EXAMINING THE AFRICAN DEVELOPMENT BANK:
A primer for NGOs

BANK INFORMATION CENTER

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About Examining the African Development Bank: A primer for NGOs

The purpose of this Primer is to provide basic information about: 1) how the African Development Bank (AfDB) works and what its priorities are; 2) who controls its activities; 3) why it might be worth the attention of African civil society organizations; and 4) what people can do to learn more about and change AfDB projects and policies that concern them. Difficult or key words are bolded throughout the text and defined in the glossary at the end of the Primer.

The Primer was written by Shannon Lawrence in January 2007 and edited and designed by Nikki Reisch, Africa Program Manager at the Bank Information Center, with help from Joshua Klemm, Africa Program Assistant.

About the Bank Information Center

The Bank Information Center (BIC) partners with civil society in developing and transition countries to influence the World Bank and other international financial institutions (IFIs) in the interest of social and economic justice and ecological sustainability. BIC is an independent, non-profit, non-governmental organization that advocates for the protection of rights, participation, transparency and public accountability in the governance and operations of IFIs.

BIC is supported by private foundations and organizations that work in the fields of environment and development. BIC is based in Washington, D.C., in proximity to the headquarters of the World Bank and the International Monetary Fund (IMF), but is neither affiliated with nor funded by any of the IFIs or the United States government.
Introduction

Every year, billions of dollars are spent on development initiatives in Africa. But all too often, these programs do not benefit the people they were designed to help. The lack of citizen participation and the unequal balance of power in development decision-making leads to projects and policies that harm communities and the environment, waste public funds, or serve the interests of political and economic elites rather than those of the poor.

Based on 20 years of tracking development finance, the Bank Information Center (BIC) believes that independent public monitoring and pressure are essential to narrow the gap between development rhetoric and reality. We hope that the information presented in Examining the African Development Bank: A primer for NGOs will strengthen the efforts of civil society organizations in Africa and abroad.
to promote and defend human rights and protect the planet from destructive development initiatives.

The African Development Bank (AfDB) is a major African development institution and a key supporter of infrastructure projects on the continent. Despite its long history, the AfDB remains unfamiliar to most African civil society groups and non-governmental organizations (NGOs). BIC produced this Primer to help civil society organizations in Africa and abroad better understand what the AfDB is, how it may affect them, and what they can do to influence it.

Many readers may be familiar with the World Bank and concerns about the social, environmental and economic impacts of World Bank projects and policies.\(^1\) The AfDB is much smaller than the World Bank and has received significantly less attention to date. But like the World Bank, the AfDB also provides money to governments – and sometimes to private companies – to support projects and policy reforms in developing countries. However, the AfDB works only in Africa, while the World Bank operates in developing countries around the world.

The AfDB and the World Bank share the same official mandate: to help the poor and promote sustainable development. However, both institutions have been challenged by governments and civil society organizations alike, who question whether or not World Bank and AfDB operations contribute to these stated objectives.

If the AfDB is to fulfill its sustainable development mandate, it must improve its adherence to its own policies, enable communities to have a role in shaping their own development agenda, and provide people with effective recourse when they feel they have been harmed by AfDB operations.

Working with communities and individuals affected by development initiatives, NGOs from around the world have tried to monitor and influence the World Bank and other development banks. Their efforts

\(^1\) For more information about the World Bank, visit www.bicusa.org/wb.

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have led to changes at these institutions, some genuine and some superficial. Civil society campaigns have also advanced international debates about environmental and social standards, respect for human rights, debt cancellation and economic policy conditionality. With the information contained in this Primer, readers will be better prepared to decide whether, when and how to pursue similar work on the AfDB.

**What is the African Development Bank?**

The African Development Bank (AfDB) is a public development bank that lends money and gives grants to African governments. It also provides loans and other support to private companies investing in Africa. The African Development Bank is called a ‘public’ bank because it is owned and run by its member countries. Also, the AfDB depends on money contributed by its member governments to provide loans and grants to African countries. Like at the World Bank, members of the AfDB include both countries that borrow money from it (borrowing countries) and countries that contribute money (donor countries).

The AfDB’s loans, grants, technical assistance, guarantees and equity investments support projects in the agriculture, health, education, water, power, transport, finance and other sectors. The AfDB also provides loans to governments to implement economic policy changes (such as revisions of laws or regulations) and to help finance government budgets. In 2006, the AfDB lent a total of US$3.4 billion for these operations.

The African Development Bank is supposed to finance activities that help reduce poverty and promote sustainable development. However, the projects it supports and the policies it promotes may in fact have the opposite effect.

**Why care about the AfDB?**

Although the AfDB is not very well known, it may play an important role in your country or have the potential to in the future. More generally, since the AfDB is a public institution acting in the name of the poor, you
may be interested to know what it is doing to achieve its purported objectives. Below are several reasons why the AfDB may be of interest or concern to you.

**1. The AfDB’s operations may have impacts on you, your community or your interests.**

The AfDB may affect you in an obvious way, such as by financing the construction of a road, dam or mining project that forces you to move or to lose your land. It may also have a more indirect impact on your interests, through its lending for budget support or policy reforms. The AfDB may provide funds to your government to help finance the national budget or to support specific changes in your country’s healthcare or water supply system, for example.

The AfDB, often working closely with the World Bank, advises and helps to set the economic policies of African governments through its loans and grants. Like the World Bank, the AfDB has promoted **trade and investment liberalization** and the **privatization** of state-owned companies – reforms that can have significant social and environmental consequences. The AfDB also supports private companies to promote investment in Africa. The projects the AfDB finances – especially in sectors like large **infrastructure** and **extractive industries** – often have impacts on local communities and the environment. AfDB lending also contributes to African countries’ debt burdens, because money borrowed today has to be paid back by future generations.

**2. The AfDB may become a more prominent actor in the near future, particularly in high-impact sectors.**

The AfDB already devotes a significant percentage of its financing to infrastructure projects, which can pose risks to communities and the environment. Although its future focus is still being defined, the AfDB is increasing its support for large infrastructure projects and natural resources extraction, such as mining. More information about these initiatives is provided in the “Key Trends” section. The AfDB may also have more influence on government policies and investment decisions in the future as it opens 25 new country offices and establishes a stronger presence in some of its borrowing countries.
### Sample of Significant AfDB Projects Approved Since July 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
<th>Amount (USD millions)</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>Bujagali Hydroelectric Project*(private sector)*</td>
<td>110</td>
<td>May 2007</td>
</tr>
<tr>
<td></td>
<td>Provides a loan to Bujagali Energy Ltd. (BEL) to finance construction and operation of a 250 MW dam and power plant on the White Nile River</td>
<td></td>
<td></td>
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<tr>
<td>Madagascar</td>
<td>Ambatovy Nickel Project*(private sector)*</td>
<td>150</td>
<td>May 2007</td>
</tr>
<tr>
<td></td>
<td>Provides financing to Sherritt Metals to develop an open pit mine, a 220-km pipeline to move the ore slurry to the coast, and other necessary infrastructure for the nickel, cobalt and ammonium sulphate project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>Line of Credit to Société Tunisienne de Banque (STB)<em>(private sector)</em></td>
<td>141</td>
<td>March 2007</td>
</tr>
<tr>
<td></td>
<td>Provides a line of credit to STB to on-lend to small and medium enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Rural Electrification Project II</td>
<td>131</td>
<td>Dec 2006</td>
</tr>
<tr>
<td></td>
<td>Supports construction of power transmission lines to extend electricity grid to rural areas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Protection of Basic Services Program</td>
<td>118 (grant)</td>
<td>Dec 2006</td>
</tr>
<tr>
<td></td>
<td>Supports provision of basic services through increased federal grants to regions and districts</td>
<td></td>
<td></td>
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<tr>
<td>Tanzania/Kenya</td>
<td>Arusha – Namanga – Athi River Road Development Project</td>
<td>80</td>
<td>Dec 2006</td>
</tr>
<tr>
<td></td>
<td>Supports road reconstruction and rehabilitation and feasibility studies for new roads to improve transport links between Kenya and Tanzania</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Jima-Mizan Road Upgrading Project</td>
<td>98</td>
<td>Dec 2006</td>
</tr>
<tr>
<td></td>
<td>Supports upgrading of the 227 km road in southwestern Ethiopia</td>
<td></td>
<td></td>
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<tr>
<td>Nigeria</td>
<td>Line of Credit to Zenith Bank*(private sector)*</td>
<td>100</td>
<td>Dec 2006</td>
</tr>
<tr>
<td></td>
<td>Provides resources to Zenith Bank to enable its financing of infrastructure, agribusiness, manufacturing and extractive industries projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guinea/Senegal</td>
<td>Labe-Seriba-Medina Gounass-Tambacounda Road Upgrading</td>
<td>85</td>
<td>Dec 2006</td>
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<tr>
<td></td>
<td>Supports construction of a new 385 km road, road rehabilitation and upgrading of rural roads</td>
<td></td>
<td></td>
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<tr>
<td>Mozambique</td>
<td>Poverty Reduction Support Loan</td>
<td>88</td>
<td>Oct 2006</td>
</tr>
<tr>
<td></td>
<td>Provides financing for the government’s Action Plan for the Reduction of Absolute Poverty II</td>
<td></td>
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<tr>
<td></td>
<td>Provides a line of credit to the Egyptian government to on-lend to small and medium enterprises through the Social Development Fund</td>
<td></td>
<td></td>
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<tr>
<td>Zambia</td>
<td>Lumwana Copper Project*(private sector)*</td>
<td>43</td>
<td>Sept 2006</td>
</tr>
<tr>
<td></td>
<td>Investment in Equinox Minerals subsidiary in Zambia for one of Africa’s largest open-cast copper mines</td>
<td></td>
<td></td>
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<tr>
<td>Egypt</td>
<td>Financial Sector Reform Program (FSRP)</td>
<td>500</td>
<td>July 2006</td>
</tr>
<tr>
<td></td>
<td>Supports financial and structural reforms from 2004 to 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>Kwale Titanium Mine Project*(private sector)*</td>
<td>40</td>
<td>July 2006</td>
</tr>
<tr>
<td></td>
<td>Provides financing to Canadian mining company Tiomin for titanium project in coastal Kenya</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SADC</td>
<td>DBSA Infrastructure Facility*(private sector)*</td>
<td>100</td>
<td>July 2006</td>
</tr>
<tr>
<td></td>
<td>Loan to Development Bank of South Africa to finance infrastructure investment in southern Africa, focusing on energy, transport, ICT, water and sanitation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. The AfDB is a public institution, with unique obligations and responsibilities.

As a public bank, represented by public (government) officials, the AfDB is supposed to act in the interest of the public and the poor. The AfDB should be accessible to civil society and provide a channel that enables the public to raise questions and concerns about its activities and its role in development debates. The government representatives that sit on its Board of Executive Directors should be accountable to the public constituencies they represent. The AfDB's public, multilateral nature can also help to attract international attention to the issues you care about. More information on these issues is provided in the section “What can you do to influence the AfDB?”

Like the World Bank, the AfDB has internal policies (rules about how it operates) on the environment, poverty reduction, public participation, information disclosure and other areas. But the AfDB has not done a good job of putting its policies into practice, partly because of the lack of financial and human resources it devotes to policy implementation. An Independent Review Mechanism (IRM) was recently established to receive complaints from affected people about harms caused by AfDB projects as a result of AfDB policy violations. AfDB policies and the IRM can be useful tools for holding the AfDB accountable and promoting environmental and social rights more broadly.

4. The AfDB may be easier to influence as it outlines its future direction.

The AfDB is struggling to define its priority lending areas and determine its “comparative advantage” vis-à-vis the World Bank and other donors. This process could present opportunities for civil society organizations to influence the AfDB’s agenda, to limit certain activities, or, if desirable, to encourage AfDB support for areas that might deliver development and environmental benefits. For example, perhaps AfDB loans and grants could be re-directed to support small-scale, renewable energy initiatives – projects that might not be financed or effectively managed by bigger lenders. Similarly, civil society organizations might try to challenge and decrease the AfDB’s involvement in other areas. The AfDB, like the World Bank, is sensitive to criticism and threats to its reputation.
5. **The AfDB claims to be the foremost “African” development institution.**

African country members are technically the major shareholders at the AfDB and most of the AfDB’s employees are African. The so-called “African character” of the AfDB presents unique questions for civil society organizations to consider. Could the AfDB potentially offer an alternative to the World Bank’s development model, which is largely defined by powerful Northern governments? Or do non-African donor members exert more control over AfDB activities than their voting share suggests? Does the AfDB use its “African character” claim to provide political cover and justify its activities in Africa’s name? Does the AfDB’s close partnership with the World Bank and its endorsement of the same neo-liberal economic policies indicate an “African” endorsement of this agenda? These questions will be explored further in the section “Who controls the AfDB?”

**Why has the AfDB received so little attention?**

To date, the AfDB has gone relatively unnoticed by civil society and the general public for a number of reasons:

- **Small player.** The AfDB has always been a relatively small source of development finance for Africa. According to the most recent figures, the AfDB provides only 6 percent of total development assistance to the continent. Through its International Development Association (IDA), the World Bank annually approves about four times more in low-interest loans and grants to Africa than the AfDB does. The AfDB lacks the financial resources, the staff capacity and the range of staff skills and experience of the World Bank. For example, at the World Bank there are more than

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2 It is hard to define exactly what is meant by the AfDB’s “African character.” Many Board members and staff use it to describe some or all of the following: the AfDB’s location, its Africa-focused mission, the strength of African countries’ voting shares on its Board of Directors, and its largely African staff. Eighty percent of the AfDB’s professional and management staff are African, as are three of five Vice Presidents.

four times the number of staff working on any given project than at the AfDB.4

- **In the shadow of the World Bank.** A number of the AfDB’s projects, especially its policy loans, are financed jointly with the World Bank and other donors. The AfDB also relies extensively on World Bank research and analysis. As a larger institution and often the lead financier on joint projects, the World Bank attracts more attention than the AfDB.

- **Secretive.** Until recently, the AfDB disclosed very little information about its operations, either on its website or in African countries. Despite some improvements to the text of its information disclosure policy and upgrades to its website, the AfDB is still far behind other institutions when it comes to making information available about its activities.

- **Hidden.** The AfDB itself has been relatively inaccessible. Faced with a financial crisis, the AfDB closed all of its field offices in 1995. Until its recent opening of new country offices, the AfDB has had little presence outside of its headquarters in Cote d’Ivoire or its current headquarters in Tunisia.

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4 African Development Bank Group Operations Evaluation Department “Stepping Up to the Future: An Independent Evaluation of African Development Fund VII, VIII and IX,” July 2004, p. 33-34. These figures were reiterated in meetings with various Board members and staff.
What has changed?

Recent developments suggest that the AfDB may merit more attention from civil society. The AfDB appears to be playing a more prominent role today in shaping the African development agenda. The institution’s higher profile may be attributed to a variety of factors:

- **Getting bigger.** While the AfDB’s lending had not expanded significantly in recent years, 2006 figures indicate that things may be changing. Between 2005 and 2006, the AfDB’s lending activities increased by more than 30 percent to US$3.4 billion. Over the same period, private sector operations doubled in value.\(^5\)

- **Taking the lead.** The AfDB has specific mandates from the New Partnership for Africa’s Development (NEPAD)\(^6\) and other international organizations to take the lead amongst financial and development institutions in areas such as infrastructure, regional integration, and banking and financial standards in Africa. These mandates have also increased the AfDB’s profile in the media.

- **Spotlight on Africa.** The increased international emphasis on Africa’s development needs in recent years (for example, surrounding the 2005 Gleneagles G8 Summit), and on the importance of infrastructure investment in Africa, has highlighted the role of the AfDB.

- **At a crossroads.** Key events and initiatives indicate that the AfDB is in transition. In 2005, the AfDB elected a new president, Mr. Donald Kaberuka, the former Finance Minister of Rwanda. The AfDB is reaching the end of its 2003-2007 Strategic Plan and is completing a reorganization process. There are ongoing efforts –

\(^5\) African Development Bank, “AfDB Group Operations Hit Record Levels,” available at: www.afdb.org/portal/page?_pageid=293,158705&_dad=portal&_schema=PORTAL&focus_item=11616245&focus_lang=us

\(^6\) NEPAD is an intergovernmental initiative established by the African Union to address the challenges facing the African continent. See Page 21 for more about the links between NEPAD and the AfDB.
both within and outside the AfDB – to determine the AfDB’s “comparative advantage” and promote a more focused, selective operations agenda. In 2007, the AfDB initiated another three-year replenishment of donor funds for its concessional lending window. The AfDB is also considering a relocation of its headquarters.

- **Struggling to remain relevant.** The AfDB needs to lend money to keep operating, but it faces competition from other donors and lenders such as China and India, as well as multilateral organizations such as the European Investment Bank and the World Bank. Additionally, some wealthier African countries are turning increasingly to the private capital markets instead of borrowing from the AfDB. The AfDB, like the World Bank, is trying to find new ways to remain relevant and attractive to all African countries, including those that have access to other sources of finance.

- **Promoting African “ownership”**. Criticism about the disproportionate and undemocratic control that donor countries have over institutions like the World Bank is growing. Borrowing countries - and African countries in particular - have little influence over the decisions taken there. The AfDB, where African shareholders have significantly more voting power, potentially represents a more balanced alternative, or at least the possibility of a different approach to decision-making. But the legitimacy of the AfDB’s “African character” assertion and the AfDB’s accountability to African citizens needs to be evaluated.

**How is the AfDB organized?**

The African Development Bank is made up of three different lending “windows”: the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). Together,

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7 There is significant attention being paid to China’s bilateral role in Africa and its interest in natural resources extraction on the continent. Conversely, China seems to have little influence as a member of the AfDB. According to a number of AfDB Board members and staff, China’s membership in the AfDB seems to be driven primarily by its procurement interests (in 2005, Chinese companies received the largest share of AfDB goods and civil works procurement contracts). AfDB’s 2007 Annual Meetings will also be held in Shanghai, China.
they are called the African Development Bank Group or the AfDB. In 2005, the AfDB provided US$2.5 billion for lending operations, of which US$1.4 billion came from the ADF. ADB approvals largely made up the rest of the AfDB’s portfolio. NTF lending has typically been a very small part of the AfDB’s business, representing less than 1 percent of AfDB annual operations. No loans or grants were approved under the NTF window in 2005.8

**African Development Bank**

The ADB window gives loans to governments in wealthier African countries, such as South Africa, Morocco, Tunisia and Gabon. Thirteen of Africa’s 53 countries are eligible to borrow from the ADB window. Borrowers have between 5 and 20 years to pay the loan back, depending on the type of loan. The interest rate on the loan is similar to the interest rate charged by private or commercial banks. The ADB also gives loans and other types of financial assistance to private companies to support their projects in all African countries. In 2005, ADB’s private sector operations totaled approximately US$257 million or 8 percent of total AfDB approvals.

The ADB window uses money from three primary sources to fund its operations: 1) loan repayments from ADB borrowers; 2) money the ADB raises (borrows) on private capital markets – Japanese and American investors in particular hold a significant portion of ADB bonds;9 and 3) member country contributions during General Capital Increases (GCIs). The last GCI was in 1999 and since then no new GCI has been scheduled.

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8 All lending statistics and figures in this document are from the African Development Bank’s 2005 Annual Report, unless otherwise noted. All lending operations figures exclude HIPC debt relief approvals which totaled approximately US$727 million in 2005 and US$4.7 billion cumulatively.

African Development Fund

ADF replenishment and donor control
ADF receives almost all its funds from donor member country contributions. Donors typically use the ADF replenishment process to impose a number of conditions on the AfDB regarding its policies and operations.

The African Development Fund has become the biggest AfDB lending window. The ADF provides grants and loans to 38 African countries with per capita Gross Domestic Product (GDP) below or equal to US$540. No interest is charged for ADF loans. ADF loans must be repaid within either 20 years or 50 years, depending on the type of loan. ADF also provides grants which do not have to be paid back. Only Nigeria is eligible to borrow from both ADF and the ADB based on its per capita GDP.

ADF receives almost all of its funds from donor member country contributions, plus a small amount from repayments of past loans. Donors meet every three years to decide on a funding “replenishment” for ADF. The last ADF replenishment, ADF-X, covers 2005 to 2008. Donors pledged US$5.4 billion, which was an increase of US$2 billion over the previous replenishment level.

The replenishment process is one of the key channels through which donors exercise influence over the kinds of activities and policies the AfDB promotes. Although four borrowing country representatives attend the ADF replenishment negotiations, they reportedly behave more as observers than as active participants in these meetings. Negotiations for the next ADF replenishment began in March 2007.10

Nigeria Trust Fund

The Nigeria Trust Fund is a special window of the AfDB that was established with US$80 million from the Nigerian government in 1976. Cumulative NTF loan and grant approvals total approximately US$400 million. Like the ADF, the Nigeria Trust Fund provides loans to low-income African countries. NTF loans must be paid back in 25 years and have an interest rate of between 2 and 4 percent. The agreement to establish the NTF ended in 2006. An evaluation study will soon provide

10 For the 2007 ADF replenishment negotiations, four Governors from non-donor African countries and all Executive Directors – from donor and borrowing member countries – are invited to attend the negotiations.
recommendations as input into negotiations concerning the NTF’s extension.¹¹

**When was the AfDB established?**

The African Development Bank was established in 1964 in Côte d’Ivoire. At that time, only African countries were members of the AfDB. In 1972, the African Development Fund was created. After the oil shocks of the 1970s, African governments found it increasingly difficult to contribute money to the AfDB. As a result, in 1982 the AfDB’s charter was changed and non-African countries were invited to become full members. To maintain the AfDB’s “African character,” it was decided that non-African member countries would be allowed to hold no more than one-third of the total voting shares,¹² the AfDB’s President would always be African, and the AfDB’s headquarters would always be in Africa.¹³

The African Development Bank now has 77 member countries: 53 are African countries and 24 are European, North American, South American and Middle Eastern countries.

In 2003, the AfDB’s headquarters were temporarily relocated to Tunis, Tunisia as a result of the conflict in Côte d’Ivoire. The AfDB still operates out of Tunis today while its headquarters technically remain in Côte d’Ivoire. The AfDB’s permanent location remains an open question.

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¹¹ Some members of the Board of Directors noted that while NTF resources are not substantial, as an African fund supported by the AfDB’s largest shareholder, the NTF is perceived to be an important part of the AfDB. It was reported that Nigeria may be considering repossessing NTF resources to establish an investment fund for African infrastructure projects.


¹³ Culpepper, Roy; *op. cit.* p. 34.
Who controls the AfDB?

Member governments are officially represented at the AfDB by their Minister of Finance, Planning or Cooperation who sits on the AfDB Board of Governors. The AfDB Governors meet once a year (at the Annual Meetings of the AfDB each May) to take major decisions about the institution’s leadership, strategic directions and governing bodies. The Governors typically appoint a representative from their country to serve in the offices of the AfDB’s Board of Executive Directors.

Day-to-day decisions about which loans and grants should be approved and what policies should guide the AfDB’s work are taken by the Board of Executive Directors. Each member country is represented on the Board, but their voting power and influence differs depending on the amount of money they contribute to the AfDB.

Understanding how governments act on the Board of Directors and who represents your country can be useful if you want to obtain information about or influence AfDB operations. Raising your concerns with government representatives on the Board of Executive Directors, or with government officials in member countries, can be an effective way to have an impact on projects and policies.

Learn more about your government and the AfDB

Find out whether your Minister of Finance, Planning or Cooperation sits on the AfDB’s Board of Governors. Try bringing questions and concerns about the AfDB’s operations in your country to your relevant government officials.

To contact the Executive Director representing your country on the AfDB’s Board, see the Annex to this Primer: Contacting the AfDB. To find out more about what type of information should be available regarding projects or policies that will be discussed by the AfDB’s Board, see the section “What can you do to influence the AfDB?”

Shares and votes

Member contributions to the ADB and the ADF determine the number of “shares” that each country holds. The number of shares determines each country’s voting power on the AfDB’s Board of Executive Directors. There
are essentially two Boards of Executive Directors at the AfDB – one for the ADB window and one for the ADF window. There are 18 and 12 members of the ADB and ADF Boards respectively. The same six non-African Executive Directors (EDs) representing donor countries sit on both the ADB and the ADF Boards. The remaining 12 seats on the ADB Board are filled by African EDs. Six of these African EDs are appointed to the ADF Board. These positions rotate on an annual basis.

<table>
<thead>
<tr>
<th></th>
<th>Total # of EDs</th>
<th># of African EDs (% voting)</th>
<th># of non-African EDs (% voting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>18</td>
<td>12 (60%)</td>
<td>6 (40%)</td>
</tr>
<tr>
<td>ADF</td>
<td>12</td>
<td>6 (50%)</td>
<td>6 (50%)</td>
</tr>
</tbody>
</table>

African countries have approximately 60 percent of the voting power for the African Development Bank window and non-African countries have 40 percent. The largest African Development Bank shareholder is Nigeria with nearly 9 percent of the vote. All member countries of the AfDB are represented on the ADB Board of Executive Directors.

On the ADF Board, African member countries have 50 percent of the voting power and non-African countries have 50 percent. The largest ADF shareholder is the United States with approximately 6.5 percent of the total voting shares, followed by Japan with approximately 5.4 percent.

**Board of Executive Directors**

There are 18 Executive Directors on the ADB Board – 12 for African “regional” member countries and six for “non-regional” (donor) member countries. Each of the Executive Directors, with the exception of the United States, represents more than one country. Usually, the various countries in each Executive Director’s constituency rotate responsibility for filling the staff positions and sometimes that of the Executive

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14 Information concerning the Board of Executive Directors and its power dynamics was obtained in meetings that Nikki Reisch (BIC) and Shannon Lawrence (consultant) held with Executive Directors’ offices during November 2006.
Director.¹⁵ The constituencies are formed in part on the size of each country’s voting share, the objective being to ensure relatively equal voting power for each Executive Director. Unlike at the World Bank, none of the AfDB’s Executive Directors has a significant enough voting share to single-handedly block decisions at the ADF or the ADB Board.¹⁶

The Board of Executive Directors typically meets every Wednesday to take decisions on ADB or ADF project and policy proposals. Each Executive Director expresses a position on the proposal (or may remain silent, which is assumed to be approval). Sometimes Executive Directors raise questions or concerns about the proposal. AfDB management and staff are present at the meeting and will often directly respond to questions and concerns from Board members. Sometimes Board members change their position as a result of these discussions.

While “yes” and “no” votes are not actually tallied, the position of each Executive Director is recorded. The AfDB President then suggests a way forward (approve the proposal or send it back to management to address the concerns raised) based on his assessment of the consensus or the majority view. Since each Executive Director has a relatively even voting share, each position is supposedly treated equally.

**Power of “regionals” vs. “non-regionals”**

African member countries are shareholders in the AfDB, but are also its clients. As one Executive Director said, “we want the AfDB to function well, but we also want it to respond to our needs.” Sometimes this dual role poses a conflict for Executive Directors and challenges their

¹⁵ The rotation of positions within the Executive Director’s office, including that of Executive Director, is determined by agreement amongst the constituency members and varies by constituency.

¹⁶ For example, the United States is the largest shareholder at the World Bank with approximately a 16 percent voting share, followed by Japan with 8 percent. At the AfDB, the U.S. has about a 6.5 percent voting share and Nigeria, the largest shareholder, has less than 9 percent.
oversight function. “How could we ever denounce a loan because of problems in that country? Whatever is happening there is happening in our own country too,” noted another regional Executive Director.

Nonetheless, African Executive Directors reportedly do raise concerns about proposals before the Board and sometimes register their opposition. African Executive Directors may align their positions with others from their particular sub-region (West, South, Central, East or North) or language group (particularly Anglophone or Francophone). There are examples of African member countries uniting against a proposal backed by powerful donors, and successfully defeating it. This is reportedly more likely to happen with policy proposals than with loans or grants, however.

While non-African donors do not have the majority voting share on the ADB or the ADF Board of Executive Directors, their influence, exercised particularly through the ADF replenishment process, is significant. As noted previously, it is during the ADF replenishment that the AfDB’s operational priorities, strategic direction and funding levels are determined. Additionally, some of the African Finance and Planning Ministries simply do not have the institutional capacity or resources to closely follow the AfDB’s work. This dynamic plays out at the level of the Board as well. Donors may have more information about a project in a certain country than does the Executive Director who represents that borrowing country.

**What are the key trends in the AfDB’s operations?**

The AfDB and its member countries are currently trying to clarify the institution’s role and articulate its vision for the future. One of the main drivers of this re-thinking process, repeatedly cited by the AfDB’s Board of Directors and management, is the view that the AfDB should be more “selective” and “country-focused” in its operations. What exactly that means for the AfDB has yet to be defined, although it appears to be driving certain lending priorities. Current and future trends in the AfDB’s operations – and the questions and concerns they may raise for civil society organizations - include the following:
Increased support for infrastructure and regional integration

The infrastructure sector, including power supply, water and sanitation, transport and communications, has traditionally received the largest share of AfDB lending. Members of the AfDB’s Board of Directors argue that the AfDB has strong staff and expertise in the sector. This focus was re-affirmed in the AfDB’s 2003-2007 Strategic Plan, which identified infrastructure as a priority area for AfDB lending. In 2005, the AfDB approved 23 infrastructure projects for approximately US$982 million, which totaled 40 percent of AfDB approvals that year. Given the increased attention to infrastructure development in Africa from donors and borrowers, it is likely that AfDB’s infrastructure lending will increase significantly in the coming years. In 2007, infrastructure operations are projected to reach 60 percent of the AfDB’s portfolio.17

Regional integration infrastructure projects will also be a key part of the AfDB’s future business. According to the AfDB’s 2005 Annual Report, regional economic blocs will make Africa “more competitive in the global market”, while transport and power interconnections between smaller African economies will help create larger markets within the continent. The AfDB’s member countries claim that AfDB, as a multilateral institution, is particularly suited to support regional integration projects.

The AfDB has also been designated the lead agency to facilitate NEPAD infrastructure initiatives, which are regional integration projects led by African Regional Economic Communities (RECs). Additionally, the AfDB hosts the Infrastructure Consortium

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17 According to the AfDB’s 2007 Operations Program, as described to Nikki Reisch and Shannon Lawrence by an Executive Director.
for Africa (ICA). The ICA was established by G8 countries to coordinate and encourage infrastructure development in Africa, focusing on regional infrastructure development in particular. The AfDB also helps to prepare projects so they may obtain financing from others sources through an initiative called the Infrastructure Project Preparation Facility (IPPF). So even if the AfDB is not directly involved in financing a particular infrastructure project, it may have helped to make that project possible.

Energy projects are likely to become a more important area of the AfDB’s infrastructure work, given the lack of access to energy services across Africa and continued high oil prices affecting oil-importing countries. It is not clear if the AfDB’s role in the energy sector will prioritize energy projects for domestic consumption or for export, although the AfDB has supported both in the past. The AfDB is currently drafting an energy policy and developing its contribution to the G8-mandated Clean Energy Investment Framework.

Although there is no official statement or consensus to this effect, AfDB lending for agriculture, (non-infrastructure) rural development and social sectors, such as health and education, is reportedly likely to decrease over the coming years.

Questions and concerns:

- While infrastructure development is critical for poverty reduction, not all infrastructure benefits the poor. It is important to understand what type of infrastructure project is being proposed and for whose benefit. Is the power plant going to export most of its production in a country where 90 percent of the people lack access to electricity? Will transmission lines lead from the hydropower station to large mining projects but bypass the communities living beneath them? Does the road go from the capital city to the port but not connect with feeder or rural roads that would enable local people to get goods to market? Have other options been thoroughly assessed, including decentralized, small-scale and renewable
alternatives? Is the infrastructure project designed to provide water and energy services to people in that country or purely to generate revenue for the government by exporting those services?

- Large-scale infrastructure projects, particularly in the water, energy and transport sectors, tend to have major social and environmental impacts. These impacts may include forced displacement, loss of access to natural resources and livelihood sources, water and air pollution and related health impacts, biodiversity losses and more. How equipped is the AfDB to ensure that the negative social and environmental impacts of large infrastructure projects are prevented, mitigated or managed?

- Infrastructure is the most corrupt sector globally, according to Transparency International. Because of the many opportunities for bribes, kickbacks and other forms of fraud in massive, complex and expensive public works projects, corrupt politicians and corporations may push these projects when they are not needed, or when better alternatives exist. What systems does the AfDB have to control corruption in infrastructure projects and in the planning process that leads to their selection?
Some AfDB Infrastructure Initiatives

The New Partnership for Africa’s Development (NEPAD) and AfDB. NEPAD is a “vision for Africa” that was articulated and adopted by African leaders in 2001. The AfDB has been asked to provide technical assistance and advisory services specifically for NEPAD’s infrastructure development (regional or multinational projects) and banking and financial standards. The AfDB has created a NEPAD Division to work closely with the NEPAD Secretariat in Johannesburg, South Africa. The AfDB worked with NEPAD and the African Regional Economic Communities (RECs) to develop Short-Term Action Plans for Infrastructure Development and is currently elaborating a Medium and Long Term Strategic Framework. NEPAD has faced heavy criticism from civil society groups. Critics argue that despite NEPAD’s claims of African ownership, it is an initiative run by elites that embraces the same neo-liberal policies promoted by Northern countries and international institutions.

Infrastructrue Consortium for Africa (ICA). The ICA was established following the 2005 Gleneagles G8 summit to help address constraints to infrastructure development in Africa. The ICA works with bilateral donors, multilateral agencies and African institutions to support “information sharing, project development and good practice” in infrastructure development. The ICA does not directly finance projects but helps to identify and catalyze other sources of finance. The ICA Secretariat at the AfDB coordinates with the African Union, NEPAD, the Regional Economic Communities and the AfDB.

African Water Facility (AWF). The AWF was established by the African Ministers’ Council on Water (AMCOW) to “mobilize financial resources for water resources development in Africa.” The AfDB hosts the AWF and approves projects or programs for AWF financing. The AWF finances projects of more than EUR 50,000 and less than EUR 5,000,000 in the areas of Integrated Water Resources Management, Transboundary Water Resources Management, and water supply and sanitation.

Financing Energy Services for Small-Scale Energy Users (FINESSE). With funding from the Dutch Government, FINESSE was established at the AfDB in 2004 to help African governments develop policies that support renewable energy and energy efficiency initiatives. FINESSE also works through the AfDB to help governments identify potential renewable energy and energy efficiency projects. According to FINESSE’s website: “Multilateral and bilateral agencies’ traditional strategy of supporting large-scale investment in incremental grid-based power generation, transmission and distribution has not significantly translated to increased access to energy by the majority poor. Given the prohibitive cost of connecting low population areas such as rural communities to the power grid, renewable energy and energy efficient technologies that make use of localised resources become a realistic option.” It is unclear how much, if any, influence FINESSE has in terms of shaping the AfDB’s energy priorities and operations.
**Increased private sector operations**

Support for private sector development in Africa, and strengthening the AfDB’s private sector department, is another key component of the AfDB Strategic Plan. In 2005, six private sector operations were approved for approximately US$257 million, representing only 8 percent of AfDB total approvals that year by value. But the AfDB’s private sector operations are likely to increase significantly, especially in areas such as **lines of credit** to banks in Africa – currently the largest form of the AfDB’s private sector support – and extractive industries investment.

**Questions and concerns:**

- Providing lines of credit to financial institutions is a significant component of the AfDB’s private sector operations. The financial institutions then use that funding to support projects in a variety of sectors, including infrastructure and the extractive industries. What are the development and poverty reduction benefits of AfDB “lines of credit” operations? How are the AfDB’s policies applied and enforced in the projects that are ultimately financed using the AfDB’s resources?

- As a public institution subsidizing the private sector, the AfDB’s private sector operations are supposed to promote sustainable development and poverty reduction. How does the AfDB measure and report on the development benefits of its private sector operations?

- Little information is disclosed about the AfDB’s private sector operations, especially in advance of project approval. Is the AfDB complying with its information disclosure policy? Are the disclosure standards for private sector operations adequate for a public development bank with a commitment to transparency and civil society participation?

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18 The AfDB’s website notes that the private sector “more than doubled its lending” from 2005 to 2006 to US$401 million.

www.afdb.org/portal/page?_pageid=293,158705&_dad=portal&_schema=PORTAL&focus_item=11616245&focus_lang=us
How much do African companies, including African small- and medium-enterprises, benefit from AfDB private sector operations? Are Northern multinational companies the primary recipients of the AfDB’s private sector loans, investments and guarantees?

**Civil society relations at the African Development Bank**

Although the African Development Bank has a stated policy on cooperation with civil society organizations (CSOs), in reality it has little experience in dealing with CSOs. While any member of the public can contact the AfDB with questions and concerns, the AfDB established a formal “AfDB/NGO committee” several years ago, with 12 NGO members selected by the AfDB. It is unclear what function this committee serves or how regularly it meets; the group reportedly assembled last at the AfDB’s 2006 Annual Meetings. Below is a list of the NGOs identified as focal points. For more information on the committee and on civil society relations, contact Mr. François Maseruka, Principal Coordinator, CSO/Participation at f.maseruka@afdb.org.

**For Northern Africa:**
Arab Office for Youth and Environment (AOYE)

**For Eastern Africa:**
Christian Relief and Development Association (CRDA)
National Council of NGOs – Kenya

**For Southern Africa:**
Coordinating Committee of NGOs – Swaziland
African Forum and Network on Debt and Development (AFRODAD)

**For Central Africa:**
Confederation des ONGs d’Afrique centrale (CONGAC)
Comité de Liaison des ONGs du Congo (CLONG)

**For West Africa:**
Fondation Rurale de l’Afrique de l’Ouest (FRAO)
CERASE

**Increased support for extractive industries (EI) projects**

To date, the AfDB has not been a major source of finance for the oil, mining and gas sectors. Most of the AfDB’s involvement in these extractive industries has been in the form of loans for private sector mining projects. Nevertheless, there are indications that AfDB support for EI, and for the mining sector in particular, will increase significantly in the coming years.

In October 2006, the AfDB endorsed the Extractive Industries Transparency Initiative (EITI) which works to promote transparency in the payment and receipt of revenues from oil, gas and mining. Since then, the AfDB has established an EI Task Force, to develop a strategy...
for its EI work, both to put the AfDB’s EITI commitment into practice and to address issues beyond revenue transparency. With commodity prices on the rise and a renewed scramble for Africa’s natural resources, the AfDB sees itself potentially playing a role in policy dialogue regarding the use of EI revenues and building the capacity of sector ministries and local governments.\(^\text{19}\)

**Questions and concerns:**

- The links between the extractive industries and environmental destruction, human rights violations, conflict, low human development indicators and corruption are well-documented. As the 2004 World Bank-supported Extractive Industry Review illustrated, there is little evidence that extractive industries benefit the poor, especially in countries with weak governance. Should a public development bank such as the AfDB subsidize oil, mining and gas companies in the name of poverty reduction?

- If the AfDB is going to finance EI development in Africa, what capacity does the AfDB have to design and supervise high-risk oil, gas and mining projects?

- Considering the recent influx of EI investment in Africa, can the AfDB support African governments to ensure they receive a fair deal during contract negotiations? Is there a role for the AfDB to play to encourage the transparency of EI contracts and revenues in Africa?

**Increased grants**

Like the World Bank, the AfDB started providing grants to its poorest borrowing countries in the late 1990s. The determination of borrower eligibility for grants is currently based on the World Bank/IMF assessment of a country’s debt sustainability. In recent years, the amount of the AfDB’s portfolio provided as grants has steadily and significantly increased, effectively doubling between 2001 and 2005. In 2005, the ADF approved more than US$592 million in grants – which

represents more than 18 percent of total ADF operations – for 34 operations in 18 countries. The largest sectors supported by grants were water and sanitation, agriculture and rural development and the social sector.

Questions and concerns:

- Although grants may be preferable to loans because they do not contribute to a country’s debt burden, they still come with conditions attached. Does the shift toward grants change donor-recipient country dynamics? How does it affect the recipient country’s ability to reject conditions imposed by the donor?

- What does the increase in grant financing suggest about the future of the AfDB, its financial stability and its dependence on donors?

- What kind of impact might the shift toward grants have on the kinds of projects the AfDB supports? Are there certain sectors or types of activities that are more likely to be financed through grants than others?

Continued financing for policy lending and budget support

For a number of years, “multisector” operations have been the AfDB’s second largest lending sector. AfDB multisector operations include public sector management (including structural adjustment and debt relief operations), private sector development, good governance and anticorruption programs, industrial import facilitation, export promotion and institutional support programs. Most of these operations are supported by policy-based loans which often include conditions that require borrowing governments to change certain laws, economic policies or regulations. While the AfDB’s multisector lending decreased in 2005, it is likely to remain an important part of the AfDB’s work; policy lending, and budget support more generally, continues to be a priority for a number of borrowers and donors.
Questions and concerns:

- The AfDB’s policy-based loans are often developed and co-financed with the World Bank, the IMF and other donors. These loans are usually provided to countries that have ongoing programs with the IMF and the World Bank, such as the Poverty Reduction and Growth Facility (PRGF) or a Poverty Reduction Strategy Credit (PRSC). The neo-liberal economic conditions that are frequently attached to such programs and policy loans, such as the reduction of taxes and tariffs on imports, the privatization of state-owned enterprises, or the introduction of fees for social services, have often exacerbated poverty in African countries.20 A recent report by the IMF’s own Independent Evaluation Office (IEO) acknowledged that while countries under the PRGF generally registered positive economic growth, the proportion of people living in poverty did not decrease.21

- If the AfDB relies heavily on the World Bank’s and the IMF’s analytical work and primarily co-finances policy-based loans with other donors, what is the AfDB’s value-added in this sector?

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The AfDB’s Country Strategy Paper

The AfDB works with borrowing governments to develop a Country Strategy Paper (CSP) which is supposed to be based on the government’s National Development Strategy or Poverty Reduction Strategy Paper (PRSP). According to the AfDB’s Operation Evaluation Unit, the majority of AfDB CSPs are based on the World Bank’s analysis.22

Similar to the World Bank’s Country Assistance Strategy (CAS), the AfDB’s CSP outlines the framework for AfDB assistance to that country for a three-year period. The AfDB loans and grants are supposed to reflect the priorities identified in the CSP. Therefore, the CSP may be an important document to try to influence through external channels or through the AfDB/government-led in-country consultation process. Reviewing the CSP can also be helpful to understand the AfDB’s planned activities in a particular country.

For more information on CSPs, see BIC’s guide to country strategies for Africa: www.bicusa.org/proxy/Document.9737.aspx

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What can you do to influence the AfDB?

With more information about what the AfDB is, how it works, and why it may be important, civil society organizations may also want to understand how it can be influenced. So far, the AfDB has had very little experience with civil society consultation, participation or advocacy campaigns, which presents both challenges and opportunities for CSOs. Following are some strategy suggestions for civil society organizations to consider. A number of these strategies have been used – with varying degrees of success – with the World Bank and other public financial institutions.

Basic campaign steps

1. Collect information.
2. Identify your goals – what are you trying to achieve?
3. Identify your allies and your opponents.
4. Identify your targets – who do you need to influence?
5. Identify the strategies that will influence your targets to help you achieve your goals. Some strategies include distributing information, working with the media, lobbying the AfDB and governments, working with parliaments, taking legal action, and proposing alternatives.

Adapted from International Rivers Network’s “Dams, Rivers & Rights: An Action Guide for Communities Affected by Dams.”

Be informed

Before you can influence the AfDB, you first need to learn what it is doing in your country or region. Unfortunately, that is not always easy to determine. Although the World Bank and the AfDB are public institutions, they keep a lot of information about the projects they plan to support and the implementation of these projects from the public. The AfDB, even more than the World Bank and other IFIs, is notoriously nontransparent.

Civil society campaigns over the years have pushed the World Bank to strengthen its disclosure policy and to release more information to the public. Civil society organizations have been able to obtain information and share it directly with communities affected by World Bank operations, as well as with the press. This information has helped citizens to better understand, monitor, challenge, change and sometimes stop the World Bank from supporting certain projects.
The AfDB also has an information disclosure policy which was approved in 2003. This policy indicates which documents the AfDB will make public about its operations and when these documents are supposed to be disclosed. While the AfDB’s disclosure policy language is stronger than the World Bank’s in some areas, the AfDB’s implementation of its policy is extremely weak.

Documents that are required to be disclosed, such as descriptions of prospective private sector projects, are not. Other documents are not accessible via the AfDB’s website. The website itself is incomplete and the information is poorly organized making it very difficult to locate documents that should be available. Furthermore, many people – particularly in communities affected by AfDB projects – may not have access to the internet so other means of information dissemination are essential.

## Tips on Accessing Information

- **Demand information early and often.**
- **Be specific** about what you want (including the name of the document, if possible).
- **Be persistent**: don’t take “no” for an answer.
- **Try multiple channels**: contact AfDB staff, management and member governments.
- **Keep a record and make it public**: document and publicize requests for information and AfDB responses; share with member governments and the media.
- **Get help**: organizations like BIC and the Global Transparency Initiative (among others) can assist you.

Despite these constraints, civil society organizations have the right to demand information about AfDB activities in their countries. For example, it may be useful to know what projects or policies are being proposed and when they may be discussed by the Board of Directors. Prospective Project Briefs (PPB) for public and private sector projects (supposed to be disclosed six months before Board discussion), the Quarterly Operational Summary (QOS) and the Board of Director’s monthly Rolling Agenda should contain this information. The AfDB is required to disclose all of these documents.

If the documents you are looking for are not on the AfDB’s website nor available at your AfDB country office – or if you do not have access to the internet or the country office – write to the AfDB and your Executive Director to request the information. BIC and other NGOs can help too. Visit our website for a list of some key documents that the AfDB is supposed to publish: [www.bicusa.org/en/Institution.Information.1.aspx](http://www.bicusa.org/en/Institution.Information.1.aspx)
Understand AfDB policies and standards

Although the AfDB, like the World Bank, cannot yet be taken to court and tried for violations of international law, some tools exist to help the public hold the AfDB accountable. The AfDB has certain policies and standards (rules) that it is required to follow in its operations. Civil society organizations may be particularly interested in the AfDB’s policies on social and environmental issues. These policies are supposed to promote environmental sustainability and ensure that AfDB projects “do no harm” to people and the environment. There are policies on gender, poverty reduction, integrated water resources management and other issues.

As good as the policies may appear on paper, they are rarely implemented. In fact, it is difficult even to identify what the AfDB’s policies are or to obtain a copy of some of them. Some AfDB staff are unaware of the policy requirements that exist.23 Certain staff and Board members note that the AfDB’s recent reorganization, which weakened the central unit responsible for environmental issues, has made environmental and social policy implementation worse. The AfDB also devotes significantly fewer resources than the World Bank does, for example, to environmental and social policy implementation and compliance.

Nonetheless, these policies represent commitments made by the AfDB and can be a useful tool for trying to hold the AfDB accountable. These policies may expose contradictions between what the AfDB says and what the AfDB does. Highlighting these contradictions to AfDB staff, Executive Directors, government officials, the Independent Review Mechanism (see below) and the press can be an effective way of influencing the AfDB and its operations. This strategy may help improve policy implementation, make the policy stronger, fix the problem you are concerned about, and/or expose and discredit the AfDB.

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23 It was difficult to obtain a list of AfDB’s existing operational policies (the policies are not listed on the AfDB’s website) and many policies – particularly those approved before 2003 – are not available online or in the Public Information Center.
AfDB Social and Environmental Policies

The AfDB has a number of social and environmental policies that apply to all of its operations, including public and private sector projects and policy-based lending. Many of these policies are similar to the safeguard policies of the World Bank. Unfortunately, like the World Bank, the AfDB’s implementation and enforcement of these policies is weak. But these policies are still important commitments made by the AfDB to which it should be held accountable. When the policies are not followed, civil society organizations can point out the difference between the AfDB’s stated commitments and its actions to strengthen calls for remedy and change. Civil society organizations can also file a complaint with the AfDB’s new Independent Review Mechanism. Find more information about the IRM at the following link:

www.afdb.org/portal/page?_pageid=473,5848220&_dad=portal&_schema=PORTAL

Below is a list of several of the key AfDB policies and their principal requirements. Links to copies of the individual policies listed below can be found on BIC’s website at www.bicusa.org/en/Institution.Policies.1.aspx. Or for more information, contact Mr. Philibert Afrika, Director of the Operations Policies and Compliance Department (p.afrika@afdb.org).

**Poverty Reduction** – This policy states that poverty reduction is the AfDB’s overall goal and identifies key sectors for AfDB operations.

**Cooperation with Civil Society Organizations (CSOs)** – This policy affirms the importance of collaboration with civil society organizations, and of a participatory approach in general, to achieving the AfDB’s poverty reduction goals. It outlines requirements for consulting CSOs at various stages of AfDB operations and describes other types of collaboration.

**Environment** – The Environment Policy describes Africa’s environmental challenges and confirms the AfDB’s commitment to promoting sustainable development. It outlines the AfDB’s internal mechanisms for ensuring policy compliance and mainstreaming environmental considerations in AfDB operations. The policy also references AfDB Environmental and Social Assessment Procedures (ESAP) and public consultation requirements. There are separate procedures for the AfDB’s public and private sector lending. The AfDB is currently revising its ESAP and developing new Environmental and Social Guidelines on Bank Operations through Financial Intermediaries.

**Involuntary Resettlement** – The Involuntary Resettlement Policy outlines the AfDB’s and the borrower’s responsibilities regarding the forced relocation of people for AfDB projects. The policy’s goal is to ensure that resettled people receive assistance and share in the benefits of the project so that their livelihoods are improved. Requirements for the preparation of a resettlement plan are included in the policy.
**Population** – This policy deals with population growth and implications for Africa’s economic development. It requires, amongst other things, the AfDB to promote improved access to reproductive health and family planning services and address the needs of refugees through its operations.

**Gender** – The Gender Policy aims to promote gender equity and gender mainstreaming throughout AfDB operations. It requires the AfDB to apply gender analysis to all of its activities.

**Integrated Water Resources Management (IWRM)** – This policy affirms that water is a universal human right and an economic, social and environmental good. It states that the AfDB will promote integrated policies and options for water resources that support water supply and sanitation, biodiversity protection, conservation, and minimize involuntary resettlement.

**Agriculture and Rural Development** – This policy aims to improve the effectiveness of AfDB operations in the agriculture and rural development sector. It requires that AfDB interventions ensure the participation of beneficiaries and minimize negative impacts on the environment and the livelihoods of local communities. It also states that AfDB lending will be guided by the International Labor Organization (ILO) Declaration on Labor Standards.

**Forthcoming policies and strategies**: The AfDB is currently developing an Energy Policy to look at issues including climate change and renewable energy. After endorsing the Extractive Industries Transparency Initiative in 2006, the AfDB is also developing an Extractive Industries framework to consider the AfDB’s role in this sector. For more information, contact Mr. Yogesh Vyas, Lead Environmental Specialist in the Infrastructure, Private Sector and Regional Integration Vice Presidency (y.vyas@afdb.org).

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**Push decision-makers for change**

The AfDB has rarely been the target of civil society advocacy campaigns. As a result, it may be more vulnerable to public pressure and easier to influence than the “battle-hardened” World Bank. This presents an opportunity for civil society organizations. On the other hand, the AfDB also has less experience in engaging with civil society and responding to
civil society concerns and questions. This may make interaction with the AfDB more difficult.

If you have concerns about what the AfDB is doing, identify what it is you want to change about the project, program, policy or the institution. Think about who will share your concerns and want to help you. Try to find out who will oppose you in your efforts, such as certain AfDB staff, the government, a private company or others. It will be useful to figure out how to work with your allies and respond to your opponents.

Once you have outlined what it is you want to accomplish, determine who has the power or authority to address your concerns. These people are the “targets” of your advocacy. Maybe it is the AfDB staff who are responsible for the project, your government officials, the company, the AfDB Executive Directors, or most likely a combination of these targets. As a first step, share information, either in meetings or in a letter, that explains what your concerns are and what you want the AfDB to do to address them.

It is often helpful to share this information with the media too. A news article that talks about the problems people are experiencing or the concerns you have will also help influence your targets. Additionally, it is useful to understand the sources of AfDB funding which may indicate potential targets and strategies for influencing the AfDB.
The AfDB recently established an Independent Review Mechanism (IRM) which is similar to the accountability mechanisms found at other IFIs (including the World Bank’s Inspection Panel). The official purpose of the IRM is “to provide people adversely affected by a project financed by the Bank Group with an independent mechanism through which they can request the Bank Group to comply with its own policies and procedures.” Any group of two or more people who believe they have been or will be negatively affected by an AfDB public or private sector operation because of the AfDB’s failure to comply with its policies can submit a request for a compliance review or mediation to the IRM.

The IRM consists of a Compliance Review and Mediation Unit (CRMU) and a Roster of Experts. The CRMU receives and manages the requests and undertakes mediation. The CRMU may also recommend a Compliance Review for the request. If approved by the Board of Directors, three external experts will investigate the AfDB’s policy compliance in the project and submit its findings – and recommendations – to the Board. More information on the IRM and its procedures can be found through the BIC website: www.bicusa.org/AfDBaccountability

The IRM was only recently established and has not yet received any complaints or requests to test its effectiveness. However, based on experience with similar accountability mechanisms at other IFIs, the IRM may prove to be a useful tool for drawing attention to problems and exposing the AfDB’s policy compliance failures – both in the context of a specific project and more generally. Through the mediation function or the compliance review recommendations, the IRM may also help ensure that concerns are addressed and that the project’s problems are fixed.

But the experience with other IFI accountability mechanisms in this area is mixed at best. Accountability mechanisms such as the IRM do not guarantee complainants a remedy. Furthermore, since the first line of action for the CRMU is a mediation process – and since the project

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24 African Development Bank IRM website: www.afdb.org/portal/page?_pageid=473,5848220&_dad=portal&_schema=PORTAL
usually continues regardless of a complaint having been submitted – the IRM may not be the most useful tool if your goal is to stop a project.

**Conclusion**

This *Primer* provides information to help civil society groups determine what the AfDB is, how it may affect them, and what they can do to influence the AfDB. Although the AfDB is not as big or as powerful as the World Bank, it is still an important funder of projects and policy reforms in Africa.

The AfDB is also increasingly taking a leadership role in initiatives to promote infrastructure financing and regional integration in Africa – activities that may have significant adverse social, environmental and economic impacts. The AfDB is doing so in the name of sustainable development and poverty reduction, as a public institution controlled by governments that are supposed to be accountable to their citizens. As a result, individuals and civil society organizations should have access to AfDB decision-makers and the ability to influence the AfDB.

The AfDB is at a crossroads, trying to figure out its role and identify its areas of “comparative advantage.” The AfDB’s soul-searching may provide an opportunity for civil society organizations to encourage a new approach in certain sectors and discourage the AfDB’s involvement in other areas. But questions remain about just how important the AfDB is to civil society organizations concerned about sustainable development and to Africa in general.

However you choose to promote and defend your rights and protect the environment from destructive development initiatives, we hope this guide provides you with new information and additional tools to support your efforts. Together, we can raise our voices to democratize development and work for economic, social and environmental justice – in Africa, and throughout the world.
Board of Executive Directors: at the AfDB, the body made up of 18 representatives of AfDB member countries that makes day-to-day decisions, including approval of projects and policies.

civil society: all members of a society excluding the government, political parties and companies, typically organized around shared interests.

debt relief: reducing the amount (forgiving) or rescheduling payments of the money owed by a borrower to a lender.

economic policy conditionality: requirements placed upon a government to reform fiscal, monetary or regulatory policies (e.g., change tax rates and spending levels, privatize enterprises, or modify legislation and regulations pertaining to the economy), in order to access financing or debt relief from a donor institution.

equity investment: purchase of shares in a company or project.

extractive industries: industries that exploit non-renewable natural resources, such as oil, gas, minerals and timber.

General Capital Increase (GCI): at the AfDB, a collective financial contribution made by shareholders on a periodic basis to increase the AfDB’s capital stock.

guarantees: insurance provided to companies or governments for an investment to protect them against loss of money or property as a result of unforeseen circumstances.
**infrastructure**: at the AfDB, refers to transportation, communications, water supply and sanitation and power supply.

**interest rate**: the cost of borrowing or the amount of money borrowers have to pay, in addition to the original amount of a loan, to compensate the lender for the “risk” of lending money.

**lines of credit**: at the AfDB, a loan to a government or a company that is not for a specific project but instead provides the borrower with access to an amount of capital for a period of time.

**multilateral institutions**: institutions that are made up of, or whose membership includes, government representatives from many countries (such as the AfDB).

**neo-liberal economic policies**: a set of “free market” policies aimed at minimizing or eliminating government intervention in the economy and promoting the unregulated exchange of goods, services and money (capital).

**per capita GDP**: a figure often used to indicate a country’s level of economic welfare, representing the gross domestic product (the total value of the goods and services produced in a country in a year) per person (divided by the population).

**privatization**: the sale of state (government)-owned businesses to private investors.

**public development bank**: an international bank, like the African Development Bank or the World Bank, that is controlled by governments and lends money to governments and companies to promote “development.”

**safeguard policies**: refers to the set of standards and rules adopted by public development banks that are designed to protect individuals,
communities and the environment from harms resulting from the bank’s operations.

**structural adjustment**: a set of changes to a country's laws, regulations or institutions often required by the World Bank and IMF as conditions of their lending, to reduce the government’s role in the economy, decrease public spending, increase private investment and economic growth, and help generate income to repay the country’s debt.

**technical assistance**: financial support or expertise provided to a government to help with reforms of policies, laws, regulations or institutions or the design of projects.

**trade and investment liberalization**: the elimination of regulations or barriers restricting the flow of goods and services or impediments to foreign company investment.

**voting shares**: at the AfDB, the percentage of total voting power on the Board of Directors that a member country has which is determined by the amount of money it contributes to the AfDB.
Annex I: Contacting the AfDB

AfDB Headquarters

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### AfDB Executive Directors

<table>
<thead>
<tr>
<th>Executive Director, Phone extension</th>
<th>ED’s Country of Origin, Other Countries Represented</th>
<th>% Voting Power (ADB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. H.J.C. Andze-Olinga, x2007 <a href="mailto:h.andze-olinga@afdb.org">h.andze-olinga@afdb.org</a></td>
<td>Cameroon, Republic of Congo, Burundi, Central African Republic, Democratic Republic of Congo</td>
<td>2.906</td>
</tr>
<tr>
<td>Mr. Omar Bougara, x2006 <a href="mailto:o.bougara@afdb.org">o.bougara@afdb.org</a></td>
<td>Algeria, Guinea-Bissau, Madagascar</td>
<td>4.502</td>
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<td>Mr. P.H. Dacoury-Tabley, x2022 <a href="mailto:p.dacoury-tabley@afdb.org">p.dacoury-tabley@afdb.org</a></td>
<td>Cote d’Ivoire, Equatorial Guinea, Guinea</td>
<td>4.302</td>
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<tr>
<td>Mr. Alexandre Fontes, x2017 <a href="mailto:a.fontes@afdb.org">a.fontes@afdb.org</a></td>
<td>Cape Verde, Senegal, Benin, Burkina Faso, Chad, Comoros, Gabon, Mali, Niger</td>
<td>3.882</td>
</tr>
<tr>
<td>Mr. Phiwayinkosi E. Ginindza, x2014 <a href="mailto:p.ginindza@afdb.org">p.ginindza@afdb.org</a></td>
<td>Swaziland, Malawi, Lesotho, Mauritius, South Africa, Zambia</td>
<td>7.188</td>
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<td>Mr. Barminas Rick R. Kukuri, x2015 <a href="mailto:b.kukuri@afdb.org">b.kukuri@afdb.org</a></td>
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<td>6.378</td>
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<td>3.357</td>
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<td>4.881</td>
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<td>8.827</td>
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<td>Egypt, Djibouti</td>
<td>5.156</td>
</tr>
<tr>
<td>Mr. Ahmed Taher Tabib, x2008</td>
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<td>3.920</td>
</tr>
<tr>
<td>Mr. Gerald Zirimwabagabo, x2016 <a href="mailto:g.zirimwabagabo@afdb.org">g.zirimwabagabo@afdb.org</a></td>
<td>Rwanda, Seychelles, Eritrea, Ethiopia, Kenya, Tanzania, Uganda</td>
<td>4.799</td>
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<td>6.839</td>
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<td>6.881</td>
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</tr>
<tr>
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<td>6.861</td>
</tr>
</tbody>
</table>

**Note:** All phone numbers listed for Executive Directors begin with +216 7110 [four-digit extension].

**Note:** Address written correspondence to AfDB Executive Directors as follows:

[Name]
Executive Director
African Development Bank
B.P. 323 1002 Tunis Belvédère, Tunisia

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25 Note that many of these EDs will change in June or July 2007.

26 As of April 30, 2007
Annex II: Quick Facts on the AfDB

- The AfDB is a **public bank** that provides loans and grants to African governments and private companies investing in Africa. It is “public” because it is **owned and funded by member governments**, and because it has a **public-interest mandate to reduce poverty and promote sustainable development**.

- The AfDB was **established in 1964** and is **currently based in Tunis, Tunisia** after relocating from its headquarters in Abidjan, Cote d’Ivoire because of instability there.

- The AfDB has 1,020 employees and is made up of **three lending windows**—the **ADF**, the **ADB and the NTF**. The ADF provides very long-term, no-interest loans and grants (which don’t have to be repaid) to poorer African governments, while the ADB provides near-market rate loans (similar to those provided by commercial banks) to wealthier African governments, which must be repaid within 5 to 20 years.

- The AfDB is **controlled by a Board of Executive Directors**, made up of representatives of its member countries. The **voting power on the Board is split 60%-40% between African countries and “non-regional” member countries (“donors”).**

- The AfDB commits approximately **US$3 billion annually to African countries**, equivalent to only about 6% of development aid to the continent. Its relatively small lending portfolio and its tendency to follow in the footsteps of larger, more prominent public institutions like the World Bank, has meant that the AfDB has received little attention from civil society organizations.

- The **largest share of AfDB lending goes to infrastructure projects**, followed by “multisector operations,” which are usually loans for various policy reforms or general budget support for a government. AfDB **support for infrastructure, private sector development, and the extractive industries (particularly mining) is expected to increase over the coming years**.

- The AfDB is supposed to follow certain **policies and standards** aimed to protect the environment, prevent “harm” to local communities, and ensure public access to AfDB information. **While many of its policies look strong on paper, they are often not implemented.** Understanding AfDB’s policies may help civil society organizations expose contradictions between what the AfDB says and what it does. Highlighting these contradictions to AfDB management, government officials, and the press can be an effective way of influencing the AfDB and its operations.

- The AfDB recently established a **citizen complaint mechanism** to review AfDB operations in which people believe they have been or will be harmed by AfDB’s failure to follow its policies. The mechanism has **not yet been tested**, so its usefulness is still unknown. However, experience with similar mechanisms at institutions like the World Bank indicates that they can **raise the profile of a particular harmful project and increase the pressure** to resolve problems. Over time, the findings of investigations can also help highlight systemic flaws in the AfDB’s operations.
About the Bank Information Center

The Bank Information Center (BIC) partners with civil society actors in developing and transition countries to influence the World Bank and other international financial institutions to promote social and economic justice and ecological sustainability. BIC is an independent, non-profit, non-governmental organization that advocates for the protection of rights, informed participation, transparency and public accountability in the governance and operations of the World Bank, regional development banks and the International Monetary Fund (IMF).

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