

# 3

## Chapter three **Bank Group Operations**

### **Overview of Bank Group Operations**

ADB Operations

ADF Operations

NTF Operations

### **Bank Group Operations by Subregion**

North Africa

West Africa

East Africa

Southern Africa

Central Africa

This chapter presents an overview of the Bank Group’s operations during 2010 for each of its three windows (ADB, ADF, and NTF). The analysis includes approvals by financing instrument and by subregion, with cumulative figures presented since 1967. Disbursement figures for the year and the loan portfolio for each of the three windows are also presented. This is followed by a breakdown of Bank approvals for each of the five African subregions. Profiles of all the projects and programs approved by the ADB, ADF, and NTF during the year are presented at the end of Part I.

## OVERVIEW OF BANK GROUP OPERATIONS

Bank Group approvals in 2010 totaled UA 4.10 billion, which was a decline from the peak of UA 8.06 billion recorded in the previous year, when there was an unprecedented demand for Bank Group support from RMCs in the face of the global financial crisis (see Figure 3.1). Nonetheless, the Bank Group approvals level for 2010 was 16.1 percent higher than that of 2008 and signals a return to a more regular level of lending. Of the total approvals, UA 3.67 billion was in the form of loans and grants (compared to UA 7.51 billion in 2009 and UA 3.17 billion in 2008), while UA 425.3 million was channeled to debt relief, private sector equity participation, and special funds allocations.

The six single largest approvals for projects were: the Suez 650 MW Steam Cycle Thermal Power Plant (UA 360.5 million) in Egypt; the Tangiers–Marrakech Railroad Project (UA 255.6 million) in Morocco; Transnet Limited (UA 271.3 million) in South Africa; Tunisia – Road VI (UA 198.3 million); Project to Upgrade the Drinking Water Supply in the Rabat–Casablanca Coastal Area (UA 179.1 million) in Morocco, and an LOC to the Industrial Development Corporation of South Africa (UA 132.4 million).

The distribution of approvals from the Bank Group’s three windows shows that the ADB accounted for UA 2.58 billion (63.0 percent), while the ADF accounted for UA 1.46 billion (35.5 percent) and the NTF, UA 29.5 million (0.7 percent). The

other instrument for approvals, namely the Special Funds (which cover allocations from the African Water Facility, the Rural Water Supply and Sanitation Initiative, and the Global Environment Facility), accounted for UA 32.4 million (0.8 percent).

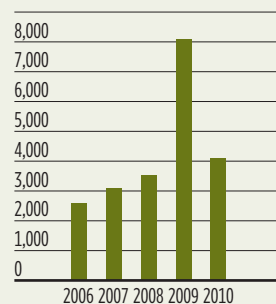
There was a decrease of 54.0 percent in the ADB’s total approvals in 2010 compared to 2009. Similarly, total approvals from the ADF window fell by 40.0 percent over the 2009 level. However, 2009 was an exceptional year in terms of funding requests from RMCs struggling with the impact of the global financial crisis. Looking back a further 12 months, ADB total approvals for 2010 exceeded that of 2008 by 42.8 percent, while ADF total approvals for 2010 declined by 12.6 percent compared with 2008. As for the NTF, total approvals rose fivefold from UA 5.7 million in 2009 to UA 29.5 million in 2010. Special Funds approvals increased

by 16.5 percent from UA 27.8 million in 2009 to UA 32.4 million in 2010.

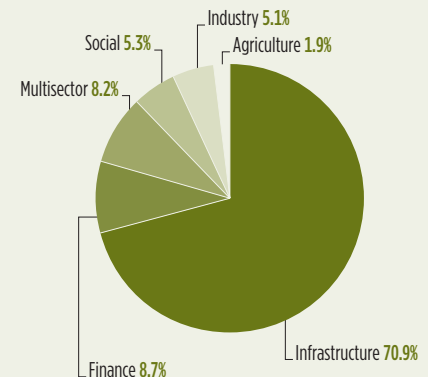
### Bank Group Operations by Sector

Bank Group operations in 2010 continued to take account of the RMCs’ own strategic priorities and development agendas, in line with the precepts of the Paris Declaration and the Accra Agenda for Action. The distribution of total approvals among the various sectors reflects the Bank’s adherence to its policy of selectivity, project focus and effectiveness, and the rising demand for infrastructure support from RMCs. Figure 3.2 and Table 3.1 show the three main beneficiary sectors for the year to be: infrastructure, with an allocation of UA 2.60 billion (70.9 percent), finance with UA 319.9 million (8.7 percent), and multisector with UA 301.2 million (8.2 percent). These three sectors jointly attracted 87.8 percent of the total operational loans and grants.

**Figure 3.1**  
Bank Group Total Approvals, 2006-2010  
(UA millions)



**Figure 3.2**  
Bank Group Loan and Grant Approvals  
by Sector, 2010



Although the approvals level for infrastructure projects dropped by more than a third from 2009 to 2010 (from UA 3.91 billion to UA 2.60 billion), this sector still dominates the total loan and grant approvals for the year. The transportation subsector benefited from the largest tranche (47.6 percent) of the total infrastructure allocation, followed by energy (34.1 percent), water supply and sanitation (17.1 percent), and communications (1.2 percent). This is a shift from the previous year's pattern of allocations, when the energy subsector received the largest share (57.2 percent), followed by transportation (33.1 percent), water supply and sanitation (7.6 percent), and finally communications (2.2 percent).

The Bank's channeling of substantial financial resources to infrastructure reflects its resolve to target high-impact projects that will create an enabling climate for private sector investment, improve competitiveness and productivity in its RMCs, enhance employment opportunities, and support sustainable economic growth.

Poverty reduction is the Bank's core commitment, as enshrined in its Vision Statement and its MTS, 2008–2012. To this end, the Bank supports the drivers of sustainable, pro-poor growth and regional integration, particularly through the construction and rehabilitation of

infrastructure projects in both rural and urban areas.

Agriculture and rural development are also critical to the continent's development and a key driver of poverty reduction. Indeed, agriculture supports the livelihoods of 80 percent of the African population. Agricultural growth means greater food productivity and increased food security at a time of escalating food costs and shortages. The Bank recognizes that it has a role to play in this sector, by assisting countries to boost agricultural productivity through its support for agricultural infrastructure. This encompasses projects and programs that aim

**Table 3.1**  
Bank Group Approvals by Sector, 2010 (UA millions)

Sector	Loans			Grants			Total Approvals		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
Agriculture and Rural Development	3	55.03	1.8	6	13.29	2.2	9	68.32	1.9
Social	4	159.43	5.2	8	34.16	5.7	12	193.59	5.3
Education	2	16.47	0.5	4	31.81	5.3	6	48.28	1.3
Health	-	-	-	2	1.15	0.2	2	1.15	0.0
Other	2	142.96	4.6	2	1.20	0.2	4	144.16	3.9
Infrastructure	28	2,127.66	69.1	20	475.89	79.8	48	2,603.55	70.9
Water Supply and Sanitation	6	294.45	9.6	7	149.62	25.1	13	444.07	12.1
Energy Supply	10	734.81	23.9	4	152.84	25.6	14	887.65	24.2
Communication	1	32.13	1.0	1	0.30	0.0	2	32.43	0.9
Transportation	11	1,066.27	34.6	8	173.13	29.0	19	1,239.41	33.7
Finance	5	314.33	10.2	2	5.60	0.94	7	319.93	8.7
Multisector	8	234.04	7.6	18	67.12	11.3	26	301.15	8.2
Industry, mining and quarrying	5	187.41	6.1	2	0.55	0.09	7	187.96	5.1
Urban Development	-	-	-	-	-	-	-	-	-
Environment	-	-	-	-	-	-	-	-	-
<b>A. Total Loans and Grants</b>	<b>53</b>	<b>3,077.90</b>	<b>100.0</b>	<b>56</b>	<b>596.60</b>	<b>100.0</b>	<b>109</b>	<b>3,674.50</b>	<b>100.0</b>
<b>B. Other Approvals</b>	-	-	-	-	-	-	<b>30</b>	<b>425.25</b>	<b>n.a.</b>
HIPC Debt Relief	-	-	-	-	-	-	6	202.95	n.a.
Equity Participation	-	-	-	-	-	-	11	189.92	n.a.
Guarantees	-	-	-	-	-	-	-	-	-
Special Funds*	-	-	-	-	-	-	13	32.38	n.a.
<b>Total Approvals (A + B)</b>	<b>53</b>	<b>3,077.90</b>	<b>n.a.</b>	<b>56</b>	<b>596.60</b>	<b>n.a.</b>	<b>139</b>	<b>4,099.75</b>	<b>n.a.</b>

Source: AfDB Statistics Department, Economic and Social Statistics Division.

**Note:**

\* These are approvals for the operations of the African Water Fund, the Rural Water Supply and Sanitation Initiative, and the Global Environment Facility.

- Magnitude zero

n.a. Not applicable

to improve irrigation, water storage and management; rural energy supply; rural and community roads (including maintenance); marketing and storage facilities; and agro-processing.

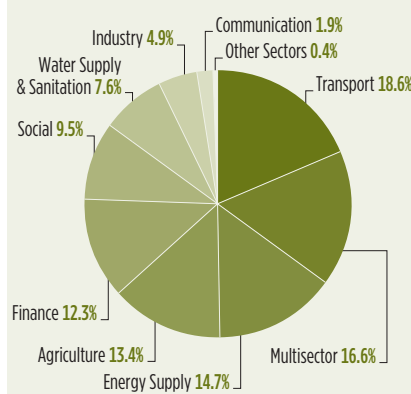
Another major focus of Bank interventions relates to multisector operations, which target support to public sector management (including structural adjustment programs), poverty reduction budget support programs, institutional reforms, governance support programs, franchising and diversification support programs, *inter alia*. In 2010, Bank Group loans and grant approvals for multisector operations totaled UA 301.2 million, representing 8.2 percent of total loan and grant approvals. Although still a significant amount, this is a decrease from the 2009 and 2008 levels, when multisector represented 29.1 percent and 23.0 percent respectively of total loan and grant approvals. The Bank Group's allocation of a sizeable proportion of its resources to multisector operations underscores its commitment to build RMCs' institutional capacity for sound and transparent fiscal management. Good governance is essential to attract foreign and domestic investment and to enhance private sector-led growth.

Other sectors to benefit from Bank Group operations in 2010 were social (5.3 percent); industry, mining and quarrying (5.1 percent); and agriculture and rural development (1.9 percent) (see table 3.1).

### Cumulative Bank Group Loan and Grant Approvals by Sector

The Bank Group approved a total of 3,526 loans and grants, amounting to UA 55.93 billion during the period 1967–2010. Of the total cumulative approvals, the share of the ADB window was 58.8 percent, the concessionary ADF window 40.6 percent, and the NTF 0.6 percent, respectively. The cumulative Bank Group approvals by sector are presented in Figure 3.3. This shows infrastructure (comprising transportation, energy, water supply and sanitation, and communication) taking the largest share (42.8 percent), followed by multi-

**Figure 3.3**  
Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



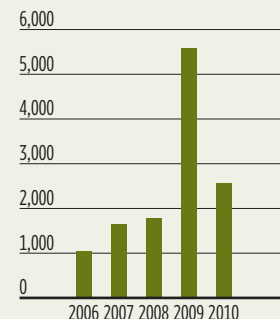
sector (16.6 percent), agriculture and rural development (13.4 percent), finance (12.3 percent), social (9.5 percent), industry, mining, and quarrying (4.9 percent), and other sectors (0.4 percent).

### AFRICAN DEVELOPMENT BANK (ADB) OPERATIONS

The ADB is the Bank's non-concessional lending window through which it finances development activities in 13 middle-income countries (MICs) and three blend countries (Cape Verde, Nigeria, and Zimbabwe). The latter three countries can also access ADF resources for financing projects and programs. Furthermore, one of the main objectives of the ADB window is to provide resources for supporting the private sector in all RMCs through direct loans, LOCs, equity participation, and guarantees to financially sound and viable private enterprises, and to multinational projects that support regional integration.

The approvals from the ADB window during 2010 totaled UA 2.58 billion for 59 operations, compared to UA 5.60 billion in 2009 for 84 activities (see Figure 3.4 and Table 3.2). This was mainly due to a decrease in both project lending and policy-based loans after the record lending levels of 2009, in the wake of the eco-

**Figure 3.4**  
ADB Total Approvals, 2006-2010 (UA millions)



nomical and financial crisis. The approvals level for 2010 was higher than that of 2008 (UA 1.81 billion) by 42.8 percent.

### ADB Approvals by Financing Instrument

The two main financing instruments for the ADB are project lending and policy-based loans. Project lending is specific in nature, while policy-based lending is intended to assist RMCs to improve their macroeconomic policy, and for structural and sectoral adjustment, budget support, and institutional reforms. Project lending (made up of public and publicly guaranteed loans and private sector loans) and private equity participations decreased from UA 3.94 billion in 2009 to UA 2.30 billion in 2010 – a drop of 41.6 percent, but still higher than UA 1.54 billion approved for project lending in 2008. Similarly, policy-based lending decreased from UA 1.52 billion in 2009 to UA 128.6 million in 2010 (see Table 3.2). This was due to the absence of any major budget support loans to RMCs, in contrast to the situation in 2009, when Botswana and Mauritius each attracted large loans to boost their competitiveness.

The other financing instrument used by the Bank is grants, which decreased from UA 25.1 million in 2009 to 11.0 million in 2010. In respect to debt relief to support its low-income RMCs, the Bank's

**Table 3.2**  
ADB Approvals by Financing Instrument, 2008-2010 (UA millions)

Financing Instrument	2008			2009*			2010		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
<b>Project Lending</b>	<b>25</b>	<b>1,372.90</b>	<b>76.0</b>	<b>27</b>	<b>3,790.62</b>	<b>67.6</b>	<b>22</b>	<b>2,107.47</b>	<b>81.6</b>
<i>Public and Publicly -Guaranteed</i>	7	642.10	35.5	11	2,780.23	49.6	5	1,091.75	42.3
Project Loans	6	627.42	34.7	10	2,629.09	46.9	5	1,091.75	42.3
Sector Investment and Rehabilitation	1	14.68	0.8	1	151.15	2.7	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-	-
<i>Private Non-Publicly Guaranteed</i>	18	730.80	40.4	16	1,010.39	18.0	17	1,015.72	39.4
Project Loans	9	432.91	24.0	10	453.42	8.1	12	701.39	27.2
Lines of Credit	9	297.88	16.5	6	556.97	9.9	5	314.33	12.2
<b>Policy-Based Lending</b>	<b>3</b>	<b>136.38</b>	<b>7.5</b>	<b>5</b>	<b>1,521.53</b>	<b>27.2</b>	<b>2</b>	<b>128.65</b>	<b>5.0</b>
Sector Adjustment Loans	2	123.03	6.8	-	-	-	1	44.65	1.7
Structural Adjustment Loans	1	13.35	0.7	1	13.66	0.2	1	84.00	3.3
Budget Support Loans	-	-	-	4	1,507.87	26.9	-	-	-
<b>Grants</b>	<b>14</b>	<b>13.57</b>	<b>0.7</b>	<b>36</b>	<b>25.14</b>	<b>0.4</b>	<b>22</b>	<b>10.95</b>	<b>0.4</b>
<i>Technical Assistance</i>	-	-	-	14	7.91	0.1	17	7.61	0.3
Project Cycle Operations	-	-	-	-	-	-	-	-	-
Institutional Capacity Building	-	-	-	-	-	-	-	-	-
Middle Income Countries Grant	1	0.60	0.0	14	7.91	0.1	17	7.61	0.3
<i>African Food Crisis Response Grant</i>	5	10.50	0.6	5	8.50	0.2	-	-	-
<i>Special Relief Fund</i>	8	2.47	0.1	17	8.73	0.2	5	3.34	0.1
Emergency Assistance	8	2.47	0.1	17	8.73	0.2	5	3.34	0.1
Emergency Post Conflict	-	-	-	-	-	-	-	-	-
<b>Debt and Debt Service Reduction</b>	<b>2</b>	<b>113.75</b>	<b>6.3</b>	<b>1</b>	<b>112.77</b>	<b>2.0</b>	<b>2</b>	<b>144.14</b>	<b>5.6</b>
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	2	113.75	6.3	1	112.77	2.0	2	144.14	5.6
<b>Equity Participation</b>	<b>11</b>	<b>145.51</b>	<b>8.1</b>	<b>13</b>	<b>142.47</b>	<b>2.5</b>	<b>11</b>	<b>189.92</b>	<b>7.4</b>
Public Equity	-	-	-	-	-	-	-	-	-
Private Equity	11	145.51	8.1	13	142.47	2.5	11	189.92	7.4
<b>Guarantees</b>	<b>3</b>	<b>24.89</b>	<b>1.4</b>	<b>2</b>	<b>11.55</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Public Guarantees	-	-	-	1	6.21	0.1	-	-	-
Private Guarantees	3	24.89	1.4	1	5.34	0.1	-	-	-
<b>Loan Reallocations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL APPROVALS</b>	<b>58</b>	<b>1,807.01</b>	<b>100.0</b>	<b>84</b>	<b>5,604.07</b>	<b>100.0</b>	<b>59</b>	<b>2,581.13</b>	<b>100.0</b>

Source: AfDB Statistics Department, Economic and Social Statistics Division.

**Notes:**

- Magnitude zero

0.0 Magnitude less than 0.05

\* A year of exceptional demand for Bank Group resources due to the global financial crisis

allocation under the HIPC Initiative increased from UA 112.8 million in 2009 to UA 144.1 million in 2010, which is a rise of 27.7 percent. The distribution of ADB approvals between the various financing instruments shows that project lending and private equity participation accounted for by far the greatest share, at 89.0 percent, while debt relief accounted for 5.6 percent, policy-based lending for 5.0 percent, and grants for 0.4 percent.

In terms of recipient countries, the ten prime beneficiaries of ADB loan and grant approvals were: Egypt, Morocco, South Africa, Tunisia, Senegal, Nigeria, Rwanda, Mali, Cameroon, and Cape Verde (see Figure 3.5). The others benefited from either MIC grants or emergency assistance grants. In addition, Congo, Comoros, and Liberia were allocated funds for debt relief under the HIPC Initiative.

**Cumulative ADB Loan and Grant Approvals by Subregion**

During the period 1967–2010, the ADB approved 1,144 operations amounting to UA 32.89 billion, of which UA 5.16 billion was for 154 private sector operations. Figure 3.6 presents the subregional distribution of cumulative ADB approvals. This shows that North Africa received the largest share at 47.7 percent, followed

by Southern Africa (22.3 percent); West Africa (14.6 percent); Central Africa (8.0 percent); East Africa (3.7 percent); while multiregional accounted for 3.6 percent. North Africa and Southern Africa, which comprise mainly ADB countries, received 70.0 percent of total loan and grant approvals. This approach confirms the Bank’s strategy of utilizing ADB resources to enhance its engagement in MICs and to encourage private sector investment.

**Loan Portfolio**

Loans signed (net of cancelations) amounted to UA 26.27 billion at December 31, 2010. Total outstanding loans at that date amounted to UA 8.29 billion, which was UA 0.75 billion higher than the UA 7.54 billion outstanding at the end of 2009. Undisbursed balances at end-December 2010 amounted to UA 4.86 billion, which is a decrease of UA 0.14 billion from the 2009 level. There were 274 active signed loans totaling UA 8.29 billion, while the number of fully repaid loans was 624, for a total of UA 10.31 billion at year-end 2010.

**Disbursements**

Disbursements from the ADB window in 2010 amounted to UA 1.34 billion, which represents a 43.0 percent decrease from the UA 2.35 billion disbursed in 2009.

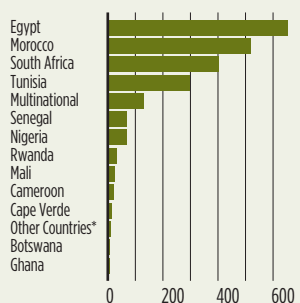
At end-December 2010, cumulative disbursements (including non-sovereign loans) totaled UA 21.31 billion. By the same date, 810 loans had been fully disbursed for an amount of UA 18.75 billion, representing 88.0 percent of cumulative disbursements.

**AFRICAN DEVELOPMENT FUND (ADF) OPERATIONS**

The ADF is the Bank Group’s concessional lending window for countries that cannot access funds from the ADB window, other than for enclave and private sector projects. ADF resources are allocated on the basis of country creditworthiness, per capita GNI, and country performance using the Performance-Based Allocation (PBA) system. The PBA mechanism is designed to ensure that resources are proportionately targeted to those RMCs that can leverage them most effectively.

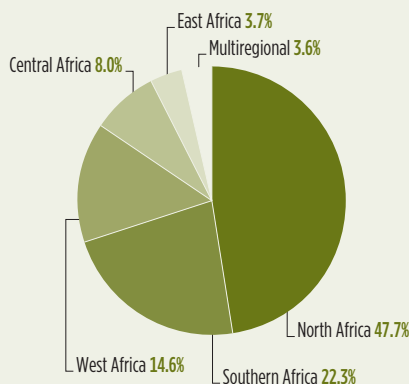
In 2010, ADF total approvals comprising loans, grants, project preparation facility resources, debt and debt service reduction, amounted to UA 1.46 billion, compared with UA 2.43 billion in 2009, which is a 39.9 percent decrease (see Figure 3.7 and Table 3.3).

**Figure 3.5**  
ADB Loan and Grant Approvals by Country, 2010 (UA millions)

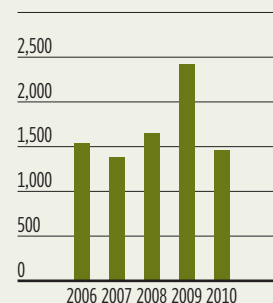


*Note: \*Other countries to benefit from emergency and MIC grants were: Chad, Gabon, Libya, Mauritius, Morocco, Namibia, Niger, Seychelles, Sudan, Swaziland, Zambia, and Zimbabwe.*

**Figure 3.6**  
Cumulative ADB Loan and Grant Approvals by Subregion, 1967–2010



**Figure 3.7**  
ADF Total Approvals, 2006–2010 (UA millions)



**Table 3.3**  
ADF Approvals by Financing Instrument, 2008-2010 (UA millions)

Financing Instrument	2008			2009*			2010		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
<b>Project Lending</b>	22	680.74	40.9	23	950.31	39.2	25	801.63	55.0
<i>Public and Publicly -Guaranteed</i>	22	680.74	40.9	23	950.31	39.2	25	801.63	55.0
Project Loans	22	680.74	40.9	22	938.31	38.7	25	801.63	55.0
Sector Investment and Rehabilitation	-	-	-	1	12.00	0.5	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-	-
<i>Private Non-Publicly Guaranteed</i>	-	-	-	-	-	-	-	-	-
Project Loans	-	-	-	-	-	-	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-	-
<b>Policy-Based Lending</b>	9	413.00	24.8	6	349.24	14.4	2	38.95	2.7
Sector Adjustment Loans	-	-	-	1	80.00	3.3	-	-	-
Structural Adjustment Loans	5	215.00	12.9	1	11.00	0.5	-	-	-
Budget Support Loans	4	198.00	11.9	4	258.24	10.6	2	38.95	2.7
<b>Grants</b>	27	552.62	33.2	41	862.82	35.6	34	585.65	40.2
<i>Technical Assistance</i>	6	44.65	2.7	14	135.54	5.6	17	205.34	14.1
Project Cycle Operations	3	15.51	0.9	7	76.26	3.1	10	158.66	10.9
of which Private Sector	-	-	-	-	-	-	-	-	-
Institutional Capacity Building	3	29.14	1.7	7	59.28	2.4	7	46.69	3.2
of which Private Sector	-	-	-	-	-	-	-	-	-
Project Grants	14	424.35	25.5	4	140.51	5.8	8	257.88	17.7
Structural Adjustment Grants	4	48.05	2.9	5	157.30	6.5	1	10.00	0.7
Budget Support Grants	-	-	-	6	64.64	2.66	1	1.70	0.1
Fragile State Facility Grants	3	35.57	2.1	12	364.83	15.0	7	110.73	7.6
Special Debt Relief Grants	-	-	-	-	-	-	-	-	-
<b>Loan for Institutional Capacity Building</b>	-	-	-	-	-	-	-	-	-
<b>Project Preparation Facility</b>	2	1.03	0.1	2	1.00	0.0	1	0.50	0.0
<b>Debt and Debt Service Reduction</b>	2	17.95	1.1	4	259.09	10.7	3	29.99	2.1
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	2	17.95	1.1	4	259.09	10.7	3	29.99	2.1
Post Conflict Country Facility	-	-	-	-	-	-	-	-	-
<b>Loan Reallocations</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL APPROVALS</b>	62	1,665.34	100.0	77	2,426.96	100.0	65	1,456.72	100.0

Source: AfDB Statistics Department, Economic and Social Statistics Division.

**Notes:**

- Magnitude zero

0.0 Magnitude less than 0.05

\* A year of exceptional demand for Bank Group resources due to the global financial crisis

### ADF Approvals by Financing Instrument

In terms of project lending to support public sector operations in RMCs, the ADF approved UA 802.1 million for 26 activities in 2010, compared with UA 951.3 million in 2009 for 25 activities, which is a decrease of 15.7 percent. Policy-based lending, which encompasses financing sector activities and budget support, declined significantly from UA 349.2 million for six activities in 2009 to UA 38.9 million for two operations in 2010. The total approvals for project and policy-based loans from the ADF dropped by 35.3 percent from UA 1.30 billion in 2009 to UA 0.84 billion in 2010.

Grant approvals in 2010 stood at UA 585.6 million compared with UA 862.8 million in 2009, which is a decline of 32.1 percent. With respect to ADF allocations for debt servicing, there was almost a tenfold

decrease, from UA 259.1 million in 2009 to UA 30.0 million in 2010.

Figure 3.8 shows that 26 countries benefited from ADF loan and grant approvals during 2010. The 16 countries that received the highest allocations were: (in order of magnitude): Ethiopia, Democratic Republic of Congo, Tanzania, Kenya, Ghana, Niger, Cameroon, Benin, Mali, Mozambique, Burkina Faso, Burundi, Togo, Zambia, Liberia, and Sierra Leone. Furthermore, under the HIPC Initiative, Congo Republic and Liberia received funds from ADF for debt relief.

### Cumulative ADF Loan and Grant Approvals by Subregion, 1974–2010

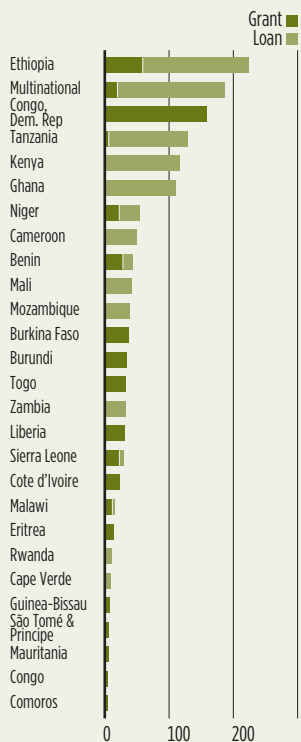
During the period 1974–2010, ADF cumulative approvals totaled 1,467 loans and 842 grants, for a sum of UA 22.73 billion. Figure 3.9 shows the split of these cumulative approvals by subregion. The West

Africa and East Africa subregions, whose constituencies comprise mostly ADF (i.e. low-income) countries, received 31.0 percent and 31.1 percent of the cumulative approvals respectively. Central Africa, on the other hand, which also mainly comprises ADF-eligible countries, received just 9.2 percent. The North Africa and the Southern Africa subregions, which are constituted principally of ADB (i.e. middle-income) countries, received 2.4 percent and 15.3 percent respectively. The share of multiregional operations was 11.0 percent. These cumulative figures therefore are consistent with the Bank Group’s policy of targeting ADF resources to operations in low-income and blend countries.

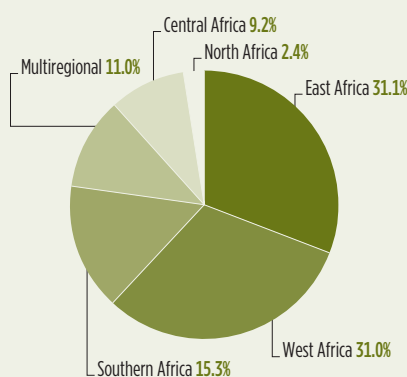
### Loan Portfolio

At December 31, 2010, ADF cumulative loans and grants signed (net of cancellations), totaled UA 20.33 billion, compared

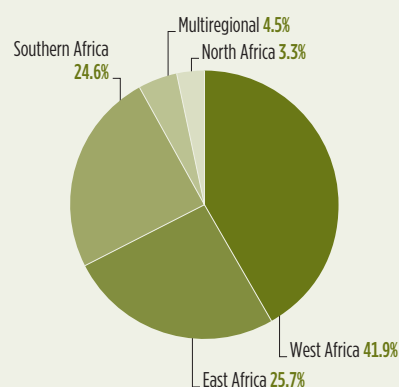
**Figure 3.8**  
ADF Loan and Grant Approvals by Country, 2010 (UA millions)



**Figure 3.9**  
Cumulative ADF Loan and Grant Approvals by Subregion, 1974–2010



**Figure 3.10** Cumulative NTF Loan and Grant Approvals by Subregion, 1976–2010 (UA millions)



to UA 18.86 billion in 2009. Total outstanding loans stood at UA 6.30 billion at end-December 2010, which was UA 870.0 million higher than UA 5.43 billion at year-end 2009. This increase was despite the debt cancellation under MDRI, totaling UA 0.74 million for two additional completion-point countries. At the end of 2010, there were 1,145 active signed loans and grants, while 1,144 loans amounting to UA 6.69 billion had been fully repaid.

### Disbursements

Disbursements of loans and grants totaled UA 1.17 billion in 2010, compared to UA 1.73 billion in 2009, which represents a decrease of 32.4 percent. Cumulative disbursements at December 31, 2010 amounted to UA 14.77 billion. A total of 1,673 loans and grants were fully disbursed, totaling UA 11.75 billion, which represents 80.0 percent of cumulative disbursements.

## NIGERIA TRUST FUND (NTF) OPERATIONS

The Nigeria Trust Fund (NTF) was established in 1976 by the Federal Republic of Nigeria to provide additional concessional resources for projects in various sectors, in order to accelerate economic development and social progress in Africa, particularly in the low-income countries.

During 2010, one loan amounting to UA 0.7 million was approved under the NTF window for Sierra Leone. In addition, UA 28.8 million was approved as debt relief under the HIPC Initiative for Liberia.

### Cumulative NTF Loan and Grant Approvals by Subregion, 1976–2010

Cumulative NTF loan and grant approvals during the period 1976–2010 totaled UA 310.3 million for 73 operations in 32 RMCs. Figure 3.10 shows West Africa to be the main beneficiary subregion (41.9 percent), followed by East Africa (25.7 percent), Southern Africa (24.6 percent), and North Africa (3.3 percent). Multiregional projects received 4.5 percent of NTF cumulative approvals.

### Loan Portfolio

Loans signed, net of cancellations, at December 31, 2010, totaled UA 245.65 million, compared with UA 245.81 million in 2009, which is a decrease of UA 0.16 million. At December 31, 2010, there were 32 active signed loans and 39 fully repaid loans amounting to UA 52.55 million and UA 101.85 million, respectively.

### Disbursements

Disbursements increased from UA 4.87 million in 2009 to UA 5.02 million in 2010, representing a rise of 3.1 percent. By December 31, 2010, cumulative disbursements amounted to UA 226.72 million.

Sixty-one loans were fully disbursed for a total of UA 205.34 million, representing 91.0 percent of cumulative disbursements.

## BANK GROUP OPERATIONS BY SUBREGION

### Bank Group Loan and Grant Approvals by Subregion

The Bank divides Africa into five subregions for operational purposes, namely, Central Africa, East Africa, North Africa, Southern Africa, and West Africa. At December 31, 2010, Bank Group approvals for all five subregions (including multinational projects and programs) totaled UA 3.67 billion. This was a significant decrease from the UA 7.51 billion approved for 2009 (an exceptional year in the history of Bank Group lending). Nevertheless, the approvals for 2010 exceeded that of 2008 by 15.9 percent.

The approvals for 2010 were allocated to the subregions as follows: North Africa, UA 1.47 billion (40.1 percent); West Africa, UA 1.47 billion (16.2 percent); East Africa, UA 560.3 million (15.2 percent); Southern Africa, UA 492.8 million (13.4 percent); and Central Africa, UA 234.6 million (6.4 percent). Loan and grant approvals for multinational projects and programs amounted to UA 319.1 million (8.7 percent). The Bank Group's cumulative loan and grant approvals for the period 1967–2010 for all five subregions plus multinational operations amounted to UA 55.93 billion, of which multinational operations totaled UA 3.71 billion (see Annex II-7).

### North Africa

North Africa constitutes six countries: Algeria, Egypt, Libya, Mauritania, Morocco, and Tunisia. All the countries in the subregion are ADB countries, except for Mauritania which is an ADF country. Mauritania can only borrow from ADF resources, except for private sector and enclave projects which can be financed from ADB resources. Loan and grant approvals for the subregion totaled UA 1.47 billion in 2010, which is a rise of 40.0

percent above the 2009 level of UA 1.05 billion. North Africa's approvals represented 40.1 percent of total Bank Group approvals, which makes it the main beneficiary subregion during the year. The benefiting countries were: Egypt, UA 651.4 million; Morocco, UA 519.7 million; Tunisia, UA 296.6 million; Mauritania, UA 3.6 million; and Libya, UA 0.6 million (which was an MIC-TAF grant) (see Annex II-7).

The key projects approved for North Africa were: the Suez 650 MW Steam Cycle Thermal Power Plant in Egypt; the Project to Increase Capacity on the Tangiers-Marrakech Railway Line in Morocco; Road Project VI in Tunisia; the Drinking Water Supply in the Rabat-Casablanca Coastal Area in Morocco; Egyptian Refining Company Project in Egypt; the Support to the National Program for Taxi Replacement Scheme in Egypt; Entreprise Tunisienne d'Activités

Pétrolières (ETAP)–Hasdrubal Oil and Gas Field Development Project in Tunisia; and the Public Administration Reform Support Program, Phase IV (PARAP IV) in Morocco. The summary profiles of all projects and programs are presented at the end of Part I.

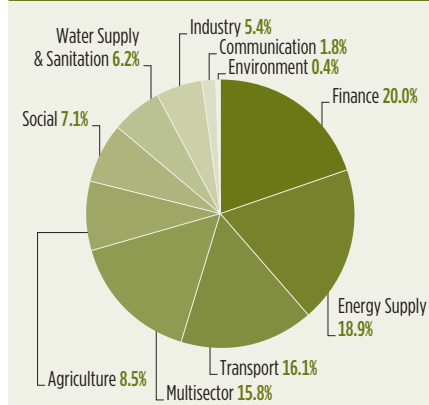
The sectoral distribution of loan and grant approvals in 2010 shows that infrastructure attracted the largest share at UA 1.10 billion (74.4 percent). Within this dominant infrastructure sector, the energy subsector received the biggest tranche, at UA 458.3 million (41.8 percent), followed by transportation, at UA 454.5 million (41.5 percent), and water supply and sanitation, UA 182.7 million (16.7 percent). The allocations to the other sectors were as follows: industry, mining, and quarrying, UA 147.1 million (10.0 percent); social, UA 144.2 million (9.8 percent); and multi-sector, UA 85.2 million (5.8 percent). This

sectoral split is consistent with the Bank Group's operational focus of prioritizing infrastructure development – a key driver of economic growth – in line with its MTS (2008–2012).

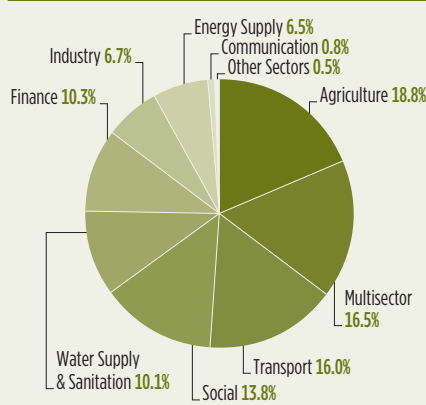
The Bank Group started operations in the North Africa subregion in 1968 – one year after the other subregions. During the period 1968–2010, North Africa was allocated the highest cumulative loan and grant approvals of UA 16.25 billion, representing 29.1 percent of total Bank Group loan and grant approvals. Among the countries in the subregion, Morocco received the largest share of the cumulative approvals, followed by Tunisia, Egypt, Algeria, and Mauritania. Libya received an MIC-TAF grant of UA 0.6 million in 2010, which was the first time the country had benefited from Bank Group resources (see Annex II-7). Figure 3.11 shows the cumulative Bank Group loan and grant approvals



**Figure 3.11** North Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



**Figure 3.12** West Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



for the subregion by sector. The four main beneficiary sectors are infrastructure (43.0 percent), finance (20.0 percent), multisector (15.8 percent), and agriculture and rural development (8.5 percent).

### West Africa

West Africa is made up of 16 countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, São Tomé and Príncipe (*São Tomé and Príncipe is included in West Africa for operational purposes*), Senegal, Sierra Leone, and Togo. The subregion has the greatest linguistic, geographic, and natural resources diversity. Apart from Cape Verde and Nigeria, all the countries in the subregion are ADF-eligible only (except for private sector and enclave projects which can draw funding from ADB resources). As blend countries, Cape Verde and Nigeria can borrow from both the ADB and ADF windows. Bank Group loan and grant approvals for West Africa declined from UA 1.24 billion in 2009 to UA 595.8 million in 2010, which is a decrease of 52.0 percent. Nonetheless, in 2010 West Africa was the second highest recipient of loans and grants after North Africa.

Approvals to the subregion in 2010 accounted for 16.2 percent of total approved loans and grants (see Annex II-7). Fourteen countries in the subregion

benefited from loans and grants, namely: Ghana (UA 111.0 million); Senegal (UA 70.8 million); Nigeria (UA 67.8 million); Mali (UA 66.5 million); Niger (UA 54.2 million); Benin (UA 43.0 million); Burkina Faso (UA 35.2 million); Togo (UA 32.5 million); Liberia (UA 31.2 million); Sierra Leone (UA 29.2 million); Côte d'Ivoire (UA 23.0 million); Cape Verde (UA 20.5 million); Guinea-Bissau (UA 5.7 million); and São Tomé and Príncipe (UA 5.0 million).

The key projects approved for West Africa during the year included: the Ghana Fufulso-Sawla Road project; an LOC to Guaranty Trust Bank, plc in Nigeria; the Blaise Diagne International Airport in Senegal; the Markala Sugar Project in Mali; the Electricity Infrastructure Strengthening and Rural Electrification Project in Burkina Faso; the Accelerated Development and Poverty Reduction Support in Niger; the Togo-Sanve Condji-Benin Border Road Rehabilitation Project in Togo; and the Ndali-Nikki-Chicandou Nigerian Border Road Asphaltting Project in Benin. There was also a HIPC approval for Liberia, as the country had reached its Completion Point.

In terms of the sectoral distribution of approvals for the subregion, infrastructure attracted the lion's share at UA 365.6 million (61.4 percent). The subsector split for infrastructure shows transportation

to have attracted the largest tranche, at UA 249.5 million (68.3 percent), followed by water supply and sanitation, at UA 76.7 million (21.0 percent), then energy at UA 39.0 million (10.7 percent), and finally communications at UA 0.3 million. The allocations to the other sectors were: multisector, UA 69.3 million (11.6 percent); finance, UA 67.8 million (11.4 percent); agriculture and rural development, UA 66.2 million (11.1 percent); social sector, UA 25.5 million (4.3 percent), and industry, mining, and quarrying, UA 1.3 million (0.2 percent). The distribution by sector highlights the Bank's selectivity and strategic focus on projects that will improve the subregion's infrastructure, support good governance, and reduce poverty.

The Bank Group's cumulative loan and grant approvals to the subregion for the period 1967-2010 amounted to UA 11.96 billion, representing 21.4 percent of total cumulative allocations to the continent. Nigeria received the largest share, followed by Côte d'Ivoire, Ghana, Senegal, Mali, Burkina Faso, Guinea, Benin, Niger, Sierra Leone, Gambia, Togo, Cape Verde, Liberia, Guinea Bissau, and São Tomé and Príncipe (see Annex II-7).

Figure 3.12 shows the sectoral distribution of the cumulative loan and grant approvals for the period 1967-2010. Infrastructure (comprising transportation, communication, energy, and water and sanitation) was allocated the largest share (33.4 percent); then agriculture and rural development (18.8 percent); multisector (16.5 percent); social (13.8 percent); finance (10.3 percent); industry, mining, and quarrying (6.7 percent); and others (0.5 percent).

### East Africa

East Africa is made up of 12 countries: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Sudan, Tanzania, and Uganda. Seychelles is the only country in the subregion eligible to borrow from the ADB window. The other 11 countries are eligible for ADF resources only, except for private

sector and enclave projects, which can be financed from ADB resources. In 2010, East Africa received UA 560.3 million of Bank Group loan and grants, representing an increase of 8.7 percent over the UA 515.6 million approved in 2009. The approvals were earmarked to assist development projects and programs in nine countries; this represented 15.2 percent of total approvals (see Annex II-7). The beneficiary countries were as follows: Ethiopia (UA 224.4 million), Tanzania (UA 129.6 million), Kenya (UA 116.7 million), Rwanda (UA 41.1 million), Burundi (UA 34.1 million), Eritrea (UA 12.9 million), Sudan (UA 0.7 million), Comoros (UA 0.6 million), and Seychelles (UA 0.3 million).

In line with the Bank Group’s strategic operational priorities, in 2010 approvals in this subregion too were directed mainly toward infrastructure, which attracted UA 396.9 million (70.8 percent of total approvals), while multisector received UA 88.4 million (15.8 percent). The breakdown of infrastructure approvals into subsectors shows that energy was allocated UA 243.8 million (61.4 percent); water and sanitation, UA 94.0 million (23.7 percent); and transportation, UA 59.1 million (14.9 percent). The allocations to the other sectors were as follows: industry, mining and quarrying, UA 39.3 million (7.0 percent); social, UA 22.2 million (4.0 percent); finance, UA 12.7 million

(2.3 percent); and agriculture and rural development, UA 0.8 million (0.1 percent). The focus of Bank Group operations on infrastructure aims at building the foundations for sustainable economic growth and promoting regional integration and foreign investment. The approvals to multisector aim to strengthen RMCs’ institutional capacity for sound and transparent fiscal management, which improves the business enabling environment and competitiveness, thereby assisting economic development.

Notable infrastructure projects approved for East Africa include: the Electricity Transmission System Improvement Project, and the Protection of Basic Services, phase II in Ethiopia; the Rural Water Supply and Sanitation Program and the Iringa–Shiyanga Electricity Power Transmission Line in Tanzania; the Power Transmission System Improvement Project, the Nairobi Rivers Basin Rehabilitation and Restoration Improvement Project, the Timbora–Eldoret Road project in Kenya; and the Gitenga–Nyangungu–Ngozi road project in Burundi. Other notable projects and programs approved for the subregion in 2010 include “La Cimenterie du Rwanda” project, the Support for Higher Education Development Project in Eritrea, and Support to the Regional ICT Center of Excellence in Rwanda.

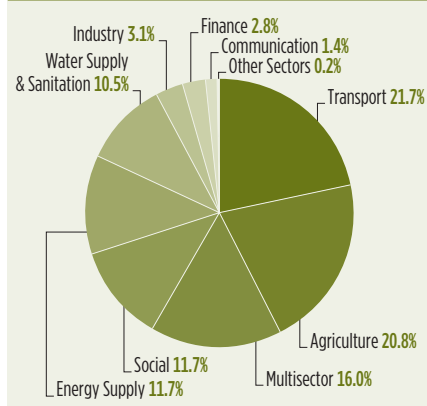
During the period 1967–2010, East Africa received UA 8.38 billion in cumulative loan and grant approvals, accounting for 15.0 percent of total cumulative approvals to the continent. Among the countries in the subregion, Ethiopia was allocated the largest share, followed by Tanzania, Uganda, Kenya, Rwanda, Burundi, Sudan, Djibouti, Somalia, Seychelles, Eritrea, and Comoros (see Annex II-7). Figure 3.13 presents the cumulative Bank Group loan and grant approvals by sector, which shows infrastructure to be the biggest recipient (45.3 percent), followed by agriculture and rural development (20.8 percent), multisector (16.0 percent), social (11.7 percent), industry, mining, and quarrying (3.1 percent), and finance (2.8 percent).

**Southern Africa**

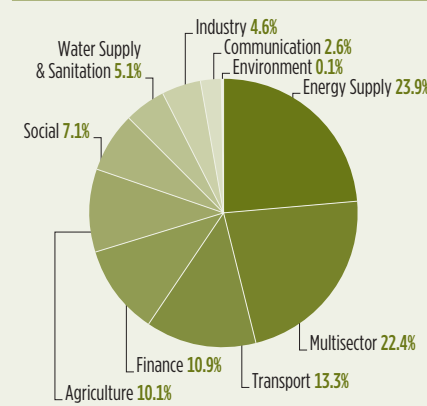
Southern Africa comprises 12 countries, namely Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. Five of these countries (viz. Botswana, Mauritius, Namibia, South Africa, and Swaziland) are eligible for ADB resources. Zimbabwe, as a blend country, can access funds from both ADB and ADF windows, although it has been under sanctions since 2000. The remaining six countries (Angola, Lesotho, Madagascar, Malawi, Mozambique, and Zambia) are ADF-eligible only, except for private sector and enclave projects, which permit resources to be drawn from the ADB window.

Bank Group loan and grant approvals to the subregion declined from UA 3.40 billion in 2009 to UA 492.8 million in 2010, representing a 85.5 percent decrease. This was mainly due to the absence of any large budget support loan in the subregion, compared to 2009 when two budget support loans amounting to UA 1.51 billion were approved for Botswana and Mauritius. Nonetheless, the loan and grant approvals for the subregion in 2010 exceeded that of 2008 by 3.6 percent and represented 13.4 percent of total approvals to all the five subregions (see Annex II-7).

**Figure 3.13** East Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



**Figure 3.14** Southern Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



The nine beneficiary countries were as follows: South Africa, UA 403.7 million; Mozambique, UA 37.9 million; Zambia, UA 32.6 million; Malawi, UA 14.7 million; Botswana, UA 2.1 million; Zimbabwe, UA 0.7 million; Namibia, UA 0.6 million; Mauritius, UA 0.3 million; and Swaziland UA 0.3 million. South Africa, which has consistently been the major beneficiary of Bank Group approvals in the subregion since 2007, retained this position in 2010.

The four key approvals for Southern Africa were for the following projects and programs: Transnet Limited in South Africa; the Industrial Development Corporation of South Africa (an LOC); the Montepuez-Lichinga Road in Mozambique; and the Third Poverty Reduction Budget Support in Zambia.

The sectoral distribution of the 2010 approvals in the subregion shows that infrastructure was allocated UA 309.8 million (62.9 percent) of the total. Within this allocation, the transportation subsector was allocated UA 304.6 million (98.3 percent); and water supply and sanitation, UA 5.3 million (1.7 percent). The share of the other sectors was as follows: finance, UA 133.0 million (27.0 percent); multisector, UA 47.8 million (9.7 percent); social sector, UA 1.3 million (0.3 percent); agriculture and rural development, UA 0.7 million (0.1 percent); and UA 0.3 million to industry, mining and quarrying.

The Bank Group started its operations in the subregion in 1969. Southern Africa's cumulative Bank Group loans and grants for the period 1969–2010 totaled UA 10.90 billion. This amounts to 19.5 percent of all the cumulative approvals for the continent. South Africa received the highest share, followed by Botswana, Mozambique, Zambia, Madagascar, Malawi, Mauritius, Zimbabwe, Angola, Lesotho, Swaziland, and Namibia. In terms of sectoral distribution, infrastructure received the highest cumulative approvals (44.9 percent), followed by multisector (22.4 percent); finance (10.9 percent); agriculture and rural development (10.1 percent); social

(7.1 percent); industry, mining, and quarrying (4.6 percent); and environment (0.1 percent) (see Figure 3.14).

### Central Africa

The Central Africa subregion is made up of seven countries: Cameroon, Central Africa Republic, Chad, Congo Republic, Democratic Republic of Congo (DRC), Equatorial Guinea, and Gabon. Gabon and Equatorial Guinea are the only two countries that can borrow from the ADB window. The other five countries are only eligible to borrow from ADF resources, other than for private sector and enclave projects. In 2010, the subregion was allocated UA 234.6 million, representing 6.4 percent of the total Bank Group loan and grant approvals to all the five subregions. The total approvals for this subregion in 2010 show a drop of 14.7 percent compared to 2009.

The five countries to benefit from loan and grant approvals in 2010 were the Democratic Republic of Congo, UA 158.3 million; Cameroon, UA 71.7 million; Congo, UA 3.4 million; Chad, UA 0.7 million; and Gabon, UA 0.5 million (see Annex II-7). The two largest project approvals for the subregion were both for the Democratic Republic of Congo, namely the Priority Air Safety Project (UA 88.6 million) and the Semi-Urban and Rural Electrification Project (69.69 million). Cameroon attracting funding for four smaller projects in various sectors, namely: the Dibamba Power Project; the Rural Drinking Water Supply and Sanitation Project; the Project to Strengthen and Extend the Electricity Transmission and Distribution Network, and the Support Project for the Modernization of the Land Restoration System and Business Climate. The Congo benefited from approved financing for one multisector project, viz. Institutional Support to Improve the Business Climate and Diversity of the Congolese Economy.

The sectoral distribution of 2010 approvals to the Central African subregion largely mirrors that of the other subregions, in that infrastructure attracted the highest

allocation, at UA 223.0 million (95.0 percent). Of this amount, the energy subsector received UA 124.4 million (55.8 percent); transportation, UA 88.6 million (39.7 percent); and water supply and sanitation, UA 10.0 million (4.5 percent). The other sectoral allocations were as follows: multisector, UA 10.4 million (4.4 percent); agriculture and rural development, UA 0.7 million (0.3 percent); and social, UA 0.5 million (0.2 percent).

The Bank Group's cumulative loan and grant approvals to Central Africa during the period 1967–2010 amounted to UA 4.73 billion, which represents 8.5 percent of the total cumulative approvals to the continent. The Democratic Republic of Congo received the largest amount, followed by Gabon, Cameroon, Chad, Congo, Central African Republic, and Equatorial Guinea.

The sectoral split for this cumulative figure shows infrastructure with the largest tranche (46.7 percent), followed by multisector (18.1 percent), then agriculture and rural development (14.5 percent), social (12.5 percent), industry mining, and quarrying (6.5 percent), and finance 1.6 percent (see Figure 3.15). This confirms that the Bank is maintaining its operational focus on those sectors that will accrue the greatest economic gains for the continent.

**Figure 3.15** Central Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010

