



# The African Development Bank Group

## Overview of the Bank Group Operations in Member Countries

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## Purpose of this mission

- The request of CESA to promote Bank's Group products & services
- To present the Bank's Private Sector Development assistance package to the private sector community
- The visit to South Africa is part of our ongoing efforts to strengthen our relationship and be more responsive to the needs and expectations emanating from the South African Community and the rest of RMCs.
- In the last half decade, many African countries have made significant progress in improving their business climate and investors are taking notice of the significant business opportunities (GAMA – Bravo).



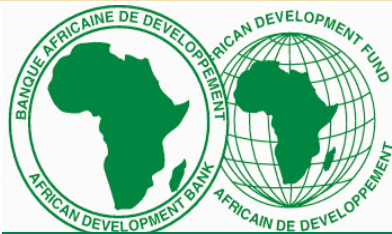
## AfDB's Mandate....

- Established in 1964, AfDB is a multilateral financial institution that promotes sustainable development in Africa
- Premier financial development institution of Africa engaged in “mobilising resources towards the economic and social progress of its 53 Regional Member Countries (RMCs)”
- African Development Bank Group (AfDB) provides financing to Regional Member Countries and private entities on non-concessional terms
- Since 1967, when operations began, the Bank has funded more than US\$ 60 billion of projects across the continent



# The ADB Group : Membership and institutions

- The African Development Bank Group (AfDB) has a membership of 78 countries – 53 African and 25 non-regional members - and is currently composed of 3 institutions :
- The African Development Bank (AfDB) - established in 1964 and lends to the richer countries in the region;
- The African Development Fund (ADF) - established in 1972 and provides grants and concessionary loans to poorest members;
- the Nigerian Special Fund (NSF) - established in 1976 by the government of Nigeria.



# ADB Group – At a Glance

## Africa

Algeria	Libya
Angola	Madagascar
Benin	Malawi
Botswana	Mali
Burkina Faso	Mauritania
Burundi	Mauritius
Cameroon	Morocco
Cape Verde	Mozambique
Central African Rep.	Namibia
Chad	Niger
Comoros	Nigeria
Congo	Rwanda
Cote d'Ivoire	S. Tome & Principe
D. R. Congo	Senegal
Djibouti	Seychelles
Egypt	Sierra Leone
Equatorial Guinea	Somalia
Eritrea	South Africa
Ethiopia	Sudan
Gabon	Swaziland
Gambia	Tanzania
Ghana	Togo
Guinea	Tunisia
Guinea Bissau	Uganda
Kenya	Zambia
Lesotho	Zimbabwe
Liberia	

## ■ African Development Bank (ADB)

- ❑ Established in 1964
- ❑ Subscribed capital - US\$ 32 billion
- ❑ 53 African and 25 non-African countries

## ■ African Development Fund (ADF)

- ❑ Established in 1972
- ❑ Subscriptions - US\$ 18.7 billion
- ❑ Primarily financed by non-African countries

## ■ Nigeria Trust Fund (NTF)

- ❑ Established by Nigeria in 1976
- ❑ Total assets of US\$ 559 million

## ■ Peer Regional MDBs

- ❑ Asian Development Bank (AsDB) - 1966
- ❑ Inter-American Development Bank (IADB) – 1959

## Europe

Austria	Netherlands
Belgium	Norway
Denmark	Portugal
Finland	Spain
France	Sweden
Germany	Switzerland
Italy	UK

## North & South America

Argentina	Canada
Brazil	USA

## Middle East

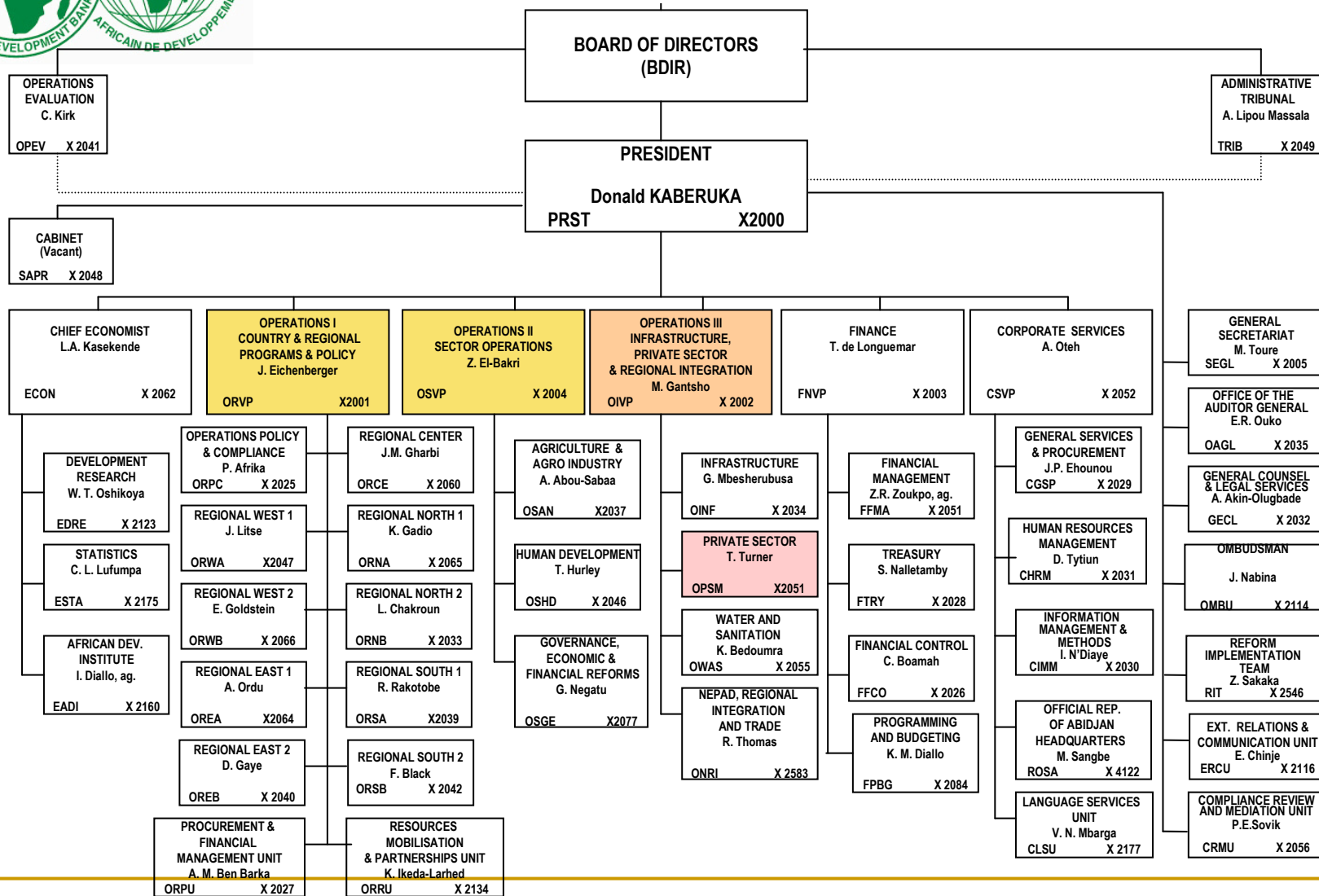
Kuwait	Saudi Arabia
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## Asia

China	India
Korea	Japan



# Bank Group Organization





# Operational Priorities

- ❖ **At End - 2007, the Bank Group achieved the following milestones in its operational programme:**
    - **Commitments of UA 3.5 million; 17.1% above lending objective**
    - **Private Sector Lending of over UA 1 billion; 100% above financing objective**
    - **Sector Distribution:**
      - **Infrastructure Development – 69%**
      - **Agriculture and Rural Development**
      - **Economic Management and Governance**
      - **Industry, Quarrying & Mining**
      - **Finance**
      - **Social Sectors**
- } 31%



## Operational Priorities

- ❖ **In 2009, the Bank Group's Assistance to Client Countries will focus in the following areas:**
  - **Infrastructure Development**
  - **Development of a Robust and Competitive Private Sector**
  - **Multi-sector Assistance, Economic Management and Governance**
  - **Promotion of Regional Integration through Multinational Operations**
  - **Agriculture and Rural Development**
  - **Human Capital Development, particularly, Higher Education**
  - **Cross-cutting Issues**



# Key Bank Group Operational Instruments

- **Advisory Services & Technical Assistance:** Grant-financed studies, project preparation, and institution capacity-building support.
- **Policy-Based Lending:** Quick disbursing balance-of-payments financing (including Budget Support Lending) in support of macro or sector policy reform objectives.
- **Project Lending:** Project Loans, Lines of Credit, Sector Investment Loans



## Non-Financing Activities

- ❖ **In addition to its lending operations, the Bank Group undertakes non-financing activities aimed at improving its operational effectiveness by:**
  - **Strengthening the quality assurance system and improving its portfolio**
  - **Broadening and deepening Economic and Sector Work**
  - **Preparing country and regional strategies**
    - **Reinforcing operational policies and business processes**
  - **Enhancing private sector operations**
  - **Strengthening partnerships and improving aid coordination**
  - **Participating in major developmental initiatives/fora, for Africa**



## **AfDB ROLE (1/2)**

- **Help Governments to create an enabling environment by:**
  - ✓ **Opening the doors to liberalization**
  - ✓ **Replacing monopolies with free markets**
  - ✓ **Implementing Tax reforms**
  - ✓ **Implementing good Corporate Governance and Labour Laws**
- **Serve as a catalyst by:**
  - ✓ **Promoting good investment climate**
  - ✓ **Risk taking**



## AfDB ROLE (2/2)

- **Act as a :**

- ✓ **Financier** and inject financial resources to pursue economic development goals.
- ✓ **Advisor** and share knowledge on sustainable development practices
- ✓ **Partner** and help mobilise public and private sector stakeholders in solving development issues



## WHAT VALUE DOES AfDB BRING TO A PROJECT

- **Financing:** Provides long-term capital in the form of loans to Mining, Infrastructure Projects such as Power Generation/ Roads, Railways, Ports, Airports, etc.
- **Competitive Pricing:** Transfers benefits of cheaper Funding to Borrower
- **Sustainable development:** Supports public sector projects and private sector enterprises that are technically and economically viable; promote a sound environmental practices and sustainable development
- **Longer Tenors:** Lends longer than commercial banks
  - ❖ soft loans to LDC: up to 40 years with 10 years grace period
  - ❖ AfDB loans to MIC: up to 20 years with 5 years grace period
  - ❖ Loans to private enterprise: up to 15 years with 5 years grace period



## WHAT VALUE DOES AfDB BRING TO A PROJECT

- **Country-friendly**: Participates in projects with or without government guarantees (AfDB may support a project with some government ownership if it operates on a commercial basis)
- **Comfort factor**: Shares project risk with Government sponsors and other financing parties when they are not yet prepared to take risk on their own
- **Advisory Services**: Gives policy advice, promote privatization schemes; rationalize investment codes & fiscals regimes, promote FDI, develop the financial sector and capital markets



# Conclusion.....

## **The ADB....**

**recognizes the many diverse and dynamic development challenges that RMCs are facing;**

**and**

**is in a strong position to adapt to assist in addressing these challenges.**



# Thank You

*Consult website for more information:*

[www.afdb.org](http://www.afdb.org)