

TRAINING WORKSHOP ON
**ACCESS OF AFRICAN CITIES AND
LOCAL AUTHORITIES TO CAPITAL
MARKETS**

FORMATION SUR
**L'ACCES DES VILLES ET
COLLECTIVITÉS TERRITORIALES
AFRICAINES AU MARCHÉ DES
CAPITAUX**

Bank Group Guidelines on Subnational Finance

SPONSORED BY



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OUTLINE

- Rationale and purpose of the guidelines
- Vision, goal, objectives
- Policy and strategic framework
- Eligibility criteria
- Processing of subnational finance operations

RATIONALE AND PURPOSE

- Increasing role of subnational governments or entities in supporting development objectives.
- Challenging environment for subnational financing in Africa.
- Lack of institutional and financial ability.
- Guidelines: provide clear guidance and business procedures

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VISION, GOALS AND OBJECTIVES

- Help set mandates, institutional capacity, finance capabilities, regulatory frameworks and governance systems right.
- Specific objectives:
 - Improve system of incentives that lead to sustainable subnational entities' development outcomes
 - Build capacity, improve governance, and enhance access to financial resources

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POLICY FRAMEWORK

The African
Development
Bank (ADB)
Articles of
Agreement

The African
Development
Fund (ADF)
Articles of
Agreement

Relevant Bank
Group institutional
and sector policies,
rules and
safeguards.

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STRATEGIC FRAMEWORK

The Bank Group's Ten-Year Strategy 2013-2022 and High 5s

The Bank Group's Urban Development Strategy

The Bank Group's Governance Strategic Framework and Action Plan

The Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa

The Bank Group's Financial Sector Development Strategy

The Private Sector Development Strategy

Commitments in relation to the sustainable development agenda post 2015

ELIGIBILITY CRITERIA (1/2)

- Eligibility for a specific financing window
 - Country classification (ADF, ADB)
 - Trust and Special Funds
- Ownership of (i) national and subnational governments of their subnational development and (ii) of the Bank Group support being sought
 - Alignment with national development plan or strategy
 - Reflection in CSP
 - Secure the consent/no objection of the central/state government(s)

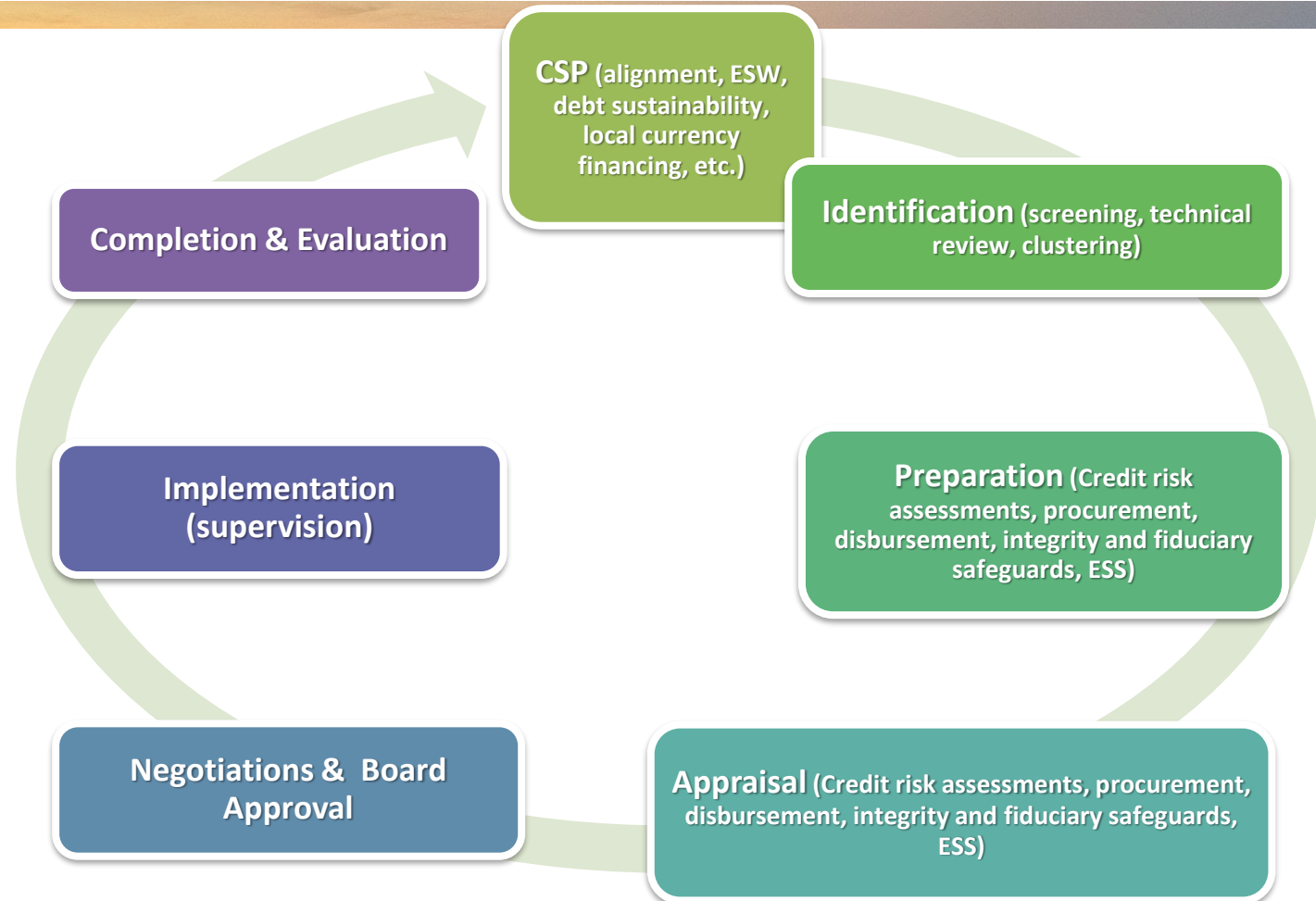
ELIGIBILITY CRITERIA (2/2)

- Eligibility for **direct sovereign-guaranteed financial support**: *commitment to a well-defined reform agenda, commitment to building institutional capacity, adequate expenditure program and fiscal arrangements, autonomy in mobilizing financing, legal personality, sound management*
- Eligibility for **direct non-sovereign-guaranteed financial support**: *credit risk assessment, NSO policy's eligibility criteria, waiving of immunities or exemptions.*
- Eligibility for **indirect financial support**
- Eligibility for specific financing instruments (subnational financing of sovereign-guaranteed operations): investment project, national and subnational program-based operation (PBO), institutional support project, and Results-Based Financing

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PROGRAMMING AND PROCESSING



An aerial photograph of a coastal city at sunset. The sky is a mix of orange, yellow, and blue. The city is densely packed with buildings, many with red-tiled roofs. A large, modern stadium with a curved roof is prominent in the center. To the left of the stadium is a large green field, possibly a golf course or sports field. The city is situated along a coastline with a harbor and a large body of water. In the foreground, there are green hills with some vegetation. The text "Thank You" is overlaid in the center of the image.

Thank You