

VALLIS REPORT
AFRICAN DEVELOPMENT BANK GROUP



© Figure 1: Source: <https://www.afdb.org/en/about-us/corporate-information/african-development-fund-adf>

1. WHAT IS THE AFRICAN DEVELOPMENT BANK GROUP?

The African Development Bank Group is a “regional multilateral development finance institution established to contribute to the economic development and social progress of African countries”. Founded in 1963, in Sudan, it is made up of 3 parts; the African Development Bank (AfDB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF).

The AfDB is one of only 5 multilateral development banks in the world. The others are the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (AsDB), the Inter-American Development Bank (IAfDB) and the World Bank. The AfDB and the World Bank work very closely together, but are independent.



Figure 2. The AfDB logo

<https://www.geoscience.ie/ireland-becomes-the-81st-member-of-the-african-development-bank-afdb/>

AfDB cooperates with special funds such as the Arab Oil Fund, the Special Emergency Assistance Fund for Drought and Famine in Africa and the Special Relief Fund. These organisations align with the core values, purposes and functions of the AfDB and therefore the AfDB is authorized to manage them collectively.

The AfDB focuses individually and collectively on supporting economic and social development of its Regional Member Countries (RMCs). The Group aims to reduce poverty, improve living conditions within Africa, and use local resources to further Africa’s development by acting as a development finance institution. AfDB is a financial provider to African governments and private companies investing in their RMC’s.

The AfDB headquarters opened in 1965 and are situated in Abidjan, Côte d’Ivoire. From 2003 onwards, the bank operated from a temporary location in Tunis, Tunisia, due to political conflict in Ivory Coast. The bank returned it’s main operations to the headquarters in Ivory Coast in 2013 after the political crisis was over.

Over the last 40 years the AfDB has been able to provide financial opportunities for over 2,500 operations amounting to a total of US\$ 45 billion, helping millions of people across the African continent.

2. LEVELS OF FUNDING:

The Bank is funded by donor countries and investors, as well as borrowings from capital markets and loan repayments. Member countries often act as donors, particularly non-regional members. These funds are replenished every three years by their donor countries.

Official development assistance donations are expected to reduce in the coming years, leading the Bank to search for new investors, such as sovereign wealth and pension funds.



Figure 3. African Development Bank Group

<https://www.afdb.org/en/news-and-events/highlights-day-2-african-development-bank-groups-2020-annual-meetings-37578>

3. WHAT ARE THEIR OPERATIONAL PRIORITIES?

The African Development Bank Group all focus on the Sustainable Development Goals (1-17), set out by the United Nations. The Bank Group are able to achieve this by managing resources for investment in their RMC’s and by giving advice to their RMC’s on policies and technical aspects in order to encourage development.



Figure 4. The Sustainable Development Goals
<https://exarc.net/sustainable-development-goals>

There are 5 main operational priorities that are angled towards improving the quality of growth in their RMC's:

3.1 Infrastructural development

The demand for infrastructural development in African countries is far greater than other countries across the globe. On average, countries in Africa only invest 4% of their total GDP into infrastructure, compared to a much larger percentage of 14% in China. The Bank has provided funds for huge amounts of infrastructural development, particularly regarding transport, energy and water.

There is a huge demand in Africa for electricity, where renewable energy is able to contribute towards meeting the demand. In Southern Africa, the bank contributed 32% of all finance to their energy sector. However, despite their efforts, 300 million people remain without access to clean water and sanitation facilities in Africa.

3.2 Regional economic integration

Increased integration between countries within Africa would allow them to become a greater part of the global economy. Currently, many countries are held back by weak links with their neighbouring countries. For example, the Bank can better the position of landlocked countries' in being able to take advantage of the coastlines of neighbouring countries and therefore participate in the global market on a bigger scale.

In 2019, the AfDB funded an operation costing US\$98million that resulted in linking Gambia and Senegal creating regional connectivity. In addition

to this, the AfDB have supported the building of a bridge over the Zambezi river, therefore opening up markets in 8 different African nations.

3.3 Private sector development

Private funds, rather than public, are often used to facilitate investment in African countries. This creates employment and often benefits infrastructure. The Bank works with governments to aid in private investment by providing finance, advice and technical assistance.

One specific area of interest is entrepreneurship, particularly involving women and young people as well as small to medium sized businesses. The overall aim is to assist businesses of varying sizes in having greater participation in the economy. Improving financial efficiency by establishing micro-credit schemes that focus on small to medium sized business gives them a greater opportunity to expand. These financial opportunities allow businesses to adopt and maintain financial standards and regulations.

3.4 Governance and accountability

The Bank believes that an economy can only flourish when based on strong and honest governance. Because of this, the Bank supports institutions which promote honest practices, by "strengthening the capacities of parliamentarians, the media and civil society organisations". Another focus is on supporting "fiscal decentralization and domestic resource mobilization".

3.5 Skills and technology

As unemployment levels are extremely high in many African countries, particularly youth unemployment, the Bank aims to support vocational training for specific roles sectors in the job market. By creating a number of skilled workers, including those with the skills to start businesses, it is hoped that the long term impact will be a decrease in unemployment levels.

4. WHAT ARE THEIR AREAS OF SPECIAL EMPHASIS?

As part of their ten year strategy, the Bank has focussed on three areas of special emphasis:

4.1 FRAGILE STATES

Fragile states contain 1/5 of the global population. Support must be shaped for each region, based around helping local people in a sustainable way which allows for continuous recovery and development.

The Transition Support Facility, also known as the Fragile States Facility, was established as a separate entity (but still within AfDB) to improve Performance Based Allocation (PBA) of resources to fragile countries.

“A fragile region or state has weak capacity to carry out basic governance functions, and lacks the ability to develop mutually constructive relations with society.”
 OCED, 2013



Figure 6. Food security chain
<https://studentclimates.wordpress.com/2017/11/24/food-security-nutrition-youth-perspective/>

Feed Africa also recognised the deep-rooted gender issues associated with food insecurity in fragile states. Women’s opportunities to be involved in the agricultural industry are limited because of systematic discrimination such as terms for land ownership favouring men. AfDB has therefore developed a long term strategy of agricultural transformation across Africa.

“Africa must become a global powerhouse in food and agriculture.”
 Akinwumi Adesina, AfDB President

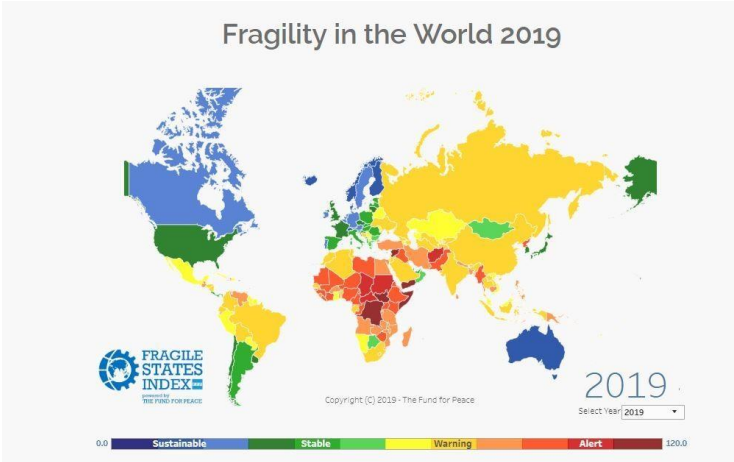


Figure 5. The world’s most fragile states
<https://europeansting.com/2019/04/15/these-are-the-worlds-most-fragile-states-in-2019/>

4.2 AGRICULTURE AND FOOD SECURITY

More than 70% of Africans work on the land, and the vast majority rely on local crops and other food grown locally. As a result, climate problems such as droughts can have important negative impacts. The Bank aims to reduce the impact of problems such as these by furthering investment in agricultural infrastructure (rural roads, irrigation, electricity, storage facilities), and by assisting with policies to maximise trade opportunities. The result will be a reduction in food price volatility and food insecurity.

4.2.1 Feed Africa

Africa has been determined the most food secure continent in the world. However, over 232 million people in Africa are under-nourished due to limited access to food. AfDB express quantity and quality of food as a fundamental human right and therefore focus their efforts on achieving this. Fragile states suffer from food insecurity due to poor allocation and management of resources.

4.3 GENDER

Providing women and girls with work opportunities dramatically increases the productivity of a country. This is encouraged by empowering women and girls to pursue their own careers and businesses. The Bank encourages a focus on knowledge, skills development of legal and property rights.

5. HOW ARE THEY SUPPORTING WOMEN?

As the third area of special emphasis, the support and promotion of women is key for the Bank.

“We must do all possible to support women who suffer the most from reliance on using solid biomass to cook, with children on their backs, working so hard to feed their households”.
 Akinwumi Adesina, AfDB President

One example of the Bank’s work in helping women is their project in Côte d’Ivoire, which won the 2013

U.S. Department of Treasury MDB Award, in the category of Women and Girls (Gender Equality). After the political crisis in 2001, poverty levels dramatically increased. Gender based violence (GBV) was experienced by around 2 in 3 women. Côte d'Ivoire did not have the necessary structures to support victims of GBV, and therefore lacked the ability to provide medical, legal and social support.

To further improvement in the reduction of GBV and the support required afterwards, the project used three schemes:

5.1 Integrated service centres

Integrated service centres have been built able to provide a range of medical, psychological, legal and financial services. Women who are unable to receive treatment elsewhere can undergo a physical examination, tests for Sexually Transmitted Diseases, and pregnancy tests, as well as surgery and medication where necessary. Each centre is staffed by a team of 11 social assistants, 2 specialised educators, one teacher, one medical doctor, one nurse, one obstetrician, one laboratory technician, and three paralegal assistants. All services are provided free of charge.

5.2 Income generating projects

To reduce the impact of social stigma and isolation, women's associations have been created. These associations can also help women economically as their access to finance increases which allows women to feel more empowered. So far, the Bank has supported 115 projects run by women's associations.

5.3 Training partners

In total, 6 non-governmental organisations have been trained in "prevention, attention, and the reintegration of GBV survivors". The 6 organisations were AWECO, l'Organisation Nationale pour l'Enfant, la Femme et la Famille, l'Organisation pour le Développement des Activités des Femmes, Cases, Horizon Vert, and Organisation pour les Droits et la Solidarité en Afrique. Staff who were trained included:

- 158 health workers
- 100 social workers
- 150 policemen and gendarmes
- 42 legal assistants
- 136 community leaders

- 62 local actors

5.4 The women in Ethics and Compliance initiative:

The AfDB and partners have recently created a new Women in Ethics and Compliance initiative in Africa. It involves women from around Africa from executive and management positions to be part of a membership which allows them to come together and discuss issues around corruption and non-compliance business. This contributes to AfDB being able to decrease the gender gap and aid women in their career development.

"Men who thought that they were allowed to strike their wives to teach them, now know better. Women who thought that their place was in the home are beginning to understand that they have other options. More and more women now understand that they have the same chances, the same opportunities as men."
 AWECO Field Officer, Moyen Cavally, Guiglo

6. RECENT NEWS IN SOME OF THE COUNTRIES VALLIS OPERATE IN:

6.1 AFD Approves \$50.7m COVID-19 Crisis Response Budget Support in Tanzania

A loan of \$50.7m has been approved by the ADF's Board of Directors to Tanzania to contribute towards their COVID-19 response efforts. Tanzania's plan involved focusing on economic resilience whilst managing the socio-economic and health impacts of the people.

"The African Development Bank Group is stepping up its coordination with governments, as well as with other development partners to adapt and strengthen its monitoring and response to the pandemic." Nnenna Nwabufo, the Acting Director-General of the Bank's East Africa.

6.2 AfDB issues grants for development of business links on East Africa Crude Oil Pipeline

Both the AfDB and the Ugandan government have signed a US\$500,000 grant agreement with the aim of excelling business linkages on the East African Crude Oil Pipeline Technical Assistant Project.

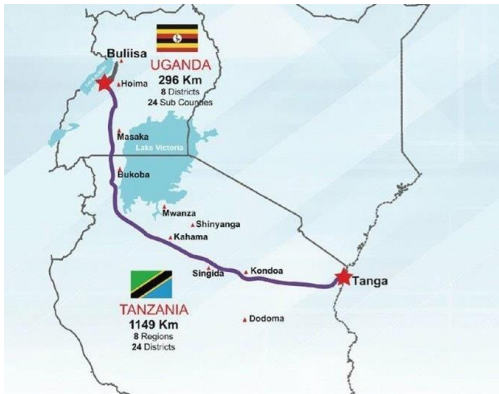


Figure. 7 Map of Pipeline <https://www.soluforce.com/>

By directing their financial efforts towards micro, small and medium enterprises, they are creating opportunities for these companies to access new markets and form new business links with other companies of varying scales.

The objective is to encourage business training on the pipeline project for a minimum of 100 micro-businesses local to Tanzania and Uganda. This is expected to provide an additional 500 jobs.

6.3 African Development Bank (AfDB) supports young Africans in the Agricultural Sector

The AfDB are determined to support young African agripreneurs through funding of projects. They have established competitions such as the African Development Bank's AgriPitch competition, which operated by judging the 2,500 applications and 605 proposals under the theme of "Driving Sustainable Nutrition and Gender Inclusivity in Africa's Agri-Food Systems: Youth Agripreneurs Seize the Decade".

"It is encouraging to see that almost 62 per cent of all AgriPitch 2020 applicants self-described as being women-led businesses or having women make up at least 50 per cent of their management," said Wambui Gichuri, the AfDB's acting vice president for agriculture, human and social development.



Figure 8. AgriPitch <https://www.myjobmag.com/blog/african-development-bank-afdb-agripitch-competition-2020>

6.4 AfDB wins AFSIA Development Finance Institution of the Year award for increasing solar energy footprint across Africa

The African Solar Industry Solar Association awarded the AfDB as the winner DFI of the Year. One of AfDB's multi-donor special funds, the Sustainable Energy Fund (SEFA) for Africa, was established in 2012 to support investment in the renewable energy sector. The three thematic ideas of SEFA are green baseload, green mini-grids and energy efficiency.



Figure 9. SEFA Solar Panels <https://www.eqmagpro.com/afdb-sefa-grants-760000-to-develop-small-scale-renewable-energy-projects-across-sub-saharan-africa/>

One of their main achievements has been the Facility for Energy Inclusion Off-Grid Energy Access Fund (FIE OGEF), which is an initiative focusing on methods of access for individual households across Africa.

6.5 The Africa Fertiliser Financing Mechanism, OCP Africa team up to increase access to fertilisers in Ivory Coast and Ghana

AfDB's Africa Fertiliser Financing Mechanism (AFFM) has joined OCP Africa aiming to support 430,000 smallholder farmers from 2020 to 2023 in Ghana and the Ivory Coast. This project has been predicted to support the agricultural value chain and their objective focuses on the quality of agricultural inputs such as fertilisers.



Figure 10. <https://www.afdb.org/en/affm>

AFFM develops agricultural productivity by encouraging the use of fertilisers. AFFM have planned to build OCP on OCP's Africa's Agribooster initiative by both contributing \$2 million in trade credit guarantees.

The project will also focus on local programs such as Ivory Coast's national rice strategy and the Planting for Food and Jobs program in Ghana.

7. CONCLUSION

The African Development Bank Group's (AfDB) main priorities are fighting poverty and improving the living conditions across Africa. Their projects across Africa encourage economic and social development through aiding governments and private companies investing in the regional member countries (RMC's). Their main methods of financially supporting governments and private companies is through loans and equity investments. Whilst they intend to create links between RMC's, the Group also supports national and multi-national projects to promote regional economic integration, therefore making Africa more competitive in the global market.

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