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ADF-13: The Comparative Advantage of the African Development Bank Group

Discussion Paper

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AFRICAN DEVELOPMENT FUND

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AfDB	African Development Bank
ADF	African Development Fund
ADF-13	Thirteenth General Replenishment of the African Development Fund
RMCs	Regional Member Countries
UA	Unit of Account

ADF-13: THE COMPARATIVE ADVANTAGE OF THE AFRICAN DEVELOPMENT BANK GROUP

1. Key Messages

1.1. **Africa is the most important continent for delivering results in today's development agenda.** The African Development Fund (ADF) continues to be best placed to address the African agenda.

1.2. **Milestones—40 Years of ADF: post-independence years and Africa in 50 years.** Picture a transformed Africa 50 years from now,[1] where the benefits of economic growth target everybody, especially the bottom billion. An Africa where extreme poverty is eliminated, 95% of the people are literate, 90% of working-age people have decent jobs, 90% of people have access to electricity and the Internet and 95% of roads are paved. Where Africans can move freely across the continent without visas, spending 10 minutes at one-stop border posts instead of hours or days. Where people's voices are heard, the poorest and most vulnerable have safety nets, young people are fully involved in the economy and society and women's rights are respected. These are the results of inclusive growth for Africa.

1.3. **Sustainable management of Africa's natural resources and unlocking potentials.**[2] Envisage the equitable and environmentally conscious development of Africa's vast natural resources, with 95% of the world's platinum reserves, 90% of its chromite and 85% of its phosphate. Unlocking the potential of agriculture with new approaches and technologies, creating conditions for wealth generation, which benefits the producers of Côte d'Ivoire and Ghana with a combined output of 60% of the world's cocoa, and enriching Ethiopia as one of the world's top 10 coffee producers. Forestry management in Central Africa accounting for 3%–8% of the economy, and 20% of employment and fishery replenishment in West Africa building viable livelihoods. Water used for economic, social and ecological good. This is Africa's transition to green growth.[3]

1.4. **The ADF is partnering with most African countries to achieve this transformation vision of Africa.** The African Development Bank Group (AfDB or Bank Group) has a new Strategy for 2013–2022, *At the Center of Africa's Transformation*, prepared in consultation with its member countries. Is this African dream realizable? Yes. Africa has all the necessary ingredients. It has the potential to seize the youth dividend and exploit new approaches and technologies to achieve higher levels of development. This will require smart, effective, innovative investments in infrastructure and human capital.

1.5. **The ADF plays a critical role in this transformation, with its experience, its focus on and knowledge of Africa and its capacity for innovation.** It is a trusted partner for Africa, and its operations have delivered results that changed African lives. The Thirteenth General Replenishment of the African Development Fund (ADF-13) will continue to support its borrowing countries' objectives and engage where it has a comparative advantage as set out in the Strategy for 2013–2022. The Bank Group's integrated One Bank approach makes it a strong voice for Africa, leveraging a value-for-money proposition for delivering results.

1.6. **Continuing investment in the ADF is now critical to support Africa's transformation—to address the pressing needs that beset 200 million people in 19 African fragile states.** It is time to push forward. A prosperous, growing Africa is good for the global economy. Infrastructure, agriculture, oil and gas, and consumers in Africa are likely to create markets worth $2.6 trillion a year by 2020.[4]

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1 *Africa in 50 Years' Time: A Road to Inclusive Growth* (www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa%20in%2050%20Years%20Time.pdf).

2 *The Future We Want,* the outcome document of Rio+20 (www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf). The AfDB worked with African heads of state to renew political commitment to sustainable development and the promotion of a sustainable future.

3 AfDB's Green Growth Framework, *Enabling Sustainable Development Pathways in Africa*, in draft form.

4 McKinsey Global Institute. 2010. *Lions on the Move: The Progress and Potential of African Economies*.

2. Focused on Africa

The distinguishing feature of the ADF is its sole focus on the development of African countries.

2.1. The Bank Group's sole mandate is Africa, and its full-scale presence on the ground—leadership, staff and headquarters—increases its effectiveness and provides a deep understanding of the continent, least developed countries and fragile states. Many staff come from the countries and communities where the Bank Group works and thus have lived through development challenges. They speak the languages and understand the cultures; they bring knowledge of Africa's institutional and societal history. All are development professionals with a passion for the continent. And the Bank Group's growing presence in Regional Member Countries (RMCs)—34 outside of Headquarters and the Temporary Relocation Agency—further enhances its understanding of the continent's political economy, especially in fragile states.

2.2. The 53 RMCs have a strong sense of trust and ownership in the Bank Group. The 60% of the Bank Group's shareholders that are African collaborate with the remaining 40% from around the world. This partnership is led by the Board of Governors and seen in the close workings and cross-fertilization of views among the Board of Directors.

2.3. The Bank Group responded to this strong sense of ownership by remaining selective and focused in its operational priorities for the continent, thereby, delivering solid results in these areas of comparative advantage. The new Bank Group Strategy for 2013–22 endorses this selectivity on five core operational priorities for the Bank and Fund[5] and three areas of special emphasis. First recommended by the High-Level Panel review of 2007, and later enshrined in the Medium Term Strategy for 2008–2012, these are operational priorities for Africa in which the Bank Group has the greatest comparative advantage and proven track record. The Bank Group and research from others has repeatedly confirmed that these areas provide a compelling and consistent framework for the Bank Group's operations. The focus on these priorities had served its clients well[6].

2.4. The Bank Group's African focus enables it to better address politically sensitive issues across RMCs and to create nuanced programs of support and knowledge products in close partnership with them (boxes 1 and 2). The Bank Group has produced insightful economic and regional reports on infrastructure and growth in Burundi, Sierra Leone, South Sudan and Zimbabwe, on the private sector in Kenya and on oil and gas in Ghana. These products support and enhance the Bank Group's funding operations and mobilization for those countries.[7] In addition, the Bank Group is on the cutting edge of African research—see, for example, *African Economic Outlook 2012* on *youth employment*, *The Making of the Middle Class in Africa* on the growth of the middle class, *Poverty and Inequality in Tunisia, Morocco and Mauritania* on country-level inequalities and poverty, and *Illicit Financial Flows and The Problem of Net Resource Transfers from Africa (1980–2009),* a recent joint study on Africa's illicit outflows.[8] This growing research underlies the Bank Group's tremendous knowledge base and convening power for Africa and partnership initiatives, such as the Open Budget Initiative, the Collaborative Africa Budget Reform Initiative and the African Tax Administration Forum.

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5 The five core operational priorities are Infrastructure, Regional Integration, Governance, Private Sector Development, and Skills and Technology. The three special areas of focus are Fragile States, Gender, and Agriculture and Food Security.

6 *The Preferred Partner? A Client Assessment of the African Development Bank*. Ngaire Woods and Matthew Martin. 2012.

7 *Infrastructure Action Plan for Burundi: Accelerating Regional Integration* (2009), *Infrastructure and Growth in Sierra Leone* (2011), *South Sudan Infrastructure Action Plan: A Program for Sustained Strong Economic Growth* (2012), *Infrastructure and Growth in Zimbabwe* (2011), *The State of Kenya's Private Sector* (2012), and *Ghana Oil and Gas Downstream Activities Focusing on Value Addition* (2012).

8 *African Economic Outlook 2012: Promoting Youth Employment in Africa* (www.africaneconomicoutlook.org/en/in-depth/youth_employment/), 2012; *The Middle of the Pyramid: Dynamics of the Middle Class in Africa,* AfDB Market Brief, 20 April 2011; *The Making of the Middle Class in Africa,* African Economic Conference 2012, Mthuli Ncube and Abbes Shimeles, AfDB, October 2012; *Poverty and Inequality in Tunisia, Morocco and Mauritania.* Economic Brief, AfDB, 2011; *Accounting for Poverty in Africa: Illustration with Survey Data from Nigeria,* John Anyanwu, AfDB Working Paper No. 149, May 2012; *Illicit Financial Flows and The Problem of Net Resource Transfers from Africa (1980-2009),* AfDB and Global Financial Integrity, March 2013.

Box 1: "Making a critical difference" in Liberia —*President Ellen Johnson Sirleaf*

In her address during the first ADF-13 replenishment meeting, Liberian President Ellen Johnson Sirleaf said that the AfDB was the first to support the country and to demonstrate confidence in it as it was coming out of its economic collapse in 2007. When asked about the Bank Group's comparative advantage, she stated that the Bank Group finances infrastructure which leads to connectivity. This opens trade. The Bank Group's comparative advantage is its regional approach, she said, and its ability to help improve national performance through regional operations. The ADF is timely and transformative, helping change lives. She sought its further engagement in private sector development and public financial management.

The AfDB's engagement in Liberia has focused on providing emergency support to rebuilding public service and government institutions, establishing macroeconomic stability and rehabilitating basic service delivery. The Bank started operations in Liberia in 1972. After the end of a disruptive 14-year civil war and the democratic election of President Johnson Sirleaf in 2006, the Bank Group resumed operations and now has a portfolio of UA 163.4 million in Liberia across 11 projects.

Box 2: Engaging in Somalia

Since 2009, the Bank Group has intensified engagement in Somalia through dialogue and targeted support. Somalia's allocation under the Twelfth Replenishment of the African Development Fund, via the Fragile States Facility, financed the project on "Rebuilding Financial Management Systems in Somalia," which has helped the government draft a Public Finance Management Bill, a Central Bank Act and a Financial Institutions Act. It also contributed to the major multi-donor Joint Program for Capacity Development in Statistics for Somalia. These projects have begun to develop the core human resources in several public finance management areas for the staff of the ministries responsible for preparing the first national budget in two decades: the 2011 budget, the 2012 mini-budget and the 2013 budget, along with budget execution reports.

The Bank Group provided emergency assistance during the food and humanitarian crisis in 2010 and 2011. Staff recently undertook a critical five-day mission to Mogadishu and met with the President, the Prime Minister, ministries and other stakeholders. The Bank Group's Country Brief (2013–15) for Somalia, approved by the Board in April 2013, lays out the Somalia Enhanced Program, which will help speed progress on the arrears clearance and debt normalization, as well as continuing support to public finance management reforms. The Bank is providing crucial advisory support to the new government as it begins to formulate its approach to economic recovery.

2.5. With robust resources, the ADF will continue to maximize development impact in Africa's 40 least developed countries.

3. A Trusted Partner for Africa

The Bank Group will support the transformation of the quality of Africa's growth through inclusive growth and the gradual transition to green growth.[9]

3.1. As Africa's own Bank and Fund delivering the continent's vision, the Bank Group enjoys unrivalled trust with RMCs. This has been strengthened by what it has delivered. When Africa has faced crises—food, fuel, financial or of political transitions—it delivered the results the RMCs needed (box 3).

[9] *Inclusive growth* is economic growth that widens access to sustainable socioeconomic opportunities for more people, regions or countries while protecting the vulnerable. *Green growth* promotes and maximizes opportunities from economic growth by building resilience and managing natural assets efficiently and sustainably, including by enhancing agricultural productivity and promoting sustainable infrastructure.

Box 3: Building resilience in the Horn of Africa

The Horn of Africa (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda) suffers from recurring severe droughts and floods that lead to widespread famine, ecological degradation, poverty and economic hardship. As the leading agency on the Drought Resilience Programme in the Horn of Africa, the Bank Group has consulted with the countries, partners and donors to ensure the sustainability of its work. In September 2011, the countries' heads of state declared the need for a regional partnership. The Bank Group immediately pledged seed money of $300 million to start the partnership, which would eventually mobilize water and livestock management resources for 12 million people.

3.2. The trust earned by the Bank Group has allowed it to be one of the largest financiers of regional infrastructure in Africa, playing a unique brokering role (box 4). This trust has enabled it to partner with African governments on their green growth strategies and to build crucial large-scale renewable energy–based regional power projects (box 5). Realizing the importance of connectivity in changing lives, the Bank Group has financed transformational transport regional corridors, information and communication technology broadband and access to water and sanitation for the rural poor. Believing in making a critical difference in transforming lives, it devotes more than 60% of its private sector portfolio to low-income countries. It has also implemented private sector projects in fragile states (box 6). The respect the Bank Group has earned from African governments and its high-level access are the reasons for its leadership on governance issues. Its emphasis on human capital development has deepened its links among employment, youth and skills development at the country level. Environmental and social impact studies are being used in projects to understand gender challenges, and projects include components to promote gender.

Box 4: Unique brokering role in the Trans-Gambia Bridge

This regional infrastructure project includes the construction of a 942-meter bridge across the Gambia River between The Gambia and Senegal and cross-border improvement facilities. The Bank Group played a catalytic role in getting the two countries to sign a memorandum of understanding and agree on a common bilateral approach to the project. This was a major achievement, because before the agreement was brokered and the bridge financed through an ADF grant, the project had been on the countries' development agenda for 40 years owing to bilateral challenges. The Bank Group's support demonstrates its unique brokering and convening power as well as its focus on developing critical regional infrastructure.

Box 5: Leveraging and innovating clean energy in Ethiopia and Kenya

The Bank Group led donor coordination that resulted in an ADF investment of UA 225 million, leveraging commitments from other development partners to complete the financing plan of UA 840 million for the Ethiopia–Kenya Electricity Interconnection Project, a 1,000-kilometer electricity highway. A priority of the Programme for Infrastructure Development in Africa, the project is expected to afford 1.4 million households with reliable and affordable electricity by 2022 and position Ethiopia and Kenya as key participants in furthering East Africa's power trade. The Bank Group's Africa Carbon Support Program used the project as a case study to develop a new innovative methodology under the United Nations Framework Convention on Climate Change's Clean Development Mechanism, which will allow the project—and similar interconnections—to benefit from carbon finance.

Box 6: Leading private sector development in Sierra Leone

The Addax Bioenergy integrated project near Makeni in Sierra Leone is probably one of the country's most important private investments. The project will develop a sugarcane plantation of around 10,000 hectares to supply about 960,000 tons of cane per year. Addax Bioenergy is expected to produce 83,000 cubic meters of fuel ethanol for export and up to 15 megawatts of power, which will contribute 20% of Sierra Leone's overall power capacity. Liquid fertilizer will be an additional by-product. In addition to providing €25 million in senior debt, the Bank Group played a key role with other lenders in ensuring compliance with international environmental and social sustainability standards. At the end of 2012, the project employed some 1,400 people, and when fully operational it will employ about 2,000 people.

3.3. Going forward, the ADF should be at the center of Africa's transformation, as outlined in its 2013–2022 Strategy. Inclusive growth and the transition to green growth will require determined leadership, strong institutions, critical infrastructure, much more human capital and good governance—all supported by resources for transformation. RMCs are calling on the Bank Group to provide support early in development planning—to strengthen countries' capacities to make informed investment decisions based on sound understanding of the associated implications for their economic, environmental and social capital. The Strategy identifies five core operational priorities that will drive the Bank Group's investments: infrastructure development (electricity, information and communication technology, water and roads); regional economic integration; private sector development; governance and accountability; and skills and technology. The ADF will enhance its role by delivering on a shared agenda as Africa's fund for the future, reflecting Africa's vision for itself—a vision of real transformation.

3.4. In ADF-13, this transformation will be achieved by the Bank Group's infrastructure projects. They will include early-mover, catalytic support on key game-changing infrastructure projects—for example, the Democratic Republic of Congo's Inga III Hydropower Project (the first phase of Grand Inga) and Tanzania's Geothermal Program. The Bank Group will host the Sustainable Energy for All Africa Hub in partnership with the African Union Commission and the New Partnership for Africa's Development Planning and Coordinating Agency. The Bank Group's unique brokering role with African countries in regional integration projects will create cross-border economic efficiencies—for example, the Mpulungu and Bujumbura Port Project in the Lake Tanganyika Transport Corridor and the Lomé–Cotonou Corridor and Transport Facilitation Project. The Bank Group will also support equitable use and management of river courses shared among RMCs. And the ADF has a distinctive role in establishing regional public goods in Africa—for example, the Pan-African University (box 7).

Box 7: Developing regional public goods on skills and technology through the Pan-African University

The Pan-African University is being developed as a regional public good on knowledge in line with the Bank Group's regional integration strategy. It is a network of thematic centers of excellence that use open and distance training through broadband connectivity to accelerate inclusion through the increased mobility of skilled labor. The ADF is preparing to support the project with a $45 million grant.

3.5. The Bank Group will require both operational and administrative resources to respond to urgent advisory requests from RMCs, as well as technical and operational support to prepare and implement public–private partnerships. The Bank Group is proposing an innovative Private Sector Facility in ADF-13 to develop more private sector projects in ADF countries with limited risk capital. Areas to address, particularly in fragile states, include the power sector in Côte d'Ivoire, Sierra Leone, South Sudan and Togo; the agriculture value chain in Guinea, Liberia and Sudan; and financial intermediation in Central Africa and the Horn of Africa. These projects often combine private sector development in fragile states while creating regional integration.

3.6. The ADF will remain a strategic partner to advance Africa-led governance initiatives and post-conflict rehabilitation efforts, as well as to lead key regional governance initiatives. It will help shape Africa's critical human capital by delivering more innovative approaches with a focus on skills and technology (box 8) and by promoting game-changing approaches and new technologies through a New Model for Education in Africa, which includes programs for women in science and for young entrepreneurs.

Box 8: Skills, employability and entrepreneurship budget support to Rwanda

The Skills, Employability and Entrepreneurship Program is an innovative $38 million budget support operation for structural policy reforms and expenditures that address critical skills gaps, education aligned with the labor market and the creation of an environment where innovative entrepreneurship can flourish. Expected outcomes include a reduced skills mismatch between supply and demand in the labor market, as well as innovative entrepreneurial development.

3.7. The ADF will continue to be a trusted partner for African fragile states to build resilience, with more reliable resources and long-term financing and with targeted and tailored approaches. It will take into account each state's political economy, using an enhanced differentiation strategy to address the specific roots of fragility, societal heterogeneity and inequality in access to services and opportunities. The ADF has already used this approach in Liberia, Sierra Leone and Zimbabwe. The Bank Group has increased its efficiency in assisting fragile states by establishing offices in 11 of them.[10] It is prepared to tackle and manage the risks of operating in fragile states, especially when rapid action is required to stabilize a country and then engage in state-building.

3.8. Being based in Africa gives the Bank Group a clear perspective on gender issues on the ground. It already works with RMCs to define entry points for enhancing the status and rights of women and girls in its projects. Its understanding is leading to the design of innovative ADF projects to educate and empower women. It is providing education for young women in Guinea whose schooling was interrupted by conflict. In Liberia and Sierra Leone, it is helping control the HIV/AIDS epidemic, exacerbated by the use of sexual violence as a weapon of war.

3.9. The ADF is also well placed to promote inclusive and green growth through its enhanced value chain approach, designed to improve the agricultural and food security of the 70% of Africa's people who depend on the land for their livelihoods (box 9). In a major departure from past approaches, the industrialization potential of agriculture and agro-processing is now being realized across the continent—in Ethiopia and Nigeria, for example. The ADF will target support to value addition through processing and marketing links so as to improve productivity for enhanced farm profits and incomes along the continuum from subsistence to commercial agriculture.

Box 9: Implementing the 2013–2022 Strategy with inclusive growth in Ghana

Ghana's Rural Enterprises Programme aligns with the country's agricultural modernization and micro and small-scale enterprise development priorities. It is the Bank Group's response to meeting Ghana's Shared Growth and Development Agenda, which emphasizes inclusive growth, youth employment and women's economic empowerment. It will be implemented in 161 of 170 rural districts and is expected to create 100,000 new jobs. The direct beneficiaries are the families of the 62,000 small and medium-size enterprises, accounting for 16.5 million rural inhabitants, 65% of them women and young people. Some 9,200 unemployed young people will receive startup kits to help them establish their own businesses. The indirect beneficiaries include the rural population as a whole, which stands to benefit from the modernization of agricultural infrastructure as well as technological innovation.

4. One Bank: an Integrated Approach

4.1. The Bank Group is a strong global voice for Africa in the G-8 and G-20 and an integral regional partner for Africa with the African Union and United Nations Economic Commission for Africa, especially in development finance and economics. Its sense of trust, ownership and partnership with African governments and its high level of access means that it is well placed to lead in policy dialogue, particularly on regional issues and on complex deliberations related to financing projects. In the international arena, it is playing a crucial role in participating in and coordinating African views in the G-20—for example, highlighting Africa's role in re-igniting global growth at the 2012 G-20 Summit in Mexico. In May 2012, the Bank Group was invited to engage with G-8 leaders and four African heads of state in a special session on African agricultural policy at Camp David, United States, on initiatives to enhance private sector investment in African agriculture. Following the 2011 G-8 finance ministers meeting with ten international financial institutions in Marseille, the Bank Group was elected to host the newly created Deauville Partnership for North Africa.

4.2. In Africa, the Bank Group's credibility with African governments means that it has considerable potential to influence African and regional agendas for development. In January 2013, the Bank Group, the African Union and the United Nations Economic Commission for Africa developed an

[10] Burundi, Central Africa Republic, Chad, Côte d'Ivoire (Bank Group Headquarters), Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan, Sudan, Togo and Zimbabwe.

Africa-led transformation agenda for the next 50 years.[11] The Bank Group is also supporting the preparation of the African Mining Vision for better managing natural resources to create transformation. In March 2013, it convened an Africa-wide consultation on the Post-2015 Millennium Development Goal agenda to draft a common African position. And the Bank Group hosts and substantively contributes to the C-10, a consultative group with 10 African ministers of finance and central bank governors first convened during the financial crisis of 2008.

4.3. The Bank Group has a One Bank integrated approach, where its AfDB, ADF and Nigeria Trust Fund windows, its public and private sector teams and its special initiatives and trust funds all work together under one management structure. Country teams meet to discuss public and private sector operations and capture them in Country Strategy Papers. The Bank Group works across the operations value chain, seeding, nurturing and financing public and private projects, public–private partnerships and special initiatives. It provides donors with end-to-end solutions in initiating, preparing, structuring, hosting and implementing in climate finance, small and medium-size enterprise development and more. It has one of Africa's most comprehensive environmental and social safeguards and supervision systems, which helps mitigate environmental and social impacts, ensures extensive community consultations, gives appropriate advice to project developers and enables resettlement with fair conditions.

4.4. Financing for Africa through collective contributions to the ADF enables donors to achieve multilateral leverage with economies of scale for big projects in many African countries. The Bank Group has demonstrated over past ADF cycles that it can achieve credible and complex transformational projects. (Several such project profiles will be available at the 2nd ADF replenishment meetings.) With a multilateral approach, donors get a seat at the table with several co-financing partners. The Bank Group provides an innovative source of partnerships encompassing all important financiers for Africa. It leverages its resources by being a lead arranger in several transactions for both public and private sector projects, helping bring other donors and financiers to the table. An analysis of 2012 Bank Group public sector projects found that one UA from the Bank Group leveraged three UAs in co-financing and created a multiplier effect of UA 4.8 (table 1). A recent review of the Bank Group's portfolio highlighted that on average each UA of private sector financing generates UA 5–6 of total investment.

Table 1: Co-financing operations by source and sector, 2012

(UA millions)

Sector	Bank Group Total	Co-Financing by External Sources				Local Sources[b]	Total Project Cost	Leverage: Co-Financing /Bank X	Multiplier: Total Project Cost/Bank x
		Bilateral	Multilateral	Other[a]	Total				
Agriculture/Rural	**50**	-	26	-	**26**	49	**125**	0.5	2.5
Social	**327**	-	415	-	**415**	-	**742**	1.3	2.3
Water/Sanitation	**64**	-	52	-	**52**	159	**274**	0.8	4.3
Energy Supply	**970**	513	1,663	1,996	**4,172**	198	**5,339**	4.3	5.5
Transport	**298**	127	68	48	**243**	53	**594**	0.8	2.0
Multisector	**385**	318	935	170	**1,423**	1,146	**2,955**	3.7	7.7
Environment	**3**	-	0	-	**0**	-	**3**	0.1	1.1
Total	**2,097**	**958**	**3,159**	**2,214**	**6,331**	**1,605**	**10,033**	**3.0**	**4.8**

Notes: *a. Including private sources, such as commercial banks, export credits and unspecified sources.*

b. Including government and local financiers.

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*

[11] The leadership of these African institutions noted on the 50th Anniversary of the African Union in May 2013: "We have agreed to engage with Africa's leaders and peoples in articulating and preparing such an African-led transformation agenda for the next 50 years. We shall pursue this discussion in the upcoming African Union meetings and through consultations with Regional Economic Communities, Partners and other stakeholders to realize the vision of the African Renaissance."

4.5. The Bank Group defines value for money as achieving the maximum development impact in RMCs while making the best use of its resources. In its value-for-money approach, the Bank Group tracks its administrative cost per UA 1 million disbursed—an aggregate indicator of its efficiency. These costs were UA 86,000 in 2012, against a target of UA 93,000.[12] This success is explained by improved disbursement processes and streamlined preparation of budget support.

4.6. The Bank Group's context is more challenging than that of other multilateral institutions: it delivers effective results while operating in a difficult landscape (table 2), with a high percentage of low-income countries, fragile states and fragmentation. Its entire staff is based and operates in Africa.[13] The Bank Group has demonstrated its resilience in managing a growing portfolio, delivering more results and keeping costs and its budget stable. More details on the next stages of the Bank Group's efficiency program are captured in the papers on Institutional Effectiveness and Efficiency and on Managing for Development Results.

4.7. The Bank Group's focus on value for money is confirmed by its focus on Managing for Development Results, which goes beyond monitoring and evaluation and tries to answer "what would have happened had the intervention (treatment) not been there?" Combined with the Bank Group Results Measurement Framework and Independent Evaluations, the Managing for Development Results approach is identifying more results with better attributions through impact evaluations (11 of which have been conducted so far).

Table 2: Comparative analysis of the context

	African Development Bank Group (African Development Fund)	World Bank Group (International Development Association)	Asian Development Bank (Asian Development Fund)	Inter-American Development Bank (Fund for Special Operations)	European Bank for Reconstruction and Development
Africa: approved operations for FY2012	$6.5 billion	$8.7 billion[a]	n/a	n/a	$7.1 million[b]
Percentage of low-income countries among total borrowing countries from Bank Group	72.2	40.4	40.0	29.4	8.8
Percentage of fragile states among total borrowing countries	31.5	18.6	22.5	5.9	5.9
Number of staff, 2012[c]	2,005	9,000	3,051	2,054	1,611

a. *World Bank Group Annual Report 2012: Africa and North Africa.*

b. *In 2011, the European Bank for Reconstruction and Development launched donor-funded activities in the southern and eastern Mediterranean Region.*

c. *Annual reports and websites.*

4.8. Productivity is high—the Bank Group does more with less. The Bank Group is decentralizing and creating efficiencies in reaching its borrowing RMCs. A third of professional staff are now in the field, up from 15% in 2008. This has enabled more than 40% of project operations (country and regional) to be managed from the field and with greater devolution of powers through the revised Delegation of Authority Matrix to the field offices.

12 *2013 Annual Development Effectiveness Report*.

13 And one Japanese External Representative Office in Tokyo.

4.9. The Bank Group is developing a People Strategy to respond to institutional challenges, which include decentralizing decision-making, operating in a tighter fiscal environment, refreshing staff skills in line with Strategy 2013–2022 and building a productive and contemporary work environment. The Bank Group is rearticulating its employee value proposition to become the employer of choice for those working in African growth and development.

5. Conclusions

5.1. ADF-13 resources have tremendous potential to help deliver transformational development outcomes in Africa—to fundamentally change millions of lives on the continent.

5.2. The ADF has been tasked with delivering on a shared agenda. The One Bank integrated approach exemplifies the ADF's role as a regional and global voice for Africa, within an integrated Bank Group to deliver the value chain in operations, leveraging and co-financing with partners and to create a distinct value-for-money proposition.

Donors have worked tirelessly to bring ADF a long way, but many challenges remain. Now is the time to capitalize on past efforts by creating a growth hub for the next three years, the next decade and beyond. More resources are needed to keep up with the continent's development. The ADF needs to help carry Africa over the threshold of its infrastructural and developmental doorway.

Annex I: Upcoming Bank Group strategies

A. The Bank Group's comparative advantage is further elaborated in these strategies:

Approved	**People Strategy** **African Development Bank**
Draft Document	***One Billion Opportunities: Building Human Capital for Inclusive Growth in Africa*** **AfDB Human Capital Development Strategy**
Draft Document	***Enabling Sustainable Development Pathways in Africa*** **AfDB's Green Growth Framework**
Draft Document	**Private Sector Development Strategy** **African Development Bank**
Draft Document	**Knowledge Strategy** **African Development Bank**

B. Save the date: future strategies

Energy
Urban Water
Rural Water
Gender
Governance GAP II
Regional Integration
Roads