

II. Overview of the African Development Bank Group

Commonly referred to as the "African Development Bank" the institution of the *African Development Bank Group* is more formally comprised of the *African Development Bank*, the *African Development Fund*, and the *Nigerian Trust Fund*. The distinction between these different financing windows lies in the makeup of the capital resources of each funding source, country eligibility for access to these sources, and the degree of concessionality and other terms and conditions of the different funding sources. For example, while the *African Development Bank* makes loans to its more economically developed member countries at market-based interest rates and terms, the bank group's poorest member countries have access to financing from the more concessional *African Development Fund* window. Financing from this window is characterized by highly concessional terms (loans are generally interest-free but hold certain fees) and repayment periods are much longer. A small proportion of "Fund" resources (approximately 10%) are allocated as grants from a sub-window called the *Technical Assistance Fund* and which are used by the poorest borrowers for project preparation and other technical assistance activities.

Operations and projects, regardless of the capital account, are administered by the same staff and management and the procedures which borrowers must follow for the procurement of goods, equipment, works and consulting are uniform. For the purposes of this guide the acronym *AfDB* refers to the African Development Bank Group as a whole except if otherwise noted.

The *African Development Bank* was established in 1964 by the newly independent African countries to assist in the mobilization of resources to finance development programs. (The Bank's concessional resource window, the *African Development Fund*, was created in 1972). Canada and other non-African countries were not invited to formally join the Bank until 1982, though Canada has participated in the *African Development Fund* since its inception. The membership of the Bank is now comprised of 53 "regional" member countries throughout the continent of Africa and 24 "non-regional" member states, including Canada, U.S., Japan, most European nations, India, China, Korea, Kuwait, Argentina and Brazil. Only "regional" member countries are eligible for Bank financing, with the exception of Libya, which is a non-borrowing regional member.

The regional member countries of the AfDB are together the majority shareholders of the *African Development Bank* controlling approximately two-thirds of the voting power. The *African Development Fund* is capitalized by contributions from non-regional member countries and has historically accounted for about one-third of total loan commitments of the African Development Bank Group.

It is important for firms to recognize that the AfDB is a distinct organization from that of the Washington, D.C.-based World Bank. While the World Bank also finances development projects in virtually every African nation, and occasionally cofinances a project with the AfDB, the institutions are organizationally and operationally distinct. Accordingly, in developing information and intelligence on projects and bidding opportunities, companies should view the organizations as separate. However, the procurement policies and procedures used by the two banks are largely the same, the executing agencies of the Banks' projects in the borrowing