

AFDB

The African Development Bank

1. Facts and figures

Type of organisation: Multilateral finance institution

Established in: 1964

Headquarters: Abidjan, Côte d'Ivoire, but temporarily located in Tunis, Tunisia

Number of country offices: 34

Head of organisation: President Donald Kaberuka (Rwanda)

Dates of Board meetings in 2013:
The Board of Directors meets as needed, normally once a week

Norway's representation in the Board:
In a constituency with Denmark, Sweden, Finland and India

Number of Norwegian staff: 2. AfDB has a total of 2,005 employees (as of December 2012)

Competent ministry: Norwegian Ministry of Foreign Affairs

Website: www.afdb.org

The five largest shareholders of the bank, and Norway:

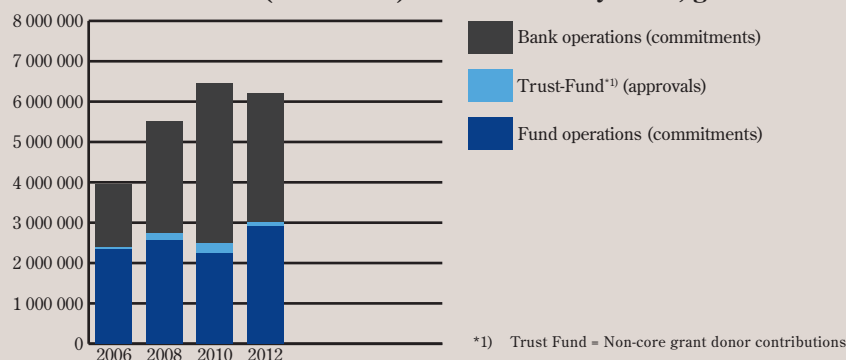
	Country	%
1	Nigeria	9.272
2	USA	6.59
3	Japan	5.492
4	Egypt	5.372
5	South Africa	4.811
26	Norway	1.165

The five largest donors of supplementary funds (USD) in 2012:

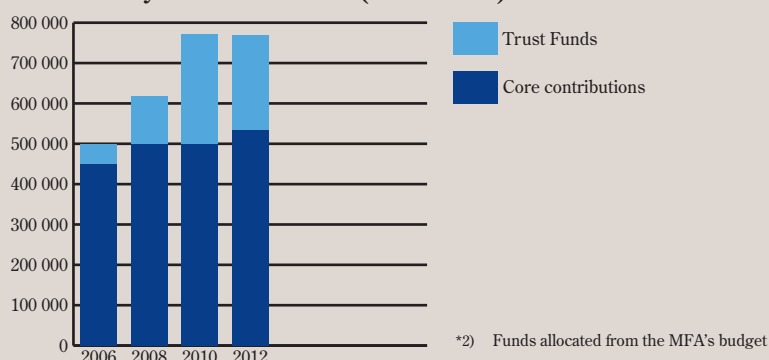
	Country	Amount
1	Canada	36 270 840
2	Norway	28 279 328*
3	Switzerland	9 682 596
4	Korea	7 991 984
5	Netherlands	5 840 296

* High figures are due to payment in connection with the climate project CBFF/KOS. SDR-USD currency 31.12.12: 1.53692

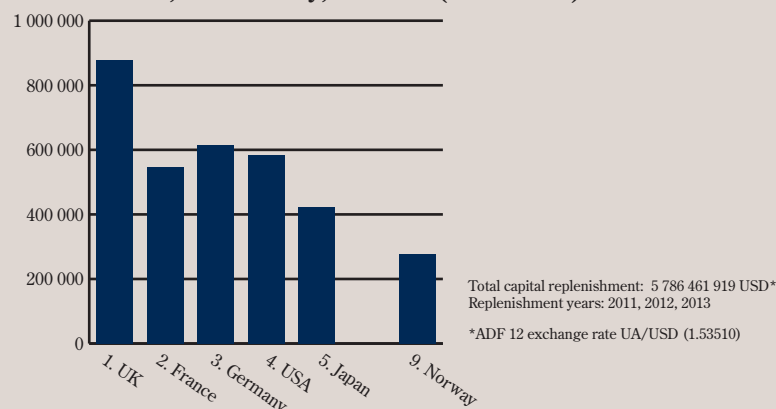
Total revenues (1000 USD). Broken down by loans, grants.



Norway's contributions*²⁾ (1000 NOK)



Latest replenishment of fund ADF12 and the five largest donors, and Norway, in 2012 (1000 USD)



NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS

Mandate and areas of activity

The mission of the African Development Bank is to spur economic growth and social development in Africa. The Bank's Strategy for 2013–2022 identifies inclusive growth and a transition to green growth as two main objectives. Infrastructure development, regional economic integration, private-sector development, governance and accountability, and skills and technology are defined as operational priorities, with three areas of special emphasis: fragile states, agriculture and food security, and gender. Nearly half of the 40 poorest member countries (ADF countries) are classed as fragile states, which makes the development agenda particularly challenging.

AfDB's African ownership gives the Bank strong legitimacy. The African regional member countries (53) hold around 60 per cent of the share capital and votes in the Bank's Board, while non-regional member countries (24) hold around 40 per cent. The Bank assists countries with technical advice and expertise in the areas in which it works, and aims to become a leading knowledge institution in the region with increased focus on research and knowledge dissemination.

Loans and grants are primarily provided through two lending windows, each of which has its own Board:

- The ordinary lending window, which provides loans to middle-income countries. AfDB finances loans through borrowings on international capital markets, based on the Bank's share capital and repaid loans. Because AfDB has high creditworthiness, the loan terms are far better than what African countries themselves could have obtained on the capital market. The five largest shareholders in terms of percentage of share capital are Nigeria, the USA, Japan, Egypt and South Africa.
- The African Development Fund (ADF), established in 1972, is AfDB's lending facility for the poorest countries in the region. The Fund is primarily financed by contributions from donor countries. Contributions to the fund are made through replenishments, usually every three years. The loans are interest-free and are subject to a grace period for the first ten years, with a repayment period of up to 50 years (some adjustments will be made from 2014). The five largest donors over time have been the UK, the USA, Japan, France and Germany. Collectively, the Nordic countries are the largest donor, after the UK (ADFR).

AfDB has a full-time Board of Directors with a permanent presence at the bank's temporary headquarters in Tunis. The Board meets every week and participates in the day-to-day monitoring and oversight of the bank's operations. One of the 20 seats on the Board of Directors is held jointly by the Nordic countries (minus Iceland) and India. The Board seat is shared by the Nordic countries on a rotation basis. At the annual meeting in May 2013, it was decided that the Bank is to return to its original headquarters in Abidjan.

Results achieved in 2012

A total of NOK 39 billion in loans, grants and debt relief was approved in 2012, compared with over NOK 53 billion in 2011. Close to 50 per cent was provided for infrastructure, where energy is the largest sub-sector. Several investments in the social and agriculture sectors also have a strong infrastructure dimension. The following results for the period 2010–2012 are highlighted from AfDB's Annual Development Effectiveness Review 2013:

- 15 million people have been provided with better access to clean water and better sanitation through 60 projects in 35 countries.
- 35 million people have been provided with improved access to transport in the form of some 13,000 km of main roads and over 5,000 km of feeder roads that have been built or rehabilitated with AfDB support.
- Power generation capacity has been increased by an estimated 1,100 MW, 560,000 households have been connected to the electricity grid and over 14,000 km of transmission lines have been built or rehabilitated with support from the Bank. Close to 600 km of cross-border transmission lines were constructed, and support was provided for the development of regional power pools.
- Improvements in land and water-resource management were estimated to have a positive impact for 31 million people, including 3 million rural households, by improving food security.
- Support was provided for the establishment of over 75,000 small businesses through training programmes estimated to have generated 66,000 new jobs, in part through micro-credits.
- Over 600,000 more children were enrolled in schools as a result of the construction or rehabilitation of 4,500 classrooms and deliveries of equipment.
- Around 27 million people have been provided with improved access to health services through the construction of health centres and training programmes for health workers.
- Financial management was strengthened and support was provided for better, more transparent natural resource management through budget support and institutional cooperation, including support for the EITI process in eight countries.
- Support was provided for national authorities' contract negotiations with international companies, including legal advisory services provided through the African Legal Support Facility.

Achieved results reported at the mid-term review of the African Development Fund in 2012 emphasised that through its investments in ADF countries, AfDB has helped to mobilise commercial resources totalling between five to seven times the invested amount. A substantial share of the investments are located in areas where the needs are greatest, with a high concentration of poor people. Among the projects completed between 2009 and 2011, 90 per cent of the anticipated outcomes were achieved (targets were reached for 40 out of 45 indicators). Support for tax and revenue reforms in 14 countries helped to increase tax revenues in these countries from 10.5 per cent of GNP in 2005 to 14.7 per cent in 2011.

The Bank has increased its presence in fragile states, with offices in 12 of these countries. An independent evaluation of the Bank's support for fragile states in the period 2008–2011 confirms that the support is relevant, and that the Bank has strengthened its role in fragile countries (see box).

AfDB's support for regional integration is growing and increased from 6 per cent in 2000 to 15 per cent in 2010, of which a significant share (60 per cent) is in fragile states. An independent review of the Bank's regional programmes

Evaluation of AfDB's support for fragile states

In 2012, AfDB's independent Operations Evaluation Department conducted an evaluation of the Bank's engagement in fragile states in the period 1999–2011. The evaluation concluded that a significant effect of the support is attributable to the Bank's contribution to debt-relief operations and thus to normalisation of the recipient countries' international relations. The Bank has also contributed to significant results in the form of rehabilitated infrastructure, development of basic social services and critical reforms in public financial management. The establishment in 2008 of the additional window for fragile states, the Fragile State Facility, has increased the flexibility of the Bank's response and raised awareness of the special needs of fragile states. However, the evaluation points to the need for improvements in the Bank's approach, particularly in relation to capacity-building, the need to see conflict and fragility in a state-building perspective ("fragility lens"), the need for better coordination and the need for a more strategic, rather than project-based, approach. The importance of continuing the decentralisation process was also underscored. As part of the Bank's follow-up efforts, President Kaberuka has appointed a high-level panel tasked with providing input for the formulation of a revised strategy for the Bank's engagement in fragile states. The strategy is expected to be approved in early 2014. The Bank has also followed up on the report's recommendation regarding organisational changes.

confirms that the support is relevant and produces results, and recommended improvements in some areas. A revised regional integration strategy is being drawn up.

Support for the private sector doubled between 2007 and 2011, and accounts for around 25 per cent of the value of projects approved during this period. At the end of 2011, AfDB had provided private-sector funding in 38 out of 54 member countries. An independent evaluation, carried out in 2013, of the Bank's private-sector support highlighted a need for improvements. A new private-sector policy and strategy were approved in 2013, based on the evaluation conclusions and the priorities defined in AfDB's new strategy.

In 2012, a strategic framework was introduced to strengthen AfDB's efforts to address climate-change issues. In 2011, 65 per cent of the projects were reviewed to assess their effectiveness in relation to climate change. While this is an improvement, it is lower than the target of 75 per cent. With regard to mainstreaming of women and gender, new tools have been developed, and a revised gender strategy is expected to be completed in December 2013. Some 75 per cent of all new projects in 2012 had at least one gender-related outcome indicator (exceeding the target of 70 per cent).

2. Assessments: Results, effectiveness and monitoring

The organisation's results-related work

AfDB's results measurement framework is of a generally high standard and the Bank's results reporting reflects good reasoning as regards outcomes. There is focus on measuring results through the systematic use of baseline data and a standard set of indicators. The Annual Development Effectiveness Review provides information on achievement of results at four levels, based on a total of 120 performance indicators. Certain weaknesses may be identified, such as the fact that the causal connection between the outputs of programmes and projects and results at a higher level of the results framework (regional development) is not clearly defined. Nevertheless, AfDB is on the right track with regard to its results measurement framework and efforts to foster and consolidate a better results-oriented culture.

The results measurement framework is being revised to reflect the objectives of the Bank's new ten-year strategy. Among other things, AfDB intends to strengthen its use of gender-aggregated data. The results matrix in future country strategies will also be updated. In 2012, the annual Development Effectiveness Review was supplemented by thematic reviews of the Bank's support for governance, regional integration, fragile states and assessment of the AfDB's development effectiveness in Rwanda.

Planning and budgeting systems

General strategic planning is carried out through rolling budgets and plans, based on an overarching strategy and policy guidelines. The Board of Directors approves the annual work programme and budgets. There is potential for improvement in terms of documenting the link between resource use and results. Resources are allocated to recipient countries on an annual basis after consideration of such factors as past performance, implementation capacity, needs and level of indebtedness. There is a clear performance element in the resource-allocation system, which is based on the achievement of progress in relation to specific criteria related to framework conditions and policies that promote economic growth and reduce poverty. A country that does well in relation to these criteria generally receives higher allocations of resources.

Oversight and anti-corruption

A 2012 MOPAN assessment awards AfDB good marks for its external and internal auditing and anti-corruption systems. The Bank has effective control functions, with transparent reporting processes and a robust financial control system. The Auditor General's Office reports directly to the President and the Board of Directors, submitting annual reports on auditing activities and the Bank's follow-up. The Auditor General's Office does not have a separate, earmarked budget line for internal audits; its budget is placed under the

Presidency's budget. AfDB's internal audit reports are not publicly available, but the Bank has established rules and procedures that are in line with internal audit standards, as is confirmed by the 2012 MOPAN assessment.

Institution-building and national ownership

Based on AfDB's strong African ownership, the Bank works closely with national authorities and regional institutions on planning and implementing activities. Country programmes and projects are generally well aligned with the priorities of countries and regional organisations, and efforts are made to use performance indicators from national and regional strategies. Evaluation of the Bank's policy-based lending programmes (1999–2009) shows that the scope of loan conditionality has been reduced over time. The number of parallel project units established by the Bank to implement projects has been reduced from 113 to 38, and use of national systems has increased from 39 per cent to 50 per cent.

The 2012 MOPAN assessment indicates that there is potential for improvement with regard to use of national systems, but also points out that the Bank emphasises risk management in countries with widespread corruption. Moreover, almost half of the low-income countries in which the Bank operates are defined as fragile. The degree of cooperation with other development actors varies. The Bank can make a greater

effort to involve local stakeholders, especially women and marginalised groups. A new framework for enhanced engagement with civil society organisations was introduced in 2012, and the AfDB Strategy for 2013–2022 underscores the importance of broader-based partnership.

Willingness to learn and change

AfDB still has a way to go towards ensuring better-adapted technical assistance, broader-based partnership, capacity-building and coordination of efforts with other development partners. The Bank faces capacity challenges with regard to implementing a comprehensive work programme in demanding and complex country contexts. It is often pointed out that the Bank has time-consuming procedures and does not adequately delegate decision-making authority, but ongoing reforms, not least decentralisation and increased powers of delegation, show positive results. MOPAN (2012) assesses the system for implementation of the Bank's independent evaluation function as satisfactory, but also notes that there is room for more systematised follow-up. In 2012, the Operations Evaluation Department carried out a self-assessment, conducted by an independent consultant. The report points to the need to foster a stronger learning and evaluation culture across the organisation, as well as in regional member countries. As a follow-up of the assessment, a revised Independent Evaluation Policy (2013–2017) is being drawn up.

3. Norway's policy towards AfDB

The AfDB Strategy for 2013–2022, with its main objectives of inclusive growth and green growth, harmonise well with the Report to the Storting (White Paper) Sharing for Prosperity (Meld. St. 25 (2012–2013)). In future, the focus will be on ensuring effective implementation and results reporting, including use of appropriate indicators.

Norway seeks to encourage AfDB to:

- mainstream its overarching objective of more inclusive, greener growth in all of its projects and programmes and in its dialogue with regional member countries.
- emphasise, in its operationalisation of inclusive growth, poverty reduction and inequality dimensions. Include, in its governance support, national resource mobilisation, natural resource management, tax reforms, and measures to fight corruption and illicit capital flows.

- strengthen its work on cross-cutting issues such as fragility, environment/climate change, women and gender equality, and capacity-building.
- continue its institutional reform efforts aimed at improving results-based management, learning and effective management, with focus on anti-corruption, transparency and a good personnel policy.

Emphasis is primarily placed on core support through the African Development Fund, which targets the 40 poorest countries. Continued concentration on core issues and a long-term perspective are crucial. Close and effective coordination with the other countries in the Board is emphasised. Norway seeks to limit supplementary grant contributions to a few areas of strategic significance, such as governance and anti-corruption, gender equality and climate change.

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