

# Resource Mobilization: Raising funds and building effective partnerships

FRMB  
November 2015



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

# OUTLINE

- I. AfDB Group Resource Windows
- II. The Resource Mobilization & External Finance Department (FRMB)
- III. The African Development Fund (ADF)
- IV. AfDB Trust Funds
- V. Co-financing Arrangements
- VI. New opportunities

# I. AfDB Group Resource Windows

## STATUTORY

**African Development Bank (ADB)**  
Established in 1964

- 54 African and 25 non-African countries
- Authorised Capital USD 103 billion
- Non-Concessional Financing for 14 Middle Income Countries

**African Development Fund (ADF)**  
Established in 1972

- Subscription: US\$ 35 billion
- Primarily financed by donors
- *Concessional Financing Terms*
- *For 40 Low Income African Countries*

**Nigeria Trust Fund (NTF)**  
Established in 1976 by Nigeria,

- Maturity 2018
- Total resources: US\$ 242 million
- *Concessional Financing Terms for lower income countries*

## NON STATUTORY

**COFINANCING**  
*(parallel or joint)*

**TECHNICAL COOPERATION FUNDS**  
 Cumulative amount of USD 1 billion

**BILATERAL**  
 (including emerging countries)  
 Cumulative  
 UA 117.37 million

**MULTI-DONOR**  
 Cumulative  
 UA 679.01 million

**TECHNICAL ASSISTANCE**  
 Long Term Experts and Secondees

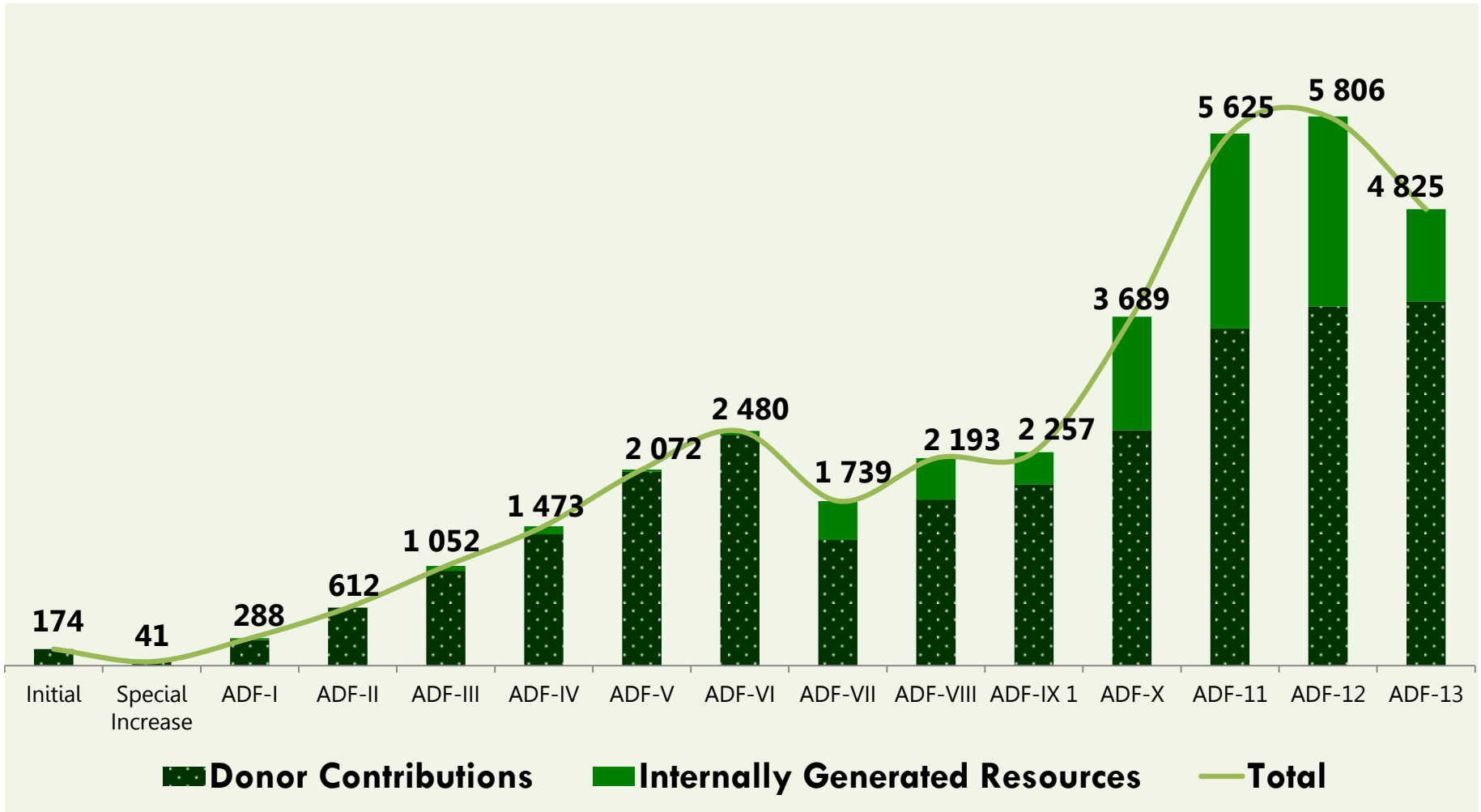
## II. The FRMB Department

- The role of the Resource Mobilization and External Finance Department (FRMB) is to **support the financing of Africa's transformation** based on AfDB's Ten-Year Strategy for 2013-22.
- Divided in two divisions, the Department leads the Bank Group's **resource mobilization, partnerships, and management of donor & partner relations**. The Department achieves its mission by **targeting sovereign and non-sovereign entities** which have an interest in Africa.

## III.ADF

- Established in **1972** and operationalized in **1974**. The ADF-13 cycle marks **40 years** since the African Development Fund became operational.
- 29 donors:
  - 2 regional - Egypt and South Africa
  - 27 non-regional
- Emerging donors include both RMCs and non-RMCs:
  - **Angola and Libya** pledged contributions to the ADF during the ADF-13 replenishment negotiations,
  - Botswana contributed to ADF-X,
  - **Turkey and Luxembourg** became State participants of ADF in October 2013 and May 2014 respectively
- Four out of five **BRICS** are regular contributors to the ADF.

# ADF - Mobilized resources since 1972



# ADF Project Preparation Facility (PPF)

- One-off contribution of UA 19.2 million ADF-VIII
- As of End June, 2014, an amount UA 14.5 million was available for commitment.
- Enhance quality at entry of projects and programmes by supporting the preparatory phase;
- PPF provides reimbursable advances up to UA 1,000,000 on **“first come first served” basis;**
- **Activities funded:**
  - Feasibility/technical/sector studies;
  - Environmental impact assessments;
  - Pre-contract services;
  - Institutional support, capacity building;
  - Financial & legal structuring of PPPs and concessions.

## IV. AfDB Non Statutory Resources

- The Bank mobilizes additional resources to support development operations in Africa through:
  - **Special Funds:** funds entrusted to or established by the Bank for specific purposes under Article 8 of the Agreement establishing the Bank, and approved exclusively by the Board of Governors
  - **Technical Cooperation Trust Funds (TF):** bilateral or multi-donor/ thematic grant financing arrangements established with contributions entrusted to the Bank for a specific purpose or theme.
  - **Other:** Co-financing of projects & in-kind resources (TA, Long term experts);



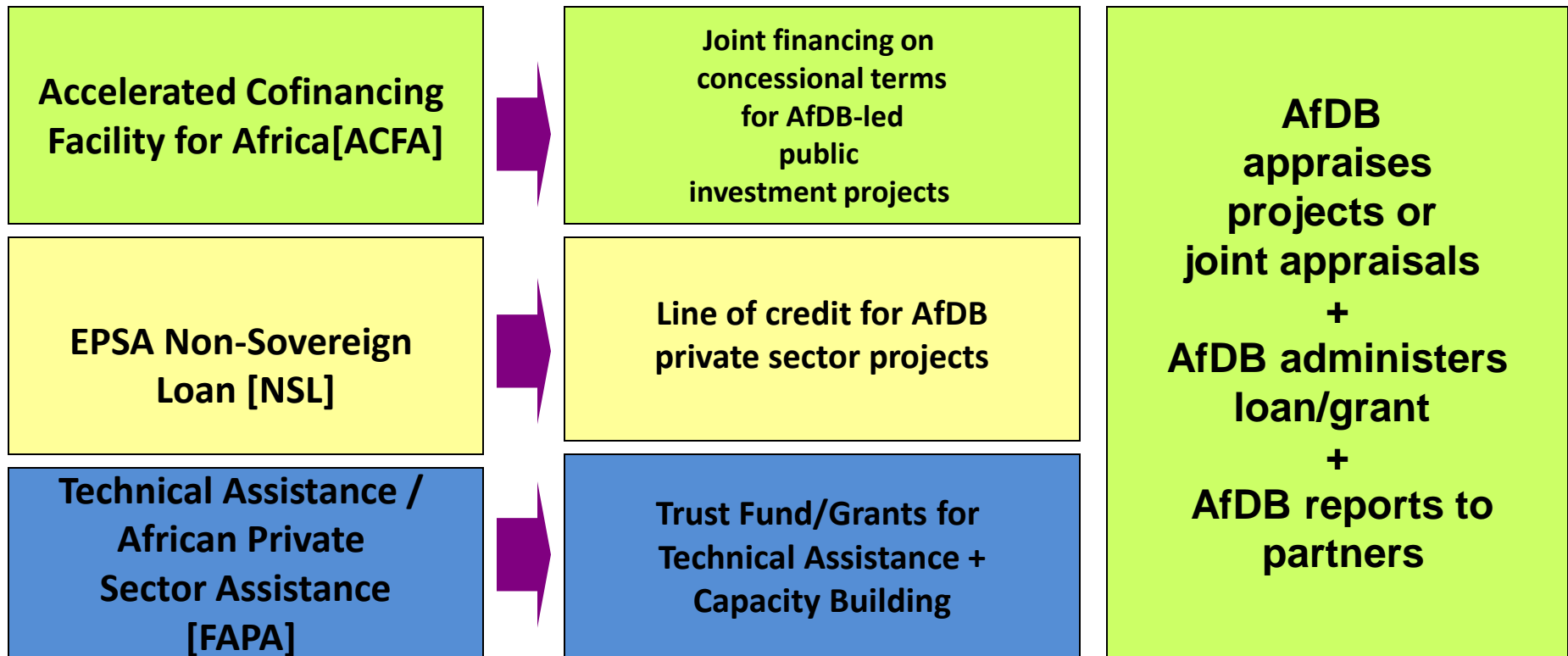
# AfDB Trust Fund management

- The Bank currently manages **40 Funds** with a total amount of UA 796.38 million.
- Thematic Trust Funds ( TTFs) account for 85% of the total TFs resources
- Bilateral Trust Funds (BTFs) account for 15% of the resources.
- UA 669.4 million or 84% approved for projects , as of September 2014, with a disbursement rate of 52%.
- UA 126.97 million available for commitment.
- TTFs cover areas such as: Infrastructure, Water, Governance, Renewable Energy and Private Sector.

## V. Co-financing

- The Bank mobilizes co-financing resources to leverage the Bank's operations;
- Structured arrangements to foster co-financing (e.g. Japan, Korea Exim Bank, Islamic Development Bank, China Development Bank/Exim Bank, Indian Exim Bank);
- Partners are informed of Bank-wide pipelines in need of co-financing;
- Co-financing arrangements also initiated at the field level in consultation with RMCs by the Bank and/or the partner.

# 1. Enhanced Private Sector Assistance (EPSA) Co-financing arrangement with JICA



**Annual joint progress review, consultations, secondment/staff exchange with partners**

## 2. Partnership with EU

- Established in 2007 to provide grants from the European Commission and EU Member States and to blend them with loans from selected financial institutions.
- Supporting regional projects in the energy, water, transport and communications & telecoms sectors as well as to support the Sustainable Energy for All Initiative (SE4All).

### Activities

- As on date € 75 mn have been approved for a 3-year period.
- Strong pipeline of projects exceeding € 100 million, under both the classic regional window of the ITF and the SE4All window.
- The EU-ITF will be phased out and the existing AfDB Pipeline will be rolled over into the new Africa Investment Facility.

## 3. Co-financing with Korea

- Co-financing of AfDB's Sovereign Operations through **Economic Development Cooperation Fund** (Korea ODA Loan) for **USD 400 million**, during 2009-2013.
- Korea will extend the AfDB-EDCF co-financing to **USD 600 million over next 5 years.**
- Activities
- 3 infrastructure projects ( Mozambique, Mali and Ethiopia )
- 1 Energy project: Tanzania
- **Education Project: Education IV Project in Uganda**  
**USD 27 million**

## 3. Africa Growing Together Fund (AGTF) – Co-financing with China

- **Co-financing facility** established with **People's Bank of China (PBOC)** in **May 2014** and operational in **November 2014**
- **Resources available:** USD 2 billion available over a 10 year period
- **Purpose:**
  - To help facilitate economic growth in Africa and enhance cooperation between the AfDB and PBOC.
  - To fund both public and private sector guaranteed operations originated from the AfDB window.
- **Priorities and implementations arrangements:**
  - Emphasis on projects supporting infrastructure, regional integration and private sector operations.
  - All projects subject to policies, procurement rules, environmental and social safeguards of the Bank
- **Access to resources**
  - All sovereign borrowers eligible to borrow from the AfDB window and in line with the amended credit policy
  - All non-sovereign borrowers eligible to borrow from the AfDB window
- **Till date 7 projects have been approved for a cumulative amount of USD 280 mn**

## VI. Opportunities for Cooperation

- The AfDB's Strategy for 2013–2022 aims at mobilizing and leveraging new sources of development finance.
- The Bank will connect and coordinate co-financing arrangements with partners on both public and private sector projects and especially with partner development institutions and major bilateral development agencies:
  - ✓ **Agence Française de Développement (AFD)** to develop flexible co-financing in addition to the parallel co-financing that already exist. Currently, AFD is the Bank's no.1 bilateral co-financing partner in terms of parallel co-financing. AFD-AfDB co-financings over the 2005-2014 period involve 36 projects totaling €3 billion, with €1.3 billion from AFD and €1.7 billion from AfDB.
  - ✓ **New Development Bank (BRICS Bank)** especially for infrastructure projects in South Africa.
  - ✓ **Asian Infrastructure Investment Bank (AIIB)** for capacity building/knowledge sharing on financing infrastructure projects.



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DÉVELOPPEMENT

**THANK YOU**