AFRICAN DEVELOPMENT BANK AFRICAN DEVELOPMENT FUND

2009 ANNUAL REPORT

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AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND

BOARDS OF GOVERNORS

ADB	ADF
Forty-Fifth	Thirty-Sixth
Annual Meeting	Annual Meeting

Abidjan

Côte d'Ivoire

May 27-28, 2010

REPORT

by the

Boards of Directors

of the

African Development Bank

and the

African Development Fund

Covering the period

January 1 to December 31, 2009

ADB-ADF/BG/AR/2009

Acknowledgments

This Annual Report was prepared by the Statistics Department of the Chief Economist Complex, under the overall guidance of the Boards of Directors, and the direct supervision of the Board Committee comprising: Mr. Andrew Ndaamunhu Bvumbe (Chairman), Mr. Abdul-Magid Gadad, Mr. Emmanuel Carrère, Mr. Frédéric Assomption Korsaga, and Mr. Shehu Yahaya.

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BOXES

Abbreviations

AAA	Accra Agenda for Action
AAP	Africa Action Plan
ABC	Advans Banque Congo
ACBF	African Capacity Building Foundation
ACFA	Accelerated Cofinancing Facility for Africa
ADB	African Development Bank
ADEA	Association for the Development of Education in Africa
ADF	African Development Fund
ADF-X	Tenth General Replenishment of the African Development Fund
ADF-XI	Eleventh General Replenishment of the African Development Fund
ADI	African Development Institute
ADOA	Ex-ante Additionality and Development Outcome Assessment
ADR	African Development Report
AEC	African Economic Conference
AEO	African Economic Outlook
AERC	African Economic Research Consortium
AFCR	Africa Food Crisis Response
AFD	Agence Française de Développement
AfDB	African Development Bank Group
AFESD	Arab Fund for Economic and Social Development
AFFM	African Fertilizer Financing Mechanism
AFP	African Financing Partnership
AFRITAC	African Regional Technical Assistance Center
AFROSAI	African Organization of Supreme Audit Institutions
AIC	African Infrastructure Consortium
AICD	Africa Infrastructure Country Diagnostic
ALM	Asset-Liability Management
ALSF	African Legal Support Facility
AMBD	Committee on Administrative Matters Affecting the Boards of Directors
AMCEN	African Ministerial Conference on Environment
AMCOW	African Ministers Council on Water
APPR	African Portfolio Performance Review
APQR	Action Plan for Quality and Results
APR	Action Plan on Results
APRM	African Peer Review Mechanism
ARD	Agriculture and Rural Development
AsDB	Asian Development Bank
ATAF	African Tax Administrators Forum
AU	African Union
AUC	African Union Commission
AUFI	Audit and Finance Committee
AWF	African Water Facility
BCH	Banque Congolaise de l'Habitat
BOAD	Banque Ouest Africaine de Développement
BOS	Business Opportunities Seminar
CAADP	Comprehensive Africa Agriculture Development Program
CABRI	Collaborative Budget Reform Initiative
CAHR	Committee on Administrative Affairs and Human Resource Policy Issues
CAR	Central African Republic
CBFF	Congo Basin Forest Fund
CD	Capacity Development
CEIF	Clean Energy Investment Framework
CEISP	Community Empowerment and Institutional Support Program
CEMAC	Central African Economic and Monetary Community
CGP	Country Governance Profile
CHRM	Human Resources Management Department
COBS	Strategy and Budget Department
CODE	Committee on Operations and Development Effectiveness
COMESA	Common Market for Eastern and Southern Africa
COMPAS	Common Performance Assessment Framework
COO	Chief Operating Officer
COP	Conference of Parties
CoW	Committee of the Whole
CPAR	Country Procurement Assessment Report
CPIA	Country Policy and Institutional Assessment
CPR	Country Portfolio Review
CRMA	Climate Risk Management and Adaptation
CRMU	Compliance Review and Mediation Unit
CSP	Country Strategy Paper
CSVP	Corporate Services Complex
DAM	Delegation of Authority Matrix
DBSA	Development Bank of South Africa
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFI	Development Finance Institution
DfID	Department for International Development (UK)
DP	Data Platform
DRC	Democratic Republic of Congo
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EA	Enterprise Architecture

EAC	East African Community
EAIF	Emerging Africa Infrastructure Fund
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Economic Commission for Africa
ECBD	Ethics Committee of the Boards of Directors
ECCAS	Economic Community of Central African States
ECON	Chief Economist Complex
ECOWAS	Economic Community of West African States
EDSL	Economic Diversification Support Loan
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EL	Executive Level
ELF	Emergency Liquidity Facility
EMS	Environment Management System
EPSA	Enhanced Private Sector Assistance for Africa
ERSP	Economic Reforms Support Program
ESIA	Environmental and Social Impact Assessment
ESW	Economic and Sector Work
EU	European Union
FAO	Food and Agriculture Organization
FAPA	Fund for African Private Sector Assistance
FDI	Foreign Direct Investment
FINESSE	Financing Energy Services for Small-Scale End Users
FMO	The Netherlands Development Finance Corporation
FNVP	Finance Complex
FO	Field Office
FSF	Fragile States Facility
FSS	Fragile States Strategy
FSU	Fragile States Unit
GAP	Strategic Directions and Action Plan for 2008-2012
GBS	General Budget Support
GCC	Governors' Consultative Committee
GCI-VI	Sixth General Capital Increase
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
GS	General Services Staff
GTLP	Global Trade Liquidity Program
HA & MfDR	Harmonization, Alignment, and Managing for Development Results
HE	His Excellency
HEST	Higher Education, Science and Technology
HIPC	Heavily Indebted Poor Countries Initiative
HQ	Headquarters
IBRD	International Bank for Reconstruction and Development
ICF	Investment Climate Facility for Africa
ICT	Information and Communication Technology
IDA	International Development Association
IDB	Inter-American Development Bank
IDC	Industrial Development Corporation of South Africa
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
ILO	International Labor Organization
IMF	International Monetary Fund
INOP	Indicative Non-Operational Program
IOP	Indicative Operational Program
IPPF	Infrastructure Project Preparation Facility
IRM	Independent Review Mechanism
IsDB	Islamic Development Bank
IWRM	Integrated Water Resources Management
JAI	Joint Africa Institute
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KFAED	Kuwait Fund for Arab and Economic Development
KMDS	Knowledge Management and Development Strategy
KOAFEC	Korea–Africa Economic Cooperation
KPIs	Key Performance Indicators
LIBOR	London Interbank Offered Rate
LOC	Line of Credit
LOGS	List of Goods and Services
LOT	Lapse-of-time
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MDI	Multilateral Development Institution
MDRI	Multilateral Debt Relief Initiative
MDWPP	Multi-Donor Water Partnership Program
MfDR	Managing for Development Results
MFW4A	Making Finance Work for Africa
MIC	Middle-Income Country
MICs-TAC	MICs-Technical Assistance Fund
MTS	Medium-Term Strategy
MTLFS	Medium- to Long-Term Strategic Framework Study
N.A.	Not Applicable
NEEDS	National Economic Empowerment Development Strategy

NEITI	Nigerian Extractive Industries Transparency Initiative
NEPAD	New Partnership for Africa's Development
NEPAD-IPPF	NEPAD Infrastructure Project Preparation Facility
NGO	Non-Governmental Organization
NPCA	NEPAD Planning and Coordination Agency
NPV	Net Present Value
NSDS	National Strategies for the Development of Statistics
NTF	Nigeria Trust Fund
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OIVP	Infrastructure, Private Sector and Regional Integration Complex
OPEC	Organization of Petroleum Exporting Countries
OPEV	Operations Evaluation Department
OPIC	Overseas Private Investment Corporation
ORQR	Quality Assurance and Results Department
ORRU	Partnerships and Cooperation Unit
ORVP	Country and Regional Programs and Policy Complex
OSUS	Gender, Climate Change and Sustainable Development Unit
OSVP	Sector Operations Complex
PBA	Performance-Based Allocation
PBD	Program and Budget Document
PBOs	Policy-Based Operations
PBPCG	Policy-Based Partial Credit Guarantee
PCCF	Post-Conflict Countries Facility
PCGF	Partial Credit Guarantee Facility
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PFM	Procurement and Financial Management
PHRDG	Policy and Human Resources Development Grant
PIDA	Program for Infrastructure Development in Africa
PL	Professional Level
PMG	Performance Monitoring Group
PPP	Public–Private Partnership
PRSP	Poverty Reduction Strategy Paper
PRST	President Unit within ADB
RAS	Regional Assistance Strategy
RASP	Regional Assistance Strategy Paper
RBM	Results-Based Management
RB-PRSP	Results-Based Poverty Reduction Strategy Paper
RDB	Regional Development Bank
REC	Regional Economic Community
REDD	Reducing Emissions from Deforestation and Avoiding Degradation
RIS	Regional Integration Strategy
RMC	Regional Member Country
RMF	Results Measurement Framework
RO	Regional Office
RPG	Regional Public Good
RRSF	Reference Regional Strategic Framework for Statistical Development in Africa
RWSSI	Rural Water Supply and Sanitation Initiative
SADC	Southern Africa Development Community
SCO	Staff Council
SDR	Special Drawing Right
SEEDS	State Economic and Empowerment Strategy
SMCC	Senior Management Coordinating Committee
SMEs	Small- and Medium-Size Enterprises
SNIM	Société Nationale Industrielle et Minière de Mauritanie
SRF	Special Relief Fund
SRFIC	Strategic Resource Framework for Institutional Development
SWAps	Sector-Wide Approaches
TAF	Technical Assistance Fund
TCF	Technical Cooperation Fund
TCFRP	Technical Cooperation Fund Reform Policy
TFI	Trade Finance Initiative
TRA	Temporary Relocation Agency
TVET	Technical and Vocational Education and Training
UA	Unit of Account
UEMOA	West African Economic and Monetary Union (also WAEMU)
UGPA	Updated Gender Plan of Action
UMA	Union Maghreb Arab
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United National Framework Convention on Climate Change
URBD	Units Reporting to the Board of Directors
VPC	Value Promotion Champion
VP/COO	Vice President/Chief Operating Officer Unit
WAAC	Weighted Average Additionality and Complementarity
WADO	Weighted Average Development Outcomes
WAEMU	West African Economic and Monetary Union
WB	World Bank

The African Development Bank Group – Fast Facts

Constituent Institutions	The African Development Bank (ADB) The African Development Fund (ADF) The Nigeria Trust Fund (NTF)
Shareholders	53 African countries (regional member countries) 24 non-African countries (non-regional member countries)
Mission	To contribute to the sustainable economic development and social progress of its regional members, individually and jointly
Authorized Capital at December 31, 2009	UA 22.12 billion
Subscribed Capital at December 31, 2009	UA 21.82 billion
Paid-up Capital at December 31, 2009	UA 2.36 billion
Approved Operations, 2009	181 operations totaling UA 8.06 billion, financed as follows: ADB: UA 5.60 billion ADF: UA 2.43 billion NTF: UA 5.7 million Special Funds*: UA 27.8 million
Of which:	
Loans	UA 6.62 billion (64 operations)
Grants	UA 888.0 million (77 operations)
HIPC	UA 372.6 million (7 operations)
Guarantees	UA 11.6 million (2 operations)
Equity Participation	UA 142.5 million (13 operations)
Loan Reallocation	UA 4.5 million (1 operation)
Special Funds*	UA 27.8 million (17 operations)
Sector Approvals, 2009	**Infrastructure:** UA 3.91 billion (52.1 percent of total loans and grants) **Multisector:** UA 2.19 billion (29.1 percent) **Finance:** UA 808.4 million (10.8 percent) **Social:** UA 228.6 million (3.0 percent) **Agriculture and Rural Development:** UA 218.0 million (2.9 percent) **Industry and Mining:** UA 111.7 million (1.5 percent) **Environment:** UA 44.0 million (0.6 percent) **Urban Development:** UA 0.6 million (0.01 percent)
Total Cumulative Loan and Grant Approvals, 1967-2009	3,417 loans and grants totaling UA 52.26 billion

* *Special Funds: These are the approvals for the operations of the African Water Facility and the Rural Water Supply and Sanitation Initiative.*

The African Development Bank Group

Comprises
The African Development Bank
The African Development Fund
The Nigeria Trust Fund

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by: (i) mobilizing and allocating resources for investment in RMCs; and (ii) providing policy advice and technical assistance to support development efforts.

The African Development Bank

The ADB is a multilateral development bank whose shareholders comprise 53 African countries (regional member countries – RMCs) and 24 non-African countries (non-Regional Member Countries – non-RMCs). It was established in 1964 and officially began operations in 1967. The Bank's headquarters is in Abidjan, Côte d'Ivoire. However, as a result of political instability in the country, the ADB Board of Governors in 2003 decided to move the Bank to the current Temporary Relocation Agency (TRA) in Tunis, Tunisia.

The Bank Group's primary objective is to contribute to the sustainable economic development and social progress of its regional members, individually and jointly. This objective is met by financing a broad range of development projects and programs through: (i) public sector loans (including policy-based loans), private sector loans, and equity investments; (ii) providing technical assistance for institutional support projects and programs; (iii) public and private capital investment; (iv) assistance in coordinating RMC development policies and plans; and (v) emergency assistance grant not exceeding US$ 1.0 million per operation, up to a maximum of two operations per country in any one year. The Bank prioritizes are national and multinational projects and programs that promote regional economic cooperation and integration.

The Agreement Establishing the African Development Bank (the Agreement) designates the Board of Governors as the Institution's highest policy-making organ. The Board of Governors is made up of one representative from each member country and it issues general directives on the Bank's operations, approves amendments to the Agreement, oversees the admission of new members and any increases of the Bank's capital. The Board of Governors of ADB meets at least once a year. The ADB Board of Governors elects an 18-member Board of Directors to which it delegates its powers, with the exception of those expressly reserved to it in the Agreement. Twelve Directors are elected from RMCs and 6 from non-RMCs for a 3-year term which is renewable for one term. The Board of Directors oversees all Bank operations.

The Board of Governors elects the President of the Bank Group for a 5-year term, renewable for one term. The President, who must originate from an RMC, chairs the Board of Directors, appoints Vice-Presidents – in consultation with the Boards – and manages the Bank's daily operations.

The ADB provides loans to its clients on non-concessional terms. In 1997, it introduced 3 new loan products to meet the needs of its clients, namely: a single-currency variable-rate loan, a single-currency floating-rate loan and a single-currency fixed rate loan. The interest rate for the single-currency variable-rate loan is based on the quarter's average cost of all outstanding Bank borrowings specifically allocated to fund these loans. The interest rate for the floating-rate loan is based on the 6 month LIBOR in the basket of currencies offered by the Bank. The rate for fixed-rate loans is based on the Bank's cost of borrowing to fund them. The repayment terms for Bank loans are as follows:

- A repayment period of up to 20 years, including a grace period not exceeding 5 years for public sector loans;
- A repayment period of up to 14 years, including a grace period not exceeding 4 years for publicly guaranteed Lines of Credit (LOCs); and
- A repayment period of 5 to 20 years, including a grace period of 1 to 3 years for private sector loans.

The African Development Fund

The ADF, which comprises the ADB and State Participants, was created in 1973 and became operational in 1974. Its main objective is to reduce poverty in RMCs by providing low-income RMCs with concessional loans and grants for projects and programs and support through technical assistance for studies and capacity-building activities.

The Agreement Establishing the African Development Fund (ADF) designates the Board of Governors as the Fund's highest policy-making organ. The Board of Governors meets at least once a year. The ADF Board of Directors, which oversees the general operations of the Fund, includes 6 Executive Directors from non-RMCs – nominated by their constituencies and 6 Executive Directors representing the ADB.

The Fund's resources come from contributions and periodic replenishments by participants, usually on a 3-year basis. For ADF-XI (2008-2010), Deputies agreed to a replenishment of UA 5.63 billion, which represents a 52 percent increase over the ADF-X level. The replenishment level includes UA 3.57 billion of donor contributions and UA 2.06 billion of advance commitment capacity.

No interest is charged on ADF loans. The loans, however, carry a service charge of 0.75 percent per annum on outstanding balances, and a commitment fee of 0.50 percent per annum on undisbursed commitments. Project loans span a 50-year repayment period including a 10-year grace period. Lines of Credit (LOCs) have a 20-year repayment period which comes with a 5-year grace period. The Fund also provides grants to RMCs which do not carry any interest charges.

The Nigeria Trust Fund

The NTF is a special ADB fund created in 1976 by agreement between the Bank Group and the Government of the Federal Republic of Nigeria. Its objective is to assist the development efforts of low-income RMCs whose economic and social conditions necessitate concessional financing. The NTF became operational in April 1976 following the approval of the Agreement Establishing the Nigeria Trust Fund by the Board of Governors. Its initial capital of US$ 80.0 million was replenished in 1981 with US$ 71.0 million.

Under the terms of the Agreement Establishing the NTF, the operations of the Fund were envisaged to come to an end 30 years after the Agreement came into force. At the conclusion of this 30-year period on April 25, 2006, the Bank and the Nigerian authorities agreed to two 1-year extensions of the Agreement. During that period, in November 2006, an independent evaluation of the activities of the Fund was commissioned and the exercise was completed in July 2007. On the basis of positive findings and recommendations from the evaluation and resulting from meetings held between the Bank and the Nigerian authorities in November 2007, the Nigerian authorities agreed to extend the life of the NTF for a further 10 years.

Following the approval of the NTF extension by the Board of Governors of the Bank on May 15, 2008, and the subsequent approval of the NTF Operational Guidelines in December 2008 by the Board of Directors, the NTF lending program recommenced in 2009.

The African Development Bank Group

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PRESIDENT April 5, 2010

The Chairman
Boards of Governors
African Development Bank
African Development Fund

Dear Mr. Chairman:

In accordance with Article 32 of the Agreement Establishing the African Development Bank and Articles 8, 11 and 12 of the General Regulations made thereunder, and pursuant to Article 26 of the Agreement Establishing the African Development Fund and Articles 8, 11 and 12 of the General Regulations made thereunder, I have the honor, on behalf of the Boards of Directors of the Bank and of the Fund, to submit the audited financial statements of the two institutions for the financial year ended December 31, 2009, and the administrative budgets for the period commencing January 1, 2010 and ending December 31, 2010.

The joint report also contains a review of developments in the African economy and in the operational activities of the Bank Group during 2009.

Please accept, Mr. Chairman, the assurances of my highest consideration.

Donald Kaberuka
President
of the
African Development Bank Group
and
Chairman of the
Boards of Directors

The President and the Executive Directors

The Boards of Directors

at December 31, 2009

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Message from the President of the African Development Bank Group and Chairman of the Boards of Directors

Donald Kaberuka
President of the African Development Bank Group

I am pleased to submit this Annual Report 2009, which provides an overview of the performance of the Bank during 2009, a year of unique challenges for the institution, its member countries, and the African economy at large. This was a year that will go down in the recent history of the Bank as one that challenged our innovative ability, our methods of work, and our resource base.

The toughest hurdle to overcome was determining how to craft and deliver an effective response to the global financial crisis, without appropriate and adequate instruments, while avoiding strategic drift. In spite of these handicaps, the Bank was able to effectively respond to the surging needs of its regional member countries with flexibility, innovation, and speed.

Our capacity to respond quickly and effectively was made possible by our strong finances and reinforced internal capacity. We were able to efficiently manage the increasing volume of operations, while sustaining our financial soundness. Nonsovereign operations have continued to grow in volume and quality. We are boosting our risk management capability at all levels of the institution. All the windows of the Bank reported positive earnings in 2009 and the Bank continues to enjoy the highest ratings from all the major rating agencies, thanks to shareholder support, together with the Bank's strong record in financial and risk management policies and practices. This robust position has stood us in good stead, as exemplified by the fact that despite the turbulence in the financial markets, the Bank has continued to raise funds in the capital markets at competitive and attractive rates. This is testimony to the credibility of our institution.

Needless to say, the growth in demand for our resources in the last two years has placed pressure on the Bank and will limit our lending ability going forward. In this regard, I welcome the ongoing discussions with our shareholders for a Sixth General Capital Increase for the Bank; to provide us the wherewithal to effectively support the development efforts of our countries. In the same vein, we are now in the middle of consultations with ADF State Participants for the 12th Replenishment of the African Development Fund, on which the majority of our regional member countries depend. We hope to conclude both these consultations in 2010. I would like to place on record Management's appreciation for the supportive and positive spirit, and the confidence in the Bank and in Africa, which have characterized these discussions.

Through its response to the crisis, the Bank has demonstrated that it is a partner of choice for all Africa's economies, large and small. This heightened confidence in the Bank and its expanding franchise indicates that it is now time to raise the bar.

As we enter the year 2010, the future for African economies is still somewhat uncertain but is less threatening. Much of Africa has avoided a deep recession and economies are rebounding. The Bank is ready to assist our member countries to resume the economic momentum built up over this past decade. The lessons and experience we gathered during the food and financial crises will help us to prepare for the future. We are updating, fine-tuning, and readjusting our Medium Term Strategy accordingly.

This is the opportunity to express my appreciation to our shareholders for their unflinching support; to our Boards of Directors and Management for skillfully steering the Bank throughout the year in the face of serious challenges; to our staff for their devotion and dedication to duty; and to our partners for their collaboration in our collective endeavor. I commend this Report.

Donald Kaberuka
President of the African Development Bank Group and Chairman of the Boards of Directors

Executive Summary

Bank Group operations at end-December 2009 stood at UA 8.06 billion, which is more than double the level of UA 3.53 billion achieved in 2008. This is mainly the result of the Bank's swift and effective response to the global financial and economic crisis, which was addressed by providing short-term trade and liquidity facilities to meet the emerging demand for resources from its regional member countries (RMCs). During the year, the Bank continued to pursue its mandate by implementing its Medium-Term Strategy (2008-2012), with its emphasis on the selectivity of operations, targeted at the sectoral level on infrastructure, the private sector, governance, higher education, science and technology. The focus on these priority areas will enable the Bank to better contribute to the broader development objectives of agriculture and food security, human development, regional integration, and support to fragile states and middle-income countries. The Bank has also stepped up the mainstreaming of the cross-cutting issues of gender, environment, and climate change. During the year, the Bank Group continued to pursue its institutional reforms to strengthen its internal capacity and business processes to maximize the development effectiveness of its operations. In addition, the commitments and priorities agreed for the ADF-XI and the progress achieved at mid-term were endorsed by the cooperating partners, thereby launching the process for the Twelfth Replenishment of the African Development Fund (ADF-XII). At the same time, in order to strengthen its balance sheet and to maintain its triple A rating, the Bank initiated the process to mobilize additional capital resources under the Sixth General Capital Increase (GCI-VI).

Macroeconomic Situation and Outlook

The depth of the global financial crisis that started in late 2008 negatively impacted the African economy differentially across subregions and countries. Overall, Africa's growth in 2009 was estimated at 2.5 percent, which is less than half the pre-crisis rate, resulting in a decline in real GDP per capita for the first time in a decade. Africa lost between 30 to 50 percent of its 2008 export revenues during the year. Despite some relief on import bills due to falling food and oil prices, the overall trade balance deteriorated sharply. The continent shifted from a current account surplus of 3.8 percent of GDP in 2008 to a deficit of 2.9 percent in 2009. The decline in export revenues, and in a few instances in the levels of aid and remittances, exerted a downward pressure on exchange rates. Similarly, the fiscal balance deteriorated; from a surplus of 2.2 percent to a deficit of 4.4 percent of GDP from 2008 to 2009. The debt service as a percentage of exports also deteriorated, from 5.2 percent in 2008 to 7.5 percent in 2009.

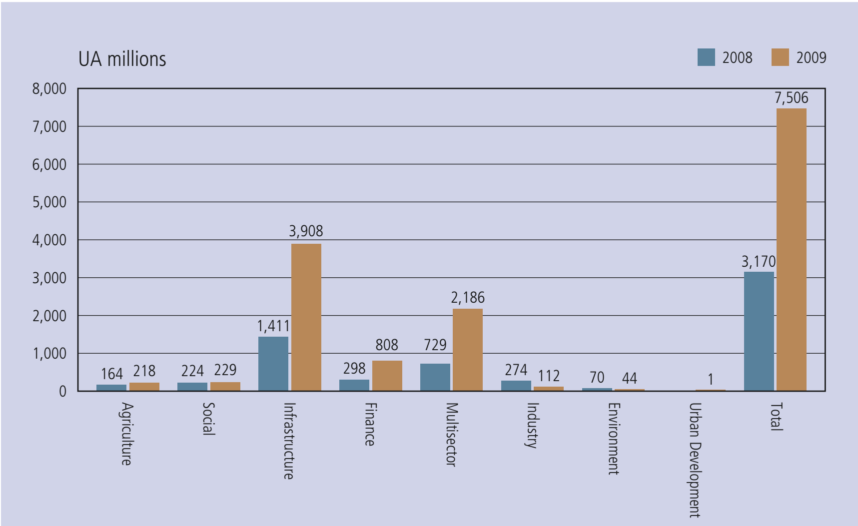
The worst-affected countries proved to be the emerging Regional Member Countries (RMCs), including frontier markets such as South Africa and the Seychelles, and resource-rich countries such as Angola and Botswana. In contrast, resource-poor and landlocked countries such as those in East and West Africa have weathered the global downturn better.

Although the global economic and financial crisis resulted in a pronounced decline in GDP growth in 2009, the outlook for Africa in 2010 has improved substantially. With the anticipated global recovery and sound domestic policy responses, Africa's GDP growth is projected to reach 4.5 percent in 2010, and 5.2 percent in 2011, although this is still below the growth rate of the pre-crisis years. The Bank's continued support to African countries is essential to overcome the crisis and bring the economies back to high-growth paths. For example, the Bank adopted a flexible approach of frontloading resources and restructuring projects to deliver support where it was most needed in response to the crisis. The Bank established an Emergency Liquidity Facility (ELF) of US$ 1.5 billion (UA 0.96 billion) and the Trade Finance Initiative (TFI) of US$ 1.0 billion (UA 0.64 billion) in March 2009, to meet the increased demand for resources from its RMCs. In addition, the Boards of Directors approved the US$ 0.5 billion (UA 0.32 billion) Global Trade Liquidity Program (GTLP) with other cooperating partners to channel dedicated Lines of Credit (LOCs) or trade finance to those African local banks with regional coverage. Notwithstanding these contributions, the increasing demand for financing from RMCs has demonstrated the inadequacy of the Bank's current resources envelope. In response, in 2009 the Bank began to take measures for an early General Capital Increase (GCI-VI) to help meet future demand from its RMCs. Furthermore, the Mid-Term Review of the ADF-XI paved the way for launching discussions on the ADF-XII replenishment.

Bank Group Operational Activities

While addressing the short-term challenges to its operations posed by the global financial crisis, the Bank continued in 2009 to be guided by its overarching mission of poverty reduction and sustainable economic growth in its RMCs. In this respect, the Bank continued to implement its Medium-Term Strategy (MTS) 2008-2012, selectively directing its operational focus to the core sectors of infrastructure, governance, private sector operations, and higher education, science and technology. This approach enabled the Bank to respond more effectively to the RMCs' broader development objectives in the areas of regional integration, human development, agricultural development and food security, and to meet the special needs of fragile states and middle-income countries (MICs). During the year, the Bank scaled up its efforts to mainstream the key cross-cutting themes of gender, environment, and climate change into all its operations. The Bank also tapped into its wealth of knowledge, accumulated from research and analysis, Economic Sector Work (ESW), and best practice based on its operational experience, to facilitate many of these responses. In all its efforts, the Bank remained committed to strengthening development effectiveness, ensuring visible results in RMCs, and to more systematic reporting on its contributions.

Figure 0.1: Bank Group Loan and Grant Approvals by Sector, 2008–2009



Bank Group total loan, grant, and other approvals in 2009 amounted to UA 8.06 billion, compared with UA 3.53 billion in 2008, representing more than a twofold increase. Of the total approvals for 2009, UA 7.51 billion was in the form of loans and grants, while UA 558.8 million went to debt relief, private sector equity participation, guarantees, loan reallocation, and special funds allocations. The two largest approvals for the year were the loans for the Medupi Power Project in South Africa (UA 1.73 billion) and the Economic Diversification Budget Support Loan to Botswana (UA 969.0 million).

In 2009 the distribution of Bank Group approvals across its 3 windows shows that the non-concessionary ADB window accounted for UA 5.60 billion (69.5 percent) of total Bank Group approvals for 84 operations. The concessionary ADF window accounted for UA 2.43 billion (30.1 percent) of all approvals for 77 operations, and the Nigeria Trust Fund (NTF) accounted for UA 5.7 million (0.1 percent) for 3 operations (1 project loan and 2 approvals for HIPC debt relief). Special funds accounted for UA 27.8 million (0.3 percent) of total approvals.

The sectoral distribution of loan and grant approvals for Bank Group operations continued to reflect the priorities of its Medium-Term Strategy (2008-2012). The two sectors that benefited the most were infrastructure with an allocation of UA 3.91 billion (52.1 percent), and multisector with UA 2.19 billion (29.1 percent) (see Figure 0.1). These two sectors accounted for 81.2 percent of total loans and grants. The third largest beneficiary sector was finance, with an allocation of UA 808.4 million (10.8 percent), mostly in the form of Lines of Credit (LOCs) to mitigate the adverse effects of the global financial crisis on RMCs' financial sectors.

The approval of UA 3.91 billion for infrastructure in 2009, compared to UA 1.41 billion in 2008, represents an increase of 177.3 percent. Of the infrastructure subsectors, power supply received the largest allocation (57.2 percent), followed by transportation (33.1 percent), water supply and sanitation (7.6 percent), and communications (2.2 percent). Targeting infrastructure demonstrates the Bank's selectivity toward high-impact projects that will improve the investment climate for private sector development, enhance competitiveness and productivity, increase employment, and support sustainable economic growth.

In 2009 Bank Group loan and grant approvals for the 5 subregions (including multinationals) amounted to UA 7.51 billion, compared to UA 3.17 billion in 2008 – an increase of 136.9 percent. These were allocated as follows: Southern Africa, UA 3.40 billion (45.2 percent); West Africa, UA 1.24 billion (16.6 percent); North Africa, UA 1.05 billion (14.0 percent); East Africa, UA 515.6 million (6.9 percent); Central Africa, UA 274.9 million (3.7 percent); and multinationals, UA 1.03 billion (13.7 percent) (see Annex II-7).

African Development Bank (ADB)

In 2009 total approvals from the nonconcessional ADB window amounted to UA 5.60 billion for 84 operations, compared to UA 1.81 billon in 2008 for 58 operations, representing an increase of 209.4 percent. This large increase was mainly due to an upsurge in both project-lending and policy-based loans. Project-lending, comprising public and publicly guaranteed loans, and private sector approvals (including private equity and private guarantees), increased by 155.8 percent, from UA 1.54 billion in 2008 to UA 3.94 billion in 2009. Policy-based lending also rose to UA 1.52 billion in 2009, from UA 136.4 million in 2008. This dramatic rise was mainly the result of the 2 budget support loans: to Botswana (UA 969.0 million) and Mauritius (UA 437.3 million).

The other financing instruments include grants, which rose to the level of UA 25.1 million in 2009, from UA 13.6 million in 2008 (84.6 percent increase); the allocation for HIPC debt relief, which declined marginally from UA 113.8 million in 2008 to UA 112.8 million in 2009; and public guarantees amounting to UA 6.2 million. The share of the various financing instruments in the ADB total approvals in the year were as follows: project lending: 70.3 percent; policy-based lending: 27.2 percent; HIPC debt relief: 2.0 percent; and grants: 0.4 percent.

In 2009 private sector operations totaled UA 1.16 billion compared to UA 901.2 million in 2008, an increase of 28.7 percent. The financial instruments consisted of project loans and LOCs amounting to UA 1.01 billion; private equity, UA 142.5 million; and private guarantees of UA 5.3 million. The private sector approvals in 2009 represent 20.5 percent of ADB approvals and 14.3 percent of Bank Group total approvals. While the project loans in general aimed to accelerate economic growth and reduce poverty, the LOCs sought to deepen domestic financial markets by supporting access to finance for small and medium-size enterprises (SMEs). In addition, private sector operations in many sizeable multinational projects and programs were intended to enhance economic cooperation and regional integration among RMCs. The three notable multinational operations approved during the year were: the Global Trade Liquidity Program (GTLP) (UA 322.1 million), the Main One Cable System-Phase I Project (UA 44.1 million), and the Emerging Africa Infrastructure Fund (UA 33.2 million).

Disbursements on ADB loans during the year totaled UA 2.35 billion, a 223 percent increase over the UA 727.5 million disbursed in 2008. Cumulative disbursements (including non-sovereign loans) amounted to UA 20.03 billion. As at end-December 2009, 785 loans amounting to UA 17.55 billion were fully disbursed, representing 87.6 percent of cumulative disbursements.

African Development Fund (ADF)

In 2009 approvals from the concessionary ADF window (comprising loans, grants, project preparation facility, debt and debt service reduction, and loan reallocations) rose to UA 2.43 billion, from UA 1.67 billion in 2008 – an increase of 45.5 percent. ADF loan and grant approvals increased from UA 1.65 billion in 2008 to UA 2.16 billion in 2009, constituting a rise of 30.9 percent over the previous year. The main beneficiary sectors in 2009 were infrastructure, at UA 1.38 billion (63.8 percent) and multisector at UA 530.5 million (24.5 percent). This is aligned to the Bank's operational priority sectors, which include infrastructure and governance, as high-impact areas of intervention.

With respect to financing instruments, ADF project lending in 2009 increased 39.6 percent over the previous year. On the other hand, policy-based lending (financing sector activities and budget support) declined from UA 413.0 million in 2008 to UA 349.2 million in 2009. Overall, approvals for project and policy-based lending by the Fund rose by 19.3 percent from UA 1.09 billion in 2008 to UA 1.30 billion in 2009.

At the end of 2009, ADF disbursements of loans and grants amounted to UA 1.73 billion, compared to UA 1.13 billion in 2008 – an increase of 53.1 percent. Cumulative disbursements at end-December 2009 amounted to UA 13.61 billion. A total of 1,583 loans and grants were fully disbursed, totaling UA 10.67 billion and representing 78.4 percent of cumulative disbursements.

The Nigeria Trust Fund (NTF)

In 2009 one loan amounting to UA 5.0 million was approved for The Gambia under this window. In addition, UA 0.7 million for debt relief under the HIPC initiative was approved for Burundi and Togo.

Disbursements from the NTF window decreased from UA 8.45 million in 2008 to UA 4.87 million in 2009, a decline of 42.4 percent. This was due to the absence of loan approvals during 2007 and 2008 from the window. As at end-December 2009, cumulative disbursements amounted to UA 221.69 million. Altogether, 60 loans amounting to UA 204.30 million were fully disbursed, representing 92.15 percent of cumulative disbursements.

Institutional Reforms and Development Effectiveness

The implementation of institutional reforms in 2009 has: (i) strengthened the linkage between institutional priorities and resource allocation; (ii) enhanced institutional budget flexibility through increased fungibility and devolved authority; (iii) reinforced the new accountability and performance framework by linking deliverables to Key Performance Indicators (KPIs); and (iv) introduced a consolidated, multi-year programming and budgeting framework. The institutional reforms include the following: enhanced corporate services delivery, budget reforms, increased decentralization and improved operations business processes, which are discussed individually below.

Corporate Performance Monitoring: In 2009 in accordance with the 2008-2012 Medium-Term Strategy (MTS), the Bank established and filled the position of Chief Operating Officer (COO). The role of the COO is multifaceted, including: ensuring overall coherence and coordination across Complexes; the alignment of resources in conformity with strategic priorities; and enhanced monitoring and management of corporate performance. The Bank also strengthened the role of the Senior Management Coordinating Committee (SMCC) and the Operations Committee (OpsCom).

Budget Reforms: The Bank has given Managers more flexibility in the use of their budgets in order to maximize cost-effectiveness. It has also allowed them discretion to change the mix of inputs as they consider appropriate, instead of having to justify their decisions and seek approval from Senior Management. Performance and efficiency indicators have been developed at institutional and Complex levels, and performance monitoring now represents the central tool for enforcing accountability. The Key Performance Indicators (KPIs) were used to monitor institutional effectiveness in 2009 by comparing targets to results.

Decentralization: In order to strengthen the Bank's presence in the RMCs, 26 Field Offices (FOs), including a Regional Office (RO) in South Africa, were established by year-end 2009. However, only 23 of these FOs were fully staffed and functioning by this date. The other 3 are now operational but not fully functioning. Following the implementation strategy proposed by a Presidential Working Group in 2008, the Bank established a Task Force to formulate a decentralization road map. The recommendations of this Task Force will be presented to the Boards of Directors in 2010.

Operations Business Processes: The outcomes of the Operations Business Processes Reforms include enhanced cross-Complex coordination, empowered country teams, and streamlined processes for greater strategic alignment and delivery. In 2009 a comprehensive revision of the Delegation of Authority Matrix was carried out. Within this framework, Field Officers now have delegated authority to handle loan negotiations, signature, loan administration, portfolio management, project supervision, and dialogue and communication with RMCs and partners.

Knowledge Management and Development

In 2009, the Bank enhanced its visibility and mainstreamed intellectual capacity into its operations within the framework of the Knowledge Management and Development (KMD) Strategy (2008-2012). During the year, the Bank continued to play an active role in the Committee of Ten Ministers of Finance and Central Bank Governors (the C-10), which had been set up to monitor the impact of the global financial crisis and to coordinate Africa's response at various levels. The principles of selectivity, relevance, value added, partnership, and cost effectiveness continued to guide the Bank's knowledge activities. The operational experience in the Bank also contributed to knowledge generation through closer interaction across all departments and units, and through lessons learned from Economic and Sector Work (ESW) and Project Completion Reports (PCRs).

Capacity Development and Training: The final draft of the Capacity Development Strategy was discussed in December 2009 at the CODE meeting, pending approval by the Boards in January 2010. In 2009, the Bank organized a series of workshops in order to enhance development impact in Bank-funded projects. These included 16 Development Management Training Workshops for 745 RMC policymakers in different key areas, namely: Public Financial Management, Good Governance, Trade Negotiation and Regulation, Performance-Based Allocation, Public–Private Partnerships, and the Global Financial Crisis.

Eminent Speakers: Four renowned personalities were invited under the Eminent Speakers' Program to share their knowledge and experiences on the development challenges facing the continent. Professor Ha-Joon Chang of Cambridge University spoke on the "Economic History of the Developed Worlds: Lessons for Africa"; Professor Jacques Attali, President of PlaNet Finance, made a presentation on "Financial Crisis and the Role of Microfinance"; Dr. Sadako Ogata, President of the Japan International Cooperation Agency (JICA), spoke on "Peace and Development in Africa: Upholding the Conditions"; and the fourth speaker, Nobel Laureate, Professor Wangari Maathai, made a presentation on "Natural Resource Management and Poverty Reduction: Strengthening the Links."

Statistical Support Activities: The Bank's statistical support to RMCs in 2009 focused on the following areas: (i) improving operational effectiveness and financial services; (ii) strengthening statistical capacity and systems in RMCs; and (iii) enhancing the development, management, and dissemination of development statistics on Africa through statistical publications and the online data access portal. The statistical support to RMCs is guided by the Bank's commitment to the Results Agenda for Operational Effectiveness.

Support to Middle-Income Countries

Bank Group's approved operations for middle-income countries (MICs) in 2009 (excluding multinational projects/programs) rose to an unprecedented level of UA 4.35 billion. This was in response to the financial crisis and high demand for Bank Group resources. This represents a 291.9 percent increase, compared to UA 1.11 billion approved for operations in MICs in 2008. In light of their relative integration into global financial markets, their close trade links with the rest of the world, as well as the tight funding conditions, MICs in Africa – as in other continents – were hard-hit by the global financial crisis. Consequently, the MICs turned to the Bank as their preferred partner to financing some of their investments.

In terms of its sectoral focus for MICs, infrastructure remained the top priority with a 54.2 percent share, followed by multisector at 37.2 percent. This is consistent with the Bank's Medium-Term Strategy (2008-2012). The geographical distribution of the MICs' financing program in 2009 recorded a major shift. Departing from the pattern of the previous 6 years, Sub-Saharan Africa (SSA) received the largest proportion of approvals in terms of value (78.2 percent) compared with North Africa (21.8

percent). This shift can be explained by 2 large loans approved for South Africa (UA 1.73 billion for the Medupi Power Project) and Botswana (UA 969.0 million for the Economic Diversification Support Loan). In terms of financing instruments, project lending was the major financing vehicle in 2009, accounting for 65.3 percent of total approvals for MIC operations, while policy-based lending represented 34.1 percent.

Support to Fragile States

In 2009, the economic performance of the African fragile states was also negatively affected by the global financial crisis. Falling export earnings and declining capital inflows caused serious deterioration in the balance of payments and fiscal difficulties for many countries. The accompanying exchange rate volatilities and job losses also resulted in the decline of per capita income by more than 50 percent of forecasts in some countries.

The global financial and economic crisis undermined gains from economic reforms and advances made in the fight against poverty in most fragile states. In response to the crisis, the Bank approved UA 364.8 million from the Fragile States Facility (FSF) to finance 12 operations in 7 countries, namely Central African Republic, Comoros, Côte d'Ivoire, Guinea-Bissau, Liberia, Sierra Leone, and Togo.

The 2010 Administrative Expenses and Capital Expenditure Budgets

In December 2009, the ADB Board of Directors approved an Administrative Expenses and Capital Expenditure Budget for 2010 comprised as follows: Administrative Expenses of UA 264.0 million, a Capital Expenditure of UA 28.8 million, and a contingency budget of UA 2.6 million. The ADF Board of Directors approved an indicative Administrative Budget of UA 187.9 million for the Fund for the financial year ending December 31, 2010.

Net Income Allocation

The 2009 financial statements of the Bank Group highlight the robustness of the Bank's financial position, manifested in the combined net income before transfers approved by the Boards of Governors of UA 239.05 million and an allocable income of UA 246.64 million.

Credit Ratings

The ratings agencies Standard & Poor's, Moody's, Fitch Ratings and the Japan Credit Rating Agency reaffirmed their AAA and AA+ rating of the African Development Bank's senior and subordinated debt, respectively, with a stable outlook. Their rating reflects the Bank's strong membership support, its preferred creditor status, sound capital adequacy, and prudent financial management guidelines and policies.

Borrowings

The 2009 funding program in capital markets was initially approved for a maximum amount of UA 2.50 billion. In July 2009, the Board approved an increase of the amount to be funded in the capital market by UA 3.90 billion, to a maximum of UA 6.40 billion, in response to the rapid increase in the Bank's operations.

The Bank used various markets and instruments to meet its borrowing requirements in 2009, which were guided by the pace of disbursements. Overall the Bank raised UA 5.14 billion in 2009 and as at December 31, 2009, the outstanding borrowing portfolio of the Bank stood at UA 10.58 billion.

Non-Voting Callable Capital Increase

During the year ending December 31, 2009, the Board of Directors endorsed a proposal made by Canada and the Republic of Korea offering to subscribe temporarily to additional non-voting callable capital of the Bank for the amounts of US$ 2.6 billion and US$ 306.0 million respectively. On December 24, 2009 the Board of Directors submitted the proposal to the Board of Governors for consideration.

Table 0.1: Summary of Bank Group Operations, Resources and Finance, 2000-2009
(UA millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Cumulative Total[a]
OPERATIONS											
Bank Group Approvals[b]											
Number	144	134	118	145	124	102	137	100	133	**181**	**3,662**
Amount	1,984.02	2,372.27	2,038.95	1,766.31	2,786.70	2,293.63	2,596.88	3,097.64	3,528.73	**8,064.49**	**58,128.97**
of which HIPC	648.13	611.22	451.52	1.85	1,009.13	508.68	257.49	153.17	159.87	**372.56**	**4,287.21**
Disbursements	707.98	860.47	1,048.14	1,022.83	1,315.54	1,289.81	1,239.03	1,615.68	1,860.91	**4,083.59**	**33,059.81**
ADB Approvals[b]											
Number	38	26	31	28	23	34	38	29	58	**84**	**1,200**
Amount	843.24	986.66	1,068.06	745.84	1,519.54	868.73	1,045.37	1,670.06	1,807.01	**5,604.07**	**33,426.95**
of which HIPC	173.91	174.93	187.98		707.77	75.99	102.21	-	113.75	**112.77**	**1,691.82**
Disbursements	420.58	488.33	499.77	652.32	630.23	595.35	548.44	884.75	727.53	**2,352.29**	**19,201.74**
ADF Approvals[b]											
Number	103	107	84	112	99	65	84	54	62	**77**	**2,322**
Amount	1,130.10	1,380.51	960.74	997.96	1,257.91	1,421.71	1,544.57	1,381.75	1,665.34	**2,426.96**	**24,251.48**
of which HIPC	474.22	436.29	263.34	1.85	301.37	429.49	155.28	153.17	17.95	**259.09**	**2,563.14**
Disbursements	281.05	369.14	545.02	368.07	680.50	691.06	685.16	725.00	1,124.92	**1,726.43**	**13,636.02**
NTF Approvals											
Number	3	1	3	5	2	3	-	-	2	**3**	**80**
Amount	10.68	5.10	10.14	22.51	9.25	3.19	-	-	28.16	**5.70**	**341.80**
of which HIPC	-	-	0.26	-	-	3.19	-	-	28.16	**0.70**	**32.25**
Disbursements	6.35	2.99	3.35	2.44	4.81	3.39	5.43	5.94	8.45	**4.87**	**222.05**
Special Funds Approvals[c]											
Number	-	-	-	-	-	-	15	17	11	**17**	**60**
Amount	-	-	-	-	-	-	6.94	45.83	28.21	**27.76**	**108.74**
RESOURCES AND FINANCE (at year's end)											
ADB											
Authorized Capital	21,870.00	21,889.34	21,870.00	21,870.00	21,870.00	21,870.00	21,870.00	21,870.00	21,870.00	**22,120.00**	
Subscribed Capital[d]	20,547.91	21,510.01	21,509.88	21,563.71	21,597.90	21,717.67	21,794.00	21,693.16	21,765.14	**21,817.58**	
Paid-up Portion[d]	*2,016.83*	*2,097.66*	*2,134.36*	*2,180.94*	*2,223.26*	*2,269.06*	*2,357.78*	*2,351.53*	*2,356.01*	***2,359.32***	
Callable Portion	*18,531.08*	*19,412.35*	*19,375.52*	*19,382.77*	*19,374.63*	*19,367.00*	*19,436.76*	*19,341.63*	*19,409.14*	***19,458.25***	
Borrowing (gross)	5,538.01	5,397.94	4,617.29	6,058.95	6,057.52	6,560.11	6,088.75	6,803.17	7,160.81	**10,703.22**	
Outstanding Debt[e]	5,384.06	5,215.89	4,455.04	5,778.39	5,638.89	5,940.40	5,870.47	6,198.87	6,707.28	**10,580.64**	
Cumulative Exchange											
Adjustment on											
Subscriptions[f]	(126.84)	(129.73)	(141.99)	(145.33)	(147.20)	(151.76)	(155.74)	(160.08)	(161.03)	**(161.97)**	
Reserves[g]	1,534.55	1,716.90	1,464.63	1,507.50	1,486.44	2,266.39	2,305.48	2,531.80	2,475.47	**2,552.96**	
Cumulative Currency											
Translation Adjustment	(420.77)	(449.53)	(454.84)	(451.71)	(467.97)	-	-	-	-	**-**	
Gross Income	527.69	569.64	488.83	425.22	446.67	479.61	542.85	585.31	564.45	**518.88**	
Net Income[h]	116.79	125.46	188.85	178.33	143.53	221.32	194.03	323.67	304.66	**231.16**	
ADF											
Subscriptions[i]	10,236.35	10,924.42	11,421.12	11,989.14	12,654.44	13,261.76	14,314.51	15,218.76	16,566.02	**17,854.02**	
Other Resources[j]	(649.02)	(776.68)	(617.48)	(540.57)	(571.34)	(476.02)	(776.38)	(703.50)	(656.59)	**(493.44)**	
NTF											
Resources (gross)[g]	395.19	425.42	399.78	375.46	366.93	409.08	286.12	273.47	286.78	**156.73**	

Sources:
ADB Statistics Department for data on operations; ADB Financial Control Department for data on Resources and Finance.

Notes :
a The cumulative figures go back to the initial operations of the three institutions (1967 for ADB, 1974 for ADF and 1976 for NTF).
b Approvals include loans and grants, private and public equity investments, emergency operations, HIPC debt relief, loan reallocations and guarantee, Post Conflict Country Facility.
c These are approvals on the operations of the African Water Fund and Rural Water Supply and Sanitation Initiative.
d Subscribed capital and paid up capital for 2005 were restated to exclude shares to be issued upon payment of future installments.
e Outstanding debt for 2004 was restated for fair value option.
f CEAS were restated in 2001 for prior years to adjust for translation gains and losses on subscriptions.
g Reserves for 2004 were restated following the application of the IFRS.
h For the years 2001 to 2003 net income excluded net gains/losses on non trading derivatives (IAS 39 adjustments). Also for the years from 2005, net income excluded income distributions approved by Board of Governors.
i Subscriptions = Restated for years 1997-2005 to be amounts paid instead of amounts pledged.
j Other Resources = Accumulated Reserves/Loss + Net Income/Loss for the year + Miscellaneous.

The conversion rates are those for 31 December of each year.
The conversion rates of the ADB, ADF and NTF Unit of Account (UA) to US Dollar for various years are as follows:

2000	*1 UA = 1.25562 US dollars*	*2005*	*1 UA = 1.42927 US dollars*
2001	*1 UA = 1.25562 US dollars*	*2006*	*1 UA = 1.50440 US dollars*
2002	*1 UA = 1.35952 US dollars*	*2007*	*1 UA = 1.58025 US dollars*
2003	*1 UA = 1.48597 US dollars*	*2008*	*1 UA = 1.54027 US dollars*
2004	*1 UA = 1.55301 US dollars*	*2009*	*1 UA = 1.56769 US dollars*

Percentages in the charts and tables of the Report may not add up to 100 due to rounding

Table 0.2: Summary of Bank Group Approvals, 2009
(UA millions)

BANK GROUP APPROVALS BY SECTOR, 2009

Sector	ADB		ADF		NTF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agriculture and Rural Development	15	60.10	9	152.85	-	-	25	217.95
Social	11	171.88	6	56.71	-	-	17	228.59
Education	*2*	*166.65*	*3*	*32.50*	-	-	*5*	*199.15*
Health	*5*	*2.72*	*1*	*6.00*	-	-	*6*	*8.72*
Other	*4*	*2.51*	*2*	*18.21*	-	-	*6*	*20.72*
Infrastructure	19	2,528.53	34	1,379.35			53	3,907.89
Water Supply and Sanitation	*5*	*51.62*	*9*	*245.75*	-	-	*14*	*297.37*
Power Supply	*7*	*2,072.52*	*4*	*161.00*	-	-	*11*	*2,233.52*
Communication	*4*	84.26	-	-	-	-	4	*84.26*
Transport	*3*	*320.13*	*21*	*972.60*	-	-	*24*	*1,292.73*
Finance	10	808.42	-	-	-	-	10	808.42
Multisector	11	1,656.03	21	530.46	-	-	32	2,186.48
Industry, mining and quarrying	1	111.75	-	-	-	-	1	111.75
Urban Development	1	0.57	-	-	-	-	1	0.57
Environment	-	-	2	44.00	-	-	2	44.00
A. Total Loans and Grants	**68**	**5,337.28**	**72**	**2,163.37**	**1**	**5.00**	**141**	**7,505.65**
B. Other Approvals	**16**	**266.79**	**5**	**263.59**	**2**	**0.70**	**40**	**558.84**
HIPC Debt Relief	1	112.77	4	259.09	2	0.70	7	372.56
Post Conflict Country Facility	-	-	-	-			-	-
Equity Participation	13	142.47	-	-	-	-	13	142.47
Guarantees	2	11.55	-	-	-	-	2	11.55
Loan Reallocation	-	-	1	4.50	-	-	1	4.50
Special Funds*	-	-	-	-	-	-	17	27.76
TOTAL APPROVALS (A+B)	**84**	**5,604.07**	**77**	**2,426.96**	**3**	**5.70**	**181**	**8,064.49**

BANK GROUP APPROVALS BY FINANCING INSTRUMENT, 2009

Financing Instrument	ADB		ADF		NTF		Bank Group	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Project Lending	**27**	**3,790.62**	**23**	**950.31**	**1**	**5.00**	**51**	**4,745.93**
Public and Publicly -Guaranteed:	*11*	*2,780.23*	*23*	*950.31*	*1*	*5.00*	*35*	*3,735.54*
Project Loans	10	2,629.09	22	938.31	1	5.00	33	3,572.40
Sector Investment and Rehabilitation	1	151.15	1	12.00	-	-	2	163.15
Lines of Credit	-	-	-	-	-	-	-	-
Private Non-Publicly Guaranteed:	*16*	*1,010.39*	-	-	-	-	*16*	*1,010.39*
Project Loans	10	453.42	-	-	-	-	10	453.42
Lines of Credit	6	556.97	-	-	-	-	6	556.97
Policy-Based Lending	**5**	**1,521.53**	**6**	**349.24**	**-**	**-**	**11**	**1,870.77**
Sector Adjustment	-	-	1	80.00	-	-	1	80.00
Structural Adjustment	1	13.66	1	11.00	-	-	2	24.66
Budget Support	4	1,507.87	4	258.24	-	-	8	1,766.11
Grants	**36**	**25.14**	**41**	**862.82**	**-**	**-**	**77**	**887.96**
Technical Assistance	*11*	*6.41*	*14*	*135.54*	-	-	*25*	*141.96*
Project Cycle Activities	-	-	7	76.26	-	-	7	76.26
of which Private Sector	-	-	-	-	-	-	-	-
Institutional Support	-	-	7	59.28	-	-	7	59.28
Middle Income Countries Grant	14	7.91	-	-	-	-	14	7.91
Project Grant	-	-	*4*	*140.51*	-	-	*4*	*140.51*
Structural Adjustment Grant	-	-	*5*	*157.30*	-	-	*5*	*157.30*
Budget Support Grant	-	-	*6*	*64.64*	-	-	*6*	*64.64*
African Food Crisis Response Grant	*5*	*8.50*	-	-	-	-	*5*	*8.50*
Fragile States Facility Grant	-	-	*12*	*364.83*	-	-	*12*	*364.83*
Special Relief Fund	*17*	*8.73*	-	-	-	-	*17*	*8.73*
Emergency Assistance	17	8.73	-	-	-	-	17	8.73
Emergency Postconflict	-	-	-	-	-	-	-	-
Special Debt Relief Grant	-	-	-	-	-	-	-	-
Loan for Institutional Capacity Building	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Project Preparation Facility	**-**	**-**	**2**	**1.00**	**-**	**-**	**2**	**1.00**
Debt and Debt Service Reduction	**1**	**112.77**	**4**	**259.09**	**2**	**0.70**	**7**	**372.56**
SFM Debt Alleviation	-	-	-	-	-	-	-	-
HIPC Debt Relief	1	112.77	4	259.09	2	0.70	7	372.56
Post Conflict Country Facility	-	-	-	-	-	-	-	-
Equity Participation	**13**	**142.47**	**-**	**-**	**-**	**-**	**13**	**142.47**
Public Equity	-	-	-	-	-	-	-	-
Private Equity	13	142.47	-	-	-	-	13	142.47
Guarantees	**2**	**11.55**	**-**	**-**	**-**	**-**	**2**	**11.55**
Public Guarantees	1	6.21	**-**	**-**	**-**	**-**	1	6.21
Private Guarantees	1	5.34	-	-	-	-	1	5.34
Loan Reallocations	**-**	**-**	**1**	**4.50**	**-**	**-**	**1**	**4.50**
Special Funds	**-**	**-**	**-**	**-**	**-**	**-**	**17**	**27.76**
TOTAL APPROVALS	**84**	**5,604.07**	**77**	**2,426.96**	**3**	**5.70**	**181**	**8,064.49**

Note:
* *These are approvals on the operations of the African Water Fund, Rural Water Supply and Sanitation Initiative.*
Source: ADB Statistics Department, Economic and Social Statistics Division.

Figure 0.2: Bank Group Loan and Grant Approvals and Disbursements, 2000–2009
(UA millions)

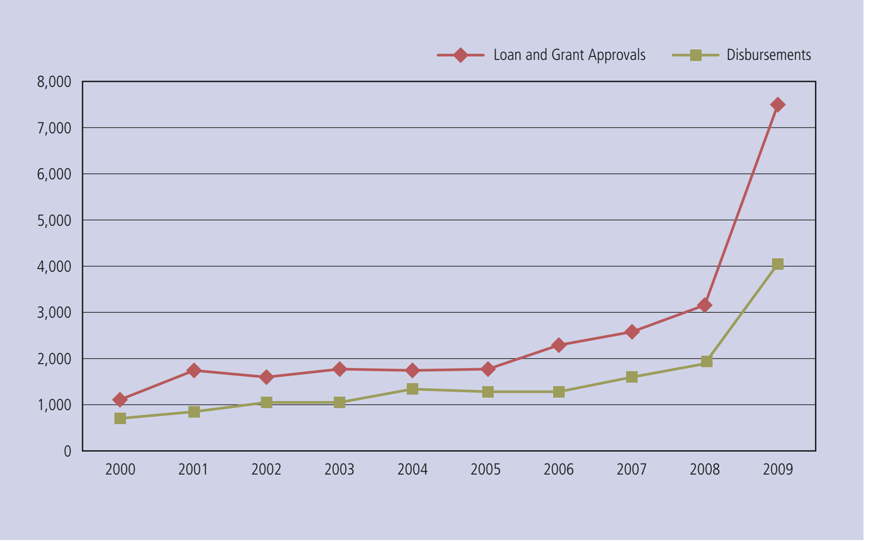


Figure 0.3: Cumulative Bank Group Loan and Grant Approvals by Institution, 1967–2009

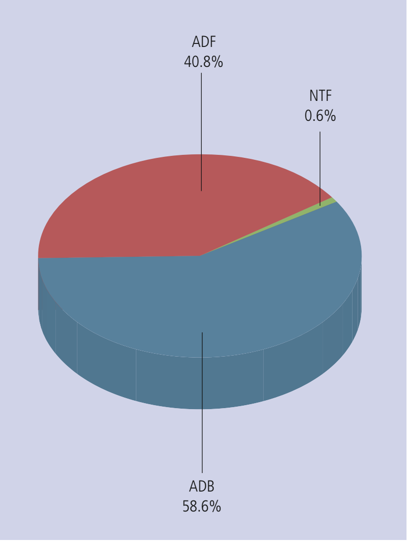


Figure 0.4: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967–2009

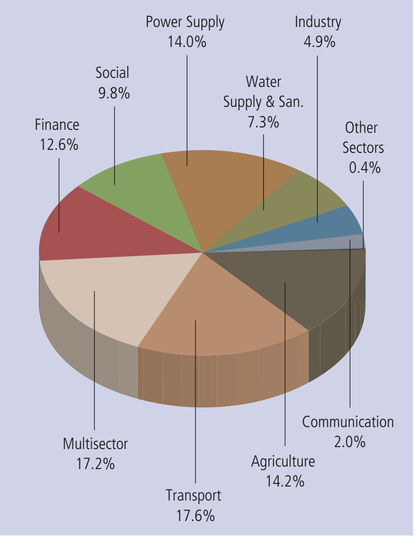


Figure 0.5: ADB Net Income, 2000–2009*
(UA millions)

* *For the years 2001 to 2003 net income excluded net gains/losses on non-trading derivatives (IAS 39 adjustments). Also for the years from 2005, net income excluded income distributions approved by the Board of Governors.*

Bank Group Sector Definitions

Sector	Type of Project
Agriculture and Rural Development	Food crops, cash crops, livestock, fisheries, agro-industry, forestry, irrigation and drainage.
Transportation*	Road, air, water, and rail transportation, pipe transportation, and feeder roads.
Communications*	Telephone, radio, telegram, postal, information technology, cable and satellite services.
Water Supply and Sanitation*	Production, treatment and distribution of potable water, and development of sewerage systems.
Power Supply*	Production and distribution of electricity, gas, solar, coal, petroleum, and other renewable energy sources.
Industry, Mining, and Quarrying	Manufacturing, tourism, mining, quarrying, and small- and medium-size industrial enterprises.
Finance	Development banking, commercial banking, non-bank financial intermediation, and microfinance.
Social	Education, health, population, gender equity, stand-alone poverty alleviation projects.
Environment	Stand-alone projects that address environmental conservation and management issues such as reforestation to curb soil erosion, clean-up of water bodies, treatment and disposal of waste material.
Multisector	Public sector management, including structural adjustment programs and debt relief operations, support to private sector development, good governance and anticorruption programs, industrial import facilitation, export promotion, institutional support.
Urban Development	Projects related to strategic urban planning activities.

* *Infrastructure Development: Transportation, communications, water supply and sanitation, and power supply.*

Part 1

Bank Group Activities in Support of Development Effectiveness and Results

001
Chapter one

Activities of the Boards

Boards of Governors
2009 Annual Meetings
Annual Meetings Seminars
Boards of Governors' Meeting
Governors' Statements
Governors' Resolutions

Boards of Directors
Enhancing Development Effectiveness and Results
2010 Administrative Expenses and Capital Expenditure Budgets
Other Activities of the Boards of Directors

The Board of Governors of the African Development Bank is the institution's highest policymaking organ, comprising one representative from each member country. The Board of Governors issues general directives and elects an 18-member Board of Directors to which it delegates most of its powers. The Board of Governors also elects the President of the Bank Group. The Board of Directors sets policies and guidelines and oversees all Bank operations in addition to handling financial and administrative matters. This chapter outlines the Boards' activities during 2009, with particular emphasis on the 2009 Annual Meetings held in Dakar, Senegal.

BOARDS OF GOVERNORS

2009 Annual Meetings

The Annual Meetings of the Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) were held in Dakar, Senegal, on May 13–14, 2009. During the meetings, the Governors approved the 2008 Bank Group Annual Report and audited financial statements for the financial year ending December 31, 2008. In addition, they passed several resolutions concerning the activities of the Bank Group.

Annual Meetings Seminars

The Annual Meetings were preceded by the 2009 Annual Meetings Seminars comprising: (i) a Ministerial Roundtable; (ii) 4 High-Level Seminars; and (iii) other side meetings and events. The main objective of the seminars was to facilitate an exchange of views and experiences on the most pertinent and immediate concerns affecting the economic and social development of Africa. More specifically, the seminars provided a platform for discussing the emerging issues associated with the global financial crisis. The seminars were attended by about 2,030 participants, including Bank Governors, Alternate Governors and delegates, members of the Boards of Directors, development partners, ADB staff, members of civil society, and observers.

The theme of the plenary session of the Ministerial Roundtable "Africa and the Financial Crisis: An Agenda for Action" was informed by the prevalent global financial situation which was affecting the drivers of Africa's economic growth, including prices and demand for primary commodities, capital flows, and regional integration. The Roundtable noted that comprehensive and coordinated actions at various levels of response to the crisis were required to prevent African countries from sliding back into economic stagnation and deepening poverty.

Present at the plenary session of the Ministerial Roundtable were His Excellencies Blaise Compaoré, President of the Republic of Burkina Faso and Abdoulaye Wade, President of the Republic of Senegal who delivered the keynote address. The session was jointly chaired by Dr. Donald Kaberuka, President of the African Development Bank (AfDB) Group and Mr. Abdoulie Janneh, Executive Secretary of the United Nations Economic Commission for Africa (UNECA). The High-

Level Seminars took as their themes: (i) The Global Financial Crisis and Fragile States in Africa; (ii) Financial Crisis, Trade and Regional Integration in Africa; (iii) Financial Crisis and Decades of Reforms: Options for Africa's Future; and (iv) The Financial Crisis and Access to Financing.

The Annual Meetings were preceded by other events, including meetings of the subsidiary organs of the Boards of Governors; a presentation of the 2008 *African Development Report;* as well as seminars which focused on the following themes: (i) The Challenges of Food Security in Africa and the Responses of International Institutions; (ii) The Strategic Role of Procurement in Improving Performance and Development Effectiveness; (iii) Joint IFI Action Plan for Private Sector in Africa – Response to the Financial Crisis; and (iv) African Capital Markets/Making Finance Work for Africa.

Boards of Governors' Meeting

The conference was opened by H.E. Abdoulaye Diop, Chairperson of the Boards of Governors and Governor for Senegal, who in his opening address, extended a warm welcome to his peers, their respective delegations, and other participants. He acknowledged the presence of H.E. Abdoulaye Wade, President of the Republic of Senegal. H.E. Blaise Compaoré, President of the Republic of Burkina Faso, H.E. John Dramani Mahama, Vice-President of the Republic of Ghana, Dr. Donald Kaberuka, President of the African Development Bank, H.E. Jean Ping, President of the African Union Commission, and Mr. Abdoulie Janneh, Executive Secretary of the Economic Commission for Africa. He similarly welcomed the former Presidents of the African Development Bank, Messrs. Kwame Fordwor, Willa Mung'omba, Babacar N'Diaye, and Omar Kabbaj.

The Governor for Senegal underlined the importance of the central theme for the 2009 Annual Meetings: "Africa and the Financial Crisis: An Agenda for Action," given the serious negative impact of the global economic downturn on the economies of the Bank's regional member countries. He urged the Bank's development partners to strengthen their development assistance to Africa, particularly to the poorest countries, by increasing resources earmarked for concessional lending, and to deliver on their promises in relation to development aid for growth as well as poverty reduction. He also appealed to member countries to continue their pursuit of good governance and macroeconomic stability in order to create an environment conducive to foreign direct investment.

In his opening statement, Dr. Donald Kaberuka, President of the Bank Group, expressed gratitude to the Government and people of Senegal for hosting the 2009 Annual Meetings. He underlined the honor bestowed on the Bank by the presence of the Heads of State of Senegal and Burkina Faso, the Vice-President of Ghana, the President of the African Union Commission, and the Executive Secretary of the ECA. He also acknowledged the presence of former Presidents of the Bank Group at the Annual Meetings. He welcomed the Grand Duchy of Luxembourg as a new State Participant of the Fund and member of the Bank.

Addressing the current financial crisis and its negative impact on African economies, President Kaberuka acknowledged that this was a considerable challenge to growth. In his presentation, he expressed optimism in the long-term prospects for the continent, owing to its resilience and its capacity to withstand the effects of the crisis. He emphasized that the Bank and other financial partner institutions would increase resources, optimize and innovate the policy and operational frameworks, and strive to complement one another, while striking a balance between short-term crisis responses and longer-term structural concerns. The President pointed out that in the prevailing circumstances, any solution to the global crisis that excluded Africa would not stand the test of time. He proposed some practical steps for addressing the situation, including: (i) strengthening ADF by frontloading and accelerating resource transfers; (ii) according renewed urgency to the Paris Declaration and the Accra Agenda for Action; (iii) closing the gap between the Declaration and implementation; and (iv) reinforcing country ownership and a meaningful division of labor between bilateral partners and International Finance Institutions (IFIs), and among the IFIs themselves.

The President welcomed the G20 decision to review the capital requirements of Regional Development Banks (RDBs), including the ADB. In this context, he noted that a General Capital Increase would enable the Bank to: contribute more to ADF and develop new initiatives; optimize its strong capital base and do more in low-income countries, including fragile states; scale up support to private sector operations and enclave projects; increase trade finance; and enhance guarantees.

Speaking on the status of the Bank's finances, the President noted that even though 2008 had proved an exceptionally challenging year for any institution active in the financial markets, the Bank had fared well owing to its prudent and proactive financial and risk management policies. From the operational point of view, the President noted that the Bank Group was continuing to focus on its core areas such as infrastructure, private sector development, and regional integration. He highlighted the Bank Group's progress in implementing the Fragile States Facility (FSF) and addressing the evolving situation in Zimbabwe.

In his statement, the President of the African Union Commission, H.E. Jean Ping, commended the Bank for its timely and well considered responses to the negative impact of the current global financial crisis on RMCs. He urged the international community to join forces in combating poverty and the deleterious impacts of the global financial crisis, and to support the poorest African countries by supplementing the resources of the ADF.

In his intervention, the President of Senegal, H.E. Abdoulaye Wade, thanked the Bank for accepting his country's invitation to host the 2009 Annual Meetings in Dakar, Senegal. He considered the theme of the meetings, "Africa and the Financial Crisis: An Agenda for Action," appropriate because of the serious negative impact of the crisis on African countries. He called for an equitable and fair global economic order to address the financial crisis and invited African countries to explore alternative financing mechanisms, rather than relying on external aid. In addition, President Wade called for unity within the continent. He stressed the need to bolster South–South cooperation as a way of promoting African development and urged African leaders to actively foster new alignments. He declared the 2009 Annual Meetings open and wished the Governors success in their deliberations.

Governors' Statements

The Governors expressed their appreciation to the Government and people of the Republic of Senegal for their warm hospitality and for the facilities provided at the Annual Meetings. They commended the coordinated action of the international community in finding solutions to the global financial crisis. They lauded the African Development Bank for launching timely response initiatives, namely, the African Liquidity Facility, the Trade Finance Initiative, and the Action Plan for accelerated transfer of resources to the poorest countries, all aimed at enabling RMCs to withstand the negative effects of external shocks.

The Governors noted that the major challenge facing the continent was how to sustain the economic progress that many African countries had achieved over the previous five years. They proposed a number of measures, including the following: (i) an increase in concessional resources by development partners; (ii) increased foreign direct investments; (iii) ownership of operational strategies by the member countries; (iv) diversification of African economies; and (v) private sector development.

They commended the Bank for improvements in its operations, its focus on infrastructure, regional integration, governance and fragile states, and for scaling-up its support to private sector operations in low-income countries. They called for selectivity in the Bank's interventions, a strategic assessment of the skills mix, the focus on the right balance of staff between the Headquarters and Field Offices (FOs), and the clear definition and delineation of their respective roles.

In addition, the Governors expressed satisfaction with the Bank's speedy response to the crisis in Zimbabwe and urged for the formulation of proposals to further support economic reform and stabilization. Looking ahead, they invited the Bank to focus on the Millennium Development Goals (MDGs), the threat posed by climate change, the Gender Action Plan, increased support for fragile states, and enhanced results delivery, through appropriate deployment of the Bank's human and financial resources.

The Governors proposed that the Bank should: (i) explore innovative and flexible ways to deploy unutilized ADF funds within the existing frameworks; (ii) further strengthen its partnerships with other development institutions; (iii) pay closer attention to the integration of cross-cutting issues into policies and programs; and (iv) strengthen good governance and enhance transparency by improving information disclosure and internal controls.

The Governors welcomed and congratulated the Grand Duchy of Luxemburg on its accession to the Agreement establishing the African Development Bank, which paved the way for its full membership of the Bank Group.

Governors' Resolutions

During the Annual Meetings, the Boards of Governors reviewed and adopted a range of resolutions on the ADB and ADF (see Appendices II-1 and III-1). They approved the recommendations put forward by the Steering Committee and adopted, among others, the following:

- *Resolutions B/BG/2009/03 and F/BG/2009/03* – Temporary relocation of the operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Twelve (12) Month Review of the Relocation Period;

- *Resolutions B/BG/2009/02 and F/BG/2009/02* – By-Election of Executive Directors of the African Development Bank and Selection of Executive Directors of the African Development Fund;

- *Resolutions B/BG/2009/04 and F/BG/2009/04* – Application of the Grand Duchy of Luxembourg to become a State Participant in the African Development Fund and a Member of the African Development Bank; and

- *Resolution B/BG/2009/11* – Mobilization of Resources for a Sixth General Capital Increase (GCI-VI) for the African Development Bank.

They also adopted resolutions on the Annual Report and the Audited Financial Statements for the financial year ending December 31, 2008 for the ADB, ADF, NTF, and Special/Trust Funds. Furthermore they approved the Annual Report and Audited Special Purpose Financial Statements of the Fund for the financial year ending December 31, 2008. The Governors took note of the External Auditors' report on the audited Financial Statements and congratulated the Boards of Directors, Management, and staff for the Bank's achievements during the preceding year.

In addition, the Governors approved the composition of Members of the Bureau, and the Joint Steering Committee for the period end-2009 Annual Meetings to end-2010 Annual Meetings. The Bureau would comprise Côte d'Ivoire as Chair, with Portugal and Guinea-Bissau as the first and second Vice-Chairs, respectively. During the same period, the Joint Steering Committee would comprise Cape Verde, Equatorial Guinea, Ethiopia, Mozambique, Senegal, Sweden, Switzerland, Tunisia, and the United Kingdom.

The Governors approved the resolution for allocations from the Bank's 2008 allocable income of UA 266.7 million as follows: (i) UA 80.0 million as provision for reserves; (ii) UA 24.0 million to the Surplus Account; (iii) UA 25.0 million for ADF-XI; (iv) UA 60.0 million for clearance of interest arrears on loans to fragile states; (v) UA 65.7 million for the Democratic Republic of Congo (DRC) Special Account; (vi) UA 10.0 million for the Technical Assistance Fund of Middle-Income Countries; and (vi) UA 2.0 million for the Fund for African Private Sector Assistance (FAPA). In addition, the Governors approved UA 3.4 million as provision for reserves and UA 0.6 million for the HIPC Initiative from the UA 6.0 million NTF 2008 net income.

BOARDS OF DIRECTORS

The Bank was confronted by the twin challenges of carrying out its mandate of reducing poverty and at the same time responding to the adverse effects of the economic crisis and its impact on economic growth in many RMCs. In response, the Boards put in place appropriate financial instruments, in addition to considering various policies, programs, and strategies that would enable the Bank to carry on with its regular operations. Notable initiatives approved by the Boards in 2009 were the establishment of the UA 0.96 billion (US$ 1.5 billion) Emergency Liquidity Facility (ELF) and the UA 0.64 billion (US$ 1.0 billion) Trade Finance Initiative (TFI), and jointly with other development partners, the Global Trade Liquidity Program (GTLP).

Enhancing Development Effectiveness and Results

In carrying out its activities in 2009 in the face of the global economic crisis, the Boards continued to provide policy guidance on the implementation of the Bank's Medium-Term Strategy (2008-2012). This took as its focus poverty reduction and greater selectivity in investing in its core priority areas of infrastructure, governance, private sector operations, and higher education, science and technology. The Boards were also involved in the ongoing discussions for the Twelfth Replenishment of the ADF (ADF-XII) and the Sixth General Capital Increase (GCI-VI) of the Bank.

During 2009 the Boards of Directors of the Bank Group held a total of 44 formal meetings, 25 informal meetings, and 5 seminars. They approved 54 key policies, strategies, and guidelines aimed at enhancing the Bank's development effectiveness and results. The Boards approved loans, grants, public and private guarantees for sovereign loans, private equity participations, loan reallocation, special fund allocations, and HIPC debt relief projects totaling UA 8.06 billion. Overall, the Boards approved 13 Results-Based Country Strategy Papers, 24 Country Portfolio Reviews, 4 HIPC documents, 17 Humanitarian Emergency Assistance grants for RMCs, and 1 proposal for clearing Côte d'Ivoire's arrears.

Among the key strategies and policies approved by the Board of Directors in 2009, were the following: The African Water Facility 2009 Work Plan and Budget; The Revised Policy Guidelines and Procedures for Emergency Relief Assistance; The General Regulations of the Special Relief Fund; The Strategic Directions to Improve the Bank Group's Business Continuity Management; The Medium-Term Communications and Public Relations Strategy; The Bank Response to the Economic Impact of the Financial Crisis; The Bank Group Regional Integration Strategy; The Capital Adequacy Framework; The Bank Group Climate Risk Management and Adaptation Strategy; The Management Action Plan in Response to the Independent Review Panel's Report on the Bujagali Hydropower and Interconnection Project; The Product and Pricing Flexibility for Middle-Income Countries; The Revised

ADOA Framework; The 2010–2012 Program and Budgets Framework Paper; and the Framework for the Establishment of the ClimDev-Africa Fund.

The 2010 Administrative Expenses and Capital Expenditure Budgets

In December 2009 the ADB Board of Directors approved an Administrative Expenses and Capital Expenditure Budget for 2010 comprised as follows: Administrative Expenses of UA 264.0 million, Capital Expenditure of UA 28.8 million, and a contingency budget of UA 2.6 million. The ADF Board of Directors approved an indicative Administrative Budget of UA 187.9 million for the Fund for the financial year ending December 31, 2010.

Other Activities of the Boards of Directors

The Boards of Directors also considered a number of operational, financial, and administrative issues within the framework of their Committees, as detailed below.

Committee of the Whole (CoW)

The CoW, of which all Executive Directors are members, is chaired by the President of the Bank. Its key mandate is to review the Bank Group's annual budget proposals, as well as other matters referred to it by the Board on an ad hoc basis. In 2009, the Committee met once to consider the outline of the 2010-2012 Program and Budget proposals.

Committee on Operations and Development Effectiveness (CODE)

During 2009, CODE held 25 meetings to consider several operational policies, as well as project performance review documents. In addition to Country Portfolio and Mid-Term Reviews, CODE considered a number of other policies and strategies, including: (i) the 2008 Annual Portfolio Performance Review (APPR); (ii) Evaluation of the Bank Group Decentralization Strategy and Process; (iii) Gender Plan of Action; (iv) Bank Group Strategy for Capacity Development; and (v) Independent Evaluation of Quality at Entry for ADF-XI Operations and Strategies (2005-2008).

Audit and Finance Committee (AUFI)

The Audit and Finance Committee (AUFI) is responsible for making recommendations on the appointment of Auditors; it also reviews periodic financial reports and statements of the Bank. In carrying out this mandate, AUFI held 6 meetings in 2009 to consider a number of documents, including: (i) The External Auditors' Update on the 2009 Interim Audit of the Bank Group; (ii) the Financial Statements of the ADB, ADF, NTF, Special and Trust Funds, and the allocation of the net income of the ADB and ADF; and (iii) the External Auditors' Management Letter on the 2008 Audit of the Bank Group. Further, AUFI and CODE held 3 joint meetings on the 2008 Net Income Allocation and the Capital Adequacy Framework.

Committee on Administrative Affairs and Human Resource Policy Issues (CAHR)

The mandate of CAHR is to consider policies related to general administration and human resource management of the Bank. CAHR held 6 meetings and 4 joint meetings with the AUFI Committee in 2009 to consider various financial and corporate issues. These included: (i) progress in the implementation of HR reforms; (ii) the financial sustainability of the Staff Retirement Plan; (iii) the Management Report on Rented or Acquired Premises for the Bank's Field Offices; and (iv) the restructuring of the General Counsel and Legal Services Department.

Committee on Administrative Matters Concerning the Boards of Directors (AMBD)

This committee is responsible for considering issues on policies and administrative procedures concerning members of the Board of Directors. During the year, AMBD held 10 meetings to consider, among other issues: (i) Consultation Missions of Executive Directors; (ii) Membership of the Working Group on the Bank Group's 2009 Annual Report; (iii) follow-up on the recommendations of the Board Retreat; (iv) the Bank Group's 2009 Annual Meetings preparations; (v) Board effectiveness – evaluation of implementation status, and (vi) the appropriate review procedure for Lapse-of-Time (LOT) documents.

Ethics Committee of the Boards of Directors (ECBD)

During 2009, the ECBD Committee held 3 meetings and discussed issues relating to the following: (i) the Guidelines for Executive Directors and the President on Gifts and Conflicts of Interest and (ii) the dual role of Executive Directors as representatives of the Bank and their countries. No cases were brought before the Committee.

Executive Directors' Consultation Missions

In 2009, the Boards of Directors undertook 2 Consultation Missions to RMCs. The first mission was to 3 countries, namely, the Republic of Congo, the Democratic Republic of Congo, and Burundi in February. The second mission was to Ethiopia in March. Consultation Missions provide Executive Directors with an opportunity to: (i) learn, first-hand, about RMCs' development needs and priorities; (ii) visit Bank-funded projects which are having a major developmental impact; and (iii) consolidate the Bank's policy dialogue with RMC officials, cooperating partners, private sector actors, and civil society organizations.

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Chapter two

Overview of the Macroeconomic Situation and Outlook for Africa

This chapter provides a macroeconomic review of Africa and the outlook for the short- and medium-term. It first presents a brief overview of the performance of Africa's economies during 2009, focusing on the impact of the global financial and economic crises and on the Bank's response. This is followed by some perspectives on the medium-term outlook for Africa and the role of the Bank during that period, to support its RMCs and set their economics back on a sustainable growth path.

OVERVIEW OF THE MACROECONOMIC SITUATION

At the beginning of the global financial crisis in late 2008, it was generally believed that Africa would not be seriously affected in view of its limited integration in the global financial market. Indeed, the first-round effects were minimal, although not all countries were immune. South Africa and other emerging economies in North, East, and West Africa which were more exposed to the global financial market, experienced "sudden stops" of capital flows, with declines in stock market indices and the profitability of banks, including an increase in non-performing assets. By early 2009 the worst effects of the crisis were unfolding throughout Africa as trade, capital flows, tourism, and commodity prices fell victim to the global downturn. Policymakers were faced with the question of how to mitigate the longer-term impact of the crisis while preserving the continent's robust economic performance achieved over the previous decade.

At the macroeconomic level, the crisis deepened, but with varied impact across Africa. Overall, real GDP growth in Africa in 2009 was estimated at 2.5 percent, less than half the pre-crisis rate, resulting in the first decline in real GDP per capita for the continent in a decade (see Table 2.1). The worst-affected countries were the emerging RMCs, including frontier markets such as South Africa and the Seychelles, and resource-rich countries such as Angola and Botswana. By contrast, resource-poor or landlocked countries in East and West Africa have weathered the global downturn better. In addition, as a result of the crisis, Africa lost between 30-50 percent of its 2008 export revenues in 2009. Despite some relief on import bills due to falling food and oil prices, the overall trade balance deteriorated significantly. The con-

Table 2.1: Africa – Macroeconomic Indicators, 1990–2009

Indicators	1990	2000	2005	2006	2007	2008	2009
Real GDP Growth Rate (%)	3.1	4.3	5.9	6.2	6.4	5.6	2.5
GDP Per Capita (US$)	746	726	1,077	1,207	1,372	1,570	1,446
Inflation (%)	14.4	9.1	7.2	6.1	7.0	10.6	9.9
Fiscal Balance (% of GDP)	-5.4	0.2	2.6	4.6	1.8	2.2	-4.4
Gross Domestic Investment (% of GDP)	20.6	18.8	21.5	21.8	23.8	25.1	25.7
Gross National Savings (% of GDP)	20.7	22.2	25.5	29.6	29.1	29.7	23.0
Real Export Growth (%)	8.9	9.3	5.3	3.0	7.6	-0.1	-5.7
Trade balance (% of GDP)	1.4	4.7	6.6	7.4	6.4	6.9	0.1
Current Account (% of GDP)	-1.1	2.5	3.8	6.3	3.8	3.8	-2.9
Terms of Trade (%)	8.1	11.2	14.6	5.0	2.5	11.4	-14.7
Total External Debt (% of GDP)	55.5	54.5	33.2	25.7	24.3	21.3	23.4
Debt Service (% of Exports)	29.5	17.1	13.5	15.6	7.9	5.2	7.5
Net total ODA (US$ billion)	24.4	15.1	33.8	41.4	36.7	40.4	…
Foreign Direct Investment Inflows (US$ billion)	2.8	9.7	38.2	57.1	69.2	87.6	…

Source: ADB Statistics Department, UNCTAD and IMF.
... Data not available

tinent moved from a current account surplus of 3.8 percent of GDP in 2008 to a deficit of 2.9 percent in 2009, a drop of 6.7 percentage points. Furthermore, the decline in export revenues, remittances and in a few instances aid, exerted a downward pressure on exchange rates.

Similarly, the continent's fiscal balance worsened, as a surplus of 2.2 percent of GDP in 2008 turned into a deficit of 4.4 percent in 2009 (see Table 2.1). Fiscal space was particularly affected through revenue losses and automatic stabilizers associated with slower economic activity. A more detailed analysis of the macroeconomic situation and outlook for Africa can be found in the *African Economic Outlook,* 2009/2010 edition.

Regional and Subregional Macroeconomic Indicators

Further analysis of the impact of the global financial crisis shows that real GDP growth declined in Africa by 3.1 percentage points, from 5.6 percent in 2008 to 2.5 percent in 2009, particularly among large and resource-rich economies. The drop in real GDP growth is a major setback for the continent, leading to shrinking per capita income for the first time in a decade. Per capita GDP declined from a peak of US$ 1,570 in 2008, to US$ 1,446 in 2009.

The crisis also left in its wake a significant decline in trade balance. In 2009 Africa's trade with the rest of the world declined to 0.1 percent of GDP from 6.9 percent in 2008. Despite instability in the internal and external balances, inflation fell by 0.7 percentage points in 2009, compared to 2008, indicating better macroeconomic management on the part of African governments, as well as the effects of lower prices for food and fuel imports in recent years. Most countries had to rely on borrowing to offset the adverse impact of the crisis on growth and macroeconomic stability. Consequently, the debt level of the continent increased from 21.3 percent of GDP in 2008, to 23.4 percent in 2009. Debt service as a percentage of exports also increased from 5.2 percent in 2008 to 7.5 percent in 2009 (see Table 2.1).

The impact of the crisis on African economies varied considerably across subregions and countries, as shown in Table 2.2. The severity and impact of the global economic crisis resulted in lower real GDP growth in 2009 compared to 2008 in all subregions, underscoring its widespread ripple effects. The East Africa subregion recorded a growth rate in real GDP of 5.8 percent, maintaining its ranking as the fastest-growing subregion on the continent since 2005. This was mainly due to accelerated growth rates in Ethiopia, Sudan, Tanzania, and Uganda during this period. However, compared to 2008, growth in East Africa decelerated by 1.4 percentage points in 2009. Of all the subregions, Southern Africa has been the hardest hit. Real GDP deteriorated to a negative growth

Table 2.2: Subregional Macroeconomic Indicators, 2009

Indicators	East Africa	North Africa	Southern Africa	West Africa	Central Africa	Africa
Real GDP Growth Rate (%)	5.8	3.8	-1.1	3.0	1.7	2.5
GDP Per Capita (US$)	616	3,133	2,599	867	703	1,446
Inflation (%)	16.1	9.1	8.2	9.7	10.0	9.9
Fiscal Balance (% of GDP)	-3.3	-4.0	-6.7	-4.5	3.2	-4.4
Gross Domestic Investment (% of GDP)	21.7	28.8	22.6	25.2	25.2	25.7
Gross National Savings (% of GDP)	13.1	28.8	15.3	28.1	16.3	23.0
Real Export Growth (%)	-1.2	-4.4	-9.8	-2.1	-4.5	-5.7
Trade Balance (% of GDP)	-10.0	-2.8	1.0	6.6	14.9	0.1
Current Account (% of GDP)	-7.5	-0.9	-4.9	0.4	-6.7	-2.9
Terms of Trade (%)	-7.2	-12.9	-18.2	-6.3	-29.3	-14.7
Total External Debt (% of GDP)	37.5	15.7	28.0	20.9	29.8	23.4
Debt service (% of Exports)	4.9	6.2	11.8	3.7	8.3	7.5

Sources: ADB Statistics Department, UNCTAD and IMF.

rate of 1.1 percent in 2009, compared to a positive growth rate of 5.4 percent in 2008. The significant decline in economic activity in South Africa, Botswana, and Angola resulted in a 6.7 percent fall in GDP per capita from US$ 2,787 in 2008 to US$ 2,599 in 2009. Similarly, West Africa's robust growth of 5.5 percent in 2008 declined to 3.0 percent in 2009. Central Africa and North Africa also experienced lower GDP growth rates of 1.7 percent and 3.8 percent in 2009, compared to 4.8 percent and 5.3 percent respectively in 2008.

East Africa's relatively better growth came at a price. Inflation rose to double-digits in the subregion in 2009 – almost twice the continental average – while in other subregions inflation was in single digits, except for Central Africa, which almost equaled the continental average. Understandably, fiscal and trade balance deteriorated markedly in all subregions, with the fiscal imbalance more pronounced in Southern Africa and West Africa. A decline in trade balance was evident in East Africa and North Africa.

The Global Economic Crisis and the Bank Group's Response

With hindsight, it is clear that the Bank's early mobilization of its knowledge resources, together with its engagement with RMCs and other regional bodies such as the African Union Commission (AUC) and the United Nations Economic Commission for Africa (UNECA), proved to be an effective strategy for offsetting and also monitoring the effects of the crisis. It also provided the partners with a platform to strategically develop and coordinate Africa's response at various levels. The Committee of Ten (C-10) African Ministers of Finance and Central Bank Governors, which had been established in Tunis in November 2008, became an important African forum and voice. This consultative process fed directly into important global processes such as the G-20. It benefited from the Bank's in-depth analysis of key issues that inform policymaking in Africa. The IMF, the World Bank, the AfDB, and other multilateral institutions were called upon to provide flexible financial instruments in support of countercyclical actions, and to ensure pro-growth policies that enhance diversification and competitiveness.

The strategic measures that were adopted were additionally intended to reposition the continent in order that it might avail itself of any opportunities that might emerge from the crisis. For example, cofinancing arrangements with other cooperating partners were concluded, as in the case of the Global Trade Liquidity Program (GTLP) administered by the IFC (of the World Bank), to ensure that trade finance would continue to flow into Africa. In addition, the Bank galvanized both African and international opinion in addressing the crisis. The Bank's adoption of flexible responses to the crisis, which comprised the frontloading of resources and restructuring projects to deliver resources where they were most needed, also proved to be very successful. This was done through the establishment of the US$ 1.5 billion (UA 0.96 billion) Emergency Liquidity Facility (ELF) and a US$ 1.0 billion (UA 0.64 billion) Trade Finance Initiative (TFI), approved by the Boards on March 4, 2009.

The commendable outcomes at the Bank's operational level were due to an increase in the volume of private sector operations, from UA 901.2 million in 2008 to UA 1.16 billion by end-2009, well above the pre-crisis target. Public sector operations also increased. By the end of 2009, the Bank had financed over UA 6.92 billion worth of public sector projects, including UA 4.35 billion directed at MICs. This represents more than a threefold increase over the 2008 approvals level. In addition, the ADF delivered UA 2.43 billion during 2009, characterized by substantial frontloading of resources to RMCs.

Consistent with the scaling-up in the volume and number of instruments of development assistance, the Bank enhanced its capacity and systems in order to maintain the highest standards of corporate governance and integrity in executing its mandate. In 2009 the Bank raised over UA 5.14 billion (over US$ 7.5 billion equivalent) from the capital markets. In spite of these achievements, the increasing demand for financing from RMCs has demonstrated the inadequacy of the current resource envelope. This, coupled with the financial crisis, has resulted in the Bank initiating steps for an early General Capital Increase (GCI-VI) during 2009 to help meet the exceptional demand emanating from its RMCs.

ECONOMIC OUTLOOK FOR AFRICA AND THE ROLE OF THE BANK

Africa's economic outlook for 2010 has improved, but not substantially. Because of the anticipated global recovery and domestic policy responses, Africa's real GDP growth is projected to reach 4.5 percent and 5.2 percent in 2010 and 2011 respectively, still well below the growth rates of the pre-crisis years. For 2009, inflation is estimated at 9.9 percent and the projection is that this will decline to 7.7 percent in 2010 and 7.0 percent in 2011 (see Table 2.3).

On the basis of the expected continuous improvements in the global economy in 2009 and beyond, fiscal balance is projected to improve from a deficit of 3.3 percent, to a deficit of 1.9 percent of GDP in 2011. The current account balance, estimated at a deficit of 2.9 percent of GDP in 2009, is projected to shift to positive territory in 2010 and 2011 (see Table 2.3).

Going forward, the Bank's continued support to African countries will be essential to set their economies back on a sustained growth path. This requires a focus on key structural reforms such as strengthening the financial sector, streamlining labor market regulations, developing financial markets, strengthening governance, supporting private sector devel-

Table 2.3: Africa – Macroeconomic Forecasts for 2010 and 2011

Indicators	2010	2011
Real GDP Growth Rate (%)	4.5	5.2
Inflation (%)	7.7	7.0
Fiscal Balance (% of GDP)	-3.3	-1.9
Current Account (% of GDP)	0.04	0.6

Source: ADB Statistics Department

opment, and promoting economic diversification. These reforms need to be accompanied by measures to establish social safety-nets for the most vulnerable segments of the population. Private sector development is a key medium-term challenge, one that should provide a basis for greater diversified growth in the coming years.

The countries with more developed financial sectors and a high share of foreign ownership have taken steps to protect domestic banks from the impact of the financial crisis. As in other emerging market economies, cooperation in the areas of regulation, financial supervision, and crisis prevention within the financial sector are critically important in Africa. Greater financial literacy for all market participants also needs to be promoted, particularly awareness of the risks associated with various forms of loans.

To prevent the crisis from derailing the continent from its high growth path, and to preserve poverty reduction gains, substantial external financial resources will be required. The estimates over the next 2 years range between US$ 50 billion per year, to over US$ 120 billion per year. Such resources will be critical for the development of infrastructure in particular. Mobilizing the necessary level of financial resources and assistance will be challenging, especially in the wake of the financial crisis, which has left many traditional investors risk-averse. However, there are significant potential returns to be gained for investors from assisting African countries to weather the storm and reboot their economies. This is evidenced by the growth potential and the sound economic management capacity demonstrated by African governments over the past decade, including during the financial crisis.

The demand for Bank lending is projected to remain high in the medium to long term, due to a combination of two important factors. First, while the continent was recording high growth rates before the crisis, these were insufficient to make a significant contribution toward attaining the MDGs. Second, the Bank has established itself as a partner of choice for RMCs. It is important to note that African countries have substantially improved their macroeconomic management capacity and transparency and so are better placed to absorb increased levels of external inflows. The Bank will therefore need to operate at higher levels of funding than before the crisis, but this will only be possible with a major scaling-up of its resources. It is in recognition of these special circumstances that the Bank has initiated the process of the Sixth General Capital Increase (GCI-VI) and the Twelfth Replenishment of the ADF.

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Chapter three

Bank Group Strategic Directions and Priorities

During 2009 the implementation of the Medium-Term Strategy (2008-2012) underscored the selectivity of Bank Group operations, emphasizing the core areas, namely, infrastructure, private sector development, governance, higher education, science and technology. By focusing on these areas, the Bank seeks to contribute toward the broader development objectives of agriculture and food security, human development, regional integration, and meeting the special needs of fragile states and middle-income countries. At the same time, the cross-cutting issues of gender, environment, and climate change continued to be mainstreamed into areas of the Bank's operations. Looking inward, the institution sustained its drive for institutional reforms to strengthen its internal capacity and business processes in order to maximize the development effectiveness of its operations. In addition, resource mobilization was pursued through the ADF-XI Mid-Term Review; the launching of the ADF-XII Replenishment consultations, and the negotiations for the Sixth General Capital Increase (GCI-VI). The Bank also focused on partnership and cooperation activities with other key players in Africa's development agenda.

INTRODUCTION

Bank Group operations at end-December 2009 stood at UA 8.06 billion, which is more than twice the 2008 level of UA 3.53 billion. Bank Group support was tailored to country-specific needs, and covered areas such as budget support and trade finance, through the newly established Emergency Liquidity Facility (ELF), the Trade Finance Initiative (TFI), and the development of key private sector infrastructure projects.

While focusing on the short-term challenges emanating from the global financial crisis, the Bank, throughout 2009, continued to be guided by the overarching goals of poverty reduction and sustainable economic growth. In this regard, the Bank continued to implement its Medium-Term Strategy (MTS) 2008-2012, emphasizing the need for selectivity in its operations and focusing, at the sectoral level, on the core operational priority areas, namely, infrastructure, governance, private sector operations, and higher education, science and technology. By focusing on these core areas, the Bank sought to underpin the broader development objectives of agriculture development and food security, human development, regional integration, and the special needs of the fragile states and middle-income countries (MICs). At the same time, the Bank has improved the mainstreaming of the cross-cutting issues of gender, environment, and climate change into its areas of operations. In all its activities, the Bank maintains its commitment to strengthening development effectiveness and results, and to more systematic reporting on performance.

Notwithstanding the significant growth in Bank Group operations during the year, the Bank continued to face challenges in some areas. These included: slow disbursements of loans, poor performance of some of the RMCs' portfolios, poor project quality-at-entry, and a high proportion of problem projects. The Bank has continued to build its knowledge base through development research and Economic and Sector Work (ESW). The accumulated lessons of experience and best practice, which have accrued from Bank Group operations in various countries, contribute to its knowledge-base and serve to inform future projects and programs. Some of this knowledge is collated by the Bank through reviews of Project Completion Reports (PCRs).

DEVELOPMENT EFFECTIVENESS AND MANAGING FOR RESULTS

During the year, the Bank continued to strengthen its operational development effectiveness and results through an enhanced Results Measurement Framework (RMF) and the Action Plan on Quality and Results (APQR). The RMF provided evidence that outputs have contributed to measurable improvements in development outcomes across a range of Bank operations in RMCs.

Results Measurement Framework: The Contribution of Operations to Results

Progress on Country Outcomes

In measuring the progress of ADF countries towards high-level development results during ADF-XI, 19 country outcome indicators were considered. These outcomes are the result of collective action by multiple development actors over time and are aligned to the Bank's operational priorities as summarized in the MTS (2008-2012). The country outcomes and results revealed the following:

- Real economic growth was strong (around 4 percent per annum) in ADF countries, exceeding growth in African MICs.
- ADF countries' governance records remain weak.
- The commodity boom, along with food and fuel price increases, helped raise Africa's share of global trade to more than 3 percent, although the share of intra-African trade registered only a modest rise. Steady improvement in business climate indicators is evident (20-30 percent decline in the time and cost of business start-ups). This new development is likely to raise Africa's global standing if reforms are deepened and accelerated.
- On infrastructure development, there is evidence of slow improvements in access to safe water and continued rapid growth of ICT in some low-income RMCs.

The Bank's Contribution to Results on the Ground

During 2009 an assessment of outputs and outcomes of all exiting ADF operations over the previous 3 years (2006-2008) was undertaken. The assessment indicated the following:

- An improved capacity to track outputs and outcomes in 2009 through comprehensive PCRs (72 percent of all 2006-2008 PCRs were available);
- Good record of delivery of planned outputs, with nearly 75 percent of all output indicators achieved or surpassing expectations;
- Significant evidence that outputs have contributed to measurable improvements in development outcomes across a range of ADF priorities;
- An improvement in the share of operations with satisfactory outcomes through better quality-at-entry status and higher effective implementation; and
- A need to improve the outcomes for larger operations through more detailed analysis.

The Bank successfully validated outputs and outcomes for 98 percent of the 112 operations covered during the period 2006-2008, drawing on their PCRs. Improved PCR coverage has facilitated the Bank's growing focus on results reporting. Overall, there is ample evidence that ADF's operations have contributed to development results, whether in the form of irrigation systems that lead to higher crop yields, microfinance loans that increase household incomes, or regional integration projects that provide more affordable access to energy.

Further, in 2009 the Bank undertook the measurement of the effectiveness of infrastructure and regional integration projects over the 2006-2008 period. The results show improvements in the following areas: (i) access of goods to markets due to better roads; (ii) provision and generation of power in rural areas and villages; and (iii) health standards through better hygiene and clean water. Over the same period, results indicate that economic growth in the agricultural sector is about four times more effective in raising the income of extremely poor households than economic growth in other sectors. Similarly, there is evidence of an emerging vibrant private sector in ADF countries. The share of ADF countries benefiting from private sector approvals (including regional integration) increased from 55 percent in 2008 to 60 percent in 2009.

Action Plan for Quality and Results (APQR)

The Action Plan for Quality and Results focused on the following 5 areas:

(i) *Accelerating Decentralization and Harmonization for Better Results:* By the end of 2009 the Bank had opened 26 Field Offices across the continent. The Action Plan calls for a speeding up of decentralization and the empowering of FOs by delegating decision-making authority. Through local recruitment and the transfer of international staff to the field, the total of professional staff based in FOs increased threefold, from 5 percent in 2006 to 15 percent by year-end 2009.

(ii) *Enhancing the Quality-at-Entry of Strategies and Operations:* To enhance quality-at-entry, the Action Plan makes it simpler to design high-quality strategies and operations and to strengthen the operations review process. Summary indicators of quality-at-entry are now moving in the right direction, with strong progress in the provision of baseline data, improved timeliness of budget support, and a reduction in delays from approval to effectiveness and first disbursements. For instance, the percentage of CSPs with satisfactory baseline data increased from 33 percent in 2006 to 60 percent in 2009, while the quality-at-entry of operations also improved, from 37 percent to 50 percent over the same period.

(iii) *Instilling a Results-based Supervision Culture:* The share of operations supervised at least twice a year has risen through the use of cost-effective, field-led missions, aimed at preventing problem projects. Institutional reforms were implemented and the delegation of authority to FOs was established. Together, these measures have contributed to improved portfolio management. Processes and formats for operations supervision are being updated to enhance the focus on results.

(iv) *Enhancing Learning and Accountability through Evaluation:* In December 2008 the Bank updated its completion reporting procedures to ensure timely and joint report preparation with the borrower. A new format for the report was developed and adopted in April 2009, which focuses on results achieved and lessons learned. Consequently, performance on the timely delivery of completion reports increased from 2 percent in 2007 to 91 percent by year-end 2009.

(v) *Improving Data and Systems for Results Reporting:* The Bank's information systems do not currently track operational progress toward expected results. In 2008 the Bank began to develop a set of core output and outcome indicators for its main sectors of operation to facilitate the corporate results reporting process. In 2009 the Bank developed a prototype of an automated results reporting system, linking expected results to actual results.

The Bank has addressed several challenges in respect of operations quality enhancement during the year. These include:

(i) *Improving project quality-at-entry:* A project's quality-at-entry has a strong influence on the attainment of expected results. The Bank has initiated a quality-at-entry assessment (called "readiness review") aimed at improving the quality of operations prior to Board approval.

(ii) *Requirement for RMCs to submit Project Completion Reports (PCRs) 6 months prior to project completion:* To improve quality, value and timeliness, the Bank has revised its PCR procedures to allow for the joint Bank/RMC preparation of the PCR. This will be voluntary once disbursement reaches 85 percent, while it becomes mandatory at 98 percent disbursement.

(iii) *High proportion of problem projects:* To reduce the number of problem projects, the Bank has initiated a supervision review process to entrench the focus on development results and promote evidence-based performance rating. From 2008 to 2009, problem projects decreased from 7 percent to 6 percent, due to increased vigilance on project restructuring and cancelation.

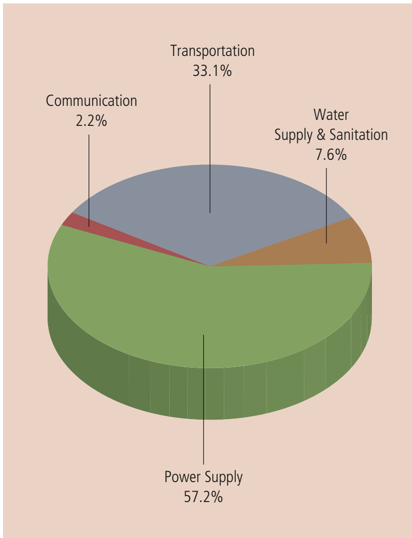
INVESTING IN INFRASTRUCTURE

Good infrastructure is a prerequisite for a business-enabling environment, sustainable economic growth, and hence poverty reduction, which is the primary goal of all Bank Group operations. Under the MTS, the Bank seeks to address poverty through its support to the productive sectors, the success of which depends on improvements in infrastructure. Indeed, the AfDB considers the lack of adequate infrastructure as one of the main constraints threatening the growth momentum in the continent. The negative impact of the global economic crisis on investments in infrastructure in Africa is therefore all the more serious. There has been a withdrawal of foreign investment; moreover the constraints in liquidity and credit in the financial markets have resulted in a scarcity of available funds at reasonable cost, and in the cancelation of credit lines by some financial institutions. In order to counterbalance the effects of the credit crunch, the Bank increased its commitment of resources to the infrastructure sector from both the ADF and ADB windows.

Approvals for infrastructure projects at end-December 2009 amounted to UA 3.91 billion, representing 52.1 percent of all Bank Group loan and grant approvals for the year – the largest sectoral allocation. In terms of the subsector breakdown, power supply received most funding at 57.2 percent (due primarily to the UA 1.7 billion Medupi Power Project in South Africa), followed by transportation (33.1 percent), and water supply and sanitation (7.6 percent) (see Figure 3.1).

The related cross-border infrastructure operations supported by the Bank have assisted in trade facilitation and employment generation, thereby improving subregional GDP growth, strengthening the economic fabric of the countries concerned, and contributing to poverty reduction and equitable development.

Figure 3.1: Subsectoral Distribution for Infrastructure, 2009



Within the context of infrastructure, the Bank places a high emphasis on regional networks to promote integrated development across the continent. Between 2006 and 2009 the ADF financed 28 energy and transportation operations for which UA 373 million was disbursed. Of this, UA 261 million financed the construction and rehabilitation of 8,000 km of paved and feeder roads in 20 road projects. For example, the UA 30 million Kicukiro–Kirundo Road Project, linking Burundi and Rwanda at the Nemba joint border post, halved the transit time between the 2 countries. An additional 120 km of feeder roads, completed in both countries during the period, provided an estimated 600,000 rural dwellers with access to market centers.

Access to electricity is critical for socioeconomic growth, including the provision of high-quality social services. During the 2006-2009 period, 8 energy projects were funded with a contribution of UA 112 million from the ADF portfolio. These projects installed 200 megawatts of generation capacity, constructed or rehabilitated over 685 distribution substations and transformers, and laid 8,811 km of transmission lines. The Nigeria–Benin Interconnection Project, linking the Nigerian electricity grid to the common grid supplying Benin and Togo, has optimized the countries' regional access to affordable energy. This enabled the ADF Electrification of 17 Rural Centers Project to extend the power supply from 17 to 28 rural centers in Benin, thereby improving the lives of the rural population by facilitating the proper conservation of vaccines in health centers, new school and street lighting, and internet access for rural libraries. These have improved school attendance, popularized evening studying, and improved teacher and student performance thus reinforcing educational outcomes. This is one example of how investing in infrastructure can contribute to socioeconomic development and poverty reduction in RMCs.

Key infrastructure projects approved in 2009 included: (i) national road projects in Burkina Faso, Cameroon, Chad, Ghana, Guinea, Mali, Malawi, Rwanda, Senegal, Sierra Leone and Uganda; (ii) airport projects in Morocco and Tunisia; and (iii) power projects in Botswana, Kenya, Lesotho, Nigeria, South Africa, and Tunisia. From a regional integration perspective, the Bank approved multinational road projects for Cameroon–Nigeria, Cameroon–Gabon, Kenya–Ethiopia and Mozambique–Malawi–Zambia; as well as international railroad projects for Tanzania–Rwanda–Burundi. The profiles of these and other projects approved in 2009 are presented at the end of Part 1.

Knowledge development: During 2009 a number of PCRs were produced for infrastructure operations that had contributed significantly to knowledge accumulation and best practices. For example, PCRs conducted for the Cotonou–Porto Novo Road Rehabilitation Project, and the Electrification of 17 Rural Centers Project in Benin revealed the need for the following:

(i) Institutional support to develop tools, including road traffic databanks, for programming, prioritizing, implementation monitoring, and follow-up;

(ii) Facilitating the efficient utilization of urban space through competent town planning, development, and employment of appropriate tools to ensure the integration of road networks in drawing up town and investment plans, and programs;

(iii) Specific studies to integrate the urban dimensions and constraints in infrastructure development, including revisiting the multimodal approach for better adaptation to the urban context;

(iv) Preference for technically appropriate options, even though these are more costly at the outset, e.g. adopting a 3-phase power supply in areas of significant economic potential and single-phase for areas of low potential to lower overall cost and accelerate electrification programs; and

(v) Establishment of a classification of the localities or sets of localities to be electrified as an essential step in the development of a master plan for the electrification of the whole country.

The Water Initiatives

Water plays a pivotal role in socioeconomic development, health, and social welfare, especially for the poor. Accordingly, the Bank continues to place a very high premium on helping its RMCs to meet the MDG water and sanitation targets. Bank support is channeled through its normal operational windows and through 3 complementary water initiatives namely: the Rural Water Supply and Sanitation Initiative (RWSSI), the Multi-Donor Water Partnership Program (MDWPP), and the African Water Facility (AWF) (see Box 3.1). At the end of 2009 the Bank's water portfolio comprised 65 water and sanitation interventions in 35 African countries, totaling about UA 1.56 billion, from ADB, ADF, and the RWSSI Trust Fund, and 57 projects for UA 56.6 million coming from the AWF.

In 2009 the Bank approved 14 new operations including: 5 urban and peri-urban projects for Cameroon, Congo, Egypt, Mozambique, and Nigeria; 2 rural projects for Rwanda and Senegal; 3 projects in Central African Republic (CAR), Comoros, and Kenya addressing both urban and rural areas; and 4 feasibility studies totaling UA 297.4 million. Also, 3 projects were approved from the RWSSI Trust Fund for an amount of UA 11.07 million. In addition, the AWF approved 14 projects for UA 16.5 million.

Box 3.1: The Three Water Initiatives

1. The Rural Water Supply and Sanitation Initiative (RWSSI)

The RWSSI remains a flagship Bank intervention, with the overall objective of extending safe water and basic sanitation coverage to 80 percent of the rural population by 2015 at an estimated cost of UA 9.22 billion. Since the RWSSI program began in 2003, the Bank has approved 25 operations in 20 countries with total financing of UA 1.44 billion, of which the Bank contributed UA 659 million (UA 600 million from ADF resources and UA 59 million from the RWSSI Trust Fund). The remaining UA 0.79 billion was sourced from development partners, African governments, and the beneficiary communities.

The rural population benefiting from the RWSSI increased from about 6.34 million (for access to safe water) and 4.48 million (for improved sanitation) in 2008, to over 27.0 million people for water and 22.16 million people for sanitation by the end of December 2009. In 2009, 5 new programs were approved by the Board for a total of UA 75 million (UA 64 million from the ADF and UA 11 million from RWSSI TF) for the following countries: Central African Republic, Comoros, Kenya (Phase II), Rwanda (Phase II), and Senegal.

Two new donors, Canada and Switzerland, joined the RWSSI Trust Fund in 2009, with contributions of UA 22.3 million and UA 1.9 million respectively.

2. The Multi-Donor Water Partnership Program (MDWPP)

The MDWPP was established by the Bank, in partnership with the Dutch, Danish, and Canadian governments, in order to operationalize the 2000 Integrated Water Resources Management (IWRM) policy. The program was instrumental in the establishment of the African Water Facility (AWF) and formulation of the RWSSI, as well as the development of a number of guidelines, tools, and handbooks for the water sector. The main activities supported by the MDWPP in 2009 included:

- Africa's participation at the Fifth World Water Forum in Istanbul: development of the Africa Regional Position Paper and the Action Plan for the Implementation of the Sharm El Sheikh Commitments for Accelerating Achievements of Water and Sanitation Goals;
- Leadership role in the thematic session on financing water infrastructure at the Second Africa Water Week;
- Assessments on the implementation status of IWRM in 12 Southern African countries in collaboration with the Global Water Partnership, in support of the Bank's MTS (2008-2012); and
- A study on *Water Governance in Africa* and development of *Guidelines for Governance Assessments for Water Sector Experts.*

3. The African Water Facility (AWF)

The African Water Facility (AWF) is a key initiative led by the African Ministers' Council on Water (AMCOW), administered by the Bank, to mobilize resources to finance water sector facilitation and investment activities in Africa. AWF has leveraged about UA 215 million as a result of its project activities.

In 2009 two new donors, UK and Senegal, joined the Facility with contributions of GBP 15 million and EUR 175,000 respectively. This increased the number of donors to 11 and cumulative cash contributions to EUR 109 millions (of which, EUR 74.1 million had been received by December 2009). The Bank's in-kind contribution through its hosting arrangement is valued at UA 1.24 million. The Bank also endorsed a UA 10 million financial contribution subject to approval by the Board of Governors. This will leave a shortfall of UA 89.5 million for the 2010-2012 Operational Program.

DEEPENING PRIVATE SECTOR INVESTMENT

The Bank has made significant progress in enhancing its private sector operations. It is constantly developing and financing diverse projects in various sectors, including infrastructure (power, transportation, and communication), finance, and industry. In 2009, private sector operations amounted to UA 1.16 billion, compared to UA 901.2 million in 2008. Project loans and lines of credit approved in 2009 amounted to UA 1.01 billion; private equity, UA 142.5 million; and private guarantees, UA 5.3 million (see Figure 3.2). The 2009 private sector approvals represent 20.7 percent of ADB and 14.3 percent of Bank Group total approvals, respectively. While the project loans in general were used for accelerating economic growth and reducing poverty, the LOC approvals aimed at deepening domestic financial markets by facilitating small- and medium-size enterprises' (SMEs) access to finance. Bank Group investments in many sizable multinational projects and programs in the form of loans, LOCs, and private equity aimed to enhance economic cooperation and regional integration among RMCs.

The distribution of private sector operations by country classification for the year was concentrated on regional/multinational projects (51.7 percent), followed by low-income countries (ADF countries) (42.4 percent), and then MICs (ADB countries) (5.9 percent) (see Figure 3.3).

Four notable projects approved in 2009, among the regional/multinational operations, were: the LOC for the Global Trade Liquidity Program (UA 322.1 million); Main One Cable System-Phase I Project (UA 44.1 million); Emerging Africa Infrastructure Fund (UA 33.2 million); and equity investments in Pan African Investment Partners II Limited (UA 32.5 million).

With regard to low-income countries, the two main private sector loans were the SNIM Expansion Project Guelb II (UA 111.7 million) in Mauritania, and the Cocoa Board First and Second Phases (UA 63.9 million) in Ghana. The Bank also provided LOCs to United Bank for Africa PLC (UA 96.6 million) and Intercontinental Bank PLC (UA 67.0 million) both in Nigeria, among others (see the Profiles of ADB-Approved Projects in 2009, at the end of Part 1).

Among MICs, Tunisia benefited from one project loan, namely, for Enfidha Airport (UA 63.2 million), while there was one guarantee loan for Maghreb Leasing Algeria (UA 5.3 million).

As reflected in Figure 3.4, the sectoral distribution of private sector operations indicates that finance received the largest share of allocations (69.5 percent), followed by infrastructure (20.8 percent) and industry

Figure 3.2: Private Sector Operations, 2005–2009 (UA millions)

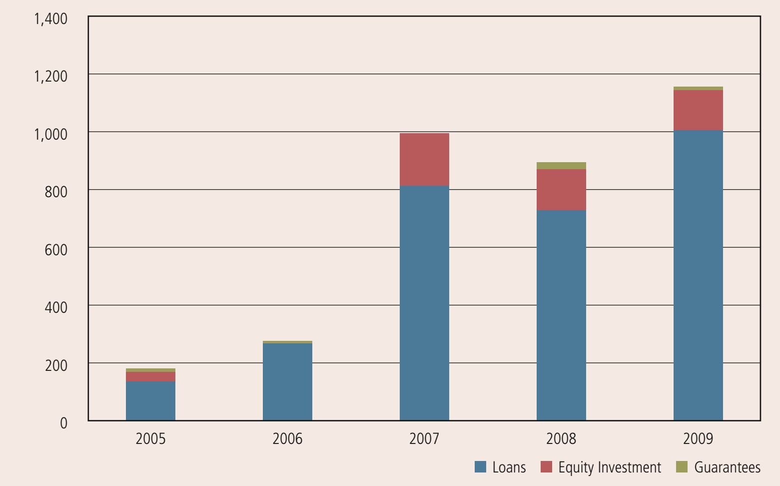


Figure 3.3: Private Sector Operations by Country Classification, 2009

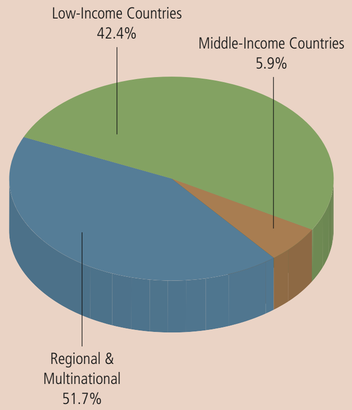
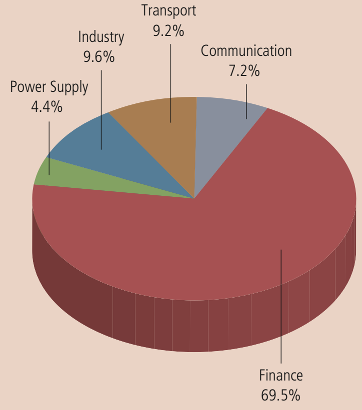


Figure 3.4: Private Sector Operations by Sector, 2009



Box 3.2: Rwanda – Poverty Reduction Strategy Support Program (PRSSP-III)

Objectives: The PRSSP-III aims to create an enabling environment for private sector growth, and to enhance transparency in the public financial management system by:

- Improving the business environment and expanding access to credit by the private sector; and
- Supporting reforms to improve the country's public expenditure and financial accountability in key areas of budgeting and financial reporting, and improving competitiveness and governance in public procurement.

Outcomes/Impact: Under the ADF's PRSSP-I to PRSSP-III series, Rwanda has transitioned from postconflict reconstruction to development. Its PFM systems have been restored and its governance indicators, including those relating to the Country Policy and Institutional Assessment (CPIA), have continued to improve.

Under PRSSP-III, Rwanda has reformed its laws aimed at better protecting investors. This has boosted its ranking in the World Bank's "Doing Business Report 2010" by 76 positions to 67/183 in 2009, from a position of 143 in 2008.

(9.6 percent). At year-end 2009, cumulative approvals for private sector projects and programs totaled UA 4.65 billion, compared to UA 3.50 billion in 2008; this represents an increase of 32.9 percent.

Knowledge development: Private sector operations during 2009 contributed significantly to operational knowledge accumulation. Project completion reports prepared during 2009 in this sector have yielded lessons that will inform and improve future Bank Group operations. Some of the lessons and best practices to ensure successful privatization of state enterprises include: (i) properly assessing the viability of the enterprises ex ante; (ii) strengthening the rules governing privatization; and (iii) ensuring the effective rehabilitation of the assets and financial position prior to the enterprises being privatized.

Ex-ante Additionality and Development Outcome Assessment (ADOA) of Private Sector Operations

In 2009, 29 of the 30 private sector operations approved by the Bank underwent the ADOA assessment. The value Weighted Average Development Outcomes (WADO) ranged between good and satisfactory, with an average rating of 2.4 on a scale ranging from 1 (excellent) to 5 (unsatisfactory). The value Weighted Average Additionality and Complementarity (WAAC) ranged between positive and strongly positive, with an average rating of 1.7 on a scale ranging from 1 (strongly positive) to 4 (none). The two ratings surpassed the target of 2.5 for WADO and 2.0 for WAAC. These positive development outcomes can be attributed mainly to improved private sector development, and their effects on RMCs' fiscal positions as well as enhanced infrastructure. The expected improvement in additionality arose mainly from improved project quality and the minimization of financial risk.

SUPPORTING ECONOMIC AND GOVERNANCE REFORMS

To address Africa's governance challenges in this period of global financial turbulence, Bank Group efforts are guided by its Governance Engagement Principles, as laid down in its *Governance Strategic Directions and Action Plan* (GAP) for 2008-2012. Visionary leadership, effective institutions, and home-grown capacity constitute the bedrock for the realization of good governance. Credible leadership provides the basis of trust between the State and society that underlies public confidence in the State and expected development benefits, especially poverty reduction. Effective and accountable institutions are critical for delivering long-term development and for providing checks and balances.

Box 3.3: Botswana – The Economic Diversification Support Loan (EDSL)

Objective: EDSL, the first General Budget Support (GBS) operation approved by the Bank for Botswana, has the objective of creating competitive conditions for accelerated private sector growth, economic diversification, and poverty reduction. It was a stimulus package responding to the global financial and economic crisis and the country's need to reduce dependence on its mineral revenues. The EDSL will promote fiscal sustainability by assisting the Government to implement the 2009/10 budget.

Expected Outcomes: (i) Emergence of vibrant non-mineral private sector activity; (ii) increased application of market efficiencies to commercial activities in which the Government continues to be involved; (iii) improved private sector regional competitiveness, while increasing the share of non-traditional exports in total exports; (iv) better regulation of non-bank financial institutions to position Botswana as the preferred offshore financial services center for Sub-Saharan Africa; (v) improved capital market development; (vi) increased FDI inflows; and (vii) enhanced governance in the financial sector.

Modalities: EDSL meets country needs by bridging the fiscal deficit that has arisen in the 2009/10 budget as a result of the global economic downturn. Its main strengths are:

- It uses country systems and monitoring mechanisms built around the national budget;
- It is focused on results;
- It collaborates closely with the IMF and World Bank for implementation and monitoring purposes;
- It enhances dialogue with the Government and other development partners to better address the remaining challenges facing the country, including macroeconomic (e.g. wage bill issues) and social (especially HIV/AIDS, inequality and poverty).

In 2009 the Bank Group's support for governance reforms continued to emphasize greater selectivity and results-orientation, focusing on strengthening economic governance and public financial management at the sector, country, and regional levels. The Bank Group prioritizes improvements in economic and financial governance as core elements to ensure effective, capable, and accountable states. Good economic and financial governance is the means to deliver effective poverty reduction (see Box 3.2).

The Bank's support for RMCs' governance initiatives is provided from the ADB and ADF windows, as well as from the Fragile States Facility (FSF). The Bank Group uses, among its instruments, a mix of Policy Based Operations (PBOs). These are preferred by most RMCs because they ensure increased national ownership and leadership in the countries' development efforts, including control over domestic and aid resources to deliver their own development priorities and plans. These operations are also in line with the Bank's commitments under the Paris Declaration

Box 3.4: Governance – Delivering Results

Bank-supported governance initiatives in the areas below have led to the following outcomes:

Revenue Management: In Liberia the establishment of a One-Stop Shop (OSS) Customs Service Facility has improved revenue collection, facilitated pro-poor spending, and maintained the reform momentum during the finance, food, and fuel crises. Institutional reforms in the Gambia Revenue Authority led to an 8.3 percent increase in tax revenue over 2008-09. A 31.0 percent increase in Tanzania's non-tax revenue occurred over 2005-09, following the implementation of key actions on Natural Resources Concessions and Licensing Management.

Budget Management: Automation of the interfaces between sectoral and central ministries in Mali enhanced the timeliness of budget preparation, improving coverage by 39.8 percent over 2008-09. In Comoros, the adoption of a legal framework for public finance management helped improve budgeting. Improved budget planning and execution in the Gambia led to an improved focus on poverty-related expenditure, which accounted for 50 percent of the total amount in 2009.

Public Procurement: Fund-supported enactment of the Procurement Act in Tanzania led to a 27 percent increase in compliant agencies. In Benin, ADF-sponsored actions against public procurement delays and fraud led to an average 8-month reduction in delays and to the enactment of fraud sanctions. In Togo, the modernization of public procurement led to a reduction in direct procurement, while in Burkina Faso ADF-backed drive for transparency in public procurement led to a reduction in direct procurement contracts from 15 percent in 2007 to 12 percent in 2009.

Government Auditing: Fund intervention reduced the 7-year backlog of audit reports in The Gambia from 7 to 2 years over 2007-09. Similarly, interventions in Sierra Leone and Liberia resulted in backlogs of audit reports declining significantly, while in Rwanda audit coverage of government expenditure improved from 50 percent in 2006 to 55 percent in 2007.

Business Environment: In Zambia, the average time needed to register a business decreased to 3-5 days in 2009 from 8 days in 2008 and 35 days in 2006. Similarly in Cape Verde, the average time needed to start up a new business fell from 52 days to just 1 day over the period 2007-08. In Rwanda, the adoption of bills on solvency, business registration, competition, and consumer protection strengthened the private sector regulatory and legislative environment. The timeframe required to transfer ownership of a business in Senegal almost halved from 117 to 60 days.

Social Outcomes: In Ethiopia, ADF budget support increased social welfare on a number of levels: regional level expenditure rose from 41 percent to 51 percent between 2004/5 and 2007/8; primary school enrollment increased from 11.4 million to 14.0 million between 2004/5 and 2006/7; net primary enrollment ratio increased by over 10 percent; while access to health services and safe drinking water by the rural population increased from 35 percent to 46 percent.

on Aid Effectiveness, and as reaffirmed by the Accra Agenda for Action. Presently, most of the Bank Group PBO interventions are in the form of general budget support to RMC governments.

In 2009 the Bank Group further aligned and harmonized its support with joint government donor frameworks, and was Chair of joint donor budget support groups in Burkina Faso, Malawi, and Tanzania. Bank Group PBOs (loans and grants) grew from UA 597.4 million in 2008 to UA 2.09 billion in 2009. An economic crisis-related stimulus package for Botswana accounted for UA 969.0 million (US$ 1.5 billion) of the 2009 total (see Box 3.3). Approvals of new complementary Bank Group institutional support projects to strengthen capacity increased from UA 29.1 million in 2008 to UA 59.3 million in 2009.

The Bank Group's support to RMCs' policy and institutional reforms, designed to improve service delivery, has resulted in tangible results (Box 3.4). Moreover, its support to Africa's fiscal responses to the food, financial, and economic crises has helped to sustain the development momentum. These successes notwithstanding, serious challenges remain, as outlined in Box 3.5. The Bank has also supported private sector development by promoting the enhancement of the business climate in RMCs.

Bank Group Operations to Promote Governance at National, Sectoral, and Regional Levels

At the country level: The Bank helps RMCs to improve governance of their public financial resources by placing emphasis on tax, budget, and procurement management. It does this by strengthening oversight institutions and accountability systems (audit). It also supports the enhancement of the investment climate and business environment, focusing on pro-poor growth. In 2009, the Bank Group approved 22 programs and projects for a total commitment of UA 2.10

Box 3.5: Governance - Challenges, Containment Actions, and Outcomes

The challenges, constraints, and containment actions relating to the governance area include the following:

i) Improving quality-at-entry through upstream analyses and non-lending works that are not measurable by existing KPIs such as: (a) addressing cross-cutting dimensions of governance in other "sectors"; (b) ESW production constrained by inadequate internal financial and human resources capacity and mission creep; and (c) complexity of measuring results and changes in governance;
ii) Consolidating the Bank's profile in governance through continued selectivity and a sharper focus on core Bank priorities of economic governance and public financial management in the selection of types and themes for ESW;
iii) Inadequate staff capacity needs to be addressed to enhance the business-enabling environment in RMCs;
iv) Greater local presence and decentralization to Field Offices to monitor the Governance Agenda at the country level; and
v) Building a database with other partners and sharing information.

The outcomes include:

i) Progress in 2009 in achieving the governance vision through the consolidation of internal institutional reforms and the strengthening of the Bank's capacities;
ii) Greater focus on governance subsectors (public financial management and enabling business environment);
iii) Greater attention to governance in sectors (e.g. mainstreaming governance and anti-corruption across sectors); and
iv) Better linkages.

billion to strengthen public finances in RMCs through enhanced public and budget institutions and processes. The Bank has also invested in shared analytical work with other donors, for instance through the Public Expenditure and Financial Accountability (PEFA) analyses and other diagnostic work in 5 RMCs, and Country Governance Profiles in 3 other countries.

At the sectoral level: The Bank is scaling up its drive to improve governance and combat corruption in high-risk sectors, including infrastructure, water, energy, transportation, and extractive industries. Among other measures, the Bank has issued operations guidance for mainstreaming governance concerns into Bank Group operations. This support includes working through the Making Finance Work for Africa (MFW4A) Partnership, a G8 initiative launched in 2007 with the mission of establishing a common platform for the harmonization and facilitation of financial sector development and knowledge sharing in Africa. During 2009 the MFW4A Secretariat launched its website (http://www.mfw4a.org) to serve as a knowledge hub.

The Bank Group backs African countries' efforts to improve revenue governance in the extractive industries sector through its support to the Extractive Industries Transparency Initiative (EITI). In 2009 the Bank provided such support to 8 RMCs, of which Liberia became the first African country to complete the EITI validation exercise.

At the regional level: The Bank Group supports a number of regional bodies, initiatives, and networks that promote economic and financial governance. These include the Collaborative African Budget Reform Initiative (CABRI), the African Organization of Supreme Audit Institutions (AFROSAI), and the African Tax Administrators Forum (ATAF) established in 2009. To support good governance in public procurement, in 2009 the Bank convened the heads of African public procurement agencies, to reinvigorate reforms in this area. It also provides financial support to the IMF-initiated African Technical Assistance Centers (AFRITACs).

During 2009 the Bank contributed to the development of a robust and systematic monitoring and reporting framework for the National Plans of Action and improved modalities for civil society engagement to enhance the work of the African Peer Review Mechanism (APRM). The Bank also supported APRM country reviews of Ethiopia, Lesotho, Mauritius, and Mozambique.

Knowledge development: In 2009 the Bank produced several PCRs involving *institutional reforms.* The lessons learnt from these PCRs include the following:

(i) Training, transfer of knowledge and equipment must be accompanied by appropriate structural, institutional, and organizational changes;

(ii) The successful modernization of public administration is dependent on the existence of national structures that have clear responsibilities for coordinating activities, and that are equipped with adequate resources and staffed with qualified personnel; and

(iii) An integrated framework of aid coordination, programming, and budgeting strengthens the alignment and harmonization of development programs, and helps prevent the duplication of tasks. Such a framework serves to maximize impact on institutional support and capacity development.

PROMOTING SOCIAL AND HUMAN DEVELOPMENT

As elaborated in the MTS, poverty reduction lies at the center of the Bank's vision. The Bank Group's interventions contribute to poverty reduction by focusing on activities that bring about strong and equitable economic growth. In the education and health subsectors, this means focusing on (i) higher education, science, and technology (HEST), with the aim of producing the human capital (scientists, engineers, researchers, doctors, etc.), who will serve in the countries' centers of excellence and (ii) Technical and Vocational Education and Training (TVET) to address the skilled labor requirements of the productive sectors. Investment in the social sector (education, health, etc.) can in this way contribute to human development and poverty reduction.

This orientation of the Bank Group interventions is geared toward helping RMCs attain their respective MDG targets and achieve sustainable levels of economic advancement. Specifically, Bank Group support to the HEST and TVET programs aim to: (i) improve national and regional centers of excellence in science and technology; (ii) build and rehabilitate existing science and technology infrastructure, including tertiary education, and link programs to productive sectors in relevant countries; and (iii) assist RMCs to address critical shortages of trained health professionals and technicians, which is hampering the attainment of the health MDGs.

Bank Group's Response to the Financial and Economic Crisis in the Social Sector

In response to the global financial and economic crisis, the Bank continued providing targeted support to programs that promote and enhance income opportunities, employment creation, and social protection. The Bank focused on measures aimed at: increasing social protection for unemployed youth; improving opportunities for increasing rural incomes and employment through capacity building; and improving access to financial services by the poor. In July 2009 the Bank, in collaboration with the Association for the Development of Education in Africa (ADEA) (now housed in the Bank) and the World Bank, hosted a conference of African Ministers of Education and Finance, development partners, civil society, and representatives of the private sector on the theme: "Sustaining the Education and Economic Momentum in Africa amidst the Current Global Financial Crisis." The confer-

ence called for greater cooperation among education sector stakeholders and for better leadership in African countries to safeguard the hard-won gains achieved by RMCs over the past decade.

In 2009 the Bank approved UA 228.6 million for 17 operations in the social sector. Distribution by subsectors shows the dominance of education (UA 199.2 million), followed by poverty reduction and social protection (UA 20.7 million), and health, (UA 8.7 million). Notable approvals include the National Education Emergency Support Program in Morocco; the Improvement of Higher Education and Vocational Training in Public Services in Gabon (see Box 3.6); the Rural Income and Employment Enhancement Program in Uganda, and a grant to support the Network of Regional African Institutions of Science and Technology.

In addition, during 2009 the Bank used part of the US$ 1.0 million grant from the Nigeria Technical Cooperation Fund (NTCF) to finance the Mapping of Science and Technology for Industrial Development in Rwanda, and to support the African Scientific Merit Award program, both linked to the HEST initiative. It also approved 14 grant operations amounting to UA 7.9 million to fund important benchmark studies in 8 MICs. The Bank additionally approved 17 emergency humanitarian assistance operations amounting to UA 8.7 million to support: victims of cholera outbreaks in Zimbabwe and Guinea Bissau, victims of a meningitis outbreak in Chad, and flood victims in Burkina Faso and Comoros.

Knowledge development: The lessons and best practices learnt from PCRs conducted in 2009 for the social sector include the following:

(i) Identification of user needs through needs assessment studies to precede project design is critical to ensure that the resulting projects will be comprehensive and address all relevant aspects, such as the cross-cutting issues of gender and the environment, as well as social and economic concerns.

(ii) Community modes of construction have the potential for enhancing the capacity of the rural communities and should be encouraged for education and rural development projects.

(iii) The Bank should endeavor to minimize conditions that are legislative in nature to enhance the speedy fulfillment of loan conditions and effectiveness.

(iv) Effective and intensive community participation through extensive outreach is needed to consult and involve stakeholders from the inception of project design and preparation through to implementation, to ensure continued community support, commitment, ownership, and the success of the project.

Box 3.6: Gabon – Improvement of Higher Education and Vocational Training in Public Services

Project aims:
Improving the skills of middle- and senior-level technicians and professional personnel; addressing problems of ineffectiveness of public expenditures, particularly in the social sector, including education; enhancing the countrywide admission capacity of schools; improving the quality and relevance of educational programs; and enhancing the effectiveness of public resources allocated to the education sector, including progressively reducing expenditure on scholarships for studies abroad.

Project beneficiaries:
The beneficiaries include students of the 3 national universities, higher professional schools, and institutes of industrial and rural technical and vocational education; people wishing to enhance or readjust their skills through continuous and further training; female students who will have increased access to technical and vocational training possibilities in areas hitherto unavailable to them; 1,000 university and 4,000 technical education students each year; 468 teachers, supervisory staff and heads of institutions whose skills will be strengthened.

Expected outcomes:
Improved effectiveness and efficiency of governance in the country's education sector and the economy resulting from strengthened administrative and financial management skills of 134 technical officers of the supervisory ministry and training institutions; and better rationalization of expenditure by reducing resources allocated to foreign scholarships.

PROMOTING REGIONAL INTEGRATION

Since its inception, the Bank has been active in regional integration activities in various forms, ranging from support to regional economic communities (RECs), to intra- and inter-regional trade enhancement, cooperation, and capacity building. During 2009 the Boards of Directors approved the Bank Group's Regional Integration Strategy (RIS) (2009-2012). The Strategy proposes bolder and better-focused interventions for Africa's regional integration, as well as closer collaboration with key stakeholders such as the AUC, ECA, and the RECs. The Strategy hinges on regional infrastructure development and institutional capacity building, with aid for trade, regional financial integration, and the provision of regional public goods (RPGs) as cross-cutting dimensions. In 2009 the Bank also developed the first RIS for the Central Africa subregion (2009-2013), which is pending approval by the Boards.

The Bank has also been involved in the strategic formulation of the regional integration agenda of the continent. In particular, it participated in the design and operationalization of the NEPAD Short-term Action Plan (STAP), followed by the design and subsequent prioritization of the Africa Action Plan (AAP) and, recently in 2009, the formulation and design of the Program for Infrastructure Development in Africa (PIDA) (see Box 3.7). Projects recently approved under STAP in 2008/2009 include the Mombasa–Nairobi–Addis Ababa Road, the Bamenda–Mamfe–Abakaliki–Enugu (Cameroon–Nigeria) Highway, and a power interconnection project for Djibouti and Ethiopia.

Total approvals for the Bank Group's multinational operations in 2009 stood at UA 1.17 billion, which is an increase of 57.9 percent over the 2008 level of UA 741.10 million. Figure 3.5 shows that in 2009, the largest share of multinational approvals went to infrastructure (48.0 percent) followed by finance (45.5 percent).

Private sector operations (PSO) also provide significant support to the Bank's regional integration objective. The Bank also approved 10 private equity investments for multinational development projects in LICs (see earlier section "Deepening Private Sector Investment").

Box 3.7: The Program for Infrastructure Development in Africa (PIDA)

PIDA is a merger of (i) NEPAD's Medium- to Long-Term Strategic Framework (MLTSF) Study for the development of continental and regional infrastructure, (ii) continent-wide sector policies, and (iii) a Master Plan initiative that is supported by the African Union Commission (AUC). The merger of all existing African infrastructure initiatives was intended to provide a coherent and strategic framework that will serve as a common platform for defining, implementing, and monitoring regional and continental infrastructure development across Africa. The study is being cofinanced by the African Development Fund (ADF), the Nigerian Technical Cooperation Fund (NTCF), and other donors.

The objectives of PIDA – covering regional energy, transportation, ICT, and transboundary water resources – are to enable African decisionmakers to:

- Establish a strategic framework for the development of regional and continental infrastructure based on a development vision, strategic objectives, and sectoral policies;
- Establish an infrastructure development program around priorities and time horizons up to 2030; and
- Prepare an implementation strategy and process including, in particular, a priority Action Plan.

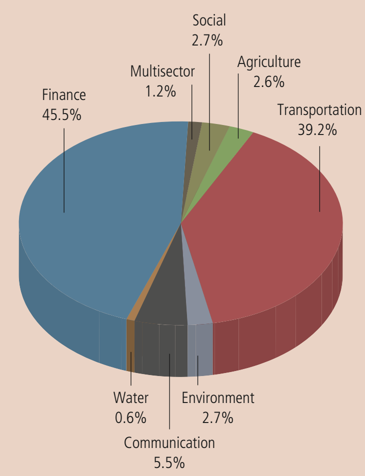
The Bank Group has been designated as the Executing Agency for PIDA and is implementing the study in collaboration with the AUC and the NEPAD Secretariat. The completion date of the study will be 2011.

Challenges in Regional Integration

The Bank is confronted with the following challenges in its effort to enhance regional integration.

- Inadequate institutional and regulatory frameworks ("soft" forms of infrastructure) to complement physical infrastructure development;
- Inadequate financial and logistical capacities at national and regional agencies involved in advancing the integration agenda;
- Lack of reliable indicators for measuring progress toward regional integration;
- Inadequate human resource capacity and political will to implement agreed integration initiatives; and
- Lack of adequate regional payments systems that will facilitate transborder financial transactions and regional trade.

Figure 3.5: Composition of Multinational Projects by Sector, 2009



As a result of these constraints, many well-intended decisions and action plans taken at African development forums on regional integration have only been partially implemented. The Bank, aware of the critical importance of integration to the realization of Africa's development goals, has resolved to intensify its investments in both "physical" and "soft" infrastructure to spearhead the continent's economic progress. At the same time, the Bank will continue to work closely with development partners to address the aforementioned challenges by building and supporting consensus and related action plans, including the following :

(i) Investing in institutional development and capacity building and in the harmonization of trade legislation, policies, technical standards and regulations, thereby facilitating regional trade. In this regard, the Bank in 2009 supported the NEPAD Secretariat through the enhancement of its technical capacity and the facilitation of its transformation into the NEPAD Planning and Coordination Agency (NPCA) of the AU. It provided technical and financial support to the AUC in the formulation of its Infrastructure Strategy, which was subsequently endorsed at the AU Summit in February 2009. The Bank also provided capacity-building support to various RECs, especially ECCAS, UMA, COMESA and ECOWAS, in addition to funding studies to enhance economic and financial integration.

(ii) Building strong partnerships with African institutions like the ECA, AUC, NEPAD, and with RECs and global agencies such as WTO and World Bank to deliver on continent-wide programs such as the STAP and PIDA. The following were some of the activities undertaken under the aegis of these partnerships:

- The publication of *Assessing Regional Integration in Africa* (ARIA), jointly produced by the ECA–ADB–AUC;
- The establishment of the ADB–AUC–ECA Joint Secretariat Support Office (JSSO), which is, entrusted with the coordination of joint projects and programs;
- Trade facilitation activities with the World Customs Organization, UNCTAD, and the World Bank; and
- Establishment of ClimDev-Africa by the ADB–AUC–ECA, to provide "climate information for development in Africa." The Bank allocated UA 20 million to a ClimDev-Africa Fund established in 2009.

SUPPORT FOR FRAGILE STATES

The Fragile States Facility (FSF) was established with resources totaling UA 647.8 million provided by both the ADB and the ADF to support the recovery process of the Bank's fragile member states. The FSF's grant-supported windows provide: (i) operational support in excess of the performance-based allocation (PBA) for infrastructure rehabilitation and reconstruction; (ii) arrears clearance; and (iii) targeted support for economic and sector work, capacity-building and technical assistance, including secondments.

In 2009 the economic performance of fragile states was badly affected by the global financial and economic crisis. Falling export earnings and declining capital inflows caused serious balance of payments and fiscal difficulties. The accompanying exchange rate volatilities and job losses resulted in per capita income falling by more than 50 percent of forecasts in some countries. This has undermined gains from economic reforms and advances made in the fight against poverty in most fragile states. In response to this critical situation, the Bank approved UA 364.8 million from the FSF to finance 12 operations in Central African Republic, Comoros, Côte d'Ivoire, Guinea-Bissau, Liberia, Sierra Leone, and Togo. Of the 2009 FSF approvals, UA 240.9 million was for arrears clearance for Côte d'Ivoire.

In addition, the Bank has established strong partnerships with the Bretton Woods Institutions, UN agencies, and other organizations supporting governance reforms and providing technical assistance and capacity-building services in fragile states. The Bank is a member of the OECD's International Network of Conflict and Fragility, and the MDB's Working Group on Fragility and Conflict. The institution has also intensified collaboration with the AUC and UN agencies, especially UNECA, in undertaking Economic and Sector Work (ESW) on peace and state-building in Africa.

SUPPORT FOR MIDDLE-INCOME COUNTRIES (MICs)

The Bank Group's approved operations for Middle-Income Countries (MICs) in 2009

Figure 3.6: Sectoral Distribution of Approved Projects for MICs, 2009

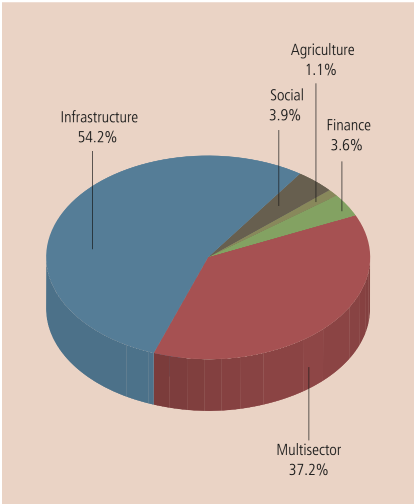


Figure 3.7: Geographic Distribution of Approved Projects for MICs, 2009

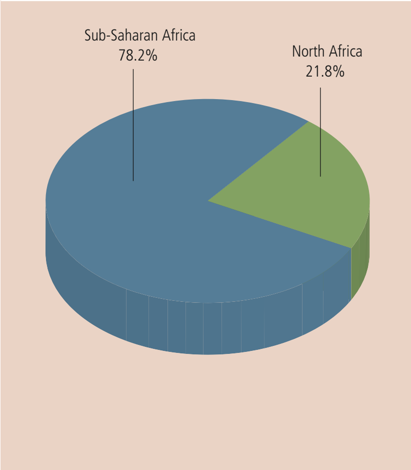
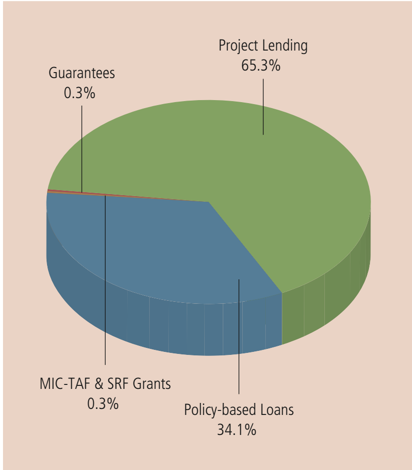


Figure 3.8: Distribution of 2009 MIC Financing Program by Financing Instruments



(excluding multinational projects and programs) stood at UA 4.35 billion, which is over 3 times the 2008 level of UA 1.11 billion. This significant increase is primarily the outcome of intensive demand for the Bank's resources, against the backdrop of the global financial and economic crisis, and the Bank's subsequent response.

In terms of the Bank's sectoral focus in MICs, infrastructure remains the top priority at 54.2 percent, followed by multisector at 37.2 percent. The remainder is shared among social (3.9 percent); finance (3.6 percent); and agriculture (1.1 percent) (see Figure 3.6).

The geographic distribution of the MICs' financing program in 2009 recorded a major shift. Departing from the pattern of the previous 6 years, Sub-Saharan Africa received the majority share (78.2 percent) compared with North Africa (21.8 percent), as shown in Figure 3.7. This shift is the result of the large loans approved for South Africa (UA 1.73 billion for the Medupi Power Project) and Botswana (UA 969.0 million for the Economic Diversification Budget Support Loan).

In terms of financing instruments, project lending (for both public and private sectors) was the major financing vehicle in 2009, accounting for 65.3 percent of total approvals for MIC operations, while policy-based loans (including countercyclical ELF and TFI financing instruments) represented 34.1 percent (see Figure 3.8). Guarantees and grants from the MICs Technical Assistance Fund (TAF), the African Water Facility (AWF), and Special Relief Fund (SRF) made up the remaining 0.3 percent of the resources. The 2009 MICs financing program featured a greater use of small grants from the MICs-TAF, the AWF, and SRF, than in previous years.

In implementing its MICs strategic framework approved in 2008, the Bank deepened its business approach of being more responsive, flexible, and innovative, and thereby more competitive in 2009. In particular, the Bank adjusted its product and pricing flexibility to better meet the needs of MICs.

AGRICULTURE AND RURAL DEVELOPMENT

The Bank Group's strategy for supporting African agriculture and rural development (ARD) is rooted in the fact that the sector is the mainstay of the economic and social life of most African communities. Consequently, success in this area has an immediate and wide-ranging effect on poverty reduction and improved living standards in most RMCs. The strategy seeks to promote food security by encouraging investments in irrigation infrastructure and agro-processing transportation networks, including storage facilities, markets, and related equipment.

Technologies for Productivity Enhancement and Food Security

The application of irrigation and other agricultural technologies has made high-performing developing countries in East Asia and the Pacific food-secure, as per capita production has outstripped demand. In much of Africa, however, per capita annual growth in production has stagnated at less than 1 percent due to a lack of investment in improved technologies and production methods. In recent years, a promising development has appeared in parts of West, East, and Southern Africa, where the use of NERICA rice seed and hybrid maize combined with properly targeted subsidies for key inputs, have resulted in highly improved yields and output.

To enhance agricultural productivity and production, as well as facilitate efficient distribution and conservation (reducing post-harvest losses), the MTS encourages investments in irrigation infrastructure and in marketing networks (transportation, storage, markets, and related equipment) to ensure food security. It also advocates policies and regulations for the efficient management of food stocks, their unhindered movement within and between countries, as well as good governance of public financial and fiscal resources. In 2009 the Bank approved UA 218 million for 25 agricultural operations. Most approvals were for projects and programs aiming to increase food security through productivity enhancement, infrastructure development, and natural resources and climate change management.

Infrastructure Development, Climate Change Management, and Food Security

The high unit costs and the Group's disappointing experience with large-scale public irrigation projects have led the Bank to refocus its support for irrigation operations. Currently, the Bank encourages private capital for large-scale irrigation programs, while it concentrates its public funding on promoting small-scale, farmer-operated irrigation and water management systems. The Massingir Dam Project in Mozambique, the Mali Irrigation Development Program, and the National Irrigation Water Saving Program Support Project in Morocco, all approved in 2009, are designed to increase irrigation capacity for small-scale farmers.

The Bank's forestry interventions mitigate threats to the stability of the ecosystems. These interventions contribute to climate change mitigation and adaptation by enhancing the management of renewable natural resources (water, forestry, and land resources) that provide fundamental life support and reduce the effects of desertification, deforestation, and soil degradation. For instance, the Congo Basin Ecosystems Conservation Support Program approved in 2009 aims to contribute to the sustainable management of forest resources and protected areas, thereby helping to preserve the ecological balance of the planet. The Program seeks to enhance the socioeconomic wellbeing of the affected population while enabling them to adapt to climate change.

Inter-Agency Cooperation for Improved Delivery of Food Security Outcomes

Most agricultural projects approved in 2009 are designed to be implemented within the framework of existing inter-agency partnerships in respective RMCs. Cooperation enables the Bank to draw from other partners' experiences and expertise, while ensuring inter-agency harmony in accordance with the Paris Declaration on Development Effectiveness. The Bank is working in partnership with the AUC and the ECA in ClimDev Africa, and with the World Bank in implementing the Pilot Program for Climate Change Resilience in Zambia and Mozambique.

The 2009 AfDB/IFAD evaluation of agriculture and rural development projects and programs in Africa reaffirmed the importance of this sector for the continent's socioeconomic development, while identifying a wide range of challenges and constraints. The evaluation concluded that there is a need to strengthen sectoral policies, especially at the country level; to improve the operational performance of lenders and governments; and to develop a more efficient division of labor and stronger partnerships among stakeholders. While recommending the Bank's continued engagement in agriculture, the evaluation urged greater selectivity and alignment with the Bank's strategic priorities, with a focus

Box 3.8: Agriculture and Rural Development: Challenges, Constraints, Actions and Outcomes

Theme	Challenges	Actions	Outcomes
Irrigation Activities	Weak capacity of national contractors; weak irrigation management systems	Relevant training programs; private sector participation in large-scale irrigation	2009 approved irrigation projects are for smallholders.
Pre- and Post Harvest Loss (PHL) technologies	Limited awareness of available technologies and lack of mainstreaming of PHL technologies	Bank contracted preparation of PHL reduction framework paper.	PHL reduction framework paper under preparation
Inadequate resources for the sector	Agriculture is allocated limited resources as it is not a priority sector in PRSPs and country CSPs.	Pursuing dialogue with RMCs and partners to parallel finance agricultural projects	Several of the 2009 approvals being undertaken jointly with partner institutions.

on innovative approaches within the Bank's areas of comparative advantage and strategic priorities. Accordingly, most agricultural interventions approved in 2009 relate to infrastructure, as this is key to achieving food security and is therefore assigned the highest priority in the MTS. In addition, the Bank took account of the findings and recommendations of the AfDB/IFAD evaluation in preparing its Agriculture Sector Strategy (2010-2014) in 2009, which will be considered by the Boards of Directors in 2010.

To improve portfolio supervision and delivery in its operations, the Bank is progressively delegating authority and strengthening the skills mix in its Field Offices. Consequently, 58.5 percent of agricultural projects were rated as satisfactory and only 5.7 percent as problematic during 2009, compared to 50.0 percent and 13.0 percent respectively in 2007. These achievements are encouraging but the sector's development continues to encounter serious challenges (see Box 3.8).

Knowledge development: The main lessons learned from the PCRs prepared during 2009 for agriculture and rural development interventions can be summarized as follows:

(i) In cofinanced interventions, coordination and communication between the cofinanciers and district, regional, and national authorities are vital for the smooth and successful implementation of the project;

(ii) Improving smallholder agriculture through projects that combine agriculture and infrastructure development components is important and should be adopted more widely in relevant Bank Group operations;

(iii) Cofinancing demand-led agriculture and rural development programs with IFAD has proven to be cost-effective; the PCRs also illustrate the advantages of communal land ownership in protecting the rights of access to land and water by the poor, including women;

(iv) The successful transformation of the microfinance project implementation unit for the Rural Microfinance Project in Uganda into a fully-fledged Center for Microfinance Operations based on private sector principles is worth emulating.

Box 3.9: AFCR Implementation Progress at end-July 2009

- **Realignment of existing agricultural and non-agricultural portfolios:** 66 projects have been identified for realignment in 21 countries. Of these: (i) 29 of 31 agricultural projects, which require revision of LOGS, have been realigned, yielding UA 29.8 million for 17 countries; and (ii) 35 non-agricultural projects have been identified in 11 countries, of which 31 have been realigned with Board approval, yielding UA 66.3 million.

- **Budget support operations:** The use of Bank resources for budget support and balance of payment operations to free up domestic resources for the immediate responses to the food crisis. Twelve operations were identified, of which 3 were ongoing, freeing up UA 42 million, and 9 newly processed and approved operations by the Board, freeing up UA 258.5 million.

- **Bank's Surplus Account operations:** The Boards of Governors approved an allocation of UA 20 million from the Bank's Surplus Account to assist 11 RMCs severely affected by the food crisis. Ten of these operations, amounting to UA 19 million, have been approved by the Boards of Directors.

- **NERICA rice promotion initiative:** The Bank, with the acceptance of the 7 West African countries implementing the ongoing multinational NERICA rice dissemination project, has released UA 2.24 million from the portfolio realignment of the NERICA project to facilitate expansion of the area under NERICA cultivation over the next 2 years. This will produce additional seed for dissemination to other RMCs as part of the AFCR.

Africa Food Crisis Response (AFCR) Implementation: Status and Results

The AFCR initiative was adopted as the framework for accelerated Bank support to RMCs facing food shortages and exorbitant prices. Over the short-term, AFCR sought to reduce the risk of increased poverty and hunger by supporting food production, using funds raised from the realignment of various types of operations including: (i) revisions of List of Goods and Services (LOGS) of ongoing agricultural operations and scaling up the food production components; (ii) use of undisbursed balances of closed operations and of savings from completed agricultural and non-agricultural operations; (iii) budget and balance of payment support programs; (iv) allocations from the Bank's surplus income; and (v) increased NERICA rice seed production and dissemination.

During 2009 the Bank allocated UA 415.6 million, from the various sources indicated in Box 3.9, to finance the AFCR short-term program. Of this amount, UA 339.0 million, representing 81.6 percent of the allocated amount, has been disbursed. At the end of the program period in July 2009, about 2.1 million beneficiaries (34 percent women) in 28 RMCs had received agricultural inputs from the AFCR interventions. Preliminary results for this support provided during the 2008/2009 crop season show significant increases in production during 2009/2010, compared to 2007/2008: rice production rose to 715,400 mt from 159,530 mt; maize to 3,550,000 mt from 182,170 mt; sorghum, 644,680 mt from 146,750 mt; and millet, 215,000 mt from 66,700 mt. The NERICA rice seed initiative increased seed production from 1,390 mt in 2007/2008 to 16,674 mt in 2009/2010.

In the medium to long term, AFCR has focused on improving primary and rural infrastructure, water resource management, and increasing access to inputs. Efforts are continuing to operationalize the Africa Fertilizer Financing Mechanism, to expand NERICA rice seed production and distribution, build capacity, enhance policy dialogue, promote trade and agricultural research, and establish the Africa Food Crisis Response Facility.

The Bank's private sector window has initiated a number of different approaches: to channel LOCs to agricultural SME producers; direct lending to strategic partners involved with smallholder farmers; to set up private agribusiness equity funds; to support fertilizer projects; and to promote public–private partnerships in agriculture. The AfDB-cofinanced AgriVie Project approved in 2009 will avail equity funds of between US$ 3.0 million and US$ 7.0 million per qualifying agribusiness firm. In 2009 the Bank also approved a business plan to increase Africa's water storage capacity by at least 8.5 billion m^3.

CROSS-CUTTING ACTIVITIES

Environment and Climate Change

During 2009 the Bank approved the Climate Risk Management and Adaptation (CRMA) Strategy as a follow-up to the Clean Energy Investment Framework (CEIF) for Africa. The CEIF set the agenda for mainstreaming clean energy options, by promoting investments in accessing cleaner energies and strengthening energy efficiency in all sectors. The CRMA Strategy on the other hand seeks to: (i) improve the effectiveness of Bank-financed investments by reducing their vulnerability and promoting their resilience to climate variability and (ii) ensure sustainability by building RMCs' capacity and knowledge to address the challenges of climate change through policy and regulatory reforms. Both the CEIF and the CRMA constitute the Bank Group's policy on climate change.

In 2009 the Bank reviewed about 170 projects in its 2010–2012 pipeline to identify those eligible for carbon financing from the Clean Development Mechanism (CDM) so that CDM components may be built into the qualifying projects at project design. The Bank also carried out staff training to help identify projects suitable for carbon financing and to build relevant implementation measures into project design. The Bank has successfully offset its carbon footprint (compensated for global carbon emissions) attributable to air travel of its participants to its 2009 Annual Meetings and for its participation at the Copenhagen Climate Change Conference.

In order to implement the CRMA during the year, the Bank undertook a preliminary assessment of 206 projects approved since 2007 in infrastructure, energy, water and sanitation, and agriculture in respect to their exposure to climate risks. Of these, about 66 (32 percent) were classified as susceptible to climate change. In 2009 the Bank secured UA 4.5 million from the GEF (Global Environment Facility) resources in order to "climate-proof" some of its projects. Efforts are being made to find more resources to climate-proof all Bank projects. The Bank has collaborated with the World Bank's Climate Change Team to develop a computer-based, climate-risk screening tool for use at project/program design stage. At the country level, the Bank has carried out capacity building for mainstreaming climate change, risk reduction in the National Development Plans of 3 RMCs, and has mobilized GEF resources to build climate resilience into projects in 6 RMCs, and in one regional operation in the Congo Basin.

In addition, the Bank has undertaken audits of the implementation of the Environmental and Social Management Plans (ESMPs) of selected Category 1 and 2 infrastructure projects. The audit reports indicated the need for more thorough environmental supervision by experienced staff during project implementation; it also proposed comprehensive environmental and social impact monitoring checklists.

Bank's Support to RMCs to Deliver on Copenhagen Outcomes

In preparing for the Copenhagen Conference on Climate Change, the African Ministerial Conference on the Environment (AMCEN) and the African Union requested technical assistance from the Bank to: (i) equip African negotiators with relevant negotiating skills on key issues; (ii) organize consultations to harmonize subregional positions into a single coherent African position; and (ii) provide technical and analytical support during negotiations. The Bank provided consultants in legal, finance, and policy areas. It also organized a training workshop focusing on Reducing Emissions from Deforestation and Avoiding Degradation (REDD+) for the negotiators and other designated national officials. At the conference, the African Group proposed the creation of a short-term Climate Change Fund to be administered by the AfDB. The Copenhagen Accord that emerged from the conference endorsed the establishment of the Copenhagen Fund, consisting of a US$ 30 billion short-term funding for immediate actions until 2012 and US$ 100 billion annually by 2020 in long-term financing.

Gender Mainstreaming

In cognizance of the findings and lessons drawn from the mid-term review of the Gender Plan of Action 2004-2007 (GPA-1), the Bank approved the Updated Gender Plan of Action 2010–2012 (UGPA) in July 2009. The Bank also undertook gender assessments in poverty reduction, health, and education projects, and a multinational study on gender-responsive budgeting. In addition, it finalized Country Gender Profiles for South Africa and Kenya and sensitized RMCs on the need to provide gender-disaggregated data at all levels.

To improve quality-at-entry, the Bank has strengthened the focus on gender-responsive indicators and monitoring throughout the institution and has developed gender mainstreaming checklists. In addition, it provided training for Bank staff on the use of the checklists, the design of appropriate gender-responsive strategies, and ways of identifying appropriate entry points for gender mainstreaming during project design.

For the purposes of inter-agency collaboration, coordination, harmonization, and exchanging lessons of experience and best practices in gender mainstreaming, the Bank is represented in the OECD GenderNet and participated in the MDB workshop on Gender Mainstreaming in Infrastructure Projects. The Bank is also working closely with partners in the Steering Committee, preparing for the upcoming Beijing+15 in addition to responding to gender violence in fragile states.

RESOURCE MOBILIZATION

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative: Progress Report

The Enhanced HIPC Initiative provides debt relief to the poorest and most heavily indebted countries after they have reached their decision and completion points. During 2009, two RMCs (Burundi and Central African Republic) reached their completion points, while Togo and Côte d'Ivoire reached their decision points. As at end-December 2009, 21 RMCs had reached their completion points and qualified for irrevocable HIPC debt relief, 8 were in the interim period between decision and completion points, and 4 were at the pre-decision point (see Figure 3.9).

Irrevocable HIPC debt relief of UA 161.6 million and UA 65.9 million was approved at completion point for Burundi and the Central African Republic, respectively, while HIPC relief of UA 11.6 million and UA 133.4 million was approved at decision point for Togo and Côte d'Ivoire, in that order. The total HIPC debt relief approved in 2009 amounted to UA 372.6 million.

Cost of the HIPC Initiative

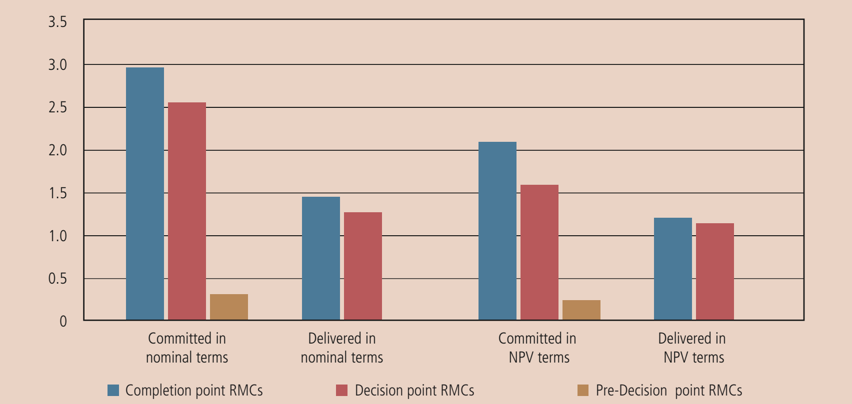
The overall cost of debt relief for the 40 countries around the world that are potentially eligible for HIPC assistance is currently estimated at US$ 74.0 billion in nominal terms, of which the costs to multilateral creditors account for about 46.0 percent (US$ 34 billion). The Bank Group's share is estimated at US$ 5.77 billion, representing about 8.0

Figure 3.9: Classification of RMCs by HIPC Status (at end-December 2009)

STATUS OF COUNTRIES

Completion Point	Decision Point	Pre-Decision Point
Benin	Chad	Comoros
Burkina Faso	Côte d'Ivoire	Eritrea
Burundi	D. Rep. Congo	Somalia
Cameroon	Congo Rep.	Sudan
C.A. Rep	Guinea	
Ethiopia	Guinea Bissau	
Gambia	Liberia	
Ghana	Togo	
Madagascar		
Malawi		
Mali		
Mauritania		
Mozambique		
Niger		
Rwanda		
Sao Tomé & Principe		
Senegal		
Sierra Leone		
Tanzania		
Uganda		
Zambia		
21	8	4

Figure 3.10: Cost of HIPC Initiative (US$ billions)



percent of the HIPC Initiative's cost to all creditors and 17.0 percent of the cost to multilateral creditors. The total debt relief of US$ 5.77 billion (UA 3.58 billion) in nominal terms, equivalent to US$3.87 billion (UA 2.40 billion) in NPV terms, has been committed by the Bank Group to the 33 RMCs under the HIPC Initiative. The breakdown of the costs by HIPC status and the amount delivered from the commitment is shown in Figure 3.10 and in Annex II-15.

Multilateral Debt Relief Initiative (MDRI)

The MDRI provides additional debt relief to eligible RMCs that have reached their HIPC completion point. Under the MDRI, donors are committed to cancel ADF loans for debts outstanding and disbursed as of the cut-off date of end December 2004, and to compensate the Bank "dollar for dollar" for the MDRI-related foregone reflows over a 50-year period to safeguard the long-term financial capacity of the ADF.

The estimated cost of the MDRI is UA 5.54 billion (US$ 8.92 billion) (see Annex II-16). MDRI debt relief of UA 3.2 million and UA 59.9 million were approved for Burundi and Central African Republic, respectively, which will be spread over a 50-year period. The total debt relief provided to the 21 MDRI-eligible RMCs in 2009 is estimated at UA 47.1 million (US$ 75.8 million).

ADF-XI Resources, Allocation, and Utilization as at end-December 2009

The total resources for the ADF-XI cycle amount to UA 5.63 billion, made up of UA 3.57 billion of donor contributions and UA 2.06 billion of the Advanced Commitment Capacity (representing internally generated resources). After adjustment for carry-over resources from previous replenishments, total ADF-XI resources available amount to UA 5.95 billion. The amount set aside from ADF-XI resources for the Fragile States Facility (FSF), regional operations, Project Preparation Facility (PPF) and contingencies total UA 1.81 billion. This leaves UA 4.14 billion available for allocation to the 40 ADF-eligible RMCs under the Performance-Based Allocation (PBA) process. As of end-December 2009, UA 2.70 billion (65.2 percent) of the available resources using the PBA had been allocated and committed.

The PBA system determines the amount of ADF resources allocated to each of the 40 eligible RMCs, while the Debt Sustainability Framework (DSF) determines the country-specific financing terms in the form of loans, grants, or a loan/grant combination. The DSF country classification applied during 2009 is presented in Box 3.10.

Box 3.10: DSF Country Classification Applied during 2009

Classification under DSF	Countries
Green – Loans only (14)	Angola, Cameroon, Cape Verde, Ghana, Kenya, Madagascar, Mali, Mozambique, Nigeria, Senegal, Tanzania, Uganda, Zambia, Zimbabwe
Yellow – Loan/Grant Combination (8)	Benin, Burkina Faso, Ethiopia, Lesotho, Malawi, Mauritania, Niger, Sierra Leone
Red – Grants only (18)	Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Eritrea, Gambia, Guinea, Guinea Bissau, Liberia, Rwanda, Sao Tome & Principe, Somalia, Sudan, Togo

Box 3.11: ADF-XI Mid-Term Review – Key Issues

At the ADF-XI Mid-Term Review, the main areas of focus included acknowledging the importance of infrastructure, particularly in the areas of transportation, energy, water, and sanitation. The meeting also commended the record commitments by ADF in support of regional infrastructure and selected regional public goods.

The significant progress made in the results management area was also noted, particularly in the establishment of new indicators for sanitation, climate change, fragile states, and gender mainstreaming. There were recommendations for the continued improvement of statistical capacity building to ensure better measurement of results in ADF countries. Improvements in institutional reforms were welcomed in the areas of human resources management, decentralization, and aid effectiveness, toward meeting the Paris Declaration targets. Participants reaffirmed their support for the PBA system, while acknowledging that the volatility of allocations and country vulnerability were important issues to address in the future.

ADF-XI Mid-Term Review/ ADF-XII Replenishment Consultations

The meeting for the ADF-XI Mid-term Review was held in Helsinki, Finland, from October 20-21, 2009. Participants included ADF Deputies, Bank Management and observers from other MDBs, and 4 Ministers of Finance from Burkina Faso, the Democratic Republic of Congo, Liberia, and Uganda. The meeting broadly endorsed the implementation of Management's commitments and priorities agreed for ADF-XI and the progress achieved at mid term. The key issues considered focused on infrastructure, regional integration, results management, institutional reforms, and endorsement of the PBA system (see Box 3.11). The meeting also paved the way for launching the ADF-XII Replenishment Process.

Sixth General Capital Increase (GCI-VI)

In 2007 the High-Level Panel laid out a vision for the Bank to become the premier development finance institution in Africa. The Bank's Medium-Term Strategy (MTS) 2008-2012 espoused the principles laid out by the High-Level Panel report and charted a way forward for the Bank. Since 2007, the Bank's lending volumes have been on an upward trajectory, in response to increasing demand from RMCs. The MTS therefore projects the need for a capital increase by 2012.

The ability of African countries to raise funds to finance their development programs and investments has been particularly affected by the global financial crisis. This is attributable mainly to a collapse in demand for, and in most cases also the price of, commodities that constitute the bulk of Africa's exports. Furthermore, RMCs' access to capital markets has deteriorated significantly.

As a result, the demand for lending from the Bank has increased. Pre-crisis demand for 2009 was estimated at UA 5.0 billion and was increased to UA 8.06 billion as at end-December 2009. The demand is projected to remain high in the medium to long term. Accordingly, at the Bank's 2009 Annual Meetings held in Dakar, Senegal, the Board of Governors authorized the Governors' Consultative Committee (GCC) to meet and make a compelling case for a Sixth General Capital Increase. The meeting was held in Tunis on September 11, 2009 to launch the GCI-VI consultative process. Various scenarios for a capital increase were considered. Given expectations of a sustained high demand from RMCs for Bank support, a significant capital increase with a substantial paid-in portion would be required for the Bank to continue to deliver on its mandate.

Non-Voting Callable Capital Increase

During the year ending December 31, 2009, the Board of Directors endorsed a proposal made by Canada and the Republic of Korea offering to subscribe temporarily to additional non-voting callable capital of the Bank for the amounts of US$ 2.60 billion and US$ 306.0 million respectively. On December 24, 2009, the Board of Directors submitted the proposal to the Board of Governors for consideration.

PARTNERSHIPS AND COOPERATION ACTIVITIES

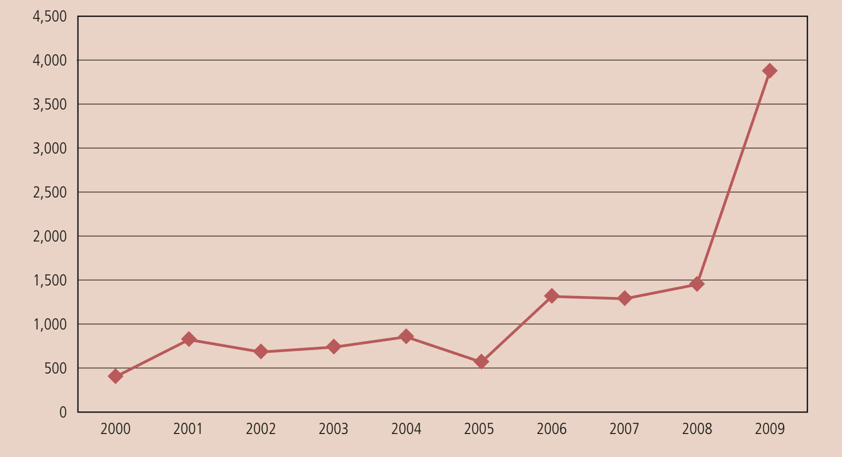
The Bank has continued to reinforce its strategic relationships during 2009 with various development partners, including bilateral aid agencies, multilateral development institutions, African civil organizations, regional economic communities (RECs), and private sector organizations. This has involved consultations with representatives of all 18 bilateral and multilateral development partners of the Bank. These consultations helped to identify common areas of interest and to examine how best to collaborate in order to move forward the African development agenda.

The purpose of the Bank's partnerships and cooperation activities is to supplement Bank Group lending and human resource capacity through the mobilization of financial inputs and technical assistance, mainly via cofinancing, technical cooperation arrangements, and secondments. This approach is fully in line with the Paris Declaration on Aid Effectiveness.

Cofinancing Operations

During 2009 the Bank approved 36 cofinancing projects, compared to 31 in 2008. The total cost of these projects amounted to UA 19.16 billion, compared to UA 8.05 billion in 2008, which is an increase of 138.0 percent. The Bank Group's contribution amounted to UA 3.89 billion (20.3 percent of the total), external partners contributed UA 11.66 billion (60.9 percent), while government and other local contributions accounted for UA 3.61 billion (18.8 percent). The amount invested by the Bank Group in cofinancing projects in 2009 is by far the highest since the start of its activities (see Figure 3.11).

Figure 3.11: Resources Invested by the Bank Group in Cofinancing Projects, 2000-2009 (UA millions)



The total amount invested in cofinancing activities is also a record amount, mainly due to the pooling of efforts by multilateral and bilateral agencies to jointly cope with the negative impact of the global financial crisis.

Over the 12-month period to end-December 2009, the Bank Group mobilized UA 11.66 billion from its external partners to cofinance 28 national projects and 8 multinational projects, compared with UA 4.74 billion in 2008, i.e. an increase of 141.8 percent (see Table 3.1). The volume mobilized in 2009 from multilateral and bilateral partners was UA 4.75 billion, which is a 3.2 percent increase over the UA 4.60 billion mobilized in 2008. Among the multilateral partners, the main cofinanciers were: the World Bank, the European Union (EU), the European Investment Bank (EIB), the Islamic Development Bank (IsDB), and the OPEC Fund. The principal bilateral cofinanciers were France, the United Kingdom, Japan, the Netherlands, and Germany (see Figure 3.12).

In addition to contributions from multilateral and bilateral partners, a further UA 6.92 billion was provided by private sector institutions, compared to UA 139.2 million in 2008. The private sector played a key role by financing 3 regional and 6 national projects.

Local firms, governments, and other beneficiaries committed UA 3.61 billion to projects and programs in 2009, a 95.1 percent increase from 2008 when the local contribution stood at UA 1.85 billion.

The sector that benefited the most from cofinancing in 2009 was infrastructure (power, transportation, communications, and water and sanitation), which rose sharply to UA 13.96 billion from UA 1.05 billion in 2008. This reflects the Bank's heavy investment in power interconnections, to which public–private partnerships contributed UA 6.55 billion, while the Bank and multilateral partners

Figure 3.12: The Bank Group's Principal Cofinanciers, 2009 (UA millions)

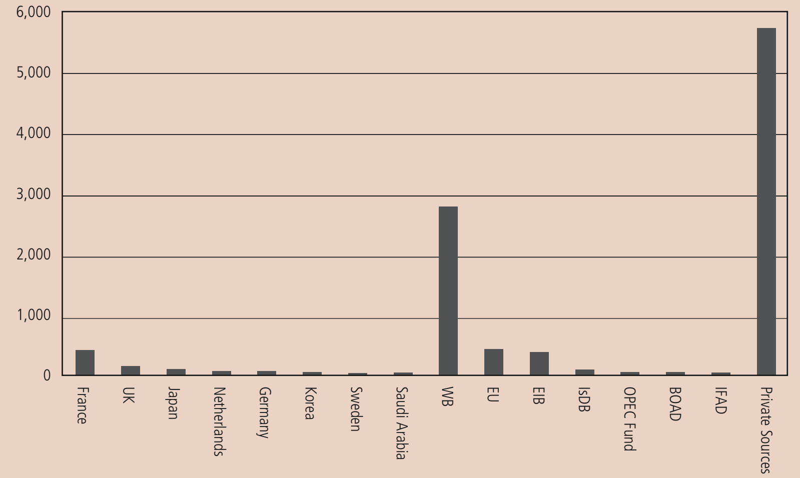


Table 3.1: Cofinancing Operations by Source and Sector, 2009, (UA millions)

Sector	SOURCE OF COFINANCING								Local**	Total Cost of Cofinanced Projects	Multiplier Coefficient
	Bank Group Contribution				External Sources						
	ADB	ADF	NTF	Total	Bilateral	Multi-lateral	Other*	Total			
	(1)	(2)	(3)	(4) = (1)+(2)+(3)	(5)	(6)	(7)	(8) = (5)+(6)+(7)	(9)	(10) = (4)+(8)+(9)	(11) = (8) / (4)
Agriculture and Rural Development	0.65	50.50	-	51.15	30.25	69.97	-	100.23	17.35	168.72	1.96
Social	64.63	-	-	64.63	43.08	338.64	-	381.73	2,197.29	2,643.64	5.91
Water Supply & Sanitation	49.29	8.00	-	57.29	54.27	4.15	-	58.42	118.54	234.25	1.02
Power	1,926.11	50.00	-	1,976.11	109.02	2,098.13	6,550.00	8,757.15	698.51	11,431.77	4.43
Communications	83.66	-	-	83.66	73.87	31.93	161,35	267.15	42.81	393.63	3.19
Transport	106.50	685.09	-	791.59	237.45	429.44	120.33	787.21	317.56	1,896.36	0.99
Finance	33.32	-	-	33.22	-	33.22	-	33.22	69.85	136.29	1.00
Multisector	605.53	81.30	-	686.83	298.49	702.97	-	1,001.46	39.65	1,727.94	1.46
Industry, Mining and Quarrying	111.75	-	-	111.75	67.05	118.13	85.57	270.74	109.83	492.32	2.42
Environment	-	32.00	-	32.00	-	5.00	-	5.00	0.28	37.28	0.16
Total	**2,981.33**	**906.89**	**-**	**3,888.22**	**913.48**	**3,831.58**	**6,917.24**	**11,662.31**	**3,611.67**	**19,162.19**	**3.00**

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

Notes:
* *Including private sources such as commercial banks, export credits and unspecified sources.*
** *Including Government and Local financiers.*

provided UA 1.98 billion and UA 2.10 billion, respectively. It also reflects the Bank's selectivity in line with the priority areas identified in its MTS, namely to focus on infrastructure projects in its RMCs and thereby enhance regional integration. The second largest beneficiary was the social sector, which received UA 2.64 billion; followed by multisector, UA 1.73 billion (see Table 3.1).

Technical Cooperation Activities

The Bank mobilizes and manages Technical Cooperation Funds (TCFs), as well as in-kind expertise (technical assistance, seconded staff, etc.) from donors to complement its own resources. During 2009, a total of 16 staff was seconded to the Bank and 10 Technical Assistance experts continued to work with the Bank. The TCFs were provided in the form of bilateral or multidonor trust funds.

Bilateral Trust Funds

Use of Bilateral Trust Funds: As at December 31, 2009, a total of UA 12.0 million had been approved under the bilateral trust funds for 64 activities, compared with UA 12.5 million in 2008. These activities were in the priority areas of the Bank, namely, infrastructure, governance, private sector, regional integration, and climate change. Italy was the largest donor (UA 2.6 million), followed by Korea, (UA 1.7 million), and Finland (UA 1.38 million).

Multidonor Thematic Funds

Mobilization of Funds: In 2009 a total of UA 21.7 million was mobilized for multidonor thematic funds. These funds included: UA 13.7 million (EUR 15.0 million) from Spain for the new Microfinance Trust Fund; UA 5.5 million (EUR 6.0 million) from France; and UA 129,000 (US$ 200,000) from IFAD for the Migration Trust Fund. Switzerland contributed UA 1.9 million (CHF 3 million) to the new thematic Trust Fund on Governance.

Institutional Partnerships

During 2009 the Bank continued to follow up on the implementation of MOUs with emerging donors, private sector, knowledge institutions, and traditional partners. New agreements were signed with the Exim Bank of India, the Public Procurement Service of Korea, Germany, Japan Bank for International Cooperation (JBIC) and African Humanitarian Action (AHA). During the year, the Bank conducted a review of progress and achievements made under each partnership agreement.

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Chapter four

Bank Group Operations

This chapter focuses on operations during 2009 for the Bank Group as a whole, and then for each of its three windows (ADB, ADF, and NTF). The analysis includes approvals by sector, financing instrument, and subregion, with cumulative figures since 1967 for each of the 3 windows. This is followed by a breakdown of Bank approvals for each of the 5 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

The Bank Group loan, grant, and other approvals in 2009 amounted to UA 8.06 billion, which is more than double the 2008 level of UA 3.53 billion (see Figure 4.1). Of the total approvals for 2009, UA 7.51 billion was for loans and grants, compared to UA 3.17 billion in 2008; while UA 558.8 million went to debt relief, private sector equity participation, guarantees, loan reallocations, and special funds allocations. The 4 largest approvals in 2009 were for: the Medupi Power Project in South Africa (UA 1.73 billion); the Economic Diversification Support Program in Botswana (UA 969.0 million); the Competitiveness and Public Sector Efficiency Support Program in Mauritius (UA 437.3 million); and a Line of Credit to the Global Trade Liquidity Program (UA 322.1 million).

The distribution of total approvals among Bank Group windows for the year was: ADB, UA 5.60 billion (69.5 percent), the ADF, UA 2.43 billion (30.1 percent), and the NTF, UA 5.7 million (0.1 percent). Special funds accounted for UA 27.8 million (0.3 percent). There was an increase of 209.4 percent in the ADB's total approvals for 2009 compared with 2008. Similarly, ADF's total approvals rose by 45.5 percent relative to 2008 approvals. Special Funds approvals decreased slightly from UA 28.2 million in 2008 to UA 27.8 million in 2009.

Bank Group Operations by Sector

In 2009 Bank Group operations continued to reflect the country strategies and development priorities of RMCs. The significant increase in total approvals during 2009 relative to 2008 reflects the Bank's policy of selectivity, project focus and effectiveness, and the rising demand for infrastructure financing from RMCs. Figure 4.2 and Table 4.1 show that the two largest beneficiary sectors were infrastructure, with an allocation of UA 3.91 billion (52.1 percent) and multisector with UA 2.19 billion (29.1 percent). These two sectors jointly accounted for 81.2 percent of the total operational loans and grants.

The approval of UA 3.91 billion for infrastructure projects in 2009 compared to UA 1.41 billion in 2008 represents an increase of 177.3 percent. The power supply subsector received the largest share (57.2 percent), followed by transportation (33.1 percent), water supply and sanitation (7.6 percent), and communications (2.2 percent). The Bank's contribution to poverty reduction is addressed through construction and rehabilitation of infrastructure projects in rural and urban water supply and sanitation, rural power supply, feeder roads, marketing and storage facilities, and information technology and communication facilities in rural areas. Poverty reduction is

Figure 4.1: Bank Group Total Approvals, 2005-2009
(UA millions)

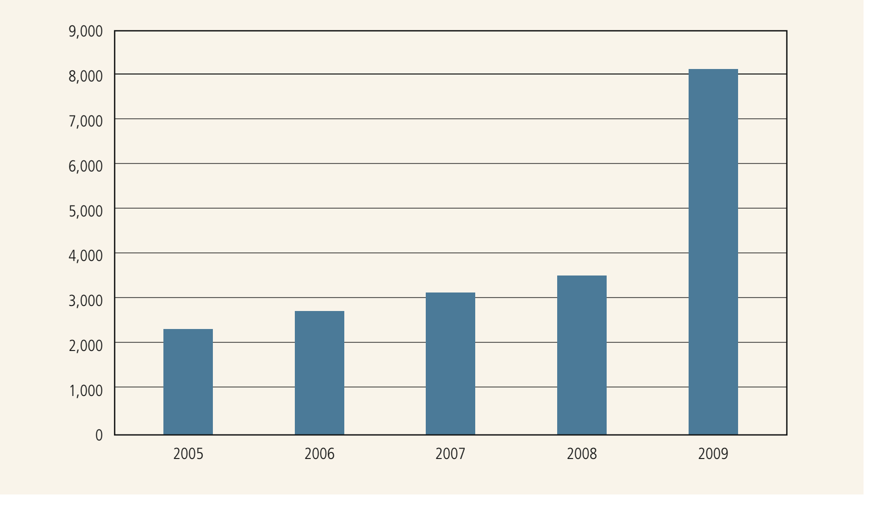


Figure 4.2: Bank Group Loan and Grant Approvals by Sector, 2009

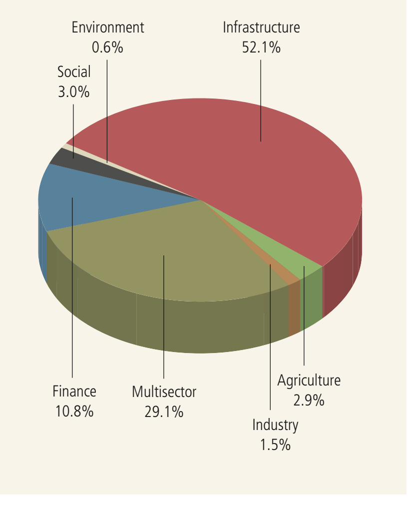


Table 4.1: Bank Group Approvals by Sector, 2009
(UA millions)

Sector	Loans			Grants			Total Approvals		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
Agriculture and Rural Development	6	152.50	2.3	19	65.45	7.4	25	217.95	2.9
Social	4	177.36	2.7	13	51.23	5.8	17	228.59	3.0
Education	*3*	*167.15*	*2.5*	*2*	*32.00*	*3.6*	*5*	*199.15*	*2.7*
Health	-	-	-	*6*	*8.72*	*1.0*	*6*	*8.72*	*0.1*
Other	*1*	*10.21*	*0.2*	*5*	*10.51*	*1.2*	*6*	*20.72*	*0.3*
Infrastructure	33	3,687.50	55.7	21	220.38	24.8	54	3,907.89	52.1
Water Supply and Sanitation	*6*	*257.29*	*3.9*	*8*	*40.08*	*4.5*	*14*	*297.37*	*4.0*
Power Supply	*8*	*2,230.22*	*33.7*	*3*	*3.30*	*0.4*	*11*	*2,233.52*	*29.8*
Communication	*3*	*83.66*	*1.3*	*1*	*0.60*	*0.1*	*4*	*84.26*	*1.1*
Transport	*16*	*1,116.33*	*16.9*	*9*	*176.40*	*19.9*	*25*	*1,292.73*	*17.2*
Finance	10	808.42	12.2	-	-	-	10	808.42	10.8
Multisector	9	1,668.17	25.2	23	518.31	58.4	32	2,186.48	29.1
Industry, mining and quarrying	1	111.75	1.7	-	-	-	1	111.75	1.5
Urban Development	-	-	-	1	0.57	0.1	1	0.57	0.0
Environment	1	12.00	0.2	1	32.00	3.6	2	44.00	0.6
A. Total Loans and Grants	**64**	**6,617.70**	**100.0**	**77**	**887.96**	**100.0**	**141**	**7,505.65**	**100.0**
B. Other Approvals	**-**	**-**	**-**	**-**	**-**	**-**	**40**	**558.84**	**n.a.**
HIPC Debt Relief	-	-	-	-	-	-	7	372.56	n.a.
Equity Participation	-	-	-	-	-	-	13	142.47	n.a.
Guarantees	-	-	-	-	-	-	2	11.55	n.a.
Loan Reallocation	-	-	-	-	-	-	1	4.50	n.a.
Special Funds*	-	-	-	-	-	-	17	27.76	n.a.
Total Approvals (A + B)	**64**	**6,617.70**	**n.a.**	**77**	**887.96**	**n.a.**	**181**	**8,064.49**	**n.a.**

Source: ADB Statistics Department, Economic and Social Statistics Division

Note:
** These are approvals on the operations of the African Water Fund, Rural Water Supply and Sanitation Initiative.*
- Magnitude zero
n.a. Not applicable

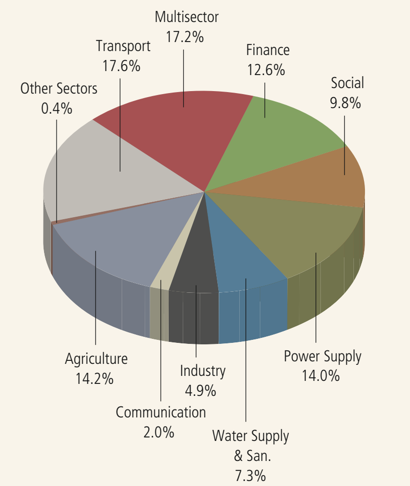
also addressed through interventions in agriculture and rural development, and by financing operations in the social sector (education and health). In addition, targeting financial resources at infrastructure demonstrates the Bank's selectivity toward high-impact projects that will improve the climate for private sector investment, enhance competitiveness and productivity, increase employment, and support sustainable growth.

Bank Group interventions in multisector (loans and grants) stood at UA 2.19 billion in 2009, which was a 200.1 percent increase over the 2008 level of UA 728.5 million. This reflects the Bank's determination to promote good governance as a means of building RMCs' institutional capacity for sound and transparent fiscal management, which is critical to foreign and domestic investment and to encourage private sector activities. The remaining 18.8 percent of Bank Group activities were distributed among the other sectors, namely, finance (10.8 percent); social (3.0 percent); agriculture and rural development (2.9 percent); industry, mining and quarrying (1.5 percent); and environment (0.6 percent).

Cumulative Bank Group Loan and Grant Approvals by Sector

During the period 1967-2009 the Bank Group approved 3,417 loans and grants, totaling UA 52.26 billion. Of this total, the ADB window accounted for 58.6 percent, the concessionary ADF window for 40.8 percent, and the NTF resources for 0.6 percent. Figure 4.3 presents the cumulative Bank Group

Figure 4.3: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009



approvals by sector, with infrastructure (comprising transportation, power supply, water supply and sanitation, and communication) accounting for 40.9 percent, multisector 17.2 percent, agriculture 14.2 percent, finance 12.6 percent), social 9.8 percent, and others at 0.4 percent.

ADB OPERATIONS

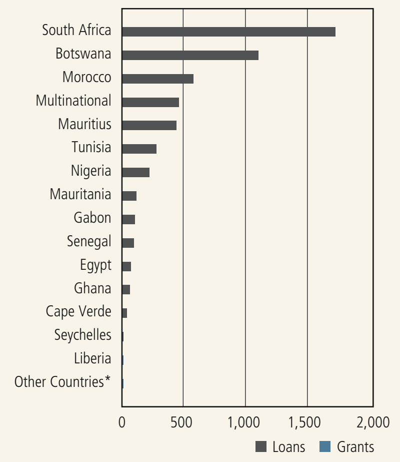
The ADB window is the Bank's non-concessional lending arm through which it supports development activities in 13 middle-income countries and 2 blend countries (Nigeria and Zimbabwe). The latter 2 countries also have access to ADF resources for project and program financing. In addition, a key focus of the ADB window is to support the private sector in all RMCs by providing direct loans, lines of credit, equity participation, and guarantees to financially viable private enterprises and multinational projects that will enhance the regional integration of RMCs.

In 2009 the ADB approved a total of UA 5.60 billion for 84 activities, compared with UA 1.81 billon in 2008 for 58 operations; this represents an increase of 209.4 percent (see Figure 4.4). The pronounced rise in total approvals was mainly due to increases in both project lending and policy-based loans.

ADB Approvals by Financing Instrument

Project lending and policy-based loans are the 2 main financing instruments for the ADB. Project lending is specific in nature, while policy-based lending is designed to help RMCs improve their macroeconomic policy, and for structural and sectoral adjustment, budget support, and institutional reforms. Project lending, comprising public and publicly guaranteed loans and private sector approvals (including private equity and private guarantees), increased from UA 1.54 billion in 2008 to UA 3.94 billion in 2009 – a rise of 155.8 percent. Similarly, policy-based lending increased to UA 1.52 billion in 2009, from UA 136.4 million in 2008 (see Table 4.2). The significant increase in policy-based lending in 2009 was due to the 2 budget support loans to Botswana and Mauritius. The other financing instruments were grants, which amounted to UA 25.1 million in 2009 – a rise of 84.6 percent over the 2008 level of UA 13.6 million. Allocation for debt relief under the HIPC Initiative declined marginally from UA 113.8 million in 2008 to UA 112.8 million in 2009. There was one approval for public guarantees amounting to UA 6.2 million. The share of the various financing instruments in the ADB total loans in 2009 was as follows: 70.4 percent in project lending (including equity and guarantees); 27.2 percent in policy-based lending; 2.0 percent in debt relief; and 0.4 percent in grants.

Figure 4.5: ADB Loan and Grant Approvals by Country, 2009
(UA millions)



Note: Other countries that benefited from emergency and MIC grants were: Algeria, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Djibouti, Eritrea, Gambia, Guinea-Bissau, Madagascar, Morocco, Mozambique, Namibia, Niger, São Tomé & Principe, Togo, Zambia, and Zimbabwe.*

The countries that benefited from ADB loan and grant approvals in 2009 are presented in Figure 4.5. The 7 main beneficiary countries were South Africa, Botswana, Morocco, Mauritius, Tunisia, Nigeria, and Mauritania.

Cumulative ADB Loan and Grant Approvals by Subregion

Cumulative ADB loan and grant approvals during the period 1967-2009 amounted to UA 30.64 billion for 1,098 operations, of which UA 4.14 billion was allocated for 137 private sector operations.

Figure 4.4: ADB Total Approvals, 2005-2009
(UA millions)

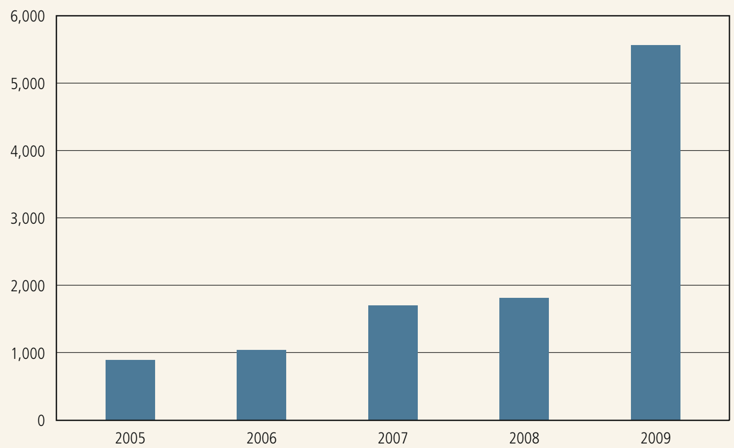


Table 4.2: ADB Approvals by Financing Instrument, 2007-2009
(UA millions)

Financing Instrument	2007			2008			2009		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
Project Lending	**16**	**1,462.24**	**87.6**	**25**	**1,372.90**	**76.0**	**27**	**3,790.62**	**67.7**
Public and Publicly -Guaranteed	*5*	*646.16*	*38.7*	*7*	*642.10*	*35.5*	*11*	*2,780.23*	*49.4*
Project Loans	5	646.16	38.7	6	627.42	34.7	10	2,629.09	46.7
Sector Investment and Rehabilitation	-	-	-	1	14.68	0.8	1	151.15	2.7
Lines of Credit	-	-	-	-	-	-	-	-	-
Private Non-Publicly Guaranteed	*11*	*816.08*	*48.9*	*18*	*730.80*	*40.4*	*16*	*1,010.39*	*17.9*
Project Loans	10	728.29	43.6	9	432.91	24.0	10	453.42	8.1
Lines of Credit	1	87.80	5.3	9	297.88	16.5	6	556.97	9.9
Policy-Based Lending	**1**	**19.94**	**1.2**	**3**	**136.38**	**7.5**	**5**	**1,521.53**	**27.2**
Sector Adjustment Loans	-	-	-	2	123.03	6.8	-	-	-
Structural Adjustment Loans	1	19.94	1.2	1	13.35	0.7	1	13.66	0.2
Budget Support Loans	-	-	-	-	-	-	4	1,507.87	26.8
Grants	**6**	**2.52**	**0.2**	**14**	**13.57**	**0.7**	**36**	**25.14**	**0.4**
Technical Assistance	*2*	*1.20*	*0.1*	*1*	*0.60*	*0.0*	*14*	*7.91*	*0.1*
Project Cycle Operations	-	-	-	-	-	-	-	-	-
Institutional Capacity Building	-	-	-	-	-	-	-	-	-
Middle Income Countries Grant	2	1.20	0.1	1	0.60	0.0	14	7.91	0.1
African Food Crisis Response Grant	-	-	-	*5*	*10.50*	*0.6*	*5*	*8.50*	*0.2*
Special Relief Fund	*4*	*1.32*	*0.1*	*8*	*2.47*	*0.1*	*17*	*8.73*	*0.2*
Emergency Assistance	4	1.32	0.1	8	2.47	0.1	17	8.73	0.2
Emergency Post Conflict	-	-	-	-	-	-	-	-	-
Debt and Debt Service Reduction	**-**	**-**	**-**	**2**	**113.75**	**6.3**	**1**	**112.77**	**2.0**
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	-	-	-	2	113.75	6.3	1	112.77	2.0
Equity Participation	**6**	**185.36**	**11.1**	**11**	**145.51**	**8.1**	**13**	**142.47**	**2.5**
Public Equity	-	-	-	-	-	-	-	-	-
Private Equity	6	185.36	11.1	11	145.51	8.1	13	142.47	2.5
Guarantees	**-**	**-**	**-**	**3**	**24.89**	**1.4**	**2**	**11.55**	**0.2**
Public Guarantees	-	-	-	-	-	-	1	6.21	0.1
Private Guarantees	-	-	-	3	24.89	1.4	1	5.34	0.1
Loan Reallocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL APPROVALS	**29**	**1,670.06**	**100.0**	**58**	**1,807.01**	**100.0**	**84**	**5,604.07**	**100.0**

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

- Magnitude zero.
0.0 Magnitude less than 5 percent of the unit employed.

Figure 4.6: Cumulative ADB Loan and Grant Approvals by Subregion, 1967-2009

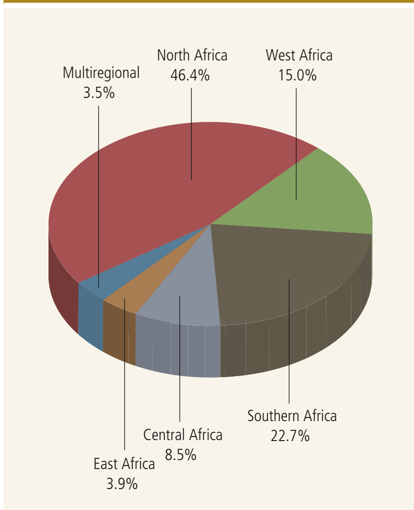


Figure 4.6 shows the subregional distribution of cumulative ADB approvals, with North Africa recording the largest share at 46.4 percent, followed by Southern Africa at 22.7 percent, West Africa at 15.0 percent, Central Africa 8.5 percent, East Africa 3.9 percent, and multiregional 3.5 percent.

Loan Portfolio

At December 31, 2009, loans signed (net of cancellations) amounted to UA 25.13 billion. Total outstanding loans reached UA 7.54 billion, which was UA 1.71 billion higher than at year-end 2008. Undisbursed balances at December 31, 2009 totaled UA 5.00 billion, an increase of UA 2.45 billion over the level of 2008. There were 279 active signed loans amounting to UA 7.54 billion, while the number of fully repaid loans was 604 for a total of UA 9.67 billion at year-end 2009.

Disbursements

Disbursements from the ADB window in 2009 totaled UA 2.35 billion, a 223.0 percent increase over the UA 727.5 million disbursed in 2008. Cumulative disbursements (including non-sovereign loans) amounted to UA 20.03 billion. By year-end 2009, 785 loans had been fully disbursed totaling UA 17.55 billion, representing 87.6 percent of cumulative disbursements.

ADF OPERATIONS

The ADF window is the Bank Group's concessionary lending arm 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 is the Bank's main mechanism to ensure that more resources are proportionately allocated to those RMCs that will use them most effectively.

In 2009 ADF approvals comprising loans, grants, project preparation facility, debt and debt service reduction, and loan reallocations stood at UA 2.43 billion, compared to UA 1.67 billion in 2008 – an increase of 45.5 percent (see Figure 4.7 and Table 4.3).

ADF Approvals by Financing Instruments

With respect to project lending (loans) for financing public sector operations in RMCs, the Fund approved UA 951.3 million for 25 activities in 2009, compared to UA 681.8 million in 2008 for 24 activities. ADF project lending in 2009 constituted an increase of 39.5 percent over the previous year. Policy-based lending that involved financing sector activities and budget support declined from UA 413.0 million in 2008 to UA 349.2 million in 2009. Overall, approvals for project and policy-based loans by the Fund increased to UA 1.30 billion in 2009, compared to UA 1.09 billion in 2008.

In 2009 grant approvals increased by 56.1 percent to UA 862.8 million, compared to UA 552.6 million in 2008. Allocations for debt relief also increased significantly over the same period, from UA 18.0 million in 2008 to UA 259.1 million in 2009.

Figure 4.7: ADF Total Approvals, 2005-2009
(UA millions)

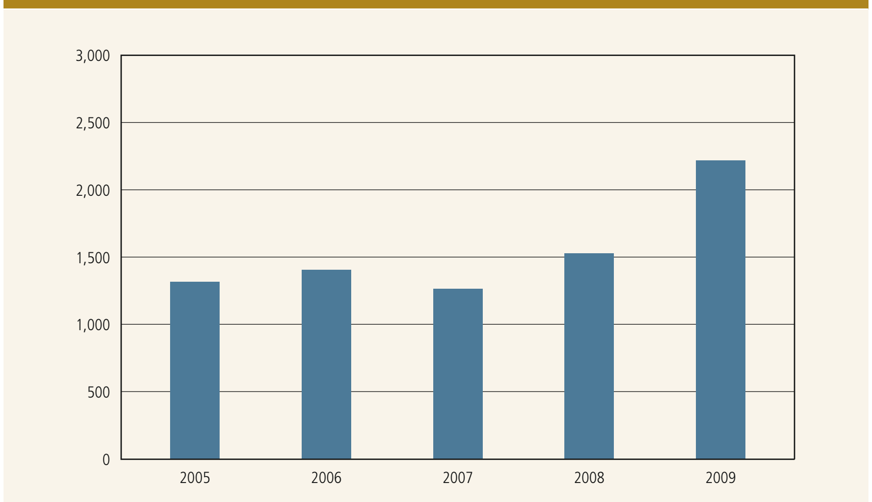


Table 4.3: ADF Approvals by Financing Instrument, 2007-2009
(UA millions)

Financing Instrument	2007			2008			2009		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
Project Lending	**26**	**755.23**	**54.7**	**22**	**680.74**	**40.9**	**23**	**950.31**	**39.2**
Public and Publicly -Guaranteed	*26*	*755.23*	*54.7*	*22*	*680.74*	*40.9*	*23*	*950.31*	*39.2*
Project Loans	25	735.23	53.2	22	680.74	40.9	22	938.31	38.7
Sector Investment and Rehabilitation	1	20.00	1.4	-	-	-	1	12.00	0.5
Lines of Credit	-	-	-	-	-	-	-	-	-
Private Non-Publicly Guaranteed	-	-	-	-	-	-	-	-	-
Project Loans	-	-	-	-	-	-	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-	-
Policy-Based Lending	**2**	**31.89**	**2.3**	**9**	**413.00**	**24.8**	**6**	**349.24**	**14.4**
Sector Adjustment Loans	-	-	-	-	-	-	1	80.00	3.3
Structural Adjustment Loans	1	17.00	1.2	5	215.00	12.9	1	11.00	0.5
Budget Support Loans	1	14.89	1.1	4	198.00	11.9	4	258.24	10.6
Grants	**20**	**304.56**	**22.0**	**27**	**552.62**	**33.2**	**41**	**862.82**	**35.6**
Technical Assistance	*3*	*4.85*	*0.4*	*6*	*44.65*	*2.7*	*14*	*135.54*	*5.6*
Project Cycle Operations	-	-	-	3	15.51	0.9	7	76.26	3.1
of which Private Sector	-	-	-	-	-	-	-	-	-
Institutional Capacity Building	3	4.85	0.4	3	29.14	1.7	7	59.28	2.4
of which Private Sector	-	-	-	-	-	-	-	-	-
Project Grant	*15*	*260.21*	*18.8*	*14*	*424.35*	*25.5*	*4*	*140.51*	*5.8*
Structural Adjustment Grant	*1*	*6.50*	*0.5*	*4*	*48.05*	*2.9*	*5*	*157.30*	*6.5*
Budget Support Grant	*1*	*33.00*	*2.4*	-	-	-	*6*	*64.64*	*2.66*
Fragile State Facilty Grant	-	-	-	*3*	*35.57*	*2.1*	*12*	*364.83*	*15.0*
Special Debt Relief Grant	-	-	-	-	-	-	-	-	-
Loan for Institutional Capacity Building	**1**	**5.90**	**0.4**	-	-	-	-	-	-
Project Preparation Facility	-	-	-	**2**	**1.03**	**0.1**	**2**	**1.00**	**0.0**
Debt and Debt Service Reduction	**5**	**284.17**	**20.6**	**2**	**17.95**	**1.1**	**4**	**259.09**	**10.7**
SFM Debt Alleviation	-	-	-	-	-	-	-	-	-
HIPC Debt Relief	3	153.17	11.1	2	17.95	1.1	4	259.09	10.7
Post Conflict Country Facility	2	131.00	9.5	-	-	-	-	-	-
Loan Reallocations	-	-	-	-	-	-	**1**	**4.50**	**0.2**
TOTAL APPROVALS	**54**	**1,381.75**	**100.0**	**62**	**1,665.34**	**100.0**	**77**	**2,426.96**	**100.0**

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

- Magnitude zero.
0.0 Magnitude less than 5 percent of the unit employed.

Figure 4.8: ADF Loan and Grant Approvals by Country, 2009
(UA millions)

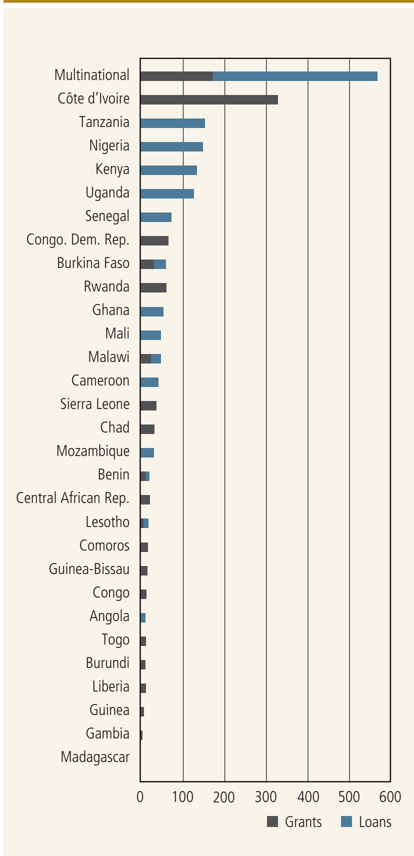
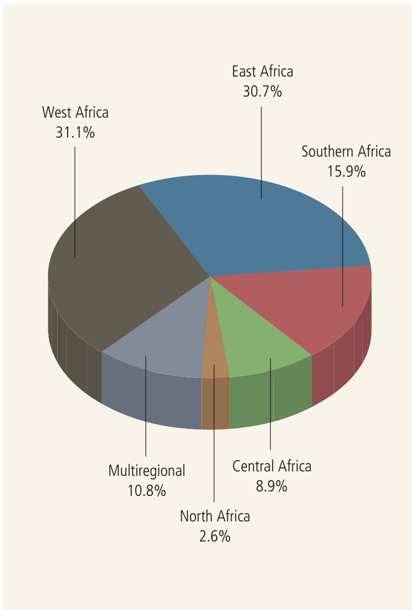


Figure 4.9: Cumulative ADF Loan and Grant Approvals by Subregion, 1974-2009



The countries that benefited from ADF loan and grant approvals in 2009 are shown in Figure 4.8. The 8 prime beneficiaries were Côte d'Ivoire, Tanzania, Nigeria, Kenya, Uganda, Senegal, Democratic Republic of Congo, and Burkina Faso. In addition, Burundi, Côte d'Ivoire, and Togo received funds under the HIPC Initiative.

Cumulative ADF Loan and Grant Approvals by Subregion, 1974-2009

During the period 1974-2009, ADF cumulative approvals for 1,438 loans and 809 grants totaled UA 21.30 billion. Figure 4.9 reflects the cumulative ADF loan and grant approvals by subregion. West Africa, East Africa, and Central Africa, which are mainly ADF countries, accounted for 70.7 percent of cumulative total loans and grants. North Africa and the Southern Africa subregions, which are principally ADB countries, accounted for 18.5 percent, while the share of multiregional operations was 10.8 percent. This is consistent with the Bank Group's operational policy, whereby ADF resources are mainly used for operations in low-income and blend countries.

Loan Portfolio

As at December 31, 2009, the cumulative loans and grants signed (net of cancelations), amounted to UA 18.86 billion, compared to UA 16.76 billion in 2008. Total outstanding loans stood at UA 5.43 billion at year-end 2009, compared to UA 4.87 billion at year-end 2008. This 11.5 percent increase was despite the debt cancelation under the Multilateral Debt Relief Initiative totaling UA 207.78 million for 2 additional completion point countries. At the end of 2009, there were 1,138 active signed loans and grants, while 1,101 loans amounting to UA 6.43 billion had been fully repaid.

Disbursements

At year-end 2009, disbursements of loans and grants amounted to UA 1.73 billion compared with UA 1.13 billion in 2008 – an increase of 53.1 percent. Cumulative disbursements as at December 31, 2009 stood at UA 13.61 billion. A total of 1,583 loans and grants were fully disbursed, amounting to UA 10.67 billion, representing 78.4 percent of cumulative disbursements.

NTF OPERATIONS

The Nigeria Trust Fund (NTF) was established by the Federal Republic of Nigeria, to provide concessional financing to the Bank's RMCs. The overall aim of the NTF is to provide additional resources for projects in various sectors, in order to enhance economic development and social progress in Africa, particularly in the least developed countries (LDCs).

In 2009 there was one loan approved under the NTF window amounting to UA 5.0 million for The Gambia. In addition, UA 0.7 million was approved as debt relief under the HIPC Initiative for Burundi and Togo.

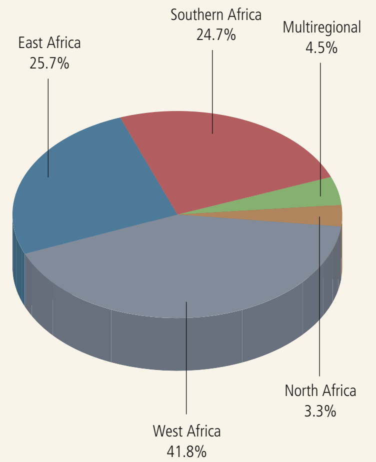
Cumulative NTF Loan and Grant Approvals by Subregion, 1976-2009

During the period 1976-2009 the NTF approved UA 309.6 million for 72 operations in 31 RMCs. The regional distribution of NTF approvals shows that West Africa received the largest allocation, followed by East Africa, Southern Africa, and North Africa. Multiregional projects accounted for 4.5 percent of NTF cumulative approvals (see Figure 4.10).

Loan Portfolio

Loans signed, net of cancellations, as at December 31, 2009, rose slightly to UA 245.81 million, compared to UA 240.81 million at the end of 2008. At year-end 2009, there were 32 active signed loans and 38

Figure 4.10: Cumulative NTF Approvals by Subregion, 1976-2009



fully repaid loans amounting to UA 53.24 million and UA 98.69 million, respectively.

Disbursements

NTF disbursements decreased to UA 4.87 million in 2009, from UA 8.46 million in 2008, representing a decline of 42.43 percent. This fall was due to the absence of loan approvals in 2007 and 2008 from this window. As at December 31, 2009, cumulative disbursements amounted to UA 221.69 million. Sixty loans were fully disbursed for a total UA 200.20 million, representing 90.31 percent of cumulative disbursements.

BANK GROUP OPERATIONS BY SUBREGION

Bank Group Loan and Grant Approvals by Subregion

For operational purposes, the Bank divides Africa into 5 subregions, namely, Central Africa, East Africa, North Africa, Southern Africa, and West Africa. In 2009 Bank Group approvals for all 5 subregions (including multinational projects and programs) amounted to UA 7.51 billion, allocated as follows: Southern Africa, UA 3.40 billion (45.2 percent); West Africa, UA 1.24 billion (16.6 percent); North Africa, UA 1.05 billion (14.0 percent); East Africa, UA 515.6 million (6.9 percent); and Central Africa, UA 274.9 million (3.7 percent). Approvals for multinational projects and programs in 2009 stood at UA 1.03 billion (13.7 percent). The Bank Group's cumulative (1967-2009) loan and grant approvals for the 5 subregions and multinational operations totaled UA 52.26 billion, of which multinational operations accounted for UA 3.39 billion (see Annex II-7).

Southern Africa

Southern Africa is made up of 12 countries, namely, Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. The countries eligible for ADB resources are Botswana, Mauritius, Namibia, South Africa, and Swaziland. The others have access to ADF resources only, except for private sector and enclave projects. Zimbabwe as a blend country can access funds from both ADB and ADF windows, although it has been under sanctions since 2000. In 2009 Bank Group loan and grant approvals to the subregion rose to UA 3.40 billion, from UA 475.9 million in 2008, representing a 614.4 percent increase (see Annex II-7).

The 11 beneficiary countries in 2009 were: South Africa, UA 1.73 billion; Botswana, UA 1.11 billion; Mauritius, UA 437.9 million; Malawi, UA 49.1 million; Mozambique, UA 31.6 million; Lesotho, UA 17.4 million; Angola, UA 12.0 million; Zimbabwe, UA 1.3 million; Madagascar, UA 1.1 million; Namibia, UA 0.6 million; and Zambia, UA 0.3 million. South Africa, which has consistently been the largest beneficiary in the subregion since 2007, also received the highest share in 2009.

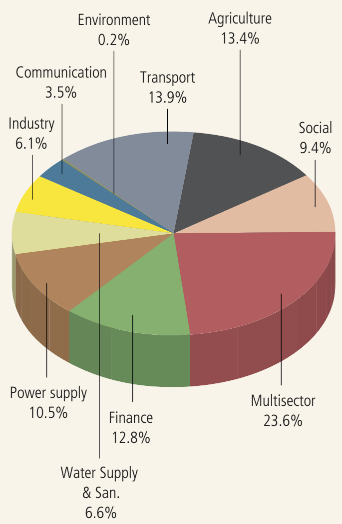
Some of the major approvals in 2009 for the subregion were: the Medupi Power Project in South Africa; the Economic Diversification Support Program and the Morupule Power

Project in Botswana; the Competitiveness and Public Sector Efficiency Program (CPSE) for Mauritius; the Trunk Road Rehabilitation Blantyre–Zomba Road in Malawi; and the Niassa Provincial Towns Water Supply and Sanitation in Mozambique (see Profiles of Projects and Programs at the end of Part 1).

Approvals for the subregion supported 5 sectors in 2009: infrastructure at UA 1.94 billion (57.2 percent); multisector at UA 1.42 billion (41.9 percent); agriculture and rural development at UA 17.5 million (0.5 percent), environment at UA 12.0 million (0.4 percent) and UA 0.6 million to the social sector. This distribution reflects the Bank's focus on projects that support rapid economic growth and promote good governance in RMCs.

The Bank Group started its operations in the subregion in 1969. From 1969-2009, Southern Africa was allocated cumulative Bank Group loans and grants of UA 10.41 billion. This represents 19.9 percent of all cumulative approvals for the continent. South Africa received the highest share, followed by Botswana, Mozambique, Madagascar, Zambia, Mauritius, Malawi, Zimbabwe, Angola, Lesotho, Swaziland, and Namibia. Infrastructure was allocated the highest level of cumulative approvals (34.5 percent), followed by multisector (23.6 percent); agriculture (13.4 percent); finance (12.8 percent); social sector (9.4 percent); and industry (6.1 percent) (see Figure 4.11).

Figure 4.11: Southern Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009



West Africa

West Africa comprises 16 countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, São Tomé and Principe (São Tomé and Principe is included in West Africa for operational purposes), Senegal, Sierra Leone, and Togo. It is the subregion with the greatest diversity in terms of its linguistic, geographical, and natural resources characteristics. All the countries in the subregion (apart from Nigeria) are eligible to borrow only from ADF resources, except for private sector and enclave projects. As a blend country, Nigeria can borrow from both ADB and ADF windows. West Africa's allocation of Bank Group loan and grant approvals increased by 96.1 percent from UA 633.5 million in 2008 to UA 1.24 billion in 2009, making West Africa the second highest recipient of approvals in 2009, after Southern Africa.

In 2009 approvals to West Africa represented 16.5 percent of total approved loans and grants (see Annex II-7). All the 16 countries in the subregion benefited from loans and grants. They include: Nigeria (UA 365.0 million); Côte d'Ivoire (UA 324.8 million); Senegal (UA 169.5 million); Ghana (UA 117.4 million); Burkina Faso (UA 62.6 million); Mali (UA 49.5 million); Cape Verde (UA 37.0 million); Sierra Leone (UA 36.3 million); Benin (UA 22.0 million); Guinea-Bissau (UA 14.1 million); Liberia (UA 13.8 million); Togo (UA 12.8 million); The Gambia (UA 9.0 million); Guinea (UA 5.2 million); Niger (UA 2.0 million); and São Tomé and Principe (UA 1.0 million).

The major projects approved in 2009 for the subregion include: the Economic and Power Sector Reform Program (EPSERP), LOCs to Intercontinental Bank PLC, Zenith Bank PLC, and United Bank for Africa PLC, all in Nigeria; the Ghana Cocoa Board First & Second Phases, and the Sendou Power Project in Senegal. In terms of the sectoral distribution of 2009 approvals for the subregion, infrastructure received the largest allocation at UA 485.6 million (39.1 percent), followed by multisector, UA 427.0 million (34.4 percent); finance, UA 263.0 million (21.2 percent); agriculture and rural development, UA 59.5 million (4.8 percent); and the social sector, UA 7.0 million (0.6 percent). This distribution underscores the Bank's selectivity and strategic focus on projects that would enhance infrastructural development, promote good governance, and reduce poverty in RMCs.

The cumulative Bank Group loan and grant approvals to the subregion (1967-2009) amounted to UA 11.37 billion, representing 21.8 percent of total cumulative allocations. Nigeria received the largest share, followed by Côte d'Ivoire, Ghana, Senegal, Mali, Burkina Faso, Guinea, Benin, Niger, The Gambia, Sierra Leone, Cape Verde, Togo, Guinea-Bissau, Liberia, and São Tomé and Principe (see Annex II-7).

Figure 4.12 represents the sectoral distribution of the cumulative loan and grant approvals over the 1967-2009 period with infrastructure receiving the highest allocations (33.4 percent), then agriculture (20.0 percent), social (14.8 percent), multisector (13.5 percent), finance (10.6 percent), industry (7.3 percent) and others (0.5 percent).

North Africa

North Africa is made up of 6 countries: Algeria, Egypt, Libya, Mauritania, Morocco,

Figure 4.12: West Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009

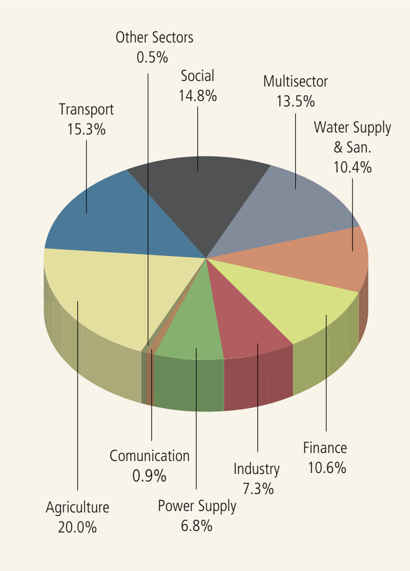
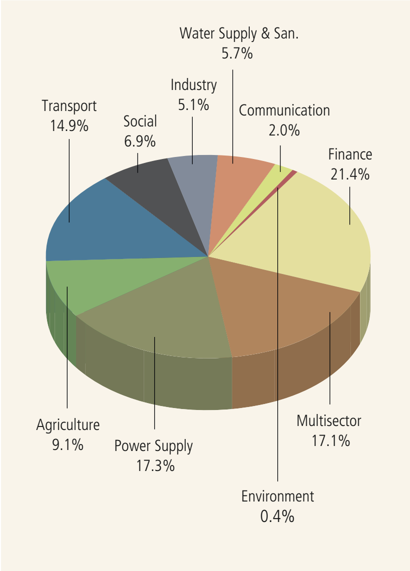


Figure 4.13: North Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009



and Tunisia. Mauritania is an ADF country, while the others are ADB countries. Loan and grant approvals for the subregion amounted to UA 1.05 billion in 2009, which is an increase of 28.1 percent from the 2008 level of UA 819.9 million. The approvals represent 14.0 percent of total Bank Group approvals in 2009, making North Africa the third-ranking recipient of the 5 subregions.

The 5 beneficiary countries comprise: Morocco, UA 583.0 million; Tunisia, UA 276.7 million; Mauritania, UA 112.4 million; Egypt, UA 77.9 million; and Algeria (UA 0.5 million) (see Annex II-7). Major infrastructure projects approved for this subregion in 2009 include the Third Airport Project in Morocco and the Enfidha Airport Project in Tunisia; the Electricity Distribution Networks Rehabilitation and Restructuring Project in Tunisia; and the Gabal-El-Asfar Wastewater Treatment Plant-Stage II, Phase II in Egypt. The other major non-infrastructure project approved for the subregion was the SNIM Expansion Project Guelb II in Mauritania. The profiles of all projects are presented at the end of Part I.

The sectoral distribution of approvals for North Africa in 2009 was as follows: UA 474.9 million for infrastructure (45.3 percent); UA 194.0 million for multisector (18.5 percent); finance, UA 151.2 million (14.4 percent); industry, mining and quarrying, UA 111.7 million (10.6 percent); the social sector, UA 67.0 million (6.4 percent); agriculture and rural development, UA 50.0 million (4.8 percent); and urban development, UA 0.6 million (0.1 percent). Since 2007, the Bank Group has continuously accorded infrastructure development a high priority in the subregion, in line with its operational focus in the MTS (2008-2012).

The Bank Group started operations in the North Africa subregion in 1968 – a year later than in the other subregions. From 1968-2009, North Africa received the highest cumulative loan and grant approvals of UA 14.78 billion, accounting for 28.3 percent of Bank Group loan and grant approvals (see Annex II-7). Figure 4.13 presents the cumulative Bank Group loan and grant approvals for the subregion by sector for the period 1968-2009. The 3 key sectors were infrastructure (39.9 percent), finance (21.4 percent), and multisector (17.1 percent).

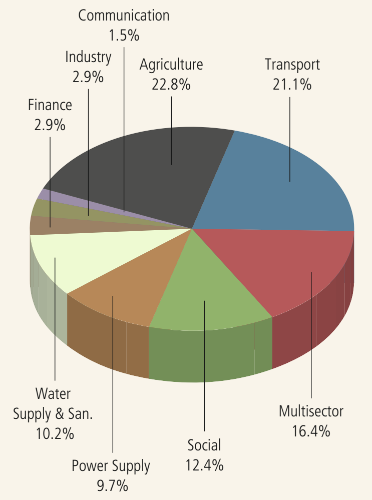
East Africa

East Africa comprises 12 countries: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Sudan, Tanzania, and Uganda. Seychelles is eligible to borrow from the ADB window, whereas the other 11 countries are eligible for ADF resources only, except for private sector and enclave projects. In 2009 East Africa was allocated UA 515.6 million of Bank Group loan and grants, 9.5 percent less than the UA 569.9 million approved in 2008. The approvals for 2009 were earmarked for financing operations in 9 countries representing 6.9 percent of total approvals (see Annex II-7). The recipient countries were Tanzania (UA 152.0 million), Kenya (UA 135.0 million), Uganda (UA 128.7 million), Rwanda (UA 57.3 million), Comoros (UA 15.9 million), Seychelles (UA 13.7 million), Burundi (UA 10.7 million), Eritrea (UA 2.0 million), and Djibouti (UA 0.3 million).

Bank Group approvals in 2009 for this subregion were directed mainly toward infrastructure at UA 386.0 million (74.9 percent), followed by multisector, UA 62.2 million (12.1 percent), agriculture and rural development, UA 56.0 million (11.0 percent), and the social sector, UA 10.7 million (2.1 percent). The continued focus of the Bank Group's operations on infrastructure and multisector in this subregion aligns with the Bank's goal of creating the optimum conditions to build a strong economy, by (i) fostering a business-enabling environment and (ii) promoting good governance as a means of strengthening RMCs' institutional capacity for sound and transparent fiscal management that would lay a solid foundation for poverty reduction and economic development.

Key infrastructure projects approved for the subregion include: the Road Sector Support-

Figure 4.14: East Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009



Project III in Uganda; Small Towns and Rural Water Supply and Sanitation Program in Kenya; and the Mombasa–Nairobi Electricity Transmission Line in Kenya. Key multisector approvals in 2009 for the subregion include the Economic Governance Reform Program in Seychelles, the Job Creation Program Support in Burundi, the Institutional Capacity Building (ICBP) in Comoros, and the Poverty Reduction Strategy Support Program III in Rwanda.

From 1967 to 2009, East Africa received UA 7.82 billion in cumulative loan and grant approvals, representing 15.0 percent of all approvals. Within the subregion, Ethiopia received the highest share of the cumulative approvals, followed by Tanzania, Uganda, Kenya, Rwanda, Sudan, Burundi, Djibouti, Somalia, Seychelles, Eritrea and Comoros (see Annex II-7). The cumulative Bank Group loan and grant approvals by sector are presented in Figure 4.14. Infrastructure was the lead sector at 42.5 percent; followed by agriculture and rural development (22.8 percent), multisector (16.4 percent), and the social sector (12.4 percent).

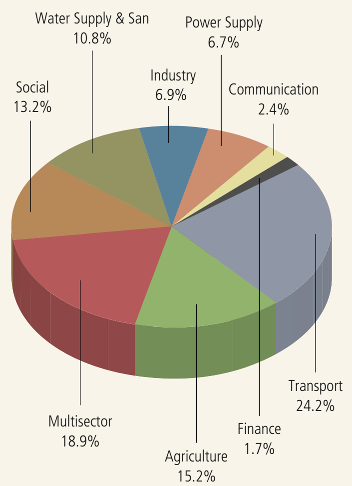
Central Africa

The Central Africa subregion consists of 7 countries: Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, and Gabon. Gabon and Equatorial Guinea are eligible to borrow from the ADB window, while the other 5 countries can borrow only from ADF resources, except for private sector and enclave projects. In 2009 the subregion received UA 274.9 million, representing 3.7 percent of total Bank Group loan and grant approvals. The total approvals for this subregion in 2009 represent an increase of 271.5 percent over the 2008 level, which was UA 74.0 million.

The 6 countries that benefited from loan and grant approvals in 2009 were Gabon, with UA 102 million; the Democratic Republic of Congo, UA 65.0 million; Cameroon, UA 43.4 million; Chad, UA 32.2 million; Central African Republic, UA 19.5 million; and Congo, UA 12.8 million (see Annex II-7). Major projects approved in the subregion during 2009 include: the Support Project for the Improvement of Higher Education and Vocational Training in Gabon; the Emergency Program to Mitigate the Impact of the Financial Crisis in the Democratic Republic of Congo; the Semi-Urban Drinking Water Supply and Sanitation in Cameroon; the Koumra–Sarh Road Development in Chad; and the Brazzaville and Pointe Noire Sanitation Project in Congo.

The sectoral distribution of 2009 approvals for the subregion indicates that the social sector received the highest allocation of UA 111.3 million (40.5 percent), followed by infrastructure, UA 94.7 million (34.4 percent), multisector, UA 65.0 million (23.6 percent), and agriculture UA 3.9 million (1.4 percent). The allocation of substantial resources to the social sector, infrastructure, and multisector is in harmony with the Bank's goal of assisting RMCs progress toward attaining critical MDGs and promoting infrastructural development and good governance.

Figure 4.15: Central Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2009



The cumulative Bank Group loan and grant approvals (1967-2009) to Central Africa amounted to UA 4.50 billion, representing 8.6 percent of the total. The Democratic Republic of Congo received the highest amount, followed by Gabon, Cameroon, Chad, Congo, Central African Republic, and Equatorial Guinea.

The 4 main sectors to benefit from the approvals were infrastructure (44.1 percent), multisector (18.9 percent), agriculture and rural development (15.2 percent), and social (13.2 percent) (see Figure 4.15). The sectoral distribution of the cumulative loan and grant approvals highlights the Bank Group's continued focus on infrastructure development and multisector operations in the subregion.

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Chapter five

Corporate Management and Institutional Reforms

During the year under review, the Bank Group continued to implement its institutional reforms in order to improve its corporate performance, the quality of its operations, and its development effectiveness. The Bank also pursued its vision of becoming the premier development institution for the continent, a center of excellence for knowledge and research, and the preeminent voice on Africa's development issues. This chapter provides the program of the Bank in the various functional areas toward realizing these strategic objectives.

INSTITUTIONAL REFORMS

The Board of Directors approved a comprehensive set of institutional reforms in 2006 and 2007. Implementation of these reforms, which continued in 2009, has: (i) strengthened the link between institutional priorities and resource allocation; (ii) enhanced institutional budget flexibility through increased fungibility and devolved authority; (iii) established a new accountability and performance framework by linking deliverables to Key Performance Indicators (KPIs); and (iv) introduced a consolidated, multi-year programming and budgeting framework. The institutional reforms cover enhanced corporate services delivery, budget reforms, decentralization, and improved operations business processes, as detailed below.

Improved Coordination and Corporate Performance Monitoring

In 2009, in accordance with commitments made in the 2008-2012 Medium-Term Strategy (MTS), the Bank established and filled the position of Chief Operating Officer. The COO has the responsibility of ensuring overall coherence and coordination across Complexes, alignment of resources to strategic priorities, and enhanced monitoring and management of corporate performance.

Coordination and review of management and operational processes have been further enhanced through strengthening the role of the Senior Management Coordinating Committee (SMCC) and the Operations Committee (OpsCom). The SMCC has played a pivotal role in ensuring that the Bank Group's functions operate with optimal efficiency and effectiveness, and in arbitrating cross-Complex resource allocation in line with strategic priorities. In 2009, a Task Force was appointed to carry out a review of the implementation of the Presidential Directives on the operations review process, including the establishment and operationalization of OpsCom and country teams.

Key priorities for the COO Office include the effective implementation and sustained focus on the ambitious institutional reform agenda approved by the Boards of Governors in 2006 to boost the Bank's delivery capacity and institutionalize a results-based culture.

Budget Reforms

Strengthened linkage between institutional priorities and resource allocation: Country Work Programs have now been developed to align to the institutional priorities set out in the Bank Group's 2008-2012 MTS. This Strategy took as one of its key objectives, to ensure that the Bank would be recognized globally by 2012, particularly by its shareholders, as a preferred DFI partner in Africa, providing high-impact, sharply-focused development assistance and solutions. In line with the MTS, the Bank has continued to focus on selected priority areas, resulting in increased funding for infrastructure development, improved governance, private sector projects and programs, and skills development through higher education. Underpinning the success is a greater emphasis on results, rigor in implementation and monitoring, continuing improvement in business processes and efficiency, intensified country dialogue, and a more systematic matching of resources to priorities. These are discussed more fully below.

Enhanced institutional budget flexibility through fungibility and devolved authority: Managers now have more discretion in the use of their budgets and in ensuring cost-effectiveness. This provides them with the flexibility to adapt the mix of inputs as they consider appropriate in line with service requirements, instead of having to justify their decisions and to seek approval from Senior Management.

New accountability and performance monitoring framework: Performance and efficiency indicators have been developed at institutional and Complex levels, and performance monitoring is now the central tool for enforcing accountability. The Bank no longer uses the budget as a control mechanism but rather as a way of ensuring that resources are efficiently and effectively used to deliver the agreed work programs.

KPIs monitoring: The new accountability and performance system, linking program deliverables to Key Performance Indicators (KPIs), is shown in Table 5.1. The table presents the 2009 results of monitoring the KPIs for institutional effectiveness, by comparing targets to actual implementation results. Almost all indicators show satisfactory results during the year, with actual performance exceeding the targets in some cases. As the Economic and Sector Work (ESW) has fallen below its target, the Bank will continue to closely monitor this indicator.

Multi-year budgeting: A multi-year budgeting system was implemented in 2009, based on the approval by the Boards of a 3-year rolling Program and Budget Document (PBD) for 2009-2011. The PDB aims to ensure that the Bank grows and delivers results on the

Table 5.1: Key Performance Indicators (KPIs) for Institutional Effectiveness in 2009*

KPI	Unit	2008	Dec. 2009	2009 Target	Progress*	Overview
I- Human Resources						
Gender Balance Index (PL staff)	%	24	26	26	✓	There was continuous improvement on these indicators throughout 2009.
Field Based PL Staff	%	15	27	30	✓	
II- Portfolio Management and Process Efficiency						
Disbursements						
Bank Group Disbursement Ratio (Investment only)	**%**	**15.9**	**28**	**30**		Disbursement ratios improvement for ADB reflects the large size of the counter-cyclical operations approved during 2009 to address the financial crisis.
ADB Public Disbursement Ratio		22	32	20	✓	
ADB Private Disbursement Ratio	%	39	67	50	✓	
ADF Disbursement Ratio	%	15	18	20	•	ADF RMCs receive increased budget support. But this indicator measures only disbursements for investment operations.
Project at Risk	%		31	40	✓	There has been a significant contribution to improved performance due to the increased role of Field Offices.
Operations Supervised Twice per year	%	33	58	40	✓	
Timely PCR Coverage (exiting project with PCR in 12 months)	%	10.0	91	40	✓	Parameters for assessment were revised in 2009. The Bank is, however, becoming more effective.
Impaired Loan Ratio	%			5	✓	Financial Risk Management Processes are being adapted to handle risks posed by increasing Private Sector Operations.
Weighted Average Risk Rating (WARR) (Non-sovereign Only)	Score	3.6	3.11		✓	
Elapsed Time between Approval and First Disbursement	Months	14.4	11.01	12	✓	Quality-at-entry improvement is demonstrated by improvement on this indicator.
III- Operational Deliverables						
Knowledge Management Products						
Country Strategy Papers (CSPs)	Number	27	26	26	✓	CSPs and CPRs were delivered according to plan.
Country Portfolio Reviews (CPRs)	Number	19	21	21	✓	
Formal Economic & Sector Work (ESW) pieces	Number	81	60	92	•	Management recognizes the need for improved programming of ESW and related products.

Notes:

✓ *Progress is satisfactory*

• *Progress is unsatisfactory*

* *Source: ADB Strategy and Budget Department (COBS)*

ground in line with the MTS. The Indicative Operational Program (IOP), Indicative Non-Operational Program (INOP) and Budget Document have been merged, thus providing a clearer picture of how resources are aligned with the work program.

UA budgeting: The final phase of the budget reform is the implementation of a strategy and work program-driven Unit of Account (UA) budgeting system, with expanded fungibility and fully decentralized resource management for delivery of the work program. This is expected to enable Vice-President Units (VPUs) to determine their staffing needs and actions required to meet those needs, and to mitigate the potential risk of overspending on staff costs through staff planning, fixed cost ratio (FCR), and time recording system (TRS).

Decentralization

In 2004 the Bank had approved a Decentralization Strategy that paved the way for the opening of 25 Field Offices (FOs) by end-2006. By end-2009, 26 FOs including a regional office (RO) in South Africa had been opened. However, only 23 of these FOs were fully staffed and functioning, although with different levels of staffing mix and strategies. The other 3 are now operational but not yet fully functioning. Following the recommendations of an independent evaluation of the implementation of the Decentralization Strategy and the 10-point agenda for fast-tracking the implementation of the Strategy proposed by a Presidential Working Group in 2008, the Bank established a Task Force to review the Decentralization Program in 2009. The recommendations of the Task Force will be presented to the Boards of Directors in 2010.

The 2009 evaluation shows that decentralization has had a positive impact on a number of Bank Group KPIs. This includes: (i) enhanced dialogue with RMCs; (ii) chairing or co-chairing thematic or budget support working groups in RMCs where there is a country office; (iii) improved portfolio management, disbursements, and procurement processes; and (iv) closer coordination with other partners in line with the Paris Declaration commitments. There has also been closer supervision of projects and better monitoring of the attainment of MDGs by RMCs. A significant milestone in decentralization in 2009 was the business model that was launched by the Bank, which involves the establishment of regional service centers in Central, East, West, North, and Southern Africa. Although the overall fiduciary responsibility rests with Bank Headquarters, the regional service centers are making headway in facilitating procurement and financial management services to clients.

Operations Business Processes

Since the introduction of the reforms of the Operations Business Processes within the Bank Group in 2006, considerable progress has been made in setting up and strengthening units responsible for sharpening the Bank's strategic focus, thus reinforcing its mandate and its emphasis on managing-for-results. The Bank Group is in this way shifting from an approvals to a results-based culture. Positive outcomes of the reforms include enhanced cross-Complex coordination, empowered country teams, and streamlined processes for greater strategic alignment and delivery.

Furthermore, in order to improve service delivery at the country level, a comprehensive revision of the Delegation of Authority Matrix (DAM) has been carried out. Within this framework, FOs now have delegated authority for loan negotiations and signature, loan administration, portfolio management, project supervision, dialogue and communication with RMCs and cooperating partners. This is proving to be beneficial in terms of reducing the average project processing times, from 24 months in 2006 to 11.2 months in 2009. Similarly, the average procurement time declined from 70 weeks to 59 weeks over the same timeframe. In 2009 the Bank introduced the monthly "Outliers and Exceptions Report," which enabled Management and task managers to monitor portfolio performance. These efforts should help to further strengthen the culture of continuous monitoring and supervision of operations and routine tracking of results.

COMPLIANCE REVIEW AND MEDIATION

The Independent Review Mechanism (IRM) was established as an expression of the Bank's commitment to enhancing good governance and transparency, and to maintain the highest standards of due diligence in order to ensure operational effectiveness. In 2009 the Board endorsed the Management Action Plan for addressing the findings and recommendations of the Review Panel on the Bujagali Hydropower and Transmission Projects in Uganda.

Two of the 3 complaints registered in 2009 concerned the Gibe III Hydroelectric Power Project in Ethiopia. The 2 complainants alleged the following: (i) environmental and social harm to Lake Turkana and the population living around the lake and downstream of the Gibe III dam along the Omo river; and (ii) violation of Bank policies, including procurement rules. Mediation is underway regarding the first complaint, and the eligibility review of the second awaits conclusion of the first. The third complaint concerns the Nuweiba Combined Cycle Project in Egypt, alleging harm to marine life, local ecotourism, and the livelihoods of tourism-beneficiary communities. Mediation of the complaint is still in progress.

In 2009 the Bank undertook sensitization campaigns regarding the IRM process for populations in RMCs where the Bank is funding operations. Community awareness meetings were held in 3 RMCs and national workshops were conducted in 5 countries. A regional workshop organized in Dakar for

CSOs was attended by representatives from 7 countries. In mid-2009, the Bank commissioned an independent review of the operating rules and procedures of IRM, the findings of which were presented to an informal Board meeting. Following their observations and recommendations, the report will be considered by the Board in 2010. The IRM website (www.afdb.org/irm), the IRM annual report, and a brochure produced in English, French, Arabic, Portuguese, and Kiswahili, provide further information on the IRM functions and procedures.

EVALUATION OF OPERATIONS

The operations evaluation function of the Bank was consolidated in 2009 by restructuring and recruiting additional staff to enhance the Bank's evaluation capacity. This was further strengthened through appropriate staff training. Operations staff increased their delivery of Project Completion Reports (PCRs) in 2009, with 91 percent of them submitted on time.

In 2009 independent evaluations were undertaken in a number of areas, notably agriculture, education, decentralization, and quality-at-entry of operations, as well as evaluation of selected projects and country programs. A major evaluation of policies and operations in agriculture and rural development was undertaken jointly with the International Fund for Agricultural Development (IFAD). This evaluation underpinned the development of the Bank's new Agriculture and Rural Development (ARD) Strategy. The findings and recommendations of the evaluation are detailed in Chapter 3.

The Bank undertook 2 independent evaluations on the Bank Group's progress in implementing its Decentralization Strategy and on the quality-at-entry of ADF interventions during 2005-2008. The goal was to provide evidence and analysis to inform the ADF-XI Mid-Term Review. The first evaluation report indicated that good progress had been achieved but that much remained to be done to attain the desired operational results. Although increased Bank presence in the field has strengthened portfolio management and raised the institution's public profile, it is too early to see improvements in project performance linked to the decentralization process. The second evaluation report revealed modest improvements in quality-at-entry, but it also raised concerns about the treatment of poverty, gender, and environmental aspects in the design of projects and programs.

An evaluation of AfDB assistance to Cape Verde reported a success story. Bank assistance over recent years was satisfactory and has contributed significantly to Cape Verde's successful transition to MIC status. The joint ADB/World Bank evaluation of assistance to Uganda found that the Bank's assistance had produced moderately satisfactory results. It recommended increased country presence with additional specialists for sectors where the Bank plans to increase its engagement.

Knowledge development: Key lessons learnt from high-level (corporate, country, and sector) evaluations indicate the following:

(a) *Critical success factors were:* (i) good governance and sustained commitment to reforms; (ii) the institutional location of a project management unit; and (iii) robust management arrangements;

(b) *Constraints to success were attributable to:* (i) inefficient implementation at both the Borrower and Bank levels; (ii) underestimating the value of high-quality analytical work and long-term planning; and (iii) not addressing the operational constraints on the Bank's effectiveness and impact, and not identifying and building on success with a focus on results-based management.

INTERNAL AUDIT, INTEGRITY, AND ANTI-CORRUPTION

The Internal Audit of the Bank provides independent and objective assurance, advisory, and consulting services for Bank Group operations, finance and corporate administrative activities. In 2009 the Bank conducted audits of: 11 finance and corporate Complexes; 20 trust and grant funds; 9 projects in RMCs; and 6 Field Offices. It also provided training and advisory services to a number of RMCs' project implementation personnel and Bank staff on the auditing of Bank-funded projects.

The Bank Group undertakes investigations into allegations of fraud, corruption, and other misconduct relating to its operations. During 2009 the Bank received 41 such complaints, of which 11 were reviewed and closed, one was referred to the Corporate Human Resources Department, another to the Security Services for action, and the rest are in the pipeline for review and/or investigation. The Bank's Hotline received 339 frivolous or advance-fee fraud complaints. The Bank's policy is to review all complaints that are received and determine whether to proceed with full investigations or simply file them as frivolous. Complaints of a spam nature are systematically referred to the Security Service for action where necessary.

The Bank undertook 7 integrity and anti-corruption awareness campaigns for Bank staff in Tunis and in the FOs, held 2 anti-corruption workshops for project implementation personnel of NGOs in 2 RMCs, and conducted regular induction sessions for new Bank staff.

GENERAL COUNSEL AND LEGAL SERVICES

During 2009 the Bank approved the restructuring of the Legal Services function into 4 divisions, thereby enhancing its ability to deliver timely and quality legal services throughout the Bank. The restructuring will strengthen the Bank's capacity to mitigate the growing risks arising from its increased non-sovereign lending portfolio. The Legal Services function has also been active in the negotiation process of the Sixth General Capital Increase of the Bank (GCI-VI), and in the ongoing consultations for an early ADF-XII Replenishment.

In 2009 the Bank organized a Constitutive Assembly to launch the African Legal Support Facility (ALSF). This is an autonomous international organization that seeks to assist RMCs to negotiate complex commercial transactions, especially in the extractive industries, energy, and infrastructure sectors. ALSF also helps RMCs to defend their interests against commercial vulture creditors preying on countries through aggressive litigation, based on the countries' limited experience and vulnerability. Such litigations by vulture creditors erode the RMCs' benefits accruing from HIPC, MDRI, and other comparable debt relief initiatives.

In response to the financial and economic crisis, in 2009 the Bank, through its Legal Services, concluded the following:

- A number of policy-based operations (PBOs), while ensuring that the legal risks inherent in its non-sovereign risk portfolio were properly evaluated and mitigated;

- A multi-jurisdiction and multi-party bond guarantee in favor of Seychelles to hedge its public debt;

- Collaboration with the International Finance Corporation to establish a Global Trade Liquidity Program (GTLP); and

- The syndication of a Trade Finance Facility in support of Ghana's cocoa production and export sector.

During the year the Legal Services function enabled the Bank to realize the following:

- Contracts for rehabilitation of the Bank headquarters building in Abidjan, and leasing or buying real estate properties for Field Offices;

- Conclusion of host country agreements with Algeria, Angola, and South Africa;

- A Memorandum of Understanding between the Congo Basin Forest Fund and the Albert II of Monaco Foundation; and

- The implementation of the Bank's borrowing program, including the successful completion of the Turkish Lira Uridashi issue.

KNOWLEDGE MANAGEMENT AND DEVELOPMENT

Development Research

Since the approval of the Knowledge Management and Development (KMD) Strategy (2008-2012) by the Board in 2008, significant progress has been made in enhancing the Bank's knowledge capacity. In particular, the Bank has scaled up its visibility, strengthened intellectual capacity, as well as mainstreamed knowledge in its operations. In the wake of the food and financial crises, the Bank demonstrated the importance of knowledge in facilitating swift policy and operational decisions that have a positive impact on the continent's development. During 2009 the Committee of Ten Ministers of Finance and Central Bank Governors (the C-10) set up a forum to monitor the crisis and coordinate Africa's response at various levels. This created an important platform for building an African voice and common position around key issues that fed into the important G-10 global process.

The Bank also benefited from seminars organized for the network of economists and this helped improve the quality-at-entry of projects in private sector operations through the institutionalization of the framework for ex-ante Additionality and Development Outcomes Assessment (ADOA) (see Box 5.1).

Knowledge Generation from Economic and Sector Work (ESW): As noted in Chapter 3, the Bank has continued to build its stock of knowledge to underpin its operational and country programming work. A 2009 Bank study on the international competitiveness of the Egyptian economy found that it had performed impressively since the reforms of 2004. The country's international competitiveness however has not kept pace, largely due to chronic budgetary deficits, inflation, and low labor productivity resulting from the inappropriate skills mix combined with labor market rigidities.

The study recommended Bank Group intervention in the following areas:

(i) Providing Technical Assistance (TA) and institutional support; and

(ii) Supporting entrepreneurial skills development by funding small- and medium-scale investments (SMIs) through lines of credit from its own resources and leveraged funds from development partners.

Similarly, in 2009 the Bank undertook a review of Nigeria's Governance Profile (GP) as a basis for formulating the Bank Group's intervention strategy during the MTS period. The review took into account recent events

Box 5.1: Additionality and Development Outcomes Assessment (ADOA)

The Board approved the revised ADOA framework on September 8, 2009 and emphasized the need for more economic and sector work (ESW) to guide private sector operations. The first study being reviewed under ADOA maps the power sector across Africa with a view to informing the financing of large energy projects. Findings from this study will contribute to the design of better public-private partnerships.

The second study will investigate how short-term deposits in African banks can be leveraged, while exploring the extent to which the Bank can play a catalytic role. Under the ADOA framework, the Bank plans to investigate which sectors generate the highest developmental returns, and this information will feed into the selection of its private sector interventions. In addition, it will also embark on a mapping exercise of the financial sector in each of the Bank's RMCs.

and findings of various relevant studies of the Nigerian socioeconomic situation. It outlined key recent improvements in the country's economic governance but also noted that many weaknesses remain, especially concerning the malfunctioning of the legal system. The review underscored that the task of improving governance in Nigeria needs to involve donors, the Nigerian Government, and communities at all levels. The study recommended that the Bank focus its interventions at the state and local government levels on:

(i) Capacity building to improve resource management and the formulation and implementation of policies for strengthened accountability and oversight;

(ii) Providing linkages between the National Economic Empowerment Development Strategy (NEEDS) and the State Economic and Empowerment Strategy (SEEDS);

(iii) Building capacity in agencies related to the Nigerian Extractive Industries Transparency Initiative (NEITI), including promoting engagement of the civil society to ensure accountability; and

(iv) Direct engagement with the private sector beyond the granting of lines of credit.

Capacity Building and Training Activities in RMCs

Cognizant of the need for the Bank to provide credible capacity-building activities for RMCs to drive the development process, the Bank embarked on the preparation of a Bank Group Capacity Development (CD) Strategy in 2009. As part of the preparation of the Strategy, the Bank organized a stakeholders' validation workshop to undertake an assessment of the CD needs of RMCs and RECs. The CD Strategy aims at: (i) enhancing the development effectiveness of the Bank's operations; (ii) strengthening RMCs' capacity for policy dialogue and development management; and (iii) building the Bank's internal capacity. In order to better integrate capacity development efforts within the Bank, the Board has also approved the integration of the Joint Africa Institute (JAI) within the Bank's structure.

Training and Capacity Development

The Bank has played a key role in capacity building for RMC officials through its training programs. It has organized a series of workshops to enhance Bank-funded projects in order to achieve development impact. In this regard, the Bank organized policy workshops which were attended by 745 senior officials. This included 16 Development Management Training Workshops for RMC policymakers in various key areas, namely, Public Financial Management, Good Governance, Trade Negotiation and Regulation, Performance-Based Allocation, Public–Private Partnerships, and the Global Financial Crisis.

Eminent Speakers

Four renowned personalities were invited under the Eminent Speakers' Program to share their knowledge and experiences on the development challenges facing the continent. Professor Ha-Joon Chang of Cambridge University spoke on the "Economic History of the Developed Worlds: Lessons for Africa." The next speaker was Professor Jacques Attali, President of PlaNet Finance, on "Financial Crisis and the Role of Microfinance," followed by Dr Sadako Ogata, President of the Japan International Cooperation Agency, who spoke on "Peace and Development in Africa: Upholding the Conditions." The final Guest Speaker in 2009 was Nobel Laureate Professor Wangari Maathai, Co-Chairperson of the Congo Basin Forest Fund (CBFF), who made a presentation on "Natural Resource Management and Poverty Reduction: Strengthening the Links." The four seminars attracted 1,391 invited participants, including members of the diplomatic corps and the academia in Tunis.

Statistical Support Activities

The Bank's statistical assistance to RMCs in 2009 focused on: (i) enhancing operational effectiveness and financial services; (ii) strengthening statistical capacity and systems in RMCs; and (iii) improving information dissemination through statistical publications and online data access portal.

During 2009 statistical support to the Bank's operational activities involved:

(i) Continued enhancement of the dissemination of operational and socioeconomic data through the Bank's Data Platform (DP), including 6 publications on the Bank's website;

(ii) Providing data support for the *African Economic Outlook* (AEO), including generating macroeconomic projections;

(iii) Establishing an infrastructure database, founded mainly on data collected through the Africa Infrastructure Country Diagnostic Study (AICD) in collaboration with the World Bank;

(iv) Reviewing data issues in RMCs and identifying the gaps that need to be addressed to strengthen results measurement in Bank operations and country systems; and

(v) Establishing a database for the Africa Bond Market Initiative and the study on *Making Finance Work for Africa* to develop domestic financial markets.

During the year, the Bank continued to provide technical and financial support to RMCs to improve statistical systems in support of the results-based agenda, for example in monitoring progress toward the attainment of the MDGs. In this connection, the Bank was instrumental in helping RMCs to design effective National Statistical Development Strategies (NSDSs). In addition, the Bank organized 20 training seminars and workshops in RMCs on methodologies and internationally accepted best practices for improving data quality and building capacity.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) MANAGEMENT

During the year, enhancements to the IT infrastructure aimed at building resilient local and wide area networks (LAN/WAN) with improved security to ensure stability and connectivity between the TRA in Tunis and the Field Offices (FOs). These initiatives are the result of the IT infrastructure audit carried out in 2009, which recommended immediate and short-term plans. These were implemented from the 4th quarter of 2009 to resolve problems related to LAN/WAN design and configuration, as a proactive approach to the provision of IT services to the FOs. The enhancements are in line with the Medium-Term Strategy (MTS) and the Decentralization Strategy, which indicate that a substantial number of staff from the Operations complexes would be field-based by 2012.

In 2009 the Bank carried out the Enterprise Architecture (EA) study to develop an EA framework to support the MTS and direct all IT investments in the Bank. A skills assessment study was also carried out to support the MTS and the implementation of the EA. New functions to strengthen IT in project governance, business analysis, client relationships, and business support functions have been established and the Skills Assessment Study also recommended reclassification of job profiles to conform to IT international standards.

The upgrading of SAP Human Resources applications and SAP non-profit organization (NPO) payroll for the FOs has been deployed since August 2009. The TRA in Tunis continues to use SAP payroll in different currencies. The HR Position Budget Control (PBC) interface which integrates the positions with the budget module has also been implemented.

A project to upgrade the Enterprise Resource Planning (ERP) System Application Product (SAP) was initiated during the year. The project will streamline business processes and improve the functionalities and user-friendliness of the SAP modules used in the Bank. The emphasis will be to reengineer the project and loans management business processes to effectively capture development results and outcomes. The IT strategy is expected to be flexible yet robust, to enable the Bank to respond swiftly and effectively to the changing business environment, while also consolidating all the studies undertaken in 2009.

HUMAN RESOURCES MANAGEMENT

The Bank made good progress in providing a quality service delivery and in attracting and retaining a diverse workforce within the context of the Human Resources Strategy (2007-2011) and the ongoing Corporate Services Reform agenda. The accelerated and decentralized recruitment campaign resulted in 286 new staff joining the Bank during the year, including 22 young professionals (YPs). In addition, 247 staff were promoted through internal competition and in-situ recommendations.

The total staffing of the Bank stood at 1,654 at the end of December 2009. This includes managerial/professional and General Services staff in the Field Offices. Of the total staff, 1,022 were of Management and Professional Level (PL), including advisors to the Executive Directors. It is important to note women make up 25.8 percent of this total. General Services staff (GS) numbered 632, of whom 54.4 percent are women (see Table 5.2).

The implementation of the Bank's Decentralization Strategy continued apace in 2009, with the staffing of 25 Field Offices (FOs) and the recruitment of 36 new staff. This increased the number of locally recruited FO staff from 248 in 2008 to 284 in 2009. Furthermore, the Bank extended the staff pension, education benefits, and the Medical Plan to FOs, and also improved Staff Retirement Plan benefits. In 2009 the Bank adopted and enabled a new system of performance evaluation, predicated on the principles of results-based management and multi-rater assessment. The result showed that 86 percent of staff members received feedback from their peers, while 50 percent of managers received feedback from their subordinates. The Bank also developed an improved Management and Leadership Development program to build management skills among staff.

Table 5.2: Staffing and Employment Ratio to Country Share Percentages (Management, Professional and General Services Staff) at December 31, 2009

REGIONAL COUNTRY	MANAGEMENT & PROFESSIONAL STAFF At post as at December 31, 2009									OTHER BANK STAFF AT POST			
	Vice-Presidents	Directors	Managers	Other PL	Field Offices International Staff		Total	Staff %	Shares %	SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					ResRep	PL						PL	GS
Algeria	-	-	1	7	-	-	**8**	0.90	3.99	-	5	-	-
Angola	-	-	-	2	-	-	**2**	0.23	1.17	-	-	-	-
Benin	-	-	1	23	-	1	**25**	2.82	0.20	-	23	-	-
Botswana	-	-	-	4	-	-	**4**	0.45	2.14	1	-	-	-
Burkina Faso	-	1	2	18	-	-	**21**	2.37	0.43	-	21	4	10
Burundi	-	1	2	6	2	-	**11**	1.24	0.24	1	2	-	1
Cameroon	-	3	5	27	1	1	**37**	4.17	1.04	-	10	4	10
Cape Verde	-	-	-	1	1	-	**2**	0.23	0.08	-	1	1	-
Central African Rep.	-	-	1	3	-	1	**5**	0.56	0.05	-	-	1	2
Chad	1	-	1	8	-	-	**10**	1.13	0.08	1	8	4	8
Comoros	-	-	-	1	-	-	**1**	0.11	0.02	-	1	-	-
Congo	-	-	-	7	3	1	**11**	1.24	0.45	-	3	-	-
Côte d'Ivoire	-	1	3	62	2	2	**70**	7.89	3.72	1	145	-	-
Dem Rep of Congo	-	1	1	2	-	-	**4**	0.45	1.04	1	4	6	10
Djibouti	-	-	-	4	-	-	**4**	0.45	0.06	-	-	-	-
Egypt	1	1	-	9	1	-	**12**	1.35	5.13	2	-	3	7
Equatorial Guinea	-	-	-	-	-	-	**-**	-	0.16	-	-	-	-
Eritrea	-	-	-	2	-	-	**2**	0.23	0.09	-	1	-	-
Ethiopia	-	-	-	14	-	4	**18**	2.03	1.60	-	7	6	8
Gabon	-	-	-	6	-	-	**6**	0.68	1.25	-	2	4	7
Gambia	-	-	2	11	3	-	**16**	1.80	0.15	1	-	1	-
Ghana	-	2	3	18	1	1	**25**	2.82	2.28	1	30	7	7
Guinea	-	-	1	5	-	-	**6**	0.68	0.41	1	12	-	-
Guinea Bissau	-	-	-	3	-	1	**4**	0.45	0.03	-	-	1	2
Kenya	-	1	2	25	1	4	**33**	3.72	1.45	-	4	4	7
Lesotho	-	-	-	2	-	1	**3**	0.34	0.15	-	-	-	-
Liberia	-	-	-	1	-	-	**1**	0.11	0.19	-	5	-	-
Libya	-	-	-	-	-	-	**-**	-	3.83	2	-	-	-
Madagascar	-	-	-	8	-	-	**8**	0.90	0.65	1	-	4	10
Malawi	-	-	-	11	-	-	**11**	1.24	0.30	-	2	5	8
Mali	-	2	1	16	2	3	**24**	2.71	0.44	1	7	5	10
Mauritania	-	1	-	11	-	2	**14**	1.58	0.15	-	2	-	-
Mauritius	-	-	1	4	1	-	**6**	0.68	0.65	-	1	-	-
Morocco	-	1	1	11	2	-	**15**	1.69	3.31	1	4	3	7
Mozambique	-	-	-	2	-	-	**2**	0.23	0.63	1	-	4	9
Namibia	-	-	-	-	-	-	**-**	-	0.34	-	-	-	-
Niger	-	-	-	8	-	-	**8**	0.90	0.25	-	1	-	-
Nigeria	1	1	6	30	-	1	**39**	4.40	8.86	2	21	7	8
Rwanda	-	1	-	13	-	-	**14**	1.58	0.13	-	2	3	9
São Tomé & Principe	-	-	-	-	-	-	**-**	-	0.07	-	-	-	-
Senegal	-	2	4	31	-	2	**39**	4.40	1.00	-	7	6	9
Seychelles	-	-	-	1	-	-	**1**	0.11	0.06	-	-	-	-
Sierra Leone	-	-	2	9	-	-	**11**	1.24	0.24	-	9	4	8
Somalia	-	-	-	2	-	-	**2**	0.23	0.09	-	-	-	-
South Africa	-	-	1	5	-	1	**7**	0.79	4.58	1	-	-	-
Sudan	-	-	1	8	-	-	**9**	1.01	0.41	-	-	-	5
Swaziland	-	-	-	-	-	1	**1**	0.11	0.33	-	-	-	-
Tanzania	-	-	-	16	-	1	**17**	1.92	0.82	1	2	5	8
Togo	-	-	1	5	-	2	**8**	0.90	0.16	-	8	-	-
Tunisia	-	1	3	23	-	-	**27**	3.04	1.40	-	78	-	-
Uganda	1	-	3	18	1	4	**27**	3.04	0.51	1	3	5	7
Zambia	-	1	1	11	2	3	**18**	2.03	1.24	1	1	4	6
Zimbabwe	1	1	2	14	1	1	**20**	2.25	2.07	-	1	-	-
TOTAL REGIONALS	**5**	**22**	**52**	**528**	**24**	**38**	**669**	**75.42**	**60.07**	**22**	**433**	**101**	**183**

Table 5.2 (continued): Staffing and Employment Ratio to Country Share Percentages (Management, Professional and General Services Staff) at December 31, 2009

NON REGIONAL COUNTRY	MANAGEMENT & PROFESSIONAL STAFF At post as at December 31, 2009									OTHER BANK STAFF AT POST			
	Vice-Presidents	Directors	Managers	Other PL	Field Offices International Staff		Total	Staff %	Shares %	SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					ResRep	PL						PL	GS
Argentina	-	-	-	1	-	-	**1**	0.11	0.27	-	-	-	-
Austria	-	-	-	1	-	-	**1**	0.11	0.45	1	-	-	-
Belgium	-	1	-	7	-	3	**11**	1.24	0.64	1	-	-	-
Brazil	-	-	-	1	-	-	**1**	0.11	0.44	1	-	-	-
Canada	-	1	-	23	-	-	**24**	2.71	3.74	-	2	-	-
China	-	-	-	3	-	-	**3**	0.34	1.11	-	-	-	-
Denmark	-	1	-	4	-	-	**5**	0.56	1.15	-	-	-	-
Finland	-	-	-	-	-	-	**-**	-	0.49	1	-	-	-
France	1	2	5	42	-	5	**55**	6.20	3.74	-	11	-	-
Germany	-	-	1	10	-	1	**12**	1.35	4.11	-	-	-	-
India	-	1	-	9	-	1	**11**	1.24	0.22	-	1	-	-
Italy	-	-	-	6	-	-	**6**	0.68	2.41	1	0	-	-
Japan	-	-	1	2	-	-	**3**	0.34	5.48	-	-	-	-
Korea (Republic)	-	0	-	1	-	-	**1**	0.11	0.45	1	-	-	-
Kuwait	-	-	-	-	-	-	**-**	-	0.45	1	-	-	-
Netherlands	-	0	-	4	-	-	**4**	0.45	0.85	-	-	-	-
Norway	-	1	-	1	-	-	**2**	0.23	1.15	1	-	-	-
Portugal	-	-	-	5	-	1	**6**	0.68	0.24	1	-	-	-
Saudi Arabia	-	-	-	-	-	-	**-**	-	0.19	-	-	-	-
Spain	-	-	1	5	-	-	**6**	0.68	1.06	-	-	-	-
Sweden	-	1	-	2	-	1	**4**	0.45	1.54	-	-	-	-
Switzerland	-	-	-	6	-	-	**6**	0.68	1.46	-	-	-	-
U.K	-	2	3	13	-	-	**18**	2.03	1.68	1	1	-	1
U.S.A	1	4	3	26	1	3	**38**	4.28	6.61	2	-	-	-
TOTAL NON-REGIONALS	**2**	**14**	**14**	**172**	**1**	**15**	**218**	**24.58**	**39.93**	**12**	**15**	**0**	**1**
GRAND TOTAL	**7**	**36**	**66**	**700**	**25**	**53**	**887**	**100.00**	**100.00**	**34**	**448**	**101**	**184**
Number of Female Staff per Category		**3**	**24**	**193**	**6**	**12**	**238**			**8**	**265**	**18**	**66**
Percentage of Female Staff per Category	**0.00%**	**8.33%**	**36.36%**	**27.57%**	**24.00%**	**22.64%**	**26.83%**			**23.53%**	**59.15%**	**17.82%**	**35.87%**

ADMINISTRATIVE SERVICES

The Bank continued to strengthen its administrative services in order to improve efficiency in its operational environment. In 2009 it completed the outfitting of the newly leased office building in Tunis. Other improvement measures included the adoption of a new Travel Policy. In line with the Revised Delegation of Authority, the Bank has decentralized its internal procurement process, which has reduced transaction costs and improved service delivery. This has resulted in improved corporate procurement despite a reduction in manpower.

The shift in procurement to framework agreements, together with the availability of purchasing cards and consolidation of requirements, improved the average value of purchase orders by 29 percent over 2008. Similarly, as a result of shifting to strategic and competitive procurement, direct purchasing fell from 37 percent in 2008 to 30 percent in 2009, while contractual procurement rose from 60 percent to 64 percent of the overall spend in 2009. Following recommendations of the Purchase Order Study, the Boards approved the building of the Bank office in Nigeria and the purchase of premises in Angola for the Field Office.

PROCUREMENT AND PROJECT FINANCIAL MANAGEMENT (PFM)

The key objective of the PFM streamlining and restructuring exercise was to support the Operations Complexes in improving service delivery, while minimizing fiduciary risks and enhancing accountability. During 2009 the Bank continued its PFM reform initiatives and undertook the following activities, among others:

(i) Revising and completing the PFM Delegation of Authority Matrix (DAM) in support of the Bank Group's initiatives in conformity with the Bank's Decentralization Policy. DAM strongly supports the delegation of fiduciary powers to skilled experts positioned in the Field Offices;

(ii) Drafting of manuals, guidelines, and standard bidding documents to help project staff in the implementation of the policies and ensuring consistent application of the rules; and

(iii) Developing new training materials and undertaking training and sensitization sessions to build the capacity of various stakeholders.

The positioning of key PFM staff in Field Offices has commenced and both international and local staff have been recruited. It is expected that this will significantly improve project delivery and effectiveness, with the processing time of procurement decisions cut by over 50 percent, leading to a reduction in project completion periods.

A comprehensive Bank-wide training program was organized during 2009, as a result of which 22 procurement specialists, 296 task managers and technical specialists, and 20 managers were schooled in the new procurement policies and instruments. In addition, training sessions were held for 397 staff of Executing Agencies from 15 RMCs. Business Opportunities Seminars (BOSs) were also organized for both regional and non-regional member countries.

CORPORATE COMMUNICATIONS

During the year under review the Bank adopted its Communications Strategy, modernized its communications tools and platforms, and continued its program of staff capacity building. This had a positive outcome, leading to increased Bank visibility and operational transparency. Specifically, the institution:

- Launched its modernized website, which resulted in a 65.3 percent increase in traffic, a 68.7 percent increase in unique visitors, and a 129.3 percent increase in page views;
- Expanded its range of products and multimedia services/video productions from 91 to 169, consolidated its partnerships with television networks, and increased its archival stock of photos;
- Improved its visibility at the Annual Meetings (e.g. 251 journalists covered the meeting in 2009, compared to 224 in 2008 and 105 in 2007) and launched major publications and conferences;
- Increased Bank/development partner interaction from 3 per week during 2008 to 10 per week during 2009;
- Increased FO involvement in Bank Group communication activities;
- Provided media training to Senior Management, Resident Representatives, and staff; and
- Joined the OECD DevCom network to expand its communications partnerships.

CORPORATE ADJUDICATION SERVICES

The Administrative Tribunal

The Administrative Tribunal is an independent organ of the Bank and the ultimate forum for the resolution of disputes between members of staff and the institution. It hears complaints made by a staff member contesting an administrative decision, after exhaustion of all other administrative recourse mechanisms within the Bank. The Tribunal's decisions concern the non-observance of staff members' contract of employment, conditions of employment, or dismissal by the Bank, and these decisions are binding, final, and without appeal.

In 2009 the Administrative Tribunal held one judicial session and one plenary session. There were 7 cases pending during the year and the Tribunal delivered judgments on 5 of them. In addition, on November 2, 2009, the Tribunal celebrated its tenth anniversary. The occasion brought together former judges of the Tribunal and General Counsels of the Legal Department of the Bank, among others.

Ethics Office

An unwavering commitment to integrity and high ethical standards are indispensable to the Bank Group's corporate governance and key to its reputation for probity and impartiality in the eyes of its clients and development partners. In 2009 the Bank Group established the Ethics Office as the principal custodian of the Bank's core values and ethical standards. Activities carried out by the Bank in this area during 2009 included the following: (i) developing programs and conducting training sessions at Bank Headquarters and in some FOs to increase awareness of ethical issues and standards; (ii) conducting the required annual disclosure exercise for all staff; and (iii) helping to establish an internal culture in which ethical issues are raised, discussed, and resolved, free from acrimony and stigma.

The Ombudsman's Office

In 2009 the Bank created the Value Promotion Champions (VPCs) in pursuit of its responsibility to establish an informal conflict resolution process. The VPCs are elected members of staff who are designated to provide peer support and assist in conflict management in the FOs. A total of 22 VPCs were inducted during the year, thus speeding up and easing conflict management in the FOs.

The Bank received 86 complaints/cases in the course of the year. Of these, 13 were resolved, 70 are still at various stages of completion, 3 were referred to the Staff Appeals Committee, and 1 was resolved through the mediation process. An Anger Management Seminar for Bank management staff was held to provide skills and knowledge of the informal and amicable resolution of conflict in the workplace. In addition, advocacy and outreach activities for selected FOs were undertaken. New Bank staff also received orientation on the informal recourse process.

Profiles of Projects and Programs Approved in 2009

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE & RURAL DEVELOPMENT				
Eritrea	*African Food Crisis Response Grant* **Objective:** To improve food security and food productivity in the agricultural sector in order to contribute to the achievement of food self-sufficiency at household and national levels. **Expected Outcomes:** (i) Enhanced local production by farmers for own consumption and markets; (ii) increased food self-sufficiency for the target households from 40 to 60 percent by the end of 2009. **Cofinanciers:** None.	N.A.		2.00
Morocco	*National Irrigation Water Saving Program Support (PAPNEEI)* **Objective:** To ensure the optimal utilization of irrigation water resources against a backdrop of increasing scarcity. **Expected Outcomes:** (i) More sustainable use of water resources through a change in consumer habits and improvement in irrigation methods; (ii) the proportion of productive water is increased (average additional value of production/m3 per irrigation area increases by 25 percent in 2015). **Cofinanciers:** Government (UA 13.99 million).	63.99	50.00	
Morocco	*Technical Assistance for the Oases Development Program in the South of the Kingdom of Morocco* **Objective:** Build the capacities of oasis councils and local stakeholders so as to protect oasis resources and improve the living conditions of the populations of oases in the South. **Expected Outcomes:** (i) Preparation of 4 Council Development Plans (PDC); (ii) implementation of a capacity-building program for local stakeholders; (iii) implementation of a micro-enterprise promotion plan; (iv) preparation of a rational oasis resources management program; (v) establishment of a results-based monitoring-evaluation system; and (vi) preparation of an investment program for oases in the South. **Cofinanciers:** None.	N.A.		0.50
Niger	*African Food Crisis Response Grant* **Objective:** To increase the productivity of the agricultural sector and to help achieve food security for all, poverty reduction and economic viability of agriculture. **Expected Outcome:** (i) Increase in food production and reduction in the price of staple foods; (ii) reduction of the incidence of malnutrition. **Cofinanciers:** None.	N.A.		2.00
São Tomé & Principe	*African Food Crisis Response Grant* **Objective:** To contribute to reactivating food crop production and poultry farming by increasing productivity through the enhanced use of inputs, notably improved seeds, small farming implements, chicken feed and vaccines, and to reduce the impact of rising food prices on the country's balance of payments. **Expected Outcomes:** (i) Increased food production and reduced prices; (ii) increased farmers' income; (iii) improved balance of payments and primary deficit. **Cofinanciers:** None.	N.A.		1.00
COMMUNICATIONS				
Egypt	*Launching of Geostationary Satellite - NAVISAT* **Objective:** To determine the feasibility of a satellite-based Air Navigation and Safety Communications System, and to contribute to improving communication, navigation and surveillance/air traffic management services. **Expected Outcomes:** Production of the Legal Framework Report, the Financial Report, the Frequency and Regulatory Component Report, and the Human Resource Component Report. **Cofinanciers:** Government (UA 0.06 million).	0.66		0.60

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
FINANCE				
Morocco	*Financial Sector Development Support Program* **Objective:** To strengthen the governance of the financial sector and deepen it by improving access of the population and enterprises to financial services, and diversifying financial instruments. **Expected Outcomes:** (i) Improved use of banking services by the population, strengthening of the microcredit sector and at least 100,000 new accounts opened at the Postal Bank between 2009 and 2010; (ii) the effectiveness of the national guarantee system is improved and financing of enterprises is developed; (iii) the supervision and control of the financial market and insurance sector are strengthened, and the insurance sector is revitalized; (iv) the financial sector is revitalized and financial instruments are diversified. **Cofinanciers:** None.	N.A.	151.15	
MULTISECTOR				
Algeria	*Technical Assistance for Modernization of the Collaboration and Communications System of the Ministry of Finance* **Objective:** Modernize the collaboration and communications system of the Ministry of Finance so as to improve the efficiency of public administration. **Expected Outcomes:** (i) The capacities and efficiency of the Ministry of Finance are strengthened; (ii) establishment of a new structure that would facilitate exchanges and dissemination of information between the various services of the Ministry of Finance and strengthen synergies and complementarity in their activities; and (iii) connection to the communication and collaboration system extended to all civil servants of the Ministry of Finance. **Cofinanciers:** None.	N.A.		0.50
Botswana	*Economic Diversification Support Program* **Objective:** To create competitive conditions for accelerated private sector growth, economic diversification, and poverty reduction. The program focuses on the promotion of privatization and public–private partnership initiatives, improvement in competitiveness and trade, improvement in financial sector governance and strengthening of the regulation of nonbank financial institutions. **Expected Outcomes:** (i) Emergence of vibrant non-mining, private sector activities; (ii) greater application of market efficiencies; (iii) improved private sector regional competitiveness; (iv) improved regulation of nonbank financial institutions; (v) improved capital market development; (vi) increased FDI inflows; (vii) improved governance in the financial sector; and (viii) increased citizen-owned business participation in the capital market. **Cofinanciers:** None.	N.A.	968.96	
Cape Verde	*Additional Budget Support Loan for PRSSP II* **Objective:** To stimulate economic growth and transformation in the context of the international economic crisis by consolidating and strengthening public finance management, and improving the business climate. **Expected Outcomes:** (i) Improvement of public finance management; (ii) strengthened macroeconomic and strategic planning projections; (iii) improvement of management and viability of the energy sector and ELECTRA; (iv) enhancement of effective budget execution monitoring/evaluation and external control; (v) improved internal control of budget execution; (vi) strengthened transparency of the public procurement system; and (vii) increased private sector competitiveness. **Cofinanciers:** None.	N.A.	36.97	

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Egypt	*Franchising Sector Support Program* **Objective:** To contribute to private sector development and job creation by developing systematic changes in the franchising sector and its support stakeholders, resulting in a thriving and efficient sector. **Expected Outcomes:** (i) A competitive and efficient class of SMEs is operating successfully and has access to finance (375 SME loans to franchise enterprises, of which 35 percent are women entrepreneurs); and (ii) 7,500 jobs created. **Cofinanciers:** None .	N.A.	26.81	
Gambia	*Poverty Reduction Budget Support Program* **Objective:** To promote efficiency, transparency, and accountability in the use of public resources through effective budget planning, auditing, and increased revenue mobilization; support implementation of civil service strategy, and provide budget support to absorb the fiscal and balance of payments impact of the global food crisis, which was manifest in the escalation of imported food and fuel prices. **Expected Outcomes:** (i) Sustainable fiscal position leading to less reliance on domestic and external borrowing and improved budgeting process, focusing on poverty-related expenditure; (ii) improved civil service management leading to better social services delivery; and (iii) continued fiscal discipline and limited resort to deficit financing. **Cofinanciers:** WB-IDA (UA 4.50 million); EU (UA 10.70 million), and ADF (UA 3.00 million).	19.20		1.00
Mauritius	*Competitiveness and Public Sector Efficiency Program (CPSE)* **Objective:** To consolidate fiscal performance and strengthen public social service delivery, enhance trade competitiveness, and improve the investment climate. **Expected Outcomes:** (i) Fiscal performance is consolidated and public social service delivery is strengthened with primary spending as % of GDP reduced from 22.1 percent in 2008 to 20.6 percent in 2011; and (ii) trade competitiveness is enhanced with growth in exports. **Cofinanciers:** AFD (UA 74.85 million); EU (UA 125.79 million); World Bank (UA 31.45 million).	669.40	437.31	
Namibia	*Development of a National Human Resource Plan for Economic Growth* **Objective:** To assist the Government of the Republic of Namibia to develop a human resources plan in order to institutionalize human resources supply and demand, and a monitoring and evaluation system. **Expected Outcomes:** (i) Human resources supply and needs assessment made through: a background paper on current and future human resources supply and demand; (ii) a fully populated human resources model with user and administrator manuals; and (iii) a human resources development plan, including strategies to meet the supply and demand gaps. **Cofinanciers:** Government (UA 1.48 million).	2.08		0.60
Seychelles	*Economic Governance Reforms Program* **Objective:** To support the Government's efforts to promote macroeconomic stability and sustainable growth in order to re-balance the economy, by improving economic and financial governance. **Expected Outcomes:** (i) Improved budget formulation process and execution; (ii) reinforced budget oversight and transparency; (iii) improved efficiency and transparency in public procurement; (iv) improved public debt management; and (v) improved business climate. **Cofinanciers:** None.	N.A.	13.66	

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Togo	*Reform and Governance Support Program (PARG)* **Objective:** To improve public finance management, modernize the public procurement system, strengthen the business climate, and reduce the adverse impact of the food crisis. **Expected Outcomes:** (i) Improved programming and budget allocation: revenue increases from 17.2 percent of GDP in 2008 to 17.8 percent in 2010 and primary expenditure drops from 17.2 percent of GDP in 2008 to 16.7 percent in 2010; (ii) improved transparency in public resources management: from 2010, the Government will publish the budget execution report on its website; (iii) improved efficiency and transparency of the public procurement system: regulatory framework of public contracts harmonized with those of WAEMU in June 2010; (iv) improved competitiveness of businesses: number of procedures reduced from 13 in 2008 to 7 in 2010 and processing time for establishing business reduced from 53 days in 2008 to 30 in 2010; and (v) improved access to agricultural inputs and food production in the local market. **Cofinanciers:** ADF (FSF) (UA 10.00 million).	12.50		2.50
Tunisia	*Integration Support Program (IADP)* **Objective:** To foster better integration into the global economy, aiming to boost growth and employment in keeping with the objectives of the 11th Plan (2007-2011). **Expected Outcomes:** (i) Reduced transaction costs and deepening of trade integration; (ii) improved business environment; and (iii) improved access to financing. **Cofinanciers:** WB-IBRD (UA 167.22 million); EU (UA 33.44 million).	367.88	167.22	
Multinational	*Arab Maghreb Union (AMU) – Institutional Support to Build the Capacities of the General Secretariat (GS) of the Arab Maghreb Union (AMU)* **Objective:** Contribute to building the capacities of the AMU General Secretariat to enable it to better fulfill the missions entrusted to it by member countries in the integration process, and prepare it to participate fully in building the Arab Maghreb Union. **Expected Outcomes:** (i) Better monitoring of implementation of the various initiatives and Action Plans adopted in the Maghreb; (ii) strengthened capacities of staff of AMU General Secretariat and key Maghreb organizations and unions, and of the implementation of regional policies and strategies; and (iii) a specific diagnosis is conducted on the needs of AMU General Secretariat as regards technical assistance and support. **Cofinanciers:** None.	N.A.		0.50
POWER				
Botswana	*Morupule B Power* **Objective:** To achieve energy generation self-sufficiency in order to substitute for rapidly declining electricity imports and thereby enhance the economic competitiveness of Botswana, fuel economic growth and diversification, and contribute to the poverty reduction objectives of the Government. The MIC grant will be used to finance a Technical Assistance component to prepare a Feasibility Study for a 200 MW Concentrating Solar Power plant to diversify energy supply and address climate change issues. **Expected Outcomes:** (i) Fully serve national electricity demand from domestic generation capacity, which will be increased from 132 MW in 2009 to 600 MW by December 2012; (ii) Botswana Power Corporation to have an exportable surplus in the range of 500 GWh to neighboring countries by 2014. **Cofinanciers:** ICBC-Standard Bank (UA 535.70 million); WB (UA 98.20 million); and Government (UA 131.60 million).	907.50	141.40	0.60

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
POWER				
Egypt	*Preparation of a Master Plan for the Rehabilitation/Replacement of Major Hydraulic Structures* **Objective:** To prepare a master plan for the rehabilitation/replacement of hydraulic control structures on the Nile and prepare a feasible investment project for the top priority large structure identified under the study to facilitate the mobilization of resources for the implementation of works. **Expected Outcomes:** (i) Database of hydraulic structures in the Nile Valley and Delta in Egypt built; (ii) the development of a comprehensive prioritized list of all major hydraulic structures describing detailed remedial actions required for each structure; and (iii) preparation of an investment plan for rehabilitation and replacement of major hydraulic structures in Egypt up to the year 2050. **Cofinanciers:** None.	N.A.		0.60
Morocco	*Power Transmission and Distribution Development* **Objective:** To improve the performance of the transmission and distribution grid, and improve the security and efficiency of energy supply. **Expected Outcomes:** (i) Reduction of power loss, with transmission grid loss rate decreasing from 4.7 percent in 2008 to 3.7 percent in 2011 and 3.5 percent in 2013; and (ii) increased transit capacity of grid from 24 TWh in 2008 to 27 TWh in 2011 and 31 in 2013. **Cofinanciers:** ONE (UA 22.04 million).	124.50	102.46	
South Africa	*Medupi Power Project* **Objective:** To increase the country's generation capacity and improve reserve margin in order to adequately, efficiently, and reliably serve the electricity demand in the country and in Southern Africa. **Expected Outcomes:** (i) Increased economic activity in mining, industrial, commercial, and agricultural sectors as a result of increased availability of electricity; (ii) improved public facilities (health and education); (iii) increased free use of electricity for poor households; and (iv) increased representation of women managers in ESKOM. **Cofinanciers:** World Bank-IDA (UA 1,930.00 million); Export Credit Agencies (UA 1,110.00 million); ESKOM (UA 5,440.00 million).	10,212.90	1,732.90	
Tunisia	*Electricity Distribution Networks Rehabilitation and Restructuring.* **Objective:** To improve service quality, preserve the environment, cut costs, in order to improve energy efficiency, enhance the competitiveness of the Tunisian economy, and foster investment growth especially in the industrial sectors. **Expected Outcomes:** (i) Improved quality of service; (ii) improved service to the population; and (iii) reduced environmental impact of electricity distribution. **Cofinanciers:** Government (UA 10.07 million).	53.42	43.35	
SOCIAL				
Gabon	*Support Program for the Improvement of Higher Education and Vocational Training Public Services* **Objective:** To increase the number and quality of middle and senior level technical workers so as to improve their skills, as levers for the diversification of economic growth sources. **Expected Outcomes:** (i) Increased number and quality of middle and senior level technical officers; (ii) initial and continuing training of a large number of teachers and supervisory staff; (iii) steady reduction in the number of students trained abroad on scholarships; (iv) improved quality of labor; and (v) increased availability of skills adapted to the needs of a diversified economy. **Cofinanciers:** Government (UA 10.72 million).	112.74	102.02	

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
SOCIAL				
Morocco	*National Education Emergency Support Program* **Objective:** To make education available to all and improve the quality of teaching and performance of the education system, with a view to accelerating the implementation of reforms resulting from the National Education and Training Charter. **Expected Outcomes:** (i) Compulsory school attendance up to age 15; (ii) increased availability and improvement of the quality of qualifying secondary education; (iii) increased availability of higher education and guarantee of employment possibilities; (iv) achievement of gender equity; (v) development of research; (vi) strengthening of skills teaching and administrative staff; and (vii) rational management of human, financial, and material resources allocated to the education and training sector. **Cofinanciers:** AFD (UA 43.08 million); FIV (Neighborhood Investment Facility); (UA 17.23 million); EIB (UA 172.34 million); WB-IDA (UA 68.93 million); EU (UA 80.14 million); and Government (UA 2,197.29 million).	2,643.64	64.63	
Tunisia	*Development of Health Services Export Strategy Study* **Objective:** To formulate and implement a health services export development strategy to promote health services export. **Expected Outcomes:** (i) Analysis completed of Tunisia's current supply; (ii) international positioning of Tunisia realized; (iii) development prospects by 2016 considered; and (iv) strategy and action plan for the export of health-related services formulated. **Cofinanciers:** Government (UA 0.05 million).	0.58		0.53
Tunisia	*Study on Emerging and Re-emerging Diseases to Strengthen the Health Monitoring System* **Objective:** To strengthen the National Epidemiological Monitoring Mechanism to efficiently cope with risks of emerging and re-emerging diseases in order to contribute to improving the health status of Tunisia's population. **Expected Outcomes:** (i) The National Observatory of New and Emerging Diseases (ONMNE)'s capacity building; (ii) efficient early detection, early warning, and early response system put in place for emerging disease factors; and (iii) improved health security. **Cofinanciers:** Government (UA 0.19 million).	0.77		0.58
TRANSPORTATION				
Morocco	*Third Airport* **Objective:** To increase airport operational capacity by upgrading infrastructure, expanding the air navigation system, and reinforcing ground security installations. **Expected Outcomes:** (i) The developed Terminal Areas (ZT) and related facilities are upgraded and made operational; (ii) the second Regional Control Center is built, equipped, and operated to reduce concentration on the air control service of the national space; (iii) the airport platforms of Casa, Fes, Oujda, Marrakech, Tangier and Nador are made more secure; and (iv) photovoltaic micro power stations with a total capacity of 224.30 KWh and a 30 million KWh wind farm integrated to the national electric grid is operated. **Cofinanciers:** ONDA (UA 71.32 million).	284.95	213.63	

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
URBAN DEVELOPMENT				
Tunisia	*Strategic Study on Sanitation Concerning 80 Districts with Population below 10,000 and Detailed Preliminary Design for 6 Districts with Population above 10,000* **Objective:** To facilitate improved access to sanitation in districts with less than 10,000 inhabitants and in 6 districts with more than 10,000 inhabitants without wastewater collection and treatment systems, in order to improve the living standard of citizens. **Expected Outcomes:** (i) Bankable sanitation plans developed for districts with less than 10,000 inhabitants; (ii) institutional framework for ONAS (National Sanitation Office) operation in districts with less than 10,000 inhabitants implemented; (iii) ONAS financial balance maintained; (iv) bankable sanitation projects developed for 6 districts with more than 10,000 inhabitants; and (v) necessary funds mobilized for the execution of Phase I works. **Cofinanciers:** Government (UA 0.11 million).	0.68		0.57
WATER SUPPLY & SANITATION				
Egypt	*Gabal El-Asfar Wastewater Treatment Plant Stage II Phase II* **Objective:** To improve the quality of wastewater discharged into the drainage system in Cairo East, thereby contributing to increased coverage of improved sanitation and clean environment for the approx. 8 million people living in this area. **Expected Outcomes:** (i) Wastewater discharged meets national environmental standards; (ii) better quality water in the drainage system and Lake Manzala; and (iii) improved public health among the population in the project site, along the drainage system and around Lake Manzala. **Cofinanciers:** AFD (UA 45.54 million) and Government (UA 118.55 million).	213.38	49.29	
Egypt	*Study Relating to Zefta Barrage* **Objective:** To determine the most technically viable, economically feasible, environmental and socially acceptable option for the rehabilitation/reconstruction of Zefta Barrage, including the production of a comprehensive feasibility report and associated engineering designs, bills of quantities, and tender documents for the selected option. **Expected Outcomes:** (i) A comprehensive feasibility report for the rehabilitation/reconstruction of Zefta Barrage, including environmental and social impact assessment; and (ii) the associated engineering designs, bills of quantities, bid packages and tender documents for the most feasible option completed. **Cofinanciers:** Government (UA 0.34 million).	0.94		0.60
Mauritius	*Mauritius Wastewater Master Plan Study* **Objective:** To prepare a 20-year program (2014-2033) to develop and manage wastewater on the main island of Mauritius and the island of Rodrigues. **Expected Outcome:** (i) A plan covering the main island of Mauritius and the Island of Rodrigues for wastewater management for 20 years, (ii) a feasibility study, and (iii) an Environmental and Social Impact Assessment Study are prepared. **Cofinanciers:** Government (UA 0.12 million).	0.68		0.56
Tunisia	*Program to Strengthen Drinking Water Agricultural Development Cooperatives Study* **Objective:** To sustainably improve the rational management of Drinking Water Supply (DWS) by the Agriculture Development Cooperatives (GDA) in order to improve living conditions in rural Tunisia. **Expected Outcomes:** (i) Formalize the contractual responsibilities of various parties involved in the rural DWS sector; (ii) implement the stakeholder participation strategy relating to DWS and GDAs; (iii) increase the financial capacity of GDAs; and (iv) improve the monitoring and evaluation system of DWS/GDAs. **Cofinanciers:** Government (UA 0.22 million).	0.81		0.59

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
WATER SUPPLY & SANITATION				
Tunisia	*North and East Greater Tunis Flood Protection Study* **Objective:** Ensure improved flood protection in the North and East areas of Greater Tunis, in view of the major urban development projects planned; provide adequate stormwater drainage and prepare storm protection engineering works studies for these areas. **Expected Outcomes:** (i) Feasibility report prepared; (ii) environmental and social impact assessment prepared; (iii) detailed preliminary designs prepared; and (iv) bidding documents for works implementation prepared. **Cofinanciers:** Government (UA 0.11 million).	0.69		0.58
EMERGENCY AND RELIEF OPERATIONS				
Burkina Faso	*Humanitarian Emergency Relief to Victims of Flood* **Objective:** Make a rapid and immediate contribution to Government's humanitarian effort by developing sites to accommodate disaster victims and by rehabilitating basic infrastructure (water supply, roads, and public facilities). **Expected Outcomes:** (i) Human lives saved; (ii) vital infrastructure rehabilitated; and (iii) disaster victims resettled. **Cofinanciers:** None.	N.A.		0.64
Burundi	*Humanitarian Emergency Assistance to Population Vulnerable to the Conflict* **Objective:** Improve the living conditions of 2,000 households repatriated from Tanzania, ensure their resettlement in Muyinga, Cankukzo, Ruyogi, Rutana, and Makamba provinces; enable them to restart their activities; and promote productive crops, short-cycle and high value-added cereals. **Expected Outcomes:** (i) Food security improved; and (ii) agricultural production of the returnees rebuilt. **Cofinanciers:** None.	N.A.		0.33
Burundi	*Humanitarian Emergency Assistance to Population Affected by Climate Change* **Objective:** Improve the living conditions of 2,000 households repatriated from Tanzania, ensure their resettlement in Kirundo, Muyinga, Ngozi, Kayanza, Karuzi, and Gitega provinces; enable them to restart their activities; and promote productive crops, short-cycle and high value-added cereals. **Expected Outcomes:** (i) Improved food security and (ii) agricultural production of the returnees rebuilt. **Cofinanciers:** None.	N.A.		0.33
Central African Republic	*Humanitarian Emergency Relief to Victims of Floods in Bangui* **Objective:** To make available emergency relief resources to the July 2009 flood victims. **Expected Outcomes:** (i) 80 percent of 10,000 victims have received goods, basic inputs and other materials by December 2009; (ii) 80 percent of flood victims are in good health by December 2009; and (iii) 90 percent of school children affected by the flood are able to resume classes. **Cofinanciers:** None.	N.A.		0.63
Chad	*Humanitarian Emergency Relief against Meningitis Epidemics* **Objective:** Improve the effective detection of meningitis outbreak sites, identification of strains responsible and protection of the target population. **Expected Outcomes:** (i) Effective epidemiological monitoring and management of meningitis outbreak sites improved; (ii) number of meningitis patients falls by at least one-third during the 2009-2010 epidemic season; (iii) number of deaths due to meningitis falls by at least one-third during the 2009-2010 epidemic season; and (iv) the Government's reaction time to meningitis outbreaks decreases from 3 months to 0.5 month for the epidemic season. **Cofinanciers:** None.	N.A.		0.63

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
EMERGENCY AND RELIEF OPERATIONS				
Comoros	*Emergency Humanitarian Assistance to Flood Victims* **Objective:** To respond to the urgent and immediate health and education needs of flood victims. It will cover three components: (i) multi-faceted health assistance to the population geared toward providing healthcare; (ii) education of children aged below 12 and distribution of school kits to all affected primary schools; and (iii) procurement of essential food items. **Expected Outcomes:** Reduction of the risk of vulnerability to epidemics and low school attendance rate due to the floods. **Cofinanciers:** None.	N.A.		0.64
Djibouti	*Humanitarian Emergency Assistance to Victims of Drought* **Objective:** Improve the living conditions of 20,000 drought victim households. The operation aims at assisting the extremely vulnerable population to avoid any further deterioration of the already appalling food situation in the region. **Expected Outcome:** By end-2009, food is provided to 20,000 drought victim households. **Cofinanciers:** None.	N.A.		0.33
Guinea-Bissau	*Humanitarian Emergency Assistance to Support Efforts to Control and Avert Cholera Outbreaks* **Objective:** Complement action by the Government and its development partners to strengthen cholera epidemiologic surveillance, treat cases, and prevent cholera contamination through social mobilization. **Expected Outcome:** (i) The epidemiologic surveillance system is strengthened through the gathering, analysis, and dissemination of data on the disease, early alert and epidemiologic control; and (ii) improved coverage of cases. **Cofinanciers:** None.	N.A.		0.34
Liberia	*Emergency Assistance to Support Efforts to Control and Avert Caterpillar Infestations* **Objective:** To minimize displacement of population from areas affected by caterpillar outbreak to enable them to continue farming; to contribute to efforts to manage the impact of infestation of caterpillar outbreak in the country; and to minimize the impact of an expected third outbreak. **Expected Outcomes:** (i) Outbreak contained and further outbreaks prevented; (ii) 500 drinking water sources rehabilitated; and (iii) 100 communities sensitized and trained. **Cofinanciers:** None.	N.A.		0.67
Madagascar	*Humanitarian Emergency Relief to Victims of Floods Caused by Cyclone Fanela* **Objective:** To prevent further destruction of the protective perimeter wall of the Bas Mangoky agricultural area. **Expected Outcomes:** (i) Damage to the protection wall is repaired, in order to prepared 700 ha for rice cultivation; (ii) reduced risk of flooding of the Bas Mangoky, thereby enabling continued agricultural activities by the population. **Cofinanciers:** Government (UA 0.68 million); OPEC (UA 0.32 million).	1.65		0.65
Mauritania	*Humanitarian Emergency Relief to Victims of Floods in Rosso City* **Objective:** Provide rapid and immediate contribution to Government's humanitarian and basic infrastructure rehabilitation efforts. **Expected Outcomes:** (i) Human lives saved, vital infrastructure restored, and disaster victims resettled; (ii) nearly 34,000 disaster victims (6,300 families) receive direct assistance; and (iii) 6,000 families are resettled on the new site in 2010. **Cofinanciers:** None.	N.A.		0.62

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
EMERGENCY AND RELIEF OPERATIONS				
Morocco	*Program of Action to Reduce Suffering in the Flood-Affected Region of Gharb* **Objective:** Protect against the devastating impact of floods in Gharb region with a view to restoring normal economic and social conditions for the affected rural population. **Expected Outcomes:** (i) Reduction of land and agricultural production lost to flood; (ii) the entire 9,000 ha land area degraded is rehabilitated in 2010; and (iii) 2010 agricultural production attains the pre-flood level. **Cofinanciers:** None.	N.A.		0.62
Mozambique	*Humanitarian Emergency Assistance to Population Affected by Flood and Drought* **Objective:** To assist and supplement the Government's efforts to alleviate the suffering of the flood- and drought-affected population in 7 provinces. **Expected Outcome:** Distribution of food to 197,000 flood victims and 53,000 drought victims. **Cofinanciers:** None.	N.A.		0.33
Togo	*Humanitarian Emergency Assistance to Flood Victims* **Objective:** Reduce hunger of flood victims and contribute to the Government's effort to reduce their suffering. **Expected Outcome:** Food provided to 20,000 of the 70,000 flood victims. **Cofinanciers:** None.	N.A.		0.33
Zambia	*Humanitarian Emergency Assistance to Flood Victims* **Objective:** Reduce hunger of flood victims and to contribute to the Government's efforts to alleviate their suffering. **Expected Outcome:** Food provided to some of the flood victims with 1,292 mt of maize and 50 mt of early maturing maize seed to assist about 35,900 flood victims by end-2009. **Cofinanciers:** None.	N.A.		0.33
Zimbabwe	*Emergency Assistance to Vulnerable Smallholder Farmers* **Objective:** To reduce food insecurity and dependence on food aid for half Zimbabwe's population and to assist the Government's efforts to alleviate the suffering of the population from drought, cholera, and conflict. **Expected Outcome:** Increased cereal and pulse production with 1,292 mt of maize and 50 mt of early maturing maize seed to assist about 30,000 flood victims by end 2009. **Cofinanciers:** None.	N.A.		0.64
Zimbabwe	*Humanitarian Emergency Assistance to Support Efforts to Control and Avert Cholera Outbreaks* **Objective:** To contribute to efforts to contain the prevailing cholera outbreak. **Expected Outcomes:** (i) procurement and distribution of emergency response equipment and supplies and (ii) training of staff and volunteers in infection control. **Cofinanciers:** None.	N.A.		0.65
OTHER APPROVALS				
Seychelles	*Policy-Based Partial Credit Guarantee (PBPCG) Program* **Objective:** To achieve public debt sustainability and facilitate commercial debt restructuring while reinforcing financial governance. This will help release resources to enable the Government to pursue its development goals, as outlined in "Seychelles Strategy 2017." **Expected Outcomes:** (i) Public debt management is improved; (ii) better access to international financial markets; and (iii) fulfillment of Paris Club conditions. **Cofinanciers:** None.	N.A.	6.21	

Profiles of ADB-Approved Projects and Programs – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Côte d'Ivoire	*Decision Point-Enhanced HIPC Framework* **Objective:** To reduce Côte d'Ivoire's external debt to sustainable levels and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) A full PRSP is prepared and implemented for at least 1 year; (ii) macroeconomic stability is maintained, (iii) budget execution statements (including the identification of poverty-reducing spending) published quarterly; (iv) data on external and domestic public and publicly-guaranteed debt published quarterly; and (v) regular public reporting of payments to, and revenue received by, the Government for the extractive industries (mining, oil, and gas) in line with the EITI criteria. **Cofinanciers:** ADF (UA 20.67 million).	N.A.		112.77

Profiles of ADB-Approved Projects and Programs - Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
COMMUNICATIONS				
Nigeria	*Helios Shared Telecom Infrastructure* **Objective:** To expand an existing telecom infrastructure-sharing company in Nigeria, develop Nigeria's ICT infrastructure, and improve its business-enabling environment. **Expected Outcomes:** (i) Reduced capital requirements for telecom operators to deploy their networks; (ii) reduction in proliferation of telecom tower sites; (iii) improved access to mobile telephone services and gender equality enhanced by empowering women through improved ICT access; and (iii) by end-2016, costs reduced by 70 percent, increased co-location ratio from the current 2 to 3; increased number of GSM subscribers by 14 million and of broadband subscribers by 28 million. **Cofinanciers:** IFC (UA 31.93 million); private partners (UA 63.85 million); other partners / banks (UA 12.77 million).	127.71	19.16	
Multinational	*New Dawn Satellite* **Objective:** To build and launch a Pan-African satellite telecommunications system with the aim of developing infrastructure in Africa. **Expected Outcomes:** (i) Provision of telecoms capacity required for the extension of cellular networks; (ii) provision of telecoms capacity to connect local ISPs to internet; (iii) connectivity of local businesses; and (iv) Pan-African TV broadcasting. **Cofinanciers:** Private operator (UA 153.34 million).	173.79	20.45	
Multinational	*Main One Cable System – Phase I* **Objective:** To provide high-speed, high-capacity, reliable bandwidth connectivity to Nigeria and Ghana to fully integrate the region with the world's communication systems and improve African ICT infrastructure. **Expected Outcomes:** (i) Provision of telecoms capacity for extension of cellular networks and internet services; (ii) reduced cost of bandwidth; (iii) more subscribers and increased use per subscriber; and (iv) additional revenue for governments. **Cofinanciers:** First Bank of Nigeria (UA 13.35 million); First City Bank of Nigeria (UA 10.01 million); Skye Bank of Nigeria (UA 6.68 million); DFI (DEG, KFW) (UA 10.01 million); Standby Debt (UA 8.01 million).	92.13	44.07	
FINANCE				
Ghana	*Cocobod (Ghana Cocoa Board) Phases I and II under the Trade Finance Initiative* **Objective:** To maintain or increase Ghana's cocoa exports and support the growth of the agribusiness sector. **Expected Outcomes:** (i) Farm level cocoa sales maintained or increased over 2008/2009; (ii) farmers receive at least 70 percent of FOB price; and (iii) 720,000 farmers supported, at least 30 percent of whom will be women. **Cofinanciers:** None.	N.A.	63.85	
Liberia	*Liberia Bank for Development and Investments (LBDI)* **Objective:** To increase available credit for onlending to SMEs and other key sectors to boost productive capacity, support Liberia's economic revival, and reduce poverty. **Expected Outcomes:** (i) Better access to affordable long-term credit to SMEs; (ii) improved environmental and social compliance of projects; and (iii) increased productive capacity of beneficiary entities. **Cofinanciers:** None.	N.A.	3.23	
Nigeria	*Line of Credit to Intercontinental Bank PLC* **Objective:** To develop the SME sector, which is vital for job creation, and contribute to economic growth and poverty reduction. **Expected Outcomes:** (i) Extended SME sector contributing to economic development and (ii) additional 45,000 jobs (male/female) created between 2009 and 2016. **Cofinanciers:** None.	N.A.	67.03	

Profiles of ADB-Approved Projects and Programs - Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
FINANCE				
Nigeria	*Line of Credit to Zenith Bank PLC under the Emergency Liquidity Facility* **Objective:** To increase available liquidity to underpin the financing of ongoing projects in key sectors and boost productive capacity. **Expected Outcome:** (i) Availability of affordable credit facility/liquidity to key projects in Nigeria and (ii) increased productive capacity of beneficiaries. **Cofinanciers:** None.	N.A.	32.21	
Nigeria	*Line of Credit to United Bank for Africa (UBA) PLC under the Trade Finance Initiative (TFI)* and the Emergency Liquidity Facility (ELF)*** **Objective:** To increase provision of funds for trade finance, particularly short-term import finance, and to increase UBA's liquidity to underpin the financing of ongoing projects in key sectors and boost productive capacity. **Expected Outcomes:** (i) Increase in trade transactions; (ii) increased productive capacity of beneficiary entities; (iii) UBA able to provide affordable credit/liquidity to trade and key projects in Nigeria to ensure their sustainability; and (iv) at least 7 projects across 4 sectors by 2012 and over 500 revolving trade transactions. **Cofinanciers:** None.	N.A.	64.42* 32.21**	
Multinational	*Global Trade Liquidity Program (GLTP)* **Objective:** To promote trade in Africa by financing eligible pools of African trade operations (trade operations originating, or terminating, or both in an African country) and to develop the private sector. **Expected Outcomes:** (i) Increase in trade transactions (6,000 transactions by 2011); (ii) negative effects of the global crisis on Africa's prospects mitigated; and (iii) support to African government budgets. **Cofinanciers:** None.	N.A.	322.12	
Multinational	*Line of Credit to Company for Habit & Housing (Shelter-Afrique)* **Objective:** To provide convenient and affordable housing by expanding the housing industry to support growth and economic development in Africa. The LOC will provide long-term funds for onlending to private housing promoters and housing financing institutions in Shelter-Afrique (SHAF) member countries. **Expected Outcome:** (i) Job creation; establishment of local financial systems; (ii) technology transfer and private sector development; (iii) creation of at least 30,000 temporary and 1,000 permanent jobs by 2011; (iv) at least 20,000 housing units, including 3,600 moderate rent units, will be built by 2011. **Cofinanciers:** None.	N.A.	20.11	
Multinational	*Senior Loan and Standby Facility to Emerging Africa Infrastructure Fund (EAIF).* **Objective:** To increase private sector participation in infrastructure projects by leveraging EAIF's investments in Sub-Saharan Africa. **Expected Outcomes:** (i) Increase in resources mobilized from the private sector targeted at infrastructure development; (ii) USD 1 billion of additional debt financing mobilized by 2012. **Cofinanciers:** IFC (UA 33.2 million); KFW; Barclays and Standard Banks of South Africa (UA 69.85 million).	136.29	33.22	
Multinational	*Line of Credit to African Banking Corporation Holdings Ltd (ABCH) under Emergency Liquidity Facility* **Objective:** To ensure bank liquidity for continued and adequate onlending to SMEs and key sectors to boost trade and productive capacity. **Expected Outcomes:** (i) Availability of affordable short- to medium-term credit to SMEs in ABCH countries of operation; (ii) environmental and social compliance of projects; and (iii) increased profitability, productivity, and trading capacity of beneficiary entities. **Cofinanciers:** None.	N.A.	18.87	

Profiles of ADB-Approved Projects and Programs - Private Sector

(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
INDUSTRY				
Mauritania	*SNIM (Société Nationale Industrielle et Minière de Mauritanie) Expansion Project Guelb II* **Objective:** To increase SNIM's contribution to Government revenue and the local economy, and improve the Environmental Management System (EMS) for an ISO 14,000 certification. **Expected Outcomes:** (i) Government revenue increases from USD 100 million in 2008 to USD 133 million in 2013; (ii) job opportunities for nationals increased with the creation of 600 temporary jobs during construction and 340 full-time jobs during operation; (iii) increased technical training opportunities for nationals; and (iv) the EMS is in place and ISO 14,000 certification obtained. **Cofinanciers:** EIB (UA 67.05 million); AFD (UA 67.05 million); IDB (UA 51.08 million); commercial banks/export credit agencies (UA 85.57 million); and SNIM (UA 109.83 million).	492.32	111.74	
POWER SUPPLY				
Senegal	*Sendou Power Project* **Objective:** To increase the provision of affordable, reliable electricity to expand Senegal's electricity supply. **Expected Outcomes:** By 2014: (i) electricity net production increased by 550 GWH to meet demand; (ii) electricity generation cost is reduced by 20-30 percent; (iii) power shortage ratio decreased from 176 days in 2008 to 30 days; (iv) additional Government revenue. **Cofinanciers:** BOAD (UA 18.62 million); DEG (UA 23.27 million); FMO (UA 34.44 million).	127.53	51.20	
TRANSPORTATION				
Senegal	*Dakar Container Terminal Project* **Objective:** To upgrade the equipment, operation and management, and undertake maintenance of the existing container terminal in the Northern Zone of the Port of Dakar ("Terminal à Conteneurs" or "TAC") under a 25-year (renewable) concession. **Expected Outcomes:** (i) Improved efficiency which should lower the cost of both imported and exported goods to stimulate new export activities; (ii) consumer savings projected at EUR 118 million and savings by shipping lines at EUR 117 million; (iii) knowledge transfer attained, local capacity built, and 267 new jobs created; (iv) generated revenue for the Government (approx. EUR 97.5 million). **Cofinanciers:** Standard Chartered Bank (UA 43.25 million).	86.50	43.25	
Tunisia	*Enfidha Airport Project* **Objective:** To release capacity constraints on Tunisian airport infrastructure through the construction and operation of the new International Enfidha Airport. **Expected Outcomes:** (i) Improved quality of service, safety, and security standards; (ii) better value for tourists; (iii) increased Government direct revenue; and (iv) 2,200 direct jobs created during construction and around 1,200 direct jobs during operations. A further 10,000 indirect jobs created in the local private sector. **Cofinanciers:** WB-IFC (UA 129.11million); EIB (UA 103.91 million); France-Proparco (UA 27.11 million); OPEC Fund (UA 18.07 million); private (UA 45.18 million); Government (UA 9.94 million); Monastir Airport Operations (UA 35.24 million).	431.80	63.25	
OTHER APPROVALS				
Algeria	*Guarantee Loan to Maghreb Leasing Algeria* **Objective:** To increase the credit supply for Algerian SMEs, and raise their profitability and productivity by facilitating their access to leasing. **Expected Outcomes:** (i) Reduced financing deficit for SMEs; (ii) development of SMEs and increase in their turnover (at least 102 additional SMEs financed in 2012 and 10 percent growth rate of turnover and profitability of financed SMEs); and (iii) at least 260 jobs created. **Cofinanciers:** None.	N.A.	5.34	

Profiles of ADB-Approved Projects and Programs - Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Democratic Republic of Congo	*Increase in Equity Participation in Advans Banque Congo (ABC)* **Objective:** To increase the capital proportionately to the shareholding of the Bank in ABC due to the change in the regulatory laws by the Central Bank concerning the increase of the minimum capital requirements. **Expected Outcomes:** (i) Congolese banking sector is strengthened; (i) the shock-resilience of ABC is increased; (iii) the risk of systemic crises is lessened; and (iv) ABC's ability to fulfill its intermediary role for onlending to private enterprises is increased. **Cofinanciers:** None.	N.A.	0.65	
Congo	*Equity Participation in the Banque Congolaise de l'Habitat (BCH)* **Objective:** To strengthen the expansion of the housing industry, increase the social housing supply, and improve the supply of banking products. **Expected Outcomes:** By 2014: (i) 5,000 active customers including at least 1,000 women; (ii) EUR 95.5 million loan portfolio; (iii) creation of at least 160 permanent jobs and 11,250 temporary jobs (of which 80 percent for unskilled workers and 15 percent for women); (iv) at least 3,750 housing units delivered; and (v) at least 50 SMEs financed (particularly in the construction sector). **Cofinanciers:** None.	N.A.	1.04	
Kenya	*Increase in Equity Participation in Capital of K-Rep Bank Ltd.* **Objective:** To enable K-Rep Bank to sustain its microfinance activities and expand its outreach and coverage in order to stimulate entrepreneurship and economic growth. **Expected Outcomes:** By 2011: (i) 296,000 borrowing clients and 557,000 depositors; (ii) 10,000 direct jobs created by micro-entrepreneurs; (iii) at least 90 percent of projects financed are operating satisfactorily. **Cofinanciers:** None.	N.A.	1.49	
Multinational	*Equity Investment in Pan African Investment Partners-II Limited (PAIP II)* **Objective:** To boost the rate of investment and support RMCs' economic growth through the provision of long-term risk capital to African companies. **Expected Outcomes:** By 2018: (i) growth in portfolio companies' output (to reach US$ 5 billion) and annual fiscal revenue (at least US$ 500 million); (ii) generation of income for the poor (at least 20,000 direct jobs); (iii) development of local financial systems; (iv) enhanced regional integration; and (v) skills development, technology transfer and sharing of international best practices. **Cofinanciers:** None.	N.A.	32.46	
Multinational	*Equity Investment in Agri-Vie Fund* **Objective:** To expand SMEs operating in the agribusiness sector across Africa in order to increase growth of the sector. **Expected Outcomes:** (i) Commercially viable SMEs are established, (15 across Africa); (ii) enhanced food security; and (iii) job creation (7,500 jobs created for 15 investee companies). **Cofinanciers:** None.	N.A.	9.74	
Multinational	*Increase in Equity Participation in the Company for Habitat and Housing in Africa (Shelter-Afrique)* **Objective:** To strengthen Shelter-Afrique's capital base which will trigger a general capital increase needed to prepare for credit rating by a global rating agency; to maintain strong capital ratios in the face of increased future borrowing to finance growth in operations. **Expected Outcomes:** (i) Adequate and affordable housing provided through expansion of the housing industry; (ii) by 2011, at least 20,000 new housing units including at least 3,600 social housing units are built. **Cofinanciers:** None.	N.A.	5.03	

Profiles of ADB-Approved Projects and Programs - Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Multinational	*Equity Investment in Africinvest Fund* **Objectives:** To provide investment capital for local companies with growth potential and regional ambitions; obtain long-term capital appreciation for investors; create jobs; promote entrepreneurship; scale up private sector development on the continent; and promote regional trade. **Expected Outcomes:** (i) capital provided to 20-25 high-growth portfolio companies; (ii) by 2018, creation of 1,000 direct and permanent jobs for men and women; (iii) reduction in imports for African companies (over EUR 150 million) and increase in exports (EUR 500 million). **Cofinanciers:** None.	N.A.	17.80	
Multinational	*Investment in Evolution One En Commandite Partnership ("Evolution One")* **Objectives:** To increase private sector participation in clean technology, help to catalyze carbon reduction strategies across the Southern Africa subregion and create jobs. **Expected Outcomes:** (i) Increase in resources mobilized from the private sector targeted at clean technology development and scale-up: ZAR 2 billion of overall project financing mobilized by 2014; and (ii) 1,000 jobs created in portfolio companies by 2014. **Cofinanciers:** None.	N.A.	7.89	
Multinational	*Equity Investment in Aureos Africa Fund, LLC* **Objectives:** To provide long-term investment capital and capacity building for local high-growth companies aiming for regional expansion; obtain long-term capital appreciation for investors; create jobs; promote entrepreneurship; regional integration; and bring new products to the market. **Expected Outcomes:** (i) Capital provided to 20-25 investee companies improving operations, transparency, governance and regional expansion; (ii) by 2018: Financial Internal Rate of Return (FIRR) of 20 percent, 76 percent job growth, USD 418 million in incremental taxes paid to Government; (iii) expansion of operations regionally: 80 percent of total portfolio for multi-country operations, 60 percent trade sales to African trade buyers. **Cofinanciers:** None.	N.A.	19.38	
Multinational	*Equity Investment in Investment Fund for Health in Africa (IFHA)* **Objective:** To expand access to quality healthcare across Africa and to increase access to affordable essential medication. **Expected Outcomes:** (i) Commercially viable healthcare SMEs, 20-30 across Africa; (ii) up to an additional 450,000 Africans taking out private health insurance; (iii) developing 4 nationwide distribution companies; (iv) creating 2 regional private health insurance companies for East and West Africa; (v) creating 1,750 jobs, of which750 will be healthcare staff and 850 will be women. **Cofinanciers:** None.	N.A.	9.11	
Multinational	*Equity Investment in West Africa Emerging Market Fund (WAEMF)* **Objective:** To boost investment and support RMCs' growth through the provision of long-term risk capital to SMEs in West Africa, promote entrepreneurship and create jobs, obtain long-term capital appreciation for investors, and promote regional trade. **Expected Outcomes:** (i) Growth in portfolio companies' output (11 to 15 companies expanding); (ii) development of local financial systems; (iii) enhanced regional integration (by 2014, growth in intra-African trade flows to reach US$ 300,000); (iv) skills development, technology transfer and spread of international best practice; (v) creation of close to 1,000 direct and permanent jobs for men and women. **Cofinanciers:** None.	N.A.	6.39	

Profiles of ADB-Approved Projects and Programs - Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Multinational	*Equity Investment in the Citadel Capital Joint Investment Fund LP* **Objective:** To expand the growth of private companies operating in agribusiness, natural resources, waste management, energy, manufacturing, and financial services sectors across Africa. **Expected Outcomes:** By 2020: (i) 8-10 portfolio companies expand their regional footprint across North Africa, COMESA region, and West Africa; (ii) job creation (30,000), enhanced income generation and poverty reduction; (iii) increased number of women employed in portfolio companies (20 percent of investee company workforce). **Cofinanciers:** None.	N.A.	12.62	
Multinational	*Equity Investment in African Infrastructure Investment Fund II (Mauritius)* **Objective:** To increase private sector participation by investing in infrastructure projects such as airports, roads, power, telecommunications, railroads, ports, water and social infrastructures. **Expected Outcomes:** (i) Increased private sector resources targeted at development and operation of infrastructure (final Fund size in overall project financing mobilized three times by 2017); (ii) minimum 20,000 jobs created and minimum 33 percent women employed. **Cofinanciers:** None.	N.A.	18.87	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE				
Central African Republic	*Rural Infrastructure Rehabilitation Support (PARIR)* **Objective:** To increase the availability of agricultural production by rehabilitating rural infrastructure and building partners' capacity, thereby contributing to the improvement of food security. **Expected Outcomes:** (i) More agricultural production marketed (volume of foodstuff, cotton and meat marketed to rise respectively from 24,650 to 26,650 T and 1,500 T to 1,700 T and 8,650 to 9,500 T in 2012 and to 30,000 T and 2,000 T and 10,550 T in 2014); (ii) institutional capacity of the support services and operators strengthened (training of 100 technical executives and 200 girls and boys in 2012; training of 200 technical executives and 510 boys and girls (split evenly) in 2014). **Cofinanciers:** Government (UA 0.18 million).	4.03		3.85
Kenya	*Restoration of Farm Infrastructure and Rural Livelihoods* **Objective:** To restore displaced farmers' livelihoods for the recovery of national food production and to accelerate economic recovery and poverty reduction.. **Expected Outcomes:** (i) 8,000 families are provided with houses; (ii) livelihoods to 1,200 families (both farming and non-farming) are restored; (iii) 19,000 farm houses for returning farm families are constructed; and (iv) peace building and reconciliation activities are funded. **Cofinanciers:** Government (UA 0.98 million); beneficiaries (UA 0.69 million).	16.67	15.00	
Liberia	*FSF Grant* and ADF Grant** to finance the Agriculture Sector Rehabilitation* **Objective:** To increase the income of smallholder farmers and rural entrepreneurs, including women, on a sustainable basis in order to contribute to food security and poverty reduction. **Expected Outcomes:** (i) Improved livelihoods of farmers (increase in annual HH income of rice and cassava farmers from current US$ 350 to US$ 900 by 2013 and to US$ 1,730 by 2015); (ii) employment boosted (by 2012: 453,800 person-days, of which 3 percent are permanent jobs and 1 percent are for women; by 2015: creation of 498,000 person-days, of which 9 percent are permanent jobs, and 3 percent are for women). **Cofinanciers:** IFAD (UA 3.40 million).	9.90		0.50* 6.00**
Madagascar	*Lower Mangoky Irrigation Area Rehabilitation – Phase II (PPF)* **Objective:** To increase agricultural production through the development of collective irrigation infrastructures and the strengthening of producer organizations, thereby contributing to poverty reduction in rural areas. **Expected Outcomes:** (i) The preliminary design of the irrigation infrastructures, roads, and the protective dyke; (ii) the bidding documents for the works on the basis of standard documents of the Bank are prepared; (iii) an agro-pedological study and a socioeconomic study of the extension zone of the area are conducted; (iii) evaluation of the economic rate of return of the investments is conducted; and (iv) an environmental and social impact assessment of the proposed infrastructures is prepared. **Cofinanciers:** Government (UA 0.1 million).	0.51	0.50	
Malawi	*Agricultural Infrastructure Support* **Objective:** To develop small-scale irrigation schemes and market infrastructure that will significantly increase agricultural productivity and income levels of smallholder farmers and improve access to markets in 5 districts of Malawi. **Expected Outcomes:** (i) 9 irrigation schemes covering a total of 2,330 ha are developed; (ii) 13 market platforms including water and sanitation facilities are constructed; (iii) training of at least 3,350 farmers on irrigated agriculture and sustainable natural resources management. **Cofinanciers:** None.	N.A.		15.00

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE				
Mali	*Irrigation Development Program in Bani Basin and Selingue (PDI-BS) Phase I* **Objective:** To contribute to sustainable increases in the agro-sylvo-pastoral and fish production of the program area with the aim of enhancing food security and poverty reduction. **Expected Outcomes:** (i) Increase in agro-sylvo-pastoral and fish production with additional production of 52,240 tons of paddy rice, 3,080 tons of vegetables, 880 tons of fish, 588 tons of meat, and 6,078,000 liters of milk in 2015; (ii) increased livelihoods and improvement of the socioeconomic environment of the program area with net income per ha increasing from CFAF 43,000 to CFAF 151,000 for rice grown under controlled flood irrigation and from CFAF 65,000 to CFAF 353,000 under total water control. **Cofinanciers:** IsDB (UA 13.38 million); EDCF-Korea (UA 13.35 million); KFAED (UA 10.22 million); SFD (UA 6.68 million); ABEDA (UA 6.69 million); OFID OPEC Fund (UA 6.80 million); BOAD (UA 13.45 million); IFAD (UA 10.00 million); WB (UA 9.23 million); EBID (UA 6.70 million); Government (UA 16.67 million).	157.17	44.00	
Uganda	*Markets and Agricultural Trade Improvements (MATIP I)* **Objective:** To improve marketplace economic and social infrastructure for about 900,000 households in 19 districts and to contribute to poverty reduction and economic growth through enhanced commercialization of agricultural produce and other merchandise. **Expected Outcomes:** (i) Improved marketing opportunities for farmers and vendors: volume of agricultural trade increased by US$ 300 per vendor p.a. in the project areas by Year 5; (ii) improved marketing conditions; (iii) post-harvest losses reduced and quality production and prices increased; and (iv) increase in income of both urban and rural communities participating in project. **Cofinanciers:** Government (UA 4.22 million).	42.22	38.00	
Multinational	*Bugesera Natural Region Rural Infrastructure Support Project– Burundi and Rwanda* **Objective:** Improve food security in the Bugesera region (Rwanda and Burundi) through sustained increase in agricultural production. **Expected Outcomes:** (i) Improved income for farmers: the average income of the direct beneficiaries increases by nearly US$ 1,600 per annum by the end of the project; (ii) the food situation improves: acute malnutrition drops from 7.7 percent in 2009 in the project area to 2.0 percent by the end of the project; (iii) production and productivity increase: diversified production of cereals, leguminous vegetables, market gardening, rice and milk increase significantly. **Cofinanciers:** None.	N.A.		30.00
ENVIRONMENT				
Angola	*Environmental Sector Support Program (ESSP)* **Objective:** To strengthen the institutional capacity of the Government and other stakeholder institutions for effective protection of the environment and sustainable management of natural resources. **Expected Outcomes:** (i) Environmental policy and legislation reviewed and revised by 2011; (ii) Sustainable Land Management (SLM), Environmental Impact Assessment (EIA), and climate-proofing processes mainstreamed in development interventions by 2010; (iii) sector EIA guidelines for relevant sectors applied; (iv) human and institutional capacity in the sector enhanced by 2013; and (v) environmental governance enhanced. **Cofinanciers:** Government (UA 1.33 million).	13.33	12.00	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
ENVIRONMENT				
Multinational	*Congo Basin Ecosystems Conservation Support Program (PACEBco)* **Objective:** To ensure the regeneration of the ecosystem, improve the living conditions of the population, and strengthen the institutions responsible for the COMIFAC Convergence Plan. The Program will contribute to the sustainable and concerted management of forest resources and protected areas representing the biological diversity and ecosystems of the Central African subregion. **Expected Outcomes:** (i) Highly endemic biological resources of the Congo Basin (CB) landscapes are sustainably preserved: the level of degradation of ecosystems of the PACEBCo target landscapes decreases from 5 percent in 2009 to 1.5 percent in 2014; (ii) the well-being of the affected population is sustainably improved and the percentage of the beneficiary female population rises from 0 percent in 2009 to 30-45 percent in 2013 and to 70-90 percent in 2014; (iii) key institutions in charge of the sustainable management of ecosystems are strengthened. **Cofinanciers:** ECCAS (UA 5.00 million); beneficiaries (UA 0.28 million).	37.28		32.00
MULTISECTOR				
Benin	*Third Growth and Poverty Reduction Strategy Support Program (GPRSSP III)* **Objective:** To strengthen good governance through increased efficiency and effectiveness in public financial management and to build a solid base for sustainable economic growth through an improvement in the business climate. **Expected Outcomes:** (i) The public finance internal and external control system is improved; (ii) procurement management is improved: procurement time is reduced from 8 months in 2008 to 5 months in 2010; (iii) start-up conditions are improved and access by SMEs to public contracts is facilitated: the minimum capital required is reduced by 10 percent in 2010 compared to 2008, time required for starting a business is reduced from 31 days in 2008 to 12 days in 2010, ownership transfer time is reduced to less than 120 days by 2010, and registration cost is reduced; (iv) the activities of SONATRA Cotonou Port and the Telecommunications Corporation are partially or fully privatized. **Cofinanciers:** World Bank-IDA (UA 33.55 million); EU (UA 28.35 million); Netherlands (UA 17.00 million); Denmark (UA 3.00 million); and Switzerland (UA 1.20 million).	105.10	11.00	11.00
Burundi	*Job Creation Program Support* **Objective:** To increase job opportunities in Ngozi, Gitega, and Kayanza Provinces with the aim of improving the living conditions of the people. **Expected Outcomes:** (i) The number of jobs created is 2,300,000 man-days between 2010 and 2012 in urban areas of Ngozi and in the neighboring areas, at least 40 percent for women; (ii) urban services access time is reduced from 30 to 15 minutes between 2009 and 2012 (schools, health centers, hospitals, administrative services). **Cofinanciers:** World Bank-IDA (UA 32.11 million); Belgium Technical Cooperation Fund (CTB) (UA 8.90 million).	51.01		10.00
Comoros	*Economic Reform Support and Financial Governance Program (PAREGF)* **Objective:** To improve public resource management and streamline the public finance reform process with the aim of promoting the effective and efficient management of public resources. **Expected Outcomes:** (i) Expenditures executed correspond to the credits allocated in the original budget; (ii) expenditure management is more effective and more transparent; (iii) the reform implementation strategy and the action plan to improve the efficiency and quality of the public finance management system are adopted in 2010. **Cofinanciers:** IMF (UA 1.50 million); EU (UA 5.84 million).	9.34		2.00

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Comoros	*Institutional Capacity Building* **Objective:** To strengthen institutional capacity in terms of economic and financial management, especially public resources management and to build capacity or prepare socioeconomic statistics of PRSP monitoring/evaluation. **Expected Outcomes:** (i) Improved public resources management; (ii) enhanced baseline statistics preparation mechanism and the PRSP implementation monitoring capacity: final national accounts for 1999-2009 available; (iii) price statistics (IPC, IPP) produced regularly; (iv) regular PRSP monitoring/evaluation report. **Cofinanciers:** None.	N.A.		5.26
Democratic Republic of Congo	*Emergency Program to Mitigate the Impacts of the Financial Crisis* **Objective:** To mitigate the impacts of the international financial crisis on the Congolese economy with the aim of helping to maintain the country's economic and social stability. **Expected Outcomes:** (i)The international reserves of the Central Bank are strengthened and the supply of essential imported commodities is effective: gross official reserves in terms of months of imports increases from 0.1 weeks in 2009 to 3.2 weeks in 2010; (ii) the benchmarks to reach the enhanced HIPC are established and the completion point reached; (iii) the National Railway Corporation (SNCC) crisis emergency plan is implemented; (iv) more regular payment of salaries of primary and secondary school teachers is effective following the reimbursement of 3 months' salary; (v) more regular payment of water and electricity bills of public entities is effective. **Cofinanciers:** None.	N.A.		65.00
Côte d'Ivoire	*ADF-XI Grant* and FSF Grant** to finance Economic Financial Reform Support Program (PAREF)* **Objective:** To sustainably improve the public finance management system and strengthen the procurement system. **Expected Outcomes:** (i) Comprehensiveness and credibility of the budget, as well as the quality of expenditure, are improved: total real revenue in relation to initially approved budget is at least 95 percent in 2009 and social (education, health, etc.) and other expenditures defined as pro-poor are increased to at least 5.6 percent of GDP; (ii) the public finance internal and external control system is improved: the number of audits or evaluation missions of major public enterprises rises from 11 in 2008 to 14 in 2009; and (iii) the integrity, transparency, and decentralization of the public procurement system are improved: the National Public Procurement Observatory is established and operational. **Cofinanciers:** None.	N.A.		38.00* 45.87**
Côte d'Ivoire	*Arrears Clearance under the Fragile States Facility* **Objective:** To normalize cooperation between Côte d'Ivoire and the Bank, finance priority expenditures relating to sustainable development, and obtain debt relief. **Expected Outcomes:** (i) Sanctions lifted on Côte d'Ivoire: Board Resolution on the "Memorandum on the Lifting of Sanctions"; (ii) the share of social expenditure is improved: percentage of education expenditure and health expenditure in the Government budget increases from 19.2 percent and 4.5 percent in 2008 respectively to 20.8 percent and 4.6 percent respectively in 2009; and (iii) the public debt is reduced: the country reaches the HIPC decision point by mid-2009. **Cofinanciers:** None.	N.A.		240.96

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Gambia	*Poverty Reduction Budget Support Program (PRBS II)* **Objectives:** (i) To promote efficiency, transparency, and accountability in the use of public resources through effective budget planning, auditing, and increased revenue mobilization, (ii) improve public services delivery through civil service reforms, and (iii) to provide budget support to absorb the fiscal and balance of payments impact of the global food crisis, which manifested itself in the escalation of imported food and fuel prices. **Expected Outcomes:** (i) Sustainable improved fiscal position leading to less reliance on domestic and external borrowing and improved budgeting process focusing on poverty-related expenditure: tax revenue mobilized in 2009 and 2010 should account for not less than 18.7 percent of the nominal GDP for these years and the ratio of poverty-reducing expenditure in the 2009 budget should account for not less than 46.4 percent of government expenditure in local currency; (ii) improved civil service management leading to improved social services delivery; and (iii) continued fiscal and limited resort to deficit financing: the overall fiscal deficit in 2009 should be within the planned target of 4 percent of nominal GDP. **Cofinanciers:** ADB (AFCR) (UA 1.00 million); World Bank-IDA (UA 4.50 million); and EU (UA 10.70 million).	19.20		3.00
Guinea-Bissau	*Administrative Capacity Building Support Project (ACBSP)* **Objective:** To improve the supply, conditions, and quality of vocational training in the area of administration and build the capacity of economic and financial administration, including improvements to the public procurement management system. **Expected Outcomes:** (i) Modernization of economic and financial administration, and availability of qualified and productive citizens; (ii) as from 2011, National School of Administration (ENA) admits a minimum of 500 new students per year, at least one-third of whom are civil servants and at least 45 percent women; (iii) from 2011, ENA has 72 permanent teachers compared to 52 in 2009; (iv) the Integrated Public Finance Management System (SIGFIP) is effectively operational as from 2011. **Cofinanciers:** None.	N.A.		7.80
Lesotho	*Third Growth and Poverty Reduction Strategy Support Program (GPRSSP-III)* **Objective:** To improve governance in public financial management and procurement in order to enhance the living standards of the population through enhanced delivery of public services. **Expected Outcomes:** (i) Comprehensive, credible, transparent, and poverty-responsive budget; (ii) improved financial management in line with the Public Expenditure and Financial Accountability (PEFA) recommendations and better internal control, cash management, and accounting leading to transparent analysis of the financial performance; (iii) a more efficient and professional procurement system that ensures transparency, equity, and economy in Government procurement; (iv) effective external auditing and scrutiny with enhanced transparency and accountability. **Cofinanciers:** None.	N.A.	0.74	5.64
Liberia	*Public Financial Management Reform Support Program I* **Objective:** To support reform of the public financial management system, improve transparency, raise government revenues, and improve the business-enabling environment. **Expected Outcomes:** (i) Implementation by the Government of Public Financial Management (PFM) law; (ii) Macro-Fiscal Unit (MFU) increasingly performing core functions and linking budget to medium-term fiscal framework (MTFF); (iii) budget to start providing information on donor aid flows; (iv) risk management system in place and operational with competent staffing; (v) Integrated Financial Management Information System (IFMIS) is used in all relevant MoF departments; (vi) internal audits conducted in key ministries; (vii) one-stop shop facility in customs is operational (vii) a reduction in the import tax on rice and tariffs for agricultural inputs. **Cofinanciers:** None.	N.A.		3.39

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Malawi	*Poverty Reduction Support Program I* **Objective:** To improve public financial management, accountability, and transparency. **Expected Outcomes:** (i) Malawi CPIA ratings improve; (ii) credibility of the budget improves; expenditure on essential public services sustained; (iii) external audit and scrutiny in the use of public resources improves; (iv) management of the public procurement system is enhanced. **Cofinanciers:** None.	N.A.		10.00
Mali	*Growth and Poverty Reduction Support Program (PASCRP) (Suppl.)* **Objective:** To improve public financial management, promote decentralization, and help mitigate the impact of the financial crisis on the country's economy. **Expected Outcomes:** (i) Reduction of subsidies due to improved management and viability of the cotton sector and CMDT (Compagnie Malienne du Développment et des Textiles): reduction in central Government transfers to CMDT from CFAF 23 billion in 2007 to a maximum of CFAF 15 billion in 2008 and CFAF 10 billion in 2009; (ii) improved financial control system; (iii) transparency in public procurement management: reduction in the value of contracts awarded by direct negotiation by 18 percent compared to 2008 and regular publication of public procurement gazette for 2009; (iv) improved institutional framework of the territorial communities; and (v) establishment of transparent procedures, training/retraining programs, and appropriate technologies to improve local financial governance. **Cofinanciers:** ADF Loan Reallocation (UA 4.5 million).	N.A.	5.50	
Rwanda	*Poverty Reduction Strategy Support Program III* **Objective:** To create an enabling environment for private sector development by increasing access to credit and improving governance of public finances. **Expected Outcomes:** (i) Country ranking in WB's "Doing Business Report" improves by 13 positions: from 158 in 2006 to 145 by year-end 2010; (ii) credit to the private sector increases from 10 percent of GDP in 2006 to 12 percent by 2010; (iii) the Public Expenditure and Financial Accountability (PEFA) scores improve from C+ to B- from 2007 to 2010; (iv) from 2006 to 2010 the proportion of the value of procurement tendered competitively or justified increases from 73 percent to 80 percent. **Cofinanciers:** DFID (UA 156.74 million); World Bank-IDA (UA 105.63 million); EU (UA 70.47 million); SIDA (UA 17.72 million); Germany (UA 10.50 million); and the Netherlands (UA 6.27 million).	397.63		30.30
Rwanda	*Support to Policy and Strategy Development (SPSD)* **Objective:** To strengthen strategic leadership capability in Rwanda to contribute to improved competitiveness through an efficient and effective public sector. **Expected Outcomes:** (i) Knowledge management institutionalized: at least 6 major strategic initiatives launched by 2011 based on "quick wins" proposed; (ii) better alignment of strategies with development objectives: 1 percent of sectors with at least 80 percent CPAF (Common Performance Assessment Framework) scores. **Cofinanciers:** None.	N.A.		1.00
Sierra Leone	*Economic Governance Reform Program (EGRP I)* **Objective:** To improve economic governance through greater efficiency, transparency, and accountability in the use of public resources as laid out in the country's Poverty Reduction Strategy (PRS) II and Integrated Public Financial Management Reform Program (IPFMRP). **Expected Outcomes:** (i) Increased budget credibility and control, and predictable funding of Ministries, Departments, and Agencies (MDAs) with improvement in selected Public Expenditure and Financial Accountability (PEFA) indicators; (ii) effective control and scrutiny in the use of public resources; (iii) increased integrity of payroll records and public procurement processes. **Cofinanciers:** None.	N.A.		10.00

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Togo	*Reform and Governance Support Program (PARG)* **Objective:** To improve public finances management, modernize the public procurement system, improve the business-enabling climate, and help to reduce the adverse impacts of food crisis. **Expected Outcomes:** (i) Improved programming and budget allocation: revenue increases from 17.2 percent of GDP in 2008 to 17.8 percent in 2010 and primary expenditure drops from 17.2 percent of GDP in 2008 to 16.7 percent in 2010; (ii) improved transparency in public resources management: from 2010, the Government will publish the budget execution report on its website; (iii) efficiency and transparency of the public procurement system improved: regulatory framework of public contracts harmonized with those of WAEMU in June 2010; (iv) competitiveness of businesses improved: number of procedures reduced from 13 in 2008 to 7 in 2010 and processing time for start-ups reduced from 53 days in 2008 to 30 in 2010; and (v) access to agricultural inputs and food production on the local market improved. **Cofinanciers:** ADB (AFCR) (UA 2.50 million).	12.50		10.00
Multinational	*Multi-Country Demobilization and Reintegration Transitional Support Program (MDRTSP)* **Objective:** To ensure the effective reintegration of ex-combatants (ECs) in the Great Lakes Region (GLR) and improve the prospects for peace building and economic recovery. **Expected Outcomes:** (i) ECs reintegrated more sustainably in their communities (at least 50 percent of the 10,000 targeted in 2011); (ii) Combatants on Foreign Soils (COFS) in the GLR assisted by the program (from 7,000 in 2008 to 14,300 in 2011); (iii) particular needs of special groups addressed; (iv) emerging cases during the transition addressed; (v) capacity of Demobilization and Reintegration (D&R) agencies strengthened; and (vi) D&R Programs supported by the MDRTSP are harmonized with those supported by Country-TFs (Trust Fund). **Cofinanciers:** Italy, Finland, Canada, Sweden, and Norway (UA 2.31 million).	16.31		14.00
POWER SUPPLY				
Kenya	*Mombasa–Nairobi Electricity Transmission Line Project* **Objectives:** To increase the power transmission capacity between Mombasa and Nairobi in order to boost the power supply in the interconnected system, and enhance the socioeconomic development of Kenya by increasing availability and reliability of electricity. **Expected Outcomes:** (i) Improved electricity supply for Nairobi and the entire country by increasing the generation capacity of the interconnected system by 290 MW by 2013 using new plants located around Mombasa; (ii) increased availability of reliable and affordable electricity to consumers: electricity transmitted from Mombasa to Nairobi to be increased by 1,400 GWh per annum by 2013. **Cofinanciers:** EIB (UA 51.31 million); AFD (UA 51.31 million); and Government (UA 31.21 million).	183.83	50.00	
Lesotho	*Electricity Supply Project* **Objective:** To support investment in the electricity supply infrastructure to enhance the electricity access rate, improve efficiency, and reduce peaking shortages, thereby supporting the social and economic development of the country. **Expected Outcomes:** (i) Increased domestic use of electricity to fulfill energy needs (17 MW by 2011); (ii) improved public facilities (e.g. health & education) as a result of availability of electricity (power cuts in clinics/schools in project area are reduced from 3 hours/day in 2007 to 2 hours/day in 2012); (iii) increased economic activity in industrial, agricultural, and commercial sectors as a result of availability of electricity (number of SMEs in project areas increased from 150 in 2007 to 300 in 2012); (iv) expanded use of clean energy and partial replacement of nonrenewable energy sources; (v) improved utility performance; and (vi) reduce power outages during peak time. **Cofinanciers:** Lesotho Electricity Company (LEC) (UA 1.65 million); Government (UA 2.53 million).	15.18	8.90	2.10

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
POWER SUPPLY				
Nigeria	*Economic and Power Sector Reform Program (EPSERP)* **Objective:** To sustain macroeconomic stability and non-oil sector growth, improve the electricity system in a sustainable way; improve the business environment for active private sector participation in the medium term. **Expected Outcomes:** (i) Overall consolidated fiscal balance contained below -10 percent of GDP in 2009 and reduced to about -2.5 percent of GDP in 2010; (ii) non-oil sector real GDP growth rate, which stood at around 4.5 percent in 2009, increases to 4.8 percent in 2010 and to 5.2 percent in 2011; (iii) population with access to electricity increases from 45 percent at year-end 2008 to 55 percent at year-end 2010; (iv) at least 3 power plants at advanced construction stage by 2010/2011. **Cofinanciers:** None.	N.A.	100.00	
SOCIAL				
Central African Republic	*Community Development and Support to Vulnerable Groups (PDCAGV)* **Objective:** To improve the supply of basic social services at community level and improve the population's living conditions, especially the most vulnerable groups. **Expected Outcomes:** (i) Households' access to drinking water rises from 28.2 percent to 40 percent in 2011 and at least 55 percent in 2014 in the project area; (ii) the gross school enrollment rate rises from 29.6 percent in 2003 to 45 percent in 2011 (at least 40 percent of which are girls) and to 65 percent in 2014 (60 percent girls); (iii) the proportion of people with access to health services increases from 62.5 percent in 2000 in the project area to 72 percent in 2011 and at least 82 percent in 2014 (75 percent of whom are women); (iv) 50 professionals are trained by 2014 in the design, implementation, and monitoring of poverty reduction projects. **Cofinanciers:** None.	N.A.		8.00
Guinea-Bissau	*Health Development Support (Health II)* **Objective:** To enhance the efficiency of the health system by improving health infrastructures and establishing management systems for health institutions and maintenance of equipment. **Expected Outcomes:** (i) Reduction of morbidity and mortality caused by common diseases (reduction of the lethality of risky pregnancies by 80 percent by 2012); (ii) national hospital used as a national referral structure (reduction by over half of consultations for primary and secondary cases by 2015); (iii) type B health centers are used by the public for primary healthcare; (iv) lifespan of equipment and furniture increases by 70 percent from 2014. **Cofinanciers:** None.	N.A.		6.00
Uganda	*Improvement of Health Services at Mugalo National Referral Hospital* **Objective:** To undertake the assessment of the rehabilitation and the expansion requirements for Mulago Hospital and the Health Centers in Kampala City as well as review and streamline the referral system. **Expected Outcomes:** (i) an assessment report on the current and projected demand for healthcare in the city of Kampala including Mulago Hospital and proposed options for the Bank; (ii) revised guidelines for the referral system, a complete report on the management system, and the organization of services at Mulago Hospital; (iii) detailed design reports and tender documents; (iv) maintenance procedures manuals for equipment, furniture, and buildings in general. **Cofinanciers:** Government (UA 0.03 million).	0.53	0.50	
Uganda	*Rural Income and Employment Enhancement Project (RIEEP)* **Objective:** To facilitate access to and utilization of affordable financial and business development services for 1.4 million rural poor Ugandans. **Expected Outcome:** (i) Growth of loan portfolio from 35 to 75 percent; (ii) enterprises to generate at least 50 percent average return on capital; (iii) create 1.4 million employment opportunities from current rate of 380,000, of which 50 percent are for women; (iv) gender parity reached in accessing financial services. **Cofinanciers:** Government (UA 1.80 million).	12.01	10.21	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
SOCIAL				
Multinational	*Support to Network of African Institutions of Science and Technology* **Objective:** To increase the number and improve the quality of qualified science and engineering graduates by facilitating the establishment/strengthening of poles of excellence and provide a regional consolidated response to the needs for highly-qualified personnel in science and engineering in ECOWAS. **Expected Outcomes:** (i) The capacity of the African University of Science and Technology (AUST) and *Institut International de l'Ingénierie de l'Eau et Environnement* (2iE) to train and board students increases significantly from 50 in 2009 to 510 student by 2012 for AUST and from 700 in 2009 to 1,000 by 2012 for 2iE; (ii) the quality of training , research, and publications improves by global standards (number of publications in recognized international journals increases from 6 to 15 per year); (iii) private sector is an active partner in science and innovation efforts. **Cofinanciers:** None.	N.A.		12.00
Multinational	*Institutional Support to African Climate Institutions* **Objective:** To strengthen the capacity of African regional meteorological centers to generate and make widely available relevant climate information to support development planning processes in the continent. **Expected Outcome:** (i) Climate-relevant data are produced by regional climate institutions and regional downscaled climate scenarios are developed for each of the regions in Africa; (ii) relevant climate data and information are made widely available by regional climate centers and are accessible to end-users. **Cofinanciers:** The African Center for Meteorological Applications for Development (ACMAD) (UA 1.04 million); IGAD Climate Prediction and Application Centre (ICPAC) (UA 0.99 million); Agro-meteorology and Hydrology Regional Centre (AGRHYMET) (UA 1.09 million); Drought Monitoring Center (DMC) (UA 1.11 million).	24.23		20.00
TRANSPORTATION				
Burkina Faso	*Rehabilitation of Koupela–Bittou–Cinkanse–Togo Border Road* **Objective:** To improve the efficacy of the transportation supply chain; improve the environment for people living alongside the road; open up the Centre-East of Burkina Faso; contribute to improving transportation sector efficiency and national trade growth; as well as promoting regional cooperation and integration. **Expected Outcome:** (i) The efficacy of the transportation supply chain and living environment of the population are improved by the development of 150 km of the Koupela–Togo border and 3 km of the Mongade access road toward Ghana; (ii) physical and non-physical barriers to traffic are removed; and (iii) the arduous nature of women's work is reduced and rural accessibility improved. **Cofinanciers:** KFW (UA 7.00 million).	69.00	31.00	31.00
Cameroon	*Batchenga–Yoko–Tibati–Ngaoundere Road Study* **Objective:** To prepare a detailed engineering study of the optimal technical and socioeconomic option for the development of the Batchenga–Yoko–Tibati–Ngaoundere road and facilitate the search for financing the construction works. **Expected Outcomes:** (i) Final study reports of the road and bridge validated in 2011; and (ii) mobilization of financing in 2011 for the construction of the bridge over River Sanaga and development of some road sections. **Cofinanciers:** Government (UA 0.38 million).	3.74	3.36	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Chad	*Koumra–Sarh Road Development* **Objective:** To improve efficiency of the transportation logistics chain, accessibility, and mobility of the rural populations in the south of Chad (Mandoul and Moyen-Chari) **Expected Outcomes:** (i) Improved efficacy of the transport logistics chain by the development of 110 km of the Koumra–Sarh road section in 2013; (ii) continuity of traffic in all seasons; (iii) rural access index in the PA (Chad's bread basket) increases from 0 to 20 percent in 2013; (iv) walking time of COFEMAK (Mandoul Women's Cooperative for Shea Promotion) women to collect shea nuts is reduced from 60 hours to 24 hours a week as from 2012; and (v) price variation of agricultural produce in the PA doubles from 30 to 60 percent from 2013. **Cofinanciers:** EDF (UA 1.96 million); Government (UA 22.60 million).	56.17		31.61
Ghana	*Awoshie–Pokuase Road and Community Development* **Objective:** To enhance urban mobility, promote efficient and affordable transportation services along the Awoshie–Pokuase Road and improve livelihoods in the project area population. **Expected Outcomes:** (i) Vehicle operating costs per vehicle km reduced by 30 percent from US$ 0.62/km in 2009 to US$ 0.40/km in 2013 with the construction of the 15-km Awoshie–Pokuase Road; (ii) from 2008 at least 40 percent reduction in travel time; (iii) accident rates decrease at least by 10 percent; (iv) mobility enhanced between Awoshie and Pokuase (at least 10 percent increase in the mobility index in rural area in 2013); (v) the population in the project area with no access to a safe water source decreases from 20 percent in 2009 to 17 percent by 2013; (vi) an increase in classrooms (in the 9 public schools along the road) from 103 in 2009 to 168 in 2013 and (vii) at least a 10 percent increase by 2013 in the number of population in the area with access to improved health services. **Cofinanciers:** AFD (UA 25.70 million) and Government (UA 5.25 million).	84.54	53.59	
Guinea	*Tombo–Gbessia Road Improvement (Suppl.)* **Objective:** To improve traffic flow on the Tombo–Gbessia road and urban mobility in Conakry and the operation of the transportation system in Conakry and its suburbs. **Expected Outcomes:** By 2011: (i) Tombo–Gbessia travel time reduces by 80 percent (from 90mn to 15mn); and (ii) traffic reaching the city center increases by 25 percent. **Cofinanciers:** ABEDA (UA 1.58 million); KDF (UA 2.63 million); Saudi Fund (UA 1.97 million); OPEC Fund (UA 0.66 million); and Government (UA 0.57 million).	12.58		5.17
Malawi	*Trunk Road Rehabilitation – Blantyre–Zomba Road* **Objective:** To improve the quality of transportation services on the Blantyre–Zomba road; improve accessibility by the local communities to markets and social and economic services; and to improve transportation services between Ntcheu, Neno, Tsangano, and Mwanza. **Expected Outcomes:** (i) Average travel time reduced by 33 percent from 1.5 hrs in 2006 to 1 hr in 2013; (ii) vehicle operating costs per vehicle km reduced by 18 percent from US$ 0.66 /km in 2009 to US$ 0.54 /km in 2013; (iii) percentage of the road network in the 3 districts in good condition increased from 74 percent in 2009 to 82 percent in 2013; and (iv) identification of lost economic option of upgrading the Ntcheu–Neno–Tsangano–Mwabza road. **Cofinanciers:** Government (UA 2.61 million)	26.71	22.98	1.12
Mozambique	*Massingir Dam Emergency Rehabilitation* **Objective:** To prevent total collapse of the Massingir Dam in the event of heavy downpour and improve food production and the living standards of the target group through sustainable improvement of the operational efficiency of the Dam. **Expected Outcomes:** (i) Increased agricultural productivity through efficient downstream irrigation (dam operating at full capacity of 2,844 mill m^3 by 2011 and increase in irrigated area from 19,000 ha to 29,000 ha by 2014); (ii) enhanced security for the downstream communities. **Cofinanciers:** Government (UA 8.14 million).	21.44	13.30	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Rwanda	*Butare–Kitabi–Ntendezi Road* **Objective:** To facilitate the movement of goods and people along the Butare–Kitabi–Ntendezi road (115 km), improve the living conditions of the population in the project area, and contribute to opening up rural areas and increasing subregional trade. **Expected Outcomes:** (i) Butare–Kitabi–Ntendezi road development improved (tarred road between Butare and Ntendezi in good condition increases from 30 percent in 2009 to 100 percent in 2012); (ii) overall transportation costs reduced (vehicle operation cost reduced by 25 percent on average during the economic life of the road and average travel time on the road drops from about 6-7 hours in 2009 to 3 hours in 2012); and (iii) better access to basic social services and production and marketing centers for about 1.9 million inhabitants, 57 percent of whom are women. **Cofinanciers:** ABEDA (UA 5.84 million); Saudi Fund (UA 5.84 million); OPEC Fund (UA 6.49 million); and Government (UA 6.37 million).	40.54		16.00
Senegal	*Dakar–Diamniadio Highway Construction* **Objective:** To provide a rapid link between the heart of Dakar and Diamniadio, gateway to a new economic development pole and improve the living environment of people living in the vicinity of the road, with the overall aim of supporting the Accelerated Growth Strategy and promoting regional integration. **Expected Outcomes:** (i) The average travel time on the stretch between Dakar and Diamniadio decreases from 90 minutes in 2008 to 45 minutes in 2014; (ii) percentage of economic operators who consider transportation to Dakar as a major obstacle declines from 35 percent in 2008 to 10 percent in 2014; (iii) by 2014 at least 200,000 people are safeguarded against the risk of flooding during the rainy season, and 2,000 families or 20,000 persons benefit from housing in fully serviced areas, with the land situation regularized. **Cofinanciers:** World Bank-IDA (UA 70.23 million); AFD (UA 53.41 million); concessionary company (UA 75.15 million); Government/other donors (UA 47.31 million), and Government (UA 44.49 million).	335.59	45.00	
Sierra Leone	*Lungi–Port Loko Road Upgrade* **Objective:** To stimulate regional economic growth and integration by reducing transportation times and costs between Lungi and Port Loko (62 km). **Expected Outcomes:** (i) At least a 40 percent reduction in Vehicle Operating Costs (VOCs) from 2008 to 2012, from US$ 61.0 /km to US$ 36.6 /km for a passenger car; (ii) at least a 40 percent increase in agriculture area cultivated from 2008 to 2012, from 22,895 ha to 32,011 ha; (iii) intra-regional trade with Guinea increases by 20 percent, rising from US$ 2.0 million in 2008 to US$ 2.4 million in 2012; (iv) by 2012, around 8,000 persons sensitized on HIV/AIDS, malaria, teenage pregnancies and road safety. **Cofinanciers:** Government (UA 0.60 million).	26.86		26.26
Tanzania	*Road Sector Support – Project I* **Objective:** To improve transportation services between Iringa and Dodoma and between Tunduru and Namtumbo and to support restructuring of the MOCT in Zanzibar and institutional strengthening of TANROADS. **Expected Outcomes:** (i) Reduction in vehicle operating costs (VOCs) per vehicle km by 45 percent for the Iringa–Dodoma road in 2010-2015, and by 40 percent for Namtumbo–Tunduru during the same period; and travel time reduced by 40 percent for the two roads in 2009-2014; (ii) increased movement of people, goods, and services; (iii) longer service life of road pavements; (iv) increased income from agricultural production; (v) increased revenue from tourism; and (vi) enhanced management capacity of TANROADS and MOCT. **Cofinanciers:** JICA (UA 49.04 million); Government (UA 29.57 million).	230.61	152.00	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Uganda	*Road Sector Support – Project II* **Objective:** To improve road access in rural areas of western Uganda (Kiruhura, Ibanda, and Kamwenge districts) by upgrading the Nyakahita–Ibanda–Kamwenge road (143 km) from gravel to bitumen standard; and to assess the feasibility of investing in the Kayunga–Galiraya and Hoima–Butiama–Wanseko roads. **Expected Outcomes:** (i) Improved and safe transportation services for the population of western Uganda through a reduction in travel times and vehicle operating costs; (ii) increased movement of people, goods, and services; and (iii) established viability of the Kayunga–Galiraya and Hoima–Butiama–Wansseko roads (technically, economically, and socially). **Cofinanciers:** Government (UA 30.27 million).	110.27	80.00	
Multinational	*WAEMU / GHANA Road Program I (Suppl.)* **Objective:** To open up landlocked countries (Burkina, Mali, and Niger) to Ghanaian ports (approximately 1,050 km) by reducing general transportation costs and improving the state of roads along the corridor. **Expected Outcomes:** (i) The landlocked countries are provided with effective alternative corridors for their trade; (ii) transit conditions at border checkpoints are improved; (iii) increased effective control and monitoring of road transit transport; and (iv) improved quality and safety of road links. **Cofinanciers:** WAEMU (UA 9.13 million); (IDA-EU-DANIDA) (UA 6.46 million), Government of Burkina Faso (UA 2.00 million); Government of Mali (UA 0.72 million), and Government of Ghana (UA 0.18 million).	25.49	7.00	
Multinational	*Nacala Road Corridor-Phase I – Loan to Mozambique* **Objective:** To provide Mozambique with an improved road transportation linkage to the port of Nacala (360km), to improve transportation services along the corridor, improve accessibility of the communities in the zone of influence to markets and social services, and contribute to the reduction of poverty. **Expected Outcomes:** (i) Improved transportation services on the corridor; (ii) reduction in travel times and transport costs; (iii) shorter turnaround time for international cargo and protection of pavement from overloads; (iv) improved accessibility of communities to social services and markets; and (v) improved road safety. **Cofinanciers:** JICA (UA 51.83 million); ECDF Korea (UA 12.92 million); Government of Mozambique (UA 25.48 million); Government of Malawi (UA 1.59 million).	208.86	117.04	
Multinational	*Mombasa–Nairobi–Addis Ababa Road: Loan to Kenya and Ethiopia* **Objective:** To improve transportation communications between Kenya and Ethiopia (438 km) for the benefit of both countries and the region and to promote trade and regional integration. **Expected Outcomes:** (i) Transportation and logistics costs between Addis Ababa and Nairobi are reduced; (ii) transit and travel times are reduced for the import and export goods; (iii) Port of Mombasa becomes a cost-effective alternative for Ethiopia's import/export shipping; (iv) technical and operational capacity of Kenyan Roads Agency is strengthened; (v) improved economic and social welfare of towns along the corridor. **Cofinanciers:** EU (UA 76.00 million); Government of Ethiopia (UA 16.82 million); and Government of Kenya (UA 26.18 million).	329.00	210.00	
Multinational	*Ketta–Djoum Road and Brazzaville–Yaoundé Transport Corridor Facilitation: Loan to Cameroon and Grant to Congo* **Objective:** To improve the service level of the transportation logistics chain on the Yaoundé–Brazzaville route (504.5 km); to improve the living conditions of project area dwellers; and to contribute to strengthening regional integration by facilitating the movement of people and goods in central Africa, in general, and between Cameroon and Congo in particular. **Expected Outcomes:** (i) Link between Cameroon and Congo improved (by 2014, the length of all-season roads between Cameroon and Congo increases from 60 percent in 2009 to 80 percent); (ii) improved accessibility of the population to a developed road along the Yaoundé–Brazzaville axis as from 2014. **Cofinanciers:** Government of Cameroon (UA 6.59 million) and Government of Congo (UA 80.88 million).	208.64	59.27	61.90

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Multinational	*Tanzania–Rwanda–Burundi: Phase II of Dar Es Salaam–Isaka–Kigali / Keza–Musongati Railroad Project Study* **Objective:** To provide an optimal engineering design for the Dar es Salaam–Isaka–Kigali/Keza–Musongati railroad line on the Central Transport Corridor and recommend public–private partnership (PPP) models to finance the project and manage the infrastructure. **Expected Outcomes:** (i) Dar es Salaam–Isaka–Kigali/Keza–Musongati rail link study carried out and decision-making tools put at the disposal of Governments for financing the project and managing the railroad infrastructure; (ii) in 2012, Roundtable of development partners and private sector held; (iii) interest shown by private operators. **Cofinanciers:** Government of Tanzania (UA 0.08 million); Government of Rwanda (UA 0.08 million); Government of Burundi (UA 0.08 million).	5.24	1.66	3.34
WATER SUPPLY AND SANITATION				
Cameroon	*Semi-Urban Drinking Water Supply & Sanitation Project* **Objective:** To improve the living environment of the communities through better access to drinking water and sanitation in the 19 Cameroonian Communes (Akono, Bafia, Ngoumou, Kousseri, Loum, Manjo, Mbanga, Nkonsamba, Bafan, Banka, Bana, Banganté, Bangou, Bansoa Penka-Michel, Foumban, Ebolowa, Sangmélima, Kumba, and Mamfé). **Expected Outcomes:** By 2013: (i) the prevalence of waterborne diseases, fecal peril and other pollution-related diseases, such as malaria, is reduced in the 19 communes concerned (from 2 percent to 1 percent for prevalence rate of water-borne diseases and from 2 percent to 1 percent for malaria); (ii) population's access to safe drinking water and improved sanitation in the 19 semi-urban communes increases; for safe drinking water from 24 percent to 80 percent; (iii) the communities' awareness of hygiene and health is enhanced; (v) creation of micro-enterprises in water and health. **Cofinanciers:** Government (UA 4.48 million); beneficiaries (UA 1.10 million).	45.58	40.00	
Central African Republic	*Drinking Water Supply and Sanitation in Three Divisional Headquarters and Surrounding Rural Areas.* **Objective:** To improve the living environment of the population through improved access to safe drinking water and improved sanitation in 3 divisional headquarters in CAR (Berberati, Bouar, and Bossangoa) and surrounding rural areas. **Expected Outcomes:** By 2020: (i) the prevalence of waterborne diseases is reduced from 22 percent currently to less than 10 percent in the project area; (ii) access of the population to safe drinking water in the project area is improves from 32 percent currently to 100 percent; (iii) sanitation services are improved with the access rate increasing from 10 percent to 20 percent; (iv) the proportion of the population sensitized and who have positively changed their behavior toward hygiene and health has increased. **Cofinanciers:** RWSSI Trust Fund (UA 3.07 million); Government (UA 0.10 million); beneficiaries (UA 0.26 million).	10.43		7.00
Comoros	*Project for Drinking Water Supply and Sanitation (FSF)* **Objective:** To ensure sustainable access to safe drinking water and improved sanitation. The project will help to define an appropriate institutional, organizational, and financial framework for the sector's development and provide the country's authorities with a national strategy and program until 2030. **Expected Outcomes:** By 2015: (i) safe drinking water access rate increases from 10 percent in 2009 to 55 percent and hygiene sanitation access rate rises from 7 percent in 2009 to 20 percent; (ii) prevalence of diarrhea-related diseases among children below 5 years of age falls from 18.3 percent in 2009 to 13 percent; (iii) the population's attitude and behavior towards personal and household hygiene change positively. **Cofinanciers:** AFD (UA 7.48 million); UNDP (UA 2.08 million); UNICEF (UA 0.07 million); HSF (UA 1.19 million); PACA (UA 0.06 million); RWSSI Trust Fund (UA 2.00 million).	20.88		8.00

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
WATER SUPPLY AND SANITATION				
Congo	*Brazzaville and Pointe Noire Sanitation Project* **Objective:** To contribute to better sanitation infrastructure and improved hygiene in Brazzaville and Pointe Noire. The project will help to: (i) improve sustainable access to sanitation; (ii) improve health conditions and hygiene-related behavior; and (iii) protect the environment from pollution. **Expected Outcomes:** By 2015: (i) sanitation facilities in Brazzaville and Pointe-Noire are strengthened and secured (the rate of access to sanitation increases from 10.5 percent in 2008 to 50 percent; the rate of infant and child mortality decreases from 117 percent in 2005 to 44 percent ; maternal mortality decreases from 1100 to 825); (ii) attitude and behavior toward individual and domestic hygiene have changed positively. **Cofinanciers:** Government (UA 7.63 million); beneficiaries (UA 0.62 million).	21.00		12.75
Kenya	*Small Towns and Rural Water Supply and Sanitation Project* **Objective:** To improve the access, quality, availability, and sustainability of water supply and wastewater services in the small towns of Kitui, Siaya, Bondo, Othaya, Mukurwe-ini, Maua and irrigation water for existing Yatta small-scale irrigation schemes. **Expected Outcomes:** By 2015: (i) water supply and wastewater facilities improved and coverage increased from 42 percent in 2009 to 70 percent; (ii) improved sanitation for the beneficiaries in the project towns and well maintained systems; (iii) improved revenue for sustainability and reduced school dropout of girls; (iv) increased (female) household income; (v) all year round irrigation water available from Yatta Dam for 2500 ha. **Cofinanciers:** Government (UA 7.92 million).	77.92	70.00	
Mozambique	*Niassa Provincial Towns Water Supply & Sanitation Project* **Objective:** To improve the access, quality, availability, and sustainability of water supply and sanitation services in Cuamba and Lichinga Towns in Niassa Province. This will contribute significantly to human development, by boosting the number of people in the towns with access to safe drinking water and sanitation, and in turn contribute to the achievement of water, health, and poverty MDGs. **Expected Outcomes:** (i) Water supply and sanitation facilities improved and coverage rises from 12 percent in 2009 to 70 percent in 2015; (ii) increase in the population practicing good health/hygiene/sanitation from 25 percent in 2009 to 50 percent by 2015; (iii) MDC for drinking water and for sanitation achieved. **Cofinanciers:** Government (UA 2.00 million).	20.00	18.00	
Nigeria	*Urban Water Supply and Sanitation Improvement in Oyo and Taraba States* **Objective:** To improve access to safe water supply services in the cities of Ibadan and Jalingo, through rehabilitation and extension of the existing infrastructure. Components include: (i) improve sanitation in schools, health centers, and other public places like markets and motor parks and (ii) to improve sector management, the overall performance, and the long-term financial viability of urban water supply utilities in the two states through institutional and organizational reforms, capacity building, and adoption of viable public-private partnership (PPP) models. **Expected Outcomes:** (i) Increased access to safe water (target: 80 percent of residents in Jalingo and Ibadan benefiting from water supply by 2014, compared to 2009 level of 30 percent and 25 percent respectively; (ii) adequate sanitation available at public places, schools, and health centers; (iii) PPP contracts initiated; and (iv) increased awareness and attitudes on sanitation, environmental cleanliness and personal hygienic practices among school pupils and residents of peri-urban areas of Ibadan and Jalingo. **Cofinanciers:** Oyo State Government (UA 6.45 million); Tyaraba State Government (UA 2.37 million).	58.82	50.00	

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
WATER SUPPLY AND SANITATION				
Rwanda	*National Drinking Water Supply and Sanitation Program – Phase II* **Objective:** To improve drinking water supply services in 216 rural localities of 3 provinces (North, West, and South) and improve the supply of household sanitation services in 216 rural localities, and community sanitation services in 15 districts of 3 provinces. **Expected Outcomes:** By 2012: (i) increase in access to drinking water in rural areas from 47 percent to around 60 percent in the 3 provinces; (ii) increase in sanitation coverage from 10 to 61 percent in the 3 provinces (iii) reduction in prevalence of waterborne diseases and fecal peril in the 3 regions from 34 to 26 percent. **Cofinanciers:** RWSSI Trust Fund (UA 6.00 million); Government (UA 3.25 million); beneficiaries (UA 1.01 million).	20.26		10.00
Senegal	*Rural Drinking Water Supply and Sanitation Program – Phase II* **Objective:** To improve the socioeconomic and health conditions of the rural populations of Tambacounda, Kaffrine, Kolda, Sédhiou, and Bignona Departments by improving the drinking water supply and sanitation infrastructures. **Expected Outcomes:** (i) The attitudes and behavior of the populations improve positively with regard to personal and household hygiene; (ii) the population's access to safe drinking water in the project area increases from 37 percent in 2007 to 45 percent in 2013; (iii) the population's access to sanitation in the project area increases from 17 percent in 2007 to 26 percent in 2013. **Cofinanciers:** Government (UA 2.92 million); beneficiaries (UA 0.50 million).	33.42	30.00	
OTHER APPROVALS				
Burundi	*Completion Point – Enhanced HIPC Initiative* **Objective:** To reduce Burundi's external debt to sustainable levels, and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) The NPV of Burundi's debt stock would be significantly reduced from US$ 911 million at end-2008 to US$ 150 million at end-2009; (ii) the NPV of debt-to-exports ratio is expected to drop from 967 percent at end-2007 to 148 percent at end-2009. It would subsequently rise to 169 percent by end 2011, before declining to 75 percent by 2027; (iii) the NPV of debt-to-GDP ratio is expected to decline from 89 percent in 2007 to 11 percent at end-2009 and to 7 percent by 2027. **Cofinanciers:** NTF (UA 0.28 million).	N.A.		161.36
Central African Republic	*Completion Point – Enhanced HIPC Initiative* **Objective:** To reduce Central African Republic's external debt to sustainable levels, and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** CAR's external public debt would be reduced considerably and all external indicators would improve significantly: (i) the NPV of debt-to-exports ratio would fall from 359 percent at end-2008, to 74.8 percent at end-2009 (ii) the NPV of debt-to-GDP ratio would decline to 8.3 percent by end-2009 from 43.0 at end-2008. The ratio would decline gradually to 6.5 percent by end-2019; (iii) debt service to exports ratio would decline from 4.9 percent at end-2009 to 3.4 percent by end-2011, then gradually to 1.3 percent by end-2021. **Cofinanciers:** None.	N.A.		65.91

Profiles of ADF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Côte d'Ivoire	*Decision Point – Enhanced HIPC Framework* **Objective:** To reduce Côte d'Ivoire's external debt to sustainable levels, and encourage the use of savings made under debt relief to be targeted toward poverty reduction. **Expected Outcomes:** (i) A full Poverty Reduction Strategy Paper (PRSP) is prepared and implemented for at least one year; (ii) macroeconomic stability is maintained, (iii) budget execution statements (including the identification of poverty-reducing expenditure) are published quarterly; (iv) data on external and domestic public and publicly-guaranteed debt are published quarterly; (v) regular public reporting of payments to, and revenue received by, the Government for the extractive industries (mining, oil, and gas) in line with the EITI criteria. **Cofinanciers:** ADB (UA 112.77 million).	N.A.		20.67
Togo	*Decision Point – Enhanced HIPC Initiative* **Objective:** To reduce Togo's external debt to sustainable levels and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) A full PRSP through a participatory process is prepared; (ii) macroeconomic stability is maintained; (iii) a mechanism to track public expenditures for poverty reduction on the basis of a functional expenditure classification is adopted; (iv) regular public reporting of payments to, and revenue received by the Government for the phosphates sector is implemented in line with this aspect of the EITI criteria; (v) external and domestic debt data are consolidated under a single unit charged with all public debt; and (vi) the medium-term National Health Development Plan is adopted. **Cofinanciers:** NTF (UA 0.42 million).	N.A.		11.16
Mali	*Growth and Poverty Reduction Support Program (PASCRP) (Suppl.) (Loan Reallocation)* **Objective:** To improve public financial management, promote decentralization, and help mitigate the impact of the financial crisis on the country's economy. **Expected Outcomes:** (i) Reduction of subsidies due to improved management and viability of the cotton sector and CMDT: reduction of central government transfers to CMDT from CFAF 23 billion in 2007 to a maximum of CFAF 15 million in 2008 and CFAF 10 billion in 2009; (ii) improved financial control system; (iii) transparency in public procurement management: reduction in the value of contracts awarded by direct negotiation by 18 percent compared to 2008 and regular publication of public procurement gazette for 2009; (iv) improved institutional framework of the territorial communities; and (v) establishment of transparent procedures, training/retraining programs, and appropriate technologies to improve local financial governance. **Cofinanciers:** ADF (UA 5.5 million).	N.A.	4.50	

Profiles of NTF-Approved Projects and Programs
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE				
Gambia	*Artisanal Fisheries Development (Suppl.)* **Objective:** To increase fish production and income of fishermen and to contribute to the improvement of nutritional standards of the population with the aim of strengthening food security and contributing to poverty reduction. **Expected Outcomes:** (i) Increase in income of artisanal fishermen (from the 2008 levels of GMD 15,000-30,000 to GMD 17,000-36,000 by 2011); (ii) improved access to fish for the population (fish per capita consumption increases from 25 kg in 2008 to 27 kg by 2011). **Cofinanciers:** Government (UA 0.50 million).	5.50	5.00	
OTHER APPROVALS				
Burundi	*Completion Point – Enhanced HIPC Initiative* **Objective:** To reduce Burundi's external debt to sustainable levels and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) The NPV of Burundi's debt stock would be significantly reduced from US$ 911 million at end-2008 to US$ 150 million at end-2009; (ii) the NPV of debt-to-exports ratio is expected to decline from 967 percent at end-2007 to 148 percent at end-2009. It would subsequently rise to 169 percent by end 2011, before declining to 75 percent by 2027; (iii) the NPV of debt-to-GDP ratio is expected to decline from 89 percent in 2007 to 11 percent at end-2009 and to 7 percent by 2027. **Cofinanciers:** ADF (UA 161.36 million).	N.A.		0.28
Togo	*Decision Point-Enhanced HIPC Initiative* **Objective:** To reduce Togo's external debt to sustainable levels and encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) A full PRSP through a participatory process is prepared; (ii) macroeconomic stability is maintained; (iii) a mechanism to track public expenditures for poverty reduction on the basis of a functional expenditure classification is adopted; (iv) regular public reporting of payments to, and revenue received by the Government for the phosphates sector is implemented in line with the EITI criteria; (v) external and domestic debt data are consolidated under a single unit charged with all public debt; (vi) the medium-term National Health Development Plan is adopted. **Cofinanciers:** ADF (UA 11.16 million).	N.A.		0.42

Profiles of Special Approvals*
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
Central African Republic	*Drinking Water Supply and Sanitation in Three Divisional Headquarters and Surrounding Rural Areas.* **Objective:** To improve the living environment of the population through improved access to safe drinking water and sanitation in 3 divisional headquarters in CAR (Berberati, Bouar, and Bossangoa) and surrounding rural areas. **Expected Outcomes:** By 2020: (i) the prevalence of waterborne diseases is reduced from 22 percent currently to less than 10 percent in the project area; (ii) access of the population to drinking water in the project area is improved from 32 percent currently to 100 percent; (iii) the population's access to improved sanitation services increases from 10 percent to 20 percent; (iv) the population is sensitized to hygiene and health issues, and positively change their behavior. **Cofinanciers:** ADF (UA 7.00 million); Government (UA 0.10 million); beneficiaries (UA 0.26 million).	10.43		3.07
Comoros	*Project for Water Supply and Sanitation* **Objective:** To ensure sustainable access to drinking water and sanitation. The project will help to define an appropriate institutional, organizational, and financial framework for the sector's development and provide the country's authorities with a national strategy and program until 2030. **Expected Outcomes:** By 2015: (i) population's access to safe drinking water increases from 10 percent in 2009 to 55 percent and hygienic sanitation access rate rises from 7 percent in 2009 to 20 percent; (ii) prevalence of diarrhea-related diseases among children below 5 years of age falls from 18.3 percent in 2009 to 13 percent; (iii) the population's attitude and behavior toward personal and household hygiene changes positively. **Cofinanciers:** AFD (UA 7.48 million); UNDP (UA 2.08 million); UNICEF (UA 0.07 million); HSF (UA 1.19 million); PACA (UA 0.06 million); FSF (UA 8.00 million).	20.88		2.00
Rwanda	*National Drinking Water Supply & Sanitation Program – Phase II* **Objective:** To improve drinking water supply services in 216 rural localities of 3 provinces (North, West, and South) and improve the supply of household sanitation services in 216 rural localities, and community sanitation services in 15 districts of 3 provinces. **Expected Outcome:** By 2012: (i) increase access to drinking water in rural areas from the current 47 percent of population to around 60 respectively in the 3 provinces.; (ii) increase in rate of sanitation coverage from 10 percent to 61 percent of population in the 3 provinces; and (iii) reduction in average rate of prevalence of waterborne diseases and fecal peril in the 3 regions from 34 percent to 26 percent. **Cofinanciers:** ADF (UA 10.00 million); Government (UA 3.25 million); beneficiaries (UA 1.01 million).	20.26		6.00

* *Special Approvals include project approvals financed under the African Water Facility (AWF), the Rural Water Supply and Sanitation Initiative (RWSSI), and the Special Fund for Water (SFW).*

Part 2

Financial Management and Financial Statements

African Development Bank

African Development Fund

Nigeria Trust Fund

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Chapter six

ADB, ADF, and NTF Financial Management and Financial Statements

AFRICAN DEVELOPMENT BANK GROUP

Management's Report Regarding the Effectiveness of Internal Controls Over External Financial Reporting

Date: March 24, 2010

The Management of the African Development Bank Group ("The Bank Group") is responsible for the preparation, fair presentation and overall integrity of its published financial statements. The financial statements for the African Development Bank and the Nigeria Trust Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, while those of the African Development Fund were prepared on a special purpose basis.

The financial statements have been audited by the independent accounting firm of KPMG, who were given unrestricted access to all financial records and related data, including minutes of all meetings of the Boards of Directors and committees of the Board. Management believes that all representations made to the external auditors during their audit were valid and appropriate. The external auditor's report accompanies the audited financial statements.

Management is responsible for establishing and maintaining effective internal controls over external financial reporting in conformity with the basis of accounting. The system of internal control contains monitoring mechanisms and actions that are taken to correct deficiencies identified. Internal controls for external financial reporting are subject to ongoing scrutiny and testing by management and internal audit and are revised as considered necessary. Management believes that such controls support the integrity and reliability of the financial statements.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable, as opposed to absolute, assurance with respect to financial statements. Furthermore, the effectiveness of an internal control system can change with circumstances.

The Boards of Directors of the Bank Group have established an Audit and Finance Committee (AUFI) to assist the Boards, among other things, in their oversight responsibility for the soundness of the Bank Group's accounting policies and practices and the effectiveness of internal controls. AUFI, which is comprised entirely of selected members of the Board of Directors, oversees the process for the selection of external auditors and makes a recommendation for such selection to the Board of Directors, which in turn makes a recommendation for the approval of the Board of Governors. AUFI meets periodically with management to review and monitor matters of financial, accounting or auditing significance. The external auditors and the internal auditors regularly meet with AUFI to discuss the adequacy of internal controls over financial reporting and any other matter that may require AUFI's attention.

The Bank's assessment of the effectiveness of internal controls was based on the framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). On the basis of the work performed, Management asserts that the Bank Group maintained effective internal controls over its financial reporting as contained in the financial statements for 2009. Management is not aware of any material control weakness that could affect the reliability of the 2009 financial statements.

In addition to providing an audit opinion on the fairness of the financial statements for 2009, the external auditors of the Bank Group conducted an independent assessment of the Bank Group's internal control framework and their opinion thereon is presented separately in this annual report.

Thierry de Longuemar
VICE PRESIDENT, FINANCE

Donald Kaberuka
PRESIDENT

Charles Boamah
CONTROLLER

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Independent Auditor's Report to the Board of Governors of the African Development Bank Group regarding the effectiveness of internal controls over financial reporting
Year ended 31 December 2009

Scope

We have examined the internal controls over financial reporting of the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF) (together the "Bank Group") for the year ended 31 December 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibilities

The management of the Bank Group is responsible for implementing and maintaining effective internal controls over financial reporting and for assessment of the effectiveness of such controls. Management has asserted the effectiveness of internal controls over financial reporting for 2009.

Independent Auditor's responsibilities

Our responsibility is to express an opinion on the Bank Group's internal controls over financial reporting based on our procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, effective internal controls are maintained over financial reporting.

An assurance engagement includes obtaining an understanding of internal controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls, based on the assessed risk. It also includes performing such other procedures as considered necessary in the circumstances. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitation

A company's system of internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. A company's system of internal controls over financial reporting includes those policies and procedures that

African Development Bank Group
Independent Auditor's Report to the Board of Governors
of the African Development Bank Group regarding
the effectiveness of internal controls over external financial reporting

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal controls over financial reporting may not prevent or detect misstatements. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank Group, in all material respects, maintained effective internal controls over financial reporting during the year ended 31 December 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have audited the financial statements of the African Development Bank, the African Development Fund and the Nigeria Trust Fund as of and for the year ended 31 December 2009, in accordance with the International Standards on Auditing, and we have expressed unqualified opinions on those financial statements.

Paris La Défense, 24th March 2010

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

This chapter discusses the management of the financial resources of the Bank Group's windows—the African Development Bank (ADB), the African Development Fund (ADF), and the Nigeria Trust Fund (NTF)—during the year. It also presents the Audited Financial Statements for 2009 for the three windows, as well as the ADB and ADF Administrative Budgets for the financial year 2010.

THE AFRICAN DEVELOPMENT BANK

Financial Management

Capital Subscription

The authorized capital stock of the Bank stood at UA 22.12 billion as of December 31, 2009. The latest increases in the authorized capital of the Bank were the two special increases approved by the Board of Governors, raising the authorized capital from UA 21.87 billion to UA 22.12 billion to allow the Republic of Turkey and the Grand Duchy of Luxembourg to become members of the Bank. The memberships of these two countries shall become effective upon completion of the formalities specified in the Agreement establishing the Bank and in the General Rules governing the admission of non-regional countries to membership of the Bank. Authorized capital is allocated to regional and non-regional members in such proportion that, when fully subscribed, the regional members of the Bank as a group would hold 60 percent of the total capital stock and the non-regional members would have 40 percent.

The capital stock of the Bank is composed of paid-up and callable capital. The paid-up capital is the amount of capital payable over a period determined by the relevant General Capital Increase (8 years for the fifth General Capital Increase (GCI-V), 10 years for regional members and 5 years for non-regional members under GCI-IV). A member country's payment of the first installment triggers the subscription to the entire callable capital portion. However, shares representing the paid-up portion of subscriptions are issued only as and when the Bank receives the actual payments for such shares. As of December 31, 2009, the paid-up capital amounted to UA 2.36 billion, with a paid-in capital (i.e. the portion of paid-up capital that has been actually paid) level of UA 2.35 billion. The Bank's callable capital was UA 19.46 billion including UA 7.65 billion from non borrowing member countries rated A- and higher. The callable capital is subject to payment as and when required by the Bank to meet its obligations incurred, (a) by making or participating in direct loans out of funds borrowed or otherwise acquired by the Bank for inclusion in its ordinary capital resources or in special resources; or (b) by guaranteeing in whole or in part, loans made by other entities. It is a protection of the Bank's creditors and holders of Bank's guarantees in the event that it is not able to meet its financial obligations. There has never been a call on the capital of the Bank.

In accordance with the Shares Transfer Rules, shares for which payments have become due and remain unpaid by a member country are forfeited after a prescribed period and offered for subscription to other member countries.

The position of capital subscriptions at December 31, 2009 is shown in the Statement of Subscriptions to the Capital Stock and Voting Power, which forms part of the Financial Statements included in this Report.

The financial crisis that started in 2008 has had a substantial impact on Africa. Demand for lending from the Bank has scaled up. The expected increase in operations and the faster than anticipated utilization of the financial resources in response to the crisis could constrain some of the Bank's prudential limits. As a result, the Board of Governors has decided to examine and consider the necessity for a Sixth General Capital Increase (GCI-VI). In the interim, Canada and Korea have offered to provide additional non-voting callable capital by tripling their subscription to the capital of the Bank.

Bank Rating

The rating agencies Standard & Poor's, Moody's, Fitch Ratings, and the Japan Credit Rating Agency reaffirmed their AAA and AA+ rating of the African Development Bank's senior and subordinated debts respectively, with a stable outlook. Their rating reflects the Bank's strong membership support, its preferred creditor status, sound capital adequacy and prudent financial management and policies.

Borrowings

The Bank strives to raise funds from the capital markets at the lowest possible cost to support its lending activities. The top-notch credit ratings enjoyed by the Bank enable it to issue securities at low interest rates. Its borrowing activities are guided by client and cash flow requirements, assets and liability management goals, and risk management policies.

The impact of the financial crisis was fully felt on the continent in 2009 and as the Bank stepped up to play its countercyclical role, the borrowing program envelope increased during the year. The 2009 funding program in capital markets was initially approved for a maximum amount of UA 2.50 billion. In July 2009, the Board approved an increase of the amount to be funded in the capital market by UA 3.90 billion to a maximum of UA 6.40 billion in response to the rapid increase of the Bank's operations. The actual amount raised was to be guided by the pace of disbursements.

In terms of market conditions, the credit markets gradually improved throughout the year. The positive market sentiment in the last quarter of 2009 was helped by ongoing improvement in economic outlook and the return of risk appetite. The Bank's borrowing cost also continued to improve over the course of the year due to the better conditions in capital markets globally and as a result of the Bank's continuous effort to broaden its investor base as well as the good performance of its bond issues in the secondary market.

The Bank has used various markets and instruments to meet its borrowing requirements. The Bank issued four USD 1 billion global bond transactions during the year. These transactions were supplemented in the public markets by the Bank's maiden Floating Rate Note issues and a return to the Swiss Franc and Singapore Dollar domestic bond markets. The Bank also reactivated its Euro Commercial Paper (ECP) program which has now been increased from Euro 1 billion to Euro 2 billion. Private placements, Uridashi transactions, ECP borrowings and African currency-linked bonds in Ghana Cedi and Zambian Kwacha complete the range of markets utilized for funding transactions with a maturity of a year or longer.

Overall the Bank raised UA 5.14 billion (including ECP) in the capital markets in 2009 and as at December 31, 2009, the outstanding borrowing portfolio of the Bank stood at UA 10.58 billion.

Investments

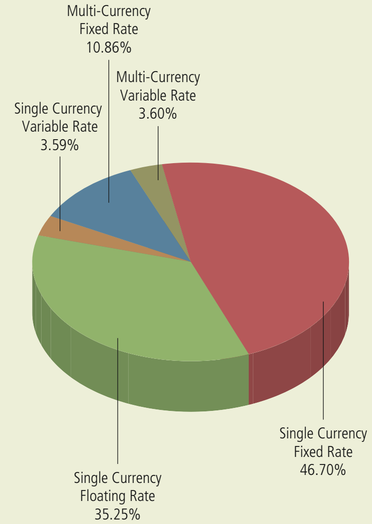
The Bank's cash and treasury investments (net of repurchase agreements) as of December 31, 2009 totaled UA 7.73 billion, compared to UA 5.17 billion at the end of 2008. Investment income for 2009 amounted to UA 222.96 million or a return of 3.50 percent on an average liquidity of UA 6.37 billion, compared to UA 202.88 million in 2008, or a return of 3.76 percent, on an average liquidity of UA 5.39 billion.

The ADB's liquid assets are tranched into 3 portfolios, namely operational portfolio, prudential portfolio, and equity-backed portfolio, each with a different benchmark that reflects the cash flow and risk profile of its assets and funding sources. These benchmarks are 1-month LIBID for the operational portfolio, and 6-month marked-to-market LIBOR, resetting on February 1 and August 1 for the prudential portfolio. The equity-backed portfolio is managed against a re-pricing profile benchmark with 10 percent of the Bank's net assets re-pricing uniformly over a period of 10 years.

Loan Portfolio

Loans signed, net of cancellations, as at December 31, 2009 amounted to UA 25.13 billion. Total outstanding loans as at December 31, 2009 was UA 7.54 billion, UA 1.71 billion higher than the UA 5.83 billion outstanding as at the end of 2008. Undisbursed balances at December 31, 2009 totaled UA 5.00 billion, an increase of UA 2.45 billion from December 31, 2008. The number of active signed loans stood at 279 for an outstanding balance of UA 7.54 billion. As at December 31, 2009, 604 loans amounting to UA 9.67 billion had been fully repaid. A breakdown of the outstanding loan portfolio by product type is presented below.

Loans Outstanding, December 31, 2009 (percentages)



Disbursements

Loan disbursements during 2009 amounted to UA 2.35 billion, more than triple the amount of UA 727.53 million disbursed in 2008. At December 31, 2009, cumulative disbursements (including non-sovereign loans) amounted to UA 20.03 billion. Also at the end of 2009, a total of 785 loans were fully disbursed amounting to UA 17.55 billion, representing 87.62 percent of cumulative disbursements.

Financial Products

Loans. The Bank offers 3 loan products: variable, floating, and fixed interest rate loans with a selection of loan currencies, currently, US Dollar, Euro, Japanese Yen, and South Africa Rand. To suit the long-term financing needs of borrowers, loans have a maximum maturity of 20 years, including a grace period on the repayment of the principal amount, generally not exceeding 5 years. For the single currency variable interest rate loan, the base rate is determined twice a year, on January 1 and July 1, and is based on the Bank's average cost of a designated pool of borrowings funding the loans in the specific currency. This product was discontinued in December 2009. The base rate for the floating interest rate loan is derived from the 6-month market reference rate in the specific currency, for example, LIBOR, EURIBOR or JIBAR. The base rate is reset on February 1 and August 1 each year and applies to the 6-month period following the reset date. For the fixed interest rate loan, the lending rate in each currency is the fixed amortizing swap rate derived from the 6-month market reference rates. Borrowers may select from a number of rate-fixing alternatives, including fixing at each disbursement or after all disbursements have been completed. Prior to rate fixing, the currency-specific floating interest rate applies. The pricing formula applicable to all 3 loan products is the same. The applicable rate of interest is the sum of the chosen base rate plus a lending spread. Loans to sovereign and sovereign-guaranteed borrowers enjoy a lending spread of 40 basis points above the 6-month market reference rate. For non-sovereign guaranteed borrowers in both the private and public sector, the lending spread is computed based on the Bank's risk-based pricing framework.

Agency Lines. Loans to private sector enterprises can be extended directly or through a private financial institution (PFI). In an agency line (AL), the credit risk of the borrower is borne by the Bank. In addition, the PFI acts as an agent for the Bank, to carry out a variety of activities, including, but not limited to, identifying projects within certain parameters; appraising such projects on behalf of the Bank; when approved, undertaking all of the administrative steps related to disbursement (billing, collection of Bank's funds, filing of security); supervising projects, monitoring the performance of the borrower, submitting reports thereon; and transmitting amounts related to the repayment of the loan to the Bank.

Guarantees. Through the guarantee product, the Bank seeks to leverage its preferred creditor status to assist eligible borrowers to obtain financing from third party lenders, including capital markets. Guarantees will also enable borrowers to obtain financing in their own local currency where the Bank is not able to provide such financing directly from its own resources.

Risk Management Products are offered to enable borrowers to manage the market risks associated with their loans from the Bank, including interest rate, currency, and commodity price risks. These products assist borrowers to manage their balance sheets and their changing needs more efficiently over time. Risk management products such as interest rate swaps, currency swaps, interest rate caps and collars are available to borrowers at any time during the life of the loan.

Equity Participation or Quasi Equity Products. The Bank's ability to provide risk capital through equity investments is a key element of its resource mobilization role. Even though the Bank cannot be a majority shareholder in a company, it can participate in a project by acquiring ordinary stocks, redeemable preferred stocks or debentures.

Other Financial Services. In addition to the products described above, the Bank may offer loan syndication and underwriting services through its private sector window.

Risk Management Policies and Processes

The Bank seeks to minimize its exposure to risks that are not essential to its core business of providing development finance and related assistance. Accordingly, the Bank's risk management policies, guidelines and practices are designed to reduce exposure to interest rate, currency, liquidity, counterparty, legal and other operational risks, while maximizing the Bank's capacity to assume credit risks to public and private sector clients, within approved risk limits.
The policies and practices employed by the Bank to manage these risks are described in detail in Note D to the Financial Statements.

Financial Results

To highlight the ordinary operations of the Bank, the discussions and analyses below focus on "Income before distributions approved by the Board of Governors".

The highlights of the Bank's financial performance in 2009 include the following:

- Despite the continued difficult economic environment experienced during the year, the Bank in 2009 earned income before distributions approved by the Board of Governors of UA 231.16 million, compared to UA 304.66 million in 2008. The decrease was due primarily to a higher amount of impairment provision on loans as well as a higher level of administrative expenses incurred in 2009 compared to 2008. Provision for impairment on loans amounted to UA 11.29 million in 2009 compared to a write back of provision in 2008 as a result of the arrears clearance of a borrowing member country.

- Loan income decreased by UA 64.04 million, or 18.18 percent, in 2009 as a result of general decline in interest rates during the year. As a result of improved market conditions investment income increased by UA 20.08 million, or 9.90 percent from UA 202.88 million in 2008 to UA 222.96 million in 2009. Borrowing-related charges also decreased by UA 84.58 million from UA 317.62 million in 2008 to UA 233.04 million in 2009. In 2009, the Bank earned income of UA 7.68 million on investments in debt instruments issued by entities in its regional member countries.

- At December 31, 2009, three sovereign borrowers were in arrears for six months or more compared to four sovereign borrowers in arrears at the end of 2008. At December 31, 2009 total accumulated provision for losses on principal and charges in arrears was UA 227.39 million, which was 2.90 percent of gross principal outstanding and charges receivable at that date, compared to UA 218.27 million, or 3.47 percent of gross principal outstanding and charges receivable at December 31, 2008.

- Total Bank Group administrative expenses increased by 18.85 percent from UA 186.37 million in 2008 to UA 221.51 million in 2009. The increase came mainly from manpower and mission expenses due to increase in staffing as a result of increased activities of the Bank Group. The Bank's share of the Bank Group administrative expenses amounted to UA 63.06 million for 2009, compared to UA 46.78 million for 2008. Bank Group administrative expenses are allocated between the Bank, the ADF and the NTF based on a predetermined cost-sharing formula driven primarily by the relative levels of certain operational volume indicators.
- The Bank continues to earn levels of net income sufficient to sustain its strong financial position and also make contributions on behalf of its shareholders to other development initiatives for Africa. Total reserves plus accumulated loss provisions on outstanding loan principal and charges at December 31, 2009 were UA 2.78 billion, compared to UA 2.69 billion at the end of 2008. As a percentage of gross loans, reserves plus loss provisions on loan principal at December 31, 2009 represented 35.22 percent compared to 44.19 percent at December 31, 2008. The Board of Governors in 2009 approved distributions to various development initiatives in Africa amounting to UA 162.68 million. The beneficiaries of these distributions are listed under Note N to the financial statements.

African Development Bank

Financial Statements and Report of the Independent Auditor
Year ended December 31, 2009

BALANCE SHEET
AS AT DECEMBER 31, 2009

(UA thousands - Note B)

ASSETS		2009	2008	
CASH		318,828		592,644
DEMAND OBLIGATIONS		3,801		3,801
TREASURY INVESTMENTS (Note F)		7,412,248		4,575,756
DERIVATIVE ASSETS (Note G)		764,007		736,091
NON-NEGOTIABLE INSTRUMENTS ON ACCOUNT OF CAPITAL (Note H)		8,188		11,861
ACCOUNTS RECEIVABLE				
Accrued income and charges receivable on loans (Note I)	168,592		336,466	
Other accounts receivable	755,567		312,549	
		924,159		649,015
DEVELOPMENT FINANCING ACTIVITIES				
Loans, net (Notes D & I)	7,436,278		5,731,972	
Equity participations (Note J)	234,478		188,781	
Other debt securities (Note K)	70,810		68,797	
		7,741,566		5,989,550
OTHER ASSETS				
Property, equipment and intangible assets (Note L)	11,243		11,731	
Miscellaneous	647		498	
		11,890		12,229
TOTAL ASSETS		**17,184,687**		**12,570,947**

The accompanying notes to the financial statements form part of this statement.

LIABILITIES & EQUITY		**2009**		2008
ACCOUNTS PAYABLE				
Accrued financial charges	404,477		398,733	
Other accounts payable	981,202		444,389	
		1,385,679		843,122
DERIVATIVE LIABILITIES (Note G)		477,118		360,299
BORROWINGS (Note M)				
Borrowings at fair value	9,488,606		5,729,808	
Borrowings at amortized cost	1,092,034		977,470	
		10,580,640		6,707,278
EQUITY (Note N)				
Capital				
Subscriptions paid	2,350,257		2,345,804	
Cumulative Exchange Adjustment on Subscriptions (CEAS)	(161,970)		(161,028)	
Subscriptions paid (net of CEAS)	2,188,287		2,184,776	
Reserves				
Retained earnings	2,556,391		2,460,137	
Fair value (losses)/gains on available-for-sale investments	(3,428)		15,335	
Total reserves	2,552,963		2,475,472	
Total equity		4,741,250		4,660,248
TOTAL LIABILITIES & EQUITY		**17,184,687**		**12,570,947**

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
(UA thousands - Note B)

	2009	2008
OPERATIONAL INCOME & EXPENSES		
Income from:		
Loans (Note O)	288,239	352,277
Investments and related derivatives (Note O)	222,955	202,884
Other debt securities	7,684	9,288
Total income from loans and investments	518,878	564,449
Borrowing expenses (Note P)		
Interest and amortized issuance costs	(306,321)	(251,827)
Net interest on borrowing-related derivatives	73,284	(65,788)
Unrealized gains on fair-valued borrowings and related derivatives	17,380	12,431
Unrealized losses on derivatives on non fair-valued borrowings and others	(20,303)	(16,677)
Provision for impairment (Note I)		
Loan principal	(276)	101,479
Loan charges	(11,009)	61,798
Provision for impairment on equity investments (Note J)	(2,324)	(18,456)
Provision for impairment on investments	3,389	(38,134)
Translation gains/(losses)	19,634	(9,167)
Other income	7,338	18,647
Net operational income	299,670	358,755
OTHER EXPENSES		
Administrative expenses (Note Q)	(63,057)	(46,783)
Depreciation – Property, equipment and intangible assets (Note L)	(4,679)	(5,201)
Sundry expenses	(774)	(2,110)
Total other expenses	(68,510)	(54,094)
Income before distributions approved by the Board of Governors	231,160	304,661
Distributions of income approved by the Board of Governors (Note N)	(162,680)	(257,300)
NET INCOME FOR THE YEAR	**68,480**	**47,361**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
NET INCOME FOR THE YEAR	68,480	47,361
OTHER COMPREHENSIVE INCOME		
Net loss on available-for-sale investments taken to equity	(18,763)	(18,175)
Actuarial gains/(losses) on defined benefit plans	27,774	(85,512)
Total other comprehensive income/(loss)	9,011	(103,687)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**77,491**	**(56,326)**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	Capital Subscriptions Paid	Cumulative Exchange Adjustment on Subscriptions	Retained Earnings	Fair Value (Losses)/Gains on Available-for-Sale Investments	Total Equity
BALANCE AT JANUARY 1, 2008	2,336,457	(160,075)	2,498,288	33,510	4,708,180
Net income for the year	-	-	47,361	-	47,361
Other comprehensive income					
Net loss on available-for-sale investments taken to equity	-	-	-	(18,175)	(18,175)
Actuarial losses on defined benefit plans	-	-	(85,512)	-	(85,512)
Total other comprehensive income	-	-	(85,512)	(18,175)	(103,687)
Net increase in paid-up capital	9,347	-	-	-	9,347
Net conversion losses on new subscriptions	-	(953)	-	-	(953)
BALANCE AT DECEMBER 31, 2008 AND JANUARY 1, 2009	**2,345,804**	**(161,028)**	**2,460,137**	**15,335**	**4,660,248**
Net income for the year	-	-	68,480	-	68,480
Other comprehensive income					
Net loss on available-for-sale investments taken to equity	-	-	-	(18,763)	(18,763)
Actuarial gains on defined benefit plans	-	-	27,774	-	27,774
Total other comprehensive income	-	-	27,774	(18,763)	9,011
Net increase in paid-up capital	4,453	-	-	-	4,453
Net conversion losses on new subscriptions	-	(942)	-	-	(942)
BALANCE AT DECEMBER 31, 2009	**2,350,257**	**(161,970)**	**2,556,391**	**(3,428)**	**4,741,250**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Net income	68,480	47,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,679	5,201
Provision for impairment on loan principal and charges	11,287	(163,277)
Unrealized losses on investments and related derivatives	15,689	5,221
Amortization of discount or premium on held-to-maturity investments	(6,658)	(2,389)
Provision for impairment on investments	(3,389)	38,134
Provision for impairment on equity investments	2,324	18,456
Amortization of borrowing issuance costs	541	2,805
Unrealized gains on fair-valued borrowings and derivatives	2,923	4,246
Translation (gains)/losses	(19,634)	9,167
Share of profits in associate	(227)	(36)
Net movements in derivatives	(77,560)	(2,145)
Changes in accrued income on loans	159,099	10,551
Changes in accrued financial charges	6,345	(21,621)
Changes in other receivables and payables	89,407	140,352
Net cash provided by operating activities	253,306	92,026
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements on loans	(2,352,287)	(727,534)
Repayments of loans	718,818	496,690
Investments maturing after 3 months of acquisition:		
Held-to-maturity portfolio	(362,180)	(145,510)
Trading portfolio	(2,029,748)	536,767
Changes in other assets	(4,339)	(2,400)
Equity participations movement	(51,240)	(36,693)
Net cash (used in)/provided by investing, lending and development activities	(4,080,976)	121,320
FINANCING ACTIVITIES:		
New borrowings	5,143,378	1,282,826
Repayments on borrowings	(1,241,531)	(1,164,877)
Net cash from capital subscriptions	7,185	12,064
Net cash provided by financing activities	3,909,032	130,013
Effect of exchange rate changes on cash and cash equivalents	(5,126)	(17,613)
Increase in cash and cash equivalents	76,236	325,746
Cash and cash equivalents at the beginning of the year	1,411,582	1,085,836
Cash and cash equivalents at the end of the year	**1,487,818**	**1,411,582**
COMPOSED OF:		
Investments maturing within 3 months of acquisition:		
Held-to-maturity portfolio	105,554	-
Trading portfolio	1,063,436	818,938
Cash	318,828	592,644
Cash and cash equivalents at the end of the year	**1,487,818**	**1,411,582**
SUPPLEMENTARY DISCLOSURE:		
Movement resulting from exchange rate fluctuations:		
Loans	(82,657)	(116,054)
Borrowings	201,269	231,589
Currency swaps	(104,851)	(148,558)

The accompanying notes to the financial statements form part of this statement.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2009

NOTE A – OPERATIONS AND AFFILIATED ORGANIZATIONS

The African Development Bank (ADB or the Bank) is a multilateral development finance institution dedicated to the economic and social progress of its regional member states. The Bank's headquarters is located in Abidjan, Cote d'Ivoire. However, since February 2003, the Bank has managed its operations largely from its temporary relocation facilities in Tunis, Tunisia. The Bank finances development projects and programs in its regional member states, typically in cooperation with other national or international development institutions. In furtherance of this objective, the Bank participates in the selection, study and preparation of projects contributing to such development and, where necessary, provides technical assistance. The Bank also promotes investments of public and private capital in projects and programs designed to contribute to the economic and social progress of the regional member states. The activities of the Bank are complemented by those of the African Development Fund (ADF or the Fund), which was established by the Bank and certain countries; and the Nigeria Trust Fund (NTF), which is a special fund administered by the Bank. The ADB, ADF, and NTF each have separate and distinct assets and liabilities. There is no recourse to the ADB for obligations in respect of any of the ADF or NTF liabilities. The ADF was established to assist the Bank in contributing to the economic and social development of the Bank's regional members, to promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities that are carried at fair value.

The significant accounting policies employed by the Bank are summarized below.

Revenue Recognition

Interest income is accrued and recognized based on the effective interest rate for the time such instrument is outstanding and held by the Bank. The effective interest rate is the rate that discounts the estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount.

Income from investments includes realized and unrealized gains and losses on trading financial instruments.

Dividends relating to investments in equity are recognized when the Bank's right to receive payment is established.

Functional and Presentation Currencies

The Bank conducts its operations in the currencies of its member countries. As a result of the application of IAS 21 revised, "The Effects of Changes in Foreign Exchange Rates", the Bank prospectively changed its functional currency from the currencies of all its member countries to the Unit of Account (UA) effective January 1, 2005. The UA is also the currency in which the financial statements are presented. The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement establishing the Bank (the Agreement) as equivalent to one Special Drawing Right (SDR) of the International Monetary Fund (IMF) or any unit adopted for the same purpose by the IMF.

Currency Translation

Income and expenses are translated to UA at the rates prevailing on the date of the transaction. Monetary assets and liabilities are translated into UA at rates prevailing at the balance sheet date. The rates used for translating currencies into UA at December 31, 2009 and 2008 are reported in Note W-1. Non-monetary assets and liabilities are translated into UA at historical rates. Translation differences are included in the determination of net income. Capital subscriptions are recorded in UA at the rates prevailing at the time of receipt. The translation difference relating to payments of capital subscriptions is reported in the financial statements as the Cumulative Exchange Adjustment on Subscriptions (CEAS). This is composed of the difference between the UA amount at the predetermined rate and the UA amount using the rate at the time of receipt. When currencies are converted into other currencies, the resulting gains or losses are included in the determination of net income.

Member Countries' Subscriptions

Although the Agreement establishing the ADB allows for a member country to withdraw from the Bank, no member has ever withdrawn its membership voluntarily, nor has any indicated to the Bank that it intends to do so. The stability in the membership reflects the fact that the members are independent African and non-African countries, and that the purpose of the Bank is to contribute to the sustainable economic development and social progress of its regional member countries individually and jointly. Accordingly, as of December 31, 2009, the Bank did not expect to distribute any portion of its net assets due to member country withdrawals.

In the unlikely event of a withdrawal by a member, the Bank shall arrange for the repurchase of the former member's shares. The repurchase price of the shares is the value shown by the books of the Bank on the date the country ceases to be a member, hereafter referred to as "the termination date". The Bank may partially or fully offset amounts due for shares purchased against the member's liabilities on loans and guarantees due to the Bank. The former member would remain liable for direct obligations and contingent liabilities to the Bank for so long as any parts of the loans or guarantees contracted before the termination date are outstanding. If at a date subsequent to the termination date, it becomes evident that losses may not have been sufficiently taken into account when the repurchase price was determined, the former member may be required to pay, on demand, the amount by which the repurchase price of the shares would have been reduced had the losses been taken into account when the repurchase price was determined. In addition, the former member remains liable on any call, subsequent to the termination date, for unpaid subscriptions, to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

Were a member to withdraw, the Bank may set the dates in respect of payments for shares repurchased. If, for example, paying a former member would have adverse consequences for the Bank's financial position, the Bank could defer payment until the risk had passed, and indefinitely if appropriate. Furthermore, shares that become unsubscribed for any reason may be offered by the Bank for purchase by eligible member countries, based on the share transfer rules approved by the Board of Governors. In any event, no payments shall be made until six months after the termination date.

If the Bank were to terminate its operations, all liabilities of the Bank would first be settled out of the assets of the Bank and then, if necessary, out of members' callable capital, before any distribution could be made to any member country. Such distribution is subject to the prior decision of the Board of Governors of the Bank and would be based on the pro-rata share of each member country.

Employee Benefits

1) Pension Obligations

The Bank operates a contributory defined benefit pension plan for its employees. The Staff Retirement Plan (SRP) provides benefit payments to participants upon retirement. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. An actuarial valuation of the cost of providing benefits for the SRP is determined using the Projected Unit Credit Method. Upon reaching retirement age, pension is calculated based on the average remuneration for the final three years of pensionable service and the pension is subject to annual inflationary adjustments. Actuarial gains and losses are recognized immediately in other comprehensive income in the year they occur. Past service cost is recognized immediately to the extent that benefits are already vested, otherwise, amortized on a straight-line basis over the average period until the benefits become vested. The pension liability is recognized as part of other accounts payable in the balance sheet. The liability represents the present value of the Bank's defined benefit obligations, net of the fair value of plan assets and unrecognized actuarial gains and losses.

2) Post-Employment Medical Benefits

The Bank operates a contributory defined Medical Benefit Plan (MBP), which provides post-employment healthcare benefits to eligible former staff, including retirees. Membership of the MBP includes both staff and retirees of the Bank. The entitlement to the post-retirement healthcare benefit is usually conditional on the employee contributing to the Plan up to retirement age and the completion of a minimum service period. The expected costs of these benefits derive from contributions from plan members as well as the Bank and are accrued over the period of employment and during retirement. Contributions by the Bank to the MBP are charged to expenses and included in the income statement. The MBP Board, an independent body created by the Bank, determines the adequacy of the contributions and is authorized to recommend changes to the contribution rates of both the Bank and plan members. Actuarial gains and losses are recognized immediately in retained earnings in the year they occur. The medical plan liability is recognized as part of other accounts payable in the balance sheet. The liability represents the present value of the Bank's post-employment medical benefit obligations, net of the fair value of plan assets and unrecognized actuarial gains and losses.

Financial Instruments

Financial assets and financial liabilities are recognized on the Bank's balance sheet when the Bank assumes related contractual rights or obligations.

1) Financial Assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

i) Financial Assets at Fair Value through Profit or Loss

All trading assets are carried at fair value through the income statement and gains and losses are reported in the income statement in the period in which they arise. The investments in the trading portfolio are acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held-for-trading.

ii) Loans and Receivables

The Bank has classified demand obligations, accrued income and receivables from loans and investments and other sundry amounts as receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are carried at amortized cost using the effective interest method.

Loan origination fees are deferred and recognized over the life of the related loan as an adjustment of yield. However, incremental direct costs associated with originating loans are expensed as incurred, as such amounts are considered insignificant. The amortization of loan origination fee is included in income from loans.

iii) Held-to-Maturity Investments

The Bank has classified its investments in certain debt securities as held-to-maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the intent and ability to hold to maturity. Held-to-maturity investments are carried and subsequently measured at amortized cost using the effective interest method.

iv) Available-for-Sale Financial Assets

The Bank has classified equity investments over which it does not have control or significant influence as available-for-sale. Available-for-sale investments are those intended to be held for an indefinite period of time, and may or may not be sold in the future. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in other comprehensive income, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income is recognized in profit or loss.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale investments are recognized on a trade-date basis, which is the date on which the Bank commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at market rates. The Bank receives securities purchased under resale agreements, monitors their fair value and if necessary may require additional collateral.

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash, are subject to insignificant risk of changes in value and have a time to maturity upon acquisition of three months or less.

2) Financial Liabilities

i) Borrowings

In the ordinary course of its business, the Bank borrows funds in the major capital markets for lending and liquidity management purposes. The Bank issues debt instruments denominated in various currencies, with differing maturities at fixed or variable interest rates. The Bank's borrowing strategy is driven by three major factors, namely: timeliness in meeting cash flow requirements, optimizing asset and liability management with the objective of mitigating exposure to financial risks, and providing cost-effective funding.

In addition to long and medium-term borrowings, the Bank also undertakes short-term borrowing for cash and liquidity management purposes only. Borrowings not designated at fair value through profit or loss are carried on the balance sheet at amortized cost with interest expense determined using the effective interest method. Borrowing expenses are recognized in profit or loss and include the amortization of issuance costs, discounts and premiums, which is determined using the effective interest method. Borrowing activities may create exposure to market risk, most notably interest rate and currency risks. The Bank uses derivatives and other risk management approaches to mitigate such risks. Details of the Bank's risk management policies and practices are contained in Note D below. Certain of the Bank's borrowings obtained prior to 1990, from the governments of certain member countries of the Bank, are interest-free loans. In accordance with the revised IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, such borrowings represent a form of government assistance, the benefits of which are not quantified by the imputation of interest. Accordingly, such borrowings are carried at the amounts at which they are repayable on their due dates.

ii) Financial Liabilities at Fair Value through Profit or Loss

This category has two sub-categories: financial liabilities held for trading, and those designated at fair value through profit or loss at inception. Derivatives are categorized as held-for-trading. The Bank applies fair value designation primarily to borrowings that have been swapped into floating-rate debt using derivative contracts. In these cases, the designation of the borrowing at fair value through profit or loss is made in order to significantly reduce accounting mismatches that otherwise would have arisen if the borrowings were carried on the balance sheet at amortized cost while the related swaps are carried on the balance sheet at fair value.

iii) Other Liabilities

All financial liabilities that are not derivatives or designated at fair value through profit or loss are recorded at amortized cost. The amounts include accrued finance charges on borrowings and other accounts payable.

Financial liabilities are derecognized when they are discharged or canceled or when they expire.

Derivatives

The Bank uses derivative instruments in its portfolios for asset/liability management, cost reduction, risk management and hedging purposes. These instruments are mainly cross-currency swaps and interest rate swaps. The derivatives on borrowings are used to modify the interest rate or currency characteristics of the debt the Bank issues. This economic relationship is established on the date the debt is issued and maintained throughout the terms of the contracts. The interest component of these derivatives is reported as part of borrowing expenses.

Although IAS 39 allows hedge accounting for certain qualifying hedging relationships, the Bank has elected not to apply hedge accounting to any qualifying hedging relationship, but rather classifies all derivatives as held-for-trading at fair value, with all changes in fair value recognized in the income statement. When the criteria for the application of the fair value option are met, then the related debt is also carried at fair value with changes in fair value recognized in the income statement.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in profit or loss. Such derivatives are stripped from the host contract and measured at fair value with unrealized gains and losses reported in profit or loss.

Impairment of Financial Assets

1) Assets Carried at Amortized Cost

The Bank first assesses whether objective evidence of impairment exists individually for financial assets. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, that asset is included in a group of financial assets with similar credit characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If the Bank determines that there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For sovereign-guaranteed loans, the estimated impairment arises from delays that may be experienced in receiving amounts due. For non-sovereign-guaranteed loans, the impairment reflects management's best estimate of the non-collectibility, in whole or in part, of amounts due as well as delays in the receipt of such amounts.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Interest and charges are accrued on all loans including those in arrears. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2) Available-for-Sale Assets

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For available-for-sale equity instruments carried at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale equity instruments carried at fair value, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, net of any impairment loss previously recognized in profit or loss, is reclassified from equity to the income statement. Impairment losses recognized in the income statement on available-for-sale equity instruments carried at fair value are reversed through equity.

If there is objective evidence that an impairment loss has been incurred on an available-for-sale equity instrument that is carried at cost because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the carrying amount of the impaired equity instrument and the present value of the estimated future cash flows discounted at the current market rate of return for a similar equity instrument. Once recognized, impairment losses on these equity instruments carried at cost are not reversed.

Offsetting Financial Instruments

Financial assets and liabilities are offset and reported on a net basis when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Fair Value Disclosure

In liquid or active markets, the most reliable indicators of fair value are quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market might be inactive include when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few or no recent transactions observed in the market. When markets become illiquid or less active, market quotations may not represent the prices at which orderly transactions would take place between willing buyers and sellers and therefore may require adjustment in the valuation process. Consequently, in an inactive market, price quotations are not necessarily determinative of fair values. Considerable judgment is required to distinguish between active and inactive markets.

The fair values of quoted assets in active markets are based on current bid prices, while those of liabilities are based on current asking prices. For financial instruments with inactive markets or unlisted securities, the Bank establishes fair value by using valuation techniques that incorporate the maximum use of market data inputs. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions that necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not readily determinable. Management believes that these methodologies and assumptions are reasonable; however, the values actually realized in a sale might be different from the fair values disclosed.

The following three hierarchical levels are used for the determination of fair value:

Level 1: Quoted prices in active markets for the same instrument (i.e. without modification or repackaging).

Level 2: Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

The methods and assumptions used by the Bank in estimating the fair values of financial instruments are as follows:

Cash: The carrying amount is the fair value.

Investments: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Borrowings: The fair values of the Bank's borrowings are based on market quotations when possible or valuation techniques based on discounted cash flow models using LIBOR market-determined discount curves adjusted by the Bank's credit spread. Credit spreads are obtained from market data as well as indicative quotations received from certain counterparties for the Bank's new public bond issues.
The Bank also uses systems based on industry standard pricing models and valuation techniques to value borrowings and their associated derivatives. The models use market-sourced inputs such as interest rates, yield curves, exchange rates and option volatilities. Valuation

models are subject to internal and periodic external reviews. When a determination is made that the market for an existing borrowing is inactive or illiquid, appropriate adjustments are made to the relevant observable market data to arrive at the Bank's best estimate of the price at which the Bank could have bought back the borrowing at the balance sheet date.

Equity Investments: The underlying assets of entities in which the Bank has equity investments carried at fair value are periodically fair valued both by fund managers and independent valuation experts using market practices. The fair value of investments in listed enterprises is based on the latest available quoted bid prices. The fair value of investments in unlisted entities is assessed using appropriate methods, for example, discounted cash flows. The fair value of the Bank's equity participations is estimated as the Bank's percentage ownership of the net asset value of the funds.

Derivative Financial Instruments: The fair values of derivative financial instruments are based on market quotations when possible or valuation techniques that use market estimates of cash flows and discount rates. The Bank also uses valuation tools based on industry standard pricing models and valuation techniques to value derivative financial instruments. The models use market-sourced inputs such as interest rates, yield curves, exchange rates and option volatilities. All financial models used for valuing the Bank's financial instruments are subject to both internal and periodic external reviews.

Loans: The Bank does not sell its loans, nor does it believe there is a comparable market for its loans. The fair value of loans reported in these financial statements represents management's best estimates of the present value of the expected cash flows of these loans. For multi-currency and single currency fixed rate loans, fair values are estimated using a discounted cash flow model based on the year end variable lending rate in that currency, adjusted for impairment. For all loans not impaired, fair value adjustments are made to reflect expected loan losses. The estimated fair value of loans is disclosed in Note I.

Day One Profit and Loss

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), if the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. On initial recognition, a gain or loss may not be recognized when using a valuation technique that does not incorporate data solely from observable markets. The Bank only recognizes gains or losses after initial recognition to the extent that they arise from a change in a factor (including time) that market participants would consider in setting a price.

The Bank holds financial instruments, some maturing after more than ten years, where fair value is determined based on valuation models that use inputs that may not be market-observable as of the calculation date. Such financial instruments are initially recognized at the transaction price, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as "day one profit and loss", is either: (a) amortized over the life of the transaction; or (b) deferred until the instrument's fair value can be determined using market observable inputs or is realized through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognized immediately in the income statement without immediate reversal of deferred day one profits and losses.

Investment in Associate

Under IAS 28, "Investments in Associates", the ADF and any other entity in which the Bank has significant influence are considered associates of the Bank. An associate is an entity over which the Bank has significant influence, but not control, over the entity's financial and operating policy decisions. The relationship between the Bank and the ADF is described in more detail in Note J. IAS 28 requires that the equity method be used to account for investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's income statement. The subscriptions by the Bank to the capital of the ADF occurred between 1974 and 1990. At December 31, 2009, such subscriptions cumulatively represented approximately 1% of the economic interest in the capital of the ADF. Although ADF is a not-for-profit entity and has never distributed any dividend to its subscribers since its creation in 1972, the revisions to IAS 28 require that the equity method be used to account for the Bank's investment in the ADF. Furthermore, in accordance with IAS 36, the net investment in the ADF is assessed for impairment. Cumulative losses as measured under the equity method are limited to the investment's original cost as the ADB has not guaranteed any potential losses of the ADF.

Property and Equipment

Property and equipment is measured at historical cost less depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement when they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to amortize the difference between cost and estimated residual values over estimated useful lives. The estimated useful lives are as follows:

- Buildings: 15-20 years
- Fixtures and fittings: 6-10 years
- Furniture and equipment: 3-7 years
- Motor vehicles: 5 years

The residual values and useful lives of assets are reviewed periodically and adjusted if appropriate. Assets that are subject to amortization are reviewed annually for impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Gains and losses on disposal are determined as the difference between proceeds and the asset's carrying amount and are included in the income statement in the period of disposal.

Intangible Assets

Intangible assets include computer systems software and are stated at historical cost less amortization. Amortization on intangible assets is calculated using the straight-line method over 3-5 years.

Leases

The Bank has entered into several operating lease agreements, including those for its offices in Tunisia and in certain other regional member countries. Under such agreements, all the risks and benefits of ownership are effectively retained by the lessor. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also recognized on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

Allocations and Distributions Approved by the Board of Governors

In accordance with the Agreement establishing the Bank, the Board of Governors is the sole authority for approving allocations from income to surplus account or distributions to other entities for development purposes. Surplus consists of earnings from prior years which are retained by the Bank until further decision is made on their disposition or the conditions of distribution for specified uses have been met. Distributions of income for development purposes are reported as expenses on the Income Statement in the year of approval. Distributions of income for development purposes may be funded from amounts previously transferred to surplus account or from the current year's income.

Retained Earnings

Retained earnings of the Bank consist of amounts allocated to reserves from prior years' income, balance of amounts allocated to surplus after deducting distributions approved by the Board of Governors, unallocated current year's net income, and expenses recognized directly in equity as required by IFRS.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the preparation of financial statements in conformity with IFRS, management makes certain estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent liabilities. Actual results could differ from such estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant judgments and estimates are summarized below:

1) Significant Judgments

The Bank's accounting policies require that assets and liabilities be designated at inception into different accounting categories. Such decisions require significant judgment and relate to the following circumstances:

Held-for-Trading – In classifying financial assets or liabilities as "trading", the Bank has determined that such assets or liabilities meet its description and set criteria for classification as such.

Fair Value through Profit and Loss – In designating financial assets or liabilities at fair value through profit or loss, the Bank has determined that such assets or liabilities meet the criteria for this classification.

Held-to-Maturity – The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intent and ability to hold such investments to maturity.

2) Significant Estimates

The Bank also uses estimates for its financial statements in the following circumstances:

Impairment Losses on Loans and Advances – At each financial statements reporting date, the Bank reviews its loan portfolios for impairment. The Bank first assesses whether objective evidence of impairment exists for individual loans. If such objective evidence exists, impairment is determined by discounting expected future cash flows using the loan's original effective interest rate and comparing this amount to the loan's net carrying amount. Determining the amount and timing of future cash flows on impaired loans requires significant judgment. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan, that loan is included in a group of loans with similar credit characteristics and collectively assessed for impairment. Objective evidence of impairment for a group of loans may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair Value of Financial Instruments – The fair value of financial instruments that are not quoted in active markets is determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All valuation models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, valuation models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of Available-for-Sale Equity Investments – The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in fair value below the carrying amount. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates any evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Retirement Benefits – The present value of retirement benefit obligations is sensitive to the actuarial and financial assumptions used, including the discount rate. At the end of each year, the Bank determines the appropriate discount rate to be used to determine the present value of estimated future pension obligations, based on interest rates of suitably long-term high-quality corporate bonds in the currencies comprising the UA.

Reclassifications

Certain reclassifications of prior year's amounts have been made to conform to the presentation in the current year. These reclassifications did not affect prior year's reported result.

NOTE C – THE EFFECT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

1) Standards, Amendments and Interpretations effective on or after January 1, 2009 but early adopted by the Bank

On February 14, 2008, the International Accounting Standards Board (IASB) issued amendments to IAS 32 and IAS 1. The amendments require an entity to classify as part of its equity those financial instruments that it issues that are either (a) puttable financial instruments, or (b) financial instruments or components of financial instruments that impose an obligation to deliver to another party a pro-rata share of its net assets only on liquidation, if certain criteria are met. Prior to these amendments, such financial instruments were to be classified as liabilities. Subscriptions by the member countries to the Bank's capital described in Note B are puttable financial instruments that meet the requirements for equity classification under the amended standards. Although the amendments are effective for annual periods beginning on or after January 1, 2009, the Bank early adopted them starting with the 2007 financial statements.

On March 5, 2009, IASB issued amendments to the disclosure requirements under IFRS 7. These amendments which have an effective date of January 1, 2009, require additional disclosures of fair value measurements in a three-level hierarchy reflecting the relative reliability of such measurements based on the significance of the inputs used. Under this hierarchy, the most reliable measurements are those based on unadjusted quoted prices in active markets for identical assets or liabilities. The Bank early-adopted the amendments in 2008.

2) Standards, Amendments and Interpretations effective on or after January 1, 2009 and adopted in 2009

The Bank has adopted the following new and amended IAS/ IFRS in 2009:

IAS 1 (revised): "Presentation of Financial Statements"

A revised version of IAS 1 was issued in September 2007. The amendments to IAS 1 require the Bank to present in separate statements, changes in equity related to its shareholders and those related to comprehensive income (i.e. non-shareholder-related components), including related reclassification adjustments of those components. It also requires the presentation of a balance sheet as at the beginning of the earliest comparative period in a complete set of financial statements when the Bank applies an accounting policy retrospectively or makes a retrospective restatement.

The adoption of IAS 1 (revised) has no effect on the Bank's financial position or performance as it relates solely to the presentation of the financial statements. It resulted in certain presentation changes in the Bank's financial statements including:

- the presentation of all items of income and expenditure in two statements: the income statement and the statement of comprehensive income; and
- the presentation of the statement of changes in equity as a separate financial statement.

Comparative information has been re-stated to conform with the current period's presentation which is in conformity with the revised standard.

IFRS 8: "Operating Segments"

IFRS 8 was issued in November 2006 and became effective for financial statements for the period beginning January 1, 2009. The standard replaces the reporting requirements of IAS 14, Segment Reporting, and requires alignment of the segments in the financial statements with those used internally by the chief operating decision maker in the allocation of resources and assessing performance.

The adoption of IFRS 8 has no significant impact on the Bank's financial position or performance as it only relates to disclosures. IFRS 8 disclosures are shown in Note T to the financial statements.

3) Standards and Interpretations issued but not yet effective

At the date of authorization of these financial statements, certain new and amended International Financial Reporting Standards and Interpretations are not yet effective for application for the year ended December 31, 2009, and have not been applied in preparing these financial statements. The following new standard is expected to be relevant to the Bank:

IFRS 9: "Financial Instruments"

IFRS 9 was issued in November 2009 as the first part of the IASB comprehensive project to replace IAS 39. IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 requires financial assets to be classified, based on the entity's business model for managing its financial instruments and the contractual cash flow of the instrument, into two measurement categories: those to be measured at fair value and those to be measured at amortized cost. An instrument is measured at amortized cost only if it is a debt instrument and the objective of the entity's business is to hold the asset to collect the contractual cash flows and the asset's contractual cash flows represent only payments of principal and interest. All other instruments are to be measured at fair value through profit or loss. IFRS 9 also requires that all equity instruments be measured at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss while for all other equity instruments the entity can make an irrevocable election at initial recognition to recognize all fair value changes through other comprehensive income.

Adoption of IFRS 9 is mandatory from January 1, 2013 but earlier adoption is permitted. IFRS 9 will have an effect on the current classification of the Bank's financial assets. However, the Bank is still in the process of evaluating the full impact and the timing of its adoption.

NOTE D – RISK MANAGEMENT POLICIES AND PROCEDURES

In carrying out its development mandate, the Bank seeks to maximize its capacity to assume core business risks resulting from its lending and investing operations while at the same time minimizing its non-core business risks (market risk, counterparty risk, and operational risk) that are incidental but nevertheless critical to the execution of its mandate.

The degree of risk the Bank is willing to assume to achieve its development mandate is limited by its risk-bearing capacity. This institutional risk appetite is embodied in the Bank's capital adequacy policy and its commitment to maintain a prudent risk profile consistent with the highest credit rating. The Bank's capital adequacy policy was revised in 2009, as further discussed in Note M under Borrowings.

The policies, processes and procedures by which the Bank manages its risk profile continually evolve in response to market, credit, product, and other developments. The highest level of risk management oversight is assured by the Bank's Board of Executive Directors, which is chaired by the President. In addition to approving all risk management policies, the Executive Directors regularly review trends in the Bank's risk profiles and performance to ensure compliance with the underlying policies.

The guiding principles by which the Bank manages its core and non-core risks are governed by the General Authority on the Bank's Financial Products and Services (the FPS Authority), the General Authority on Asset Liability Management (the ALM Authority) and the Bank's Credit Risk Management Guidelines.

The FPS Authority provides the framework under which the Bank develops and implements financial products and services for its borrowers and separate guidelines which prescribe the rules governing the management of credit and operational risk for the Bank's sovereign and non-sovereign loan and equity investment portfolios.

The ALM Authority is the overarching framework through which Management has been vested with the authority to manage the Bank's financial assets and liabilities within defined parameters. The ALM Authority sets out the guiding principles for managing the Bank's interest rate risk, currency exchange rate risk, liquidity risk, counterparty credit risk and operational risk. The ALM Authority covers the Bank's entire array of ALM activities such as debt-funding operations and investment of liquid resources. It also includes the interest rate and currency risk management aspects of the Bank's lending and equity investment operations.

Under the umbrella of the FPS Authority and the ALM Authority, the President is authorized to approve and amend more detailed operational guidelines as necessary, upon the recommendations of the Asset and Liability Management Committee (ALCO) and the Operations Committee (OPSCOM). The ALCO is the oversight and control organ of the Bank's risk management activities. It is the Bank's most senior management forum on risk management issues and is chaired by the Vice President for Finance. OPSCOM reviews all operational activities before they are submitted to the Board of Directors for approval.

The ALCO meets on a regular basis to perform its oversight role. Among its functions, the ALCO reviews regular and ad-hoc finance and risk management reports and projections, approves strategies to adjust the balance sheet, and confirms country and project credit risk ratings and the associated incurred loss estimates. ALCO is supported by several standing working groups that report on specific issues including country risk, non-sovereign credit risk, interest rate risk, currency risk, operational risk, financial projections, and financial products and services.

Day-to-day operational responsibility for implementing the Bank's risk management policies and guidelines is delegated to the appropriate business units. The Financial Management Department is responsible for monitoring the day-to-day compliance with those policies and guidelines.

The following sections describe in detail the manner in which the individual sources of risk are managed by the Bank.

Credit Risk

Credit risk arises from the inability or unwillingness of counterparties to discharge their financial obligations. It is the potential financial loss due to default of one or more debtors/obligors. Credit risk is the largest source of risk for the Bank arising essentially from its lending and treasury operations.

The Bank manages three principal sources of credit risk: (i) sovereign credit risk on its public sector portfolio; (ii) non-sovereign credit risk on its portfolio of private sector, non-sovereign and enclave projects; and (iii) counterparty credit risk on its portfolio of treasury investments and derivative transactions. These risks are managed within an integrated framework of credit policies, guidelines and processes, which are described in more detail in the following sections.

1) Sovereign Credit Risk

When the Bank lends to public sector borrowers, it generally requires a full sovereign guarantee or the equivalent from the borrowing member state. In extending credit to sovereign entities, it is exposed to country risk which includes potential losses arising from a country's inability or unwillingness to service its obligations to the Bank. The Bank manages country credit risk through its policies related to sustainable lending strategies, including individual country exposures and overall creditworthiness of the concerned country. These include the assessment of the country's macroeconomic performance as well as its socio-political conditions and future growth prospects.

Country Exposure

The Bank's exposures at December 31, 2009 to borrowing member countries as well as the private sector and enclave projects from its lending activities are summarized below:

(Amounts in UA thousands)

Country	No. of Loans*	Total Loans*	Unsigned Loan Amounts	Undisbursed Balances	Outstanding Balances	% of Total Outstanding Loans
Angola	2	494	-	-	494	0.01
Botswana	5	1,140,326	140,597	357,107	642,622	8.52
Cameroon	4	35,747	-	16,893	18,854	0.25
Cape Verde	2	36,757	18,379	-	18,379	0.24
Congo	2	27,362	-	-	27,362	0.36
Côte d'Ivoire	8	60,244	-	2,418	57,826	0.77
Democratic Republic of Congo	10	723,613	-	-	723,613	9.60
Egypt	14	1,348,045	49,007	565,495	733,543	9.73
Equatorial Guinea	3	67,152	-	67,152	-	-
Ethiopia	3	11,923	-	-	11,923	0.16
Gabon	16	498,305	102,959	215,481	179,865	2.39
Guinea	2	6,774	-	-	6,774	0.09
Kenya	2	2,740	-	-	2,740	0.04
Malawi	1	2,736	-	-	2,736	0.04
Mauritania	2	17,351	-	-	17,351	0.23
Mauritius	10	479,296	-	451,307	27,989	0.37
Morocco	32	2,563,817	49,246	690,356	1,824,215	24.20
Namibia	4	53,757	-	507	53,250	0.71
Nigeria	7	109,248	-	-	109,248	1.45
Senegal	2	16,648	-	-	16,648	0.22
Seychelles	5	22,157	6,379	6,892	8,885	0.11
Somalia**	3	4,053	-	-	4,053	0.05
South Africa	6	1,905,147	-	1,773,394	131,754	1.75
Sudan**	5	55,486	-	-	55,486	0.74
Swaziland	7	73,972	-	4,270	69,702	0.92
Tanzania	1	1,936	-	-	1,936	0.03
Tunisia	30	1,543,826	-	367,147	1,176,679	15.61
Zambia	3	3,083	-	-	3,083	0.04
Zimbabwe**	12	196,003	-	-	196,003	2.60
Multinational	3	46,047	-	3,092	42,955	0.57
Total Public Sector	**206**	**11,054,045**	**366,567**	**4,521,511**	**6,165,968**	**81.80**
Total Private Sector	**73**	**2,450,968**	**597,717**	**481,019**	**1,372,231**	**18.20**
Total	**279**	**13,505,013**	**964,284**	**5,002,530**	**7,538,199**	**100.00**

* *Excludes fully repaid loans and canceled loans.*

** *Country in arrears as at December 31, 2009.*

Slight differences may occur in totals due to rounding.

Systematic Credit Risk Assessment

The foundation of the Bank's credit risk management framework is a systematic credit risk assessment based on a uniform internal credit risk rating scale that is calibrated to reflect the Bank's statistical loss expectations as shown in the following table. The level of granularity helps in measuring probabilities of default for internal grades in order to differentiate between obligors distinctly.

Risk Rating	Description	Risk Class	International Equivalent
1	Excellent	Very Low Risk	A-BBB/Baa
2	Strong	Low Risk	BB/Ba
3	Good	Moderate Risk	B/B
4	Fair		
5	Acceptable	High Risk	CCC/Caa
6	Marginal		
7	Special Attention	Very High Risk	CC-D/Ca-D
8	Substandard		
9	Doubtful		
10	Known Loss		

These sovereign risk credit ratings are derived from a risk assessment on five risk indices that include macroeconomic performance, debt sustainability, socio-political factors, business environment and Bank's portfolio performance. These five risk indices are combined to derive a composite sovereign country risk index and a composite non-sovereign country risk index which in turn are converted into separate country risk rating for the sovereign and non-sovereign portfolios. These country risk ratings are validated against the average country risk ratings from different international rating agencies and other specialized international organizations. The ALCO reviews the country ratings on a quarterly basis to ensure that they reflect the expected risk profiles of the countries. The ALCO also assesses whether the countries are in compliance with their country exposure limits and approves changes in loss provisioning, if any.

Portfolio Risk Monitoring

The portfolio's weighted-average risk rating at the end of 2009 improved to 2.42 compared to 2.68 at the end of 2008. The distribution of the sovereign portfolio across the Bank's five credit risk classes is shown in the table below.

Risk Profile of the Outstanding Sovereign-Guaranteed Loan Portfolio					
	Very Low Risk	Low Risk	Moderate Risk	High Risk	Very High Risk
2009	44%	33%	6%	13%	4%
2008	37%	33%	6%	16%	8%
2007	37%	31%	8%	15%	9%
2006	28%	35%	10%	17%	10%
2005	26%	26%	18%	17%	13%
2004	28%	28%	21%	11%	12%

It is the Bank's policy that if the payment of principal, interest or other charges with respect to any Bank Group credit becomes 30 days overdue, no new loans to that member country, or to any public sector borrower in that country, will be presented to the Board of Directors for approval, nor will any previously approved loan be signed, until all arrears are cleared. Furthermore, for such countries, disbursements on all loans to or guaranteed by that member country are suspended until all overdue amounts have been paid. These countries also become ineligible in the subsequent billing period for a waiver of 0.50% on the commitment fees charged on qualifying undisbursed loans.

Although the Bank benefits from the advantages of its preferred creditor status and rigorously monitors the exposure on non-performing sovereign borrowers, some countries have experienced difficulties to service their debts to the Bank on a timely basis. As previously described, the Bank makes provisions for impairment on its sovereign loan portfolio commensurate with the assessment of the incurred loss in such portfolio.

To cover potential unexpected credit-related losses due to extreme and unpredictable events, the Bank maintains a conservative risk capital cushion for sovereign credit risks. The Bank's revised capital adequacy policy articulates differentiated risk capital requirements for public sector and private sector credit-sensitive assets (loans and equity investments), as well as for contingent liabilities (guarantees and client risk management products) in each risk class. Risk capital requirements are generally higher for private sector operations which have a higher probability of default and loss given default than public sector operations. At the end of 2009, the Bank's public sector loan portfolio used up to 32% of the Bank's total risk capital based on the Bank's revised capital adequacy framework approved in March 2009. The Bank defines risk capital as the sum of paid-in capital plus accumulated reserves net of translation adjustments. Callable capital is not included in the computation of risk capital.

2) Non-Sovereign Credit Risk

When the Bank lends to private sector borrowers or to enclave projects, it does not benefit from full sovereign guarantees. The Bank may also provide financing to creditworthy commercially oriented entities that are publicly owned, without a sovereign guarantee.

To assess the credit risk of non-sovereign projects or facilities, the Bank uses a uniform internal credit risk rating scale. Non-sovereign transactions are grouped into the following three main categories: a) greenfield and expansion projects; b) financial institutions; and c) private equity funds. Internal credit ratings are derived on the basis of some pre-determined critical factors.

a) Greenfield and Expansion Projects

The first factor involves the overall evaluation and assessment of the borrower's financial strength. This assessment looks at:
i) capacity of the project to generate sufficient cash flow to service its debt; ii) the company's operating performance and profitability; and iii) the project company's capital structure, financial flexibility and liquidity positions.

Secondly, the following, four main non-financial parameters are analyzed: i) the outlook of the industry in which the project company operates; ii) the competitive position of the project company within the industry; iii) the strength of the project company's management with particular emphasis on its ability to deal with adverse conditions; and iv) the quality of the information on which the analysis is based.

Finally, the project company's risk rating is adjusted to reflect the overall host country risk rating.

b) Financial Institutions

The assessment of financial institutions follows the uniform rating system commonly referred to as the CAMEL model:
i) Capital adequacy – analyses of the composition, adequacy and quality of the institution's capital; ii) Asset quality, operating policies and procedures and risk management framework; iii) Quality of management and decision making framework; iv) Earnings and market position – an evaluation of the quality and level of profitability; v) Liquidity and funding adequacy – an assessment focusing on the entity's ability to access debt market; and vi) Sensitivity to market risk – an assessment of the impact of interest rate changes & exchange rate fluctuations.

c) Private Equity Funds

The assessment of a Private Equity Fund takes into consideration the analysis of the following qualitative and quantitative factors:

- Investment strategies;
- Industry structure and regulatory framework;
- Management and corporate governance;
- Financial strength and fund performance; and
- Information quality.

All new non-sovereign projects require a minimum initial credit rating and undergo rigorous project approval. The Non-Sovereign Working Group of the ALCO reviews the non-sovereign credit rating of each project on a quarterly basis and may recommend for the ALCO's approval, changes if justified by evolving country and project conditions.

In 2009, the Bank increased its exposure to the non-sovereign loan and equity portfolios. The weighted-average risk rating improved from 3.66 at the end of 2008 to 3.14 at year-end 2009. The distribution of the non-sovereign portfolio across the Bank's five credit risk classes is shown in the table below.

Risk Profile of the Outstanding Non-Sovereign Loan and Equity Portfolio

	Very Low Risk	Low Risk	Moderate Risk	High Risk	Very High Risk
2009	27%	18%	28%	24%	3%
2008	13%	16%	41%	28%	2%
2007	8%	10%	46%	31%	5%
2006	16%	15%	52%	6%	11%
2005	14%	20%	56%	7%	3%
2004	15%	14%	55%	10%	6%

In compliance with IFRS, the Bank does not make general provisions to cover the expected losses in the performing non-sovereign portfolio. For the non-performing portfolio, the Bank makes a specific provision based on an assessment of the credit impairment, or incurred loss, on each loan. At the end of 2009, the impairment allowance to cover the incurred loss on impaired loans in the non-sovereign portfolio was UA 11.89 million compared to UA 12.39 million in 2008 because of the stability in the size of the portfolio of impaired non-sovereign loans.

In addition to private sector lending, the Bank makes equity investments in private sector entities, either directly or through investment funds. To the extent possible, equity investments are carried at fair value. In the event that the fair value of an equity investment cannot be reliably determined, it is carried at amortized cost, and periodically assessed for impairment. The Bank recognizes loss provision based on accepted impairment tests measured against the carrying cost of the equity investment. At the end of 2009, the provision for impairment on equity investment was UA 15.94 million compared to UA 20.77 million in 2008.

To cover potential unexpected credit-related losses due to extreme and unpredictable events, the Bank maintains a risk capital cushion for non-sovereign credit risks derived from Basel II Advanced Internal Rating-Based Approach (IRB). At the end of 2009, the Bank's non-sovereign portfolio required as risk capital approximately 22 % of the Bank's total on-balance sheet risk capital sources. This level is still below the limit of 40% determined by the Bank for total non-sovereign operations. Out of the Bank's non-sovereign portfolio, Equity participations required as risk capital approximately 7% of the Bank's total on-balance sheet risk capital sources. This level is still below the statutory limit of 15% established by the Board of Governors for equity participations.

Credit Exposure Limits

The Bank operates a system of exposure limits to ensure the maintenance of an adequately diversified portfolio at any given point in time. The Bank manages credit risk at the global country exposure limit (combined sovereign guaranteed and non-sovereign portfolios) by ensuring that in the aggregate, the total country exposure limit to any country does not exceed 15% of the Bank's total risk capital. This threshold and other determinants of country limit allocation are clearly spelt out in the Bank's capital adequacy framework. Specifically, the country limits are determined for each of the RMC borrowers by differentiating them on the basis of their credit ratings; size of the economy and the country's economic potential. Country exposure limits are reviewed annually to support the Bank's medium term country lending strategies.

The credit exposure on the non-sovereign portfolio is further controlled and managed by regularly monitoring the exposure limit with regard to the specific industry/sectors, equity investments and single obligor. In addition, the Bank generally requires a range of collateral (security and/or guarantees) from project sponsors to partially mitigate the credit risk for direct private sector loans.

3) Counterparty Credit Risk

In the normal course of business, the Bank utilizes various financial instruments to meet the needs of its borrowers, manage its exposure to fluctuations in market interest and currency rates, and to temporarily invest its liquid resources prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty to the transaction may be unable to meet its obligation to the Bank. Given the nature of the Bank's business, it is not possible to completely eliminate counterparty credit risk, however, the Bank minimizes this risk by executing transactions within a prudential framework of approved counterparties, minimum credit rating standards, counterparty exposure limits, and counterparty credit risk mitigation measures.

Counterparties must meet the Bank's minimum credit rating requirements and are approved by the Bank's Vice President for Finance. For local currency operations, less stringent minimum credit rating limits are permitted in order to provide adequate availability of investment opportunities and derivative counterparties for implementing appropriate risk management strategies. The ALCO approves counterparties that are rated below the minimum rating requirements.

Counterparties are classified as investment counterparties, derivative counterparties, and trading counterparties. Their ratings are closely monitored.

Trading counterparties are required to be rated at a minimum of A/A2.

The following table details the minimum credit ratings for authorized investment counterparties:

	Maturity					
	6 months	1 year	5 years	10 years	15 years	30 years
Government		A/A2			AA-/Aa3	AAA/Aaa
Government Agencies and Supranationals		A/A2			AA-/Aa3	AAA/Aaa
Banks	A/A2		AA-/Aa3	AAA/Aaa		
Corporations including non bank financial institutions	A/A2		AA-/Aa3	AAA/Aaa		
MBS/ABS	No maturity limit, but repayment projections mandatory					

The Bank also invests in mortgage-backed and asset-backed securities with a minimum rating of AAA/Aaa; money market mutual funds with a minimum rating of AA-/Aa3 and enters into collateralized securities repurchase agreements.

As a rule, the Bank executes an ISDA master agreement and netting agreement with its derivative counterparties prior to undertaking any transactions. Derivative counterparties are required to be rated AA-/Aa3 by at least two approved rating agencies or A- for counterparties with whom the Bank has entered into a collateral exchange agreement. Approved transactions with derivative counterparties include swaps, forwards, options and other over-the-counter derivatives.

In addition to these minimum rating requirements, the Bank operates within a framework of exposure limits based on the counterparty credit rating and size, subject to a maximum of 8% of the Bank's total risk capital for any single counterparty. Individual counterparty credit exposures are aggregated across all instruments using the Bank for International Settlements (BIS) potential future exposure methodology and monitored regularly against the Bank's credit limits after considering the benefits of any collateral.

The counterparty credit exposure of the investment and related derivative portfolios continues to be predominantly AA or higher rated as shown in the table below. The level of the AAA rated exposure reflects the increase in investments in sovereign, sovereign-guaranteed, agency and supranational securities and the flight to quality resulting from the worldwide financial crisis, which impact is also reflected in the above-average exposure to lower rated counterparties.

Credit Risk Profile of the Investment and Derivative Portfolios

	AAA	AA+ to AA-	A+ and lower
2009	65%	25%	10%
2008	59%	21%	20%
2007	43%	54%	3%
2006	56%	39%	5%
2005	56%	36%	8%
2004	62%	36%	2%

To cover potential unexpected credit losses due to extreme and unpredictable events, the Bank maintains a conservative risk capital cushion for counterparty credit risks in line with the current BIS standards. At the end of 2008 and 2009, the Bank's counterparty credit portfolio including all investments and derivative instruments required as risk capital 2.0% of the Bank's total on-balance sheet risk capital sources.

Liquidity Risk

Liquidity risk is the potential for loss resulting from insufficient liquidity to meet cash flow needs in a timely manner. Liquidity risk arises when there is a maturity mismatch between liabilities and assets. The Bank's principal liquidity risk management objective is to hold sufficient liquid resources to enable it to meet all probable cash flow needs for a rolling 1-year horizon without additional financing from the capital markets for an extended period. In order to minimize this risk, the Bank maintains a prudential minimum level of liquidity (PML) based on the projected net cash requirement for a rolling one-year period. The PML is updated quarterly and computed as the sum of four components: 1) 1-year debt service payments; 2) 1-year projected net loan disbursements (loans disbursed less repayments) if greater than zero; 3) loan equivalent value of committed guarantees; and 4) undisbursed equity investments.

To strike a balance between generating adequate investment returns and holding securities that can be easily sold for cash if required, the Bank divides its investment portfolio into tranches with different liquidity objectives and benchmarks. The Bank's core liquidity portfolio (operational portfolio) is invested in highly liquid securities that can be readily liquidated if required to meet the Bank's short term liquidity needs. In addition to the core liquidity portfolio, the Bank maintains a second tranche of liquidity (the prudential portfolio) that is also invested in relatively liquid securities to cover its expected medium-term operational cash flow needs. Probable redemptions of swaps and borrowings with embedded options are included in the computation of the size of the operational tranche of liquidity. A third tranche of liquidity, which is funded by the Bank's equity resources, is held in a portfolio of fixed income securities designated as "held-to-maturity" investments (HTM). Only HTM investments with a remaining maturity of one year or less are considered as liquid investments in the determination of the Bank's minimum liquidity requirements.

The contractual maturities of financial liabilities and future interest payments at December 31, 2009 and 2008 were as follows:

(UA thousands)

2009	Carrying Amount	Contractual Cash Flow	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years
Derivative financial liabilities								
Derivative liabilities	(268,112)	16,585	(87,512)	(87,844)	(110,606)	(65,203)	156,005	211,745
Borrowings at fair value	9,488,606	10,919,239	1,717,491	1,739,968	2,480,572	1,154,404	1,833,686	1,993,118
	9,220,494	10,935,824	1,629,979	1,652,124	2,369,966	1,089,201	1,989,691	2,204,863
Non derivative financial liabilities								
Accounts payable	1,385,679	1,385,679	1,385,679	-	-	-	-	-
Borrowings at amortized cost	1,092,034	1,427,507	182,736	91,477	69,135	328,974	36,641	718,544
	2,477,713	2,813,186	1,568,415	91,477	69,135	328,974	36,641	718,544
Total financial liabilities	**11,698,207**	**13,749,010**	**3,198,394**	**1,743,601**	**2,439,101**	**1,418,175**	**2,026,332**	**2,923,407**
Represented by:								
Derivative liabilities	(268,112)	16,585	(87,512)	(87,844)	(110,606)	(65,203)	156,005	211,745
Accounts payable	1,385,679	1,385,679	1,385,679	-	-	-	-	-
Borrowings	10,580,640	12,346,746	1,900,227	1,831,445	2,549,707	1,483,378	1,870,327	2,711,662

(UA thousands)

2008	Carrying Amount	Contractual Cash Flow	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years
Derivative financial liabilities								
Derivative liabilities	(313,817)	392,483	(24,810)	45,784	8,354	46,050	72,005	245,100
Borrowings at fair value	5,729,808	6,778,890	1,515,244	1,329,497	594,568	328,142	893,128	2,118,311
	5,415,991	7,171,373	1,490,434	1,375,281	602,922	374,192	965,133	2,363,411
Non derivative financial liabilities								
Accounts payable	843,122	843,122	843,122	-	-	-	-	-
Borrowings at amortized cost	977,470	1,418,032	53,026	52,959	60,677	52,052	336,779	862,539
	1,820,592	2,261,154	896,148	52,959	60,677	52,052	336,779	862,539
Total financial liabilities	**7,236,583**	**9,432,527**	**2,386,582**	**1,428,240**	**663,599**	**426,244**	**1,301,912**	**3,225,950**
Represented by:								
Derivative liabilities	(313,817)	392,483	(24,810)	45,784	8,354	46,050	72,005	245,100
Accounts payable	843,122	843,122	843,122	-	-	-	-	-
Borrowings	6,707,278	8,196,922	1,568,270	1,382,456	655,245	380,194	1,229,907	2,980,850

Currency Exchange Risk

Currency risk is the potential loss due to adverse movements in market foreign exchange rates. To promote stable growth in its risk bearing capacity, the Bank's principal currency risk management objective is to protect its risk capital from translation risk due to fluctuations in foreign currency exchange rates by matching the currency composition of its net assets to the currency composition of the SDR (UA). The agreement establishing the Bank explicitly prohibits it from taking direct currency exchange exposures by requiring liabilities in any one currency to be matched with assets in the same currency. This is achieved primarily by holding or lending the proceeds of its borrowings (after swap activities) in the same currencies in which they were borrowed (after swap activities). To avoid creating new currency mismatches, the Bank requires its borrowers to service their loans in the currencies disbursed.

Because a large part of its balance sheet is funded by equity resources, which are denominated in Units of Account (equivalent to the SDR), the Bank has a net asset position that is potentially exposed to translation risk when currency exchange rates fluctuate. The Bank's policy is to minimize the potential fluctuation of the value of its net worth measured in Units of Account by matching, to the extent possible, the currency composition of its net assets with the currency basket of the SDR (the Unit of Account). In line with this policy, throughout 2009 the Bank's currency alignment was adjusted within a tight band of the risk-neutral position in each of the currencies making up the SDR composition. In keeping with the Bank's currency risk management policy, spot currency transactions are carried out to realign the net assets to the SDR basket each time there is a revision to the SDR currency composition. As a result of these policies and practices, despite sharp movements in the values of the major currencies during 2009, the Bank experienced translation adjustment gains of less than 0.50% of net assets during the year.

The Bank also hedges its exposure to adverse movements on currency exchange rates on its administrative expenses. The distribution of the currencies of the Bank's recurring administrative expenditures shows a high concentration of expenses in Euros, USD and Tunisian Dinar. For 2009, the Bank's strategy of purchasing currencies in the forward market to cover the estimated currency composition of expenses mitigated the unfavorable impact of those currencies movements during the year.

Net currency position at December 31, 2009 and 2008 was as follows:

Net Currency Position at December 31, 2009

(UA thousands)

	Euro	United States Dollar	Japanese Yen	Sterling	Other	Sub-total	Units of Account	Total
Assets								
Cash	14,538	23,040	268,894	2,999	9,116	318,587	241	318,828
Demand obligations	-	-	-	-	3,801	3,801	-	3,801
Investments - trading [(a)]	1,428,844	2,529,579	6,953	38,793	235,315	4,239,484	-	4,239,484
Investments - held-to-maturity	1,139,375	1,311,121	350,554	390,491	-	3,191,541	-	3,191,541
Non-negotiable instruments on account of capital	-	6,095	-	-	-	6,095	2,093	8,188
Accounts receivable	296,093	310,738	37,982	14,255	233,077	892,145	32,014	924,159
Loans	3,422,237	3,055,401	486,057	2,325	470,258	7,436,278	-	7,436,278
Equity participations	10,666	121,826	-	-	40,208	172,700	61,778	234,478
Other debt securities	-	-	-	-	70,810	70,810	-	70,810
Other assets	-	-	-	-	-	-	11,890	11,890
	6,311,753	7,357,800	1,150,440	448,863	1,062,585	16,331,441	108,016	16,439,457
Liabilities								
Accounts payable	(326,229)	(644,169)	(111,229)	(56,349)	(149,499)	(1,287,475)	(98,204)	(1,385,679)
Borrowings	-	(5,798,569)	(1,939,745)	-	(2,543,861)	(10,282,175)	(298,465)	(10,580,640)
Currency swaps on borrowings and related derivatives [(b)]	(4,213,665)	997,400	1,499,284	51,652	1,933,441	268,112	-	268,112
	(4,539,894)	(5,445,338)	(551,690)	(4,697)	(759,919)	(11,301,538)	(396,669)	(11,698,207)
Currency position of equity as at December 31, 2009	**1,771,859**	**1,912,462**	**598,750**	**444,166**	**302,666**	**5,029,903**	**(288,653)**	**4,741,250**
% of sub-total	35.23	38.02	11.90	8.83	6.02	100.00	-	100.00
SDR composition as at December 31, 2009	**37.63**	**40.27**	**12.78**	**9.32**	**-**	**100.00**	**-**	**100.00**

(a) Investments held for trading comprise:

Investments held for trading	4,220,707
Derivative assets	40,214
Derivative liabilities	(21,437)
Amount per statement of net currency position	4,239,484

(b) Currency swaps on borrowings comprise:

Derivative assets	723,793
Derivative liabilities	(455,681)
Net swaps on borrowings per statement of net currency position	268,112

Net Currency Position at December 31, 2008

(UA thousands)

	Euro	United States Dollar	Japanese Yen	Sterling	Other	Sub-total	Units of Account	Total
Assets								
Cash	62,614	315,352	168,327	2,533	43,818	592,644	-	592,644
Demand obligations	-	-	-	-	3,801	3,801	-	3,801
Investments - trading [(a)]	599,794	1,077,885	10,803	31,233	232,500	1,952,215	-	1,952,215
Investments - held-to-maturity	821,977	1,198,252	310,967	354,320	-	2,685,516	-	2,685,516
Non negotiable instruments on account of capital	-	9,000	-	-	-	9,000	2,861	11,861
Accounts receivable	229,376	249,544	68,997	9,048	59,118	616,083	32,932	649,015
Loans	2,889,009	1,897,119	619,945	2,132	323,767	5,731,972	-	5,731,972
Equity participations	7,261	81,740	-	-	35,908	124,909	63,872	188,781
Other debt securities	-	-	-	-	68,797	68,797	-	68,797
Other assets	-	-	-	-	-	-	12,229	12,229
	4,610,031	4,828,892	1,179,039	399,266	767,709	11,784,937	111,894	11,896,831
Liabilities								
Accounts payable	(145,066)	(306,047)	(118,194)	(3,377)	(93,638)	(666,322)	(176,800)	(843,122)
Borrowings	-	(2,707,702)	(2,021,759)	(47,323)	(1,505,282)	(6,282,066)	(425,212)	(6,707,278)
Currency swaps on borrowings and related derivatives [(b)]	(2,707,406)	123,658	1,571,945	28,394	889,392	(94,017)	407,834	313,817
	(2,852,472)	(2,890,091)	(568,008)	(22,306)	(709,528)	(7,042,405)	(194,178)	(7,236,583)
Currency position of equity as at December 31, 2008	**1,757,559**	**1,938,801**	**611,031**	**376,960**	**58,181**	**4,742,532**	**(82,284)**	**4,660,248**
% of sub-total	37.06	40.88	12.88	7.95	1.23	100.00	-	100.00
SDR composition as at December 31, 2008	**37.15**	**41.15**	**13.13**	**8.57**	**-**	**100.00**	**-**	**100.00**

(a) Investments held for trading comprise:

Investments held for trading, net of repos	1,890,241
Derivative assets	65,474
Derivative liabilities	(3,500)
Amount per statement of net currency position	1,952,215

(b) Currency swaps on borrowings comprise:

Derivative asset	670,616
Derivative liabilities	(356,799)
Net swaps on borrowings per statement of net currency position	313,817

Currency Risk Sensitivity Analysis

As described in the previous section, the Bank manages its currency risk exposure by matching, to the extent possible, the currency composition of its net assets with the currency basket of the SDR. The SDR is composed of a basket of four currencies, namely the US dollar, Euro, Japanese yen and Pound sterling. The weight of each currency in the basket is reviewed by the International Monetary Fund every five years and the last revision became effective on January 1, 2006. The SDR rate represents the sum of the interest rate of each currency that is determined based on the weight and the representative exchange rate and interest rate of each currency.

The following tables illustrate the sensitivity of the Bank's net assets to currency fluctuations due to movements in the exchange rate of the currencies in the SDR basket as of December 31, 2009 and 2008, respectively. The sensitivity analysis shown assumes a separate 10% appreciation/depreciation for each currency in the basket against the US dollar. Due to a moderate change in the African currency holdings from 2008 to 2009, the 2009 table also includes the effect of a 10% appreciation/depreciation of each African currency against the SDR. Under the different scenarios, the currency risk management strategy of the Bank shows a minimal change in net assets as a result of currency mismatches.

Sensitivity of the Bank's Net Assets to Currency Fluctuations at December 31, 2009

(Amounts in UA millions)

	US Dollar	Euro	Japanese Yen	Pound Sterling	Other Currencies	Net Assets	Change in Net Assets Gain/(Loss)	Basis Point Change of Total Net Assets
Net assets resulting from a 10% appreciation against the USD								
EUR	1,842.94	1,865.58	575.35	426.90	29.24	4,740.01	(1.24)	3bps
GBP	1,894.61	1,743.52	591.48	482.75	29.24	4,741.60	0.35	1bp
JPY	1,888.40	1,737.82	648.50	437.43	29.24	4,741.39	0.14	0bp
Net assets resulting from a 10% appreciation of each African currency against the SDR	1,912.27	1,759.78	597.00	442.96	32.16	4,744.17	2.92	6bps
Net assets resulting from a 10% depreciation against the USD								
EUR	1,979.99	1,656.45	618.14	458.64	29.24	4,742.46	1.21	3bps
GBP	1,928.62	1,774.83	602.10	406.13	29.24	4,740.92	(0.33)	1bp
JPY	1,934.50	1,780.24	549.03	448.11	29.24	4,741.12	(0.13)	0bp
Net assets resulting from a 10% depreciation of each African currency against the SDR	1,912.27	1,759.78	597.00	442.96	26.58	4,738.59	(2.66)	6bps
Assumptions:								
Base net assets	1,912.27	1,759.78	597.00	442.96	29.24	4,741.25	-	-
Currency weight	0.6320	0.4100	18.4000	0.0903	-	-	-	-
Base exchange rate	1.5638	1.0899	145.5696	0.9683	-	-	-	-

Sensitivity of the Bank's Net Assets to Currency Fluctuations at December 31, 2008

(Amounts in UA millions)

	US Dollar	Euro	Japanese Yen	Pound Sterling	Other Currencies	Net Assets	Change in Net Assets Gain/(Loss)	Basis Point Change of Total Net Assets
Net assets resulting from a 10% appreciation against the USD								
EUR	1,841.79	1,846.40	578.86	356.65	37.74	4,661.43	1.18	2bps
GBP	1,894.63	1,726.70	595.46	403.57	37.74	4,658.09	(2.15)	5bps
JPY	1,885.79	1,718.64	651.95	365.17	37.74	4,659.29	(0.96)	2bps
Net assets resulting from a 10% appreciation of each African currency against the SDR	1,910.68	1,741.33	600.51	369.99	41.51	4,664.02	3.77	8bps
Net assets resulting from a 10% depreciation against the USD								
EUR	1,977.94	1,638.75	621.65	383.01	37.74	4,659.09	(1.15)	2bps
GBP	1,925.51	1,754.85	605.17	338.96	37.74	4,662.24	1.99	4bps
JPY	1,933.89	1,762.48	552.55	374.48	37.74	4,661.14	0.90	2bps
Net assets resulting from a 10% depreciation of each African currency against the SDR	1,910.68	1,741.33	600.51	369.99	34.31	4,656.82	(3.43)	7bps
Assumptions:								
Base net assets	1,910.68	1,741.33	600.51	369.99	37.74	4,660.25	-	-
Currency weight	0.6320	0.4100	18.4000	0.0903	-	-	-	-
Base exchange rate	1.5445	1.0961	139.3768	1.0656	-	-	-	-

Interest Rate Risk

The Bank's interest rate risk sensitivity is comprised of the following two elements:

1) the sensitivity of the interest margin between the rate the Bank earns on its assets and the cost of the borrowings funding such assets;

2) the sensitivity of the income on assets funded by equity resources to changes in interest rates.

The Bank's principal interest rate risk management objective is to generate a stable overall net interest margin that is not overly sensitive to sharp changes in market interest rates, but yet adequately responsive to general market trends.

Interest rate risk position as at December 31, 2009 and 2008 was as follows:

Interest Rate Risk Position as at December 31, 2009

(UA thousands)

	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years	Non interest bearing funds	Total
Assets								
Cash	318,828	-	-	-	-	-	-	318,828
Demand obligations	3,801	-	-	-	-	-	-	3,801
Treasury investments (a)	4,616,443	453,417	358,704	463,889	282,321	1,318,960	(62,709)	7,431,025
Non-negotiable instruments on account of capital	3,721	1,581	1,052	758	500	576	-	8,188
Accounts receivable	1,049,632	-	-	-	-	-	(125,473)	924,159
Loans – disbursed and outstanding	4,930,814	174,750	182,664	261,121	198,602	1,790,248	-	7,538,199
Accumulated provision for loan impairment	-	-	-	-	-	-	(101,921)	(101,921)
Equity participations	-	-	-	-	-	-	234,478	234,478
Other debt securities	-	-	-	-	-	86,433	(15,623)	70,810
Other assets	-	-	-	-	-	-	11,890	11,890
	10,923,239	629,748	542,420	725,768	481,423	3,196,217	(59,358)	16,439,457
Liabilities								
Accounts payable	(1,385,679)	-	-	-	-	-	-	(1,385,679)
Borrowings (b)	(9,347,738)	7,101	(4,450)	(282,357)	(7,777)	(785,609)	108,302	(10,312,528)
Macro-hedge swaps	(519,166)	-	76,546	49,117	102,730	290,773	-	-
	(11,252,583)	7,101	72,096	(233,240)	94,953	(494,836)	108,302	(11,698,207)
Interest rate risk position as at December 31, 2009*	**(329,344)**	**636,849**	**614,516**	**492,528**	**576,376**	**2,701,381**	**48,944**	**4,741,250**

**Interest rate risk position represents equity.*

(a) Treasury investments comprise:

Treasury investments	7,412,248
Derivative assets – investments	40,214
Derivative liabilities – investments	(21,437)
Amount per statement of interest rate risk	7,431,025

(b) Borrowings comprise:

Borrowings	10,580,640
Derivative assets – borrowings	(723,793)
Derivative liabilities – borrowings	455,681
Net borrowings per statement of interest rate risk	10,312,528

Interest Rate Risk Position as at December 31, 2008

(UA thousands)

	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years	Non interest bearing funds	Total
Assets								
Cash	592,644	-	-	-	-	-	-	592,644
Demand obligations	3,801	-	-	-	-	-	-	3,801
Treasury investments [(a)]	2,341,183	349,275	464,262	328,291	365,339	883,087	(93,706)	4,637,731
Non-negotiable instruments on account of capital	3,691	3,770	1,596	1,066	777	961	-	11,861
Accounts receivable	746,441	-	-	-	-	-	(97,426)	649,015
Loans – disbursed and outstanding	3,209,264	221,215	162,691	165,624	298,883	1,776,937	-	5,834,614
Accumulated provision for loan impairment	-	-	-	-	-	-	(102,462)	(102,462)
Equity participations	-	-	-	-	-	-	188,781	188,781
Other debt securities	-	-	-	-	-	69,773	(976)	68,797
Other assets	-	-	-	-	-	-	12,229	12,229
	6,897,024	574,260	628,549	494,981	664,999	2,730,758	(93,740)	11,896,831
Liabilities								
Accounts payable	(843,122)	-	-	-	-	-	-	(843,122)
Borrowings [(b)]	(5,357,460)	(68,172)	(199)	(199)	(284,969)	(765,121)	82,658	(6,393,461)
Macro-hedge swaps	(549,537)	-	-	77,908	73,850	397,779	-	-
	(6,750,119)	(68,172)	(199)	77,709	(211,119)	(367,342)	82,658	(7,236,583)
Interest rate risk position as at December 31, 2008*	**146,905**	**506,088**	**628,350**	**572,690**	**453,880**	**2,363,416**	**(11,082)**	**4,660,248**

** Interest rate risk position represents equity.*

(a) Treasury investments comprise:

Treasury investments	4,575,756
Derivative assets – investments	65,475
Derivative liabilities – investments	(3,500)
Amount per statement of interest rate risk	4,637,731

(b) Borrowings comprise:

Borrowings	6,707,278
Derivative assets – borrowings	(670,616)
Derivative liabilities – borrowings	356,799
Net borrowings per statement of interest rate risk	6,393,461

Interest Rate Risk on Assets Funded by Debt

Over half of the Bank's interest-rate-sensitive assets are funded by debt. The Bank seeks to generate a stable net interest margin on assets funded by debt by matching the interest rate characteristics of each class of assets with those of the corresponding liabilities.

In 1990, the Bank began offering "variable rate" loans. The interest rate on these loans resets semi-annually based on the average cost of a dedicated pool of the Bank's borrowings. These pools are funded with a mix of fixed rate and floating rate borrowings to provide borrowers with broadly stable interest rates that gradually track changes in market interest rates. The cost of funds pass-through formulation incorporated in the lending rates charged on the Bank's pool-based loans has traditionally helped to minimize the interest rate sensitivity of the net interest margin on this part of its loan portfolio. In view of declining demand for this product in favor of market-based loans, the Bank is carefully managing the gradual winding down of the designated funding pools.

Since 1997, the Bank offers fixed and floating rate loans whose interest rate is directly linked to market interest rates (market-based loans). For the market-based loan products, the Bank's net interest margin is preserved by using swaps to align the interest rate sensitivity of the loans with that of the Bank's underlying funding reference (six-month Libor floating rate). The Bank may also provide borrowers with risk management products such as swaps to modify the currency and interest rate terms of its market-based loan products. Although it retains the credit risks of the borrower, the Bank eliminates the associated market risk on these risk management products by simultaneously laying off market risks with an approved derivative counterparty.

For the portfolio of liquid assets funded by borrowings, the Bank protects its net interest margin by managing its investments within limits around benchmarks that replicate the interest rate characteristics of the underlying funding for each portfolio tranche. The portfolio of liquid assets funded by borrowings is currently divided into two tranches to reflect the different business purposes and underlying funding. The core part of the investment portfolio is held to comply with the Bank's liquidity policy and uses a six-month Libor floating rate benchmark. The operational liquidity portfolio is managed to meet projected operational cash flow needs and uses a one-month Libor floating rate benchmark.

The Bank diversifies the sources of its funding by issuing debt in a variety of markets and instruments. Unless fixed rate funding is required for one of its pool-based loan products, the Bank protects its net interest margin by simultaneously swapping all new borrowings into floating rate in one of the Bank's active currencies on a standard six-month Libor rate reference. Where the Bank issues structured debt, the Bank simultaneously enters into a swap with matching terms to synthetically create the desired six-month Libor-based floating rate funding. For risk management purposes, callable funding is considered as one alternative to issuing short-term debt such as Euro Commercial Paper. The Bank manages refinancing risk by limiting the amount of debt that will mature or is potentially callable within one year to 25% of the outstanding debt portfolio.

Interest Rate Risk on Assets Funded by Equity

The second principal source of interest rate risk is the interest rate sensitivity of the income earned from funding a significant portion of the Bank's assets with equity resources. Changes in market interest rates in the currencies of the Bank's equity resources (the SDR) affect the net interest margin earned on assets funded by equity. In general, lower nominal market interest rates result in lower lending and investment rates, which in the long-term reduce the nominal earnings on the Bank's equity resources.

The Bank manages the interest rate profile of the assets funded by equity resources with the objective of reducing the sensitivity of the net interest margin to fluctuations in market interest rates. This is achieved by continuously adjusting the repricing profile of the assets funded by the Bank's equity resources (fixed rate loans and investments) to match a repricing profile benchmark. The Bank's repricing profile benchmark is a 10-year ladder whereby a uniform 10% of the Bank's assets funded by equity reprice in each year. Using this benchmark, the Bank's net interest margin on assets funded by equity tends to track a ten-year moving average of 10-year maturity SDR interest rates.

At the end of 2009 and 2008, the Bank's overall repricing profile was closely aligned to the benchmark in almost all annual buckets. For net assets repricing within one year, the Bank had a manageable gap relative to the benchmark.

Interest Rate Risk Sensitivity Analysis

Net Interest Margin Sensitivity

A parallel upward shift in the SDR curve of 100 bps would have generated a maximum gain of UA 7.55 million and UA 5.97 million as of December 31, 2009 and 2008, respectively.

Fair Value Sensitivity

Movements in interest rates also have an impact on the values of assets and liabilities that are reported in the financial statements at fair value through profit or loss. The table below shows the effect of a parallel yield curve movement of +/- 100 bps of each of the currencies in the trading investment portfolio and the borrowings and derivative portfolios as of December 31, 2009 and 2008, respectively. However, due to the low level of interest rates across the Japanese Yen yield curve, the sensitivity analysis in 2009 for assets and liabilities denominated in Japanese Yen reflect a parallel movement in the yield curve of +/- 10 bps (2008: +/- 20 bps).

(UA thousands)

	Upward Parallel Shift		Downward Parallel Shift	
	2009	2008	**2009**	2008
	Gain/(Loss)	**Gain/(Loss)**	**Gain/(Loss)**	**Gain/(Loss)**
Held-for-trading investments	(18,664)	(3,933)	21,812	4,294
Fair-valued borrowings and derivative portfolios	148,876	177,141	(163,105)	(182,492)

Prepayment Risk

In addition to the two principal sources of interest rate risk described above, the Bank is exposed to prepayment risk on loans committed before 1997. Although the Bank is unable to charge a prepayment penalty on such older loans, in practice the level of prepayments has generally been within acceptable levels. In 2003 and 2004, however, driven by low market interest rates, contracting credit spreads for emerging market borrowers and enhanced debt management by several sovereign borrowers, total loan prepayments increased sharply to UA 471 million and UA 542 million, respectively. In 2005, prepayments of pre-1997 loans declined sharply to UA 70 million, due in large part to increased market interest rates. For all market-based loans issued since 1997, the Bank protects itself from prepayment risk by linking the prepayment penalty to the cost of redeploying the funds at current market rates. In 2006, total prepayments of UA 298 million included an amount of UA 192 million in respect of market-based floating rate loans, while in 2007; total prepayment amounted to UA 199 million, of which 98% related to market-based loans. Prepayment in 2008 amounted to UA 17 million while prepayment in the current year was UA 20 million. The rate of prepayment is not expected to change significantly from the current level in the near to medium term.

Operational Risk

Like all financial institutions, the Bank is exposed to operational risks arising from its systems and functions. The interdependencies among its departments and among its risk factors in general, could adversely impact its activities with consequential exposure to financial losses.

The Bank defines operational risks to include all aspects of risk-related exposure other than those falling within the scope of credit, market, and liquidity risks. Specifically, this includes the risk of loss resulting from inadequate or failed internal processes, people, and/or systems, and from external events which could negatively impact its reputation.

Following approval by the Board of Directors in 2004, the Bank established an Internal Control Unit (ICU) to among other duties implement the COSO internal control framework as a means of regularly evaluating the effectiveness and efficiency of its internal controls in all significant business operations. As part of this process, Management's attestation on the adequacy of internal controls is published in the Bank's annual report. Phase two of the implementation extending the COSO framework to other areas of operational risk management is still ongoing.

It is the responsibility of Senior management within each business areas to develop and implement controls to manage operational risks within its area. This responsibility is supported by the development of overall institutional standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Documentation of controls and procedures
- Training and professional development
- Risk mitigation including insurance where this is effective

Compliance with institutional standards is supported by a program of periodic reviews undertaken by the Office of the Auditor General of the Bank. The result of internal audit reviews are discussed with the Management of the business unit to which they relate, with summaries submitted to Senior Management of the Bank and the Audit and Finance Committee of the Board of Directors.

The Bank's revised Capital Adequacy and Exposure Management framework approved by the Board of Directors in March 2009 provides for a risk capital charge of 15% of the average operating income for the preceding 3 years, in line with Basle II recommendations for operational risk.

Other control initiatives or activities in the other areas of the Bank Group which complement the work on operational risk management include:

- Code of conduct and staff rules
- Fraud and investigation unit
- Whistleblower protection policy
- Business continuity planning and preparedness

Effects of Recent Developments in the Financial Markets

Although the Bank was also impacted by the global crisis that affected the world financial markets through 2008 and 2009, as a result of its prudent risk management policies and practices, the impact on the Bank has been reasonably mitigated. With regards to the funding activities, notwithstanding the significant increases in credit spreads for all borrowers, there has been no serious adverse effect on the Bank's ability to borrow competitively, consistent with the Bank's solid financial position as evidenced by the continued uniform top rating by all the major rating agencies. The Bank continues to be well placed to play its intermediation role in support of the development financing needs of its regional member countries.

NOTE E – FINANCIAL ASSETS AND LIABILITIES

The tables below set out the Bank's classification of each class of financial assets and liabilities, and their respective fair values:

Analysis of Financial Assets and Liabilities by Measurement Basis

(UA thousands)

	Financial Assets and Liabilities through Profit or Loss							
December 31, 2009	Held-for-Trading	Designated at Fair Value	Held-to-Maturity	Available-for-Sale	Loans and Receivables	Financial Assets and Liabilities at Amortized Cost	Total Carrying Amount	Fair Value
Cash	-	-	-	-	-	318,828	318,828	318,828
Demand obligations	-	-	-	-	-	3,801	3,801	3,801
Treasury investments	4,220,707	-	3,191,541	-	-	-	7,412,248	7,550,875
Derivative assets	764,007	-	-	-	-	-	764,007	764,007
Non-negotiable instruments on account of capital	-	-	-	-	-	8,188	8,188	8,188
Accounts receivable	-	-	-	-	924,159	-	924,159	924,159
Loans	-	-	-	-	7,436,278	-	7,436,278	7,820,125
Equity participations	-	-	-	234,478	-	-	234,478	234,478
Other debt securities	-	-	-	70,810	-	-	70,810	70,810
Total financial assets	**4,984,714**	**-**	**3,191,541**	**305,288**	**8,360,437**	**330,817**	**17,172,797**	**17,695,271**
Accounts payable	-	-	-	-	-	1,385,679	1,385,679	1,385,679
Derivative liabilities	477,118	-	-	-	-	-	477,118	477,118
Borrowings	-	9,488,606	-	-	-	1,092,034	10,580,640	10,688,710
Total financial liabilities	**477,118**	**9,488,606**	**-**	**-**	**-**	**2,477,713**	**12,443,437**	**12,551,507**

(UA thousands)

	Financial Assets and Liabilities through Profit or Loss							
December 31, 2008	Held-for-Trading	Designated at Fair Value	Held-to-Maturity	Available-for-Sale	Loans and Receivables	Financial Assets and Liabilities at Amortized Cost	Total Carrying Amount	Fair Value
Cash	-	-	-	-	-	592,644	592,644	592,644
Demand obligations	-	-	-	-	-	3,801	3,801	3,801
Treasury investments	1,890,241	-	2,685,515	-	-	-	4,575,756	4,616,249
Derivative assets	736,091	-	-	-	-	-	736,091	736,091
Non-negotiable instruments on account of capital	-	-	-	-	-	11,861	11,861	11,861
Accounts receivable	-	-	-	-	649,015	-	649,015	649,015
Loans	-	-	-	-	5,731,972	-	5,731,972	6,034,576
Equity participations	-	-	-	188,781	-	-	188,781	188,781
Other debt securities	-	-	-	68,797	-	-	68,797	68,797
Total financial assets	**2,626,332**	**-**	**2,685,515**	**257,578**	**6,380,987**	**608,306**	**12,558,718**	**12,901,815**
Accounts payable	-	-	-	-	-	843,122	843,122	843,122
Derivative liabilities	360,299	-	-	-	-	-	360,299	360,299
Borrowings	-	5,729,808	-	-	-	977,470	6,707,278	7,001,111
Total financial liabilities	**360,299**	**5,729,808**	**-**	**-**	**-**	**1,820,592**	**7,910,699**	**8,204,532**

The table below classifies the Bank's financial instruments that were carried at fair value at December 31, 2009 and 2008 into three levels reflecting the relative reliability of the measurement bases, with level 1 as the most reliable.

(UA thousands)

	Quoted prices in active markets for the same instrument (Level 1)		Valuation techniques for which all significant inputs are based on observable market data (Level 2)		Valuation techniques for which any significant input is not based on observable market data (Level 3)		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Treasury investments	3,359,344	1,575,958	728,841	300,000	132,522	14,283	4,220,707	1,890,241
Derivative assets	-	-	720,336	736,091	43,671	-	764,007	736,091
Equity participations	15,736	19,412	-	-	218,742	169,369	234,478	188,781
Other debt securities	70,810	68,797	-	-	-	-	70,810	68,797
Total financial assets	**3,345,890**	**1,664,167**	**1,449,177**	**1,036,091**	**394,935**	**183,652**	**5,290,002**	**2,883,910**
Derivative liabilities	-	-	(402,404)	(360,299)	(74,714)	-	(477,118)	(360,299)
Borrowings	(4,898,677)	(1,593,727)	(4,307,780)	(4,136,081)	(282,149)	-	(9,488,606)	(5,729,808)
Total financial liabilities	**(4,898,677)**	**(1,593,727)**	**(4,710,184)**	**(4,496,380)**	**(356,863)**	**-**	**(9,965,724)**	**(6,090,107)**

Fair value measurement of financial instruments using valuation techniques with no significant input from observable market data (level 3 hierarchy) at December 31, 2008 and 2009 is made up as follows:

(UA thousands)

	Held-for-Trading Treasury Investments	Available-for-Sale Equity Participations	Derivative Assets	Derivative Liabilities	Borrowings
2008					
Balance at January 1, 2008	24,994	143,588	-	-	-
Losses recognized in income statement	(11,179)	(3,424)	-	-	-
Losses recognized in statement of comprehensive income	-	(4,472)	-	-	-
Purchases, issues and settlements (net)	-	36,693	-	-	-
Translation effects	468	(3,016)	-	-	-
Balance at December 31, 2008	**14,283**	**169,369**	-	-	-
2009					
Balance at January 1, 2009	14,283	169,369	-	-	-
Gains/(losses) recognized in income statement	8,821	(2,324)	(4,846)	(19,442)	12,527
Losses recognized in statement of comprehensive income	-	(4,769)	-	-	-
Purchases, issues and settlements (net)	-	51,240	1,015	(1,616)	-
Reclassification	109,885	-	54,143	(34,034)	(314,914)
Translation effects	(467)	5,226	(15,877)	(10,386)	20,238
Transfer between assets and liabilities	-	-	9,236	(9,236)	-
Balance at December 31, 2009	**132,522**	**218,742**	**43,671**	**(74,714)**	**(282,149)**

Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different fair value results. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions is not expected to have significant effect on the result for the year.

Day One Profit and Loss

The unamortized balances of day one profit at December 31, 2009 and 2008 were made up as follows:

(UA thousands)	**2009**	2008
Balance at January 1	99,826	17,594
New transactions	20,952	74,162
Amounts recognized in income statement during the year	(7,331)	2,270
Translation effects	(1,984)	5,800
Balance at December 31	**111,463**	**99,826**

NOTE F – TREASURY INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in government and agency obligations, time deposits, asset-backed securities, secured lending transactions, resale agreements and related derivative instruments including futures, forward contracts, cross-currency swaps, interest rate swaps, options and short sales.

For government and agency obligations with final maturity longer than 1 year and less than 15 years, the Bank may only invest in obligations with counterparties having a minimum credit rating of AA- or unconditionally guaranteed by governments of member countries or other official entities. For asset-backed securities, the Bank may only invest in securities with a AAA credit rating. Investments in money market instruments are restricted to instruments having maturities of not more than 1 year and a minimum credit rating of A. Over-the-counter (OTC) options on government securities and interest rate products are purchased only if the life of the option contract does not exceed 1 year, and such transactions are only executed with counterparties with credit ratings of AA- or above. Cross-currency and interest rate swaps including asset swap transactions are only permitted with approved counterparties or guaranteed by entities with minimum credit ratings of AA-/Aa3 at the time of the transaction.

As at December 31, 2009, the Bank had received collateral with fair value of UA 344.98 million in connection with swap agreements. Of this amount, a total UA 144.03 million was in the form of cash and has been recorded on the balance sheet with a corresponding liability included in "Other accounts payable". The balance of UA 200.95 million was in the form of liquid financial assets.

In the fourth quarter of 2009, the Bank terminated the external asset management program. Prior to the termination, the Bank used external managers in the management of certain of its liquid assets in accordance with the Bank's Asset and Liability Management Guidelines. The assets that were previously held with the external managers were either transferred back to ADB at market values for in-house management or sold off and the proceeds transferred back to the ADB. Consequently, at December 31, 2009, there were no investments under external management. Investments under external management included in held-for-trading portfolio as at December 31, 2008 amounted to UA 127.36 million.

At December 31, 2009 and 2008, the Bank had no securities sold under repurchase agreements (repos).

The composition of treasury investments as at December 31, 2009 and 2008 was as follows:

(UA thousands)	2009	2008
Held-for-trading	4,220,707	1,890,240
Held-to-maturity	3,226,041	2,723,909
Provision for impairment on investments	(34,500)	(38,393)
Total	**7,412,248**	**4,575,756**

Held-for-Trading Investments

A summary of the Bank's held-for-trading investments at December 31, 2009 and 2008 follows:

(UA millions)

	US Dollar		Euro		GBP		Other Currencies		All Currencies	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Time deposits	513.48	1.50	156.12	355.69	56.60	31.23	165.72	223.06	891.92	611.48
Asset-backed securities	83.44	182.26	49.08	93.02	-	-	-	-	132.52	275.28
Government and agency obligations	1,242.75	272.26	917.88	13.52	-	-	22.75	4.14	2,183.38	289.92
Corporate bonds	151.34	233.36	28.37	39.00	-	-	9.86	6.67	189.57	279.03
Financial institutions	325.85	327.57	208.64	96.20	-	-	4.75	5.62	539.24	429.39
Supranational	174.29	1.30	70.61	-	-	-	39.18	3.84	284.08	5.14
Total held-for-trading investments	**2,491.15**	**1,018.25**	**1,430.70**	**597.43**	**56.60**	**31.23**	**242.26**	**243.33**	**4,220.71**	**1,890.24**

The nominal balance of the Bank's held-for-trading investments as at December 31, 2009 was UA 4,184.68 million (2008: UA 1,685.20 million). The average yield of held-for-trading investments in 2009 was 3.53% (2008: 0.65%).

The contractual maturity structure of held-for-trading investments as at December 31, 2009 and 2008 was as follows:

(UA millions)	2009	2008
One year or less	1,619.56	1,291.00
More than one year but less than two years	1,291.30	280.79
More than two years but less than three years	1,060.11	130.88
More than three years but less than four years	25.99	23.38
More than four years but less than five years	87.74	19.76
More than five years	136.01	144.43
Total	**4,220.71**	**1,890.24**

Held-to-Maturity Investments

A summary of the Bank's held-to-maturity investments at December 31, 2009 and 2008 follows:

(UA millions)

	US Dollar		Euro		GBP		Other Currencies		All Currencies	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Asset-backed securities	183.31	186.18	29.05	48.99	-	-	-	-	212.36	235.17
Government and agency obligations	421.56	375.41	633.05	248.37	219.52	162.81	216.72	125.30	1,490.85	911.89
Corporate bonds	241.48	316.61	115.91	167.45	36.63	61.47	58.26	59.81	452.28	605.34
Financial institutions	95.71	136.79	227.76	225.27	10.11	10.66	43.32	80.86	376.90	453.58
Supranational	401.03	218.12	134.05	132.88	126.31	121.93	32.26	45.00	693.65	517.93
Total held-to-maturity investments	**1,343.09**	**1,233.11**	**1,139.82**	**822.96**	**392.57**	**356.87**	**350.56**	**310.97**	**3,226.04**	**2,723.91**

The nominal balance of the Bank's held-to-maturity investments as at December 31, 2009, was UA 3,250.35 million (2008: UA 2,761.04 million). The average yield of held-to-maturity investments in 2009 was 4.55% (2008: 5.84%).

The contractual maturity structure of held-to-maturity investments as at December 31, 2009 and 2008 was as follows:

(UA millions)	**2009**	2008
One year or less	400.55	371.28
More than one year but less than two years	473.07	353.45
More than two years but less than three years	354.23	467.18
More than three years but less than four years	461.07	327.66
More than four years but less than five years	271.32	363.45
More than five years	1,265.80	840.89
Total	**3,226.04**	**2,723.91**

The fair value of held-to-maturity investments at December 31, 2009 was UA 3,330.17 million (2008: UA 2,726.01 million).

NOTE G – DERIVATIVE ASSETS AND LIABILITIES

Loan Swaps

The Bank has entered into interest rate swaps to effectively convert fixed rate income on loans in certain currencies into variable rate income.

Administrative Expenses Hedge

To insulate the Bank from possible significant increases in administrative expenses that could arise from an appreciation of the principal currencies of administrative expenditure i.e. EUR, GBP and USD vis-à-vis the UA, the Bank executed forward exchange transactions to economically hedge its administrative expenses. As at December 31, 2009 and 2008, there were no open positions with respect to the forward exchange transactions.

The fair values of derivative financial assets and financial liabilities at December 31, 2009 and 2008 were as follows:

	2009		2008	
(UA thousands)	Assets	Liabilities	Assets	Liabilities
Borrowings-related:				
Cross-currency swaps	596,414	409,117	495,882	319,177
Interest rate swaps	117,492	6,976	163,845	2,668
Loan swaps	9,419	39,398	10,635	34,134
Embedded derivatives	468	190	254	820
	723,793	455,681	670,616	356,799
Investments-related:				
Asset swaps	111	1,778	33	3,500
Futures	-	19,659	-	-
Macro-hedge swaps	40,103	-	65,442	-
	40,214	21,437	65,475	3,500
Total	**764,007**	**477,118**	**736,091**	**360,299**

The notional amounts of derivative financial assets and financial liabilities at December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Borrowings-related:		
Cross-currency swaps	7,517,469	5,006,327
Interest rate swaps	3,974,387	2,505,259
Loan swaps	1,408,161	997,002
Embedded derivatives	22,949	167,257
	12,922,966	8,675,845
Investments-related:		
Asset swaps	84,728	94,746
Macro-hedge swaps	519,166	525,678
	603,894	620,424
Total	**13,526,860**	**9,296,269**

The Bank has entered into futures contracts to hedge fixed interest rate bonds against interest rates variations. As at December 31, 2009, the Bank had 5,747 contracts in Euro and 11,566 contracts in US Dollar. The nominal value of each contract is one million of each currency unit.

NOTE H – NON-NEGOTIABLE INSTRUMENTS ON ACCOUNT OF CAPITAL

Prior to May 1981, all payments in respect of paid-up capital had been made in convertible currencies. However, for the capital increases authorized in May 1979 (but effective December 1982) and May 1981, regional members had the following two options for making their payments:

1) Five (5) equal annual installments, of which at least 50 percent is payable in convertible currency and the remainder in local currency; or
2) Five (5) equal annual installments, of which 20 percent is payable in convertible currency and 80 percent in non-negotiable, non-interest bearing notes. Such notes are redeemable by the Bank solely in convertible currency in installments commencing on the fifth anniversary of the first subscription payment date.

Non-regional members were required to make their payments solely in convertible currencies.

The paid-up portion of subscriptions, authorized in accordance with Board of Governors' Resolution B/BG/87/11 relating to the Fourth General Capital Increase (GCI-IV), is to be paid as follows:

1) **Regional Members** – 50 percent in five (5) equal annual installments in cash in freely convertible currency or freely convertible currencies selected by the member state, and 50 percent by the deposit of five non-negotiable, non-interest bearing notes of equal value denominated in Units of Account. Such notes are redeemable by the Bank solely in convertible currency in five (5) equal annual installments commencing on the fifth anniversary of the first subscription payment date.

2) **Non-Regional Members** – five (5) equal annual installments in their national currencies, where such currencies are freely convertible or in notes denominated in freely convertible currencies encashable on demand.

Under the Fifth General Capital Increase (GCI-V), there is no distinction in the payment arrangements between regional and non-regional members. Each member is required to pay for the paid-up portion of its subscribed shares in eight (8) equal and consecutive annual installments. The first installments shall be paid in cash and in a freely convertible currency. The second to the eighth installments shall be paid in cash or notes encashable on demand in a freely convertible currency.

At December 31, 2009 and 2008, the non-negotiable notes balances were as follows:

(UA thousands)	**2009**	2008
Balance at January 1	11,861	15,385
Net movement for the year	(3,673)	(3,524)
Balance at December 31	**8,188**	**11,861**

NOTE I – LOANS

The Bank's loan portfolio comprises loans granted to, or guaranteed by borrowing member countries as well as certain other non-sovereign guaranteed loans. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank or in other freely convertible currency or currencies approved by the Bank. The amount repayable in each of these currencies shall be equal to the amount disbursed in the original currency. Loans are granted for a maximum period of twenty years, including a grace period, which is typically the period of project implementation. Loans are for the purpose of financing development projects and programs, and are not intended for sale. Furthermore, management does not believe there is a comparable secondary market for the type of loans made by the Bank.

The types of loans currently held by the Bank and the rates charged are described below:

Multi-Currency Fixed Rate Loans: For all loans negotiated prior to July 1, 1990, the Bank charges interest at fixed rates.

Multi-Currency Variable Rate Loans: Between July 1, 1990 and September 30, 1997, the Bank offered variable rate loans to its borrowers. The variable interest rate is reset twice a year and is based on the Bank's own cost of qualified borrowing plus 50 basis points, resulting in a pass-through of average borrowing costs to borrowers.

Conversion of Multi-Currency Pool-Based Variable Rate Loans: Borrowers were offered the choice to convert the disbursed and undisbursed amounts of their multi-currency pool-based variable rate loans to single currency variable terms or retain the terms of their existing multi-currency pool-based variable rate loans. The conversion dates were October 1, 1997 and March 1, 1998. The other terms and conditions of converted loans remained the same as in the original loan agreements. Since October 1, 1997, the Bank has provided several alternative interest rate mechanisms. In all cases, the applicable rate of interest is the sum of two components, namely, the chosen base rate plus a lending margin.

Single Currency Variable Rate Loans: Since October 1, 1997, the Bank has offered single currency variable rate loans. The variable base rate is the average cost of funding a designated pool of borrowings in each currency and is adjusted semi-annually on January 1 and July 1.

Single Currency Floating Rate Loans: Since October 1, 1997, the Bank has offered LIBOR-based single currency floating rate loans. The floating base rate is determined for each currency and reset frequency is based on the Bank's selected reference interest rate in each market. The Bank's standard floating base rate is the six (6)-month reference rate (USD LIBOR, JPY LIBOR, EURIBOR and JIBAR) which is reset semi-annually on February 1 and August 1 and is applicable for the six-month period following the reset date.

Single Currency Fixed Rate Loans: Fixed rate loans were reintroduced with effect from October 1997 in the form of single currency fixed rate loans. The fixed rate is computed as the inter-bank swap market rate corresponding to the principal amortization schedule.

Lending Margin: The lending margin is a rate premium expressed as a nominal interest rate added to the Borrower's chosen base rate to determine the total lending rate. The lending margin determined by the Bank is independent of the base rate chosen, and remains unchanged throughout the life of the loan. The lending margin for sovereign guaranteed loans is fixed at 40 to 50 basis points. For non-sovereign guaranteed loans, the lending margin is based on the Bank's assessment of the risks inherent in each project.

At December 31, 2009 and 2008, outstanding loans were as follows:

(UA thousands)	**2009**	2008
Disbursed and outstanding loans	7,538,199	5,834,615
Less: accumulated provision for impairment	(101,921)	(102,643)
Balance at December 31	**7,436,278**	**5,731,972**

Fair Value of Loans

At December 31, 2009 and 2008, the carrying and estimated fair values of outstanding loans were as follows:

(UA thousands)	2009		2008	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fixed rate loans	4,339,278	4,137,193	3,152,624	3,630,774
Floating rate loans	2,656,773	3,130,681	1,884,110	1,749,278
Variable rate loans	542,148	552,251	797,881	654,524
	7,538,199	7,820,125	5,834,615	6,034,576
Accumulated provision for impairment	(101,921)	-	(102,643)	-
Net loans	**7,436,278**	**7,820,125**	**5,731,972**	**6,034,576**

Maturity and Currency Composition of Outstanding Loans

The contractual maturity structure of outstanding loans as at December 31, 2009 and 2008 was as follows:

(UA millions)	2009				2008
Periods	**Fixed Rate**	**Floating Rate**	**Variable Rate**	**Total**	**Total**
One year or less	272.19	223.51	279.62	775.32	946.15
More than one year but less than two years	208.23	235.88	122.01	566.12	505.23
More than two years but less than three years	227.97	193.92	65.97	487.86	479.84
More than three years but less than four years	246.83	252.13	40.57	539.53	447.35
More than four years but less than five years	265.17	234.87	24.64	524.68	430.93
More than five years	3,118.89	1,516.46	9.34	4,644.69	3,025.12
Total	**4,339.28**	**2,656.77**	**542.15**	**7,538.20**	**5,834.62**

Borrowers may repay loans before their contractual maturity, subject to the terms specified in the loan agreements.

The currency composition and types of outstanding loans as at December 31, 2009 and 2008 were as follows:

(Amounts in UA millions)			2009		2008	
			Amount	%	Amount	%
Fixed Rate:	Multi-Currency	Euro	89.42		126.75	
		Japanese Yen	373.61		438.33	
		Pound Sterling	2.51		2.30	
		Swiss Franc	137.49		158.65	
		US Dollar	215.36		285.81	
		Others	0.45		0.61	
			818.84	10.86	1,012.45	17.35
	Single Currency	Euro	2,539.66		1,943.88	
		Japanese Yen	12.52		14.52	
		South African Rand	70.46		56.80	
		US Dollar	897.78		124.97	
			3,520.42	46.70	2,140.17	36.68
Floating Rate:	Single Currency	Euro	599.15		517.98	
		Japanese Yen	21.94		24.05	
		South African Rand	257.60		93.40	
		US Dollar	1,778.09		1,248.68	
			2,656.78	35.25	1,884.11	32.29
Variable Rate:	Multi-Currency	Euro	119.50		143.98	
		Japanese Yen	21.93		33.31	
		Swiss Franc	0.53		0.78	
		US Dollar	129.29		146.89	
		Others	0.07		0.11	
			271.32	3.60	325.07	5.58
	Single Currency	Euro	97.81		179.11	
		Japanese Yen	67.78		121.79	
		Swiss Franc	5.40		15.18	
		US Dollar	99.83		156.72	
		Others	0.02		0.02	
			270.84	3.59	472.82	8.10
Total			**7,538.20**	**100.00**	**5,834.62**	**100.00**

The weighted-average yield on outstanding loans for the year ended December 31, 2009 was 4.29 % (2008: 6.21%).

A comparative summary of the currency composition of outstanding loans at December 31, 2009 and 2008 follows:

(Amounts in UA millions)	2009		2008	
	Amount	**%**	**Amount**	**%**
Euro	3,445.54	45.71	2,911.70	49.90
Japanese Yen	497.78	6.60	632.01	10.84
Pound Sterling	2.51	0.03	2.30	0.04
South African Rand	328.06	4.35	150.20	2.57
Swiss Franc	143.42	1.90	174.61	2.99
US Dollar	3,120.35	41.40	1,963.06	33.65
Others	0.54	0.01	0.74	0.01
Total	**7,538.20**	**100.00**	**5,834.62**	**100.00**

Accrued Income and Charges Receivable on Loans

The accrued income and charges receivable on loans as at December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Accrued income and charges receivable on loans	294,065	452,097
Less: accumulated provision for impairment	(125,473)	(115,631)
Balance at December 31	**168,592**	**336,466**

Provision for Impairment on Loan Principal and Charges Receivable

At December 31, 2009, outstanding loans with an aggregate principal balance of UA 270.19 million (2008: UA 275.33 million), of which UA 236.46 million (2008: UA 226.73 million) was overdue, were considered to be impaired.

The gross amounts of loans and charges receivable that were impaired and the cumulative impairment on them at December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Outstanding principal balance on impaired loans	270,194	275,327
Less: accumulated provision for impairment	(101,921)	(102,643)
Net balance on impaired loans	**168,273**	**172,684**
Charges receivable and accrued income on impaired loans	187,901	173,393
Less: accumulated provision for impairment	(125,473)	(115,631)
Net charges receivable and accrued income on impaired loans	**62,428**	**57,762**

The movements in the accumulated provision for impairment on outstanding loan principal for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Balance at January 1	102,643	196,016
Provision for impairment on loan principal for the year	276	(101,479)
Translation effects	(998)	8,106
Balance at December 31	**101,921**	**102,643**

Accumulated provision for loan impairment included those relating to private sector loans. During the year ended December 31, 2009, there was a write-back of provision for impairment on private sector loans of UA 0.32 million (2008: Nil). The accumulated provision on private sector loans at December 31, 2009 amounted to UA 11.89 million.

The movements in the accumulated provision for impairment on loan interest and charges receivable for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Balance at January 1	115,631	168,701
Provision for impairment on loan charges for the year	11,009	(61,798)
Translation effects	(1,167)	8,728
Balance at December 31	**125,473**	**115,631**

Guarantees

The Bank may enter into special irrevocable commitments to pay amounts to the borrowers or other parties for goods and services to be financed under loan agreements. At December 31, 2009, irrevocable reimbursement guarantees issued by the Bank to commercial banks on undisbursed loans amounted to UA 0.16 million (2008: UA 1.22 million).

Also, the Bank may provide repayment guarantees to entities within its regional member countries for development loans granted to such entities by third parties. Guarantees represent potential risk to the Bank if the payments guaranteed for an entity are not made. At December 31, 2009, guarantees provided by the Bank to some of its borrowers amounted to UA 0.97 million.

NOTE J – EQUITY PARTICIPATIONS

Investment in ADF

The ADF was established in 1972 as an international institution to assist the Bank in contributing to the economic and social development of African countries, to promote co-operation and increased international trade particularly among the African countries, and to provide financing on highly concessional terms for such purposes. The Fund's original subscriptions were provided by the Bank and the original State Participants to the ADF Agreement, and State Participants acceding to the Agreement since the original signing date. Thereafter, further subscriptions were received from participants in the form of Special General Increases and General Replenishments.

The ADF has a 12-member Board of Directors, made up of 6 members selected by the African Development Bank and 6 members selected by State Participants. The Fund's Board of Directors reports to the Board of Governors made up of representatives of the State Participants and the ADB. The President of the Bank is the ex-officio President of the Fund.

To carry out its functions, the Fund utilizes the offices, staff, organization, services and facilities of the Bank, for which it pays a share of the administrative expenses. The share of administrative expenses paid by the Fund to the Bank is calculated annually on the basis of a cost-sharing formula, approved by the Board of Directors, which is driven in large part by the number of programs and projects executed during the year. Based on the cost-sharing formula, the share of administrative expenses incurred by ADF for the year ended December 31, 2009 amounted to UA 157.65 million (2008: UA 138.10 million), representing 70.84 percent (2008: 72.13 percent) of the shareable administrative expenses incurred by the Bank. The accounts of the ADF are kept separate and distinct from those of the Bank.

Although the ADB by agreement exercises fifty percent (50%) of the voting powers in the ADF, the Agreement establishing the ADF also provides that in the event of termination of the ADF's operations, the assets of the Fund shall be distributed pro-rata to its participants in proportion to the amounts paid-in by them on account of their subscriptions, after settlement of any outstanding claims against the participants. At December 31, 2009, the Bank's pro-rata or economic share in ADF was 0.72% (2008: 0.78%).

As a result of the implementation in 2006 of the Multilateral Debt Relief Initiative described in Note W-2, the net asset value of ADF which is the basis for determining the value of the Banks investment in the Fund declined, resulting in impairment loss on the Bank's investment. The net assets of ADF is made up of its net development resources less outstanding demand obligations plus disbursed and outstanding loans excluding balances due from countries that have reached their HIPC completion points and are therefore due for MDRI loan cancellation at the balance sheet date.

Other Equity Participations

The Bank may take equity positions in privately owned productive enterprises and financial intermediaries, public sector companies that are in the process of being privatized or regional and sub-regional institutions. The Bank's objective in such equity investments is to promote the economic development of its regional member countries and in particular the development of their private sectors. The Bank's equity participation is also intended to promote efficient use of resources, promoting African participation, playing a catalytic role in attracting other investors and lenders and mobilizing the flow of domestic and external resources to financially viable projects, which also have significant economic merit.

Unless otherwise approved by the Board of Directors, the Bank's equity participation shall not exceed 25% of the equity capital of the entity in which it invests. The Bank currently holds less than 20% of the total equity capital of most of the institutions in which it participates. The Bank therefore does not seek a controlling interest in the companies in which it invests, but closely monitors its equity investments through Board representation. In the exceptional instances where the Bank has more than 20% but less than 50% ownership, such investments are accounted for as investments in associates. In accordance with the Board of Governors' Resolution B/BG/2009/10 of May 13, 2009, total equity investment by the Bank shall not at any time exceed fifteen percent (15%) of the aggregate amount of the Bank's paid-in capital and reserves and surplus (risk capital) included in its ordinary capital resources.

Equity investments for which fair value cannot be reliably measured are reported at cost less provision for losses for estimated permanent and lasting decline in value. The investments for which fair value cannot be reliably measured typically relate to sub-regional and national development institutions. Investments in these institutions are made with a long-term development objective, including capacity building. The shares of such institutions are not listed and also not available for sale to the general public. Only member states or institutions owned by member states are allowed to subscribe to the shares of these institutions. Provisions for losses on impaired equity investments are included in the income statement.

The Bank's equity interests at December 31, 2009 and 2008 are summarized below:

(Amounts in UA thousands)

Institutions	Year Established	% Share-holding	Callable Capital	Carrying Value 2009	Carrying Value 2008
African Development Fund	1972	0.72	-	111,741	111,741
Accumulated share of loss and impairment on January 1				(47,868)	(47,904)
Share of profit for the year				227	36
Impairment for the year				(2,322)	-
			-	61,778	63,873
Regional Development Banks (carried at cost)					
Afreximbank	1993	6.00	9,568	6,379	6,492
BDEAC	1975	3.68	2,522	1,681	1,653
BDEGL	1980	-	-	1,946	1,946
BOAD	1973	0.59	2,101	700	689
East African Development Bank	1967	6.76	-	4,306	4,382
PTA Bank	1985	5.76	34,701	8,675	8,830
			48,892	23,687	23,992
Other Development Institutions (carried at cost)					
Africa - Re	1977	8.00	-	5,556	5,655
Infrastructure Development Bank of Zimbabwe *	1984	-	-	-	-
K-REP Bank Limited	1997	21.98	-	2,094	664
National Development Bank of Sierra Leone *	-	-	-	-	-
Shelter Afrique	1982	22.83	-	7,974	3,246
			-	15,624	9,565
Investment Funds and Banks (carried at fair value)**					
AB Microfinance Bank Nigeria Limited	2007	12.45	-	375	691
Access Bank Liberia Limited	2008	15.00	144	781	584
Access Bank Tanzania Limited	2007	9.95	-	289	345
Advans Banque Congo	2008	16.54	-	1,371	714
Africa Health Fund LLC	2009	25.00	12,256	349	-
AfricInvest Fund II LLC	2008	18.42	14,571	2,965	-
Agri-Vie Fund PCC	2008	25.00	6,955	2,614	-
AIG Africa Infrastructure Fund	1998	12.27	184	4,471	4,545
Atlantic Coast Regional Fund LLC	2008	20.82	7,210	1,959	94
ECP Africa Fund II PCC	2005	11.04	1,486	30,289	27,242
ECP Africa Fund III PCC	2008	11.10	17,071	14,673	-
GroFin Africa Fund	2008	12.50	10,862	1,022	451
Maghreb Private Equity Fund II (Mauritius) PCC	2008	16.10	5,654	7,327	4,303
Pan African Infrastructure Development Fund	2007	7.94	19,484	10,623	9,231
Pan-African Investment Partners II Limited	2008	10.17	24,271	7,009	-
South Africa Infrastructure Fund	1996	14.00	1,015	19,707	16,151
TCX Investment Company Mauritius Limited	2007	5.31	117	15,896	13,327
United Bank for Africa	1961	1.82	-	27,606	34,444
			121,280	149,326	112,122
Total			170,172	250,415	209,552
Less: Accumulated provision for impairment			-	(15,937)	(20,771)
Net			**170,172**	**234,478**	**188,781**

** Amounts fully disbursed, but the value is less than UA 100, at the current exchange rate.*

*** The cost of equity investment carried at fair value at December 31, 2009 amounted to UA 133.08 million (2008: UA 104.74 million).*

An analysis of the movement in accumulated provision for impairment on equity participations other than ADF was as follows:

(UA thousands)	**2009**	2008
Balance at January 1	20,771	2,335
Net provision for the year	(2,324)	18,456
Translation effects	(2,510)	(20)
Balance at December 31	**15,937**	**20,771**

NOTE K – OTHER DEBT SECURITIES

The Bank may invest in certain debt instruments issued by entities in its Regional Member Countries (RMC) for the purpose of financing development projects and programs. Such investments are classified as available-for-sale.

The fair value of "Other debt securities" at December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
Investment in debt instruments issued in RMC	**70,810**	68,797

The nominal value of the securities outstanding as at December 31, 2009, was UA 86.43 million (2008: UA 69.77 million).

NOTE L – PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

(UA thousands)

	Property and Equipment					Intangible Assets	Grand Total
2009	Land	Building and Improvements	Furniture, Fixtures & Fittings	Equipment & Motor Vehicles	Total Property & Equipment	Computer Software	Property, Equipment & Intangible Assets
Cost:							
Balance at January 1	141	22,753	9,458	41,528	**73,880**	19,057	**92,937**
Additions during the year	-	30	1,165	2,855	**4,050**	142	**4,192**
Disposals during the year	-	-	-	(61)	**(61)**	-	**(61)**
Balance at December 31	141	22,783	10,623	44,322	**77,869**	19,199	**97,068**
Accumulated Depreciation:							
Balance at January 1	-	21,487	7,154	34,383	**63,024**	18,182	**81,206**
Depreciation during the year	-	102	951	3,035	**4,088**	591	**4,679**
Disposals during the year	-	-	-	(60)	**(60)**	-	**(60)**
Balance at December 31	-	21,589	8,105	37,358	**67,052**	18,773	**85,825**
Net Book Values: December 31, 2009	**141**	**1,194**	**2,518**	**6,964**	**10,817**	**426**	**11,243**

(UA thousands)

	Property and Equipment					Intangible Assets	Grand Total
2008	Land	Building and Improvements	Furniture, Fixtures & Fittings	Equipment & Motor Vehicles	Total Property & Equipment	Computer Software	Property, Equipment & Intangible Assets
Cost:							
Balance at January 1	141	22,843	8,998	39,522	**71,504**	18,869	**90,373**
Additions during the year	-	-	460	2,829	**3,289**	188	**3,477**
Disposals during the year	-	(90)	-	(823)	**(913)**	-	**(913)**
Balance at December 31	141	22,753	9,458	41,528	**73,880**	19,057	**92,937**
Accumulated Depreciation:							
Balance at January 1	-	21,386	6,073	31,374	**58,833**	17,178	**76,011**
Depreciation during the year	-	101	1,081	3,015	**4,197**	1,004	**5,201**
Disposals during the year	-	-	-	(6)	**(6)**	-	**(6)**
Balance at December 31	-	21,487	7,154	34,383	**63,024**	18,182	**81,206**
Net Book Values: December 31, 2008	**141**	**1,266**	**2,304**	**7,145**	**10,856**	**875**	**11,731**

Under the Headquarters' Agreement with the host country, the Bank's owned buildings in the host country are intended to be used for the purposes of the business of the Bank Group only. The rights on the lands and buildings therefore cannot be transferred to a third party. If the Bank elected to give up the use of the lands and buildings, the properties would have to be surrendered to the host country. At December 31, 2009, the book value of such assets is not significant.

NOTE M – BORROWINGS

Through to December 31, 2008, the Bank's policy was to limit senior borrowing and guarantees chargeable to the Bank's ordinary capital resources to 80 percent of the callable capital of its non-borrowing members and also to limit the total borrowing represented by both senior and subordinated debt to 80 percent of the total callable capital of all its member countries.

The revised capital adequacy framework approved by the Board of Directors on March 18, 2009 adopted the use of a single debt to usable capital ratio to monitor the Bank's leverage. The ratio caps the Bank's total outstanding debt at 100% of usable capital. Usable capital under the revised capital adequacy framework comprises the equity of the Bank and the callable capital of its non-borrowing members rated A- or better. Applying the revised framework, usable capital at December 31, 2009 was UA 12,396.25 million.

As at December 31, 2009 and 2008, senior and subordinated borrowings were as follows:

(UA millions)	**2009**	2008
Senior borrowings	9,852.32	5,964.64
Subordinated borrowings	728.32	742.64
Total	**10,580.64**	**6,707.28**

The Bank uses derivatives in its borrowing and liability management activities to take advantage of cost-saving opportunities and to lower its funding costs.

Certain long-term borrowing agreements contain provisions that allow redemption at the option of the holder at specified dates prior to maturity. Such borrowings are reflected in the tables on the maturity structure of borrowings using the put dates, rather than the contractual maturities. Management believes, however, that a portion of such borrowings may remain outstanding beyond their earliest redemption dates.

The Bank has entered into cross-currency swap agreements with major international banks through which proceeds from borrowings are converted into a different currency and include a forward exchange contract providing for the future exchange of the two currencies in order to recover the currency converted. The Bank has also entered into interest rate swaps, which transform a floating rate payment obligation in a particular currency into a fixed rate payment obligation or vice-versa.

A summary of the Bank's borrowings portfolio at December 31, 2009 and 2008 was as follows:

Borrowings and Swaps at December 31, 2009

(Amounts in UA millions)

		Direct Borrowings				Currency Swap Agreements[a]			Interest Rate Swaps		
Currency	Rate Type	Carried at Fair Value	Carried at Amortized Cost	Wgtd. Avg. Cost[b] (%)	Wgtd. Average Maturity (Years)	Amount Payable/ (Receivable)	Wgtd. Avg. Cost[b] (%)	Average Maturity (Years)	Notional Amount Payable/ (Receivable)	Wgtd. Avg. Cost[b] (%)	Average Maturity (Years)
Euro	Fixed	-	-	-	-	218.24	6.26	7.1	59.58	5.45	0.2
	Adjustable	-	-	-	-	4,142.45	1.08	3.6	-	-	-
		-	-	-	-	(147.03)	1.15	4.2	(59.58)	1.02	0.2
Sterling	Fixed	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	(51.65)	11.13	-
	Adjustable	-	-	-	-	-	-	-	51.65	1.36	-
		-	-	-	-	(51.65)	1.36	-	-	-	-
Japanese Yen	Fixed	878.44	347.71	2.73	9.0	-	-	-	-	-	-
		-	-	-	-	(537.50)	1.62	24.1	(476.77)	2.21	0.2
	Adjustable	657.15	22.95	2.18	5.4	-	-	-	547.01	0.61	0.6
		-	-	-	-	(962.42)	1.67	3.9	(70.24)	1.59	3.1
US Dollar	Fixed	4,158.31	644.26	3.07	4.0	-	-	-	-	-	-
		-	-	-	-	(2,232.58)	2.78	3.5	(2,081.73)	2.35	3.3
	Adjustable	1,124.26	25.52	0.40	3.0	2,392.50	0.89	7.2	2,637.70	0.79	3.1
		-	-	-	-	(1,156.90)	0.86	5.7	(663.40)	0.49	2.7
Others	Fixed	2,670.45	55.07	5.28	3.4	14.35	3.76	2.1	-	-	-
		-	-	-	-	(2,243.68)	4.71	3.1	(216.65)	4.71	3.1
	Adjustable	-	-	-	-	492.60	5.46	8.7	571.03	4.76	5.2
		-	-	-	-	(185.70)	0.47	9.4	(354.38)	0.47	9.4
Total	Fixed	7,707.20	1,047.04	3.71	4.2	232.59	6.11	6.8	59.58	5.45	0.2
		-	-	-	-	(5,013.76)	3.52	5.5	(2,826.80)	2.67	2.7
	Adjustable	1,781.41	48.47	1.06	3.9	7,027.54	1.32	5.2	3,807.39	1.37	3.0
		-	-	-	-	(2,503.70)	1.17	5.1	(1,147.60)	0.58	4.7
Principal at face value		9,488.61	1,095.51	3.25	4.2	(257.33)	-	-	(107.43)	-	-
Net unamortized premium/(discount)		-	(3.48)	-	-	264.78	-	-	111.94	-	-
		9,488.61	1,092.03	3.25	4.2	7.45	-	-	4.51	-	-
Fair valuation adjustment		-	-	-	-	(194.75)[c]	-	-	(115.03)[c]	-	-
Total		**9,488.61**	**1,092.03**	**3.25**	**4.2**	**(187.30)**	**-**	**-**	**(110.52)**	-	-

Supplementary disclosure (direct borrowings):

The notional amount of borrowings at December 31, 2009 was UA 10,766.80 million and the estimated fair value was UA 10,688.71 million.

(a) Currency swap agreements include cross-currency interest rate swaps.
(b) The average repricing period of the net currency obligations for adjustable rate borrowings was six months. The rates indicated are those prevailing at December 31, 2009.
(c) These amounts are included in derivative assets and liabilities on the balance sheet.

Slight differences may occur in totals due to rounding.

Borrowings and Swaps at December 31, 2008

(Amounts in UA millions)

		Direct Borrowings				Currency Swap Agreements[a]			Interest Rate Swaps		
Currency	Rate Type	Carried at Fair Value	Carried at Amortized Cost	Wgtd. Avg. Cost[b] (%)	Wgtd. Average Maturity (Years)	Amount Payable/ (Receivable)	Wgtd. Avg. Cost[b] (%)	Average Maturity (Years)	Notional Amount Payable/ (Receivable)	Wgtd. Avg. Cost[b] (%)	Average Maturity (Years)
Euro	Fixed	-	-	-	-	154.19	8.71	10.8	58.58	5.45	1.3
	Adjustable	-	-	-	-	2,697.78	5.15	5.2	-	-	-
		-	-	-	-	(144.57)	5.16	5.2	(58.58)	5.28	1.3
Sterling	Fixed	52.05	-	11.13	1.0	-	-	-	-	-	-
		-	-	-	-	-	-	-	(47.32)	11.13	1.0
	Adjustable	-	-	-	-	18.93	5.94	-	47.32	6.10	1.0
		-	-	-	-	(47.32)	6.10	1.0	-	-	-
Japanese	Fixed	926.92	355.96	2.50	12.9	-	-	-	-	-	-
Yen		-	-	-	-	(550.26)	2.30	15.1	(488.08)	2.59	1.3
	Adjustable	726.57	23.49	1.42	4.7	-	-	-	559.99	0.99	3.3
		-	-	-	-	(1,022.28)	1.43	4.0	(71.90)	1.02	4.0
US Dollar	Fixed	2,312.41	590.81	4.36	6.4	-	-	-	-	-	-
		-	-	-	-	(811.55)	5.45	7.1	(1,533.83)	4.22	2.9
	Adjustable	19.62	-	3.65	0.1	1,728.86	3.12	4.5	1,443.96	3.03	2.6
		-	-	-	-	(1,052.68)	3.04	2.2	(19.48)	3.65	0.1
Others	Fixed	1,692.24	11.20	4.84	5.4	14.15	3.80	4.0	-	-	-
		-	-	-	-	(1,377.67)	7.29	2.2	(286.07)	8.69	2.2
	Adjustable	-	-	-	-	312.54	6.43	1.7	286.07	12.40	3.5
Total	Fixed	4,983.62	957.97	4.16	6.8	168.34	8.30	10.2	58.58	5.45	1.3
		-	-	-	-	(2,739.48)	5.74	6.3	(2,355.30)	4.56	2.4
	Adjustable	746.19	23.49	1.48	4.6	4,758.11	4.50	4.7	2,337.34	3.75	2.9
		-	-	-	-	(2,266.85)	2.51	3.2	(149.96)	3.03	2.4
Principal at face value		5,729.81	981.46	3.85	6.5	(79.88)	-	-	(109.34)	-	-
Net unamortized premium/(discount)		-	(3.99)	-	-	171.88	-	-	111.36	-	-
		5,729.81	977.47	3.85	6.5	92.00	-	-	2.02	-	-
Fair valuation adjustment		-	-	-	-	(268.70)[c]	-	-	(163.20)[c]	-	-
Total		**5,729.81**	**977.47**	**3.85**	**6.5**	**(176.70)**	**-**	**-**	**(161.18)**	-	**-**

Supplementary disclosure (direct borrowings):

The notional amount of borrowings at December 31, 2008 was UA 6,665.33 and the estimated fair value was UA 7,001.11 million.

(a) Currency swap agreements include cross-currency interest rate swaps.
(b) The average repricing period of the net currency obligations for adjustable rate borrowings was six months. The rates indicated are those prevailing at December 31, 2008.
(c) These amounts are included in derivative assets and liabilities on the balance sheet.

Slight differences may occur in totals due to rounding.

The contractual (except for callable borrowings) maturity structure of outstanding borrowings as at December 31, 2009 was as follows:

i) Borrowings Carried at Fair Value

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	1,132.20	257.83	1,390.03
More than one year but less than two years	1,525.77	-	1,525.77
More than two years but less than three years	2,301.25	1.99	2,303.24
More than three years but less than four years	1,077.84	-	1,077.84
More than four years but less than five years	1,694.62	-	1,694.62
More than five years	1,497.11	-	1,497.11
Total	**9,228.79**	**259.82**	**9,488.61**

ii) Borrowings Carried at Amortized Cost

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	63.79	118.01	181.80
More than one year but less than two years	33.66	-	33.66
More than two years but less than three years	18.36	-	18.36
More than three years but less than four years	278.17	-	278.17
More than four years but less than five years	-	-	-
More than five years	583.52	-	583.52
Sub-total	**977.50**	**118.01**	**1,095.51**
Net unamortized premium and discount	(3.48)	-	(3.48)
Total	**974.02**	**118.01**	**1,092.03**

The contractual (except for callable borrowings) maturity structure of outstanding borrowings as at December 31, 2008 was as follows:

i) Borrowings Carried at Fair Value

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	924.05	318.98	1,243.03
More than one year but less than two years	1,176.24	11.66	1,187.90
More than two years but less than three years	486.68	-	486.68
More than three years but less than four years	241.89	2.03	243.92
More than four years but less than five years	874.53	-	874.53
More than five years	1,693.75	-	1,693.75
Total	**5,397.14**	**332.67**	**5,729.81**

ii) Borrowings Carried at Amortized Cost

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	-	23.49	23.49
More than one year but less than two years	-	-	-
More than two years but less than three years	8.19	-	8.19
More than three years but less than four years	-	-	-
More than four years but less than five years	284.77	-	284.77
More than five years	665.01	-	665.01
Sub-total	**957.97**	**23.49**	**981.46**
Net unamortized premium and discount	(3.99)	-	(3.99)
Total	**953.98**	**23.49**	**977.47**

The fair value of borrowings carried at fair value through profit or loss at December 31, 2009 was UA 9,488.61 million (2008: UA 5,729.81 million). For these borrowings, the amount the Bank will be contractually required to pay at maturity at December 31, 2009 was UA 9,188.23 million (2008: UA 5,304.60 million). The surrender value of callable borrowings is equivalent to the notional amount plus accrued finance charges.

As per Note P, there was a net gain of UA 17.38 million on fair-valued borrowings and related derivatives for the year ended December 31, 2009 (2008: UA 12.43 million). This included a gain of UA 37.31 million which was attributable to changes in the Bank's credit risk during the year ended December 31, 2009 (2008: UA 2.10 million). Fair value changes attributable to changes in the Bank's credit risk are determined by comparing the discounted cash flows for the borrowings designated at fair value through profit or loss using the Bank's credit spread on the relevant liquid markets for ADB quoted bonds versus LIBOR both at the beginning and end of the relevant period. The Bank's credit spread was not applied for fair value changes on callable borrowings with less than one year call date.

For borrowings designated at fair value through profit or loss at December 31, 2009, the cumulative unrealized fair value losses to date were UA 300.38 million (2008: losses of UA 425.21 million).

NOTE N – EQUITY

Equity is composed of capital and reserves. These are further detailed as follows:

Capital

Capital includes subscriptions paid-in by member countries and cumulative exchange adjustments on subscriptions (CEAS). The Bank is not exposed to any externally imposed capital requirements.

Subscriptions Paid In

Subscriptions to the capital stock of the Bank are made up of the subscription to the initial capital, a voluntary capital increase and five General Capital Increases (GCI). The Fifth General Capital Increase (GCI-V) was approved by the Board of Governors of the Bank on May 29, 1998 and became effective on September 30, 1999 upon ratification by member states and entry into force of the related amendments to the Agreements establishing the Bank. The GCI-V increased the authorized capital of the Bank by 35 percent from 1.62 million shares to 2.187 million shares with a par value of UA 10,000 per share. The GCI-V shares, a total of 567,000 shares, are divided into paid-up and callable shares in proportion of six percent (6%) paid-up and ninety-four percent (94%) callable. The GCI-V shares were allocated to the regional and non-regional members such that, when fully subscribed, the regional members shall hold 60 percent of the total stock of the Bank and non-regional members shall hold the balance of 40 percent.

Prior to the GCI-V, subscribed capital was divided into paid-up capital and callable capital in the proportion of 1 to 7. With the GCI-V, the authorized capital stock of the Bank consists of 10.81 percent paid-up shares and 89.19 percent callable shares.

By its resolutions B/BG/2008/07 and B/BG/2009/05, the Board of Governors authorized two capital increases bringing the Authorized Capital of the Bank from UA 21,870 million to UA 22,120 million to allow the Republic of Turkey and the Grand Duchy of Luxembourg to become members of the Bank. The membership of these two countries shall become effective upon completion of the formalities specified in the Agreement establishing the Bank and in the General Rules Governing Admission of Non-Regional Countries to Membership of the Bank. As at December 31, 2009, such formalities had not been completed by either country.

The Bank's capital as at December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
Capital Authorized (in shares of UA 10 000 each)	22,120,000	21,870,000
Less: Unsubscribed	(302,424)	(104,853)
Subscribed Capital	21,817,576	21,765,147
Less: Callable Capital	(19,458,253)	(19,409,141)
Paid-up Capital	2,359,323	2,356,006
Shares to be issued upon payment of future installments	(6,550)	(8,410)
Add: Amounts paid in advance	114	89
	2,352,887	2,347,685
Less: Amounts in arrears	(2,630)	(1,881)
Capital at December 31	**2,350,257**	**2,345,804**

Included in the total unsubscribed shares of UA 302.42 million at December 31, 2009, was an amount of UA 38.83 million representing the balance of the shareholding of the former Socialist Federal Republic of Yugoslavia (former Yugoslavia).

Since the former Yugoslavia has ceased to exist as a state under international law, its shares (composed of UA 38.83 million callable, and UA 4.86 million paid-up shares) have been held by the Bank in accordance with Article 6 (6) of the Bank Agreement. In 2002, the Board of Directors of the Bank approved the proposal to invite each of the successor states of the former Yugoslavia to apply for membership in the Bank, though such membership would be subject to their fulfilling certain conditions including the assumption pro-rata of the contingent liabilities of the former Yugoslavia to the Bank, as of December 31, 1992. In the event that a successor state declines or otherwise does not become a member of the Bank, the pro-rata portion of the shares of former Yugoslavia, which could have been reallocated to such successor state, would be reallocated to other interested non-regional members of the Bank in accordance with the terms of the Share Transfer Rules. The proceeds of such reallocation will however be transferable to such successor state. Furthermore, pending the response from the successor states, the Bank may, under its Share Transfer Rules, reallocate the shares of former Yugoslavia to interested non-regional member states and credit the proceeds on a pro-rata basis to the successor states. In 2003, one of the successor states declined the invitation to apply for membership and instead offered to the Bank, as part of the state's Official Development Assistance its pro-rata interest in the proceeds of any reallocation of the shares of former Yugoslavia. The Bank accepted the offer.

Subscriptions by member countries and their voting power at December 31, 2009 were as follows:

(Amounts in UA thousands)

	Member States	Total Shares	% of Total Shares	Amount Paid	Callable Capital	Number of Votes	% of Total Voting Power
1	Algeria	86,976	3.988	94,964	774,820	87,601	3.934
2	Angola	25,405	1.165	28,837	225,212	26,030	1.169
3	Benin	4,245	0.195	4,817	37,633	4,870	0.219
4	Botswana	46,633	2.138	52,925	413,405	47,258	2.122
5	Burkina Faso	9,307	0.427	10,920	82,155	9,932	0.446
6	Burundi	5,173	0.237	6,465	45,256	5,798	0.260
7	Cameroon	22,628	1.037	25,524	200,371	22,936	1.030
8	Cape Verde	1,672	0.077	2,090	14,630	2,297	0.103
9	Central African Republic	973	0.045	1,217	8,512	1,598	0.072
10	Chad	1,641	0.075	2,052	14,360	2,266	0.102
11	Comoros	484	0.022	577	4,250	1,086	0.049
12	Congo	9,875	0.453	11,590	87,170	10,500	0.471
13	Côte d'Ivoire	81,008	3.714	101,260	708,820	81,633	3.666
14	Democratic Republic of Congo	22,740	1.043	28,426	198,975	23,365	1.049
15	Djibouti	1,213	0.056	1,517	10,618	1,838	0.083
16	Egypt	111,829	5.127	126,920	991,370	112,454	5.050
17	Equatorial Guinea	3,481	0.160	3,584	30,517	3,529	0.158
18	Eritrea	2,003	0.092	2,506	17,522	2,628	0.118
19	Ethiopia	34,778	1.595	39,470	308,310	35,403	1.590
20	Gabon	27,229	1.248	32,684	238,255	26,765	1.202
21	Gambia	3,341	0.153	3,827	29,523	3,915	0.176
22	Ghana	49,653	2.277	54,790	441,751	50,278	2.258
23	Guinea	8,868	0.407	10,658	78,031	9,494	0.426
24	Guinea Bissau	600	0.028	750	5,250	1,225	0.055
25	Kenya	31,707	1.454	35,990	281,080	32,332	1.452
26	Lesotho	3,324	0.152	3,773	29,470	3,949	0.177
27	Liberia	4,230	0.194	5,287	37,017	4,855	0.218
28	Libya	83,595	3.833	92,977	742,978	84,220	3.782
29	Madagascar	14,162	0.649	16,070	125,550	14,787	0.664
30	Malawi	6,472	0.297	8,090	56,630	7,097	0.319
31	Mali	9,536	0.437	10,937	84,411	10,161	0.456
32	Mauritania	3,213	0.147	4,015	28,116	3,838	0.172
33	Mauritius	14,094	0.646	16,000	124,940	14,719	0.661
34	Morocco	72,268	3.313	82,020	640,660	72,893	3.273
35	Mozambique	13,766	0.631	15,636	122,038	14,391	0.646
36	Namibia	7,397	0.339	8,400	65,570	8,022	0.360
37	Niger	5,526	0.253	6,908	48,353	6,151	0.276
38	Nigeria	193,200	8.858	222,089	1,709,933	193,822	8.703
39	Rwanda	2,902	0.133	3,333	25,683	3,527	0.158
40	Sao Tome & Principe	1,489	0.068	1,864	13,024	2,114	0.095
41	Senegal	21,878	1.003	25,254	193,471	22,364	1.004
42	Seychelles	1,224	0.056	1,501	10,739	1,849	0.083
43	Sierra Leone	5,298	0.243	6,623	46,361	5,923	0.266
44	Somalia	1,941	0.089	2,427	16,986	2,566	0.115
45	South Africa	99,884	4.580	84,549	914,310	100,509	4.513
46	Sudan	8,830	0.405	11,036	77,257	9,455	0.425
47	Swaziland	7,251	0.332	8,230	64,280	7,876	0.354
48	Tanzania	17,860	0.819	20,685	157,927	18,486	0.830
49	Togo	3,452	0.158	4,314	30,201	4,077	0.183
50	Tunisia	30,492	1.398	34,610	270,310	31,117	1.397
51	Uganda	11,011	0.505	13,331	96,787	11,637	0.523
52	Zambia	27,459	1.259	31,462	243,142	28,085	1.261
53	Zimbabwe	45,028	2.064	54,094	396,188	45,653	2.050
Total Regionals		**1,310,245**	**60.073**	**1,479,875**	**11,620,124**	**1,341,174**	**60.223**

Slight differences may occur in totals due to rounding.

(Amounts in UA thousands)

	Member States	Total Shares	% of Total Shares	Amount Paid	Callable Capital	Number of Votes	% of Total Voting Power
Total Regionals		**1,310,245**	**60.073**	**1,479,875**	**11,620,124**	**1,341,174**	**60.223**
54	Argentina	5,846	0.268	6,108	52,364	6,472	0.291
55	Austria	9,707	0.445	9,720	87,350	10,332	0.464
56	Belgium	13,957	0.640	13,980	125,600	14,583	0.655
57	Brazil	9,673	0.443	9,700	87,036	10,299	0.462
58	Canada	81,648	3.743	81,750	734,730	82,273	3.694
59	China	24,300	1.114	24,330	218,670	24,925	1.119
60	Denmark	25,168	1.154	25,200	226,480	25,793	1.158
61	Finland	10,627	0.487	10,640	95,630	11,252	0.505
62	France	81,648	3.743	81,750	734,730	82,273	3.694
63	Germany	89,631	4.109	89,740	806,570	90,256	4.053
64	India	4,860	0.223	4,870	43,730	5,485	0.246
65	Italy	52,644	2.414	52,710	473,730	53,269	2.392
66	Japan	119,400	5.474	119,550	1,074,450	120,025	5.389
67	Korea	9,707	0.445	9,720	87,350	10,332	0.464
68	Kuwait	9,707	0.445	9,720	87,350	10,332	0.464
69	Netherlands	18,607	0.853	17,631	168,450	19,232	0.864
70	Norway	25,168	1.154	25,200	226,480	25,793	1.158
71	Portugal	5,221	0.239	5,238	46,980	5,846	0.263
72	Saudi Arabia	4,212	0.193	4,220	37,900	4,837	0.217
73	Spain	23,034	1.056	21,870	208,470	23,659	1.062
74	Sweden	33,592	1.540	33,630	302,290	34,217	1.536
75	Switzerland	31,882	1.462	31,920	286,900	32,507	1.460
76	United Kingdom	36,554	1.676	36,600	328,940	37,179	1.669
77	United States of America	144,053	6.605	144,585	1,295,949	144,678	6.496
Total Non-Regionals		**870,846**	**39.927**	**870,382**	**7,838,129**	**885,849**	**39.777**
Grand Total		**2,181,091**	**100.000**	**2,350,257**	**19,458,253**	**2,227,023**	**100.000**

Slight differences may occur in totals due to rounding.

Cumulative Exchange Adjustment on Subscriptions (CEAS)

Prior to the fourth General Capital Increase (GCI-IV), payments on the share capital subscribed by the non-regional member countries were fixed in terms of their national currencies. Under GCI-IV, payments by regional and non-regional members in US dollars were fixed at an exchange rate of 1 UA = US$ 1.20635. This rate represents the value of the US Dollar to the SDR immediately before the introduction of the basket method of valuing the SDR on July 1, 1974 (1974 SDR). As a result of these practices, losses or gains could arise from converting these currencies to UA when received. Such conversion differences are reported in the Cumulative Exchange Adjustment on Subscriptions account.

At December 31, 2009 and 2008, the Cumulative Exchange Adjustment on Subscriptions was as follows:

(UA thousands)	2009	2008
Balance at January 1	161,028	160,075
Net conversion losses on new subscriptions	942	953
Balance at December 31	**161,970**	**161,028**

Reserves

Reserves consist of retained earnings and fair value gains and losses on available-for-sale investments.

Retained Earnings

Retained earnings included the net income for the year, after taking into account transfers approved by the Board of Governors, and net expenses recognized directly in equity. The movements in retained earnings during 2008 and 2009 were as follows:

(UA thousands)

Balance at January 1, 2008	2,498,288
Net income for the year 2008	47,361
Net expenses recognized directly in equity	(85,512)
Balance at December 31, 2008	**2,460,137**
Net income for the current year	68,480
Net expenses recognized directly in equity	27,774
Balance at December 31, 2009	**2,556,391**

In May 2009, the Board of Governors of the Bank approved the transfers and distributions of UA 23.98 million and UA 162.68 million from the income earned for the year ended December 31, 2008 to surplus account and to certain entities for development purposes. Transfers and distributions approved in 2008 from the income earned for the year ended December 31, 2007 amounted to UA 20.70 million and UA 257.30 million, respectively.

With effect from 2006, Board of Governors' approved distributions to entities for development purposes are reported as expenses in the Income Statement in the year such distributions are approved.

The movements in the surplus account during 2008 and 2009 were as follows:

(UA thousands)

Balance at January 1, 2008	12,098
Allocation from 2007 net income	20,700
Distribution to Africa Food Crisis Response (AFCR)	(20,000)
Distribution to African Legal Support Facility	(10,000)
Balance at December 31, 2008 and January 1, 2009	**2,798**
Allocation from 2008 net income	23,980
Balance at December 31, 2009	**26,778**

Distributions to entities for development purposes, including those made from the surplus account, for the years ended December 31, 2009 and 2008 was as follows:

(UA thousands)	2009	2008
African Development Fund (ADF)	25,000	109,000
Post Conflict Assistance - DRC	65,680	62,000
Middle Income Country Technical Assistance Fund	10,000	25,000
Africa Food Crisis Response (AFCR)	-	20,000
Highly Indebted Poor Countries	-	15,000
African Legal Support Facility	-	10,000
NEPAD Infrastructure Project Preparation Facility	-	6,300
Africa Fertilizer Development Financing Mechanism	-	5,000
Fund for African Private Sector Assistance	2,000	5,000
Fragile States Facility	60,000	-
Balance at December 31	**162,680**	**257,300**

Fair Value (Losses)/Gains on Available-for-Sale Investments

At December 31, 2009 and 2008, the fair value losses and gains on available-for-sale investments were as follows:

(UA thousands)	2009	2008
Balance at January 1	15,335	33,510
Net loss for the year	(18,763)	(18,175)
Balance at December 31	**(3,428)**	**15,335**

NOTE O – INCOME FROM LOANS AND INVESTMENTS AND RELATED DERIVATIVES

Income from Loans

Income from loans for the years ended December 31, 2009 and 2008 was as follows:

(UA thousands)	2009	2008
Interest income on loans not impaired	268,299	332,999
Interest income on impaired loans	16,298	15,024
Commitment charges	3,305	3,556
Statutory commission	337	698
Total	**288,239**	**352,277**

Income from Investments and Related Derivatives

Income from investments for the years ended December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
Interest income	207,713	226,054
Realized and unrealized fair value gains/(losses)	15,242	(23,170)
Total	**222,955**	**202,884**

Total interest income on investments at amortized cost for the year ended December 31, 2009 was UA 122.71 million (2008: UA 120.56 million).

NOTE P – BORROWING EXPENSES

Interest and Amortized Issuance Costs

Interest and amortized issuance costs on borrowings for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Charges to bond issuers	299,298	249,022
Amortization of issuance costs	7,023	2,805
Total	**306,321**	**251,827**

Total interest expense for financial liabilities not at fair value through profit or loss for the year ended December 31, 2009 was UA 79.23 million (2008: UA 51.74 million).

Net Interest on Borrowing-Related Derivatives

Net interest on borrowing-related derivatives for the years ended December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
Interest on derivatives payable	230,105	374,517
Interest on derivatives receivable	(303,389)	(308,729)
Total	**(73,284)**	**65,788**

Unrealized Gains on Fair-Valued Borrowings and Related Derivatives

Unrealized gains on fair-valued borrowings and related derivatives for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Fair-valued borrowings	124,833	(305,252)
Cross-currency swaps	(48,498)	213,059
Interest rate swaps	(58,955)	104,624
Total	**17,380**	**12,431**

Unrealized Losses on Derivatives on Non-Fair Valued Borrowings and Others

Unrealized net losses on derivatives on non-fair valued borrowings and others for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	2009	2008
Interest rate swaps	4,378	(47,068)
Cross-currency swaps	(25,446)	18,089
Macro-hedge swaps	(80)	12,208
Embedded derivatives	845	94
Total	**(20,303)**	**(16,677)**

NOTE Q – ADMINISTRATIVE EXPENSES

Total administrative expenses relate to expenses incurred on behalf of the ADF, the NTF and for the operations of the Bank itself. The ADF and NTF reimburse the Bank for their share of the total administrative expenses, based on an agreed-upon cost-sharing formula, which is driven by certain selected indicators of operational activity for operational expenses and relative balance sheet size for non-operational expenses. However, the expenses allocated to the NTF shall not exceed 20 percent of the NTF's gross income.

Administrative expenses comprised the following:

(UA thousands)	2009	2008
Personnel expenses	170,632	141,119
Other general expenses	50,876	45,253
Total	**221,508**	**186,372**
Reimbursable by ADF	(157,649)	(138,104)
Reimbursable by NTF	(802)	(1,485)
Net	**63,057**	**46,783**

Included in general administrative expenses is an amount of UA 5.75 million (2008: UA 5.37 million) incurred under operating lease agreements for offices in Tunisia and in certain other regional member countries.

At the balance sheet date, the Bank had outstanding commitments under operating leases which fall due as follows:

(UA thousands)	2009	2008
Within one year	5,657	4,678
In the second to fifth years inclusive	10,234	4,179
Total	**15,891**	**8,857**

Leases are generally negotiated for an average term of one (1) to three (3) years and rentals are fixed for an average of one (1) year. Leases may be extended for periods that are no longer than the original term of the leases.

NOTE R – EMPLOYEE BENEFITS

Staff Retirement Plan

The Staff Retirement Plan (SRP), a defined benefit plan established under Board of Governors' Resolution 05-89 of May 30, 1989, became effective on December 31, 1989, following the termination of the Staff Provident Fund. Every person employed by the Bank on a full-time basis, as defined in the Bank's employment policies, is eligible to participate in the SRP, upon completion of 6 months service without interruption of more than 30 days.

The SRP is administered as a separate fund by a committee of trustees appointed by the Bank on behalf of its employees. In November 2004, the Board of Directors of the Bank approved certain revisions to the SRP, including simplification of the calculation of the employee contribution rate, more explicit reference to the Bank's residual responsibility and rights as the SRP sponsor, changes in survivor child benefits and an increase in the pension accumulation rate from 2 percent to 2.5 percent for each year of service. The past service cost associated with these changes amounted to UA 1.64 million and were recorded in 2004. Also, new members from the local field offices of the Bank joined the Plan in 2007 and the associated past service cost of UA 1.07 million were reported in the 2007 financial statements.

In 2008, the early retirement provisions and the death benefits to spouses were modified, resulting in a net negative prior service cost of UA 8.12 million, which has been immediately recognized. Under the revised SRP, employees contribute at a rate of 9 percent of regular salary. A tax factor included in the basis for the determination of contribution in the previous SRP has been eliminated. The Bank typically contributes twice the employee contribution, but may vary such contribution based on the results of annual actuarial valuations.

All contributions to the SRP are irrevocable and are held by the Bank separately in a retirement fund to be used in accordance with the provisions of the SRP. Neither the contributions nor any income thereon shall be used for or diverted to purposes other than the exclusive benefit of active and retired participants or their beneficiaries or estates, or to the satisfaction of the SRP's liabilities. At December 31, 2009, virtually all of the SRP's investments were under external management and these were invested in indexed funds, with the following objectives: a) Equity portfolio – to track as closely as possible, the returns of the Morgan Stanley Capital International World Index as well as hedging the currency exposure of the SRP's anticipated future liabilities; b) Bond portfolio – to track as closely as possible, the returns of the Citigroup World Government Bond Index as well as hedge the currency exposure of the SRP's anticipated future liabilities.

Post-Employment Medical Benefit Plan

The Medical Benefit Plan (MBP) was created under the Board of Directors' resolution B/BD/2002/17 and F/BD/2002/18 of July 17, 2002 and became effective on January 1, 2003. Under the MBP, all plan members including existing staff or retirees contribute a percentage of their salary or pension while the Bank also contributes twice the total staff contribution towards the financing of the MBP. Contribution rates by staff members and retirees, which are based on marital status and number of eligible children, range between 0.70 percent to a maximum of 3.10 percent of salary or pension. An MBP board, composed of selected officers of the Bank and representatives of retirees and the staff association, oversees the management and activities of the MBP. The contributions from the Bank, staff and retirees are deposited in a trust account. In accordance with the directive establishing the Plan, all Plan members including staff and retirees are eligible as beneficiaries for making claims for medical services provided to them and their recognized dependants.

The pension and post employment medical benefit expenses for 2009 and 2008 for the Bank, the ADF and the NTF combined (the Bank Group) comprised the following:

	Staff Retirement Plan		Medical Benefit Plan	
(UA millions)	**2009**	2008	**2009**	2008
Current service cost – gross	18.99	18.02	6.23	5.02
Less: estimated employee contributions	(5.41)	(5.98)	(1.60)	(1.07)
Net current service cost	**13.58**	**12.04**	**4.63**	**3.95**
Interest cost	14.24	14.53	3.94	2.91
Expected return on plan assets	(13.52)	(15.63)	(0.47)	(0.43)
Past service cost	-	(8.12)	-	-
Expense for the year	**14.30**	**2.82**	**8.10**	**6.43**

At December 31, 2009, the Bank Group's liability to the SRP and the post-employment aspect of the MBP amounted to UA 2.43 million and UA 51.41 million, respectively (2008: UA 61.32 million, and UA 58.07 million, respectively).

At December 31, 2009 and 2008 the determination of these liabilities, which are included in "Other accounts payable" on the Balance Sheet is set out below:

	Staff Retirement Plan		Medical Benefit Plan	
(UA millions)	**2009**	2008	**2009**	2008
Fair value of plan assets:				
Market value of plan assets at the beginning of the year	210.29	254.98	11.53	9.04
Actual return on assets	42.41	(61.63)	0.03	0.31
Employer's contribution	53.56	21.31	3.20	2.14
Actual plan participants' contributions during the year	6.53	5.98	1.60	1.07
Benefits paid	(10.54)	(10.35)	(0.68)	(1.03)
Market value of plan assets at the end of the year	**302.25**	**210.29**	**15.68**	**11.53**
Present value of defined benefit obligation:				
Benefit obligation at the beginning of the year	271.61	262.35	69.60	49.80
Current service cost	13.58	12.04	4.63	3.95
Employee contributions	6.53	5.98	1.60	1.07
Interest cost	14.24	14.54	3.94	2.91
Actuarial loss/(gain)	9.26	(12.95)	(12.00)	12.90
Benefits paid	(10.54)	(10.35)	(0.68)	(1.03)
Benefit obligation at the end of the year	**304.68**	**271.61**	**67.09**	**69.60**
Funded status:				
Liability recognized on the balance sheet at December 31 representing excess of benefit over plan asset	**(2.43)**	**(61.32)**	**(51.41)**	**(58.07)**

There were no unrecognized past service costs at December 31, 2009 and 2008. At December 31, 2009, the cumulative net actuarial losses recognized directly in equity through other comprehensive income for the SRP and MBP were in the amounts of UA 75.78 million and UA 0.13 million, respectively (2008: SRP – loss of UA 95.48 million; MBP – loss of UA 11.70 million).

The following summarizes the funding status of the SRP at the end of the last five fiscal years:

(UA millions)	**2009**	2008	2007	2006	2005
Staff Retirement Plan					
Fair value of Plan assets	302.25	210.29	254.98	199.48	166.76
Present value of defined benefit obligation	(304.68)	(271.61)	(262.35)	(233.88)	(200.57)
Plan deficit	(2.43)	(61.32)	(7.37)	(34.40)	(33.81)
Experience adjustments on plan assets	(47.40)	(76.36)	0.90	3.45	2.97
Experience adjustments on plan liabilities	(28.38)	(19.12)	(23.95)	(17.95)	(4.20)
Net	**(75.78)**	**(95.48)**	**(23.05)**	**(14.50)**	**(1.23)**

The funding status of the Medical Benefit Plan at the end of the last five fiscal years was as follows:

(UA millions)	**2009**	2008	2007	2006	2005
Medical Benefit Plan					
Fair value of plan assets	15.67	11.53	9.04	7.00	4.76
Present value of defined benefit obligation	(67.08)	(69.60)	(49.80)	(42.86)	(44.08)
Plan deficit	(51.41)	(58.07)	(40.76)	(35.86)	(39.32)
Experience adjustments on plan assets	(0.43)	0.01	0.13	(0.01)	(2.55)
Experience adjustments on plan liabilities	0.30	(11.71)	1.19	3.56	-
Net	**(0.13)**	**(11.70)**	**1.32**	**3.55**	**(2.55)**

Assumptions used in the latest available actuarial valuations at December 31, 2009 and 2008 were as follows:

	Staff Retirement Plan		**Medical Benefit Plan**	
(Percentages)	**2009**	2008	**2009**	2008
Discount rate	5.000	5.348	5.000	5.348
Expected return on plan assets	6.000	6.300	3.200	3.500
Rate of salary increase	3.700	4.000	3.700	4.000
Future pension increase	2.200	2.500		
Health care cost growth rate				
- at end of fiscal year			8.000	8.000
- ultimate health care cost growth rate			5.000	5.000
Year ultimate health cost growth rate reached			2012	2011

The expected return on plan assets is an average of the expected long-term (10 years or more) returns for debt securities and equity securities, weighted by the portfolio allocation. Asset class returns are developed based on historical returns as well as forward-looking expectations. Equity return expectations are generally based upon the sum of expected inflation, expected real earnings growth and expected long-term dividend yield. Bond return expectations are based upon the sum of expected inflation, real bond yield, and risk premium. The discount rate used in determining the benefit obligation is selected by reference to the long-term year-end rates on AAA corporate bonds.

The medical cost inflation assumption is the rate of increase in the cost of providing medical benefits. This is influenced by a wide variety of factors, such as economic trends, medical developments, and patient utilisation. For the purposes of these calculations, as in the last two years, the initial medical cost inflation rate is assumed at 8% per annum between January 1, 2010 to December 31, 2010, thereafter reducing by 1% per annum each year until it reaches 5% per annum where a constant rate of 5% per annum will be used thereafter. This level rate of 5% per annum will be reached at January 1, 2013 under the current assumption.

No plan assets are invested in any of the Bank's own financial instruments, nor any property occupied by, or other assets used by the Bank.

The following table presents the weighted-average asset allocation at December 31, 2009 and 2008 for the Staff Retirement Plan:

(UA thousands)	**2009**	2008
Debt securities	132,989	84,118
Equity securities	93,697	105,147
Property	30,225	-
Others	45,337	21,029
Total	**302,248**	**210,294**

At December 31, 2009 and 2008, the assets of the MBP were invested primarily in time deposits.

The Bank's estimate of contributions it expects to make to the SRP and the MBP for the year ending December 31, 2010, are UA 13.13 million and UA 3.66 million respectively.

The health care cost growth rate can significantly affect the reported post-retirement benefit income or costs and benefit obligations for the MBP.

The following table shows the effects of a one-percentage-point change in the assumed health care cost growth rate:

	1% Increase		**1% Decrease**	
(UA millions)	**2009**	2008	**2009**	2008
Effect on total service and interest cost	2.549	1.472	(1.957)	(1.181)
Effect on post-retirement benefit obligation	14.543	14.935	(11.576)	(11.794)

NOTE S – RELATED PARTIES

The following related parties have been identified:

The Bank makes or guarantees loans to some of its members who are also its shareholders, and borrows funds from the capital markets in the territories of some of its shareholders. As a multilateral development institution with membership comprising 53 African states and 24 non-African states (the "regional members" and "non-regional members", respectively), subscriptions to the capital of the Bank are made by all its members. All the powers of the Bank are vested in the Board of Governors, which consists of the Governors appointed by each member of the Bank, who exercise the voting power of the appointing member country. Member country subscriptions and voting powers are disclosed in Note N. The Board of Directors, which is composed of eighteen (18) Directors elected by the member countries, is responsible for the conduct of the general operations of the Bank, and for this purpose, exercises all the powers delegated to it by the Board of Governors. The Bank also makes or guarantees loans to certain of the agencies of its regional member countries and to public and private enterprises operating within such countries. Such loans are approved by the Board of Directors.

In addition to its ordinary resources, the Bank administers the resources of other entities under special arrangements. In this regard, the Bank administers the resources of the ADF. Furthermore, the Bank administers various special funds and trust funds, which have purposes that are consistent with its objectives of promoting the economic development and social progress of its regional member countries. In this connection, the Bank administers the NTF as well as certain multilateral and bilateral donor funds in the form of grants.

The ADF was established pursuant to an agreement between the Bank and certain countries. The general operation of the ADF is conducted by a 12-member Board of Directors of which 6 members are selected by the Bank. The Bank exercises 50 percent of the voting power in the ADF and the President of the Bank is the ex-officio President of the Fund. To carry out its functions, the ADF utilizes the offices, staff, organization, services and facilities of the Bank, for which it reimburses the Bank based on an agreed cost-sharing formula, driven in large part by the number of programs and projects executed during the year.

The Bank's investment in the ADF is included in Equity Participations and disclosed in Note J. In addition to the amount reported as equity participation, the Bank periodically makes allocations to the Fund, to further its objectives. Net income allocations by the Bank to ADF are reported as Other Resources in the Fund's financial statements. Net income allocation to the Fund in 2009 amounted to UA 25 million (2008: UA 109 million).

The NTF is a special fund administered by the Bank with resources contributed by Nigeria. The ADB Board of Directors conducts the general operations of NTF on the basis of the terms of the NTF Agreement and in this connection, the Bank consults with the Government of Nigeria. The NTF also utilizes the offices, staff, organization, services and facilities of the Bank for which it reimburses to the Bank its share of administrative expenses for such utilization. The share of administrative expenses reimbursed to the Bank by both the ADF and NTF are disclosed in Note Q.

Grant resources administered by the Bank on behalf of other donors, including its member countries, agencies and other entities are generally restricted for specific uses, which include the co-financing of Bank's lending projects, debt reduction operations and technical assistance for borrowers including feasibility studies. Details of the outstanding balance on such grant funds at December 31, 2009 and 2008 are disclosed in Note W-5.

The Bank also administers the SRP and MBP. The activities of the SRP and MBP are disclosed in Note R.

Management Personnel Compensation

Compensation paid to the Bank's management personnel and executive directors during the years ended December 31, 2009, and 2008 was made up as follows:

(UA thousands)	2009	2008
Salaries	15,827	15,209
Termination and other benefits	5,760	5,937
Contributions to the retirement and medical plans	3,523	3,170
Total	**25,110**	**24,316**

The Bank may also provide personal loans and advances to its staff, including those in management. Such loans and advances, guaranteed by the terminal benefits payable at the time of departure from the Bank, are granted in accordance with the Bank's rules and regulations. At December 31, 2009 outstanding balances on loans and advances to management staff amounted to UA 3.67 million (2008: UA 3.35 million). No expense was recognized during the year in respect of impairment on debts due from related parties.

NOTE T – SEGMENT REPORTING

The Bank is a multilateral development finance institution dedicated to the economic and social progress of its regional member states. The Bank's products and services are similar and are structured and distributed in a fairly uniform manner across borrowers.

Based on the evaluation of the Bank's operations, management has determined that ADB has only one reportable segment since the Bank does not manage its operations by allocating resources based on a determination of the contribution to net income from individual borrowers.

The products and services from which the Bank derives its revenue are mainly loans, treasury and equity investments.

External revenue for the years ended December 31, 2009 and 2008 is detailed as follows:

(UA thousands)	2009	2008
Interest income from loans:		
Fixed rate loans	164,747	193,041
Variable rate loans	79,098	66,556
Floating rate loans	40,752	88,426
	284,597	348,022
Commitment charges and commissions	3,642	4,255
Total income from loans	**288,239**	**352,277**
Income from investments	222,955	202,884
Income from other debt securities	7,684	9,288
Other income	7,338	18,647
Total external revenue	**526,216**	**583,096**

Revenues earned from transactions with a single customer of the Bank amounting to UA 65.96 million for the year ended December 31, 2009 exceeded 10% of the Bank's revenue.

The Bank's development activities are divided into five sub-regions of the continent of Africa for internal management purposes, namely: Central Africa, East Africa, North Africa, Southern Africa, and West Africa. Activities involving more than one single country from the continent of Africa are described as multinational activities. Treasury investment activities are carried out mainly outside the continent of Africa, and are therefore not included in the table below. In presenting information on the basis of the above geographical areas, revenue is based on the location of customers.

Geographical information about income from loans for the years ended December 31, 2009 and 2008 is detailed as follows:

(UA thousands)

	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Multi-national	Total
2009							
Income from sovereign loans	76,516	6,697	102,829	30,265	18,929	1,163	236,399
Income from non-sovereign loans	2,761	2,226	2,706	30,386	7,797	5,964	51,840
	79,277	**8,923**	**105,535**	**60,651**	**26,726**	**7,127**	**288,239**
2008							
Income from sovereign loans	80,607	7,380	141,166	33,285	58,477	2,261	323,126
Income from non-sovereign loans	2,493	1,369	1,843	8,464	10,148	4,784	29,101
	83,100	**8,749**	**143,009**	**41,749**	**68,625**	**7,045**	**352,277**

As of December 31, 2009, land and buildings owned by the Bank were located primarily at the Bank's headquarters in Abidjan, Côte d'Ivoire. More than 90% of other fixed and intangible assets were located at the Bank's Temporary Relocation Facilities in Tunis, Tunisia.

NOTE U – EVENTS AFTER THE BALANCE SHEET DATE

During the year ended December 31, 2009, the Board of Directors endorsed a proposal made by Canada and Republic of Korea offering to subscribe, temporarily, to additional non-voting callable capital of the Bank in the amounts of USD 2.6 billion and USD 306 million, respectively. This proposal was adopted by the Board of Governors on February 22, 2010. Accordingly, the authorized capital stock of the Bank would increase from UA 22,120 million to UA 23,947 million by the creation of additional 182,710 non-voting shares. In accordance with the Board of Governors' approval, this temporary capital increase shall become effective on January 1, 2010, or such later date when Canada and the Republic of Korea shall each have deposited with the Bank an Instrument of Subscription in relation to all the additional shares.

NOTE V – APPROVAL OF FINANCIAL STATEMENTS

On March 24, 2010, the Board of Directors authorized these financial statements for issue to the Board of Governors. The financial statements are expected to be approved by the Board of Governors at its annual meeting in May 2010.

NOTE W – SUPPLEMENTARY DISCLOSURES

NOTE W–1: EXCHANGE RATES

The rates used for translating currencies into Units of Account at December 31, 2009 and 2008 were as follows:

		2009	2008
1 UA = SDR =	Algerian Dinar	115.023000	104.675000
	Angolan Kwanza	141.611000	111.666000
	Botswana Pula	10.444300	11.607200
	Brazilian Real	2.728410	3.653610
	Canadian Dollar	1.643990	1.890960
	Chinese Yuan	10.704500	10.527100
	CFA Franc	713.826000	725.980000
	Danish Kroner	8.106880	8.180030
	Egyptian Pound	8.605440	8.497670
	Ethiopian Birr	20.285000	15.333500
	Euro	1.088220	1.106750
	Gambian Dalasi	42.698100	41.263800
	Ghanaian Cedi	2.247990	1.868890
	Guinean Franc	7,832.180000	7,700.580000
	Indian Rupee	73.179700	74.626300
	Japanese Yen	143.797000	140.464000
	Kenyan Shilling	119.622000	114.018000
	Korean Won	1,830.440000	1,936.890000
	Kuwaiti Dinar	0.449610	0.425038
	Libyan Dinar	1.932370	1.932370
	Mauritian Rupee	47.486100	48.912000
	Moroccan Dirham	12.214300	12.296400
	Nigerian Naira	232.175000	183.325000
	Norwegian Krone	9.056080	10.780200
	Pound Sterling	0.968010	1.056570
	Sao Tomé Dobra	26,359.900000	23,455.400000
	Saudi Arabian Riyal	5.878830	5.776010
	South African Rand	11.569600	14.332200
	Swedish Krona	11.307000	11.999400
	Swiss Franc	1.615510	1.638390
	Tunisian Dinar	2.054930	2.059200
	Ugandan Shilling	3,012.220000	3,015.380000
	United States Dollar	1.567690	1.540270

* *No representation is made that any currency held by the Bank can be or could have been converted into any other currency at the cross rates resulting from the rates indicated above.*

NOTE W–2: OTHER DEVELOPMENT ASSISTANCE ACTIVITIES

(i) Democratic Republic of Congo (DRC)

In connection with an internationally coordinated effort between the Bank, the International Monetary Fund (the IMF), the World Bank and other bilateral and multilateral donors to assist the Democratic Republic of Congo (DRC) in its reconstruction efforts, the Board of Directors on June 26, 2002, approved an arrears clearance plan for the DRC. Under the arrears clearance plan, contributions received from the donor community were used immediately for partial clearance of the arrears owed by the DRC. The residual amount of DRC's arrears to the Bank and loan amounts not yet due were consolidated into new contractual receivables, such that the present value of the new loans was equal to the present value of the amounts that were owed under the previous contractual terms. The new loans carry the weighted average interest rate of the old loans. In approving the arrears clearance plan, the Board of Directors considered the following factors: a) the arrears clearance plan is part of an internationally coordinated arrangement for the DRC; b) the magnitude of DRC's arrears to the Bank ruled out conventional solutions; c) the prolonged armed conflict in the DRC created extensive destruction of physical assets, such that the DRC had almost no capacity for servicing its debt; and d) the proposed package would result in a significant improvement in its repayment capacity, if appropriate supporting measures are taken. Furthermore, there was no automatic linkage between the arrears clearance mechanism and the debt relief that may be subsequently provided on the consolidated facility. In June 2004, the DRC reached its decision point under the Heavily Indebted Poor Countries (HIPC) initiative. Consequently, the consolidated facility has since that date benefited from partial debt service relief under HIPC.

A special account, separate from the assets of the Bank, was established for all contributions towards the DRC arrears clearance plan. Such contributions may include allocations of the net income of the Bank that the Board of Governors may from time to time make to the special account, representing the Bank's contribution to the arrears clearance plan. The amount of such net income allocation is subject to the approval of the Boards of Governors of the Bank, typically occurring during the annual general meeting of the Bank. Consequently, income recognized on the consolidated DRC loans in current earnings is transferred out of reserves to the special account only after the formal approval of such transfer, in whole or in part, by the Board of Governors of the Bank.

(ii) Post-Conflict Countries Assistance/Fragile States Facility

The Post Conflict Countries' Fund was established as a framework to assist countries emerging from conflict in their efforts towards re-engagement with the donor community in order to reactivate development assistance and help these countries reach the Heavily Indebted Poor Countries (HIPC) decision point to qualify for debt relief after clearing their loan arrears to the Bank Group. The framework entails the setting aside of a pool of resources through a separate facility with allocations from the ADB's net income, and contributions from the ADF and other private donors.

Resources from the facility are provided on a case-by-case basis to genuine post-conflict countries not yet receiving debt relief to fill financing gaps after maximum effort by the post-conflict country to clear its arrears to the Bank Group. In this connection, the Board of Governors by its Resolution B/BG/2004/07 of May 25, 2004, established the Post-Conflict Countries Facility (PCCF) under the administration of the ADF and approved an allocation of UA 45 million from the 2003 net income of the Bank. The Board of Governors also, by its resolution B/BG/2005/05 of May 18, 2005, approved an additional allocation of UA 30 million from the 2004 net income as the second installment of the Bank's contribution to the facility and by its resolution B/BG/2007/04 of May 17, 2006, the Board of Governors also approved the third and final installment of the Bank's allocation of UA 25 million from the 2005 net income. In March 2008, the Board of Directors approved the establishment of the Fragile States Facility (FSF) to take over the activities of the PCCF and in addition provide broader and integrated framework for assistance to eligible states. The purposes of the FSF is to consolidate peace, stabilize economies and lay the foundation for sustainable poverty-reduction and long-term economic growth of the eligible countries. By policy, contributions made by ADB to the PCCF/FSF are not used to clear the debt owed to the Bank by beneficiary countries.

(iii) Heavily Indebted Poor Countries (HIPC) Initiative

The Bank participates in a multilateral initiative for addressing the debt problems of countries identified as HIPCs. Under this initiative, creditors provide debt relief for eligible countries that demonstrate good policy performance over an extended period to bring their debt burdens to sustainable levels. Under the original HIPC framework, selected loans to eligible beneficiary countries were paid off by the HIPC Trust Fund at a price equivalent to the lower of the net present value of the loans or their nominal values, as calculated using the methodology agreed under the initiatives. Following the signature of a HIPC debt relief agreement, the relevant loans were paid off at the lower of their net present value or their carrying value. On average, loans in the ADB's portfolio carry higher interest rates than the present value discount rates applied and therefore the net present value of the loans exceeds the book value. Consequently, affected ADB loans were paid off by the HIPC Trust Fund at book values. The HIPC initiative was enhanced in 1999 to provide greater, faster and more poverty-focused debt relief. This was achieved by reducing the eligibility criteria for qualification under the initiative and by commencing debt relief much earlier than under the original framework. Under the enhanced framework, where 33 African countries are eligible, the debt relief is delivered through annual debt service reductions, as well as the release of up to 80 percent of annual debt service obligations as they come due until the total debt relief is provided. In addition, interim financing between the decision and completion points of up to 40 percent of total debt relief is provided whenever possible within a 15-year horizon.

At December 31, 2009, the Board of Directors had approved relief for 28 ADB borrowing countries, of which 19 had reached the completion point.

(iv) Multilateral Debt Relief Initiative (MDRI)

At the Gleneagles Summit on July 8, 2005, the Group of 8 major industrial countries agreed on a proposal for the ADF, the International Development Association (IDA), and the International Monetary Fund (IMF) to cancel 100 percent of their claims on countries that have reached, or will reach, the completion point under the enhanced HIPC Initiative.

The main objective of the MDRI is to complete the process of debt relief for HIPCs by providing additional resources to help 38 countries worldwide, 33 of which are in Africa, to make progress towards achieving the Millennium Development Goals (MDGs), while simultaneously safeguarding the long-term financing capacity of the ADF and the IDA. The debt cancellation would be delivered by relieving post-completion-point HIPCs' repayment obligations and adjusting their gross assistance flows downward by the same amount. To maintain the financial integrity of the ADF, donors have committed to make additional contributions to the ADF to match "dollar-for-dollar" the foregone principal and service charge payments.

The MDRI became effective for the ADF on September 1, 2006. As of that date, the ADF wrote down its balance of disbursed and outstanding loans net of HIPC relief by an amount of UA 3.84 billion, with a corresponding decrease as of that date in the ADF's net assets. Reduction in ADF net assets results in a decrease in the value of the Bank's investment in the Fund. Subsequent write-down of loan balances is effected as and when other countries reach their HIPC completion point and are declared beneficiaries of MDRI loan cancellation. The reduction in the net asset value of the ADF does not include loans outstanding to MDRI countries that have not reached their HIPC completion points at the end of the year.

NOTE W–3: SPECIAL FUNDS

Under Article 8 of the Agreement establishing the Bank, the Bank may establish or be entrusted with the administration of special funds.

At December 31, 2009 and 2008, the following funds were held separately from those of the ordinary capital resources of the Bank:

(i) The NTF was established under an agreement signed on February 26, 1976 (the Agreement) between the African Development Bank and the Federal Republic of Nigeria. The Agreement stipulates that the NTF shall be in effect for a period of 30 years from the date the Agreement became effective and that the resources of the NTF shall be transferred to the Government of Nigeria upon termination. However, the 30-year sunset period may be extended by mutual agreement between the Bank and the Federal Republic of Nigeria. At the expiry of the initial 30-year period on April 25, 2006, the Bank and the Federal Republic of Nigeria agreed to 2 interim extensions (each for 12 months) to allow for further consultations and an independent evaluation of the NTF. Following the positive result of the independent evaluation, the NTF Agreement was renewed for a period of ten years starting from April 26, 2008. The initial capital of the NTF was Naira 50 million payable in two equal installments of Naira 25 million each, in freely convertible currencies. The first installment, equivalent to US$ 39.90 million, was received by the Bank on July 14, 1976, and payment of the second installment, equivalent to US$ 39.61 million, was made on February 1, 1977.

During May 1981, the Federal Republic of Nigeria announced the replenishment of the NTF with Naira 50 million. The first installment of Naira 35 million (US$ 52.29 million) was paid on October 7, 1981. The second installment of Naira 8 million (US$ 10.87 million) was received on May 4, 1984. The payment of the third installment of Naira 7 million (US$ 7.38 million) was made on September 13, 1985. Following a request by the Government of Nigeria on June 14, 2006, a payment of US$ 200 million (UA 135.71 million) was made to the Government of Nigeria from the resources of the Fund. A second request for withdrawal of US$ 200 million was disbursed to the Government of Nigeria in July 2009.

The resources of the NTF at December 31, 2009 and 2008 are summarized below:

(UA thousands)	**2009**	2008
Contribution received	128,586	128,586
Funds generated (net)	147,194	273,660
Adjustment for translation of currencies	(119,055)	(115,469)
	156,725	**286,777**
Represented by:		
Due from banks	4,375	90,367
Investments	98,414	139,565
Accrued income and charges receivable on loans	1,574	1,807
Accrued interest on investments	176	733
Other amounts receivable	522	529
Loans outstanding	53,099	54,628
	158,160	287,629
Less: Accounts payable	(1,435)	(852)
	156,725	**286,777**

(ii) The Special Relief Fund (for African countries affected by drought) was established by Board of Governors' Resolution 20-74 to assist African countries affected by unpredictable disasters. The purpose of this fund was subsequently expanded in 1991 to include the provision of assistance, on a grant basis, to research institutions whose research objectives in specified fields are likely to facilitate the Bank's objective of meeting the needs of regional member countries in those fields. The resources of this Fund consist of contributions by the Bank, the ADF and various member states.

The summary statement of the resources and assets of the Special Relief Fund (for African countries affected by drought) as at December 31, 2009 and 2008 follows:

(UA thousands)	**2009**	2008
Fund balance	62,448	62,448
Funds generated	4,468	4,639
Funds allocated to Social Dimensions of Structural Adjustment (SDA)	1	1
Less: Relief disbursed	(57,060)	(52,990)
	9,857	**14,098**
Represented by:		
Due from bank	1,255	6,598
Investments	8,593	8,057
Interest receivable	9	9
	9,857	14,664
Less: Accounts payable	-	(566)
	9,857	**14,098**

At December 31, 2009, a total of UA 7.05 million (2008: UA 2.40 million) had been committed but not yet disbursed under the Special Relief Fund.

NOTE W–4: TRUST FUNDS

The Bank has been entrusted, under Resolutions 11-70, 19-74 and 10-85 of the Board of Governors, with the administration of the Mamoun Beheiry Fund, the Arab Oil Fund, and the Special Emergency Assistance Fund for Drought and Famine in Africa. These funds, held separately from those of the ordinary resources of the Bank, are maintained and accounted for in specific currencies, which are translated into Units of Account at exchange rates prevailing at the end of the year.

(i) The Mamoun Beheiry Fund was established under Board of Governors' Resolution 11-70 of October 31, 1970, whereby Mr. Mamoun Beheiry, former President of the Bank, agreed to set up a fund, which could be used by the Bank to reward staff members who had demonstrated outstanding performance in fostering the objectives of the Bank.

(ii) The Arab Oil Fund (contribution of Algeria) was established following Board of Governors' Resolution 19-74 of July 4, 1974. Under a protocol agreement dated November 15, 1974, the Bank received the sum of US$ 20 million from the Government of Algeria to be kept as a Trust Fund from which loans could be granted to member countries affected by high oil prices. On August 11, 1975, an amount of US$ 5.55 million was refunded to Algeria upon request, leaving a balance of US$ 14.45 million, from which loans refundable directly to Algeria have been made. At December 31, 2009, a total of US$ 13.45 million (2008: US$ 13.45 million) had been so repaid.

(iii) The Special Emergency Assistance Fund for Drought and Famine in Africa (SEAF) was established by the 20th Meeting of Heads of State and Government of member countries of the African Union formerly Organization of African Unity (OAU) held in Addis Ababa, Ethiopia, from November 12 to 15, 1984, under Resolution AHG/Res. 133 (XX), with the objective of giving assistance to African member countries affected by drought and famine.

The financial highlights of these Trust Funds at December 31, 2009 and 2008 are summarized below:

(UA thousands)		2009	2008
i)	**Mamoun Beheiry Fund**		
	Contribution	152	152
	Income from investments	192	167
		344	319
	Less: Prize awarded	(30)	(30)
	Gift	(25)	(25)
		289	264
	Represented by:		
	Short-term deposits	275	247
	Due from banks	14	13
	Accrued interest	-	4
		289	264
ii)	**Arab Oil Fund (contribution of Algeria)**		
	Net contribution	638	649
	Represented by:		
	Loans disbursed net of repayments	638	649
iii)	**Special Emergency Assistance Fund for Drought and Famine in Africa**		
	Contributions	20,082	20,440
	Funds generated	5,436	5,525
		25,518	25,965
	Relief granted	(21,426)	(21,483)
		4,092	4,482
	Represented by:		
	Due from banks	523	4,479
	Investments	3,885	-
	Accrued interest	3	3
	Amounts payable	(319)	-
		4,092	4,482
	Total Resources & Assets of Trust Funds	**5,019**	**5,395**

NOTE W–5: GRANTS

The Bank administers grants on behalf of donors, including member countries, agencies and other entities. Grant resources are restricted for specific uses, which include the co-financing of the Bank's lending projects, debt reduction operations, technical assistance for borrowers including feasibility studies and project preparation, global and regional programs and research and training programs. These funds are placed in trust and are not included in the assets of the Bank. In accordance with Article 11 of the Agreement establishing the Bank, the accounts of these grants are kept separate from those of the Bank.

The undisbursed balances of the grant resources at December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Africa Water Facility Fund	46,624	38,396
AMINA	1,418	1,436
Austria Technical Cooperation Grant	1,018	986
Belgium	989	1,007
Canada	1,598	332
Chinese Government Grant	522	286
Congo Basin	32,937	7,635
Denmark	893	1,248
Fertilizer Financing Mechanism	5,408	-
Finland	2,065	2,467
France-BAD (Fonds d'Assistance Technique)	2,904	2,710
GTF (Governance Trust Fund)	1,857	-
ICA - Infrastructure Consortium for Africa	180	323
ICP - Africa	218	161
IMDE (Initiative Migration and Development)	2,389	-
India Government Grant	467	366
Italy	3,121	3,133
Japan (FAPA)	24,281	13,308
Korea Trust Fund	5,117	1,778
Making Finance Work for Africa	735	-
Multi-donor Water Partnership Program	2,673	1,846
Nepad Infrastructure	16,498	12,516
Nordic Trust Fund for Governance	224	371
Norway	648	441
Portuguese Technical Cooperation Trust Fund	916	904
Rural Water Supply and Sanitation Initiative	51,578	55,557
SFRD (Great Lakes)	2,228	1,545
Spain (ADB - Spain Cooperation Program)	418	601
Statistical Capacity Building (SCB) - Phase II	5,705	-
Swedish Trust Fund for Consultancy Services	366	404
Switzerland Technical Assistance Grant	309	304
The Netherlands	1,375	1,677
The Nigeria Technical Cooperation Fund	17,170	17,562
The United Kingdom	4,442	1,470
Others	223	338
Total	**239,514**	**171,108**

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Independent Auditor's Report to the Board of Governors of the African Development Bank
Year ended 31 December 2009

We have audited the accompanying financial statements of the African Development Bank ("the Bank") which comprise the balance sheet as at 31 December 2009 and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out in notes A to W.

The financial statements have been prepared under the accounting policies set out therein, for the purpose of submitting approved and audited financial statements to the Board of Governors as required by Article 32(d) of the Agreement establishing the Bank. This report is made solely to the Bank's Board of Governors, as a body, in accordance with Article 32(d) of the Agreement establishing the Bank. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Agreement establishing the Bank. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair

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African Development Bank
Independent Auditor's Report to the Board of Governors of the African Development Bank

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Paris La Défense, 24th March 2010

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

ADB ADMINISTRATIVE BUDGET FOR FINANCIAL YEAR 2010

(UA thousands)

Description	
Personnel Expenses	
Salaries	101,093
Benefits	66,045
Other Employee Expenses	12,267
Short Term and Technical Assistance Staff	740
Consultants	14,547
Staff Training	4,228
	198,920
General Expenses	
Official Missions	20,365
Accommodation	11,771
Equipment Rental, Repairs and Maintenance	7,337
Communication Expenses	7,706
Printing, Publishing and Reproduction	1,704
Office Supplies and Stationery	755
Library	722
Other Institutional Expenses	14,728
	65,088
Total Administrative Expenses	264,008
Depreciation	5,200
Total	269,208
Less: Management Fees*	(191,690)
Net Administrative Budget	**77,518**

* *The amount represents the African Development Fund and the Nigerian Trust Fund's share of the fair value of the Bank's expenses in respect of officers, staff, organization, services and facilities based on a formula approved by the Boards.*

THE AFRICAN DEVELOPMENT FUND

Financial Management

Subscriptions

ADF Replenishments

The resources of the ADF primarily comprise subscriptions by the State Participants and the Bank, as well as other resources received by the Fund including contributions by the Bank. The cumulative subscriptions to ADF amounted to UA 18.77 billion at December 31, 2009, compared to UA 18.37 billion at the end of 2008.

The eleventh general replenishment of the Fund (ADF-XI) became effective in May 2008 and covers the three-year operational period starting in 2008 and ending in 2010. As of December 31, 2009, State Participants had subscribed a total of UA 3.37 billion representing 91.08 percent of the ADF-XI target replenishment level of UA 3.70 billion.

Commitments under the Multilateral Debt Relief Initiative

The Multilateral Debt Relief Initiative (MDRI or Initiative) became effective on September 1, 2006[1] and covers the period 2006-2054. To preserve the financial integrity and the financing capacity of the African Development Fund, donors have committed to fully compensate the Fund for debts canceled under the MDRI.

As of December 31, 2009, the Fund had received from donors aggregate commitments of UA 4.37 billion, representing 78.18 percent of the MDRI cost for the period 2006-2054 of UA 5.59 billion.

Investments

ADF cash and treasury investments amounted to UA 3.18 billion at December 31, 2009, compared to UA 3.52 billion at the end of 2008. Investment income for the year amounted to UA 131.59 million, representing a return of 4.09 percent, on an average liquidity level of UA 3.22 billion, compared with an income of UA 109.88 million in 2008, representing a return of 3.17 percent on an average liquidity of UA 3.47 billion.

Loan Portfolio

Cumulative loans and grants signed, net of cancellations, at December 31, 2009, amounted to UA 18.86 billion compared to UA 16.76 billion at the end of 2008. Total outstanding loans, as at December 31, 2009 was UA 5.43 billion, UA 567.28 million higher than the UA 4.87 billion outstanding as at the end of 2008. This increase was in spite of debt cancellation under the Multilateral Debt Relief Initiative, amounting to UA 207.78 million, for two additional completion point countries.

At the end of 2009, there were 1,138 active signed loans and grants. Also at December 31, 2009, a total of 1,101 loans amounting to UA 6.43 billion had been fully repaid.

Disbursements

Disbursements of loans and grants increased by 53.10 percent from UA 1.13 billion in 2008 to UA 1.73 billion in 2009. As at December 31, 2009, cumulative disbursements on loans and grants amounted to UA 13.61 billion. A total of 1,583 loans and grants were fully disbursed for an amount of UA 10.67 billion, representing 78.40 percent of cumulative disbursements.

Financial Results

The Fund earned a surplus of UA 4.70 million in 2009, compared to UA 4.66 million in 2008. Administrative expenses, which represent the Fund's share of the total shareable expenses of the ADB Group, increased by UA 19.55 million, from UA 138.10 million in 2008 to UA 157.65 million in 2009. The Fund's share of the total shareable expenses of the ADB group is based on a predetermined cost-sharing formula, which is driven by the relative levels of certain operational volume indicators and relative balance sheet size. The Fund's share of Bank Group shareable expenses was 70.84 % for 2009, compared to 72.13% for 2008. The increase in the absolute amount of administrative expenses was attributable to the overall increase in Bank Group shareable expenses due to increased staffing as a result of increased activities.

As a result of a higher average loan balance and recoveries made of loan income arrears from a borrowing member country during the year, loan income increased by UA 7.43 million from UA 51.65 million in 2008 to UA 59.08 million in 2009. Investment income also increased by UA 21.71 million from UA 109.88 million in 2008 to UA 131.59 million in 2009 as a result of improved market conditions. Discount on the accelerated encashment of demand obligations amounted to UA 28.02 million in 2009 compared to UA 16.18 million in 2008. According to the Fund's non-accrual policy, service charges on loans made to, or guaranteed by borrowers are excluded from loan income if principal repayment and service charges are in arrears for 6 months or more. As a result of this policy, UA 4.80 million of non-accrued loan income was excluded from 2009 income compared to UA 3.39 million in 2008. In addition, UA 6.87 million of loan income previously not accrued was recovered and recognized in income in 2009 compared to UA 5.33 million in 2008. The number of borrowers in non-accrual status at December 31, 2009 were 3 compared to 4 at the end of December 2008.

The Fund continues to cancel qualifying debts under MDRI as the relevant countries reach their HIPC completion points. A summary of the cumulative loan cancellations under MDRI and HIPC is presented in Note E to the Special Purpose Financial Statements.

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[1] *The effectiveness of the MDRI was triggered when the Fund received Instrument of Commitments representing at least 70% of the total cost of debt relief for 14 post-completion countries, of which not less than amounts equivalent to at least 75% of the cost of debt relief incurred during the ADF-X period, were unqualified commitments for payments due in 2007.*

African Development Fund

Special Purpose Financial Statements and Report of the Independent Auditor for the Year ended December 31, 2009

STATEMENT OF NET DEVELOPMENT RESOURCES AS AT DECEMBER 31, 2009

(UA thousands - Note B)

		2009	2008
DEVELOPMENT RESOURCES			
DUE FROM BANKS		29,206	263,331
INVESTMENTS (Notes C & H)			
Held-for-trading	1,944,427		1,923,022
Held-to-maturity	1,203,945		1,330,185
Total investments		3,148,372	3,253,207
DEMAND OBLIGATIONS (Note D)		2,378,200	2,265,101
RECEIVABLES			
Accrued income on loans and investments	48,131		50,193
Other receivables	13,345		12,631
		61,476	62,824
LIABILITIES		(116,310)	(63,083)
NET DEVELOPMENT RESOURCES		**5,500,944**	**5,781,380**
FUNDING OF DEVELOPMENT RESOURCES			
SUBSCRIPTIONS AND CONTRIBUTIONS (Notes F & O)			
Amount subscribed including contributions through accelerated encashment of subscriptions	18,770,173		18,370,126
Less: Portion of accelerated encashment not yet effected	(122,070)		(113,133)
	18,648,103		18,256,993
Less: Installments not yet payable	(1,105,850)		(1,842,531)
	17,542,253		16,414,462
Less: Installments due	(7,018)		(7,018)
	17,535,235		16,407,444
Contributions paid on Multilateral Debt Relief Initiative	318,788		158,573
	17,854,023		16,566,017
Less: Unamortized discount on subscriptions and contributions (Note B)	(74,130)		(65,809)
	17,779,893		16,500,208
Cumulative exchange adjustment on subscriptions and contributions (Note B)	(288,710)		(242,973)
Total subscriptions and contributions		17,491,183	16,257,235
OTHER RESOURCES (Note G)		305,270	280,270
RESERVES (Note I)		177,618	172,921
CUMULATIVE CURRENCY TRANSLATION ADJUSTMENT (Note B)		(383,442)	(457,664)
		17,590,629	16,252,762
ALLOCATION OF DEVELOPMENT RESOURCES			
GRANTS AND TECHNICAL ASSISTANCE ACTIVITIES (Note E)		(2,238,258)	(1,351,475)
HIPC GRANTS DISBURSED (Note E)		(184,000)	(184,000)
NET DEBT RELIEF (Note E)		(4,234,133)	(4,069,896)
LOANS DISBURSED AND OUTSTANDING (Notes E, M & N)		(5,433,294)	(4,866,011)
NET DEVELOPMENT RESOURCES		**5,500,944**	**5,781,380**

The accompanying notes to the special purpose financial statements form part of this statement.

STATEMENT OF INCOME AND EXPENSES AND OTHER CHANGES IN DEVELOPMENT RESOURCES FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
INCOME AND EXPENSES		
Service charges on loans	41,778	36,529
Commitment charges on loans	17,299	15,122
Income on investments	131,589	109,877
Other income	-	241
Provision for impairment on held-to-maturity investments	683	(2,332)
Administrative expenses (Note K)	(157,649)	(138,104)
Discount on accelerated encashment of participants' demand obligations	(28,015)	(16,180)
Financial charges	(163)	(738)
(Loss)/gain on exchange	(825)	244
Surplus	**4,697**	**4,659**
CHANGE IN DEVELOPMENT RESOURCES FUNDING		
Increase in paid-up subscriptions	1,127,791	1,298,059
Contributions received on account of Multilateral Debt Relief Initiative	160,215	49,203
Changes in accumulated exchange adjustment on subscriptions and contributions	(45,737)	(13,582)
Increase in other resources	25,000	109,000
Changes in unamortized discount on subscriptions and contributions	(8,321)	3,046
Changes in accumulated translation adjustment	74,222	(24,686)
	1,333,170	**1,421,040**
CHANGE IN DEVELOPMENT RESOURCES ALLOCATION		
Disbursements of grants	(887,425)	(434,787)
Disbursements of loans	(839,009)	(690,133)
Repayment of loans	50,827	55,552
Recoveries on account of Multilateral Debt Relief Initiative	49,963	27,493
Translation adjustments on loans	7,341	(178,247)
	(1,618,303)	**(1,220,122)**
Change in Net Development Resources	(280,436)	205,577
Net Development Resources at the beginning of the year	5,781,380	5,575,803
NET DEVELOPMENT RESOURCES AT THE END OF THE YEAR	**5,500,944**	**5,781,380**

The accompanying notes to the special purpose financial statements form part of this statement.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009
(UA thousands - Note B)

	2009	2008
SURPLUS	4,697	4,659
OTHER COMPREHENSIVE INCOME		
Changes in accumulated translation adjustment	74,222	(24,686)
COMPREHENSIVE INCOME/(LOSS)	**78,919**	**(20,027)**

The accompanying notes to the special purpose financial statements form part of this statement.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Surplus	4,697	4,659
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of premium and discount on held-to-maturity investments	(8,121)	(4,791)
Provision for impairment on held-to-maturity investments	(683)	2,332
Discount on accelerated encashment of participants' demand obligations	28,015	16,180
Changes in accrued income on loans and investments	2,062	1,421
Changes in net current assets	60,640	8,858
Net cash provided by operating activities	86,610	28,659
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements of grants	(887,425)	(434,787)
Disbursements of loans	(839,009)	(690,133)
Repayments of loans	50,827	55,552
Recoveries on account of Multilateral Debt Relief Initiative	49,963	27,493
Investments maturing after 3 months of acquisition:		
Held-to-maturity	118,300	42,826
Held-for-trading	(111,545)	1,253
Net cash used in investment, lending and development activities	(1,618,889)	(997,796)
FINANCING ACTIVITIES:		
Subscriptions and contributions received in cash	286,458	230,440
Participants' demand obligations encashed	873,665	917,429
Increase in other resources	25,000	109,000
Net cash provided by financing activities	1,185,123	1,256,869
Effect of exchange rate changes on cash and cash equivalents	11,867	(21,441)
Net (decrease)/increase in cash and cash equivalents	(335,289)	266,291
Cash and cash equivalents at the beginning of the year	718,616	452,325
Cash and cash equivalents at the end of the year	**383,327**	**718,616**
COMPOSED OF:		
Cash	29,206	263,331
Investment maturing within 3 months of acquisition:		
Held-to-maturity	-	3,880
Held-for-trading	354,121	451,405
Cash and cash equivalents at the end of the year	**383,327**	**718,616**
SUPPLEMENTARY DISCLOSURE:		
Movements resulting from exchange rate fluctuations on:		
Loans	(7,341)	178,247
Subscriptions and contributions	(45,737)	(13,582)

The accompanying notes to the special purpose financial statements form part of this statement.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2009

NOTE A – PURPOSE, ORGANIZATION AND RESOURCES

Purpose and Organization

The African Development Fund (ADF or the Fund) was established in 1972 as an international institution to assist the African Development Bank (ADB or the Bank) in contributing to the economic and social development of the Bank's regional members, promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes.

The ADF's Board of Directors has twelve (12) members, made up of six (6) members selected by the Bank and six (6) members selected by State Participants. The Board of Directors reports to the Board of Governors, which is made up of representatives of the State Participants and the ADB. The ADB exercises fifty percent (50%) of the voting powers in the ADF and the President of the Bank is the ex-officio President of the Fund.

The ADB, the Nigeria Trust Fund (NTF), which is a special fund administered by the ADB, and the ADF are collectively referred to as the Bank Group. The principal purpose of the ADB is to promote economic and social development in its regional member countries. The ADB finances development projects and programs in its regional member states. The ADB also participates in the selection, study and preparation of projects contributing to the development of its member countries and where necessary provides technical assistance. The NTF was established under an agreement between the Bank and the Federal Republic of Nigeria to further support the development efforts of ADB regional member countries, particularly the lesser-developed countries. The assets and liabilities of the ADB and of the NTF are separate and independent of those of the ADF. Furthermore, the ADF is not liable for their respective obligations. Transactions with these affiliates are disclosed in the notes that follow.

Resources

The resources of the Fund consist of subscriptions by the Bank, subscriptions and contributions by State Participants, other resources received by the Fund and funds derived from operations or otherwise accruing to the Fund. The initial resources of the Fund consisted of subscriptions by the Bank and the original State Participants to the Agreement establishing the Fund (the Agreement). Thereafter, the resources have been replenished through Special and General increases of subscriptions and contributions.

NOTE B – BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Due to its nature and organization, the Fund presents its financial statements on a special purpose basis. The Special Purpose Financial Statements are prepared for the specific purpose of reflecting the net development resources of the Fund and are not intended to be a presentation in accordance with International Financial Reporting Standards. Net development resources represent resources available to fund loan and grant commitments and comprise primarily cash, marketable investments and demand obligations of State Participants. These special purpose financial statements have been prepared to comply with Article 35(1) of the Agreement establishing the Fund, which requires that the Fund circulates, at appropriate intervals, a summary of its financial position and income and expenditure statement showing the results of its operations.

The significant accounting policies used in the preparation of the Fund's special purpose financial statements are as follows:

Monetary Basis of the Special Purpose Financial Statements

The special purpose financial statements are expressed in Units of Account (UA). Article 1 of the Agreement defined a Unit of Account as having a value of 0.81851265 grams of fine gold.

On April 1, 1978, when the second amendment to the Articles of the Agreement of the International Monetary Fund (IMF) came into effect, gold was abolished as a common denominator of the international monetary system. Computations relating to the currencies of IMF members were thereafter made on the basis of the Special Drawing Right (SDR) for purposes of applying the provisions of the Articles of the IMF. The Fund's Unit of Account was therefore based on its relationship to the SDR at the time of establishment of the Fund. This was 1 Unit of Account equal to SDR 0.921052.

Subsequently, on November 16, 1992, the Board of Governors decided by Resolution F/BG/92/10 to redefine the Fund's Unit of Account to be equivalent to the UA of the ADB, which is defined as equivalent to the Special Drawing Right of the IMF. In compliance with this Resolution, the Board of Directors, on June 22, 1993, adopted January 1, 1993, as the date for the entry into effect of the Resolution, and the Fund's UA has since then been defined as equal to the Bank's UA.

The Fund conducts its operations in the currencies of its State Participants. Income and expenses are converted into UA at the rates prevailing on the date of the transaction. Assets and liabilities are translated into UA at the rates prevailing at the date of the Statement of Net Development Resources. Translation differences are debited or credited to the Cumulative Currency Translation Adjustment. Translation gains and losses on subscriptions received are credited or debited to the Cumulative Exchange Adjustment on Subscriptions and contributions. Where currencies are converted into any other currency, the resulting gains or losses are included in income.

The rates used for translating currencies into UA at December 31, 2009 and 2008 are as follows:

	2009	2008
1 Unit of Account equals:		
Argentine Peso	6.106830	5.318560
Brazilian Real	2.728410	3.653610
Canadian Dollar	1.643990	1.890960
Danish Krone	8.106880	8.180030
Euro	1.088220	1.106750
Indian Rupee	73.179700	74.626300
Japanese Yen	143.797000	140.464000
Korean Won	1,830.440000	1,936.890000
Kuwaiti Dinar	0.449610	0.425038
Norwegian Krone	9.056080	10.780200
Pound Sterling	0.968010	1.056570
South African Rand	11.569600	14.332200
Swedish Krona	11.307000	11.999400
Swiss Franc	1.615510	1.638390
United States Dollar	1.567690	1.540270

No representation is made that any currency held by the Fund can be or could have been converted into any other currency at the cross-rates resulting from the rates indicated above.

Participants' Subscriptions and Contributions

Subscriptions committed by State Participants for each replenishment are recorded in full as subscriptions receivable from participants upon submission of an instrument of subscription by the participants. A replenishment becomes effective when the ADF receives instruments of subscription from participants for a portion of the intended replenishment level as specified in the replenishment resolution. The portion of subscribed amounts for which payments are not yet due from State Participants are recorded as installments on subscriptions not yet payable, and are not included in the net development resources of the Fund. The subscriptions not yet payable become due throughout the replenishment period (generally three years) in accordance with an agreed payment schedule. The actual payment of subscriptions when they become due from certain participants is conditional upon the respective participant's budgetary appropriation process.

The subscriptions receivable are settled through payment of cash or deposit of non-negotiable, non-interest bearing demand notes. The notes are encashed by the Fund as provided in an encashment program agreed to at the time of the replenishment.

For the ADF-IX, ADF-X and ADF-XI replenishments, participants were given the option of an early payment of cash in an amount equivalent to the net present value of their entire subscriptions and contributions. Upon receipt of such cash payments, participants are credited with the full face value of their entire subscriptions, and in agreement with the Fund, such cash amounts received are invested and the income generated thereon is retained by the Fund. A discount, calculated as the difference between the face value of the subscriptions and the cash amount received, is initially recorded to represent the interest expected to be earned on the cash received from State Participants who opted for the accelerated encashment program. Such discount is amortized over the projected encashment period, to recognize the effective contributions to equity by the relevant participant over and above the initial cash advanced.

By its resolutions F/BG/2006/12 and F/BG/2006/13 of May 18, 2006 and August 31, 2006 respectively, the Board of Governors of the Fund authorized the Board of Directors to approve the participation of the ADF in the Multilateral Debt Relief Initiative (MDRI) and in that regard the Board of Governors also authorized an increase in the resources of the ADF to provide full and timely compensation for the debt cancellation under the MDRI subject to the attainment of the following effectiveness thresholds:

i) Receipt of Instruments of Commitment from donors covering an aggregate amount equivalent to at least seventy percent (70%) of the total cost of debt relief for the first group of 14 post-completion point Heavily Indebted Poor Countries (HIPCs); and

ii) Receipt of unqualified Instruments of Commitment from donors for an amount not less than the equivalent of at least seventy five percent (75%) of the total cost of debt relief incurred during the remainder of ADF-X period.

Upon satisfaction of the above two thresholds, the Board of Directors of the Fund approved the effectiveness of the MDRI with effect from September 1, 2006. To ensure full compensation for foregone reflows as a result of the upfront debt cancellation, the ADF governing bodies endorsed Management's proposal for a compensation scheme over the 50-year period of the Initiative. Donors will contribute additional resources to ADF, equivalent to the foregone debt service (service charges and principal) for each replenishment period, by submitting pledges over the life of the initiative. The compensatory financing arrangements will take the form of a general increase in the contribution of State Participants pursuant to Article 7 of the Agreement establishing ADF. The contributions received from State Participants under the compensatory financing arrangements shall not be counted as part of the burden share for the replenishment period in which such resources are received, but shall carry voting rights in the same manner as normal subscriptions. Such contributions are separately disclosed within the total of subscriptions and contributions in the Statement of Net Development Resources.

Maintenance of Value of Currency Holdings

Prior to the second general replenishment, subscriptions were denominated in UA and were subject to Article 13 of the Agreement which provided that, whenever the par value in the IMF of the currency of a State Participant is reduced in terms of the UA or its foreign exchange value has, in the opinion of the Fund, depreciated to a significant extent within that participant's territory, that participant shall pay to the Fund within a reasonable time an amount of its currency required to maintain the value, as of the time of subscription, of the amount of such currency paid into the Fund by that participant and which has not been disbursed or exchanged for another currency.

Conversely, if the currency of a State Participant has increased in par value or appreciated in its foreign exchange value within that participant's territory, the Fund shall return to that participant an amount of such currency equal to the increase in the value of the Fund's holding of that currency which was received by it in payment of subscriptions, to the extent that these amounts have not been disbursed or exchanged for another currency.

In accordance with Board of Governors' Resolutions 9-78, 9-82, 4-84, 01-88, 91-05, 96-04, 99-09, 2002-09, 2005-01 and 2008-01, which in turn stipulated that Article 13 shall not apply to the second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth and eleventh general replenishments, subscribers to these replenishments fixed the amount of their subscriptions payable in national currencies in terms of agreed parities ruling at the date these replenishments came into force. Gains or losses arising on translating these subscriptions, when received, into UA are applied against subscriptions, with the offsetting debits or credits recorded as Cumulative Exchange Adjustment on Subscriptions (CEAS).

Investments

The Fund's investment securities are classified based on the Fund's intention on the date of purchase. Securities which the Fund has the intent and ability to hold until maturity are classified as held-to-maturity and reported at amortized cost. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. The Fund assesses whether objective evidence of impairment exists for held-to-maturity investments. If the Fund determines that there is objective evidence that an impairment loss on held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the investment is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. All other investment securities are classified as held-for-trading and measured at market value. Fair values for investment securities are based on quoted market prices, where available, using the bid prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Government and agency obligations include marketable bonds or notes and other government obligations issued or unconditionally guaranteed by governments of member countries or other official entities with a minimum credit rating of AA-. For asset-backed securities, the Fund may only invest in securities with a AAA credit rating. Money market instruments include time deposits, certificates of deposit and other obligations with a maturity period of less than 1 year, issued or unconditionally guaranteed by banks and other financial institutions with a minimum rating of A.

Income on investments includes interest earned and unrealized gains and losses on held-for-trading portfolio. Purchases and sales of investments are recognized on a trade-date basis, which is the date on which the Fund commits to purchase or sell the investments.

Loans

The Fund provides concessional funding for development purposes to the least developed countries in Africa. Outstanding loans are not included in Net Development Resources. Accordingly, no provision for possible loan losses is required. The Fund places all loans to a borrower country in non-accrual status if the principal installments or service charges on any of the loans to such member country are overdue by 6 months or more, unless the Fund's management determines that the overdue amount will be collected in the immediate future. Further, management may place a loan in non-accrual status even if it is not yet overdue by 6 months, if the specific facts and circumstances, including consideration of events occurring subsequent to the balance sheet date, warrant such action. On the date a borrower's loans are placed in non-accrual status, unpaid charges that had previously been accrued on loans to the borrower are deducted from income on loans for that period. Charges on loans in non-accrual status are included in income only to the extent that payment of such charges has been received by the Fund.

Grants

In addition to loans, the Fund is authorized to provide development financing in the form of grants. Prior to the ninth replenishment of the resources of the Fund, grant funds were granted for technical assistance activities only. With effect from the ninth replenishment, grants may be used for technical assistance as well as project financing. Grants, like loans, represent allocations of development resources and are accordingly treated as such in the Statement of Net Development Resources of the Fund.

The Fund participates in a multilateral debt relief initiative for addressing the debt problems of countries identified as heavily indebted poor countries (HIPCs) to help ensure that their reform efforts are not compromised by unsustainable external debt burdens. Under this initiative, creditors provide debt relief for those countries that demonstrate good policy performance over an extended period to bring their debt burdens to sustainable levels. As a part of this process, the HIPC Debt Initiative Trust Fund, (the Trust Fund) constituted by funds from donors, including the Bank Group, was established to help beneficiaries reduce their overall debt, including those debts owing to the Fund.

Under the original framework of the debt relief initiative, upon signature of a HIPC Debt Relief Agreement by the Fund, the beneficiary country and the Trust Fund, loans or repayment installments identified for sale to the Trust Fund are written down to their estimated net present value. On the settlement date, the estimated write-down is adjusted to reflect the actual difference between the cash received and the carrying value of the loans sold.

Under the enhanced HIPC framework, the implementation mechanism comprises a partial payment of ADF debt service as it falls due with funds received from the Trust Fund.

Under the Multilateral Debt Relief Initiative (MDRI), loans due from eligible HIPCs are canceled when the countries attain the completion point under the HIPC framework. The Fund is expected to be fully compensated for loans canceled under MDRI by additional contributions to be made by donors over the previously scheduled repayment periods of the canceled loans. When MDRI becomes effective for a country, certain amounts previously disbursed to that country as loans are no longer repayable by the country and effectively take on the character of grants made by the Fund. Accordingly, loans canceled under the MDRI are included in "Net Debt Relief" and reported in the Statement of Net Development Resources as allocation of development resources, with a corresponding offset to loans outstanding.

Reclassification

Certain reclassifications of prior year amounts have been made to conform with the current period's presentation.

NOTE C – INVESTMENTS

The composition of investments as at December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
Held-to-maturity	1,205,292	1,332,517
Provision for impairment on investments	(1,347)	(2,332)
	1,203,945	1,330,185
Held-for-trading	1,944,427	1,923,022
Total	**3,148,372**	**3,253,207**

Held-for-Trading Investments

A summary of the held-for-trading investments at December 31, 2009 and 2008 follows:

(UA millions)

	US Dollar		Euro		GBP		All Currencies	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Time deposits	117.97	97.34	214.10	333.34	22.06	20.73	354.13	451.41
Asset-backed securities	61.13	108.89	51.56	83.86	-	-	112.69	192.75
Government & agency obligations	632.11	356.36	376.75	86.16	-	-	1,008.86	442.52
Corporate bonds	245.42	547.32	177.11	277.35	-	-	422.53	824.67
Supranational	46.22	11.67	-	-	-	-	46.22	11.67
	1,102.85	**1,121.58**	**819.52**	**780.71**	**22.06**	**20.73**	**1,944.43**	**1,923.02**

The contractual maturity profile of the held-for-trading investments at December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
One year or less	969,050	1,342,965
More than one year but less than two years	218,073	325,493
More than two years but less than three years	563,094	46,140
More than three years but less than four years	9,221	49,062
More than four years but less than five years	83,352	15,292
More than five years	101,637	144,070
Total	**1,944,427**	**1,923,022**

Held-to-Maturity Investments

A summary of the held-to-maturity investments at December 31, 2009 and 2008 follows:

(UA millions)

	US Dollar		**Euro**		**GBP**		**All Currencies**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Time deposits	-	-	-	-	-	3.88	-	3.88
Asset-backed securities	12.34	12.50	-	-	-	-	12.34	12.50
Government & agency obligations	376.94	427.39	-	-	168.41	155.64	545.35	583.03
Corporate bonds	170.08	212.14	-	-	124.72	151.09	294.80	363.23
Supranational	306.42	327.02	-	-	46.38	42.86	352.80	369.88
	865.78	**979.05**	**-**	**-**	**339.51**	**353.47**	**1,205.29**	**1,332.52**
Provision for impairment on investments	(1.35)	(2.33)	-	-	-	-	(1.35)	(2.33)
	864.43	**976.72**	**-**	**-**	**339.51**	**353.47**	**1,203.94**	**1,330.19**

The contractual maturity profile of the held-to-maturity investments at December 31, 2009 and 2008 was as follows:

(UA thousands)	**2009**	2008
One year or less	139,389	142,161
More than one year but less than two years	140,072	138,493
More than two years but less than three years	201,960	138,720
More than three years but less than four years	148,383	200,444
More than four years but less than five years	173,962	146,391
More than five years	401,526	566,308
Total	**1,205,292**	**1,332,517**

NOTE D – DEMAND OBLIGATIONS

Demand obligations represent subscription payments made by participants, in accordance with Article 9 of the Agreement, in the form of non-negotiable, non-interest-bearing notes payable at their par value on demand. The Board of Governors has agreed that the encashment of these notes will be governed by the Fund's disbursement requirements.

NOTE E – DEVELOPMENT ACTIVITIES

According to the Fund's loan regulations, loans are expressed in UA and repaid in the currency disbursed.

Project Loans and Lines of Credit

Loans are generally granted under conditions that allow for repayment over 40 years after a 10-year grace period commencing from the date of the loan agreement. Loan principal is generally repayable from years 11 through 20 at a rate of 1 percent per annum and from years 21 through 50 at a rate of 3 percent per annum. A service charge at a rate of 0.75 percent per annum on the principal amount disbursed and outstanding is payable by the borrower semi-annually. Loans and lines of credit approved after June 1996 carry a 0.5 percent per annum commitment charge on the undisbursed portion. Such commitment charge commences to accrue after 90 days from the date of signature of the loan agreement.

Prior to the establishment of the Technical Assistance Account, loans for pre-investment studies were normally granted for a period of 10 years, including a grace period of 3 years, with repayments in seven equal installments from years 4 through 10.

Of the undisbursed balances of loans signed, the Fund may enter into special irrevocable commitments to pay amounts to borrowers or others in respect of the cost of goods and services to be financed under loan agreements. As at December 31, 2009, outstanding irrevocable reimbursement guarantees to commercial banks amounted to UA 21.66 million (2008: UA 35.57 million).

As at December 31, 2009, loans made to or guaranteed by certain borrowers with an aggregate principal balance outstanding of UA 278.54 million (2008: UA 450.83 million) of which UA 73.85 million (2008: UA 33.24 million) was overdue, were in non-accrual status. If these loans had not been in non-accrual status, income from loans for the year ended December 31, 2009, would have been higher by UA 2.07 million (2008: UA 1.94 million). At December 31, 2009, the cumulative charges not recognized on the non-accrual loans amounted to UA 30.83 million, compared to UA 35.36 million at December 31, 2008.

Lines of credit to national development banks and similar national finance institutions are generally granted for a maximum of 20 years, including a 5-year grace period.

Grants and Technical Assistance Activities

Under the Fund's lending policy, 5.00 percent of the resources available under the third and fourth general replenishments, 10.00 percent under the fifth and sixth general replenishments, and 7.50 percent under the seventh and eighth general replenishments were allocated as grants and grant based technical assistance for the identification and preparation of development projects or programs in specified member countries. In addition, amounts in the range of 18 to 21 percent of the total resources under the ninth replenishment were set aside in the form of grants for permitted uses, including technical assistance and project financing. Grants do not bear charges. The share of grants under the tenth and eleventh general replenishments is based on a country-by-country analysis of debt sustainability. Under the seventh, eighth and ninth general replenishments, technical assistance may also be provided on a reimbursable basis.

Technical assistance loans are granted under conditions that allow for repayment in 50 years, including a 10-year grace period, from the date of the loan agreement. However, the following categories of loans have different terms:

i) where the loan is granted for the preparation of a pre-investment study and the study proves that the project is not feasible, the grace period is extended to 45 years with a repayment period of 5 years thereafter.

ii) where the loan is granted for strengthening regional member countries' co-operation or for the improvement of the operations of existing institutions and is not related to specific projects or programs, the grace period is 45 years with a repayment period of 5 years thereafter.

Technical assistance loans do not carry charges.

HIPC Debt Relief Initiative

Under the original framework of HIPC, selected loans to beneficiary countries were paid off by the HIPC Trust Fund at a price equivalent to the net present value of the loans as calculated using the methodology agreed under the initiative. Following the signature of a HIPC debt relief agreement, loans identified for payment were written down to their estimated net present value. The amount of the write-down, representing the difference between the book value and net present value of the loans, was shown as an allocation of development resources. The amount of UA 71.08 million which was the write-down in respect of the debt relief granted to Mozambique in 1999 under the original HIPC framework is included in the amount stated as net debt relief in the Statement of Net Development Resources. The outstanding balance and net present value of the loans owed by Mozambique and sold to the HIPC Trust Fund in 1999 were UA 132.04 million and UA 60.96 million, respectively.

In 1999, the HIPC initiative was enhanced to provide greater, faster and more poverty-focused debt relief. This was achieved by reducing the eligibility criteria for qualification under the initiative and by commencing debt relief much earlier than under the original framework. Under the enhanced framework, where 32 African countries are currently eligible, debt relief is delivered through annual debt service reductions which allow the release of up to 80 percent of annual debt service obligations as they come due until the total net present value (NPV) of debt relief, determined by the debt sustainability analysis (DSA), is provided. Interim financing of up to 40 percent of total debt relief is granted between the decision and completion points. Total contributions by the Fund to the HIPC initiative at December 31, 2009 amounted to UA 184.00 million and are shown as allocation of development resources in the Statement of Net Development Resources.

Multilateral Debt Relief Initiative

At the Gleneagles Summit on July 8, 2005, the Group of 8 major industrial countries agreed on a proposal for the ADF, the International Development Association (IDA), and the International Monetary Fund (IMF) to cancel 100 percent of their claims on countries that have reached, or will reach, the completion point under the enhanced HIPC initiative. Through the Development Committee Communiqué of September 25, 2005, the donor community expressed its support for this MDRI, and urged the institutions referred to above to proceed with the necessary steps to ensure implementation.

The main objective of the MDRI is to complete the process of debt relief for HIPCs by providing additional resources to help 38 countries worldwide, 33 of which are in Africa, to make progress towards achieving the Millennium Development Goals (MDGs), while simultaneously safeguarding the long-term financing capacity of the ADF and the IDA. The debt cancellation is delivered by relieving post-completion-point HIPCs' repayment obligations and adjusting their gross assistance flows downward by the same amount. To maintain the financial integrity of the ADF, donors are expected to make additional contributions to the ADF to match "dollar-for-dollar" the foregone principal and service charge payments.

The MDRI became effective for the ADF on September 1, 2006. Since disbursed and outstanding loans are already excluded from net development resources, the debt cancellation did not have an impact on the Fund's balance of net development resources. Cancellation of ADF debts are effected when other eligible countries reach the HIPC completion point.

At December 31, 2009, a gross amount of UA 4.84 billion (2008: UA 4.62 billion) of outstanding loans had been canceled under MDRI for 21 (2008: 19) HIPC completion point countries. Of this amount, UA 1,225.99 million (2008: UA 1,011.79 million) in nominal terms were converted by the HIPC Trust Fund. The present value of the converted loans was UA 942.71 million (2008: UA 728.71 million). As of December 31, 2009, the present value amounts have been transferred from the HIPC Trust Fund to ADF.

A summary of debt relief granted under HIPC and MDRI as at December 31, 2009 and 2008 follows:

Debt Relief Granted Under HIPC and MDRI

(UA thousands)	**2009**			2008		
	HIPC	**MDRI**	**Total**	**HIPC**	**MDRI**	**Total**
Balance at January 1	354,166	3,715,730	4,069,896	381,659	3,609,712	3,991,371
Loans canceled*	-	214,200	214,200	-	106,018	106,018
Cash received*	(49,963)	-	(49,963)	(27,493)	-	(27,493)
Balance at December 31	**304,203**	**3,929,930**	**4,234,133**	**354,166**	**3,715,730**	**4,069,896**

** Upon implementation of MDRI.*

Special Arrears Clearance Mechanism

Arrears Clearance Mechanism for DRC - In connection with an internationally coordinated effort including the ADB Group, the IMF, the World Bank and other bilateral and multilateral donors to assist the Democratic Republic of Congo (DRC) in its reconstruction efforts, the Board of Directors on June 26, 2002 approved an arrears clearance mechanism for the DRC. Under the arrears clearance mechanism, representatives of ADF State Participants (the Deputies) authorized an allocation of approximately UA 36.50 million of grant resources from the ninth replenishment of the ADF (ADF-IX) to clear the entire stock of the DRC's arrears to the Fund. The Deputies also authorized the use of approximately UA 11.77 million of the residual Supplementary Financing Mechanism (SFM) resources from ADF-VIII as a partial payment against the DRC's arrears on charges to the ADB.

Fragile States Facility Framework - The Fragile States Facility (FSF) was established in March 2008 to provide a broader and integrated framework for assistance to eligible states, typically regional member countries of ADB emerging from conflict or crisis. The purposes of FSF are to consolidate peace, stabilize economies and lay the foundation for sustainable poverty-reduction and long-term economic growth. The FSF assumes the arrears clearance activities of the now defunct Post Conflict Countries Facility (PCCF), which was established as a framework to assist countries emerging from conflicts in clearing their arrears and prepare them for re-engagement with the donor communities, in order to reactivate development assistance and help these countries reach the HIPC decision point to qualify for debt relief after clearing their loan arrears to the Bank Group. The framework entails the setting aside of a pool of resources through a separate facility with contributions from the ADF, the ADB and private donors. Resources from the facility are provided on a case-by-case basis to genuine eligible fragile states not yet receiving debt relief to fill financing gaps after maximum effort by the country to clear its arrears to the Bank Group. Contributions made by the Fund to the facility cannot be used to clear the debt owed to the Fund by beneficiary fragile states. Contributions by the Fund to the Facility are included in "Grants and Technical Assistance Activities" in the Statement of Net Development Resources.

NOTE F – SUBSCRIPTIONS AND CONTRIBUTIONS

The Fund's initial subscriptions were provided by the Bank and the original State Participants to the Agreement, and states acceding to the Agreement since the original signing date. Thereafter, further subscriptions were received from participants in the form of a special general increase and eleven general replenishments. Details of these movements are shown in the Statement of Subscriptions and Voting Power in Note O.

Negotiations for the eleventh replenishment of the Fund (ADF-XI) were concluded on December 11, 2007 when the deputies agreed to a replenishment level of UA 5.76 billion, of which UA 2.06 billion represents internally generated resources, for the three-year operational period 2008 to 2010. ADF-XI came into effect on May 8, 2008 after the State Participants had deposited with the Fund instruments of subscriptions exceeding the threshold of 30% of pledged subscriptions.

At December 31, 2009 subscriptions to ADF-XI amounted to UA 3.37 billion.

At December 31, 2009 cumulative contributions pledged on account of the MDRI amounted to UA 5.58 billion of which UA 318.79 million had been paid and included in total subscriptions. Consistent with the resolution approving MDRI, the contributions paid entitle the State Participants to voting rights, as reflected in Note O.

Gains or losses arising from translation of subscriptions and contributions received into UA are recorded in the Cumulative Exchange Adjustment on Subscriptions account in the Statement of Net Development Resources.

NOTE G – OTHER RESOURCES

In conformity with the findings of the UN General Assembly, the Board of Directors accepted that the former Socialist Federal Republic of Yugoslavia no longer exists as a state under international law and hence is no longer a State Participant in the Fund or a member of the Bank. Pursuant to a decision of the Board of Directors of the Fund in 1993, the subscriptions of the former Socialist Federal Republic of Yugoslavia in the Fund less the unpaid portion (UA 12.97 million), are deemed to have become part of the permanent patrimony of the Fund and are not returnable to any entity. Accordingly, the amounts of the paid subscriptions are reported as part of other resources in the Statement of Net Development Resources.

Also included in other resources is a total of UA 292.30 million representing contributions by the Bank of UA 290.30 million, and by the Government of Botswana of UA 2.00 million towards the Fund's activities, in accordance with Article 8 of the Agreement.

NOTE H – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments: Since the Fund carries its held-for-trading investments at market value, the carrying amount represents the fair value of the portfolio. Fair values are based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans: All loans of the Fund are intended to provide concessional assistance to low-income regional member countries of the Bank. While the principal amount is fully repayable, no interest is charged to the borrowers. However, a service fee of 0.75 percent of the disbursed and outstanding balance and a commitment charge of 0.5 percent on the undisbursed balance are charged to cover the cost of administering the loans. Due to the highly concessional nature of these loans, it is not meaningful to calculate fair values for outstanding loans.

NOTE I – RESERVES

Reserves as at December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Reserves at January 1	172,921	168,262
Surplus for the year	4,697	4,659
Reserves at December 31	**177,618**	**172,921**

NOTE J – TRUST FUNDS

The Fund has available resources arising from contributions entrusted to it under Article 8 of the Agreement, which empowers the Fund to receive other resources including grants from State Participants, non-participating countries, and from any public or private body or bodies.

At December 31, 2009, the undisbursed balance of trust fund resources was UA 4.37 million (2008: UA 5.48 million) representing the balance of a grant received from Japan for the development of human resources in Africa.

Resources of the trust funds are kept separate from those of the ADF.

NOTE K – ADMINISTRATIVE EXPENSES

Pursuant to Article 31 of the Agreement, the Fund reimburses the ADB for the estimated fair value of its use of the latter's offices, staff, organization, services and facilities. The amount of such administrative expenses reimbursed is based on a predetermined cost-sharing formula, which is driven, in large part, by the Fund's relative share of the number of programs and projects executed during the year by the Bank Group. The administrative expenses incurred by the Fund for the year amounted to UA 157.65 million (2008: UA 138.10 million).

NOTE L – RELATED PARTIES

The general operation of the Fund is conducted by a 12-member Board of Directors, of which 6 members are selected by the Bank. The Bank exercises 50 percent of the ADF's voting power and the President of the Bank is the ex-officio President of the Fund. In accordance with the Agreement, the Fund utilizes the officers, staff, organization, services and facilities of the ADB to carry out its functions, for which it reimburses the Bank as disclosed in Note K. In this regard, the Bank administers the resources of the Fund. The Fund also administers trust funds entrusted to it by some of its State Participants.

NOTE M – SUMMARY OF LOANS AS AT DECEMBER 31, 2009

(Amounts in UA thousands)

Country	No. of Loans*	Total Loans*	Unsigned Loan Amounts	Undisbursed Balances	Outstanding Balances	% of Total Outstanding Loans
Angola	12	70,580	-	45,009	25,570	0.47
Benin	24	213,983	-	118,229	95,754	1.76
Botswana	12	54,989	-	-	54,989	1.01
Burkina Faso	29	367,690	-	168,137	199,554	3.67
Burundi	6	26,003	-	6,867	19,136	0.35
Cameroon	20	220,437	3,360	131,572	85,505	1.57
Cape Verde	26	92,762	-	8,237	84,526	1.56
Chad	36	285,986	-	22,668	263,317	4.85
Comoros	8	23,807	-	-	23,807	0.44
Congo	3	13,936	-	-	13,936	0.26
Côte d'Ivoire	14	223,874	-	50,242	173,632	3.20
Democratic Republic of Congo	28	226,130	-	46,215	179,915	3.31
Djibouti	16	89,958	-	8,673	81,284	1.50
Egypt	17	155,826	-	555	155,271	2.86
Equatorial Guinea	11	28,819	-	-	28,819	0.53
Eritrea	6	72,813	-	9,380	63,433	1.17
Ethiopia	16	496,286	-	188,579	307,708	5.66
Gabon	3	1,508	-	-	1,508	0.03
Gambia	11	33,683	-	2,834	30,849	0.57
Ghana	35	620,034	53,590	354,951	211,492	3.89
Guinea	35	259,395	-	21,626	237,768	4.38
Guinea-Bissau	26	110,257	-	12,315	97,942	1,80
Kenya	40	759,960	70,000	386,082	303,878	5.59
Lesotho	33	151,301	740	18,146	132,415	2.44
Liberia	3	11,562	-	-	11,562	0.21
Madagascar	18	272,515	500	124,218	147,797	2.72
Malawi	18	148,974	-	53,828	95,147	1.75
Mali	34	439,800	5,500	202,236	232,064	4.27
Mauritania	13	67,022	-	23,393	43,629	0.80
Mauritius	3	2,142	-	-	2,142	0.04
Morocco	6	35,264	-	-	35,264	0.65
Mozambique	28	438,992	18,000	158,709	262,284	4.83
Namibia	2	12,553	-	-	12,553	0.23
Niger	15	122,913	-	46,807	76,105	1.40
Nigeria	21	508,567	150,000	170,240	188,326	3.47
Rwanda	14	128,413	-	29,943	98,470	1.81
Sao Tome & Principe	4	4,955	-	3,064	1,891	0.03
Senegal	24	308,840	-	150,285	158,555	2.92
Seychelles	3	6,790	-	-	6,790	0.12
Sierra Leone	10	66,140	-	27,564	38,576	0.71
Somalia**	17	65,649	-	-	65,649	1.21
Sudan**	15	177,035	-	-	177,035	3.26
Swaziland	8	35,353	-	-	35,353	0.65
Tanzania	28	805,385	152,000	259,588	393,796	7.25
Togo	12	81,380	-	3,514	77,867	1.43
Uganda	28	685,627	90,210	387,885	207,532	3.82
Zambia	14	156,871	-	56,073	100,798	1.86
Zimbabwe**	10	35,851	-	-	35,851	0.66
Multinational	28	880,563	332,130	492,185	56,248	1.04
Total	**843**	**10,099,174**	**876,030**	**3,789,850**	**5,433,294**	**100.00**

** Excludes fully repaid loans and canceled loans.*
*** Countries in non-accrual status as at December 31, 2009.*

Slight differences may occur in totals due to rounding.

NOTE N – MATURITY AND CURRENCY COMPOSITION OF OUTSTANDING LOANS AS AT DECEMBER 31, 2009 AND 2008

The maturity distribution of outstanding loans as at December 31, 2009 and 2008 was as follows:

(Amounts in UA millions)

	2009		2008	
Period	**Amount**	**%**	**Amount**	**%**
One year or less	132.79	2.44	130.26	2.68
More than one year but less than two years	64.01	1.18	65.10	1.34
More than two years but less than three years	71.68	1.32	71.14	1.46
More than three years but less than four years	77.95	1.43	78.77	1.62
More than four years but less than five years	85.56	1.58	84.48	1.74
More than five years	5,001.30	92.05	4,436.26	91.16
Total	**5,433.29**	**100.00**	**4,866.01**	**100.00**

The currency composition of outstanding loans as at December 31, 2009 and 2008 was as follows:

(Amounts in UA millions)

	2009		2008	
Currency	**Amount**	**%**	**Amount**	**%**
Canadian Dollar	17.98	0.33	17.50	0.36
Danish Kroner	17.99	0.33	25.05	0.51
Euro	2,100.24	38.66	1,978.31	40.66
Japanese Yen	1,171.08	21.55	1,044.74	21.47
Norwegian Krone	31.04	0.57	38.39	0.79
Pound Sterling	6.63	0.12	8.17	0.17
Swedish Krona	20.38	0.38	21.49	0.44
Swiss Franc	101.65	1.87	114.61	2.36
United States Dollar	1,966.00	36.18	1,617.45	33.23
Others	0.30	0.01	0.30	0.01
Total	**5,433.29**	**100.00**	**4,866.01**	**100.00**

Slight differences may occur in totals due to rounding.

NOTE O – STATEMENT OF SUBSCRIPTIONS, CONTRIBUTIONS AND VOTING POWER AS AT DECEMBER 31, 2009

(Amounts in UA thousands)

	Subscriptions					Payment Positions			MDRI	Voting Power	
Participants	**Initial**	**Special Increase**	**ADF-I to ADF-X**	**ADF-XI**	**Total Subscriptions**	**Total Installments Paid**	**Installments Due**	**Installments not yet Payable**	**Payments Received**	**Number of Votes**	**%**
1 ADB	4,605	1,382	105,754	-	111,741	111,741	-	-	-	1,000.000	50.000
2 Argentina	1,842	-	7,018	-	8,860	1,842	7,018	-	-	0.105	0.005
3 Austria	13,816	-	197,067	86,545	297,428	266,205	-	28,551	2,563	15.257	0.763
4 Belgium	2,763	-	281,319	76,731	360,813	328,693	-	22,252	3,345	18.849	0.942
5 Brazil	1,842	921	124,700	6,558	134,021	127,055	-	6,558	-	7.213	0.361
6 Canada	13,816	6,908	1,168,159	212,351	1,401,234	1,312,135	-	61,626	95,664	79.918	3.996
7 China	13,816	-	258,102	79,901	351,819	325,186	-	26,633	3,544	18.661	0.933
8 Denmark	4,605	1,842	452,684	51,170	510,301	503,464	-	-	2,348	28.714	1.436
9 Finland	1,842	-	249,863	89,222	340,927	339,969	-	-	3,237	19.483	0.974
10 France	8,809	-	1,511,712	403,329	1,923,850	1,751,931	-	115,705	19,856	100.581	5.029
11 Germany	6,860	6,956	1,477,300	400,000	1,891,116	1,757,783	-	133,333	14,266	100.596	5.030
12 India	5,526	-	57,910	6,434	69,870	67,725	-	2,145	375	3.866	0.193
13 Italy	9,211	-	1,075,832	-	1,085,043	1,085,043	-	-	18,027	60.528	3.026
14 Japan	13,816	-	1,921,953	261,439	2,197,208	2,110,062	-	87,146	21,281	120.992	6.050
15 Korea	9,211	-	113,331	32,474	155,016	144,191	-	10,825	2,026	8.300	0.415
16 Kuwait	4,974	-	152,828	6,657	164,459	164,459	-	-	13,003	10.074	0.504
17 Netherlands	3,684	1,842	534,668	201,062	741,256	740,908	-	-	7,122	41.785	2.089
18 Norway	4,605	2,303	653,626	167,029	827,563	771,887	-	55,676	7,640	42.926	2.146
19 Portugal	7,368	-	107,006	29,622	143,996	134,122	-	9,874	1,220	7.683	0.384
20 Saudi Arabia	8,290	-	216,270	16,395	240,955	235,490	-	5,465	355	13.388	0.669
21 South Africa	1,794	-	11,922	7,147	20,863	17,866	-	2,075	9,562	-	-
22 Spain	1,842	921	324,302	127,307	454,372	401,024	-	36,979	37,881	24.916	1.246
23 Sweden	4,605	3,684	786,925	160,994	956,208	902,544	-	53,664	8,633	50.590	2.530
24 Switzerland	2,763	2,938	597,351	91,186	694,238	663,843	-	30,395	8,444	38.164	1.908
25 United Arab Emirates	4,145	-	4,145	-	8,290	8,290	-	-	-	0.471	0.024
26 United Kingdom	4,800	3,073	880,273	547,151	1,435,297	1,252,913	-	182,384	21,317	71.930	3.596
27 United States of America	12,434	8,290	1,915,761	306,944	2,243,429	2,008,867	-	234,562	17,079	115.009	5.750
Total	**173,684**	**41,060**	**15,187,781**	**3,367,648**	**18,770,173**	**17,535,235**	**7,018**	**1,105,850**	**318,788**	**2,000.000**	**100.000**
Supplementary information: Supplementary contributions through accelerated encashment to reduce the gap	-	-	38,565	-	38,565	27,762	-	-	-	-	-

Slight differences may occur in totals due to rounding.

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Independent Auditor's Report on the special purpose financial statements of the African Development Fund to the Board of Governors of the African Development Fund
Year ended 31 December 2009

We have audited the accompanying special purpose financial statements of the African Development Fund (" the Fund ") prepared in compliance with the accounting and financial reporting matters as set out in the accounting policies in note B of the Special Purpose Financial Statements for the year ended 31 December 2009.

These special purpose financial statements have been prepared for the purposes of submitting approved and audited special purpose financial statements to the Board of Governors as required by Article 26(v), 35(l) and 35(3) of the Agreement establishing the Fund, and are not intended to be a presentation in conformity with a recognised accounting framework, such as, International Financial Reporting Standards.

This report is made solely to the Fund's Board of Governors, as a body, in accordance with Article 26(v), 35(l) and 35(3) of the Agreement establishing the Fund. Our audit work has been undertaken so that we might state to the Fund's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and its Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Annual Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with articles 26(v), 35(l) and 35(3) of the Agreement establishing the Fund and the accounting policies set out in Note B to the special purpose financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the special purpose financial statements are free from material misstatement.

African Development Fund
Independent Auditor's Report on the Special Purpose Financial Statements of the African Development Fund to the Board of Governors of the African Development Fund

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall special purpose financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial statements of the Fund have been prepared, in all material respects, in accordance with the accounting and financial reporting matters as set out in the accounting policies in note B of the special purpose financial statements for the year ended 31 December 2009.

Paris La Défense, 24th March 2010

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

ADF ADMINISTRATIVE BUDGET FOR FINANCIAL YEAR 2010

(UA thousands)

Description	
Management Fees*	187,790
Direct Expenses	150
Total	**187,940**

* *The amount represents the African Development Fund's share of the fair value of the Bank's expenses in respect of officers, staff, organization, services and facilities based on a formula approved by the Fund's Board.*

NIGERIA TRUST FUND

Financial Management

Investments

The cash and treasury investments of the NTF are denominated in US Dollars and amounted to UA 102.79 million at December 31, 2009, compared to UA 229.93 million at the end of 2008. Investment income for 2009 amounted to UA 1.99 million, representing a return of 1.06 percent, on an average liquidity level of UA 187.15 million, compared with an income of UA 5.35 million in 2008, representing a return of 2.47 percent on an average liquidity of UA 216.71 million.

Loan Portfolio

Loans signed, net of cancellations, as at December 31, 2009, increased by UA 5.00 million to UA 245.81 million compared to UA 240.81 million at the end of 2008. As at the same date, there were 32 active signed loans and 38 fully repaid loans amounting to UA 53.24 million and UA 98.69 million respectively.

Disbursements

Disbursements decreased to UA 4.87 million in 2009 from UA 8.46 million in 2008 representing a decrease of 42.43 percent. As at December 31, 2009, cumulative disbursements amounted to UA 221.69 million. 60 loans were fully disbursed for a total amount of UA 200.20 million, representing 90.31 percent of cumulative disbursements.

Risk Management Policies and Processes

Similar to the African Development Bank, the Nigeria Trust Fund seeks to reduce its exposure to risks that are not essential to its core business of providing development related assistance, such as liquidity, currency and interest rate risks. Note D to the Financial Statements provides the details of the risk management policies and practices employed by the NTF.

Financial Results

The NTF's income before distributions approved by the Board of Governors decreased from UA 5.99 million in 2008 to UA 3.17 million in 2009, due mainly to the decrease in investment income. Investment income in 2009 decreased by UA 3.36 million as a result of reduction in average investment funds during the year. Administrative expenses, which represent the Fund's share of the total shareable expenses of the ADB group, decreased by UA 0.69 million from UA 1.49 million in 2008 to UA 0.80 million in 2009. The Fund's share of the total shareable expenses of the ADB group is based on a predetermined cost-sharing formula, which is driven by the relative levels of certain operational volume indicators and relative balance sheet size. However, the Fund's total administrative expense is subject to a ceiling of 20% of its gross income. The Fund's reserves net of cumulative currency translation adjustments decreased from UA 158.19 million in 2008 to UA 28.14 million in 2009, as a result of the withdrawal of funds by the Government of Nigeria during the year.

Nigeria Trust Fund

Financial Statements and Report of the Independent Auditor
Year ended December 31, 2009

BALANCE SHEET
AS AT DECEMBER 31, 2009
(UA thousands - Note B)

ASSETS	2009	2008
DUE FROM BANKS	4,375	90,367
INVESTMENTS (Note E)	98,414	139,565
ACCOUNTS RECEIVABLE		
Accrued income and receivables on loans	1,574	1,807
Accrued income on investments	176	733
Other receivables	522	529
	2,272	3,069
LOANS (Notes D & F)		
Disbursed and outstanding	53,242	54,785
Less: Accumulated provision for impairment	(143)	(157)
	53,099	54,628
TOTAL ASSETS	**158,160**	**287,629**

The accompanying notes to the financial statements form part of this statement.

LIABILITIES & EQUITY	**2009**	2008
ACCOUNTS PAYABLE	1,435	852
EQUITY (Note G)		
Capital	128,586	128,586
Reserves		
Retained earnings	147,194	273,660
Cumulative Currency Translation Adjustment (Note B)	(119,055)	(115,469)
Total reserves	28,139	158,191
Total equity	156,725	286,777
TOTAL LIABILITIES & EQUITY	**158,160**	**287,629**

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
(UA thousands - Note B)

	2009	2008
INCOME (Note H)		
Interest and charges on loans	2,021	2,076
Income from investments	1,990	5,350
Other income	-	33
Total income	4,011	7,459
EXPENSES		
Administrative expenses (Note I)	802	1,485
Bank charges	14	15
Total expenses	816	1,500
Provision for impairment on loans (Note F)	(12)	(17)
Provision for impairment on loan interest and charges (Note F)	34	(11)
Total expenses and provision for impairment	838	1,472
Income before distributions approved by the Board of Governors	3,173	5,987
Distributions of income approved by the Board of Governors (Note G)	(599)	(1,984)
NET INCOME FOR THE YEAR	**2,574**	**4,003**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
NET INCOME FOR THE YEAR	2,574	4,003
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,574**	**4,003**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	Capital	Retained Earnings	Cumulative Currency Translation Adjustment	Total Equity
BALANCE AT JANUARY 1, 2008	128,586	269,657	(124,777)	273,466
Net income for the year	-	4,003	-	4,003
Currency translation adjustment	-	-	9,308	9,308
BALANCE AT DECEMBER 31, 2008 AND JANUARY 1, 2009	**128,586**	**273,660**	**(115,469)**	**286,777**
Net income for the current year	-	2,574	-	2,574
Currency translation adjustment	-	-	(3,586)	(3,586)
Withdrawal of funds by the Government of Nigeria	-	(129,040)	-	(129,040)
BALANCE AT DECEMBER 31, 2009	**128,586**	**147,194**	**(119,055)**	**156,725**

The accompanying notes to the financial statements form part of this statement.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

(UA thousands - Note B)

	2009	2008
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Net income	2,574	4,003
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for impairment on loan principal and charges	22	(28)
Unrealized losses/(gains) on investments	204	(738)
Changes in accrued income and receivables on loans	(530)	14,898
Changes in net current assets	1,986	(4,418)
Net cash provided by operating activities	4,256	13,717
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements on loans	(4,873)	(8,455)
Repayments of loans	5,518	21,734
Investments maturing after 3 months of acquisition:		
Trading portfolio	(2,035)	(21,059)
Net cash used in investing, lending and development activities	(1,390)	(7,780)
FINANCING ACTIVITIES:		
Withdrawal of funds by the Government of Nigeria	(129,040)	-
Net cash used in financing activities	(129,040)	-
Effect of exchange rate changes on cash and cash equivalents	(1,500)	1,588
Net (decrease)/increase in cash and cash equivalents	(127,674)	7,525
Cash and cash equivalents at the beginning of the year	141,416	133,891
Cash and cash equivalents at the end of the year	**13,742**	**141,416**
COMPOSED OF:		
Investments maturing within 3 months of acquisition	9,367	51,049
Cash	4,375	90,367
Cash and cash equivalents at the end of the year	**13,742**	**141,416**
SUPPLEMENTARY DISCLOSURE:		
Movement resulting from exchange rate fluctuations on loans	(850)	(1,399)

The accompanying notes to the financial statements form part of this statement.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2009

NOTE A – NATURE OF OPERATIONS

The Nigeria Trust Fund (the Fund or NTF) was established under an agreement signed on February 26, 1976 (the Agreement) between the African Development Bank (ADB or the Bank) and the Federal Republic of Nigeria. The African Development Bank, which is headquartered in Abidjan, Côte d'Ivoire, manages the resources of the Fund on behalf of the Government of Nigeria. The purpose of the Fund is to assist in the development efforts of the poorer ADB regional member countries. The Agreement stipulates that the Fund shall be in effect for a period of 30 years from the date the Agreement became effective and that such sunset date may be extended by mutual agreement between the Bank and the Federal Republic of Nigeria. The Agreement expired on April 26, 2006 and has been extended twice for one-year periods, to allow for the completion of an independent review of the operations of the Fund. Following the successful completion of the independent review, the Agreement has been extended for a period of ten years starting from April 26, 2008.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for certain financial assets that are carried at fair value. The significant accounting policies of the Fund are summarized below.

Revenue Recognition

Interest income is accrued on a time basis and recognized based on the effective interest method during the time an investment or loan is outstanding and held by the Fund. The effective interest rate is the rate that discounts the estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount. Commitment fees are accrued in arrears for unutilized loan facilities.

Income from investments includes realized and unrealized gains and losses on held-for-trading investments.

Functional and Presentation Currencies

The Fund conducts its operations in U.S. dollars, and has determined that its functional currency is the U.S. dollar. In accordance with Article VII, section 7.3, of the Agreement establishing the Fund, the financial statements are presented in Units of Account (UA).

The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement Establishing the Bank as equivalent to one Special Drawing Right (SDR) of the International Monetary Fund (IMF) or any unit adopted for the same purpose by the IMF. At December 31, 2009, 1 UA was equivalent to 1.56769 United States dollars (2008: 1.54027 United States dollars).

Currency Translation

Income and expenses are translated to UA at the rates prevailing on the date of the transaction. Monetary assets and liabilities are translated from U.S. dollars to UA at rates prevailing at the balance sheet date. Translation differences are included in reserves under cumulative currency translation adjustment (CCTA). Changes in CCTA are reported in the statement of changes in equity. Capital replenishments are recorded in UA at the exchange rates prevailing at the time of receipt. Translation gains and losses on conversion of currencies into UA are included in the determination of net income.

Financial Instruments

Financial assets and financial liabilities are recognized when the Fund assumes related contractual rights or obligations.

1) Financial Assets

The Fund classifies its financial assets in the following categories: held-for-trading financial assets, loans and receivables, and held-to-maturity investments. Management determines the classification of its investments upon initial recognition.

i) Held-for-Trading Financial Assets

All held-for-trading assets are carried at fair value through the income statement. Investments in the held-for-trading portfolio are acquired principally for the purpose of selling in the short term. Held-for-trading financial assets are measured at fair value, with gains and losses arising from changes in fair value included in the income statement in the period in which they arise.

ii) Loans and Receivables

Loans include outstanding balances receivable from borrowers in respect of amounts disbursed. The Fund has also classified accrued income and receivables from loans and investments and other sundry amounts as receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund provides money, goods or services directly to a borrower with no intention of trading the receivable. Loans and receivables are carried at amortized cost using the effective interest method.

iii) Held-to-Maturity Investments

The Fund has classified its investments in certain debt securities as held-to-maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the intent and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost using the effective interest method.

Purchases and sales of held-for-trading and held-to-maturity investments are recognized on a trade-date basis, which is the date the Fund commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

Cash and cash equivalents include amounts due from banks, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of changes in value and have a time to maturity upon acquisition of three months or less.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Fund has transferred substantially all risks and rewards of ownership.

2) Financial Liabilities

Financial liabilities include accounts payable and are subsequently measured at amortized cost. Financial liabilities are derecognized upon discharge, cancellation or expiration.

Impairment of Financial Assets

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If the Fund determines that there is objective evidence that an impairment loss has been incurred on a loan, receivable or held-to-maturity investment carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The estimated impairment loss may arise from delays that may be experienced in receiving amounts due, and the impairment calculations reflect management's best estimate of the effect of such delays.

The impairment loss is reported as a reduction to the carrying amount of the asset through the use of an allowance account and recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Interest and charges are accrued on all loans, including those in arrears.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Fair Value Disclosure

In liquid or active markets, the most reliable indicators of fair value are quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market might be inactive include when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few or no recent transactions observed in the market. When markets become illiquid or less active, market quotations may not represent the prices at which orderly transactions would take place between willing buyers and sellers and therefore may require adjustment in the valuation process. Consequently, in an inactive market, price quotations are not necessarily determinative of fair values. Considerable judgment is required to distinguish between active and inactive markets.

The fair values of quoted investments in active markets are based on current bid prices, while those of liabilities are based on current asking prices. For financial instruments with inactive markets or unlisted securities, the Fund establishes fair value by using valuation techniques that incorporate the maximum use of market data inputs. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions that necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not readily determinable. Management believes that these methodologies and assumptions are reasonable; however, the values actually realized in a sale might be different from the fair values disclosed.

The following three hierarchical levels are used for the determination of fair value:

Level 1: Quoted prices in active markets for the same instrument (i.e. without modification or repackaging).

Level 2: Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

The methods and assumptions used by the Fund in estimating the fair values of financial instruments are as follows:

Cash and cash equivalents: The carrying amount is the fair value.

Investments: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans: The Fund does not sell its loans, nor does it believe there is a comparable market for its loans. The fair value of loans reported in these financial statements represents management's best estimates of the present value of the loans' expected cash flows. Fair values are estimated using a discounted cash flow model based on the year-end market equivalent lending rate in that currency, adjusted for estimated credit risk.

Retained Earnings

Retained earnings of the Fund consist of amounts allocated to reserves from prior years' income and unallocated current year net income.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent liabilities. Actual results could differ from such estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant judgments and estimates are summarized below:

i) *Impairment Losses on Assets Carried at Amortized Cost*

The Fund first assesses whether objective evidence of impairment exists individually for financial assets. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, that asset is included in a group of financial assets with similar credit characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and can be reliably estimated.

If the Fund determines that there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

ii) *Fair Values of Financial Instruments*

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques, for example, models that are used to determine fair values, are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are periodically calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) *Held-to-Maturity Investments*

In making judgments to designate assets as held-to-maturity, the Fund makes a positive determination at the acquisition date as to its intent and ability to hold such investments to maturity.

NOTE C – NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

1) Standards, Amendments and Interpretations effective on or after January 1, 2009 but early adopted by the Fund

IFRS 7: "Financial Instruments: Disclosures"

On March 5, 2009, the IASB issued amendments to the disclosure requirements under IFRS 7. These amendments, which have an effective date of January 1, 2009, require additional disclosures of fair value measurements in a three-level hierarchy reflecting the relative reliability of such measurements based on the significance of the inputs used. Under this hierarchy, the most reliable measurements are those based on unadjusted quoted prices in active markets for identical assets or liabilities. The Fund early adopted the amendments in 2008.

2) Standards, Amendments and Interpretations effective on or after January 1, 2009 and adopted in 2009

The Fund has adopted the following new and amended IAS/ IFRS in 2009:

Revision to IAS 1: "Presentation of Financial Statements"

A revised version of IAS 1 was issued in September 2007 and became effective for financial year beginning January 1, 2009. The amendments to IAS 1 require the Fund to present in separate statements, changes in equity related to its shareholders and those related to comprehensive income (i.e. non-shareholder-related components), including related reclassification adjustments of those components. It also requires the presentation of a balance sheet as at the beginning of the earliest comparative period in a complete set of financial statements when the Fund applies an accounting policy retrospectively or makes a retrospective restatement.

The adoption of IAS 1 (revised) by the Fund has no effect on its financial position or performance as it relates solely to the presentation of the financial statements. It resulted in certain presentation changes in the Fund's financial statements including the presentation of all items of income and expenditure in two financial statements: the income statement and the statement of comprehensive income.

Comparative information has been re-stated to conform to the current period's presentation which is in conformity with the revised standard.

IFRS 8: "Operating Segments"

IFRS 8 was issued in November 2006 and became effective for financial statements for the period beginning January 1, 2009. The standard replaces the reporting requirements of IAS 14, *Segment Reporting*, and requires alignment of the segments in the financial statements with those used internally by the chief operating decision maker in the allocation of resources and assessing performance.

The adoption of IFRS 8 has no significant impact on the Fund's financial position or performance as it only relates to disclosures. IFRS 8 disclosures are shown in Note K to the financial statements.

3) Standards and Interpretations issued but not yet effective

At the date of authorization of these financial statements, certain new and amended International Financial Reporting Standards and Interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these financial statements. The following new standard is expected to be relevant to the Fund.

IFRS 9: "Financial Instruments"

IFRS 9 was issued in November 2009 as the first part of the IASB's comprehensive project to replace IAS 39. IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 requires financial assets to be classified, based on the entity's business model for managing its financial instruments and the contractual cash flow of the instrument into two measurement categories: those to be measured at fair value and those to be measured at amortized cost. An instrument is measured at amortized cost only if it is a debt instrument and the objective of the entity's business is to hold the asset to collect the contractual cash flows and the asset's contractual cash flows represent only payments of principal and interest. All other instruments are to be measured at fair value through profit or loss. IFRS 9 also requires that all equity instruments be measured at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss; while for all other equity instruments the entity can make an irrevocable election at initial recognition to recognize all fair value changes through other comprehensive income.

Adoption of IFRS 9 is mandatory from January 1, 2013 but earlier adoption is permitted. IFRS 9 will have an effect on the current classification of the Fund's financial assets. However since the Fund's assets are mainly project loans and investments and all the investments are currently held for trading, the impact of adopting IFRS 9 is not expected to be significant for the NTF.

NOTE D – RISK MANAGEMENT POLICIES AND PROCEDURES

As described in Note A, the Bank manages the resources of the Fund on behalf of the Government of Nigeria. In the course of exercising its fiduciary duties, the Bank applies specific risk management policies designed to protect the resources of the Fund through the Bank's General Authority on Asset and Liability Management ("the ALM Authority"). The ALM Authority sets out the guiding principles for managing the Fund's risks, including interest rate risk, currency risk, liquidity risk, counterparty credit risk and operational risk.

Under the ALM Authority, the President of the Bank is authorized to approve and amend more detailed operational guidelines as necessary, upon the recommendations of the Asset and Liability Management Committee (ALCO). ALCO is the Bank's most senior management forum on finance and risk management issues and is chaired by the Vice President for Finance of the Bank.

ALCO meets on a regular basis to perform its oversight role. As part of ALCO's key functions pertinent to the administration of the Fund, it reviews regular and ad-hoc finance and risk management reports and projections, approves strategies to adjust the balance sheet, and confirms country credit risk ratings and the associated incurred loss estimates. ALCO is supported by several standing working groups that report on specific issues including country risk, non-sovereign credit risk, interest rate risk, currency risk, operational risk, financial projections, and financial products and services.

Day-to-day operational responsibilities for implementing the Bank's risk management policies and guidelines are delegated to the relevant business units, and the Financial Management Department is responsible for monitoring the day-to-day compliance with those policies and guidelines.

The following sections describe in detail the manner in which the individual sources of risk are managed by the Fund.

Credit Risk

Credit risk is the potential financial loss due to default of one or more debtors/obligors. Credit risk is the largest source of risk for the Fund arising from its lending and treasury operations and it includes sovereign credit risk from lending operations, and counterparty credit risk from treasury operations. These risks are managed within an integrated framework of credit policies, guidelines and processes, which are described in more detail in the following sections.

1) Sovereign Credit Risk

When the Fund lends to public sector borrowers, it generally requires a full sovereign guarantee or the equivalent from the borrowing member state. Also, in extending credit to sovereign entities, it is exposed to country risk which includes potential losses arising from a country's inability or unwillingness to service its obligations to the Fund. The Fund manages country credit risk through financial policies related to sustainable lending strategies, including individual country exposures and overall creditworthiness of the concerned country. These include the assessment of each country's macroeconomic performance as well as its socio-political conditions and future growth prospects.

Country Exposure
The Fund's loans outstanding at December 31, 2009 were to the following countries:

(Amounts in UA thousands)

Country	No. of Loans*	Total Loans*	Unsigned Loan Amounts	Undisbursed Balances	Outstanding Balances	% of Total Outstanding Loans
Benin	3	7,997	-	-	7,997	15.02
Cape Verde	1	1,820	-	-	1,820	3.42
Djibouti	1	1,901	-	-	1,901	3.57
Gambia	3	12,454	-	5,787	6,667	12.52
Ghana	1	2,972	-	2,555	417	0.78
Guinea	2	5,221	-	330	4,891	9.19
Guinea-Bissau	1	3,512	-	3,480	32	0.06
Lesotho	2	229	-	-	229	0.43
Liberia	3	6,494	-	-	6,494	12.20
Madagascar	1	3,321	-	-	3,321	6.24
Mali	1	286	-	-	286	0.54
Mauritania	2	9,901	-	4,767	5,134	9.64
Namibia	1	1,420	-	-	1,420	2.67
Rwanda	2	6,840	-	4,154	2,686	5.04
Senegal	2	2,460	-		2,460	4.62
Seychelles	2	1,483	-	-	1,483	2.79
Somalia**	1	742	-	-	742	1.39
Swaziland	1	4,823	-	3,043	1,780	3.34
Tanzania	1	1,846	-	-	1,846	3.47
Uganda	1	1,636	-	-	1,636	3.07
Total	**32**	**77,358**	**-**	**24,116**	**53,242**	**100.00**

** Excludes fully repaid loans and canceled loans.*
*** Countries with overdue amounts as at December 31, 2009.*

Slight differences may occur in totals due to rounding.

Systematic Credit Risk Assessment
The Fund currently lends only to public sector borrowers and such loans carry full sovereign guarantee or the equivalent from the borrowing member state.

The Fund's credit risk management framework is based on a systematic credit risk assessment using a uniform internal credit risk rating scale that is calibrated to reflect the Fund's statistical loss expectations as shown in the table below.

Risk Rating	Description	Risk Class	International Equivalent
1	Excellent	Very Low Risk	A-BBB/Baa
2	Strong	Low Risk	BB/Ba
3	Good	Moderate Risk	B/B
4	Fair		
5	Acceptable	High Risk	CCC/Caa
6	Marginal		
7	Special Attention	Very High Risk	CC-D/Ca-D
8	Substandard		
9	Doubtful		
10	Known Loss		

These sovereign risk credit ratings are derived from a risk assessment on five risk indices that include macro-economic performance, debt sustainability, socio-political factors, business environment and the Fund's portfolio performance. These five risk indices are combined to derive a composite sovereign country risk index and then converted into separate country risk ratings. These country risk ratings are validated against the average country risk ratings from different international rating agencies and other specialized international organizations. The ALCO reviews the country ratings on a quarterly basis to ensure that they reflect the expected risk profiles of the countries. The ALCO also assesses whether the countries are in compliance with their country exposure limits and approves changes in loss provisioning, if any.

Portfolio Risk Monitoring
It is the Fund's policy that if the payment of principal, interest or other charges becomes 30 days overdue, no new loans to that country, or to any public sector borrower in that country, will be presented to the Board of Directors for approval, nor will any previously approved loan be signed, until all arrears are cleared. Furthermore, for such countries, disbursements on all loans to or guaranteed by that member country are suspended until all overdue amounts have been paid.

2) Counterparty Credit Risk
Counterparty credit risk is the potential for loss due to failure of a counterparty to honor its obligation. The Fund utilizes various financial instruments to manage its exposure to fluctuations in market interest and currency rates, and to invest its liquid resources prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty to the transaction may be unable to meet its obligation to the Fund.

Given the nature of the Fund's business, it is not possible to completely eliminate counterparty credit risk, however, the Fund minimizes this risk by executing transactions within a prudential framework of approved counterparties, minimum credit rating standards, counterparty exposure limits, and counterparty credit risk mitigation measures. Counterparties must meet the Fund's minimum credit rating requirements and are approved by the Bank's Vice President for Finance. For counterparties that are rated below the minimum rating requirements, approval is required by the ALCO.

The following table details the minimum credit ratings for authorized investment counterparties:

	Maturity					
	6 months	1 year	5 years	10 years	15 years	30 years
Government		A/A2			AA-/Aa3	AAA/Aaa
Government Agencies and Supranationals		A/A2			AA-/Aa3	AAA/Aaa
Banks	A/A2		AA-/Aa3	AAA/Aaa		
Corporations including non bank financial institutions	A/A2		AA-/Aa3	AAA/Aaa		
MBS /ABS	No maturity limit, but repayment projections mandatory					

The Fund invests in mortgage-backed and asset-backed securities with a minimum rating of AAA/Aaa and money market mutual funds with a minimum rating of AA-/Aa3.

In addition to these minimum rating requirements, the Fund operates within a framework of exposure limits based on the counterparty credit rating and size, subject to a maximum of 10% of the Fund's total liquidity for any single counterparty. Individual counterparty credit exposures are aggregated across all instruments using the Bank for International Settlements (BIS) potential future exposure methodology and monitored regularly against the Fund's credit limits after considering the benefits of any collateral.

As shown in the following table, the estimated potential counterparty credit exposure of the investment portfolio continues to be predominantly in the AA or higher rated class.

	Credit Risk Profile of the Investment and Derivative Portfolios		
	AAA	AA	A
2009	60%	37%	3%
2008	55%	34%	11%
2007	14%	85%	1%
2006	42%	54%	4%
2005	77%	19%	4%
2004	71%	25%	4%

Liquidity Risk
Liquidity risk is the potential for loss resulting from insufficient liquidity to meet cash flow needs in a timely manner. In order to mitigate liquidity risk, the Fund's investment management policy ensures it has sufficient liquid assets to meet its disbursement obligations.

Currency Risk
Currency risk is the potential loss due to adverse movements in market foreign exchange rates. The Fund manages its currency risk by holding all of its investments and loans in U.S. dollars, the currency in which the Fund's resources are denominated.

Interest Rate Risk

The Fund is exposed to fair value interest rate risk on its portfolio of loans and investments. All of the Fund's loans have fixed interest rates. Investments are managed against the monthly average of three-month LIBOR in order to manage prudently the available resources. Repricing risk is not considered significant in comparison to the Fund's equity resources, and is accordingly not hedged.

At December 31, 2009 the Fund had UA 24.12 million of loans which were committed but not yet disbursed (2008: UA 23.91 million). The interest rate on these undisbursed loans has been fixed at between 2% to 4% per annum.

Interest rate risk positions as at December 31, 2009 and 2008 were as follows:

Interest Rate Risk Position at December 31, 2009

(UA thousands)

	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years	Non interest bearing funds	Total
Assets								
Cash	4,375	-	-	-	-	-	-	4,375
Investments	98,414	-	-	-	-	-	-	98,414
Accounts receivable	2,272	-	-	-	-	-	-	2,272
Loans	7,780	5,800	5,590	5,340	5,060	23,672	(143)	53,099
	112,841	5,800	5,590	5,340	5,060	23,672	(143)	158,160
Liabilities								
Accounts payable	(1,435)	-	-	-	-	-	-	(1,435)
Interest rate risk position as at December 31, 2009*	**111,406**	**5,800**	**5,590**	**5,340**	**5,060**	**23,672**	**(143)**	**156,725**

* *Interest rate risk position represents equity.*

Interest Rate Risk Position at December 31, 2008

(UA thousands)

	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years	More than 5 years	Non interest bearing funds	Total
Assets								
Cash	90,367	-	-	-	-	-	-	90,367
Investments	139,565	-	-	-	-	-	-	139,565
Accounts receivable	3,531	-	-	-	-	-	(462)	3,069
Loans	7,130	5,932	5,631	5,431	5,170	25,491	(157)	54,628
	240,593	5,932	5,631	5,431	5,170	25,491	(619)	287,629
Liabilities								
Accounts payable	(852)	-	-	-	-	-	-	(852)
Interest rate risk position as at December 31, 2008*	**239,741**	**5,932**	**5,631**	**5,431**	**5,170**	**25,491**	**(619)**	**286,777**

** Interest rate risk position represents equity.*

Currency and Interest Rate Sensitivity Analysis

The Fund holds all of its investments and loans in U.S. dollars and therefore is exposed only to translation adjustment as the Fund's assets are reported in UA for financial statements purposes. Any change in the UA/USD exchange rate would have an impact of approximately 40% on these reported values.

Movements in interest rates have an impact on the reported fair value of the trading investment portfolio. The table below shows the effect of a parallel yield curve movement of +/-100bps on the portfolio as of December 31, 2009 and 2008, respectively.

(UA thousands)

	+100 Basis Points		-100 Basis Points	
	2009	2008	**2009**	2008
(Loss)/gain on held-for-trading investments	(203)	(232)	204	233

The loan portfolio comprises fixed rate loans only and is carried at amortized cost, thus not affected by movements in interest rates.

NOTE E – INVESTMENTS

As part of its portfolio management strategy, the Fund invests in government and agency obligations, time deposits, and asset-backed securities.

For government and agency obligations with final maturities longer than 1 year, the Fund may only invest in obligations with counterparties having a minimum credit rating of AA- issued or unconditionally guaranteed by governments of member countries or other official entities. For asset-backed securities, the Fund may only invest in securities with an AAA credit rating. Investments in money market instruments are restricted to instruments having maturities of not more than 1 year and a minimum rating of A.

As at December 31, 2009 and 2008, all the Fund's investments are held-for-trading.

The Fund's investments at December 31, 2009 and 2008 are summarized below:

(UA thousands)	**2009**	2008
Time deposits	9,367	48,693
Asset-backed securities	3,866	13,694
Government and agency obligations	58,527	60,641
Corporate bonds	26,654	16,537
Total	**98,414**	**139,565**

The table below classifies the Fund's investments at December 31, 2009 into three levels reflecting the relative reliability of the measurement bases, with level 1 as the most reliable.

(UA thousands)

	Quoted prices in active markets for the same instrument (Level 1)	**Valuation techniques for which all significant inputs are based on observable market data (Level 2)**	**Valuation techniques for which any significant input is not based on observable market data (Level 3)**	**Total**
Time deposits	9,367	-	-	9,367
Asset-backed securities	-	-	3,866	3,866
Government and agency obligations	58,527	-	-	58,527
Corporate bonds	20,575	6,079	-	26,654
Total	**88,469**	**6,079**	**3,866**	**98,414**

Fair value measurement of financial instruments using valuation techniques with no significant input from observable market data (level 3 hierarchy) at December 31, 2009 is made up as follows:

(UA thousands)	2009
Balance at January 1	5,209
Losses recognized in income statement	(2,769)
Purchases, issues and settlements (net)	1,518
Translation effects	(91)
Balance at December 31	**3,867**

The contractual maturity structure of held-for-trading investments as at December 31, 2009 and 2008 was as follows:

(UA thousands)	2009	2008
One year or less	29,448	115,964
More than one year but less than two years	44,731	9,697
More than two years but less than three years	20,367	-
More than three years but less than four years	-	-
More than four years but less than five years	2,244	-
More than five years	1,624	13,904
Total	**98,414**	**139,565**

The notional balance of investments as at December 31, 2009 was UA 98.23 million (2008: UA 140.10 million), while the average yield was 1.26% (2008: 2.15%).

NOTE F – LOANS

Loans originated prior to September 22, 2003 carry an interest rate of four percent (4%) on the outstanding balance. With effect from September 22, 2003, pursuant to the Board of Governors' resolution B/BG/2003/11 of June 3, 2003 and the protocol agreement between the Government of Nigeria and the Bank, dated September 22, 2003, the interest rate on loans was changed from a flat four percent (4%) per annum to a range of 2% to 4% (inclusive) per annum on the outstanding balance and future undisbursed loans. Furthermore, a 0.75% commission is payable on undisbursed balances commencing 120 days after the signature of the loan. Loans are granted for a maximum period of twenty-five years including grace periods of up to five years.

The Fund's loan regulations require that loans be expressed in UA and repaid in the currency disbursed. At December 31, 2009, all loans disbursed were repayable in U.S. dollars.

The contractual maturity structure of outstanding loans as at December 31, 2009 and 2008 was as follows:

(Amounts in UA millions)

	2009		2008	
Periods	**Amount**	**%**	**Amount**	**%**
One year or less	7.78	14.61	7.13	13.01
More than one year but less than two years	5.80	10.89	5.93	10.82
More than two years but less than three years	5.59	10.50	5.64	10.29
More than three years but less than four years	5.34	10.03	5.43	9.91
More than four years but less than five years	5.06	9.51	5.17	9.44
More than five years	23.67	44.46	25.49	46.53
Total	**53.24**	**100.00**	**54.79**	**100.00**

The weighted-average interest yield on outstanding loans for the year ended December 31, 2009 was 3.79% (2008: 2.46%).

Borrowers may prepay loans, subject to the terms specified in the loan agreement.

Provision for Impairment on Loan Principal and Charges Receivable

As at December 31, 2009, loans made to or guaranteed by certain borrowing countries with an aggregate principal balance of UA 0.74 million, of which UA 0.61 million was overdue, were considered to be impaired.

The gross amounts of impaired loans and charges receivable and their corresponding impairment provisions at December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Outstanding balance on impaired loans	742	585
Less: Accumulated provision for impairment	(143)	(157)
Net balance on impaired loans	**599**	**428**
Charges receivable and accrued income on impaired loans	859	1,292
Less: Accumulated provision for impairment	(489)	(461)
Net charges receivable and accrued income on impaired loans	**370**	**831**

The movements in the accumulated provision for impairment on outstanding loan principal for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Balance at January 1	157	153
Provision for impairment on loans for the year	(12)	(17)
Translation effects	(2)	21
Balance at December 31	**143**	**157**

The movements in the accumulated provision for impairment on interest and charges receivable on loans for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Balance at January 1	461	481
Provision for impairment on loan charges for the year	34	(11)
Translation effects	(6)	(9)
Balance at December 31	**489**	**461**

Fair Value of Loans

At December 31, 2009 and 2008, the estimated fair values of loans were as follows:

(UA thousands)

	2009		2008	
	Carrying Value	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Loan balance at December 31	53,242	50,198	54,785	52,104
Accumulated provision for impairment on loans	(143)	-	(157)	-
Net balance	**53,099**	**50,198**	**54,628**	**52,104**

NOTE G – EQUITY

Equity is composed of Fund capital, retained earnings, and cumulative currency translation adjustments. These are further detailed as follows:

Fund Capital

The initial capital of the Fund was Naira 50 million which was payable in two equal installments of Naira 25 million each, in freely convertible currencies. The first installment, equivalent to US$ 39.90 million, was received by the Bank on July 14, 1976, and the second installment, equivalent to US$ 39.61 million, was received on February 1, 1977.

During May 1981, the Federal Republic of Nigeria announced the replenishment of the Fund with Naira 50 million. The first installment of Naira 35 million, equivalent to US$ 52.29 million, was received on October 7, 1981. The second installment of Naira 8 million, equivalent to US$ 10.87 million, was received on May 4, 1984. The third installment of Naira 7 million, equivalent to US$ 7.38 million, was received on September 13, 1985.

Following a request by the Government of Nigeria, on June 14, 2006, a withdrawal of US$ 200 million (UA 135.71 million) was made by the Government of Nigeria from the resources of the Fund.

A second request for withdrawal of US$ 200 million (UA 129.04 million) was paid to the Government of Nigeria in July 2009.

Retained Earnings

Movements in retained earnings during 2008 and 2009 were as follows:

(UA thousands)	
Balance at January 1, 2008	269,657
Net income for the year	4,003
Balance at December 31, 2008 and January 1, 2009	**273,660**
Net income for the current year	2,574
Withdrawal of funds by the Government of Nigeria	(129,040)
Balance at December 31, 2009	**147,194**

In May 2009, the Board of Governors of the Bank approved the transfer of part of the income for the year ended December 31, 2008 to HIPC. Transfers approved by the Board of Governors of the Bank are reported within the income statement as expenses in the year the distribution is approved. Prior to 2006, Board of Governors' approved distribution was reported as a reduction in retained earnings. The approvals in the years ended December 31, 2009 and 2008 were UA 0.60 million and 1.98 million, respectively.

Cumulative Currency Translation Adjustments (CCTA)

Cumulative currency translation adjustments as at December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Balance at January 1	115,469	124,777
Movements during the year	3,586	(9,308)
Balance at December 31	**119,055**	**115,469**

NOTE H – INCOME

Interest and Charges on Loans

Interest and charges on loans for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Interest income on loans not impaired	1,813	1,820
Interest income on impaired loans	39	45
Commitment charges	169	211
Total	**2,021**	**2,076**

Income from Investments

Income from investments for the years ended December 31, 2009 and 2008 were as follows:

(UA thousands)	**2009**	2008
Interest income	1,279	5,082
Realized and unrealized gains	711	268
Total	**1,990**	**5,350**

NOTE I – ADMINISTRATIVE EXPENSES

According to the Agreement, the Fund shall reimburse the Bank for expenses incurred in the management of the Fund, comprising:

(a) separate identifiable costs incurred by the Bank for the Fund; and

(b) indirect costs incurred by the Bank in the management of the Fund.

However, the annual payment for the aforementioned expenses incurred by the Bank shall not exceed 20% of the Fund's gross income during the course of each year. The administrative cost-sharing formula may be reviewed from time-to-time by mutual agreement. The amount of UA 0.80 million charged for the year ended December 31, 2009 (2008: UA 1.48 million) represents the expenses reimbursed or reimbursable by the Fund for the year in accordance with the Agreement.

NOTE J – RELATED PARTIES

The NTF is administered by the ADB. The ADB conducts the general operations of the NTF on the basis of the terms of the Agreement and in consultation with the Government of Nigeria. The NTF utilizes the offices, staff, organization, services and facilities of the Bank and reimburses the Bank for its share of the costs of such facilities, based on an agreed-upon cost-sharing formula (see Note I). The amount outstanding at December 31, 2009 in respect of Fund's share of administrative expenses was UA 0.66 million (2008: UA 0.26 million) and is included in Accounts Payable on the balance sheet.

NOTE K – SEGMENT REPORTING

The objective of the Fund is to provide loan funds to the poorer ADB regional member countries for development purposes. The Fund's products and services are similar and are structured and distributed in a fairly uniform manner across borrowers. Management has concluded that the Fund has only one reportable segment in accordance with IFRS 8.

The products and services from which the Fund derives its revenue are mainly loans to ADB regional member countries and treasury investments.

External revenue for the years ended December 31, 2009 and 2008 is detailed as follows:

(UA thousands)	**2009**	2008
Interest income and charges on loans	2,021	2,076
Treasury investments income	1,990	5,350
Other income	-	33
Total external revenue	**4,011**	**7,459**

The Fund's development activities are divided into five sub-regions of the continent of Africa for internal management purposes, namely: Central Africa, East Africa, North Africa, Southern Africa, and West Africa. Treasury investment activities are carried out mainly outside the continent of Africa, and are therefore not included in the table below. In presenting information on the basis of the above geographical areas, revenue is based on the location of customers. The Fund uses ADB's offices, staff, organisation, services and facilities and therefore has no fixed assets of its own.

Geographical information about income from loans for the year ended December 31, 2009 is detailed as follows:

(UA thousands)

	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Total
2009						
Income from loans	-	428	135	308	1,150	**2,021**
2008						
Income from loans	-	454	129	311	1,182	**2,076**

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Fund's revenues for the year ended December 31, 2009.

NOTE L – APPROVAL OF FINANCIAL STATEMENTS

On March 24, 2010, the Board of Directors of the Bank authorized these financial statements for issue to the Board of Governors. The financial statements are expected to be approved by the Board of Governors of the African Development Bank at its annual meeting in May 2010.

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Temporary Relocation Agency
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Tunisia

Independent Auditor's Report to the Board of Governors of the African Development Bank in respect of the Nigeria Trust Fund
Year ended 31 December 2009

We have audited the accompanying financial statements of the Nigeria Trust Fund ("the Fund") which comprise the balance sheet as at 31 December 2009 and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out in notes A to K.

The financial statements have been prepared under the accounting policies set out therein, for the purpose of submitting approved and audited financial statements to the Board of Governors of the African Development Bank, as required by Section 8.2 of the Agreement establishing the Fund. This report is made solely to the Board of Governors of the Bank, as a body, in accordance with Section 8.2 of the Agreement establishing the Fund. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Board of Governors of the Bank as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Agreement establishing the Fund. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

Nigeria Trust Fund
Independent Auditor's Report to the Board of Governors
of the African Development Bank in respect of the Nigeria Trust Fund

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Paris La Défense, 24th March 2010

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

Appendices

Appendix I: African Development Bank Group

I-1 Organizational Chart as at December 31, 2009

I-2 Principal Officers of the Bank Group as at December 31, 2009

Appendix II: African Development Bank

II-1 Resolutions Adopted by the Board of Governors in 2009 for the ADB

II-2 Board of Governors of ADB: Voting Powers of Member Countries on December 31, 2009

II-3 Board of Directors of ADB: Voting Powers of Member Countries on December 31, 2009

Appendix III: African Development Fund

III-1 Resolutions Adopted by the Board of Governors in 2009 for the ADF

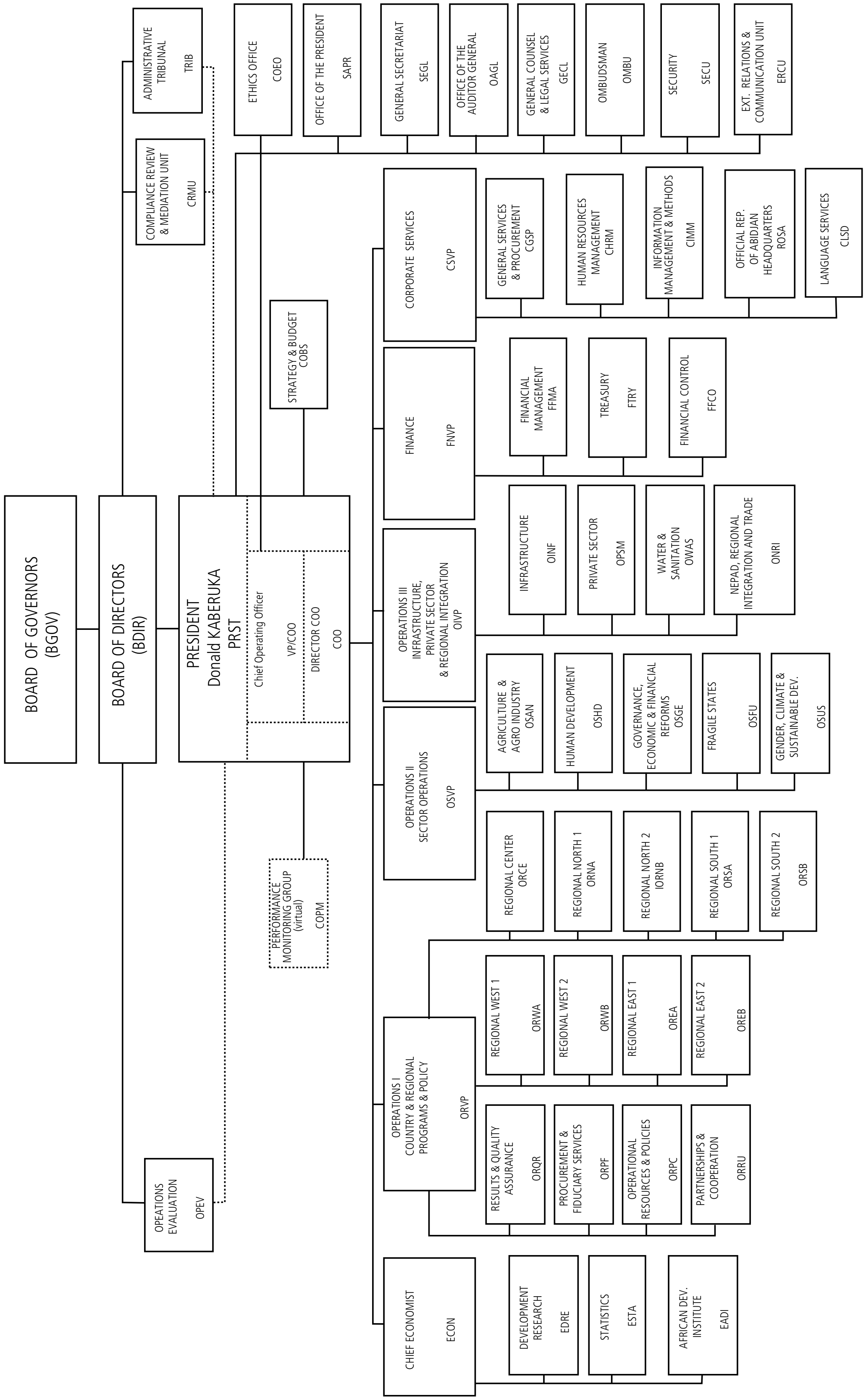
III-2 Board of Governors of ADF: Voting Powers of State Participants and of the ADB on December 31, 2009

III-3 Board of Directors of ADF: Voting Powers and Countries Represented on December 31, 2009

III-4 Subscription of State Participants and of the ADB on December 31, 2009

Appendix I-1

ADB Organizational Chart as at December 31, 2009



Appendix I-2

Principal Officers of the Bank Group as at December 31, 2009

PRESIDENCY			
President	KABERUKA	Donald	PRST
Vice President/Chief Operating Officer	MOYO	Nkosana Donald	COO
Director	ZOUKPO	Zate	COO
Director	SOVIK	Per Eldar	CRMU
Chief of Staff & Director of Cabinet	TOURE	Modibo Ibrahim	SAPR
General Counsel	GADIO	Kalidou	GECL
Acting Secretary General	AKINTOMIDE	Cecilia	SEGL
Auditor General	OUKO	Edward Rakwar Otieno	OAGL
Director	SAKALA	Zondo Thomas	COBS
Director	KIRK	Colin	OPEV
Head of Unit	BATUMUBWIRA	Antoinette	ERCU
Head of Unit	GODBOUT	William John	SECU
Head, Ethics Office	KISUBI	Mohammad Ali Mubarak	COEO
Ombudsman	ORRACA-NDIAYE	Amabel	OMB
Executive Secretary	LIPOU MASSALA	Albertine A.H.	TRIB
OFFICE OF THE CHIEF ECONOMIST			
The Chief Economist	KASEKENDE	Louis Austin	ECON
Director	NDIKUMANA	Leonce	EDRE
Director	LUFUMPA	Charles Leyeka	ESTA
Head of Unit	TAPSOBA	Sibry	EADI
CORPORATE SERVICES			
Vice-President	BEDOUMRA	Kordje	CSVP
Director	TYTIUN	Daniel Jorge	CHRM
Director	N'DIAYE	Ibrahima	CGSP
Director	CHAKROUN	Lotfi	CIMM
Director	MBARGA NDI	Valentin	CLSD
Official Representative, Abidjan	EHOUNOU	Jean-Paul Aka	CBKHQ
FINANCE			
Vice-President	DE LONGUEMAR	Thierry	FNVP
Director	BOAMAH	Charles Owusu	FFCO
Director	DIALLO	Kodeidja Malle	FFMA
Director	VAN PETEGHEM	Pierre	FTRY
OPERATIONS I: COUNTRY & REGIONAL PROGRAMS & POLICY			
Vice-President	ORDU	Aloysius Uche	ORVP
Director	GHARBI	Mohammed Jaouad	ORCE
Director	GAYE	Diarietou	OREA
Director	MATONDO-FUNDANI	Nono	OREB
Director	KOLSTER	Jacob	ORNA
Director	LOBE NDOUMBE	Isaac Samuel	ORNB
Director	KAYIZZI-MUGERWA	Steve	ORPC
Director	SHARMA	Vinay	ORPF
Director	BEILEH	Abdirahman D.	ORSA
Director	BLACK	Frank	ORSB
Director	LITSE	Kpourou Janvier	ORWA
Director	PERRAULT	Franck Joseph Marie	ORWB
Acting Director	MIZRAHI	Simon	ORQR
Head of Unit	IKEDA-LARHED	Kazumi	ORRU
OPERATIONS II: SECTOR OPERATIONS			
Vice-President	ELKHESHEN	Kamal Salah	OSVP
Director	ABOU-SABAA	Aly Abdel-Hamed	OSAN
Coordinator, MFW4A	NALLETAMBY	Stefan Luis	OSGE
Director	NEGATU	Gabriel	OSGE
Director	HURLEY	Thomas Francis	OSHD
Acting Director	PITAMBER	Sunita	OSUS
Head of Unit	KILO	Margaret Hilda	OSFU
OPERATIONS III: INFRASTRUCTURE, PRIVATE SECTOR & REGIONAL INTEGRATION			
Vice President	PITTMAN	Bobby Jene	OIVP
Director	MBESHERUBUSA	Gilbert	OINF
Director	AFRIKA	Philibert	ONRI
Director	TURNER	Timothy	OPSM
Acting Director	JALLOW	Sering Baboucarr	OWAS

Appendix II-1

Resolutions Adopted by the Board of Governors in 2009 for the ADB

B/BG/2009/01:	Dates and Venue of the Forty-Fifth Annual Meeting of the Board of Governors of the Bank and the Thirty-Sixth Annual Meeting of the Board of Governors of the Fund
B/BG/2009/02:	By-Election of Executive Directors of the African Development Bank
B/BG/2009/03:	Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Twelve (12)-Month Review of the Temporary Relocation Period
B/BG/2009/04:	Accession of the Grand Duchy of Luxembourg to the Agreement Establishing the African Development Bank
B/BG/2009/05:	Authorization of a Special Capital Increase
B/BG/2009/06:	Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2008
B/BG/2009/07:	Allocation and Distribution of Part of the Net Income of the African Development Bank for the Financial Year Ended 31 December 2008 using Allocable Income as the Basis of Allocation and Distribution
B/BG/2009/08:	Distribution of Part of the Net Income of the Nigeria Trust Fund for the Financial Year Ended 31 December 2008
B/BG/2009/09:	Resources of the Nigeria Trust Fund
B/BG/2009/10:	Increase of the Bank's Global Limit for Equity Participations from 10 percent to 15 percent of the Total Risk Capital
B/BG/2009/11:	Mobilization of Resources for the Bank's Sixth General Increase of Capital
B/BG/2009/12:	Vote of Thanks of the Boards of Governors to the outgoing Chairperson, the Bureau, the Joint Steering Committee, the Steering Committee on the election of the President, the Standing Committee on the Conditions of Service of Elected Officers, and Governors' Consultative Committee
B/BG/2009/13:	Vote of Thanks of the Boards of Governors to His Excellency Abdoulaye Wade, President of the Republic of Senegal.
B/BG/2009/14	Vote of Thanks of the Boards of Governors to His Excellency Blaise Compaoré, President of Burkina Faso
B/BG/2009/15:	Vote of Thanks of the Boards of Governors to His Excellency John Dramani Mahama, Vice-President of the Republic of Ghana
B/BG/2009/16:	Vote of Thanks of the Boards of Governors to His Excellency Jean Ping, President of the Commission of the African Union
B/BG/2009/17:	Vote of Thanks of the Boards of Governors to the National Organizing Committee of the Republic of Senegal
B/BG/2009/18:	Vote of Thanks of the Boards of Governors to the Boards of Directors, Management and Staff

Appendix II-2

Board of Governors of ADB: Voting Powers of Member Countries as at December 31, 2009

	Country	Governor	Alternate	Total votes	Voting Powers %
1	Algeria	Karim Djoudi	Miloud Boutabba	87,601	3.934
2	Angola	Ana Afonso Dias Lourenço	Eduardo Leopoldo Severim de Morais	26,030	1.169
3	Benin	Pascal I. Koupaki	Gregoire Akofodji	4,870	0.219
4	Botswana	Charles M. Tibone	Taufila Nyamadzabo	47,258	2.122
5	Burkina Faso	Lucien Marie Noël Bembamba	Lene Segbo	9,932	0.446
6	Burundi	Clotilde Nizigama	Manirakiza Tabu Abdallah	5,798	0.260
7	Cameroon	Motaze Louis Paul	Essomba Ngoula Blaise	22,936	1.030
8	Cape Verde	Cristina Duarte	Leonesa Maria do Nascimento Lima Fortes	2,297	0.103
9	Central Afr. Rep.	Sylvain Maliko	Albert Besse	1,598	0.072
10	Chad	Ousmane Matar Breme	Gata Ngoulou	2,266	0.102
11	Comoros	Ikililou Dhoinine	Said Abdilahi	1,086	0.049
12	Congo	Gilbert Ondongo	Pierre Moussa	10,500	0.471
13	Côte d'Ivoire	Paul Antoine Bohoum Bouabre	Diby Koffi Charles	81,633	3.666
14	Dem. Rep. of Congo	Athanase Matenda Kyelu	Jean Claude Masangu Mulongo	23,365	1.049
15	Djibouti	Ali Farah Assoweh	Djama Mahamoud Haid	1,838	0.083
16	Egypt	Farouk El Okdah	Mahmoud Mohey El Din	112,454	5.050
17	Equatorial Guinea	Estanislao Don Malavo	Martin-Crisantos Ebe Mba	3,529	0.158
18	Eritrea	Berhane Abrehe	Martha Woldegiorghis	2,628	0.118
19	Ethiopia	Sufian Ahmed	Mekonnen Manyazewal	35,403	1.590
20	Gabon	Magloire Ngambia	Blaise Louembe	26,765	1.202
21	Gambia	Abdou Kolley	Mod A.K. Secka	3,915	0.176
22	Ghana	Kwabena Duffuor	Paul A. Acquah	50,278	2.258
23	Guinea	Mamadou Sande	Mamadouba Max Bangoura	9,494	0.426
24	Guinea-Bissau	Helena Maria José Nosolini Embalo	Jose Mario Vaz	1,225	0.055
25	Kenya	Uhuru Kenyatta, Egh, MP	Joseph K. Kinyua CBS	32,332	1.452
26	Lesotho	Timothy Thahane	M. Majoro	3,949	0.177
27	Liberia	Augustine K. Ngafuan	Amara Konneh	4,855	0.218
28	Libya	Abdoulhafid Zlitni	Mohamed A.A. Ashokri	84,220	3.782
29	Madagascar	*	*	14,787	0.664
30	Malawi	Kenani Kandodo, MP	Ted Sitima-Wina	7,097	0.319
31	Mali	Toure Sanoussi	Lassine Bouare	10,161	0.456
32	Mauritania	Ousmane Kane	Cheikh El Kebir Ould Chbih	3,838	0.172
33	Mauritius	Rama Krishna Sithanen	Ali Michael Mansoor	14,719	0.661
34	Morocco	Salaheddine Mezouar	Abdeltif Loudyi	72,893	3.273
35	Mozambique	Aiuba Cuereneia	Ernesto Gouveia Gove	14,391	0.646
36	Namibia	Saara kuugongelwa-Amadhila	Carl-Herman G. Schlettwein	8,022	0.360
37	Niger	Ali Mahaman Lamine Zeine	Yacoubou Mahaman Sani	6,151	0.276
38	Nigeria	Mansur Muhtar	Ochi C. Achinivu	193,822	8.703
39	Rwanda	John Rwangombwa	Kampeta Sayinzoga	3,527	0.158
40	São Tomé & Principe	Angela Maria da Graça Viegas Santiago	Luis Fernando Morreira De Sousa	2,114	0.095
41	Senegal	Abdoulaye Diop	Mamadou Faye	22,364	1.004
42	Seychelles	Danny Faure	Piere Laporte	1,849	0.083
43	Sierra Leone	Samura Mathew Wilson Kamara	Edmund Koroma	5,923	0.266
44	Somalia	Sharif Hassan Sheik Adam	Hamid A. Ibrahim	2,566	0.115
45	South Africa	Pravin Gordhan	Lesetja Kganyago	100,509	4.513
46	Sudan	Awad Ahmed Eljaz	Lual A. Deng	9,455	0.425
47	Swaziland	Majozi Vincent Sithole	Absalom M.C. Dlamini	7,876	0.354
48	Tanzania	Mustafa Haidi Mkulo, MP	Charles Mutalemwa	18,486	0.830
49	Togo	Adji Oteth Ayassor	Hatadeema Nonon SAA	4,077	0.183
50	Tunisia	Mohamed Nouri Jouini	Mohamed Ali Mouelhi	31,117	1.397
51	Uganda	Syda Bbumba, MP	Chris Kassami	11,637	0.523
52	Zambia	Situmbeko Musokotwane, MP	Likolo Ndalamei	28,085	1.261
53	Zimbabwe	Tendai Biti, MP	Willard L. Manugo	45,653	2.050
	TOTAL REGIONALS			**1,341,174**	**60.223**

Appendix II-2 (continued)

Board of Governors of ADB: Voting Powers of Member Countries as at December 31, 2009

	Country	Governor	Alternate	Total votes	Voting Powers %
1	Argentina	Amado Boudou	Hernan Martin Perez Redrado	6,472	0.291
2	Austria	Josef Pröll	Edith Frauwallner	10,332	0.464
3	Belgium	Didier Reynders	Gino Alzetta	14,583	0.655
4	Brazil	Paulo Bernardo Silva	Alexandre Meira da Rosa	10,299	0.462
5	Canada	Lawrence Cannon	James Haley	82,273	3.694
6	China	Zhou Xiaochuan	Yi Gang	24,925	1.119
7	Denmark	Sus Ulbaek	Mette Knudsen	25,793	1.158
8	Finland	Ritva Koukku-Ronde	Jorma Julin	11,252	0.505
9	France	Ramon Fernandez	Delphine D'Amarzit	82,273	3.694
10	Germany	Gudrun Kopp	Rolf Wenzel	90,256	4.053
11	India	Pranab Mukherjee	Ashok Chawla	5,485	0.246
12	Italy	Giulio Tremonti	Carlo Monticelli	53,269	2.392
13	Japan	Hirohisa Fujii	Masaaki Shirakawa	120,025	5.389
14	Korea	Yoon, Jeung-Hyun	Seongtae Lee	10,332	0.464
15	Kuwait	Mustafa Al-Shamali	Hesham Al-Woqayan	10,332	0.464
16	Netherlands	Bert Koenders	Yoka Brandt	19,232	0.864
17	Norway	Ingrid Fiskaa	Henrik Harboe	25,793	1.158
18	Portugal	Fernando Teixeira Dos Santos	Carlos Costa Pina	5,846	0.263
19	Saudi Arabia	Youssef Al-Bassam	Ahmed M. Al-Ghannam	4,837	0.217
20	Spain	Elena Salgado Méndez	José Manuel Campa Fernández	23,659	1.062
21	Sweden	Joakim Stymne	Anders Bengtcén	34,217	1.536
22	Switzerland	Beatrice Maser Mallor	Edita Vokral	32,507	1.460
23	United Kingdom	Douglas Alexander	Ivan Lewis	37,179	1.669
24	United States of America	Timothy Geithner	*	144,678	6.496
	TOTAL NON-REGIONALS			**885,849**	**39.777**
	GRAND TOTAL			**2,227,023**	**100.000**

* *Vacant*

Appendix II-3

Board of Directors of ADB: Voting Powers and Countries Represented as at December 31, 2009

Executive Director	For	Total votes	Voting Powers %
Abdelhak Benallegue	Algeria	87,601	
Augusto Idrissa Embalo (Alternate)	Guinea-Bissau	1,225	
	Madagascar	14,787	
		103,613	4.653
Ian C. Bonongwe	Malawi	7,097	
Mohit Dhoorundhur (Alternate)	Mauritius	14,719	
	Lesotho	3,949	
	South Africa	100,509	
	Swaziland	7,876	
	Zambia	28,085	
		162,235	7.285
Andrew N. Bvumbe	Zimbabwe	45,653	
Pedro F. Tombwele (Alternate)	Angola	26,030	
	Botswana	47,258	
	Mozambique	14,391	
	Namibia	8,022	
		141,354	6.347
Abdul-Magid Gadad	Libya	84,220	
Mohamed A. Ould Didi (Alternate)	Mauritania	3,838	
	Somalia	2,566	
		90,624	4.069
Tuan Francis R. Karpeh II	Liberia	4,855	
ElFatih M. Khalid (Alternate)	Sudan	9,455	
	Sierra Leone	5,923	
	Gambia	3,915	
	Ghana	50,278	
		74,426	3.342
Hassan A. Khedr	Egypt	112,454	
Almis M. Abdillahi (Alternate)	Djibouti	1,838	
		114,292	5.132
Frédéric A. Korsaga	Burkina Faso	9,932	
Martine Mabiala (Alternate)	Gabon	26,765	
	Cape Verde	2,297	
	Chad	2,266	
	Comoros	1,086	
	Benin	4,870	
	Mali	10,161	
	Niger	6,151	
	Senegal	22,364	
		85,892	3.857
Mohamed Mahroug	Morocco	72,893	
Moncef Bouallagui (Alternate)	Tunisia	31,117	
	Togo	4,077	
		108,087	4.853
Shehu Yahaya	Nigeria	193,822	
Maria Batista de Sousa (Alternate)	São Tomé & Principe	2,114	
		195,936	8.798
Tchétché N'Guessan	Côte d'Ivoire	81,633	
Augustin Loeri Bisquit (Alternate)	Equatorial Guinea	3,529	
	Guinea	9,494	
		94,656	4.250

Appendix II-3 (continued)

Board of Directors of ADB: Voting Powers and Countries Represented as at December 31, 2009

Executive Director	For	Total votes	Voting Powers %
Peter Andrew G. Sinon	Seychelles	1,849	
Mary C. Muduuli (Alternate)	Uganda	11,637	
	Eritrea	2,628	
	Ethiopia	35,403	
	Kenya	32,332	
	Rwanda	3,527	
	Tanzania	18,486	
		105,862	4.754
Serge Blaise Zoniaba	Congo	10,500	
Marguerite Kofio (Alternate)	Central African Rep	1,598	
	Cameroon	22,936	
	Burundi	5,798	
	Dem. Rep. Congo	23,365	
		64,197	2.883
Emmanuel Carrère	France	82,273	
Gian Paolo Ruggiero (Alternate)	Italy	53,269	
	Belgium	14,583	
		150,125	6.741
Laurent Guye	Switzerland	32,507	
Tapani H. Kivelä (Alternate)	Finland	11,252	
	Denmark	25,793	
	India	5,485	
	Norway	25,793	
	Sweden	34,217	
		135,047	6.064
Bruce Montador	Canada	82,273	
Yu Bu (Alternate)	China	24,925	
	Korea	10,332	
	Kuwait	10,332	
	Spain	23,659	
		151,521	6.804
Tetsuya Utamura	Japan	120,025	
Abdulrahman Abubakr (Alternate)	Saudi Arabia	4,837	
	Argentina	6,472	
	Austria	10,332	
	Brazil	10,299	
		151,965	6.824
Christoph Kohlmeyer	Germany	90,256	
Pieter de Keizer (Alternate)	Netherlands	19,232	
	Portugal	5,846	
	United Kingdom	37,179	
		152,513	6.848
Mimi Alemayehou	United States of America	144,678	
		144,678	6.496
Regional Total:			**60.223**
Non-Regional Total:			**39.777**
GRAND TOTAL:			**100.000**

Appendix III-1

Resolutions Adopted by the Board of Governors in 2009 for the ADF

F/BG/2009/01:	Dates and Venue of the Forty-Fifth Annual Meeting of the Board of Governors of the Bank and the Thirty-Sixth Annual Meeting of the Board of Governors of the Fund
F/BG/2009/02:	Selection of Executive Directors of the African Development Fund
F/BG/2009/03:	Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Twelve (12)-Month Review of the Temporary Relocation Period
F/BG/2009/04	Participation of Grand Duchy of Luxembourg in the African Development Fund
F/BG/2009/05:	Annual Report and Audited Special Purpose Financial Statements for the Financial Year Ended December 31, 2008
F/BG/2009/06:	Vote of Thanks of the Boards of Governors to the outgoing Chairperson, the Bureau, the Joint Steering Committee, the Steering Committee on the election of the President, the Standing Committee on the Conditions of Service of Elected Officers, and Governors' Consultative Committee.
F/BG/2009/07:	Vote of Thanks of the Boards of Governors to His Excellency Abdoulaye Wade, President of the Republic of Senegal
F/BG/2009/08:	Vote of Thanks of the Boards of Governors to His Excellency Blaise Compaoré, President of Burkina Faso
F/BG/2009/09:	Vote of Thanks of the Boards of Governors to His Excellency John Dramani Mahama, Vice-President of the Republic of Ghana
F/BG/2009/10:	Vote of Thanks of the Boards of Governors to His Excellency Jean Ping, President of the Commission of the African Union
F/BG/2009/11:	Vote of Thanks of the Boards of Governors to the National Organizing Committee of the Republic of Senegal
F/BG/2009/12:	Vote of Thanks of the Boards of Governors to the Boards of Directors, Management and Staff

Appendix III-2

Board of Governors of ADF: Voting Powers of State Participants and of the ADB as at December 31, 2009

	Country	Governor	Alternate	Total Votes	Voting Powers %
1	African Development Bank			1,000,000	50.000
2	Argentina	Amado Boudou	Hernan Martin Perez Redrado	0,105	0.005
3	Austria	Josef Pröll	Edith Frauwallner	15,257	0.763
4	Belgium	Didier Reynders	Gino Alzetta	18,849	0.942
5	Brazil	Paulo Bernardo Silva	Alexandre Meira Da Rosa	7,213	0.361
6	Canada	Lawrence Cannon	James Haley	79,918	3.996
7	China	Zhou Xiaochuan	Yi Gang	18,661	0.933
8	Denmark	Sus Ulbaek	Mette Knudsen	28,714	1.436
9	Finland	Ritva Koukku-Ronde	Jorma Julin	19,483	0.974
10	France	Ramon Fernandez	Delphine D'Amarzit	100,581	5.029
11	Germany	Gudrun Kopp	Rolf Wenzel	100,596	5.030
12	India	Pranab Mukherjee	Ashok Chawla	3,866	0.193
13	Italy	Giulio Tremonti	Carlo Monticelli	60,528	3.026
14	Japan	Hirohisa Fujii	Masaaki Shirakawa	120,992	6.050
15	Korea	Yoon Jeung-Hyun	Seongtae Lee	8,300	0.415
16	Kuwait	Mustafa Al-Shamali	Hesham Al-Woqayan	10,074	0.504
17	Netherlands	Bert Koenders	Yoka Brandt	41,785	2.089
18	Norway	Ingrid Fiskaa	Henrik Harboe	42,926	2.146
19	Portugal	Fernando Teixeira Dos Santos	Carlos Costa Pina	7,683	0.384
20	Saudi Arabia	Youssef Al-Bassam	Ahmed M. Al-Ghannam	13,388	0.669
21	Spain	Elena Salgado Méndez	José Manuel Campa Fernández	24,916	1.246
22	Sweden	Joakim Stymne	Anders Bengtcén	50,590	2.530
23	Switzerland	Ambassadeur Beatrice Maser Mallor	Edita Vokral	38,164	1.908
24	United Arab Emirates	Mohamed Khalifa Bin Yousef Al Suweidi	Abdullah Hussain Dawood	0,471	0.024
25	United Kingdom	Douglas Alexander	Ivan Lewis	71,930	3.596
26	United States of America	Timothy Geithner	Vacant	115,009	5.750
	TOTAL			**2,000,000**	**100.00**

Appendix III-3

Board of Directors of ADF: Voting Powers and Countries Represented as at December 31, 2009

Executive Directors / Alternates	Participants	Voting Powers %	%*
Ian C. Bonongwe**	ADB	8.333	
Andrew N. Bvumbe**	ADB	8.333	
Francis T. Karpeh**	ADB	8.333	
Frédéric Korsaga**	ADB	8.333	
Shehu Yahaya**	ADB	8.333	
Serges Blaise Zoniaba**	ADB	8.333	
			50.000
Mimi Alemayehou	United States of America	5.750	
Alexander Severens	United States of America		
			5.750
Tetsuya Utamura	Japan	6.050	
Verena Hagg	Austria	0.763	
	Argentina	0.005	
	Brazil	0.361	
	Saudi Arabia	0.669	
			7.848
Laurent Guye	Switzerland	1.908	
Tapani H. Kivelä	Finland	0.974	
	Denmark	1.436	
	India	0.193	
	Norway	2.146	
	Sweden	2.530	
			9.187
Christoph Kohlmeyer	Germany	5.030	
Pieter de Keizer	The Netherlands	2.089	
	Portugal	0.384	
	United Kingdom	3.596	
			11.100
Bruce Montador	Canada	3.996	
Yu Bu	China	0.933	
	Korea	0.415	
	Kuwait	0.504	
	Spain	1.246	
			7.093
Emmanuel Carrère	France	5.029	
Gian Paolo Ruggiero	Italy	3.026	
	Belgium	0.942	
			8.998
Vacant	United Arab Emirates	0.024	
			0.024
GRAND TOTAL			**100.000**

* *Slight differences may occur in totals due to rounding.*
** *For the period beginning October 1, 2009 through June 30, 2010.*

Appendix III-4

Subscription of State Participants and of the ADB as at December 31, 2009

	Participants	Contribution in UA*
1	ADB	111,740,678
2	Argentina	8,860,520
3	Austria	297,427,899
4	Belgium	360,813,249
5	Brazil	134,021,578
6	Canada	1,401,233,750
7	China	351,819,225
8	Denmark	510,301,235
9	Finland	340,927,113
10	France	1,923,849,817
11	Germany	1,891,116,185
12	India	69,870,683
13	Italy	1,085,041,145
14	Japan	2,197,207,708
15	Korea	155,015,566
16	Kuwait	164,458,447
17	Netherlands	741,256,128
18	Norway	827,563,466
19	Portugal	143,996,291
20	Saudi Arabia	240,954,968
21	South Africa	20,862,934
22	Spain	454,372,432
23	Sweden	956,208,438
24	Switzerland	694,238,727
25	United Arab Emirates	8,289,468
26	United Kingdom	1,435,296,841
27	United States of America	2,243,428,749
	Subtotal	**18,770,173,241**
	Supplementary Contributions through accelerated encashment to reduce the Gap	**38,565,198**
	GRAND TOTAL	**18,808,738,440**

* *Slight differences may occur in totals due to roundings.*

Annexes

Annex I

Classification of Regional Member Countries

Category A – Countries Eligible for ADF Resources only*			
1	Angola	20	Kenya
2	Benin	21	Lesotho
3	Burkina Faso	22	Liberia
4	Burundi	23	Madagascar
5	Cameroon	24	Malawi
6	Cape Verde	25	Mali
7	Central African Republic	26	Mauritania
8	Chad	27	Mozambique
9	Comoros	28	Niger
10	Congo	29	Rwanda
11	Congo, Democratic Republic of	30	São Tomé and Principe
12	Côte d'Ivoire	31	Senegal
13	Djibouti	32	Sierra Leone
14	Eritrea	33	Somalia
15	Ethiopia	34	Sudan
16	Gambia	35	Tanzania
17	Ghana	36	Togo
18	Guinea	37	Uganda
19	Guinea-Bissau	38	Zambia
Category B – Countries Eligible for a Blend of ADB and ADF Resources			
1	Nigeria		
2	Zimbabwe		
Category C – Countries Eligible for ADB Resources Only			
1	Algeria		
2	Botswana		
3	Egypt		
4	Equatorial Guinea		
5	Gabon		
6	Libya		
7	Mauritius		
8	Morocco		
9	Namibia		
10	Seychelles		
11	South Africa		
12	Swaziland		
13	Tunisia		

* *Except for limited ADB lending for enclave and private sector projects.*

Annex II-1

AFRICA: Selected Social Indicators

	HDI* Value (0 to 1)	Total Life Expectancy (years)	Infant Mortality (per 1,000)	Maternal Mortality (per 100,000)	Access to Water (% of pop.)	Access to Sanitation (% of pop.)	Daily Calories supply per capita	Primary School Enrollment (%)		Adult Illiteracy Rates (%)	
								Female	Male	Female	Male
	2007	2009	2009	2005-07	2006	2006	2005	2005-09	2005-09	2005-07	2005-07
Developed Countries	**0.955**	**77.4**	**6.2**	**9**	**100**	**100**	**3,380**	**101**	**102**	**1.2**	**0.8**
Developing Countries	**0.686**	**68.1**	**41.5**	**450**	**84**	**55**	**2,620**	**104**	**109**	**24.9**	**13.9**
African Average	**0.544**	**55.7**	**80.0**	**683**	**64**	**39**	**2,324**	**95**	**104**	**46.0**	**28.8**
Central Africa Average	**0.535**	**49.0**	**109.4**	**646**	**53**	**32**	**2,132**	**84**	**101**	**72.6**	**51.9**
Cameroon	0.523	51.4	85.0	669	70	51	2,239	102	119	...	...
Central African Republic	0.369	47.4	103.1	980	66	31	1,924	64	91	...	...
Chad	0.392	49.0	128.3	1,099	48	9	1,992	62	89	79.2	57.0
Congo	0.389	53.7	79.3	781	71	20	2,351	110	118	...	...
Congo Dem. Rep	0.601	47.8	114.9	549	46	31	1,485	82	99	...	...
Equatorial Guinea	0.719	50.6	97.1	680	43	51	...	96	101	...	...
Gabon	0.755	60.9	48.8	520	87	36	2,800	...	...	17.8	9.8
East Africa	**0.535**	**55.4**	**72.0**	**723**	**55**	**27**	**2,016**	**89**	**92**	**54.6**	**33.9**
Burundi	0.394	50.9	96.0	480	71	41	1,631	132	139	...	...
Comoros	0.576	65.8	45.8	400	85	35	1,819	114	129	30.2	19.7
Djibouti	0.520	55.8	82.1	650	92	67	2,210	52	59	...	...
Eritrea	0.472	60.0	52.3	450	60	5	1,570	52	62	47.0	23.8
Ethiopia	0.414	55.7	76.5	673	42	11	1,826	92	103	77.2	50.0
Kenya	0.541	54.9	61.8	560	57	42	2,079	110	113	...	...
Rwanda	0.460	50.7	97.4	750	65	48	1,956	152	150	...	...
Seychelles	0.845	...	...	...	...	...	2,396	125	126	...	...
Somalia	...	50.1	107.3	1,400	29	23	...	15	26	...	...
Sudan	0.531	58.5	67.0	450	70	35	2,300	70	78	...	...
Tanzania	0.530	56.3	61.6	578	55	33	2,019	109	111	34.1	21.0
Uganda	0.514	53.5	71.7	435	64	33	2,371	118	117	34.5	18.2
North Africa	**0.535**	**71.2**	**31.6**	**137**	**91**	**74**	**3,114**	**100**	**106**	**43.0**	**23.6**
Algeria	0.754	72.7	29.3	180	85	94	3,094	104	111	33.6	15.7
Egypt	0.703	70.3	33.3	130	98	66	3,331	97	102	42.2	25.4
Libya	0.847	74.3	17.3	97	...	97	3,018	108	113	21.6	5.5
Mauritania	0.520	57.0	71.7	820	60	24	2,808	105	99	51.7	36.7
Morocco	0.654	71.6	28.8	227	83	72	3,167	102	112	56.8	31.3
Tunisia	0.769	74.2	19.0	41	94	85	3,264	106	109	31.0	13.6

Annex II-1 (continued)

AFRICA: Selected Social Indicators

	HDI* Value (0 to 1)	Total Life Expectancy (years)	Infant Mortality (per 1,000)	Maternal Mortality (per 100,000)	Access to Water (% of pop.)	Access to Sanitation (% of pop.)	Daily Calories supply per capita	Primary School Enrollment (%)		Adult Illiteracy Rates (%)	
								Female	Male	Female	Male
	2007	2009	2009	2005-07	2006	2006	2005	2005-09	2005-09	2005-07	2005-07
Southern Africa	**0,535**	**51,4**	**9,5**	**619**	**70**	**46**	**2,268**	**113**	**118**	**30,6**	**19,7**
Angola	0.564	47.6	113.5	1,400	51	50	1,902	...	...	...	...
Botswana	0.694	55.1	33.9	380	96	47	2,212	109	111	17.1	17.2
Lesotho	0.514	45.6	67.0	762	78	36	2,440	107	108	...	...
Madagascar	0.543	60.8	62.6	469	47	12	2,049	149	154	...	...
Malawi	0.493	53.9	80.4	984	76	60	2,143	122	119	35.4	20.8
Mauritius	0.804	72.1	14.2	23	100	94	2,869	99	100	15.3	9.8
Mozambique	0.402	48.1	85.9	520	42	31	2,085	107	121	67.0	42.8
Namibia	0.686	61.7	32.3	268	93	35	2,315	112	113	12.6	11.4
South Africa	0.683	47.4	45.3	110	93	59	2,916	103	106	12.8	11.1
Swaziland	0.572	46.4	61.8	589	60	50	2,323	104	112	16.3	16.0
Zambia	0.481	46.4	89.7	830	58	52	1,895	118	120	39.3	19.2
Zimbabwe	…	45.7	53.9	555	81	46	2,063	103	104	11.7	5.9
West Africa	**0.535**	**51.7**	**95.8**	**944**	**57**	**26**	**2,355**	**85**	**97**	**48.2**	**31.2**
Benin	0.492	61.9	82.4	397	65	30	2,314	108	125	72.1	46.9
Burkina Faso	0.389	53.4	78.7	700	72	13	2,668	68	79	78.4	63.3
Cape Verde	0.708	71.7	24.3	36	..	-	2,425	98	105	21.2	10.6
Côte d'Ivoire	0.484	57.9	84.7	543	81	24	2,542	66	83	...	...
Gambia	0.456	56.3	74.9	690	86	52	2,131	89	84	...	...
Ghana	0.526	56.8	72.0	560	80	10	2,759	101	102	41.7	28.3
Guinea	0.435	58.4	95.1	980	70	19	2,559	83	97	...	...
Guinea-Bissau	0.396	48.2	111.2	110	57	33	2,052	...	...	...	...
Liberia	0.442	58.7	92.7	1,200	64	32	2,067	86	96	49.1	39.8
Mali	0.371	48.8	104.3	970	60	45	2,579	83	100	81.8	65.1
Niger	0.340	51.9	85.3	648	42	7	2,151	51	65	84.9	57.1
Nigeria	0.511	48.2	107.7	1,100	47	30	2,655	87	99	35.9	19.9
São Tomé and Principe	0.651	65.9	71.0	120	86	24	2,615	129	131	17.3	6.6
Senegal	0.464	55.9	57.5	401	77	28	2,198	84	83	47.7	67.0
Sierra Leone	0.365	47.9	102.2	2,100	53	11	1,932	148	168	73.2	50.0
Togo	0.499	62.9	69.5	510	59	12	2,033	97	113	...	...

Sources: ABD Statistics Department, Unesco Database, WHO, UN Population Division, the 2008 Revision.
HDR 2009, SOWC 2009, FAOSTAT, 2009.

… : Data not available.
- : Magnitude zeros.
0 or 0.0 : Magnitude less than5% of the unit employed.

Annex II-2

AFRICA: Selected Macroeconomic Indicators

Country	GNI per Capita (US$) 2008	GDP Growth Rate (%) Annual Average 2001-2008	GDP Growth Rate (%) 2009	Investment (% of GDP) 2009	Consumer Price Inflation (%) 2009	Fiscal Balance (% of GDP) 2009	Debt Service (% of exports) 2009
Algeria	4,260	3.9	2.2	40.2	5.7	-8.3	2.5
Angola	3,450	13.1	-0.6	17.4	14.0	-7.7	13.3
Benin	690	4.2	3.0	20.5	4.1	-2.4	3.7
Botswana	6,470	4.8	-4.0	48.8	8.2	-5.4	12.0
Burkina Faso	480	5.7	3.0	20.2	2.8	-5.6	6.0
Burundi	140	3.0	3.3	8.9	8.3	-4.0	1.9
Cameroon	1,150	3.5	2.0	17.0	3.2	1.6	10.2
Cape Verde	3,130	6.4	3.9	46.3	2.2	-6.0	20.8
Central African Republic	410	1.9	2.0	12.5	3.8	0.1	4.9
Chad	530	9.5	-0.8	20.5	10.5	-10.8	2.8
Comoros	750	1.9	1.4	11.5	4.5	-1.5	10.2
Congo	1,970	4.1	7.6	43.1	6.0	17.0	15.9
Congo, Democratic Republic	150	5.0	2.6	23.1	44.2	-1.6	16.1
Côte d'Ivoire	980	0.6	3.6	12.5	1.4	1.1	10.1
Djibouti	1,130	3.7	4.8	35.8	1.7	-1.8	8.0
Egypt	1,800	4.9	4.7	19.3	16.2	-6.9	12.2
Equatorial Guinea	14,980	23.0	0.5	44.9	5.5	6.4	0.1
Eritrea	300	0.5	3.6	10.5	34.7	-15.5	51.1
Ethiopia	280	7.8	9.9	20.8	36.4	-1.0	2.8
Gabon	7,240	2.2	-1.0	23.8	2.5	6.9	7.1
Gambia	390	5.1	4.8	34.7	4.2	-4.4	32.8
Ghana	670	5.6	4.7	29.7	18.8	-10.0	7.7
Guinea	390	3.1	0.6	18.0	4.8	-1.5	7.9
Guinea-Bissau	250	0.9	2.9	29.8	-1.5	1.7	2.6
Kenya	770	4.3	2.5	18.7	9.3	-5.8	5.5
Lesotho	1,080	3.3	1.1	29.0	4.8	8.2	5.3
Liberia	170	0.9	4.4	69.9	7.8	-1.6	0.2
Libya	11,590	4.7	2.1	27.5	2.5	10.6	…
Madagascar	410	3.9	-4.5	31.1	8.9	-1.3	4.7
Malawi	290	4.6	7.0	20.9	8.5	-5.4	2.0
Mali	580	5.8	4.4	18.8	2.2	-0.9	3.4
Mauritania	840	4.5	-1.1	25.3	2.2	-5.5	3.5
Mauritius	6,400	3.8	2.8	28.0	2.5	-3.6	4.5
Morocco	2,580	5.1	5.0	36.8	1.0	-2.9	8.1
Mozambique	370	8.3	5.4	19.8	3.4	-5.7	30.4
Namibia	4,200	5.1	-1.8	24.9	8.8	-2.2	21.2
Niger	330	5.7	-0.9	29.6	4.3	-1.2	2.0
Nigeria	1,160	8.8	3.0	27.0	12.0	-5.2	1.2
Rwanda	410	6.8	4.5	13.7	10.3	-1.9	3.0
São Tomé & Principe	1,020	6.4	4.1	26.1	17.3	36.2	275.9
Senegal	970	4.1	1.5	26.6	-1.1	-4.6	7.2
Seychelles	10,290	1.9	-6.8	29.1	31.7	2.6	12.8
Sierra Leone	320	10.9	3.5	12.6	10.7	-4.9	3.5
Somalia	...	…	…	...	...	...	…
South Africa	5,820	4.3	-1.8	22.8	7.1	-7.3	11.4
Sudan	1,130	7.3	4.9	22.8	10.5	-3.7	6.5
Swaziland	2,520	2.5	0.2	11.1	4.1	-3.3	1.5
Tanzania	440	7.0	5.5	28.2	12.1	-2.7	2.2
Togo	400	1.7	2.2	18.3	1.9	-1.4	6.2
Tunisia	3,290	4.8	3.1	25.7	3.5	-3.9	11.2
Uganda	420	7.8	7.0	20.8	11.1	-1.7	2.1
Zambia	950	5.3	6.1	19.3	13.4	-2.7	2.8
Zimbabwe	360	-6.5	3.7	...	9.0	-3.8	19.3
Africa	**1,400**	**5.6**	**2.5**	**25.7**	**9.9**	**-4.4**	**7.5**

Sources: DP ADB Statistics Department; IMF World Economic Outlook, October 2009.

Notes:
… *Data not available*
- *Magnitude zeros*
0 or 0.0 Magnitude less than half of the unit employed
na *Not applicable*

Annex II-3

Bank Group Transfer of Resources to Regional Member Countries, 1967-2009
(US$ millions)

Year	Gross Disbursements	Repayments of Principal	Net Disbursements	Interest and Charges	Net Transfers	Net Transfers as % of Gross Disbursements
1967	-	-	-	-	-	-
1968	0.1	-	0.1	-	0.1	100.0
1969	0.6	-	0.6	-	0.6	100.0
1970	2.4	-	2.4	0.2	2.2	91.7
1971	6.3	-	6.3	0.4	5.9	93.7
1972	13.5	0.1	13.4	1.3	12.1	89.6
1973	20.2	0.4	19.8	2.8	17.0	84.2
1974	24.0	0.6	23.4	4.5	18.9	78.8
1975	51.9	2.8	49.1	7.3	41.8	80.5
1976	62.0	7.6	54.4	10.7	43.7	70.5
1977	99.5	7.3	92.2	14.7	77.5	77.9
1978	141.9	14.0	127.9	23.3	104.6	73.7
1979	172.0	17.4	154.6	31.3	123.3	71.7
1980	220.1	20.3	199.8	40.0	159.8	72.6
1981	200.1	31.6	168.5	45.2	123.3	61.6
1982	280.2	34.1	246.1	53.5	192.6	68.7
1983	353.0	46.5	306.5	64.8	241.7	68.5
1984	288.6	59.8	228.8	75.8	153.0	53.0
1985	531.1	72.8	458.3	107.9	350.4	66.0
1986	672.3	106.6	565.7	150.7	415.0	61.7
1987	945.1	135.5	809.6	220.6	589.0	62.3
1988	1,166.9	171.3	995.6	245.7	749.9	64.3
1989	1,503.4	195.8	1,307.6	338.5	969.1	64.5
1990	1,874.4	265.6	1,608.8	414.0	1,194.8	63.7
1991	2,127.3	277.6	1,849.7	466.1	1,383.6	65.0
1992	2,171.6	315.8	1,855.8	586.4	1,269.5	58.5
1993	2,149.5	392.8	1,756.8	639.4	1,117.3	52.0
1994	2,089.6	583.2	1,506.5	836.3	670.2	32.1
1995	1,678.0	637.2	1,040.8	795.4	245.4	14.6
1996	1,641.6	760.1	881.5	843.1	38.4	2.3
1997	1,578.1	1,013.2	564.9	795.6	(230.7)	(14.6)
1998	1,249.6	868.0	381.6	714.0	(332.4)	(26.6)
1999	1,215.8	1,017.9	197.9	704.8	(506.8)	(41.7)
2000	896.7	881.2	15.5	629.2	(613.7)	(68.4)
2001	1,079.4	682.4	397.0	366.0	31.0	2.9
2002	1,425.0	1,489.5	(64.5)	786.3	(850.8)	(59.7)
2003	1,519.8	1,611.2	(91.4)	643.6	(735.0)	(48.4)
2004	2,043.0	1,713.4	329.6	580.3	(250.7)	(12.3)
2005	1,843.5	1,162.8	680.7	523.8	156.8	8.5
2006	1,864.0	1,221.5	642.5	554.8	87.8	4.7
2007	2,553.2	1,225.7	1,327.5	654.5	673.0	26.4
2008	2,866.3	884.1	1,982.2	646.3	1,336.0	46.6
2009	6,401.8	1,215.2	5,186.6	781.2	4,405.4	68.8
TOTAL	**47,023.5**	**19,142.8**	**27,880.6**	**14,400.2**	**13,480.5**	**28.7**

Source: ADB Financial Control Department.

Notes:
ADF and NTF transfers are included for the periods starting from 1974 and 1976, respectively.
-Magnitude zeros

Annex II-4

Bank Group Transfer of Concessional Resources to Regional Member Countries, 1974-2009
(US$ millions)

Year	Gross Disbursements	Repayments of Principal	Net Disbursements	Interest and Charges	Net Transfers	Net Transfers as % of Gross Disbursements
1974	-	-	-	-	-	-
1975	3.9	-	3.9	-	3.9	100.0
1976	10.6	-	10.6	0.1	10.5	99.1
1977	26.4	0.1	26.3	0.2	26.1	98.9
1978	49.1	4.5	44.6	0.7	43.9	89.4
1979	64.4	1.9	62.5	1.5	61.0	94.7
1980	103.1	0.7	102.4	2.4	100.0	97.0
1981	100.7	2.3	98.4	3.1	95.3	94.6
1982	133.8	2.6	131.2	4.1	127.1	95.0
1983	163.4	2.2	161.2	5.2	156.0	95.5
1984	120.9	2.3	118.6	6.0	112.6	93.1
1985	229.1	5.9	223.2	8.4	214.8	93.8
1986	291.6	7.6	284.0	11.5	272.5	93.4
1987	404.8	11.1	393.7	16.4	377.3	93.2
1988	382.8	11.9	370.9	18.1	352.8	92.2
1989	506.7	14.1	492.6	21.3	471.3	93.0
1990	624.7	17.3	607.4	28.0	579.4	92.7
1991	653.4	24.7	628.7	25.1	603.6	92.4
1992	704.1	26.0	678.1	28.4	649.7	92.3
1993	715.2	32.4	682.8	37.5	645.3	90.2
1994	629.4	39.9	589.4	32.2	557.3	88.5
1995	619.6	50.0	569.6	49.8	519.7	83.9
1996	633.6	43.2	590.5	45.6	544.9	86.0
1997	650.9	55.5	595.4	53.3	542.2	83.3
1998	630.6	56.6	574.0	55.7	518.3	82.2
1999	516.3	57.5	458.8	54.2	404.6	78.4
2000	361.3	64.5	296.8	61.5	235.3	65.1
2001	470.2	63.4	406.8	17.9	388.9	82.7
2002	745.5	134.5	611.0	100.5	510.4	68.5
2003	550.6	112.3	438.3	79.9	358.4	65.1
2004	1,064.3	145.9	918.4	98.7	819.7	77.0
2005	992.6	142.3	850.2	94.2	756.0	76.2
2006	1,030.8	158.8	872.0	266.7	772.3	74.9
2007	1,155.1	113.1	1,041.9	80.9	608.1	52.7
2008	1,745.7	119.0	1,626.7	78.2	1,568.3	89.8
2009	2,714.2	88.3	2,625.8	93.1	2,532.7	93.3
TOTAL	**19,799.2**	**1,612.5**	**18,186.7**	**1,509.9**	**16,490.8**	**83.3**

Source: ADB Financial Control Department.

Notes:
Bank Group concessional resource transfers refer to ADF and NTF resources.
-Magnitude zeros.

Annex II-5

Bank Group Payments to Supplying Countries
For Procurement of Goods and Services, by Origin of Supply, 2008-2009*
(UA thousands)

Country	2008		2009	
	Amount	%	Amount	%
Regionals				
Algeria	-	-	-	-
Angola	1,598	0.09	3,069	0.08
Benin	9,464	0.51	9,058	0.22
Botswana	1,935	0.10	35	0.00
Burkina Faso	15,501	0.83	19,579	0.48
Burundi	1,504	0.08	3,023	0.07
Cameroon	4,346	0.23	5,567	0.14
Cape Verde	93	0.00	196	0.00
Central African Republic	45	0.00	32	0.00
Chad	3,499	0.19	4,912	0.12
Comoros	-	-	-	-
Congo	348	0.02	173	0.00
Congo, Democratic Republic	3,863	0.21	9,278	0.23
Côte d'Ivoire	2,621	0.14	2,916	0.07
Djibouti	605	0.03	499	0.01
Egypt	6,270	0.34	3,200	0.08
Equatorial Guinea	-	-	-	-
Eritrea	2,101	0.11	1,109	0.03
Ethiopia	1,337	0.07	59,306	1.45
Gabon	1,078	0.06	1,558	0.04
Gambia	2,197	0.12	2,520	0.06
Ghana	11,956	0.64	13,065	0.32
Guinea	2,967	0.16	3,113	0.08
Guinea-Bissau	904	0.05	1,306	0.03
Kenya	13,546	0.73	10,896	0.27
Lesotho	795	0.04	1,209	0.03
Liberia	-	-	2,286	0.06
Madagascar	30,534	1.64	12,892	0.32
Malawi	5,188	0.28	7,248	0.18
Mali	16,924	0.91	26,550	0.65
Mauritania	1,306	0.07	3,213	0.08
Mauritius	670	0.04	90	0.00
Morocco	32,728	1.76	59,380	1.45
Mozambique	7,207	0.39	8,896	0.22
Namibia	7,707	0.41	474	0.01
Niger	6,184	0.33	10,645	0.26
Nigeria	1,931	0.10	30,589	0.75
Rwanda	10,816	0.58	7,406	0.18
São Tomé & Principe	-	-	13	0.00
Senegal	16,992	0.91	18,835	0.46
Seychelles	44	0.00	39	0.00
Sierra Leone	1,191	0.06	295	0.01
Somalia	-	-	-	-
South Africa	7,224	0.39	7,598	0.19
Sudan	977	0.05	-	-
Swaziland	22	0.00	4,967	0.12
Tanzania	14,131	0.76	8,251	0.20
Togo	92	0.00	431	0.01
Tunisia	14,901	0.80	10,589	0.26
Uganda	34,483	1.85	20,054	0.49
Zambia	18,098	0.97	8,787	0.22
Zimbabwe	284	0.02	210	0.01
Multinational	1,278	0.07	7,414	0.18
Subtotal Regionals	**319,485**	**17.17**	**412,768**	**10.11**

Annex II-5 (continued)

Bank Group Payments to Supplying Countries for Procurement of Goods and Services, by Origin of Supply, 2008-2009*
(UA thousands)

Country	2008		2009	
	Amount	%	Amount	%
Non-Regionals				
Argentina	-	-	-	-
Austria	206	0.01	469	0.01
Belgium	8,733	0.47	10,467	0.26
Brazil	587	0.03	46	0.00
Canada	5,973	0.32	7,892	0.19
China	65,695	3.53	176,157	4.31
Denmark	2,737	0.15	1,341	0.03
Finland	270	0.01	269	0.01
France	54,080	2.91	66,351	1.62
Germany	12,435	0.67	14,529	0.36
India	13,925	0.75	38,794	0.95
Ireland	-	-	52	0.00
Italy	14,371	0.77	22,538	0.55
Japan	5,554	0.30	67,902	1.66
Korea	15,097	0.81	6,359	0.16
Kuwait	-	-	106	0.00
Netherlands	1,604	0.09	831	0.02
Norway	349	0.02	28	0.00
Portugal	4,618	0.25	3,362	0.08
Saudi Arabia	16	0.00	-	-
Spain	54,641	2.94	162,991	3.99
Sweden	551	0.03	105	0.00
Switzerland	20,390	1.10	11,886	0.29
United Arab Emirates	-	-	-	-
United Kingdom	4,503	0.24	9,230	0.23
USA	18,511	0.99	13,359	0.33
Subtotal Non-Regionals	**304,847**	**16.38**	**615,010**	**15.06**
Net Advance Disbursements**	**733,329**	**39.41**	**1,819,893**	**44.57**
Disbursement for Policy-based Loans**	**503,248**	**27.04**	**1,235,804**	**30.26**
TOTAL	**1,860,908**	**100.00**	**4,083,595**	**100.00**

Source: ADB Financial Control Department.

* *Origin of Supply (OOS) for Bank Group procurement and disbursenment purposes means the country from which the goods/services supplied originated as evidenced by the contract for procurement, and by the summary statement of items which accompanies the invoice or contract supporting an application for withdrawal. For example, a French car purchased from a local dealer in Côte d'Ivoire would be classified under the code for France.*

** *The nature of these disbursements makes it impossible to attribute them to any specific supplying or originating country until expenditureshave been reported to the Bank. However, these disbursements will be integrated into the reported country shares as soon as the relevant invoices are received and processed.*

Notes:

- *Magnitude zeros*

0.00 Magnitude less than 5 per thousand of the unit employed

Annex II-6

Bank Group Payments to Supplying Countries for Procurement of Goods and Services, by Source of Supply, 2008-2009*
(UA thousands)

Country	2008		2009	
	Amount	%	Amount	%
Regionals				
Algeria	-	-	-	-
Angola	1,588	0.09	3,033	0.07
Benin	9,168	0.49	10,375	0.25
Botswana	75	0.00	9	0.00
Burkina Faso	16,689	0.90	17,658	0.43
Burundi	1,930	0.10	3,144	0.08
Cameroon	4,112	0.22	5,458	0.13
Cape Verde	142	0.01	22	0.00
Central African Republic	364	0.02	116	0.00
Chad	3,934	0.21	8,428	0.21
Comoros	-	-	-	-
Congo	354	0.02	232	0.01
Congo, Democratic Republic	4,240	0.23	10,662	0.26
Côte d'Ivoire	1,614	0.09	5,348	0.13
Djibouti	660	0.04	1,449	0.04
Egypt	1,402	0.08	2,728	0.07
Equatorial Guinea	-	-	-	-
Eritrea	2,101	0.11	1,109	0.03
Ethiopia	5,922	0.32	57,890	1.42
Gabon	1,180	0.06	1,623	0.04
Gambia	3,089	0.17	3,118	0.08
Ghana	13,792	0.74	16,713	0.41
Guinea	2,864	0.15	2,789	0.07
Guinea-Bissau	776	0.04	1,223	0.03
Kenya	18,093	0.97	13,680	0.33
Lesotho	926	0.05	1,222	0.03
Liberia	-	-	323	0.01
Madagascar	25,705	1.38	5,972	0.15
Malawi	8,011	0.43	12,200	0.30
Mali	18,391	0.99	28,017	0.69
Mauritania	1,391	0.07	2,837	0.07
Mauritius	251	0.01	2,760	0.07
Morocco	73,814	3.97	59,388	1.45
Mozambique	10,178	0.55	18,006	0.44
Namibia	7,707	0.41	660	0.02
Niger	6,774	0.36	11,337	0.28
Nigeria	2,351	0.13	33,342	0.82
Rwanda	11,263	0.61	7,852	0.19
São Tomé & Principe	-	-	64	0.00
Senegal	18,326	0.98	19,954	0.49
Seychelles	-	-	-	-
Sierra Leone	1,370	0.07	1,991	0.05
Somalia	-	-	-	-
South Africa	4,363	0.23	5,840	0.14
Sudan	977	0.05	-	-
Swaziland	12	0.00	4,120	0.10
Tanzania	14,670	0.79	9,161	0.22
Togo	766	0.04	681	0.02
Tunisia	16,886	0.91	13,827	0.34
Uganda	36,496	1.96	24,039	0.59
Zambia	18,774	1.01	12,195	0.30
Zimbabwe	476	0.03	228	0.01
Multinational	10,832	0.58	7,921	0.19
Subtotal Regionals	**384,799**	**20.68**	**450,743**	**11.04**

Annex II-6 (continued)

Bank Group Payments to Supplying Countries for Procurement of Goods and Services, by Source of Supply, 2008-2009*

(UA thousands)

Country	2008		2009	
	Amount	%	Amount	%
Non-Regionals				
Argentina	-	-	-	-
Austria	406	0.02	469	0.01
Belgium	12,363	0.66	16,053	0.39
Brazil	109	0.01	-	-
Canada	5,995	0.32	7,723	0.19
China	70,595	3.79	165,999	4.07
Denmark	3,059	0.16	1,287	0.03
Finland	258	0.01	269	0.01
France	41,716	2.24	60,989	1.49
Germany	25,947	1.39	14,125	0.35
India	13,081	0.70	36,853	0.90
Italy	5,993	0.32	18,943	0.46
Japan	-	-	62,475	1.53
Korea	8,443	0.45	5,317	0.13
Kuwait	-	-	-	-
Netherlands	1,590	0.09	475	0.01
Norway	349	0.02	28	0.00
Portugal	2,926	0.16	3,668	0.09
Saudi Arabia	-	-	14	0.00
Spain	7,303	0.39	159,324	3.90
Sweden	548	0.03	105	0.00
Switzerland	12,347	0.66	10,147	0.25
United Arab Emirates	-	-	-	-
United Kingdom	3,153	0.17	3,961	0.10
USA	23,350	1.25	8,933	0.22
Subtotal Non-Regionals	**239,532**	**12.87**	**577,155**	**14.13**
Net Advance Disbursements**	**733,329**	**39.41**	**1,819,893**	**44.57**
Disbursement for Policy-based Loans**	**503,248**	**27.04**	**1,235,804**	**30.26**
TOTAL	**1,860,908**	**100.00**	**4,083,595**	**100.00**

Source: ADB Financial Control Department.

* *Source of Supply (SOS) for Bank Group procurement and disbursement purposes means the country in which the supplier (the primary contractor) is located as evidenced by the contract for procurement, and by the invoice or contract supporting an application for withdrawal. For example, a French car purchased from a local dealer in Côte d'Ivoire would be classified under the code for Côte d'Ivoire.*

** *The nature of these disbursements makes it impossible to attribute them to any specific supplying or originating country until expenditures have been reported to the Bank. However, these disbursements will be integrated into the reported country shares as soon as the relevant invoices are received and processed.*

Notes :

- *Magnitude zeros*

0.00 *Magnitude less than 5 per thousand of the unit employed*

Annex II-7

Bank Group Loan and Grant Approvals by Subregion, 1967-2009
(UA millions)

Subregion/Country	2005	2006	2007	2008	2009	1967-2009
Central Africa						
Cameroon	25.6	124.8	-	-	43.4	944.1
Central African Rep.	-	3.3	6.5	9.5	19.5	178.2
Chad	37.5	13.0	-	-	32.2	439.9
Congo	-	17.4	-	1.0	12.8	317.1
Congo, Dem. Rep.	87.5	1.9	184.9	-	65.0	1,459.4
Equatorial Guinea	-	-	-	63.5	-	130.7
Gabon	15.4	-	238.1	-	102.0	1,028.9
Central Africa Approvals	**165.9**	**160.3**	**429.5**	**74.0**	**274.9**	**4,498.4**
East Africa						
Burundi	12.3	16.3	7.3	14.0	10.7	357.1
Comoros	-	-	-	1.5	15.9	82.1
Djibouti	0.3	0.3	6.5	57.8	0.3	179.2
Eritrea	-	-	-	-	2.0	80.8
Ethiopia	43.6	231.0	0.3	143.4	-	1,837.9
Kenya	41.5	57.0	190.2	25.9	135.0	1,132.4
Rwanda	-	25.0	33.0	11.6	57.3	538.1
Seychelles	0.3	-	-	0.6	13.7	104.1
Somalia	0.3	0.3	-	-	-	151.4
Sudan	-	0.3	9.6	-	-	360.8
Tanzania	-	145.3	150.0	125.0	152.0	1,497.0
Uganda	88.5	53.0	179.4	190.0	128.7	1,495.5
East Africa Approvals	**187.0**	**528.7**	**576.3**	**569.9**	**515.6**	**7,816.5**
North Africa						
Algeria	-	-	0.6	-	0.5	1,890.2
Egypt	284.3	398.5	316.7	302.4	77.9	3,109.4
Libya	-	-	-	-	-	-
Mauritania	0.3	9.7	6.0	17.7	112.4	497.2
Morocco	175.7	245.9	180.8	217.0	583.0	5,117.8
Tunisia	181.7	14.7	87.8	282.7	276.7	4,163.7
North Africa Approvals	**642.1**	**668.9**	**591.9**	**819.9**	**1,050.4**	**14,778.4**
Southern Africa						
Angola	17.5	-	17.9	-	12.0	369.3
Botswana	-	-	0.6	38.2	1,111.0	1,511.8
Lesotho	-	6.8	8.9	-	17.4	333.7
Madagascar	57.3	35.3	113.2	75.0	1.1	802.2
Malawi	15.4	30.0	14.9	39.9	49.1	739.9
Mauritius	7.7	-	33.7	-	437.9	750.9
Mozambique	9.5	118.9	17.3	60.0	31.6	1,143.0
Namibia	-	-	-	-	0.6	168.4
South Africa	-	-	333.0	203.8	1,732.9	2,780.8
Swaziland	0.4	5.5	-	-	-	300.1
Zambia	0.4	63.9	-	58.9	0.3	781.1
Zimbabwe	0.4	-	-	-	1.3	728.2
Southern Africa Approvals	**108.5**	**260.4**	**539.6**	**475.9**	**3,395.2**	**10,409.5**

Annex II-7 (continued)

Bank Group Loan and Grant Approvals by Subregion, 1967-2009
(UA millions)

Subregion/Country	2005	2006	2007	2008	2009	1967-2009
West Africa						
Benin	59.5	15.0	-	25.0	22.0	551.8
Burkina Faso	56.8	15.0	20.0	63.5	62.6	741.3
Cape Verde	-	4.1	4.8	5.0	37.0	217.2
Côte d'Ivoire	-	-	20.0	0.3	324.8	1,488.6
Gambia	5.5	8.0	1.4	4.0	9.0	243.1
Ghana	86.0	66.0	75.9	173.0	117.4	1,386.9
Guinea	22.7	3.5	-	146.4	5.2	718.3
Guinea-Bissau	1.4	6.1	-	2.0	14.1	201.4
Liberia	-	3.0	15.2	12.0	13.8	198.0
Mali	49.9	15.0	25.0	55.0	49.5	779.0
Niger	40.7	16.0	3.0	40.0	2.0	403.4
Nigeria	108.3	111.9	86.3	52.4	365.0	2,922.0
São Tomé & Principe	-	4.0	-	-	1.0	104.6
Senegal	83.2	-	-	30.0	169.5	868.9
Sierra Leone	39.7	2.0	-	10.3	36.3	327.7
Togo	-	2.2	-	14.6	12.8	214.8
West Africa Approvals	**553.7**	**271.8**	**251.6**	**633.5**	**1,242.0**	**11,367.0**
Multinational	**85.8**	**417.9**	**193.3**	**597.0**	**1,027.0**	**3,387.2**
TOTAL APPROVALS	**1,742.9**	**2,308.1**	**2,582.3**	**3,170.2**	**7,505.7**	**52,257.5**

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

\- *Magnitude zero.*

Annex II-8

ADB Loan and Grant Approvals by Country, 1967-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1967-2009
Algeria	-	-	0.6	-	0.5	1,887.5
Angola	0.3	-	-	-	-	204.9
Benin	-	-	-	-	-	24.4
Botswana	-	-	0.6	38.2	1,111.0	1,414.0
Burkina Faso	0.3	-	-	-	0.6	32.0
Burundi	0.3	-	-	2.0	0.7	52.0
Cameroon	-	51.1	-	-	-	535.1
Cape Verde	-	-	-	-	37.0	49.4
Central African Rep.	-	-	-	3.0	0.6	18.8
Chad	0.3	-	-	-	0.6	3.6
Comoros	-	-	-	1.5	0.6	12.1
Congo	-	-	-	-	-	267.4
Congo, Dem. Rep.	-	-	64.2	-	-	689.5
Côte d'Ivoire	-	-	-	0.3	-	872.1
Djibouti	0.3	0.3	-	52.0	0.3	60.6
Egypt	284.3	398.5	316.7	302.4	77.9	2,892.9
Equatorial Guinea	-	-	-	63.5	-	70.7
Eritrea	-	-	-	-	2.0	2.7
Ethiopia	-	0.3	0.3	33.4	-	275.1
Gabon	15.4	-	238.1	-	102.0	1,025.7
Gambia	-	-	-	-	1.0	23.1
Ghana	-	-	-	39.9	63.9	367.1
Guinea	-	-	-	134.4	-	358.7
Guinea-Bissau	-	0.3	-	-	0.3	12.1
Kenya	-	27.4	-	0.9	-	246.4
Lesotho	-	-	0.3	-	-	64.0
Liberia	-	-	-	3.0	3.9	123.7
Libya	-	-	-	-	-	-
Madagascar	-	-	103.7	-	0.6	172.5
Malawi	0.4	-	-	-	-	85.4
Mali	-	-	-	-	-	19.9
Mauritania	0.3	-	-	8.3	112.4	225.5
Mauritius	7.7	-	33.7	-	437.9	735.8
Morocco	175.7	245.9	180.8	217.0	583.0	5,053.5
Mozambique	0.4	-	0.3	-	0.3	129.5
Namibia	-	-	-	-	0.6	136.5
Niger	0.7	-	-	-	2.0	39.9
Nigeria	74.1	89.9	-	52.4	215.0	2,344.2
Rwanda	-	-	-	0.6	-	17.5
São Tomé & Principe	-	-	-	-	1.0	1.0
Senegal	6.7	-	-	-	94.5	290.3
Seychelles	0.3	-	-	0.6	13.7	81.3
Sierra Leone	-	-	-	-	-	14.3

Annex II-8 (continued)

ADB Loan and Grant Approvals by Country, 1967-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1967-2009
Somalia	0.3	0.3	-	-	-	8.5
South Africa	-	-	333.0	203.8	1,732.9	2,780.8
Sudan	-	0.3	-	-	-	105.4
Swaziland	0.4	5.5	-	-	-	240.7
Tanzania	-	0.3	-	-	-	60.3
Togo	-	-	-	-	2.8	35.9
Tunisia	181.7	14.7	87.8	282.7	276.7	4,163.7
Uganda	-	-	72.2	5.5	-	273.0
Zambia	0.4	28.9	-	8.9	0.3	331.3
Zimbabwe	0.4	-	-	-	1.3	646.3
Multinational	-	70.4	52.2	68.3	459.3	1,064.8
TOTAL	**750.7**	**934.4**	**1,484.7**	**1,522.8**	**5,337.3**	**30,643.4**

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

\- *Magnitude zero.*

Annex II-9

ADF Loan and Grant Approvals by Country, 1974-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1974-2009
Algeria	-	-	-	-	-	2.7
Angola	17.2	-	17.9	-	12.0	164.4
Benin	59.5	15.0	-	25.0	22.0	507.9
Botswana	-	-	-	-	-	84.8
Burkina Faso	56.5	15.0	20.0	63.5	62.0	709.3
Burundi	12.0	16.3	7.3	12.0	10.0	291.8
Cameroon	25.6	73.7	-	-	43.4	409.0
Cape Verde	-	4.1	4.8	5.0	-	154.2
Central African Rep.	-	3.3	6.5	6.5	18.9	159.4
Chad	37.2	13.0	-	-	31.6	436.3
Comoros	-	-	-	-	15.3	70.0
Congo	-	17.4	-	1.0	12.8	49.7
Congo, Dem. Rep.	87.5	1.9	120.7	-	65.0	769.9
Côte d'Ivoire	-	-	20.0	-	324.8	613.7
Djibouti	-	-	6.5	5.8	-	114.5
Egypt	-	-	-	-	-	216.5
Equatorial Guinea	-	-	-	-	-	60.0
Eritrea	-	-	-	-	-	78.1
Ethiopia	43.6	230.7	-	110.0	-	1,551.9
Gabon	-	-	-	-	-	3.2
Gambia	5.5	8.0	1.4	4.0	3.0	200.6
Ghana	86.0	66.0	75.9	133.1	53.6	1,014.6
Guinea	22.7	3.5	-	12.0	5.2	343.3
Guinea-Bissau	1.4	5.8	-	2.0	13.8	183.2
Kenya	41.5	29.7	190.2	25.0	135.0	886.0
Lesotho	-	6.8	8.6	-	17.4	255.1
Liberia	-	3.0	15.2	9.0	9.9	70.7
Libya	-	-	-	-	-	-
Madagascar	57.3	35.3	9.5	75.0	0.5	617.1
Malawi	15.0	30.0	14.9	39.9	49.1	654.5
Mali	49.9	15.0	25.0	55.0	49.5	754.1
Mauritania	-	9.7	6.0	9.5	-	261.5
Mauritius	-	-	-	-	-	4.7
Morocco	-	-	-	-	-	64.4
Mozambique	9.2	118.9	17.0	60.0	31.3	1,006.6
Namibia	-	-	-	-	-	23.1
Niger	40.0	16.0	3.0	40.0	-	358.3
Nigeria	34.2	22.0	86.3	-	150.0	577.8
Rwanda	-	25.0	33.0	11.0	57.3	506.1
São Tomé & Principe	-	4.0	-	-	-	98.6
Senegal	76.5	-	-	30.0	75.0	567.6
Seychelles	-	-	-	-	-	10.8
Sierra Leone	39.7	2.0	-	10.3	36.3	307.4

Annex II-9 (continued)

ADF Loan and Grant Approvals by Country, 1974-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1974-2009
Somalia	-	-	-	-	-	136.9
South Africa	-	-	-	-	-	-
Sudan	-	-	9.6	-	-	255.4
Swaziland	-	-	-	-	-	49.5
Tanzania	-	145.0	150.0	125.0	152.0	1,423.0
Togo	-	2.2	-	14.6	10.0	168.5
Tunisia	-	-	-	-	-	-
Uganda	88.5	53.0	107.2	184.5	128.7	1,217.5
Zambia	-	35.0	-	50.0	-	449.8
Zimbabwe	-	-	-	-	-	81.9
Multinational	85.8	347.6	141.1	528.7	568.2	2,308.8
TOTAL	**992.2**	**1,373.7**	**1,097.6**	**1,647.4**	**2,163.4**	**21,304.5**

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

\- *Magnitude zero.*

Annex II-10

NTF Loan and Grant Approvals by Country, 1976-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1976-2009
Algeria	-	-	-	-		-
Angola	-	-	-	-	-	-
Benin	-	-	-	-	-	19.4
Botswana	-	-	-	-	-	13.0
Burkina Faso	-	-	-	-	-	-
Burundi	-	-	-	-	-	13.4
Cameroon	-	-	-	-	-	-
Cape Verde	-	-	-	-	-	13.6
Central African Rep.	-	-	-	-	-	-
Chad	-	-	-	-	-	-
Comoros	-	-	-	-	-	-
Congo	-	-	-	-	-	-
Congo, Dem. Rep.	-	-	-	-	-	-
Côte d'Ivoire	-	-	-	-	-	2.9
Djibouti	-	-	-	-	-	4.0
Egypt	-	-	-	-	-	-
Equatorial Guinea	-	-	-	-	-	-
Eritrea	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	11.0
Gabon	-	-	-	-	-	-
Gambia	-	-	-	-	5.0	19.4
Ghana	-	-	-	-	-	5.3
Guinea	-	-	-	-	-	16.3
Guinea-Bissau	-	-	-	-	-	6.1
Kenya	-	-	-	-	-	-
Lesotho	-	-	-	-	-	14.6
Liberia	-	-	-	-	-	3.6
Libya	-	-	-	-	-	-
Madagascar	-	-	-	-	-	12.7
Malawi	-	-	-	-	-	-
Mali	-	-	-	-	-	5.0
Mauritania	-	-	-	-	-	10.3
Mauritius	-	-	-	-	-	10.4
Morocco	-	-	-	-	-	-
Mozambique	-	-	-	-	-	6.9
Namibia	-	-	-	-	-	8.9
Niger	-	-	-	-	-	5.2
Nigeria	-	-	-	-	-	-
Rwanda	-	-	-	-	-	14.6
São Tomé & Principe	-	-	-	-	-	5.0
Senegal	-	-	-	-	-	11.0
Seychelles	-	-	-	-	-	12.0
Sierra Leone	-	-	-	-	-	6.0

Annex II-10 (continued)

NTF Loan and Grant Approvals by Country, 1976-2009
(UA millions)

Country	2005	2006	2007	2008	2009	1976-2009
Somalia	-	-	-	-	-	6.0
South Africa	-	-	-	-	-	-
Sudan	-	-	-	-	-	-
Swaziland	-	-	-	-	-	10.0
Tanzania	-	-	-	-	-	13.6
Togo	-	-	-	-	-	10.5
Tunisia	-	-	-	-	-	-
Uganda	-	-	-	-	-	5.0
Zambia	-	-	-	-	-	-
Zimbabwe	-	-	-	-	-	-
Multinational	-	-	-	-	-	14.1
TOTAL	**-**	**-**	**-**	**-**	**5.0**	**309.6**

Source : ADB Statistics Department, Economic and Social Statistics Division

\- *Magnitude zero.*

Annex II-11

Bank Group Loan and Grant Approvals by Sector, 1967-2009
(UA millions)

	2005	2006	2007	2008	2009	1967-2009
Agriculture and Rural Development	231.1	240.7	178.8	163.8	218.0	7,438.6
Social	233.7	244.3	119.7	224.2	228.6	5,109.7
Education	*114.0*	*65.0*	*28.6*	*119.1*	*199.1*	*2,760.7*
Health	*90.7*	*80.0*	-	*89.6*	*8.7*	*1,588.1*
Other	*29.1*	*99.3*	*91.2*	*15.5*	*20.7*	*760.9*
Water Supply & Sanitation	199.1	227.7	211.5	236.8	297.4	3,792.6
Power Supply	275.9	167.2	930.0	533.5	2,233.5	7,330.4
Communication	-	-	33.0	-	84.3	1,028.5
Transportation	212.1	462.8	756.9	641.1	1,292.7	9,189.8
Finance	218.6	495.1	87.8	297.9	808.4	6,584.3
Multisector	264.4	414.3	120.5	728.5	2,186.5	8,997.9
Industry, Mining and Quarrying	34.0	55.9	162.7	274.3	111.7	2,566.3
Urban Development	-	-	-	-	0.6	2.5
Environment	74.1	-	9.8	70.0	44.0	216.9
TOTAL	**1,742.9**	**2,308.1**	**2,582.3**	**3,170.2**	**7,505.7**	**52,257.5**

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

\- *Magnitude zero.*

Annex II-12

ADB Loan and Grant Approvals by Sector, 1967-2009
(UA millions)

	2005	2006	2007	2008	2009	1967-2009
Agriculture and Rural Development	23.1	25.4	10.3	70.8	60.1	2,762.3
Social	55.7	61.5	-	112.2	171.9	1,447.8
Water Supply & Sanitation	-	69.6	13.8	84.4	51.6	1,747.8
Power Supply	270.8	51.1	773.1	328.5	2,072.5	5,947.6
Communication	-	-	33.0	-	84.3	882.0
Transportation	-	102.5	373.8	270.2	320.1	4,380.6
Finance	211.8	495.1	87.8	297.9	808.4	6,214.7
Multisector	97.8	73.2	20.5	84.5	1,656.0	4,837.6
Industry, Mining and Quarrying	34.0	55.9	162.7	274.3	111.7	2,355.0
Urban Development	-	-	-	-	-	-
Environment	57.6	-	9.8	-	-	67.4
TOTAL	**750.7**	**934.4**	**1,484.7**	**1,522.8**	**5,337.3**	**30,643.4**

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

\- *Magnitude zero.*

Annex II-13

ADF Loan and Grant Approvals by Sector, 1974-2009
(UA millions)

	2005	2006	2007	2008	2009	1974-2009
Agriculture and Rural Development	208.0	215.4	168.5	93.0	152.9	4,614.0
Social	178.0	182.8	119.7	112.0	56.7	3,606.4
Education	*64.0*	*65.0*	*28.6*	*83.0*	*32.5*	*1,671.9*
Health	*89.0*	*80.0*	-	*15.0*	*6.0*	*1,257.8*
Other	*25.0*	*37.8*	*91.2*	*14.0*	*18.2*	*676.7*
Water Supply & Sanitation	199.1	158.1	197.7	152.4	245.8	2,027.6
Power Supply	5.1	116.1	156.9	205.0	161.0	1,369.2
Communication	-	-	-	-	-	118.4
Transportation	212.1	360.3	383.1	370.9	972.6	4,710.3
Finance	6.8	-	-	-	-	352.0
Multisector	166.7	341.1	71.7	644.0	530.5	4,160.2
Industry, Mining and Quarrying	-	-	-	-	-	195.0
Urban Development	-	-	-	-	-	1.9
Environment	16.5	-	-	70.0	44.0	149.5
TOTAL	**992.2**	**1,373.7**	**1,097.6**	**1,647.4**	**2,163.4**	**21,304.5**

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

\- *Magnitude zero.*

Annex II-14

NTF Loan and Grant Approvals by Sector, 1976-2009
(UA millions)

	2005	2006	2007	2008	2009	1976-2009
Agriculture and Rural Development	-	-	-	-	5.0	62.3
Social	-	-	-	-	-	55.6
Water Supply & Sanitation	-	-	-	-	-	17.2
Power Supply	-	-	-	-	-	13.6
Communication	-	-	-	-	-	28.1
Transportation	-	-	-	-	-	98.9
Finance	-	-	-	-	-	17.6
Multisector	-	-	-	-	-	-
Industry, Mining and Quarrying	-	-	-	-	-	16.3
Urban Development	-	-	-	-	-	-
Environment	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**5.0**	**309.6**

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

\- *Magnitude zero.*

Annex II-15

Status of HIPC Debt Relief Implementation as at End-December 2009
(US$ millions)

COUNTRY	APPROVAL DATE		BANK GROUP APPROVAL DATE		CUT-OFF DATE	DEBT RELIEF COMMITTED		LAST DATE OF DEBT RELIEF	RELIEF DELIVERED		RELIEF DELIVERED/ TOTAL COMMITTED		40% CEILING/ INTERIM LIMIT DATE[1]
	Decision Point	Completion Point	Decision Point	Completion Point		Cost NPV Terms	Cost Nominal Terms		NPV Terms	Nominal Terms	NPV Terms (%)	Nominal Terms (%)	
POST-COMPLETION POINT COUNTRIES													
Benin	Jul-00	Mar-03	Oct-00	Jul-03	Dec-98	37.6	46.5	Apr-09	37.6	46.5	100.0	100.0	Irrevocable
Burkina Faso	Jun-00	Apr-02	Oct-00	Jul-02	Dec-99	86.7	125.7	Oct-20	50.1	60.5	57.7	48.1	Irrevocable
Burundi[4]	Aug-05	Jan-09	Nov-05	Apr-09	Dec-04	150.2	241.7	Apr-35	49.7	51.8	33.1	21.4	Irrevocable
Cameroon	Oct-00	May-06	Nov-00	Jul-06	Jun-99	78.8	100.5	Apr-11	74.1	93.1	93.9	92.6	Irrevocable
CAR[4]	Sep-07	Jun-09	Dec-07	Oct-09	Dec-06	84.7	104.4	Jul-20	56.6	56.9	66.8	54.5	Irrevocable
Ethiopia	Nov-01	Apr-04	Feb-02	Oct-04	Jun-01	339.5	461.4	Sep-21	187.6	222.3	55.3	48.2	Irrevocable
Gambia	Dec-00	Dec-07	Feb-01	Mar-08	Dec-99	15.8	22.8	Jul-13	9.7	11.9	61.2	52.3	Irrevocable
Ghana	Feb-02	Jul-04	May-02	Dec-04	Dec-00	130.9	160.2	Jan-13	118.1	138.3	90.2	86.4	Irrevocable
Madagascar	Dec-00	Oct-04	Feb-01	Mar-05	Dec-99	60.1	80.4	Mar-13	45.1	55.1	75.2	68.5	Irrevocable
Malawi	Dec-00	Aug-06	Jan-01	Nov-06	Dec-99	139.3	212.8	Jul-23	48.0	58.3	34.5	27.4	Irrevocable
Mali	Sep-00	Mar-03	Nov-00	Jul-03	Dec-98	69.7	86.4	Jul-10	65.1	79.5	93.4	92.0	Irrevocable
Mauritania	Feb-00	Jun-02	Jul-00	Jul-02	Dec-98	72.8	90.7	Apr-11	65.6	79.5	90.1	87.7	Irrevocable
Mozambique[2]	Apr-00	Sep-01	Oct-00	Feb-02	Dec-98	142.0	149.0	Sep-10	20.2	25.9	14.2	17.4	Irrevocable
Niger	Dec-00	Apr-04	Mar-01	Oct-04	Dec-99	50.0	86.3	Jul-24	20.1	25.2	40.2	29.2	Irrevocable
São Tomé & Principe	Dec-00	Mar-07	Apr-01	Jun-07	Dec-99	43.4	88.4	Sep-32	11.4	15.9	26.2	18.0	Irrevocable
Senegal	Jun-00	Apr-04	Oct-00	Oct-04	Dec-98	56.8	65.4	May-06	56.8	65.4	100.0	100.0	Irrevocable
Sierra Leone	Mar-02	Dec-06	Jun-02	May-07	Dec-00	43.4	91.7	Jul-29	16.5	20.8	37.9	22.7	Irrevocable
Rwanda	Dec-00	Apr-05	Jan-01	Jul-05	Dec-99	116.1	222.3	Oct-31	42.3	53.0	36.5	23.8	Irrevocable
Tanzania	Apr-00	Nov-01	Jul-00	Feb-02	Jun-99	124.9	190.7	Jul-17	73.4	92.8	58.7	48.7	Irrevocable
Uganda[2]	Feb-00	May-00	Jan-00	Sep-00	Jun-99	81.3	100.6	Mar-12	49.5	62.4	60.9	62.0	Irrevocable
Zambia	Nov-00	Apr-05	Jan-01	Jul-05	Dec-99	146.1	214.5	Jul-25	104.3	119.6	71.4	55.8	Irrevocable
Subtotal (A)						**2,070.1**	**2,942.4**	…	**1,201.7**	**1,434.6**			
INTERIM PERIOD COUNTRIES[3]													
Chad[5]	May-01	Q4 2009	Jul-01	…	Dec-00	36.9	49.4	TBD	14.7	16.5	39.8	33.5	Mar-06
Congo[3]	Mar-06	Q4 2010	Nov-06	…	Dec-04	41.9	41.9	…	41.9	41.9	100.0	100.0	n.a
Côte d'Ivoire	Mar-09	Q4 2011	Apr-09		Dec-07	199.5	199.5	…	199.5	199.5	100.0	100.0	n.a
DRC[4/6]	Jul-03	Q4 2009	Jun-04	…	Dec-02	905.1	1804.9	Sep-24	581.4	651.7	72.0	36.1	Dec-10
Guinea	Dec-00	Q1 2009	Apr-01	…	Dec-99	75.3	89.1	TBD	37.6	43.1	50.0	48.4	Dec-08
Guinea-Bissau[4]	Dec-00	Q4 2010	Dec-00	…	Dec-99	60.4	94.5	TBD	34.9	41.4	57.7	43.8	Jan-11
Liberia[4]	Mar-08	Q4 2010	Jul-08	…	Jun-07	238.1	238.1	…	238.1	238.1	100.0	100.0	n.a
Togo[4]	Nov-08	Q4 2010	Feb-09	…	Dec-07	17.3	17.3	…	17.3	17.3	100.0	100.0	n.a
Subtotal (B)	…	…			…	**1,574.4**	**2,534.6**	…	**1,165.3**	**1,249.4**	…	…	…
Subtotal = (A)+(B)						**3,644.5**	**5,476.9**	…	**2,367.0**	**2,684.0**	…	…	…
PRE-DECISION POINT COUNTRIES[3/7]													
Comoros	Q4 2009	TBD			…	18.80	25.20	…	…	…	…	…	…
Somalia	TBD	TBD			…	53.10	63.02	…	…	…	…	…	…
Sudan	TBD	TBD			…	159.50	210.53	…	…	…	…	…	…
Eritrea	TBD	TBD			…	…	…	…	…	…	…	…	…
Subtotal	…	…			…	**231.4**	**298.8**	…	…	…	…	…	…
TOTAL	…	…			…	**3,875.9**	**5,775.7**	…	**2,367.0**	**2,684.0**	…	…	…

1 *Refers to the constraint of 40 percent ceiling and/or the mandatory three-year program of economic reforms.*
2 *Countries figures include the debt relief already committed and delivered under the original HIPC framework.*
3 *Dates for completion and decision points are tentative for the interim period and pre-decision point countries, respectively.*
4 *Entire or part of HIPC debt relief assistance had already been provided under arrears clearance operations through the FSF (previously PCCF).*
5 *Countries have had delays in reaching their completion points, as a result they are expected to fully pay their debt obligations falling due.*
6 *DRC is benefitting from exceptional HIPC debt relief assistance.*
7 *Total debt relief to be committed is an estimate.*

Source: Resource Mobilization & Allocation Division Staff estimates

Annex II-16

ADF – Multilateral Debt Relief Initiative – Cost estimates for 33 beneficiary RMCs
(UA millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2054	Grand Total
Completion Point Countries (21)												
Benin	1.31	1.35	1.74	3.70	5.94	6.51	6.91	7.18	7.38	7.34	192.4	241.79
Burkina Faso	1.37	1.43	1.61	2.08	2.55	2.57	2.94	3.22	3.48	3.90	199.7	224.87
Burundi	-	-		0.13	0.13	0.14	0.14	0.15	0.15	0.15	2.2	3.18
Cameroon	0.56	0.89	1.01	1.13	1.25	2.27	3.00	2.99	2.97	2.96	132.2	151.23
Central African Republic	-	-	-	-	0.91	0.91	0.98	0.98	0.97	0.96	54.2	59.87
Ethiopia	3.78	4.02	4.34	4.69	4.34	5.16	5.71	5.72	5.99	5.96	450.4	500.16
Gambia	-	-	1.05	1.09	1.21	1.22	1.34	2.29	3.54	3.67	92.2	107.64
Ghana	3.78	3.97	4.03	4.22	4.23	4.49	4.81	9.30	9.88	9.10	266.7	324.46
Madagascar	1.83	1.90	1.98	2.40	2.39	2.49	2.52	5.32	7.92	7.87	209.6	246.27
Malawi	0.04	1.34	1.43	1.46	1.53	1.63	1.77	1.93	2.00	1.85	170.1	185.12
Mali	2.92	2.91	3.09	3.40	5.80	10.38	10.83	11.69	11.78	11.71	294.5	369.02
Mauritania	0.44	1.28	1.37	1.59	1.65	3.86	5.04	5.21	5.23	5.20	143.1	173.98
Mozambique	2.21	2.57	2.94	3.08	3.75	6.69	6.80	7.52	7.86	8.59	314.8	366.79
Niger	1.20	1.21	1.23	1.47	1.48	1.48	1.53	1.56	2.00	1.98	112.0	127.09
Rwanda	1.00	1.04	1.11	1.18	1.14	1.17	1.21	1.23	1.22	1.22	59.6	71.11
São Tomé & Principe	-	0.13	0.25	0.25	0.24	0.27	0.28	0.28	0.29	0.30	20.8	23.05
Senegal	2.91	4.45	5.36	5.47	5.89	6.46	6.78	6.94	7.02	6.98	214.4	272.67
Sierra Leone	-	1.13	1.05	1.08	1.11	1.28	1.41	1.55	1.69	1.68	86.2	98.16
Tanzania	2.55	2.57	3.43	3.83	3.95	4.23	4.54	5.11	5.27	5.24	369.5	410.22
Uganda	2.45	2.70	2.71	2.95	2.94	3.33	7.26	9.51	10.20	10.14	291.7	345.87
Zambia	1.59	1.70	1.88	1.90	2.20	2.44	2.47	2.78	2.76	2.75	138.1	160.56
Subtotal	**29.93**	**36.57**	**41.60**	**47.10**	**54.64**	**68.98**	**78.28**	**92.47**	**99.61**	**99.54**	**3,814.43**	**4,463.14**
Decision Point Countries (8)											-	-
Chad	-	-	-	-	-	2.43	4.76	6.87	6.91	7.00	183.0	210.98
Congo	-	-	-	-	0.31	0.30	0.30	0.30	0.30	0.30	4.6	6.40
Congo, Democratic Republic of	-	-	-	-	-	1.15	1.15	1.15	1.43	1.42	91.9	98.19
Côte d'Ivoire	-	-	-	-	-	2.73	3.24	3.44	3.62	3.60	177.9	194.56
Guinea	-	-	-	-	-	6.06	6.28	6.24	6.37	6.33	157.5	188.76
Guinea-Bissau	-	-	-	-	-	0.79	0.79	0.79	0.78	0.78	48.4	52.29
Liberia	-	-	-	-	-	0.56	0.56	0.56	0.55	0.55	9.3	12.11
Togo	-	-	-	-	-	-	2.49	2.82	2.80	2.79	67.9	78.76
Subtotal	**-**	**-**	**-**	**-**	**0.31**	**14.02**	**19.57**	**22.16**	**22.78**	**22.78**	**740.45**	**842.06**
Pre-Decision Point Countries (4)											-	-
Comoros	-	-	-	-	-	0.92	1.07	1.07	1.06	1.05	18.0	23.17
Eritrea	-	-	-	-	-	-	0.65	0.65	0.64	0.64	39.6	42.16
Somalia	-	-	-	-	-	-	-	-	-	-	29.5	29.48
Sudan	-	-	-	-	-	-	5.96	5.92	5.88	5.84	113.5	137.06
Subtotal	**-**	**-**	**-**	**-**	**-**	**0.92**	**7.68**	**7.63**	**7.58**	**7.54**	**200.52**	**231.87**
TOTAL	**29.93**	**36.57**	**41.60**	**47.10**	**54.95**	**83.92**	**105.53**	**122.27**	**129.97**	**129.85**	**4,755.40**	**5,537.07**

Source: Resource Mobilization and Allocation Division.

Annex II-17

Commitments Received for the MDRI from Donors
(As at December 31, 2009, covering period)

Commitments received 2006-2054

	Participants	Unqualified Period
1	Kuwait	2006-2054
2	Portugal	2006-2054
3	South Africa	2006-2054

	Participants	Unqualified Period	Qualified Period
1	Belgium	2006-2020	2021-2054
2	Denmark	2006-2020	2021-2054
3	Germany	2006-2020	2021-2054
4	Norway	2006-2020	2021-2054
5	Spain	2006-2020	2021-2054
6	United Kingdom	2006-2020	2021-2054

	Participant	Unqualified Period	Qualified Period
1	Sweden	2006-2018	2019-2054

	Participants	Unqualified Period	Qualified Period
1	France	2006-2015	2016-2054
2	Netherlands	2006-2015	2016-2054

	Participants	Unqualified Period	Qualified Period
1	Italy[(a)]	2006-2010	2010-2054

	Participants	Unqualified Period	Qualified Period
1	Korea	2006-2009	2010-2054

	Participant	Unqualified Period	Qualified Period
1	United States of America[(b)]	2006-2009	2009-2054

Source: ADB Financial control Department.

Commitments received 2006-2020

	Participant	Unqualified Period	Qualified Period
1	Finland	2006-2020	
2	Austria	2006-2020	
3	Canada[(c)]	2006-2020	

Commitment received 2006-2015

	Participant	Unqualified Period	Qualified Period
1	China	2006-2009	2010-2015

Commitment received 2006-2014

	Participant	Unqualified Period	Qualified Period
1	Switzerland	2006-2014	

Commitment received 2006-2010

	Participant	Unqualified Period	Qualified Period
1	Japan	2006-2010	

Commitment received 2006-2009

	Participant	Unqualified Period	Qualified Period
1	India	2006-2009	

Commitment received 2006-2007

	Participant	Unqualified Period	Qualified Period
1	Saudi Arabia	2006-2007	

(a) A portion of the contribution for the year 2010 is qualified
(b) A portion of the contribution for the year 2009 is qualified
(c) There is no commitment for a portion of the contribution for the year 2020

Annex II-18

Summary of Loan Arrears as at December 31, 2009
(UA millions)

Country	ADB	ADF	NTF	Total
Somalia	12.46	37.18	1.44	51.08
Sudan	97.18	60.35	-	157.53
Zimbabwe	302.41	5.78	-	308.19
Others*	-	0.17	-	0.17
Subtotal	**412.05**	**103.48**	**1.44**	**516.97**
Comoros**	-	2.17	-	2.17
Liberia**	7.17	0.28	1.22	8.67
TOTAL	**419.22**	**105.93**	**2.66**	**527.81**

Source: ADB Financial Control Department.

* *Includes arrears of multinational projects, arrears less than UA 25,000 in some countries, and arrears payments in the process of being regularized.*

** *Under the PCCF/FSF arrears clearance arrangement, amounts due from these countries are backed by pledges from certain donors and are expected to be received during 2010.*

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