

AFRICAN DEVELOPMENT BANK (ADB)

Support to NEPAD

Orientation of work in support of NEPAD

Following the adoption of the New Partnership for Africa's Development (NEPAD) by African Heads of State in 2001, the NEPAD Heads of State and Government Implementation Committee (HSGIC) designated the Bank Group as the lead agency for, *inter alia*, infrastructure development and banking and financial standards. The Bank Group was also requested to collaborate with Economic Commission for Africa on Economic and Corporate Governance with the Bank taking the lead in Corporate Governance.

Areas of support for NEPAD

In infrastructure development, as a first step in fulfilling the infrastructure mandate given by the HSGIC, the Bank, in close collaboration with the NEPAD Secretariat, African Regional Economic Communities (RECs) and Development Partners, notably the World Bank and the European Union, prepared the NEPAD Infrastructure Short Term Action Plan (STAP). The Plan focuses on priority investments in Energy, Transport, Water and Sanitation and Information and Communications Technology (ICT) and is complemented by capacity building, and policy, regulatory and institutional measures aimed at improving the efficiency of the existing infrastructure on the continent. It also includes studies to prepare new projects for financing. The STAP recognizes the role of the private sector in infrastructure development and anticipates that the private sector would participate in a significant way in funding identified investment projects. The STAP was

adopted by the HSGIC and endorsed by the African Union Summit in June 2002.

In May 2003, ADB carried out a review of the implementation progress of STAP, which identified key implementation challenges. One of the key challenges identified is the capacity of RECs and countries to develop and implement projects. The NEPAD Secretariat is working with the African Capacity Building Foundation to determine the capacity needs of the RECs from where the Bank Group will work with the Secretariat to address the identified capacity needs of the RECs. ADB with the RECs and other Development Partners have also prepared the Terms of Reference for the development of a medium to long term Strategic Framework for infrastructure development. The study is expected to be launched in 2004.

In 2002 and 2003, the ADB financed 8 projects and 4 studies in the STAP totaling US\$372.5 million. Presently, 9 investment projects, 3 capacity building projects and 5 studies are under preparation for Bank Group financing, for an estimated cost of about US\$580 million. ADB has recently undertaken a review of 7 major river basins in Africa, and developed a strategy for trans-boundary water resource management under NEPAD. To assist with the achievement of the Millennium Development Goals (MDGs), the ADB has also launched a Rural Water and Sanitation in Africa Initiative, as part of the NEPAD water programme, which aims to provide 66 per cent of African rural population with access to drinking water supply and sanitation by 2010 and 80 per cent by 2015.

In recognition of the need to assist countries and regional bodies in the preparation of bankable infrastructure projects and programmes, the ADB has established a dedicated facility, the NEPAD Infrastructure Project Preparation Facility (NEPAD IPPF), with seed financing of Can\$10 million from Canada. The facility is being converted into a multi-donor facility to enable other countries and donors to contribute, for which Denmark has already contributed US\$0.5 million.

In banking and financial standards, the ADB recommended the adoption of a selected number of relevant internationally accepted standards and codes and assisted in developing a framework for their implementation. The Bank Group also

assisted in the identification of monitorable indicators and internationally accepted criteria for assessing compliance with international standards. These formed basic inputs in the design of the African Peer Review Mechanism (APRM).

In the implementation of the APRM, the Bank Group is one of the strategic partners that are providing basic economic and governance data to facilitate the conduct of peer reviews. The Bank Group is also participating in carrying out country assessments, and will assist countries in designing plans and measures to address weaknesses in economic and corporate governance. The Bank Group will provide technical assistance and financial support towards the implementation of the action plans.