

Executive Summary



The African Development Bank’s Strategy for 2013–2022 reflects the aspirations of the entire African continent. It is firmly rooted in a deep understanding and experience of how far Africa has come in the last decade, and where it wishes to go to in the next.

Africa has embarked on a process of economic transformation. This process has seen solid and sustained growth over a decade, but it has been uneven and without a sufficiently firm foundation, and it is not—by any estimation—complete.

This Strategy is designed to place the Bank at the center of Africa’s transformation and to improve the quality of Africa’s growth. It aims to broaden and deepen that process of transformation, mainly by ensuring that growth is shared and not isolated, for all African citizens and countries, not just for some. It also aims to bring about growth that is not just environmentally sustainable, but also economically empowering. When growth is inclusive as well as “green”, it creates the jobs that the continent needs now and that it will need in ever greater numbers as millions more young people enter the job market, with energies and aspirations to match.

The Bank’s vision is thus Africa’s vision, and its future is Africa’s future. The Bank’s many successes reflect the successes of the continent it serves—while the gaps in its achievements reflect the impediments to true transformation across its regional member countries. The goal of a regionally integrated and economically diverse Africa—determined to include young and old, women and men, rural and urban communities alike, while being increasingly green—will establish Africa as the next global emerging market. The

African Development Bank will be its development voice and its development partner of choice.

The Strategy is built around two objectives, supported by five operational priorities in which the Bank has unmatched advantage, expertise, access and trust.

Two objectives

This ten-year Strategy will focus on two objectives to improve the quality of Africa’s growth: inclusive growth, and the transition to green growth.

Inclusive growth

The first and overarching objective is to achieve growth that is more inclusive, leading not just to equality of treatment and opportunity but to deep reductions in poverty and a correspondingly large increase in jobs.

Unlocking the continent’s great potential—and increasing its chances of reaping a demographic dividend—inclusive growth will bring prosperity by expanding the economic base across the barriers of age, gender and geography. The Bank will invest in infrastructure that unlocks the potential of the private sector, championing gender equality and community participation. It will help improve skills for competitiveness, ensuring that those skills better match the opportunities and requirements of local job markets.

Green growth

The second objective is to ensure that inclusive growth is sustainable, by helping Africa gradually transition to “green growth” that will protect livelihoods, improve water, energy and food security, promote the sustainable use of natural

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resources and spur innovation, job creation and economic development.

The Bank will support green growth by finding paths to development that ease pressure on natural assets, while better managing environmental, social and economic risks. Priorities in reaching green growth include building resilience to climate shocks, providing sustainable infrastructure, creating ecosystem services and making efficient and sustainable use of natural resources (particularly water, which is central to growth but most affected by climate change).

Five operational priorities

The Strategy outlines five main channels for the Bank to deliver its work and improve the quality of growth in Africa. First recommended by the High Level Panel review of 2007, and later enshrined in the Medium Term Strategy for 2008–2012, these are areas in which the Bank has the greatest comparative advantage and proven track record. Over at least a decade, Bank and other research has repeatedly confirmed that they provide a compelling and consistent framework for the Bank's operations. The 2011 review of the Medium Term Strategy showed that the focus on these priorities had served its clients well, but that a longer planning horizon and a longer term strategy were needed—underpinned by three-year rolling action plans.

Infrastructure development

Africa still has massive infrastructure needs. It invests only 4% of its GDP in infrastructure, compared with 14% in China. Bridging the infrastructure gap could increase GDP growth by an estimated 2 percentage points a year. The Bank has made significant contributions to infrastructure development in Africa, and tens of millions of Africans are now better off thanks to Bank investments in transport, energy and water. The Bank intends to scale up infrastructure financing to the continent significantly—not just through its own lending but by leveraging its financial resources.

Regional economic integration

Integration is essential for Africa to realize its full growth potential, to participate in the global economy and to share the benefits of an increasingly connected global marketplace. Having 54 individual countries, often without the physical and economic machinery to act in tandem, seriously limits this possibility. The Bank is well positioned to play a leading role in fostering Africa's economic integration to create larger, more attractive markets, to link landlocked countries, including fragile states, to international markets and to support intra-African trade.

Private sector development

The dynamics of wealth and job creation in Africa—and a number of the tasks of government—are increasingly driven by private rather than public funds. Working both directly and indirectly with governments, the Bank will continue to be an increasingly active partner and facilitator for private investment in Africa. Delivering finance and providing advice and technical assistance, it will design activities that respond to the specific needs, opportunities and challenges of the private sector. It will focus on African entrepreneurship, addressing the constraints that face women and young entrepreneurs and supporting micro, small and medium enterprises. In strengthening the financial sector, it will stimulate lending to micro, small and medium-size enterprises, help develop local capital markets, promote better governance and risk management of financial institutions and promote the adoption and implementation of financial standards and regulations.

Governance and accountability

Economic growth can only be built on the firmest foundations of just, transparent and efficient governance and institutions administered by the capable state. Responding to demands in Africa for better governance and basic services, the Bank will assist institutions that support inclusion and promote accountability—for

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example, by strengthening the capacities of parliamentarians, the media and civil society organizations. To improve public financial management, the Bank will do more to support fiscal decentralization and domestic resource mobilization.

Skills and technology

Unemployment across Africa is unacceptably high, especially among young people. To increase the supply of skilled workers, the Bank will step up its support for technical and vocational training linked to specific needs in the labor market. The aim is to equip young people with the right skills for both the formal and informal sectors, including the skills to create small businesses.

Three areas of special emphasis

In implementing its ten-year Strategy, and as an integral part of the two objectives, the Bank will pay particular attention to fragile states, agriculture and food security, and gender.

Fragile states

Supporting fragile states can strengthen these economies, which house a fifth of the continent's people and a significant proportion of its poverty. Fragility is contagious as well as episodic—it calls for support tailored to diverse needs and a continuum and regional approach built around dialogue, local ownership and the celebration of success.

Agriculture and food security

Strengthening agriculture and food security through an integrated value chain approach can improve the livelihoods of Africans who live in rural areas. Many are reliant on subsistence farming, and a sizable proportion is chronically vulnerable to climatic uncertainty. Africa lives off its land, and more than 70 percent of Africans work on the land, which too often fails to provide for their needs. By continuing to invest in rural infrastructure (such as rural roads, irrigation, electricity, storage facilities, access to markets, conservation systems and supply

networks), the Bank will help countries increase agricultural productivity and competitiveness. By investing in regional infrastructure and engaging in policy dialogue to remove trade barriers to importing food and inputs such as fertilizers, it will help restrict food price volatility and reduce food insecurity.

Gender

Increasing the capabilities and opportunities of women and girls can boost the productivity and participation of half the African population. A focus on knowledge, skills development and legal and property rights is the precursor to empowering women's enterprise. Women and girls bear significantly more than half of the continent's burdens, but they also carry disproportionately high potential as generators of income.

Financing the Strategy—mobilizing and leveraging new sources of development finance

The Bank's financial resources will always be a small fraction of Africa's requirements. Current fiscal constraints in donor countries suggest that official development assistance could well be largely stagnant in the coming years. The Bank will therefore seek new and creative ways of mobilizing resources to support Africa's transformation, especially by leveraging its own resources.

The Group will of course continue to build on and expand the size and the practical operations of both the African Development Bank and the Africa Development Fund. But with the changing global economic landscape, it will explore options for attracting additional investment from emerging economies and from new funders and donors, including sovereign wealth and pension funds. It will use its existing instruments better, while developing new ways of ensuring that a dollar invested by the Bank unlocks significantly more from other investors. Wider use of public-private partnerships, co-financing arrangements and risk-mitigation instruments will draw in new investors.

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Transforming to support transformation

The Bank is a unique proposition: as an African organization serving Africans, it is a motor for economic progress and integration, and the voice of Africa and African development across the continent—and far beyond. It is already well on the way to increasing its development effectiveness through increased decentralization to field offices, strategically focused areas of engagement and a strong balance sheet with a high risk-bearing capacity. All this has contributed to consistently maintaining the AAA rating by which its African and global reputation is assured.

This Strategy reflects Africa's vision for itself—a vision of transformation that is achievable

The Bank must continue to evolve to stay relevant. It has to become more decentralized, integrated, efficient, effective and results-oriented, measuring its progress by real improvements on the ground. It must also continue to streamline its business processes—operational, institutional and budgetary. And it must strengthen its roles as an adviser, knowledge broker, catalyst and convener.

This, then, is the ten-year Strategy of the African Development Bank—of Africa's bank. It reflects Africa's vision for itself—a vision of transformation that is achievable. “At the center of Africa's transformation”, the Bank will measure success by the lasting changes it brings to the lives of the African people.