In early 2014, the African Union Summit held in Addis Ababa adopted “Agenda 2063” as the continental vision for Africa’s growth and development in the next 50 years. Devised by the African Union Commission, with support from the African Development Bank and the Economic Commission for Africa, its aspiration is “an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena”.

Thus integration will continue to be the unalterable constant of Africa’s economic and political imagination in the next 50 years. The single African market must become a reality. Still, much more effort will be required to cement the new integration gains, including strengthening regional infrastructure, collaborating broadly on regional investment and industrial strategies, and opening up Africa’s access to greater competition. The Bank’s role in Africa’s integration has received heightened impetus in recent decades through its support to regional projects, and participation in policy dialogues at the highest levels.

Africa is urbanizing at a very rapid pace and the bulk of the population will live in cities in a couple of decades. While enhancing the potential for the mobilization of its population for development, better provision of social services, and embarking on manufacturing, urbanization has its own unique challenges, especially the pressure it puts on utilities—from power to water and sanitation services. New ways of financing urban infrastructure will be required, possibly through the issue of municipal bonds. Here again the Bank has an important role to play both on the financing and policy sides.

Africa’s recent growth has shown that the continent has the potential to become a global growth pole in its own right, but that sustainability requires a good understanding of the challenges and how best to address them in a rapidly changing world economy. The private sector will be a key ally, and recent growth has been enabled largely by private sector investment, attracted by improving business climates in African countries. Partnerships between the public and the private sectors will become the preferred mode of financing of Africa’s development—public money on its own will not be enough.

It is well known that Africa is the world’s youngest continent and will continue to be so for many decades to come. How Africa harnesses its demographic dividend in the next decades will be a key factor. It will need to boost the quality of its youthful labour force through training and employment creation. This will determine whether the continent will be able to industrialize and emerge as a player in the global economy. Climate change will also be a key factor, with implications for how countries conduct their economic policies in the next several decades. Coordination regionally and globally will be of the essence but it will be important for Africa to strengthen its voice on these issues through broader collaboration within the continent itself. The Bank will be a key advisor on climate change-related policies, and a financier of associated projects. It will need to develop in-house capacity to embark on these expanding tasks.

As the African Development Bank looks ahead, it can be satisfied in the knowledge that it has put itself at the service of Africa for the last 50 years, that it was able to weather the various economic and political storms of the last half-century, and that it has helped spur the continent’s economic development. The Bank has evolved as the needs of the continent have evolved, and yet throughout it has remained true to the goals of its founders. The goals will remain relevant for the next 50 years. Economic growth and development are the surest guarantee of Africa’s freedom.
What future for Africa’s young and growing population?
The Bank is resolved to position itself, ‘at the centre of Africa’s transformation’. Its prime objective during the next ten years is to make Africa’s growth more inclusive and more sustainable.
Going forward: Africa in the 21st Century
From economic growth which is unevenly shared… to true economic transformation where growth is strong, shared and sustainable.

6 of the world’s 10 fastest growing economies are in Africa.

African GDP has tripled in 10 years.

African FDI has tripled in 10 years.

… yet pockets of fragility and poverty remain…

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Ensuring true gender equality

Managing and sharing natural resources

Entering into regional & global value chains

Reaping the full benefits of Africa’s demographic dividend

Diversifying into industry & manufacturing

Strengthening governance

Challenges & opportunities
african growth
and development
50 years at the service of Africa
1964-2014
50 years at the service of Africa
1964-2014