

Lusaka, Zambia

24 May 2016

Civil Society Declaration at the 51st AfDB Annual Meetings

We, Civil Society Organisations, Faith Based Organisations, and Non State Development Actors met on 24 May 2016 at the margins of the 51st African Development Bank Annual Meetings (AMs) at Golden Peacock Hotel, Lusaka, Zambia. The meeting deliberated on the challenges regarding the Bank's engagement with CSOs, the performance of the Bank in carrying out its mandate towards sustainable development, and developed this declaration and key asks on the main issues that are being discussed at the 2016 AMs.

As African civil society, we have consistently sought to engage the AMs and the AfDB CSO Forum in particular, – with variable outcomes. While the 2016 AMs put the spotlight on energy and climate change, as civil society we seek to engage the Bank on its delivery of all of the High Five priorities, across various programmes and stakeholder relationships.

The CSO meeting deliberated on the following themes: energy and climate change, agricultural transformation, private sector financing, infrastructure and inclusive development, natural resource governance and illicit financial flows from Africa, trends in AfDB/CSO engagement, and transparency and accountability in the Bank's operations. Consequent to our deliberations, we reached a shared understanding and adopted the resolutions below.

Energy and climate change

We note that despite the continent's vast potential and resources for renewable energy generation, persistent power shortages have led African leaders, with support from development institutions and commercial banks, to build coal plants and hydroelectric dams that have sometimes imposed huge financial, social and environmental costs.

We also note that the investment in additional power generation mostly involves projects to support on-grid interventions, yet the majority of the energy poor in Africa lives in rural areas and will not benefit from increased grid capacity or grid extension.

We recognize that the lack of access to an abundant energy supply restricts economic and social development, limiting opportunities for improvements in human wellbeing.

We also recognize that fossil fuel based energy production is the single largest contributing sector to global climate change emissions. African communities and economies are already bearing the brunt of the impacts of climate change such as droughts, floods and unpredictable growing seasons. The current El Nino induced food crisis shows what is at stake when we fail to tackle climate change emissions and fail to support affected communities to adapt and become more resilient.

We encourage, appreciate and support the efforts of the Bank's African Renewable Energy Initiative and other initiatives in addressing the energy gaps on the continent.

Therefore we call upon the Bank:

- to support more public financing for energy sector initiatives from African governments, supporting the participation of the domestic private sector in such initiatives; and
- to ensure that its programmes emphasise increased access to energy for poor and remote communities.

We also note the efforts the Bank is making in influencing energy policy at the national level, however, we are concerned with policy inconsistencies within the Bank on pro poor clean energy. We therefore call on the Bank to:

- Prioritise investment in pro-poor renewable clean energy and work more to share best practices and experience with national governments in this area; and
- Accelerate and scale up disbursements from the Green Climate Fund and other sources of adaptation finance.

Private sector financing, infrastructure and inclusive development

We recognize that Africa still grapples with a massive infrastructure gap, particularly in sectors involving basic service delivery such as health, education, decentralised power systems, drinking water and sanitation. Weak physical infrastructure constitutes a major constraint on the continent and is a key barrier to greater regional integration and intra-regional trade.

As a principle, the Bank's approach to financing infrastructure provision needs to be people driven, including where appropriate through harnessing non-exploitative private sector resources (technical and financial) as long as they

demonstrably deliver inclusive, equitable and sustainable development and do not substitute the role of the state as provider of public services.

We call on the Bank to:

- Ensure public funds should only be used to leverage non-exploitative private sector funds that have clear social returns and equitable risk sharing;
- Invest in strengthening the state capacity to deliver public services based on strong evidence that privatised services lock out the poor;
- Ensure that the Bank's Safeguards are applied to projects and operations, and that the rights of the affected communities to free, prior and informed consent are respected and upheld; and
- Harness the private sector's role in development based on maximising domestic benefits rather than global profits, fulfilling their potential to create local jobs, raising domestic tax revenues and contributing to the growth of domestic private sectors.

Natural resource governance and illicit financial flows from Africa

Although Africa holds around a third of the world's mineral reserves, this has not been translated into substantial state revenues and economic rents, in large part due to the existence of unfair taxation laws and mining agreements.

The African Union's 'Thabo Mbeki' report states that Africa loses \$50 billion a year and has lost one trillion dollars over the last fifty years, yet very little action has been taken to reduce the financial losses and stop the out flows.

We call upon the Bank to:

- step up support to the member states in their efforts to stop illicit financial flows.

We are concerned with:

- the lack of public awareness about what the AfDB is doing in the area of natural resources;
- the inadequate engagement of civil society by AfDB organs working on natural resource management;
- the lack of coordination with other Pan African initiatives like the High Level Panel on Illicit Financial Flows; and
- the lack of transparency and accountability of third party actors involved in financing extractives sector industry projects.

We have also noted that the Bank does not seem to recognize and support the communities that are affected by large scale investments such as those involving the extractive industry and others that fall short of global environmental, social and economic standards.

We call on the Bank to:

- promote Corporate Social Investments (CSI) as part of their financial support for private sector investment;
- support disclosure policies in relation to member states' natural resource governance;
- support capacity building initiatives to strengthen key spending and oversight institutions' contract negotiations;
- increase support towards value addition in the extractive sectors;
- support countries to implement the recommendations of the High Level Panel on Illicit Financial Flows, as well as popular movements like the Stop the Bleeding Campaign; and
- encourage member states and RECs to establish sovereign wealth funds.

Agricultural transformation

The meeting noted that while agriculture accounts for roughly one third of Africa's continental GDP, and employs over 60 percent of the African workforce, the continent is the most food-insecure region in the world with more than 232 million people under-nourished.

Africa has the potential to generate 1 trillion dollars a year in food production but is instead spending 53 billion on importing food. It is of concern that local markets are dominated by foreign produce in countries which have the potential to be bread baskets because of their abundance of natural resource.

We call on the Bank to:

- Support member states to create pro poor FDI policies in the agriculture sector;
- Encourage member states to prioritise FDI that places technology and knowledge transfer at the forefront;
- Promote agro-processing and packaging that reduces losses and fosters value addition and income generation for small holder farmers, especially women; and
- Promote climate resilient agriculture through large scale investments.

For interviews, questions, comments and the CSO reactions to the deliberations of the 51st AfDB Annual Meetings, please contact one of the below spokespersons.

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