AfDB EVALUATION BY AFRICAN CLIENTS

MULTI-STAKEHOLDER WORKSHOP

REPORT IV

29 June - 1 July 2011

Johannesburg, South Africa
I. Introduction

The AfDB has asked Development Finance International (DFI) and the University of Oxford (Global Economic Governance Programme) to survey and analyse the views and recommendations of its African clients on how to improve its performance in meeting Africa’s development needs. In this context, a multi-stakeholder workshop was held in Johannesburg, on 29 June-1 July, involving 5 stakeholder groups: government officials, civil society organisations, parliamentarians, labour unions and private sector. This report presents the methodology, conclusions and financial report on the workshop.

II. Workshop Participants, Programme and Methodology

These participants represented various different stakeholder groups: 14 government managers of AfDB finance (Director or unit head); 16 civil society organisations; 8 parliamentarians (generally chairs of finance and economic committees); 6 labour union representatives; and 8 representatives of the private sector. The government managers of AfDB finance were nominated by their governments. The representatives of CSOs, parliamentarians and labour unions were identified as those with the greatest knowledge of AfDB strategies and policies, in consultation with Better Aid, the Inter-Parliamentary Union (IPU) and the International Trade Union Confederation (ITUC). The representatives of the private sector were identified by the AfDB Private Sector Department as well as by DFI knowledge of key representative organisations representative of different groupings leading in the promotion of private sector development in Africa (development financing institutions, business associations, investment promotion agencies, SMEs, womens’ organisations).

Overall, 29 AfDB member states were represented, showing diversity in terms of types of borrowers (6 fragile states, 17 other AfDF borrowers, and 6 AfDB borrowers); sub-regions (2 Central, 8 East, 2 North/Maghreb, 9 Southern, 7 Western); and languages (15 Anglophone, 10 Francophone and 3 PALOPs). Combined with the participants in the Bamako workshop, this means that 42 AfDB member states were represented in project workshops (12 fragile/20 AfDF/10 AfDB; 5 Central/10 Eastern/4 Northern/9 Southern/14 Western; and 20 Anglophone/18 Francophone/4 PALOP.

The workshop drew strong commitment from the South African authorities and the local AfDB office, who opened and closed the workshop through the Deputy Director of the Treasury responsible for AfDB; and the deputy Resident Representative of the AfDB. Both underlined the importance of the project and the workshop for the South African government and the AfDB and urged participants to be forthright in their conclusions and ambitious in their recommendations. Thereafter, a plenary presentation by DFI (Matthew Martin) introduced participants to the client evaluation and the workshop programme/methodology.

The workshop then divided into three working groups: of government officials, CSOs/labour unions and parliamentarians; and private sector representatives. Each group was supported by a multilingual resource-person and where necessary by simultaneous interpretation, and supervised by a chair and a rapporteur.

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1 The meeting’s participant target was 60 (18 government officials, 16 CSOs, 10 private sector, 10 parliamentarians and 6 labour union federations), so the rate of successful participation was very high (87%).
2 The original invitations were designed so as to have at least one representative from each AfDB Regional Member Country: however, cancellations and replacements.
These worked separately for two days in groups, using slightly different methodologies:

- The government officials used the methodology developed by 32 African countries to evaluate the performance of AfDB and other funders (for more details see the report on the Bamako workshop held in May). They built on the report of the Bamako workshop, endorsing the conclusions of their fellow AfDB funding managers from Bamako, and identifying additional conclusions and suggestions for AfDB.

- The other groups completed the client survey questionnaires targeted to their groups, and discussed the issues raised by these questionnaires as well as other key issues of concern to their stakeholder groups. Given that the private sector component of the survey is at an earlier stage, the private sector working group was also particularly useful in identifying further target groups and enterprises for questionnaires under the survey, and in helping DFI further to refine the questionnaire.

All three groups prepared reports back to the final plenary sessions, which were extensively discussed within each group and with others in the plenary. The reports are attached to this overall report as Annexes 1 (government officials), 2 (private sector), 3 (civil society organisations) and 4 (parliamentarians/labour unions).

III. Workshop Results

Given the diverse nature of the stakeholder groups, and the richness of their discussions, it is impossible to summarise these reports. The annexes to this report provide many rich suggestions for the AfDB on policy and procedural issues. However, some key themes emerged across all groups:

1. the need for more systematic and organised consultation with all groups on overall AfDB policy and procedures. Suggestions here included establishing advisory groups or councils, structured annual consultations led by the stakeholder groups themselves at the time of the AfDB Annual Meetings, and systematic consultation on
2. the need for more comprehensive continent- and country-level engagement with all groups. Suggestions here included having
3. the need for transparent discussion and feedback on the results of the survey with the various stakeholder groups, as well as a clear timetable for implementing recommendations once agreed by the AfDB Board and management, and a commitment to conduct such strategic client surveys regularly.
4. the acknowledgment that the stakeholder groups themselves need to be better organised to interact with AfDB as Africa’s premier development finance institution.

The more detailed conclusions will be fully reflected in the client survey report, which is currently being drafted.

IV. Financial Report

The budget for this workshop in the original proposal was set at US$188,216, however, following the Bamako workshop and the identified need to invite additional participants this budget was increased to US$318,050. Actual and projected expenditure for this workshop currently stands at US$239,182, which means this event came in US$78,868 under budget. Significant savings were made on this event through flight costs by ensuring best cost options
for the majority of participants as well as itineraries which meant that accommodation costs in Johannesburg were also kept to a minimum.
Participants in this group first reviewed the findings of the similar group assembled in the earlier workshop in Bamako. They indicated that they strongly supported these recommendations, and then focused their discussions on identifying additional issues and recommendations for the AfDB.

1) POLICY

Lending Capacity.
Participants noted the high quality of ADB funding and expressed their wishes to see its funding availability increased, and therefore encouraged ADB to double its efforts to secure more funding from bilateral contributions. In addition, they expressed their wishes to see regional projects increased as well in order to improve regional development. ADF countries also expressed their desires to have access to non-concessional resources, when all ADF funding has been used. This access could be regulated in the context of an agreement with the BWI and supported by a DSA.

Types and channels of assistance.
Participants noted that currently, up to 30 percent of ADB support goes through General Budget Support (GBS). They supported the idea of establishing 30 percent as a minimum rather than a maximum for GBS. In addition, ADB should assist Governments in establishing sound budgeting and accounting practices so that GBS can be provided and expanded.

Alignment.
Participants agreed that in most countries, sector and projects supported by the ADB are those identified by Governments through their national development plans. Furthermore, most of the sectors are in line with the ADB’s own priority areas. However, there are sectors that remain unfunded because they are not part of the Bank’s medium term strategy.

Where countries have not developed their own national or sectoral development plan, the ADB should assist governments to develop one of their own.

When supporting sectors where the ADB has no comparative advantage, it should be flexible enough to channel its assistance through other donors.

Capacity building.
Participants acknowledged the role of the Bank in this area, but noted the need for the ADB to coordinate more closely with other donors and other capacity building initiatives. Also there have been some instances when resources have gone to non-priority areas. Ownership therefore should be prioritized.

The areas where there is strong demand for capacity building include: monitoring and evaluation, investment analysis and macroeconomic best practices. Also, the ADB should assist countries in identifying existing skills mismatch so that economic growth can be sustained.

Flexibility.
The ADB has been timely and flexible when asked for support, processes at the Bank, however can be cumbersome and frustrating. The ADB does not easily take on board areas that were not previously agreed with the member country in the Country Strategy Paper (CSP). These should be reviewed periodically to ensure that it is relevant to the country needs and changing circumstance.

There have been instances when the Bank has taken up to a year to process an emergency loan. Furthermore, although the Bank has some reserve resources, the criteria and procedures for member
countries to access these reserves are not clear and therefore it should publicize the criteria which countries can access the reserve capital/contingent funds.

**Predictability.**
ADB gives information on GBS within the multi-year planning framework. However, when it comes to project support, disbursements projections become subjected to project implementation and therefore difficult to assess.

**Conditionality and policy dialogue.**
Participants noted that the ADB establishes too many conditionalities when implementing GBS and it should use agreed performance assessment framework. Participants also noted that when establishing conditionalities, the ADB takes the back seat to other non-regional institutions such as the IMF and World Bank. Participants wanted to see more leadership on the part of the Bank to be the leader in setting up any conditionality. They would encourage the Bank to generate its own statistics rather than relying on statistics from other non-African institutions.

On the other hand, participants noted that the field offices do not have adequate mandate to represent ABD at major policy meetings at the country level. For a long time, it was very difficult to deal with the Bank because it was heavily centralized. But country offices seem to refer issues on policy dialogue to Tunis. Recommendations from participants included that the Bank should delegate more authority to field offices so that decisions are taken quickly. This process should be taken in parallel with increasing the technical competence of the offices. Additionally, regional hub offices should also been enhanced and improved.

**2) PROCEDURES**

**Conditions precedent.**
Participants noted that legal opinions are always required before a grant or loan is declared effective. They also noted that there is a number of PIU operating at any one time in the countries and they should be limited. They usually take away skilled people away from the Government. Indeed, they suggested that the Bank should always use the existing government structures for project implementation, except for highly specialized projects.

With regards to the issue of counterpart funds, participants noted that the ADB requires some government financing whereas the World Bank is already using a system by which they finance 100 percent of the projects. They recommended the ADB starts using this approach.

The ADB requires, in some instances, the opening of accounts in foreign currency which is cumbersome. Participants suggest the Bank to be flexible so that accounts can be opened in either euro or USD.

**Disbursement Method.**
The method preferred by the Bank is direct payment to suppliers and contractors, followed by advance to special accounts. Participants noted that delays in replenishments of funds have been taken place because of the documentation needed every time there is a need for replenishment, especially in projects being implemented by sub-national governments. Currently the Bank requires that Government should submit every receipt before it replenishes the Special Account. Going forward, the Bank should adopt the World Bank’s method of using Financial Management /Interim Financial Reports based on agreed thresholds as a basis of funds replenishment.

Participants also pointed out that A3 and A2 forms are cumbersome and could be simplified.

**Financial Management: issues and concerns.**
Participants reported that the Bank uses existing Government financial management systems for direct budget support. However for project support, the Bank insists on using its own financial management procedures. Furthermore, participants reported that for projects with wide geographical dispersion, it is difficult to submit separate financial reports. They suggested the bank should use general reports prepared by Government rather than demanding special reports to be prepared.

**Procurement Procedures.**
Participants noted that for funding provided through budget support, the Bank uses national procurement procedures. This approach, they agreed, should be encouraged. However, for projects financed by the ADB, they do not follow Government procedures. Also sometimes, when there are various donors financing a single project, different procurement procedures have been requested, which causes great concern in many countries. Participants recommended that where the Bank is co-financing the gap in a project, it should harmonize its procedures with other financiers rather than impose its own procurements procedures. As governments improve their procurements procedures, the Bank should continue to align with the Government procedures.

**Harmonization and analytical reports**
Participants acknowledge a great improvement in harmonization with other donors, however they felt there was still need to coordinate within the bank itself. There are instances when different missions arrive to the country requesting the same issues and data. This could be avoided if there was more coordination, especially by the field office. Another issue that would improve harmonization is if the Bank would participate in sectoral missions rather than project missions. Furthermore, when the funding for a project is coming from different sources/donors, the Bank should endeavor to have a common missions approach.

**3) OTHER KEY ISSUES**
Participants felt that there was poor sharing of information within the Bank, with various missions and departments asking for the same kind of information.

Furthermore, the skills mix of supervision missions also needed to be enhanced.

In terms of decentralization, participants felt that most of the process so far has taken place on paper but that field offices still need to report and contact headquarters for most of the issues, especially policy dialogue. The end result is that a new layer of administration has been added rather than streamlining the process.

Finally, participants strongly supported the recommendations of their colleagues in Bamako regarding closer and more regular dialogue between government finance managers and AfDB.
ANNEX 2
GROUP 1 REPORT
CSOs, PARLIAMENTARIANS AND TRADE UNIONS

These non-executive stakeholders acknowledged and appreciated the AfDB’s enhanced efforts in recent years to interact with them, and stressed their strong support for the AfDB to become Africa’s “preferred partner”. However, they underlined that AfDB had much further to go if it was to become the preferred partner of African citizens as well as their governments. To this end, they examined various aspects of the medium-term strategy and other AfDB policies and practices, and made suggestions for improvements.

1) Medium-Term Strategy
Stakeholders underlined that they had hardly been consulted at all in the elaboration of the strategy, except in the case of a few selected individuals. They urged that any future strategy should consult stakeholders systematically through their representative continental and national organizations.

In terms of selectivity, they understood that the Bank needed to focus on areas of comparative advantage, and agreed that these lay in infrastructure. However, they would like to see far more focus on agriculture and food security, as well as more assurance that the ways in which the Bank executes its priorities (especially infrastructure, private sector and governance) are designed to contribute to attainment of the MDGs and greater citizen participation, equality of opportunity and rights to development. This would require stronger focus on smaller-scale infrastructure (feeder roads and rural water, sustainable energy, public transport such as rail etc); and on the employment, fiscal revenue and social impact of private sector investments.

They regretted greatly that the Bank was not delivering sufficiently on its priority of higher and vocational education, science and technology and urged an increase in spending in this area. They also urged the Bank to look closely at whether secondary education is adequately structured in each country to deliver good candidates for higher and vocational education. In fragile and post-conflict states they also felt that according to country development strategies, urgent priorities might be rather different – for restoration of basic services such as primary education and health, water and sanitation – and urged the Bank to tailor its interventions more to these needs.

They strongly agreed that the Bank should add climate change to its priorities, not only through additional programmes and projects, but also as a cross-cutting issue by ensuring that all its programmes (especially energy, water and agriculture, but also private sector and infrastructure) are designed to combat climate change.

They felt that the current medium-term strategy does not pay sufficient attention to key issues of concern to them – including poverty alleviation/reduction; income disparity and inequality; employment, decent work and labour rights; gender issues and women’s rights; and environmental protection and issues. All programmes and projects need to be screened for their impact on these, and they offered to suggest simple methods through a dialogue with AfDB.

In terms of a future medium-term strategy, the stakeholders urged that it should focus on key development goals such as transforming African economies away from primary commodity production and exports; increasing the proportion of wealth created in Africa that is retained in Africa; and enhancing Africa’s autonomy and reliance on domestic savings, investment and tax revenue. While the current sectors of focus were likely to achieve these types of goals, they should be systematically monitored for whether they are transforming African economies, and not just for their more immediate outputs such as infrastructure.

2) Key Lending and Delivery Issues
On AfDB lending capacity, stakeholders felt strongly that it should be considerably expanded to the point where it exceeded that of the World Bank in Africa. While acknowledging that middle-income countries and commercially-oriented projects could be funded non-concessionally, and suggesting that
the AfDB should be able to blend AfDB/AfDF financing for such projects, they would prefer the increase to be focused on grants and concessional loans, and higher allocations to fragile states.

In terms of strategies for country groups, they suggested that the MIC strategy had the right priorities, but were concerned that some of their countries did not regard the AfDB as the best source for financing, because of its policy conditions and slow disbursement procedures. On the fragile states facility, they indicated that they had seen AfDB supporting their governments much more rapidly than other donors, and urged that higher amounts be channeled through this facility: especially so that AfDB could contribute to rapid restoration of basic services.

On ownership, they felt strongly that while the AfDB has come a long way on increasing ownership of programs by national governments, it has done relatively little to ensure “national” ownership, including by non-executive stakeholders, in terms of involving them in design of strategies, programmes or projects regionally or nationally. For suggestions to promote this, see the final section of this report.

On AfDB operations, there was strong support for an increase in budget support, because this would enhance the accountability relationship between government and other stakeholders at national level over budget delivery. In general the balance of recipients was felt to be correct, with most funding going to government rather than the private sector, but demand for more funding for non-executive stakeholders to participate fully in national accountability processes. Stakeholders generally felt that there was too much policy conditionality on AfDB lending and that it had a tendency to follow other donors rather than helping RMCs to set their own agendas. They also felt that the social and environmental assessments of projects did not sufficiently involve all the necessary stakeholders, particularly parliament and unions.

On AfDB governance, some civil society groups felt that the consultations at the Annual Meetings had worked reasonably well, but many more felt that they had been insufficiently involved in setting the agenda, that these consultations should be longer, and that there should be much greater interaction between delegations and civil society. Parliamentarians and unions felt that they were not sufficiently involved in these processes or in the annual meetings. All groups felt that they did not really have any major channel for influencing AfDB policy or regional programmes, and had not had significant contact with their country’s Board representatives. They suggested various means for ensuring a more structured dialogue between AfDB and stakeholder groups (see final section of this report).

Much of recent dialogue between CSOs and AfDB has been about transparency. Stakeholders welcomed this focus of AfDB management and dramatic planned improvements in transparency. However, they want more reassurance that regional and national strategies will be published in draft form for full consultation with them, that data and project documents will make expected results extremely clear, and that project evaluations and policy/strategy reviews will also be published early. They also indicated that it was vital that all data and documents be accessible (preferably printed as well as on the web, and in local languages, to encourage community participation), and they would require strong capacity-building support to interpret data and documents and hold AfDB and the executive accountable (see final section). As expressed strongly by all stakeholders, transparency without accountability is meaningless.

Stakeholders had surprisingly little knowledge of or interaction with the Independent Review Mechanism, in spite of recent efforts by the Bank to disseminate information. They indicated that much more dissemination was needed in cooperation with all national representative coalitions of CSOs, parliamentary committees and unions. Those with experience stated that it was accessible and rapid, but many did not feel that the views of communities had been given sufficient weight in its findings. They had even less experience of contacting the IACD, with several indicating that they thought it was only for internal whistle-blowing. Several had been involved in ex post evaluations of programs and projects, but would like to see more systematic consultation of stakeholders in all evaluations, especially on reviews and evaluations of continental issues and initiatives so as to have an impact on continent-wide policy and strategy.

On advocacy, they were aware that the AfDB had been advocating some key issues for African development such as the global financial crisis and climate change, but were not informed of details. They urged that AfDB work more closely in partnership with African parliamentarians, civil society and unions to conduct advocacy to the international community which is more reflective of their views.
More broadly, they urged AfDB to work in much closer partnership with African stakeholder organizations, to enrich its policies and strategies and ensure more effective delivery of its initiatives and operations (see below for how).

3) Additional Issues
In addition, these stakeholder groups focused on two key issues:

- **The Relationship Between Stakeholder Groups and AfDB**
  
  All three stakeholder groups noted that their relationships with AfDB are not adequately structured, leading to an “ownership deficit” outside central government. They therefore have very limited knowledge about or involvement in processes of country strategy formulation, loan/grant design, instruments, procedures and processes. They acknowledged that it remains the prerogative of the Executive to initiate and elaborate detailed programme and project proposals for AfDB consideration, and to negotiate AfDB funding in line with its national financing policy; but asserted their roles in formal parliamentary oversight of the executive, and in ensuring accountability and transparency to civil society and labour.

  AfDB should in its forthcoming revised Civil Society Engagement Strategy, encourage its member governments to maximize involvement of these groups in discussions on AfDB strategies and policies (at both regional and national level); in consultations on national development plans and sector programmes; in consultations on the potential economic, social and environmental impact of AfDB programmes and projects; and in ex post assessments of the results of its interventions, their contribution to national development targets, and their compliance with national “aid management policies”. In particular, AfDB and government should share all strategy and project documents, reviews and evaluations systematically with such stakeholders and encourage them to comment on their contents and proposals.

  In most RMCs appropriate representative structures exist for all stakeholder groups, for AfDB and government interaction. However, in some countries there may be need to define their roles more clearly in legislation or as part of national development financing policy guidelines.

  If such relationships are to thrive, there is need to reinforce considerably the continuity and level of staffing of the office in the AfDB which deals with non-executive stakeholders, and make sure that it is systematically involved in commenting on strategy and project documents, as well as in ensuring stakeholders are consulted at regional/national level.

  **In particular, in relation to parliament:**

  - There are hardly any formal communications between the AfDB and parliaments, at either regional or national level.
  - At the regional level, the AfDB should interact formally with key African members of the Inter-Parliamentary Union, and ensure that it is fully involved in preparing the civil society consultations at the Annual Meetings of the AfDB. It may also wish to consider establishing an African Parliamentary Network on the African Development Bank to sponsor a separate annual high-level dialogue.
  - At national level, parliamentary knowledge of AfDB operations is generally limited to discussions which occur around approving either a list of loans, or individual loans, once all projects and loan conditions have been agreed.
  - AfDB should interact much more closely with the Committees tasked with national economic (and sectoral eg infrastructure) policy, budget financing and loan or grant approval. This would include briefing them on AfDB strategies, instruments, procedures and processes; taking advice from them in formulating country strategies; and interacting with them in sector working groups or other structures established by government to design sector plans and programmes.
  - In some countries the role of these committees needs to be strengthened to permit these interactions to function successfully, or sub-committees may need to be established specifically to lead the interaction with AfDB and other IFIs.
As regards civil society organizations:

- AfDB has made major strides forward in recent years in its interaction with civil society, especially with the establishment of the AfDB-CSO Joint Committee. Nevertheless, such interaction has not been sufficiently systematic or regular.
- AfDB should also make greater effort to interact with representative continental organizations such as the Better Aid coalition.
- Most AfDB RMCs have representative national civil society coalitions which are tasked with discussing and analyzing aid effectiveness and results, and economic policy issues. AfDB should establish systematic relationships with these about its overall strategies, as well as with key CSOs needing to be consulted about programmes/projects.

As regards labour organizations:

- At the regional level, AfDB should establish a working relationship with the International Trade Union Confederation (ITUC) African caucus, consult it in making future plans for engagement with labour unions, and ensure that it is fully involved in preparing the civil society consultations at the AfDB Annual Meetings;
- At the national level, AfDB should have systematic interaction with the main national labour confederation(s). It should also ensure that they are adequately represented in the AfDB-CSO Joint Committee;
- In terms of policy, AfDB should be ensuring that all of its programmes and policies, and all private sector enterprises it funds directly or indirectly, comply with the four pillars of decent work standards and minimum wage levels as reflected in national legislation, as well as giving priority to the right to work, to promoting employment of nationals and to gender balance in employment policy. It would be desirable to have an early dialogue between AfDB and African labour unions on these issues.

Building Stakeholder Capacity

- To fulfil their roles in checking fraud, corruption and waste, and in maximizing the development contribution of AfDB-funded and other spending, stakeholders need capacity-building support.
- AfDB should systematically integrate into its national programmes funding and planning for strengthening the capacity of Parliament, national audit offices, local government and civil society/union organizations to play their roles in terms of oversight and accountability, and in ensuring the effective disbursement of loans.
- Such capacity building should be based on needs identified by the stakeholders, but can be executed by appropriate Ministries in consultation with the AfDB resident structure.
- Capacity-building should go beyond transparency (access to data and documents) and provide support in interpreting continental and country strategies and loan/project documents, as well as AfDB development effectiveness.

4) Conclusion

Overall, these stakeholders emphasized that the Bank has the potential to become the premier source of funding for Africa’s development. However, there is greater likelihood of realizing this potential if the AfDB enhances stakeholder participation in its strategy and programme design, oversight, evaluation and accountability. This will lead to greater national ownership of the Bank’s programmes and ensure that they are more closely tailored to differing national development needs. Participants welcomed the current client survey as a clear demonstration that AfDB wanted to increase engagement with these groups of stakeholders and urged rapid further progress in the same direction.
I. Participants, Programme and Methodology
The group was mainly at the level of decision maker (Directors, Chairs, or department heads), and consisted of regional and national organisations representing the target group of the survey and covering MSMEs and large enterprises; all sectors of economic activity; women and youth; investment promotion agencies, development banks and business associations). It also included a mixture of current and potential clients of AfDB, with organisations which had received support directly or indirectly, were in the process of applying, had applied unsuccessfully, or not considered applying at all

The Private Sector Working Group was moderated by DFI. Owing to many participants’ lack of experience with AfDB, it involved a detailed presentation on AfDB private sector operations, based on a literature survey of primarily AfDB materials, followed by extensive discussions. Participants then worked individually to complete their survey questionnaires, and reconvened in order to discuss their overall conclusions.

II. Workshop Results

II.1. Support received from the AfDB
The group described a very diverse mix of experience with the AfDB. Agencies receiving AfDB support directly had either finance (lines of credit for on-lending, or funds for setting up PPPs), or technical and capacity building support. One agency that had received support via an intermediary had been invited to give a vote of thanks to AfDB at an event to launch the project, but embarrassingly had not been aware that the support was originating from AfDB because they had not been involved in the discussions between AfDB and the intermediary. One national development bank indicated that it had applied two or three times for lines of credit for on-lending, but on each occasion had received no response. Other agencies (and most likely their members or clients) had not considered contacting AfDB for support because they had thought it provided support to Government only (and were therefore surprised and interested to hear about its private sector operations and discuss eligibility) or had assumed the thresholds for receiving support would be too high.

All agreed that AfDB has not built adequate awareness about its services to the private sector. They recommended that its awareness creation of its activities and procedures, and communication with the private sector need to improve significantly.

II.2. AfDB Medium Term Strategy and focus
Diverse views on AfDB as a preferred partner reflected the experiences above: those who received direct support rated AfDB as the preferred partner or in the top 3 (although this was qualified by criticism of long or complex procedures), those that had failed to obtain support considered it average, while the rest considered it below average or did not know.

Most felt they had not been consulted in the design of the Medium Term Strategy. Suggestions to enhance consultation included meetings organised via AfDB country offices widened to include other stakeholders such as Investment Promotion Agencies, and a questionnaire of views.

Views were split on the focus of the Strategy, with half the participants (correlating with those that had received direct support from AfDB) in agreement. Those that disagreed argued that AfDB has limited resources and support has not been strong enough with respect to private sector, so the focus should therefore be narrowed. Most agreed with the AfDB policy of mainstreaming environment and climate change in all its operations.

II.3. AfDB lending, private sector strategy and engagement
Most time was allocated to these issues, and there were a number of suggestions for enhancing the questionnaire to capture them more effectively.

All participants felt that AfDB does not give sufficient attention to the private sector, and lending and grants for studies and technical assistance should be increased / sharply increased. All felt that the
Private Sector Strategy focussed on the right areas, but argued for stronger emphasis on particular sectors or issues (e.g. manufacturing, agribusiness, business climate, and on developing existing businesses).

Some indicated that AfDB did not attach enough importance to African owned enterprise or owned by nationals (there was some discussion about how to define “African”) while others said importance attached to firms based on their size was a more pressing issue.

All recognised that women are highly prominent in the MSME sector, and face huge and particular problems when it comes to raising finance. Lack of collateral is a big issue as women are shut out from owning land in some African countries. Some financial institutions (including microfinance) are starting to accept “movable collateral” such as jewellery to get around this, although this is not always practical as you need a lot of collateral, and therefore the problem remains.

Among the women’s associations present, it was generally perceived that AfDB prioritises support to enterprises owned by women (defined as those where women own at least 50% of the equity) to a moderate degree, but could do a lot more. This includes helping to harmonise the growing number of related initiatives it supports, and enhancing access to finance.

They recommended that AfDB supports initiatives that advocate women into more senior positions in all economic sectors, design innovative ways of raising finance, adopts a more coherent policy towards African women entrepreneurs that brings together the various organisations it supports such as NFNV and RASEF and encourage others to enter the field, factors gender (and youth) into its criteria for project selection and procurement, lobbies intermediaries to improve credit supply to women entrepreneurs and monitors their progress, and rolls out its Growth-Oriented Women Enterprises programme (GOWE – presently active in 2-4 countries) more widely.

The priority financing needs included equity, long term loans (as most commercial banks give only short-term, and guarantees. Participants raised questions about whether existing instruments are working, e.g. do guarantee schemes actually encourage intermediaries to on-lend? Are lines of credit as effective as they could be? And are they being targeted sufficiently well to support both start-up businesses (which would involve AfDB taking a higher risk as well), and the expansion plans of existing businesses? Microfinance was critical for women.

It was generally thought that AfDB’s attention to particular sectors was generally insufficient, although a couple of participants felt its infrastructure focus was about right.

All felt AfDB pays insufficient attention to MSMEs with respect to both financial and technical support, and some that this even applied for larger enterprises as even the IFC is doing more. Most present were not even aware that AfDB offered such services to the private sector, perceiving that AfDB is not present, and needs to be more economically inclusive, which should be possible building on its high legitimacy and credibility.

This led into a discussion on the role of intermediaries (the main means by which AfDB supports SMEs), and participants proposed that the survey address this as well. It was generally felt that although AfDB is taking the risk by financing via intermediaries, there are several problems with “the bridge”. Intermediaries do not share the AfDB objective of development so key sectors such as manufacturing and agriculture are overlooked with primarily trading activities benefitting. There is a gap between what AfDB gives to its intermediaries and what the intermediary passes on to business (e.g. intermediaries will on-lend at shorter maturity than that it receives from AfDB, at terms of little practical use to business). AfDB in one instance was supposed to negotiate a more favourable interest rate, but did not do this. Sometimes intermediaries have been reluctant to take AfDB funds for on-lending because they have their own cash which they would rather use on their own terms (they are only interested in seeking AfDB support to guarantee this money).

Participants recommended strongly that AfDB provide financial support to SMEs directly as they are the heart of African business. This can be with guarantees from IFC. The thresholds at which AfDB financial products become available both directly, and via intermediaries should be lowered (e.g. GOWE from USD20k to 10k). Ideal loan maturities should be allocated on a sector basis. AfDB could extend technical assistance in project preparation under its Middle Income Country Fund to Low
Income Countries as well. AfDB could fund IPAs directly on investment climate work and related reforms.

Intermediaries should work alongside / be widened to include other national stakeholders such as business associations, IPAs, and DFIs such as development banks, who can help to direct the financing based on superior knowledge of business need and thereby reduce risk (a USAID scheme which provided credit and risk cover via intermediaries, which involved consultation between the commercial bank, government, and private sector provides a positive case study). AfDB should set sector-level targets to intermediaries and review progress against those targets. AfDB needs to review its “entry point”: it should involve private sector stakeholders when designing programmes with intermediaries.

The discussions did not go into the specifics of assistance received for those that had received financial or technical support owing to time constraints and limited applicability to the wider group. However, the point was made several times by those that had that AfDB needs to reduce the length and complexity of its procedures.

II.4. Private sector development policy, advice, research and analysis
Views as to whether AfDB has improved Africa’s investment climate through its policy, research, analysis and advice varied from largely to not much, or did not know. Views with respect to whether AfDB leads or follows other donors on private sector development policy varied from very independent, slightly independent, a follower, or did not know. Some thought its role in dialogue between government and private sector was effective and others not or not sure. Several pointed out its positive role as facilitator behind the scenes, and suggested this be reflected in the questionnaire.

All used AfDB statistics occasionally (although one or two mentioned this was indirectly, via organisations they sourced data and analysis from). Much AfDB data is on a macro level, and there is a gap with respect to micro level data that could be used to identify and support potential projects and partnerships. It was recommended that AfDB support national institutions (such as business associations, IPAs) to gather or enhance existing micro level data on potential projects, sector level performance indicators, financing and related needs, employment, etc to feed into feasibility studies to help identify domestic or foreign JV partners, SMEs and large enterprises for example. AfDB could link this national level data via its own website.

One representative indicated they used AfDB research and knowledge to inform their decisions, the rest occasionally. In order of popularity, they identified areas for future research related to the private sector as relating to PPPs, regional integration, public infrastructure provision (which overlaps with PPPs) and financial sector.

II.5. Governance, accountability, transparency, evaluation, and advocacy
Only 3 participants were able to talk from experience about the most effective way of influencing AfDB policy or strategy. Of these, 2 said it was via the President (if necessary going to Tunis in person to meet him), and one said via all channels. Several felt in principle that via regional and national offices would be preferable. And only 3 had attended an AfDB Annual Meeting: all found it useful to meet financial and potential business partners, although one felt meetings could be more organised logistically with a directory of participants and presenters to facilitate networking.

The group was split evenly on whether AfDB should establish a separate private sector agency equivalent to the World Bank IFC. Those in favour felt it would provide a clear mandate, encourage proactiveness, and enable AfDB to provide due attention to private sector development. Those against argued that it would to complicate procedures further, and the priority would be to address the challenge of intermediaries (discussed above), and link the dynamic private desk more effectively with the less efficient public desk.

Two of the three representatives that received direct support from AfDB felt that its transparency was partial, and the unsuccessful applicant felt it was not at all transparent. One participant that had thought about applying but decided against felt that lack of information was a factor in this decision. All thought AfDB needed to be much more transparent.
There were mixed views on whom the AfDB was most accountable to, with around half thinking RMCs came top, and the rest split between donors and the Board. None thought Africa’s private sector featured prominently. It was also proposed the questionnaire asks about who AfDB should be accountable to. Mechanisms proposed for Africa’s private sector to hold the AfDB accountable included representation on AfDB boards and committees, greater involvement in AfDB meetings (including the Annual Meeting), the revival of the African Business Roundtable (consensus), the creation of an umbrella organisation for national investment councils that would meet annually (an African Business Forum), and harmonisation of the various women’s initiatives mentioned above.

No participants had been consulted in the course of AfDB evaluations. Issues proposed for AfDB to evaluate related to how it is engaging with MSMEs (consensus), and the effectiveness of its various instruments (guarantees and lines of credit).

Those that were aware of AfDB’s role in facilitating regional initiatives rated it medium to good. Only one commented on the effectiveness of AfDB advocacy in regional forums, and found this average. And only one felt AfDB sometimes placed sufficient emphasis on regional rather than non-African partnerships (the rest did not know). Half the group felt AfDB should focus on all types of private sector organisations, while the rest targeted a mix of particular types. All felt that the African private sector would gain most from AfDB with respect to financing and staff capacity. There was confusion on the question about what AfDB can gain: only one responded, indicating knowledge and information and staff capacity.

III. Next Steps
Participants found the event to be very rewarding, and in many cases learned a great deal about the private sector operations of the AfDB. They finalised and submitted their questionnaires, and will be followed up as necessary to assist in soliciting the views of their members or clients. The questionnaire will first be revised to reflect the suggestions received. DFI / GEG will keep participants informed on the outcomes of the project.