2010
ANNUAL REPORT

AFRICAN DEVELOPMENT BANK · AFRICAN DEVELOPMENT FUND

REGIONAL AND NON-REGIONAL MEMBER COUNTRIES

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UNITED KINGDOM
UNITED STATES OF AMERICA

AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

BOARDS OF GOVERNORS

ADB
Forty-Sixth
Annual Meeting

ADF
Thirty-Seventh
Annual Meeting

Lisbon, Portugal
June 9-10, 2011

REPORT

by the
Boards of Directors

of the
African Development Bank

and the
African Development Fund

Covering the period
January 1 to December 31, 2010

ADB-ADF/BG/AR/2010

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. Mohit Dhoorundhur (Chairman), Mr. Bruce Montador, Mr. Elfatih Mohamed Khalid, Ms. Mary Consolate Muduuli, Mr. Shehu Yahaya and Mr. André Nzapayeke.

Annual Report Working Team: M. Ncube, Chief Economist and Vice President; C. Lufumpa, Director, Statistics Department; B. Kokil, Manager, Economic and Social Statistics Division; F. Lawson, P. Lartey, N. Letsara, and L. Kouakou, Statistics Department; R. Ubogu (Consultant); P. Quarcoo (Consultant); M. Msuya (Consultant); A. Portella (Consultant); and S. Jones (Consultant/English Editor).

French Translation and Editing Team: J. Edjangue, Manager, French Translation Division; A. Rutayisire and B. Lo, Language Services Department.

Finance Team: C. Boamah, Director, Financial Control Department; A. Odukomaiya, Manager, Accounts and Special Funds Division; M. Derbel, and S. Oppong, Financial Control Department.

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Statistics Department
African Development Bank
Temporary Relocation Agency (TRA)
BP 323, 1002 Tunis Belvédère
Tunis, TUNISIA
Tel: (216) 71 10 21 75
Fax: (216) 71 83 24 09

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CONTENTS

LIST OF TABLES, FIGURES, AND BOXES

BOXES

ABBREVIATIONS

3ADI	African Agribusiness and Agro-industries Development Initiative
AAF	African Agriculture Fund
AAP	African Action Plan (AU/NEPAD)
ACBF	African Capacity Building Foundation
ACR	African Competitiveness Report
ACSP	Africa Carbon Support Program
ADB	African Development Bank
ADEA	Association for the Development of Education in Africa
ADER	Annual Development Effectiveness Report
ADF	African Development Fund
ADF-12	Twelfth General Replenishment of the African Development Fund
ADOA	Additionality and Development Outcome Assessment
ADR	African Development Report
AEC	African Economic Conference
AEO	African Economic Outlook
AfCoP-MFDR	African Community of Practice on Management for Development Results
AFD	Agence française de développement
AfDB	African Development Bank Group
AFRITAC	African Regional Technical Assistance Center
AFROSAI	African Organization of Supreme Audit Institutions
AfT	Aid for Trade
AGF	African Guarantee Fund
AgSS	Agriculture Sector Strategy
AgWA	Agricultural Water Management in Africa
ALM	Asset Liability Management
AMBD	Committee on Administrative Matters Affecting the Boards of Directors
AMCOW	African Ministers' Council on Water
AMU	Arab Maghreb Union
ANPP	African Network on Public Procurement
APRM	African Peer Review Mechanism
AsDB	Asian Development Bank
ASCC	African Statistical Coordination Committee
ATAF	African Tax Administration Forum
AU	African Union
AUC	African Union Commission
AUFI	Audit and Finance Committee
AWF	African Water Facility
BCEAO	Central Bank of West African States
BDM	Banque du développement du Mali
BEE	Business Enabling Environment
BOAD	Banque Ouest Africaine de Développement
BTS	Banque Tunisienne de Solidarité
CABRI	Collaborative African Budget Reform Initiative
CAHR	Committee on Administrative Affairs and Human Resource Policy Issues
CBAO	Compagnie bancaire de l'Afrique occidentale
CDM	Clean Development Mechanism
CDSF	ClimDev-Africa Special Fund
CEMA	Conference of Energy Ministers of Africa
CEMAC	Central African Economic and Monetary Community
CfA	Commission for Africa
CHRM	Human Resources Management Department
CIDA	Canadian International Development Agency
CIF	Climate Investment Fund
CLEAR	Center for Learning on Evaluation and Results
ClimDev	Climate Information for Development in Africa
COBS	Programming and Budget Department
CODE	Committee on Operations and Development Effectiveness
CoE	Center of Excellence
COMESA	Common Market for Eastern and Southern Africa
COO	Chief Operating Officer
COP	Conference of Parties
CoW	Committee of the Whole
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CPR	Country Portfolio Review
CRVS	Civil Registration and Vital Statistics
CSIs	Core Sector Indicators
CSP	Country Strategy Paper
CStP	Country Statistical Profile
CTF	Clean Technology Fund
C-10	Committee of Ten
DAC	Development Assistance Committee
DBSA	Development Bank of Southern Africa
DEG	German Finance Company for Investments in Developing Countries
DFI	Development Finance Institution
DfID	Department for International Development (UK)
DP	Data Portal
DRC	Democratic Republic of Congo
DRTF	Debt Relief Trust Fund
DSF	Debt Sustainability Framework
EAC	East African Community
EBID	ECOWAS Bank for Investment and Development
EBRD	European Bank for Reconstruction and Development

EC	European Commission
ECA	Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EDF	Electrification Development Fund
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EMCP	Expenditure Management and Control Program
EPSA	Enhanced Private Sector Assistance for Africa
ERC	Egyptian Refining Company
ESW	Economic and Sector Work
ET4STI	Education and Training for Science, Technology and Innovation
ETAP	Entreprise Tunisienne d'Activités Pétrolières
EU	European Union
EVSL	Enhanced Variable Spread Loan
FAO	Food and Agriculture Organization
FAPA	Fund for African Private Sector Assistance
FCR	Fixed Cost Ratio
FDI	Foreign Direct Investment
FI	Financial Institution
FIP	Forest Investment Program
FMO	The Netherlands Development Finance Corporation
FO	Field Office
FSF	Fragile States Facility
FSL	Fixed Spread Loan
GAFSP	Global Agricultural and Food Security Program
GAP	Governance Action Plan
GCI-VI	Sixth General Capital Increase
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
HEST	Higher Education, Science and Technology
HIPC	Heavily Indebted Poor Countries Initiative
ICF	Investment Climate Facility for Africa
ICP	International Comparison Program
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
IFRS	International Financial Reporting Standards
IGAD	Intergovernmental Authority on Development
ILO	International Labor Organization
IMF	International Monetary Fund
IPR	Implementation Progress and Results Report
IRM	Independent Review Mechanism
IsDB	Islamic Development Bank
ISP	Institutional Support Program
IT	Information Technology
IWRM	Integrated Water Resources Management
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
JPA	Joint Partnership for Africa
KCB	Kenya Commercial Bank
KEXIM	Korea Eximbank
KFAED	Kuwait Fund
KOAFEC	Korea–Africa Economic Cooperation
KPIs	Key Performance Indicators
LIBOR	London Interbank Offered Rate
LICs	Low Income Countries
LOC	Line of Credit
MCC	Millennium Challenge Corporation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MBP	Medical Benefit Plan
MDRI	Multilateral Debt Relief Initiative
MDWPP	Multi-Donor Water Partnership Program
MfDR	Managing for Development Results
MFI	Microfinance Institution
MIC	Middle-Income Country
MIC-TAF	MIC Technical Assistance Fund
MLTSF	Medium-to-Long Term Strategic Framework (NEPAD)
MTS	Medium-Term Strategy
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MW	Mega Watts
N.A.	Not Applicable
N-AMCOW	African Ministerial Council on Water for the Northern Africa Subregion
NCB	National Competitive Bidding
NELSAP	Nile Equatorial Lakes Subsidiary Action Program
NEPAD	New Partnership for Africa's Development
NEPAD-IPPF	NEPAD Infrastructure Project Preparation Facility
NEXIM	Nigeria Export-Import Bank
NPCA	NEPAD Planning and Coordination Agency
NPoA	National Program of Action
NPV	Net Present Value
NSB	Nasser Savings Bank

NSO	Non-Sovereign Operations
NTF	Nigeria Trust Fund
NTRS	National Taxi Replacement Scheme
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OFID	OPEC Fund
ONCF	National Railway Company (Morocco)
ONEC	Energy, Environment, and Climate Change
OPEC	Organization of Petroleum Exporting Countries
OpsCom	Operations Committee
ORQR	Quality Assurance and Results Department
PBA	Performance-Based Allocation
PBOs	Policy-Based Operations
PCR	Project Completion Report
PFM	Procurement and Financial Management
PFMRP	Public Finance Management Reforms Program
PIDA	Program for Infrastructure Development in Africa
PMI	Program for Minimum Integration (AU)
PPCR	Pilot Program on Climate Resilience
PPF	Project Preparation Facility (NEPAD)
PPP	Public–Private Partnership
PRSP	Poverty Reduction Strategy Paper
PSO	Private Sector Operations
PTA Bank	Eastern and Southern Trade Development Bank
QaE	Quality-at-Entry
RAP	Resettlement Action Plan
RCB	Rural Community Bank
RDB	Regional Development Bank
REC	Regional Economic Community
REDD	Reduction of Emissions from Deforestation and Degradation
RIS	Regional Integration Strategy
RISP	Regional Integration Strategy Paper
RIStP	Regional Integration Statistical Profile
RLF	Results-based Logical Framework
RMC	Regional Member Country
RMF	Results Measurement Framework
RPHC	Round of Population and Housing Census
RR	Readiness Review
RWSSI	Rural Water Supply and Sanitation Initiative
SADC	Southern Africa Development Community
SAP	Systems Applications and Products
SCF	Strategic Climate Fund
SDC	Swiss Development Cooperation
SDR	Special Drawing Right
SEFA	Sustainable Energy Fund for Africa
SFW	Special Fund for Water
SHaSA	Strategy for the Harmonization of Statistics in Africa
SIDA	Swedish International Development Corporation
SMCC	Senior Management Coordinating Committee
SMEs	Small- and Medium-Size Enterprises
SREP	Scaling-up Renewable Energy in Low Income Countries
SRF	Special Relief Fund
SRP	Staff Retirement Plan
STAP	Short-term Action Plan (NEPAD)
STI	Science, Technology and Innovation
STRG	Strategy Office
TA	Technical Assistance
TAF	Technical Assistance Fund
TRA	Temporary Relocation Agency
TVET	Technical and Vocational Education and Training
UA	Unit of Account
UFW	Unaccounted for Water
UNAIDS	Joint United Nations Program on HIV/AIDS
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
VOC	Vehicle operating cost
VSE	Very Small Enterprise
WAEMU	West African Economic and Monetary Union
WAN	Wide Area Network
WB	World Bank
WFP	World Food Program
WHO	World Health Organisation
WPP	Water Partnership Program
WRM	Water Resources Management
WSS	Water Supply and Sanitation
WTO	World Trade Organization
XSR	Expanded Supervision Report
Zim-Fund	Zimbabwe Multi-Donor Trust Fund

FAST FACTS
AFRICAN DEVELOPMENT BANK GROUP

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 promote sustainable economic growth and reduce poverty in Africa
Authorized Capital at December 31, 2010	UA 67.69 billion
Subscribed Capital at December 31, 2010	UA 23.92 billion
Paid-up Capital at December 31, 2010	UA 2.38 billion
Approved Operations, 2010	139 operations totaling UA 4.10 billion, financed as follows: ADB: UA 2.58 billion ADF: UA 1.46 billion NTF: UA 29.5 million Special Funds*: UA 32.4 million
Of which:	
Loans	UA 3.08 billion (53 operations)
Grants	UA 596.6. million (56 operations)
HIPC	UA 203.0 million (6 operations)
Equity Participation	UA 189.9 million (11 operations)
Special Funds*	UA 32.4 million (13 operations)
Sector Approvals, 2010	**Infrastructure:** UA 2.60 billion (70.9 percent of total loans and grants) **Finance:** UA 319.9 million (8.7 percent) **Multisector:** UA 301.2 million (8.2 percent) **Social:** UA 193.6 million (5.3 percent) **Industry, Mining and Quarrying:** UA 188.0 million (5.1 percent) **Agriculture and Rural Development:** UA 68.3 million (1.9 percent)
Total Cumulative Loan and grant Approvals, 1967–2010	3,526 loans and grants totaling UA 55.93 billion

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

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's priorities 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 the ADB meets at least once a year. The ADB Board of Governors elects a 20-member Board of Directors to which it delegates its powers, with the exception of those expressly reserved to it in the Agreement. Thirteen Directors are elected from RMCs and seven from non-RMCs for a 3-year term which is renewable for one term. The Board of Directors oversees all Bank operations.

The Boards 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 three 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 seven Executive Directors from non-RMCs – nominated by their constituencies and seven 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-12 (2011-2013), Deputies agreed to a replenishment of UA 6.10 billion, which represents a 10.6 percent increase over the ADF-11 level.

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 RMCs with grants that 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 attainment 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.

AFRICAN DEVELOPMENT BANK GROUP

TEMPORARY RELOCATION AGENCY
15, Avenue du Ghana
Angle des rues Pierre de Coubertin et Hedi Nouira
BP 323
1002 Tunis Belvédère
TUNISIA
Telephone: (216) 71 333 511
Fax: (216) 71 351 933

PRESIDENT

April 12, 2011

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, 2010, and the administrative budgets for the period commencing January 1, 2011 and ending December 31, 2011.

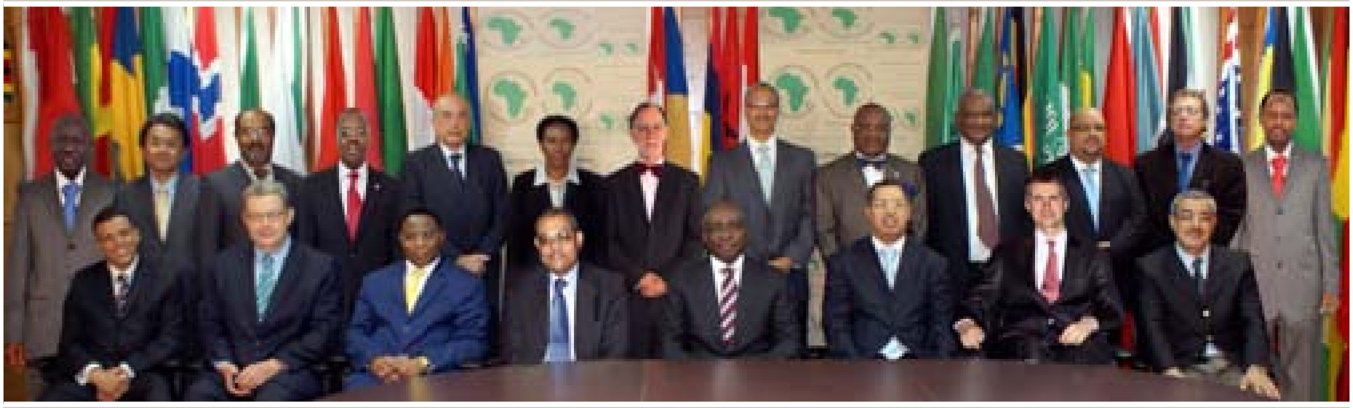
The joint report also contains a review of developments in the African economy and in the operational activities of the Bank Group during 2010.

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

African Development Bank Group



THE BOARDS OF DIRECTORS
at December 31, 2010

The Board of Directors of the African Development Bank
Chairman: Donald KABERUKA

Executive Directors	Alternate Executive Directors
Abdelhak BENALLEGUE (Algeria)	Augusto I. EMBALO (Guinea Bissau)
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Elfatih M. KHALID (Sudan)	Alieu Momoudou NGUM (Gambia)
Moegamat Shahid KHAN (South Africa)	Motena Ernestine TSOLO (Lesotho)
Hassan A. KHEDR (Egypt)	Almis MOHAMED ABDILLAHI (Djibouti)
Christoph KOHLMEYER (Germany)	Vacant
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Shehu YAHAYA (Nigeria)	Maria N. C. BATISTA de SOUSA (São Tomé & Príncipe)
Vincenzo ZEZZA (Italy)	Pieter De KEIZER (The Netherlands)

The Board of Directors of the African Development Fund
Chairman: Donald KABERUKA

Executive Directors	Alternate Executive Directors
Emmanuel CARRÈRE (France)	Agustin J. NAVARRO (Spain)
Walter Crawford JONES (U.S.A.)	Alexander SEVERENS (U.S.A.)
Masahiro KAN (Japan)	Abdulrahman ABUBAKR (Saudi Arabia)
Elfatih M. KHALID (ADB)	Alieu Momoudou NGUM (Gambia)
Moegamat Shahid KHAN (ADB)	Motena Ernestine TSOLO (Lesotho)
Hassan A. KHEDR (ADB)	Almis MOHAMED ABDILLAHI (Djibouti)
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André NZAPAYEKE (ADB)	Sele YALAGHULI (Dem. Rep. of Congo)
Mogens PEDERSEN (Denmark)	Tapani H. KIVELÄ (Finland)
Mamadou Abdoulaye SOW (ADB)	Nani Martin GBEDEY (Benin)
Shehu YAHAYA (ADB)	Maria N.C. BATISTA de SOUZA (São Tomé & Príncipe)
Vincenzo ZEZZA (Italy)	Pieter De KEIZER (The Netherlands)

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 2010 Bank Group Annual Report which looks back at yet another successful year for the Bank and most of its member countries. As I began my second term in September 2010, together we undertook to strive every day to consolidate the Bank's achievements as a world-class organization capable of responding to Africa's needs while maintaining focus and avoiding strategic drift. In making this undertaking, we were fully aware of the complexity of the challenges ahead but very much encouraged by the opportunities now available to Africa as a result of the profound structural shifts in the global economy. Looking ahead, I see the Bank's key challenge as not only to foster strong, sustained growth but also to promote inclusiveness. The tremors and tectonic shifts in the political landscape of North Africa are a clear signal that economic growth that is not inclusive, that does not expand human opportunities and horizons, cannot be sustained.

Our ability to consolidate our achievements in a rapidly evolving and often uncertain external environment must begin by anchoring the financial soundness of the institution, whose robustness was demonstrated during the financial crisis. We continue to pursue the prudent financial and risk management policies and practices that have allowed the Bank to enjoy sound financial health and good results. The major rating agencies have reaffirmed the triple-A rating for the Bank's senior debt. The recently concluded General Capital Increase and ADF-12 replenishment resources will reinforce our capacity to deliver on the Bank Group's mandate. This significant achievement, at a time of stress in the world economy and tough fiscal situation among our members, highlights strong shareholder support for the Bank.

I wish to thank our shareholders for this unequivocal support to the Bank and in turn undertake to ensure the commitments entered into are fulfilled.

Lastly, I would like to express my appreciation to our Boards of Directors and Management of the Bank for guiding the institution with skill and commitment throughout the year. I pay specific tribute to the staff of the Bank for their devotion to duty and for delivering credible results, even in the face of special challenges at the Bank's Temporary Relocation Agency in Tunis as well as at our Headquarters in Abidjan. While looking forward to a successful year for our member countries and the Bank Group, I commend this report.

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

EXECUTIVE SUMMARY

During 2010, the Bank Group continued to implement its Medium-Term Strategy (2008–2012) by focusing on the operational priority areas of infrastructure development, private sector development, governance, higher education, technology and vocational training, while pursuing selectivity in its operations. The institution also consolidated its role as a knowledge bank for the continent, not only by widely disseminating research findings, publishing flagship reports, and updating its Data Portal, but also by undertaking economic and sector work (ESW), and eliciting lessons learned to inform its future operations. The Bank's role as a voice for Africa at major international fora was reinforced by its active participation at the Third Korea–Africa Economic (KOAFEC) meeting in September and later at the G-20 Summit in Seoul in November. Another major achievement during the year was resource mobilization, as the Bank tripled its capital resources through a 200 percent Sixth General Capital Increase (GCI-VI), while securing a 10.6 percent increase in contributions from State Participants for the ADF-12 replenishment over the ADF-11 level. Bank Group approvals in 2010 amounted to UA 4.10 billion compared to UA 8.06 billion recorded in the previous year. The approvals in 2010 signaled the lending trend returning to its normal level after the unprecedented demand for Bank Group resources in 2009 due to the global financial crisis.

Overview of the Economic Situation and Outlook

Africa's recovery from the global economic and financial crisis began in 2010 and has been driven by higher domestic demand, stronger export revenues, and increased inflows of foreign direct investment, remittances, and official development assistance. Real GDP growth rose to 4.9 percent in 2010, from 3.1 percent a year earlier, at the peak of the global financial crisis. Growth is expected to fall back to 3.7 percent in 2011 as a result of the sociopolitical unrest in some African countries, before recovering to 5.8 percent in 2012.

Inflation declined from 10.0 percent in 2009 to an estimated 7.7 percent in 2010, as aggregate demand remained subdued. However, the short-term forecast is that it will increase marginally to 8.4 percent in 2011 before improving to 7.4 percent in 2012. This positive outlook may be at some risk, however, if the increases in global commodity prices experienced during the second half of 2010 continue into 2011.

The continent's fiscal deficit narrowed from 5.2 percent of GDP in 2009 to 3.3 percent in 2010. However, owing to the recent sociopolitical unrest in some African countries and the repercussions in other neighboring countries, the forecast is for a fiscal deficit of 3.9 percent in 2011, but narrowing to 3.2 percent in 2012.

Similarly, the current account balance of the continent improved from a deficit of 1.6 percent of GDP in 2009 to a surplus of 0.4 percent in 2010. However, the projection is that the surplus will turn to a deficit of 0.2 percent in 2011 before reverting to surplus of 0.2 percent in 2012. Major variations exist between RMCs in terms of economic performance. Both the fiscal and current account balances of oil-exporting countries strengthened considerably, while oil importers continued to post fiscal and current account deficits well above pre-crisis levels.

All the African subregions posted positive GDP growth rates in 2010. Of the five subregions, East and West Africa were the best performers in 2010, with GDP growth of 6.2 and 6.7 percent respectively. This reflected a similar growth pattern to 2009, when East Africa's growth was 5.7 percent and that of West Africa was 5.6 percent. For most African economies, growth is yet to return to pre-crisis levels and this subdued trend is set to continue in the short term. Those African countries that are primarily commodity exporters, which had experienced a marked slowdown in 2009, benefited from revived commodity prices and trade in 2010. The rebound in several low-income countries and fragile states was more muted. Overall, more than half the African economies grew at a lower rate in 2010 than during the period 2001–2008.

Bank Group Activities

The Bank Group's current operational focus is shaped by its Medium-Term Strategy (MTS), 2008–2012. The launch of the MTS in 2008 coincided with the onset of the fuel, food, and financial crises, which had a major impact on regional member countries (RMCs). The Bank responded swiftly and flexibly to the pressing needs of its clients during this period. It frontloaded resources, restructured its loan portfolio, and offered fast-disbursing instruments to help RMCs cope with the short-term effects and to reduce the longer-term impacts. Total Bank Group lending amounted to UA 8.06 billion in 2009 – an increase of 160.3 percent over the 2007 level, and far higher than had been originally planned, prior to the onset of the crisis.

Between 2008 and 2010, the Bank's total investment in the core priority areas of infrastructure, private sector development, governance, and higher education, technology, and vocational training amounted to 88.4 percent of the Bank's commitments. Of the total investments in the core areas, sovereign infrastructure operations during this period accounted for 51.3 percent; private sector, 25.0 percent; and governance, about 22.0 percent. This is broadly in line with the thrust of the MTS. However, operations approved for higher education, science and technology (HEST) were less than 2.0 percent of the total lending, and this needs to be addressed.

The rapid expansion of private sector operations, including those in low-income countries, has characterized the Bank's activities since 2008. A review of the Bank's policy for Private Sector Development is underway, and this will help to fine-tune interventions for the short term. Work has continued in fragile states, with Bank Group support proving crucial to countries' economic and social stability. Investments in regional operations constituted 14.0 percent of total Bank Group lending during the 2008-2010 period, in accordance with MTS expectations.

During the year under review, the Bank Group maintained its focus on the core operational areas of infrastructure development; private sector development; governance; higher education, technology and vocational training. The attention given to these four core areas enabled the Bank to scale up its support for regional integration, fragile states, middle-income countries (MICs), and agricultural and rural development. The crosscutting themes of gender, environment, climate change, and knowledge management were also mainstreamed into its operational agenda.

One of the Bank's achievements during the year 2010 was the strengthening of its capital base, as detailed below. It was also a year of consolidation, with the Bank implementing its corporate reforms in order to improve its performance, the quality of its operations, and its development effectiveness. The Bank also enhanced its role as a center of excellence for knowledge development and management, while serving as the preeminent voice on Africa's development issues in international fora, for example at the KOAFEC meeting in September and at the G-20 Summit in Seoul in November 2010.

Resource Mobilization

A milestone during the year was resource mobilization, as the Bank tripled its capital resources through a 200 percent Sixth General Capital Increase (GCI-VI). This substantial increase will allow the Bank to sustain a high level of lending, in response to an overwhelming demand from its RMCs. The GCI-VI raised the Bank's authorized capital from UA 24.00 billion (US$ 35.00 billion) to UA 67.69 billion (US$ 100.00 billion). Furthermore, the Bank Group secured a 10.6 percent increase in contributions from State Participants for the ADF-12 replenishment. This brings the ADF-12 replenishment level to UA 6.10 billion (US$ 9.50 billion) for the three-year period 2011–2013.

Through its strategic partnerships at both international and regional levels, the Bank has leveraged additional funding. As a result, cofinancing accelerated, reaching UA 19.16 billion in 2009, with the Bank contributing 20.3 percent. In 2010, a total of 28 cofinancing projects were approved for UA 8.41 billion, with the Bank Group contributing UA 1.28 billion.

The Bank Group's Operational Activities

Bank Group total approvals in 2010 reached UA 4.10 billion, which is a decrease from the peak of UA 8.06 billion recorded in the previous year. This signaled a return to a more regular lending volume as the global financial crisis receded. Nonetheless, approvals in 2010 were 16.1 percent higher than in 2008.

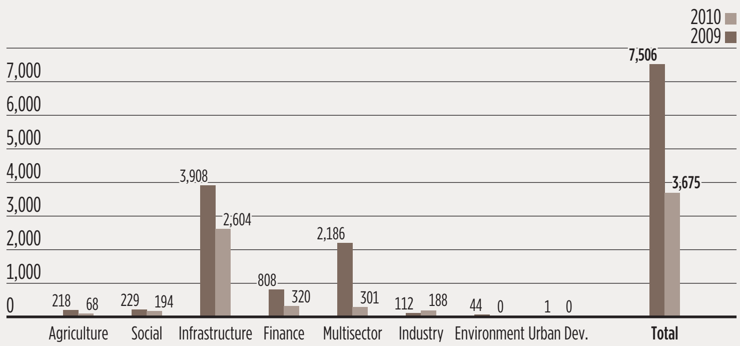
In terms of the financing from the Bank Group windows, (i) the ADB approved UA 2.58 billion (63.0 percent) (of which UA 1.21 billion was for private sector operations), (ii) the ADF approved UA 1.46 billion (35.5 percent), and (iii) the NTF approved UA 29.5 million (0.7 percent). The Special Funds (covering the African Water Facility, the Rural Water Supply and Sanitation Initiative, and the Global Environment Facility) accounted for UA 32.4 million (0.8 percent) of the approvals.

The distribution of total approvals among the various sectors during 2010 reflected the Bank's adherence to its policy of selectivity, project focus and effectiveness. It also aligned to the rising demand for infrastructure support from RMCs. In line with the Medium-Term Strategy (MTS), infrastructure ranked first, with an approvals' allocation of UA 2.60 billion (70.9 percent), followed by finance (mostly comprising private sector operations) with UA 319.9 million (8.7 percent), then multisector (which includes support for governance and public sector management, etc.) with UA 301.2 million (8.2 percent). These three sectors jointly accounted for 87.8 percent of the total operational loans and grants (see Figure 0.1).

The emphasis on infrastructure reveals the Bank's selectivity in targeting high-impact projects that will create an enabling climate for private sector investment, improve competitiveness and productivity in its RMCs, enhance employment opportunities, and support sustainable economic growth.

Bank Group loan and grant approvals for the five subregions (including multinational projects) totaled UA 3.67 billion, compared to UA 7.51 billion approved in

Figure 0.1
Bank Group Loan and Grant Approvals by Sector, 2009-2010*
(UA millions)



* *Total loan and grant approvals exclude equity participations, HIPC debt relief, and Special Funds.*

2009. The largest share of the approvals was allocated to North Africa, with UA 1.47 billion (40.1 percent), followed by West Africa, UA 595.8 million (16.2 percent); East Africa, UA 560.3 million (15.2 percent); Southern Africa, UA 492.8 million (13.4 percent); Central Africa, UA 234.6 million (6.4 percent); and multinational, UA 319.1 million (8.7 percent).

African Development Bank (ADB)
The approvals from the non-concessionary ADB window in 2010 totaled UA 2.58 billion for 59 operations, compared to UA 5.60 billion in 2009 for 84 operations, which is a 53.9 percent decrease. Notwithstanding, the approvals level for 2010 was 42.8 percent higher than that of 2008. Project lending and private equity participation declined from UA 3.94 billion in 2009 to UA 2.30 billion in 2010, representing a decrease of 41.6 percent. Similarly, policy-based lending decreased significantly over the same period, from UA 1.52 billion to UA 128.6 million.

With respect to grants, these decreased from UA 25.1 million in 2009 to UA 11.0 million in 2010. Regarding debt relief to support low-income countries, the Bank's allocation under the Enhanced HIPC Initiative increased by 27.7 percent from UA 112.8 in 2009 to UA 144.1 million in 2010. The distribution of ADB approvals in 2010 by financing instrument shows that project lending and private equity participations accounted for the greatest share, at 89.0 percent, while debt relief accounted for 5.6 percent, policy-based lending for 5.0 percent, and grants for 0.4 percent.

During the year, private sector operations increased slightly to UA 1.21 billion, compared with UA 1.16 billion in 2009. The share of private sector operations in ADB and Bank Group total approvals in 2010 stood at 46.7 percent and 29.4 percent respectively. Private, non-publicly guaranteed project loans and lines of credit (LOCs) jointly accounted for UA 1.02 billion of total ADB approvals, while private equity accounted for UA 189.9 million. In general, the project loans were used for accelerating economic growth and reducing poverty, while the LOCs aimed at deepening domestic financial markets for onlending to small and medium-size enterprises (SMEs). Bank Group investments in many sizeable multinational projects and programs took the form of loans, LOCs, and private equity; these supported economic cooperation and regional integration, thereby improving the investment climate in the continent.

Disbursements from the ADB window in 2010 amounted to UA 1.34 billion, which is a 43.0 percent decrease from the UA 2.35 billion disbursed in 2009. As at December 31, 2010, cumulative disbursements (including nonsovereign loans) totaled UA 21.31 billion. By year-end, 810 loans had been fully disbursed for an amount of UA 18.75 billion, representing 88.0 percent of cumulative disbursements.

African Development Fund (ADF)
ADF total approvals in 2010 amounted to UA 1.46 billion, compared with UA 2.43 billion in 2009. The two main beneficiary sectors were infrastructure, which attracted UA 1.10 billion (77.1 percent) and multisector, with UA 214.8 million (15.1 percent). This is consistent with the the Medium-Term Strategy's emphasis on investing in high-impact areas, which will boost growth and encourage investment flows.

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

The Nigeria Trust Fund (NTF)
During the year, one loan amounting to UA 0.7 million was approved under the NTF window for Sierra Leone. In addition, UA 28.8 million was approved as debt relief under the HIPC Initiative for Liberia.

NTF disbursements increased to UA 5.02 million in 2010, from UA 4.87 million in 2009, representing a rise of 3.1 percent. By end-December 2010, cumulative disbursements amounted to UA 226.7 million. Altogether, 61 loans were fully disbursed for a total UA 205.3 million, representing 91.0 percent of cumulative disbursements.

Institutional Reforms and Development Effectiveness

Improved Coordination and Corporate Performance: The Senior Management Coordinating Committee (SMCC) has a pivotal role in ensuring that the Bank Group's corporate functions operate with optimal efficiency and effectiveness. It also arbitrates cross-Complex resource allocations in line with strategic priorities. In addition, the Operations Committee (OpsCom) has stepped up its efforts to ensure quality-at-entry in operations, which includes strengthening the upstream peer review and country team structures.

Budget Reforms: In January 2010, the Bank launched its Unit of Account (UA) Budgeting system which is a key component of Phase II of the ongoing budget reforms. UA Budgeting has further decentralized budget management and has also introduced a more rigorous staff planning process aimed at better alignment of staff numbers and profiles to Work Program needs.

Decentralization: By year-end 2010, the Bank had signed Host Country Agreements for its targeted 26 field offices, of which 23 are fully equipped and functional, with differing levels of staffing mix. A comprehensive revision of the Delegation of Authority Matrix was carried out during the year under review, which empowered field offices with the authority to negotiate, sign and administer loans, manage portfolios, supervise projects, and dialogue with RMCs and partners.

Operations Business Processes: As part of its ongoing efforts to improve operations business processes, the Bank undertook an organizational fine-tuning exercise to set up and/or streamline those units responsible for sharpening the Bank's strategic focus, reinforcing its mandate, and supporting its Managing for Results agenda. This exercise included: establishing the Energy, Environment, and Climate Change (ONEC) department and the new Strategy Office (STRG) within the Presidency; as well as placing the Quality and Results (ORQR) department within the oversight of the Chief Operating Officer. The Bank also put in place a "One Bank" Results Measurement Framework (RMF), which will review progress at four levels: (i) development outcomes in Africa; (ii) contribution to development outcomes; (iii) operational effectiveness; and (iv) organizational efficiency.

Knowledge Development and Management

Operational Knowledge

Knowledge derived from the Bank's operational activities provides lessons to guide the Bank's future interventions and improve its efficiency and development effectiveness. In this regard, the knowledge development products can be grouped into three categories: (i) economic and sector work (ESW), (ii) strategic products and events, and (iii) operational lessons and best practices. Examples of all three types of knowledge products are given below.

The ESW undertaken in 2010 included a portfolio review of the "Evaluation of Public Revenue Potential" in Senegal. This review revealed that between 2009 and 2010, adequate institutional arrangements and enhanced training in financial management and procurement for Project Implementation Units resulted in a number of positive outcomes. For example, there were significant reductions in time-lines for processing procurement documents and in the number of projects at risk, which led to improvements in project effectiveness. There was also an overall increase in disbursement and supervision rates.

Turning to the second category of strategic knowledge products, a number of thematic background studies were undertaken to feed into the preparation of the Regional Integration Strategy Paper (RISP) for Southern Africa, 2011–2015. These in-depth studies, conducted through a wide consultative process with stakeholders in the subregion, related to: (i) trade performance, challenges, and opportunities; (ii) economic performance of countries in the subregion; (iii) private sector financing of infrastructure; and (iv) development in the sectors of transportation, energy, and ICT.

As an example of the third category of operational knowledge development, a review of private sector development in Gabon furnished a number of recommendations for the Bank to consider:

(i) Multifaceted support needs to be given to streamlining private enterprise structures, so as to improve their performance, thereby reducing costs and boosting their productivity.
(ii) The quality of appraisal reports should be improved through a clarification of objectives and activities, and by the preparation of detailed implementation schedules.
(iii) Institutional support should be provided, including the training of project managers before the official launch of projects, to strengthen the capacity for procurement and for the supervision of works.
(iv) The physical and financial monitoring of projects should be enhanced.

Research and Capacity Building

Development Research: Significant progress has been made in enhancing the Bank's visibility through the mainstreaming of knowledge development in Bank Group operations. The process encompasses the following:

- research on the development challenges facing the continent;
- strengthening the network of economists through more frequent interactions, and professional exchange (seminars and workshops); and
- increased collaboration with the Operations Complexes, especially in the preparation of knowledge products related to ESW.

The Bank made a major contribution to policy dialogue in RMCs during the year, providing analytical and policy support to the Committee of Ten (C-10) African Ministers of Finance and Central Bank Governors. This helped to build an African consensus for the Third Korea–Africa Economic Cooperation (KOAFEC) meeting in September 2010 and the G-20 Summit in Korea in November. In addition, the Bank made significant improvements to the quality of its flagship reports, the *African Economic Outlook* (AEO), the *African Development Report* (ADR), and the *African Competitiveness Report* (ACR), which provide useful information for development policy analysis.

Capacity Building and Training in RMCs: Activities in this area centered on the two key pillars of the Bank Group Capacity Development (CD) Strategy, namely: *Pillar 1* – enhancing the development effectiveness of Bank Group operations; and *Pillar 2* – strengthening the capacity of RMCs for policy design and development management. Altogether, 1,395 participants attended the Bank's seminars and workshops delivered under Pillars I and II of the CD Strategy.

Statistical Capacity Building and Data Dissemination in Support of Results Measurement: The statistical activities of the Bank focused on: (i) building capacity in 52 RMCs, five subregional organizations, and six regional training centers, (ii) mainstreaming results measurement in Bank operations, including developing the Data Portal (DP); and (iii) deepening collaboration with other bilateral and multilateral partners for the coordination of statistical activities in the region. During the year, the Bank collaborated with the Economic Commission of Africa (ECA), the African Union Commission (AUC), and the United Nations Development Program (UNDP) in preparing the *2010 MDGs Progress Report for Africa.* The Bank also continued to coordinate the data collection under the International Comparison Program (ICP) statistical initiative in RMCs. In addition, the process of preparing Country Statistical Profiles (CStPs) was launched, to provide the necessary baseline data for country programming in the Bank's Data Portal. To this end, nine CStPs and one Regional Integration Statistical Profile (RIStP) were prepared.

Support to Fragile States

Under the Fragile States Facility (FSF), the Bank approved UA 110.7 million for budget support, rehabilitation, and reconstruction of basic infrastructure, governance, capacity building, and human resource development in six states (Burundi, Guinea Bissau, Democratic Republic of Congo, Liberia, Sierra Leone, and Togo). The results from these commitments cannot yet be fully quantified, partly because they are at differing stages of implementation. However, early indicators show improvements in Country Policy and Institutional Assessment (CPIA) ratings and in portfolio performance indicators, such as disbursement ratios and the number of operations supervised.

At the final ADF-12 replenishment consultations in September 2010, the ADF Deputies agreed to a replenishment amount of UA 764.0 million to be transferred to the FSF, for the ADF-12 period (2011–2013). Then in October, the Bank operationalized the Zimbabwe Multidonor Trust Fund (the Zim-Fund). By the end of December, an estimated UA 26.6 million (US$ 42.0 million) had been paid into the fund by donors.

Support to Middle-Income Countries

During the year, the Bank Group's approvals for operations in middle-income countries (MICs) (excluding multinational projects and programs) amounted to UA 1.88 billion. Although this falls below the 2009 level, it represents an increase of 69.4 percent over 2008, thereby reflecting the Bank's commitment to enhance its engagement in MICs.

The sectoral distribution for Bank Group lending to MICs in 2010 confirms infrastructure to be the largest recipient, attracting 72.7 percent of all financing, followed by industry (7.9 percent), social (7.7 percent), finance (7.1 percent), and multisector (4.6 percent). The geographic distribution of financing to MICs shows that North Africa accounted for the largest share (78.3 percent), while Southern Africa received 21.7 percent. Regarding financing instruments, project lending continued to predominate in 2010, accounting for 92.8 percent of total approvals for MICs, compared to the 65.3 percent share in 2009. On the other hand, there was a significant decline in policy-based loans, from 34.1 percent in 2009 to 6.9 percent in 2010. Grants from the MIC Technical Assistance Fund (MIC-TAF), the African Water Facility (AWF), and the Special Relief Fund (SRF) represented a marginal 0.4 percent of the financing.

2011 Administrative Expenses and Capital Expenditure Budgets

In December 2010, the ADB Board of Directors approved an Administrative Expenses and Capital Expenditure Budget for 2011 comprised as follows: Administrative Expenses of UA 289.1 million, a Capital Expenditure of UA 40.0 million, and a contingency budget of UA 2.9 million. The ADF Board of Directors approved an indicative Administrative Budget of UA 201.3 million for the Fund for the financial year ending December 31, 2011.

Income Allocation and Distribution

The 2010 financial statements highlight the robustness of the Bank Group's financial position. Despite the volatile market conditions and a low interest rate environment experienced in 2010, the Bank generated a level of income reasonably comparable to the strong results of 2009. The Bank earned income before distributions approved by the Board of Governors of UA 213.7 million and allocable income of UA 236.1 million in 2010, compared to the income before distribution of UA 231.2 million and allocable income of UA 238.7 million earned in 2009. Distribution from income for other development initiatives in the Bank's regional member countries is approved by the Board of Governors, typically at the Annual Meetings.

Having been satisfied that adequate provisions have been made to reserve, the Board of Governors, during the Annual Meetings in May 2010, approved an allocation of UA 27.8 million from the 2009 income to Surplus Account. The Board of Governors also approved the distributions from the 2009 allocable income to the following development initiatives: (i) UA 50.0 million for ADF-11; (ii) UA 66.0 million for the Democratic Republic of Congo (DRC) Special Account; and (iii) UA 5.0 million for the Technical Assistance Fund for the Middle Income Countries. During the course of 2010, the Board of Governors also approved income distribution from the Surplus Account to other development initiatives for a total amount of UA 25.4 million. In addition, the Governors approved the distribution of UA 0.3 million from the 2009 income of NTF to the HIPC initiative.

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 ratings reflect the Bank's strong membership support, its preferred creditor status, sound capital adequacy, and prudent financial management and policies. Ratings agencies have noted positively the approval by the Board of Governors in May 2010 to triple the Bank's capital base as a sign of strong shareholder support for its development mandate, and growing franchise value in the continent.

Borrowings

The 2010 funding program in capital markets was approved for a maximum amount of UA 3.62 billion, including up to UA 140.0 million under the Enhanced Private Sector Assistance for Africa (EPSA) initiative. The Bank raised UA 2.82 billion during the year, including UA 14.9 million under the EPSA initiative. At December 31, 2010, the outstanding borrowing portfolio of the Bank stood at UA 11.98 billion.

The Bank has used various markets and instruments to meet its borrowing requirements. The Bank issued its annual USD 1 billion global bond transactions during the year in February. Private placements, uridashi transactions (public issues sold to the Japanese retail market), themed bond transactions (described below), and African currency-linked bonds in Zambian Kwacha complete the range of markets utilized in 2010.

Themed Bond Transactions

The retail bond market in Japan has seen a flurry of activity where investors wish to invest in bond issues that have a social theme and carry top-notch credit ratings. In 2010, the Bank established its own niche by issuing bonds under the themes of clean energy, education, and water. During the year, the Bank issued 16 themed bond transactions, with maturities ranging from 3 to 10 years, raising UA 398.9 million to support projects in these priority areas. Of this total, UA 261.5 million was issued as clean energy/green bonds; UA 98.1 million as bonds linked to education; and UA 39.3 million as bonds linked to water.

Under the terms of these bond issues, the Bank will use its best efforts to direct an amount equal to the net proceeds to projects related to the relevant theme, subject to and in accordance with the Bank's lending standards. Further, it is specified that the proceeds of the bonds will be included in the ordinary capital resources of the Bank and will be used for the general operations of the Bank.

Table 0.1
Summary of Bank Group Operations, Resources, and Finance, 2001-2010
(UA millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010	Cumulative Total (a)
Operations											
Bank Group Approvals (b)											
Number	134	118	145	124	102	137	100	133	181	**139**	**3,801**
Amount	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	**4,099.75**	**62,228.72**
of which HIPC	611.22	451.52	1.85	1,009.13	508.68	257.49	153.17	159.87	372.56	**202.95**	**4,490.16**
Disbursements	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	**2,510.70**	**35,570.51**
ADB Approvals (b)											
Number	26	31	28	23	34	38	29	58	84	**59**	**1,259**
Amount	986.66	1,068.06	745.84	1,519.54	868.73	1,045.37	1,670.06	1,807.01	5,604.07	**2,581.13**	**36,008.07**
of which HIPC	174.93	187.98		707.77	75.99	102.21	-	113.75	112.77	**144.14**	**1,835.95**
Disbursements	488.33	499.77	652.32	630.23	595.35	548.44	884.75	727.53	2,352.29	**1,339.85**	**20,541.59**
ADF Approvals (b)											
Number	107	84	112	99	65	84	54	62	77	**65**	**2,387**
Amount	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	**1,456.72**	**25,708.19**
of which HIPC	436.29	263.34	1.85	301.37	429.49	155.28	153.17	17.95	259.09	**29.99**	**2,593.13**
Disbursements	369.14	545.02	368.07	680.50	691.06	685.16	725.00	1,124.92	1,726.43	**1,165.84**	**14,801.85**
NTF Approvals											
Number	1	3	5	2	3	-	-	2	3	**2**	**82**
Amount	5.10	10.14	22.51	9.25	3.19	-	-	28.16	5.70	**29.53**	**371.33**
of which HIPC	-	0.26	-	-	3.19	-	-	28.16	0.70	**28.83**	**61.07**
Disbursements	2.99	3.35	2.44	4.81	3.39	5.43	5.94	8.45	4.87	**5.02**	**227.07**
Special Funds Approvals (c)											
Number	-	-	-	-	-	15	17	11	17	**13**	**73**
Amount	-	-	-	-	-	6.94	45.83	28.21	27.76	**32.38**	**141.12**
Resources and Finance (at year end)											
ADB											
Authorized Capital	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	**67,687.46**	
Subscribed Capital (d)	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	**23,924.62**	
Paid-up Portion (d)	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	**2,375.63**	
Callable Portion	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	**21,548.99**	
Borrowing (gross)	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	**12,231.34**	
Outstanding Debt (e)	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	**11,980.57**	
Cumulative Exchange Adjustment on Subscriptions (f)	(129.73)	(141.99)	(145.33)	(147.20)	(151.76)	(155.74)	(160.08)	(161.03)	(161.97)	**(162.57)**	
Reserves (g)	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	**2,627.28**	
Cumulative Currency Translation Adjustment	(449.53)	(454.84)	(451.71)	(467.97)	-	-	-	-	-	**-**	
Gross Income	569.64	488.83	425.22	446.67	479.61	542.85	585.31	564.45	518.88	**519.32**	
Net Income (h)	125.46	188.85	178.33	143.53	221.32	194.03	323.67	304.66	231.16	**213.66**	
ADF											
Subscriptions (i)	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	**19,030.32**	
Other Resources (j)	(776.68)	(617.48)	(540.57)	(571.34)	(476.02)	(776.38)	(703.50)	(656.59)	(493.44)	**(437.23)**	
NTF											
Resources (gross) (g)	425.42	399.78	375.46	366.93	409.08	286.12	273.47	286.78	156.73	**160.86**	

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

Notes:
- *- Magnitude zero*
- ** A year of exceptional demand for Bank Group resources due to the global financial crisis.*
- *(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. and Fragile States Facility.*
- *(c) These are approvals on the operations of the African Water Fund. Rural Water Supply and Sanitation Initiative. and the Global Environment Facility.*
- *(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 restarted 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 2005 and 2006 net income the same basis as in prior years. thereby ensuring comparability between 2001 figures and those of prior years.excluded income transfers 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,

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*
2005 1 UA = 1.42927 US dollars	*2010 1 UA = 1.54003 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, 2010
(UA millions)

Bank Group Approvals by Sector

Sector	ADB Number	ADB Amount	ADF Number	ADF Amount	NTF Number	NTF Amount	Bank Group Number	Bank Group Amount
Agriculture and Rural Development	5	27.85	4	40.47	-	-	9	68.32
Social	8	146.59	4	47.00	-	-	12	193.59
Education	*2*	*1.28*	*4*	*47.00*	-	-	*6*	*48.28*
Health	*2*	*1.15*	-	-	-	-	*2*	*1.15*
Other	*4*	*144.16*	-	-	-	-	*4*	*144.16*
Infrastructure	14	1,503.35	33	1,099.50			48	2,603.55
Water Supply and Sanitation	*1*	*179.08*	*12*	*264.99*	-	-	*13*	*444.07*
Energy Supply	*4*	*494.61*	*9*	*392.33*	*1*	*0.71*	*14*	*887.65*
Communication	*2*	*32.43*	-	-	-	-	*2*	*32.43*
Transport	*7*	*797.23*	*12*	*442.18*	-	-	*19*	*1,239.41*
Finance	6	314.93	1	5.00	-	-	7	319.93
Multisector	7	86.39	19	214.76	-	-	26	301.15
Industry, mining and quarrying	6	167.96	1	20.00	-	-	7	187.96
Urban Development	-	-	-	-	-	-	-	-
Environment	-	-	-	-	-	-	-	-
A. Total Loans and Grants	**46**	**2,247.07**	**62**	**1,426.73**	**1**	**0.71**	**109**	**3,674.50**
B. Other Approvals	**13**	**334.05**	**3**	**29.99**	**1**	**28.83**	**30**	**425.25**
HIPC Debt Relief	2	144.14	3	29.99	1	28.83	6	202.95
Post Conflict Country Facility	-	-	-	-	-	-	-	-
Equity Participation	11	189.92	-	-	-	-	11	189.92
Guarantees	-	-	-	-	-	-	-	-
Loan Reallocation	-	-	-	-	-	-	-	-
Special Funds*	-	-	-	-	-	-	13	32.38
Total Approvals (A + B)	**59**	**2,581.13**	**65**	**1,456.72**	**2**	**29.53**	**139**	**4,099.75**

Bank Group Approvals by Financing Instrument

Financing Instrument	ADB Number	ADB Amount	ADF Number	ADF Amount	NTF Number	NTF Amount	Bank Group Number	Bank Group Amount
Project Lending	**22**	**2,107.47**	**25**	**801.63**	**1**	**0.71**	**48**	**2,909.81**
Public and Publicly -Guaranteed:	*5*	*1,091.75*	*25*	*801.63*	*1*	*0.71*	*31*	*1,894.09*
Project Loans	5	1,091.75	25	801.63	1	0.71	31	1,894.09
Sector Investment and Rehabilitation	-	-	-	-	-	-	-	-
Lines of Credit	-	-	-	-	-	-	-	-
Private Non-Publicly Guaranteed:	*17*	*1,015.72*	-	-	-	-	*17*	*1,015.72*
Project Loans	12	701.39	-	-	-	-	12	701.39
Lines of Credit	5	314.33	-	-	-	-	5	314.33
Policy-Based Lending	**2**	**128.65**	**2**	**38.95**	**-**	**-**	**4**	**167.60**
Sector Adjustment	1	44.65	-	-	-	-	1	44.65
Structural Adjustment	1	84.00	-	-	-	-	1	84.00
Budget Support	-	-	2	38.95	-	-	2	38.95
Grants	**22**	**10.95**	**34**	**585.65**			**56**	**596.60**
Technical Assistance	*17*	*7.61*	*17*	*205.34*	-	-	*34*	*212.95*
Project Cycle Activities	-	-	10	158.66			10	158.66
of which Private Sector	-	-	-	-	-	-	-	-
Institutional Support	-	-	7	46.69	-	-	7	46.69
Middle Income Countries Grant	17	7.61	-	-	-	-	17	7.61
Project Grant	-	-	*8*	*257.88*	-	-	*8*	*257.88*
Structural Adjustment Grant	-	-	*1*	*10.00*	-	-	*1*	*10.00*
Budget Support Grant	-	-	*1*	*1.70*	-	-	*1*	*1.70*
African Food Crisis Response Grant	-	-	-	-	-	-	-	-
Fragile States Facility Grant	-	-	*7*	*110.73*	-	-	*7*	*110.73*
Special Relief Fund	*5*	*3.34*	-	-	-	-	*5*	*3.34*
Emergency Assistance	5	3.34	-	-	-	-	5	3.34
Emergency Postconflict	-	-	-	-	-	-	-	-
Special Debt Relief Grant	-	-	-	-	-	-	-	-
Loan for Institutional Capacity Building	-	-	-	-	-	-	-	-
Project Preparation Facility	**-**	**-**	**1**	**0.50**	**-**	**-**	**1**	**0.50**
Debt and Debt Service Reduction	**2**	**144.14**	**3**	**29.99**	**1**	**28.83**	**6**	**202.95**
SFM Debt Alleviation	-	-	-	-	-	-	-	-
HIPC Debt Relief	2	144.14	3	29.99	1	28.83	6	202.95
Post Conflict Country Facility	-	-	-	-	-	-	-	-
Equity Participation	**11**	**189.92**	**-**	**-**	**-**	**-**	**11**	**189.92**
Public Equity	-	-	-	-	-	-	-	-
Private Equity	11	189.92	-	-	-	-	11	189.92
Guarantees	-	-	-	-	-	-	-	-
Public Guarantees	-	-	-	-	-	-	-	-
Private Guarantees	-	-	-	-	-	-	-	-
Loan Reallocations	-	-	-	-	-	-	-	-
Special Funds*	**-**	**-**	**-**	**-**	**-**	**-**	**13**	**32.38**
Total Approvals	**59**	**2,581.13**	**65**	**1,456.72**	**2**	**29.53**	**139**	**4,099.75**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Note:
\- *Magnitude zero*
* *These are approvals on the operations of the African Water Fund, Rural Water Supply and Sanitation Initiative and lately the Global Environment Facility.*

Figure 0.2
Bank Group Loan and Grant Approvals and Disbursements, 2001-2010
(UA millions)

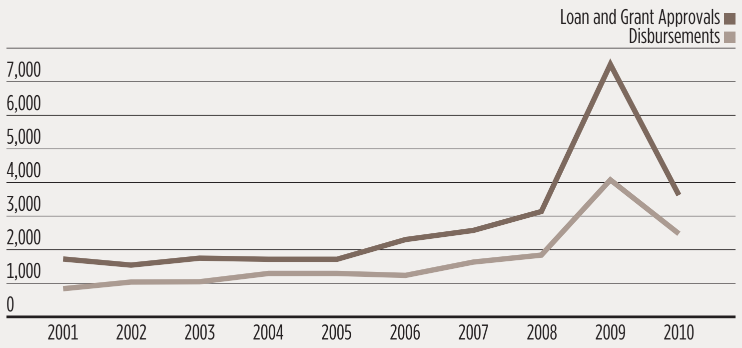


Figure 0.3
Cumulative Bank Group Loan and Grant Approvals by Institution, 1967-2010

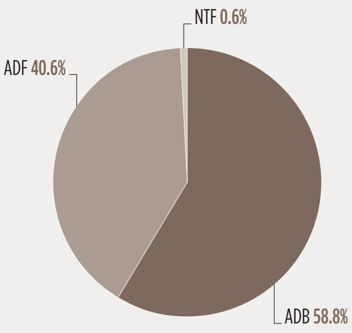


Figure 0.4
Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010

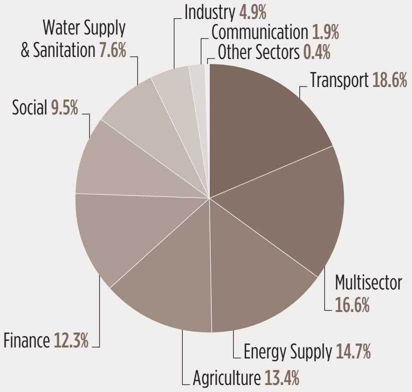
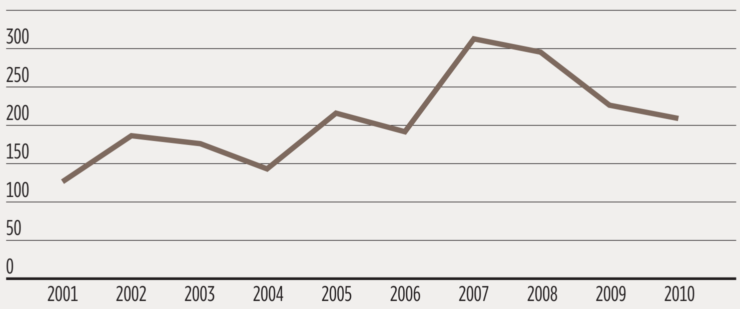


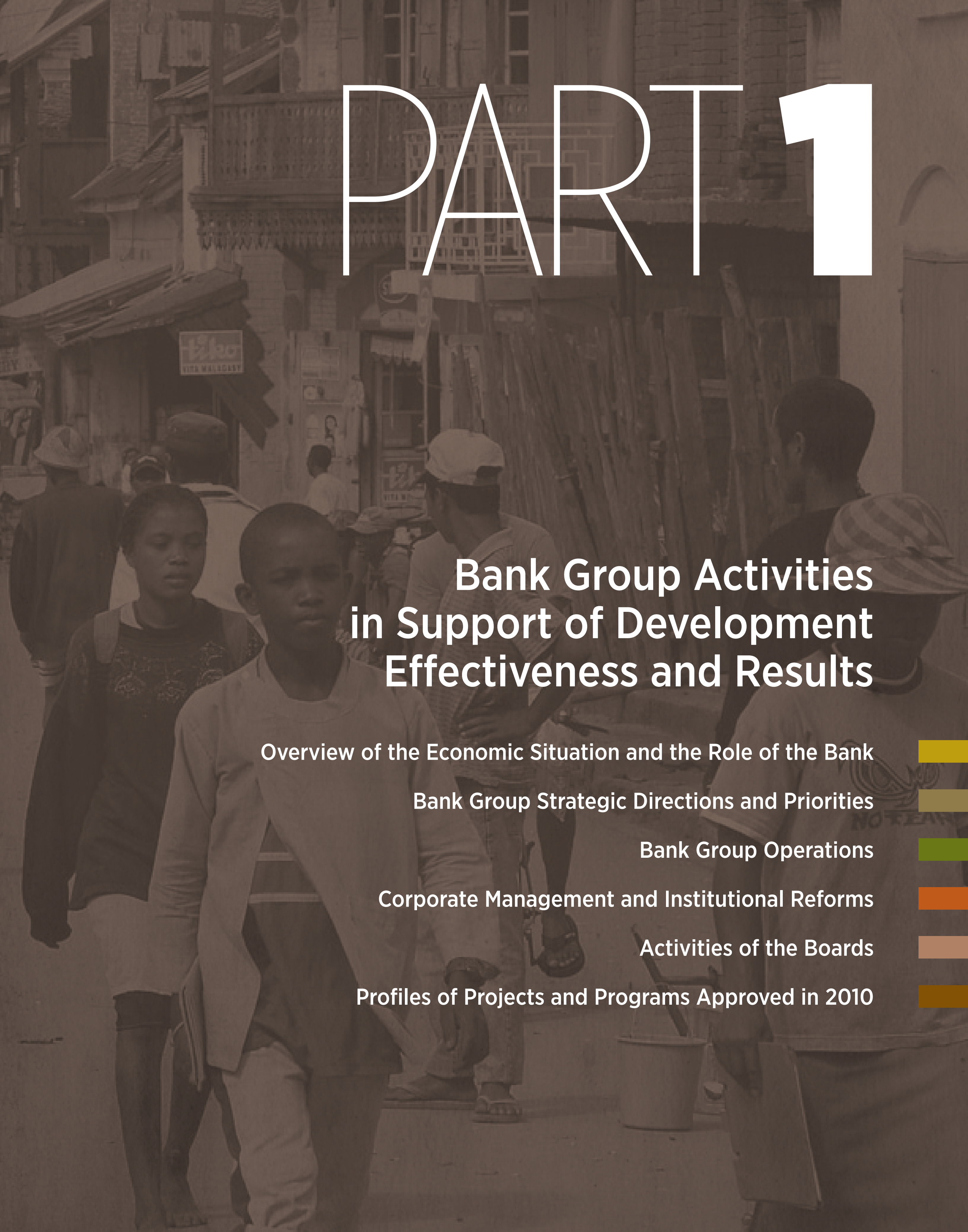
Figure 0.5
ADB Net Income, 2001-2010
(UA millions)



BANK GROUP SECTOR DEFINITIONS

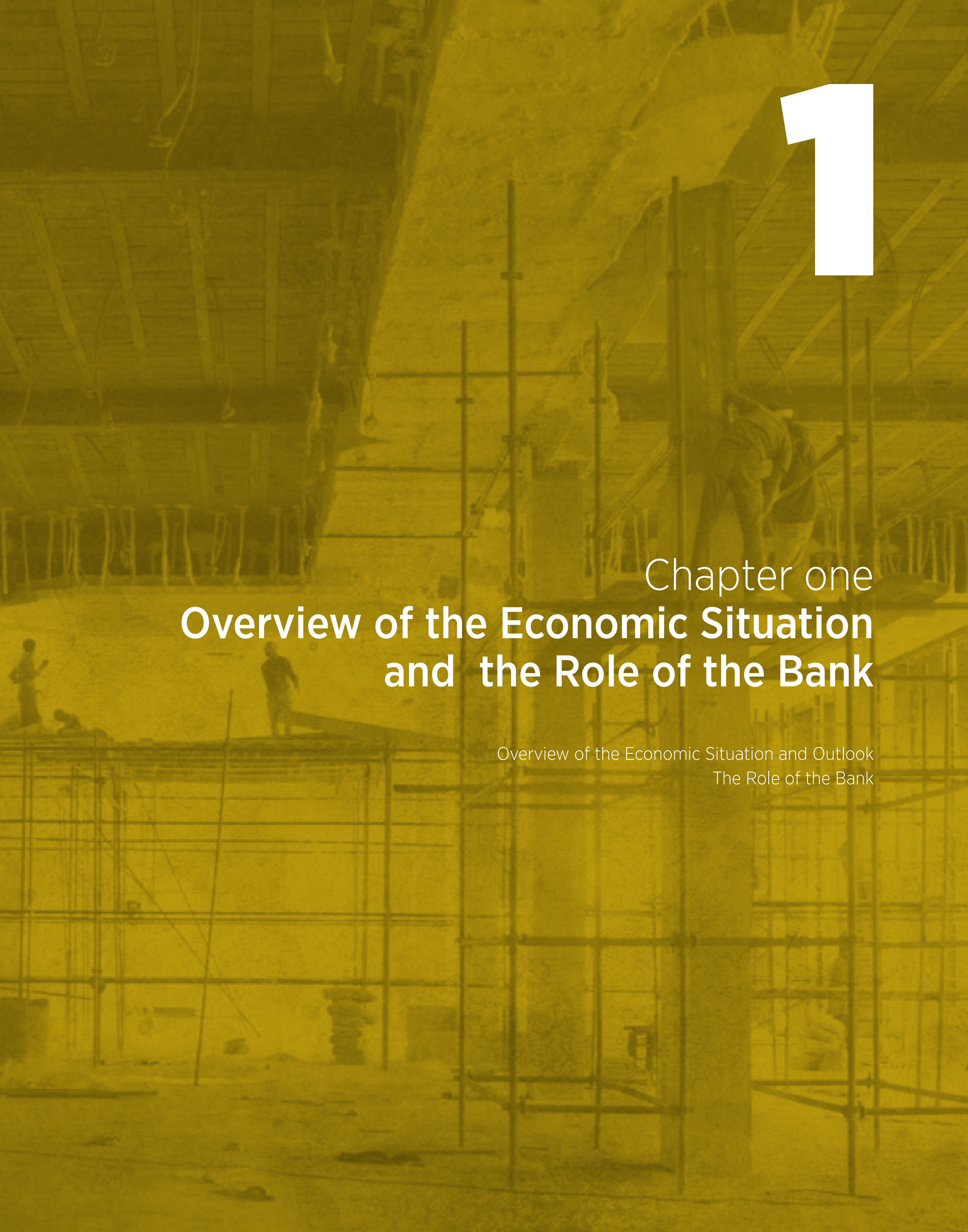
Sector	Type of Project
Agriculture and Rural Development	Food crops, cash crops, livestock, fisheries, agro-industry, forestry, irrigation and drainage.
Transportation*	Air, water transportation, including ports, railroads, highways and feeder roads.
Communications*	Telephone, radio, postal, information technology, cable and satellite services.
Water Supply and Sanitation*	Production, treatment and distribution of potable water, and development of sewerage systems.
Energy 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 comprises: Transportation, Communications, Water Supply and Sanitation, and Energy Supply.*



PART 1

Bank Group Activities in Support of Development Effectiveness and Results



1

Chapter one

Overview of the Economic Situation and the Role of the Bank

Overview of the Economic Situation and Outlook

The Role of the Bank

This chapter provides an economic overview of Africa during 2010 and the short-term outlook. It outlines progress on the implementation of the Medium-Term Strategy (2008–2012) and highlights some of the Bank's major achievements to date. These include: its swiftness and flexibility in responding to the fuel, food, and financial crises; the institution's role in representing a unified voice for Africa in G-20 deliberations; and the new resources mobilized under the GCI-VI and the ADF-12 for the continent's growth and development. The chapter also highlights some of the emerging socioeconomic and political risks and their potential impacts for the future.

OVERVIEW OF THE ECONOMIC SITUATION AND OUTLOOK

Africa's recovery from the global economic and financial crisis is now well underway. Real GDP growth rose from 3.1 percent in 2009 at the height of the financial crisis, to a level of 4.9 percent in 2010. It is projected to fall to 3.7 percent in 2011 as a result of the emerging sociopolitical unrest in some RMCs, before recovering to 5.8 percent in 2012 (see Table 1.1).

The observed GDP growth in 2010 has been driven by higher domestic demand, stronger export revenues, and increased inflows of foreign direct investment, remittances, and aid. The growth performance is most pronounced in resource-rich countries that can benefit from the revival in commodity demand, oil and non-oil commodity prices, and trade. Oil-exporting countries, such as Nigeria, are expected to experience economic expansion with GDP growth of around 6.9 percent in 2011, but with a moderate decline to 6.7 percent in 2012. Some non-oil commodity exporters, such as Zambia and Botswana, are also likely to show strong growth of about 6.5 and up to 7.0 percent in 2011 and 2012 respectively, as gains from high export prices and volumes offset losses from higher oil and food import bills.

Inflation in Africa reduced from 10 percent in 2009 to an estimated 7.7 percent in 2010. Forecasts indicate a rise to 8.4 percent in 2011 before improving to 7.4 percent in 2012. Inflation may, however, worsen if food and fuel prices continue their recent hikes.

As a result of the economic recovery and prudent fiscal policies, Africa's fiscal deficit of 5.2 percent of GDP in 2009 narrowed to 3.3 percent in 2010. This is expected to widen to 3.9 percent in 2011 as a result of the sociopolitical environment, before improving to 3.2 percent in 2012. However, several oil-importing countries, such as Kenya and Senegal, will continue to record

Table 1.1
Africa: Macroeconomic Indicators, 1990-2012

Indicators	1990	2000	2007	2008	2009	2010	2011	2012
Real GDP Growth Rate (%)	3.1	4.3	6.5	5.5	3.1	4.9	3.7	5.8
GDP Per Capita (US$)	746	726	1,379	1,573	1,452	1,668	1,748	1,871
Inflation (%)	14.4	9.1	6.8	10.4	10.0	7.7	8.4	7.4
Fiscal Balance (% of GDP)	-5.4	0.2	1.9	2.8	-5.2	-3.3	-3.9	-3.2
Gross Domestic Investment (% of GDP)	20.6	18.8	23.8	25.2	25.7	24.6	24.7	24.8
Gross National Savings (% of GDP)	20.7	22.2	28.6	29.4	24.5	25.4	24.6	24.7
Real Export Growth (%)	10.1	7.9	6.6	0.9	-5.6	1.6	5.4	5.1
Trade Balance (% of GDP)	1.5	5.5	6.5	7.4	0.3	2.8	2.6	2.6
Current Account (% of GDP)	-1.0	3.2	4.4	4.1	-1.6	0.4	-0.2	0.2
Terms of Trade (%)	7.8	16.3	1.4	10.8	-15.0	11.3	1.2	1.3
Total External Debt (% of GDP)	56.5	54.4	23.8	21.1	23.6	20.2	20.3	20.2
Debt Service (% of Exports)	34.9	25.8	12.8	11.0	14.7	12.6	10.5	11.7
Net total ODA (US$ Billion)	25.0	15.3	38.9	43.4	47.0	..	..	..
Foreign Direct Investment Inflows (US$ Billion)	2.8	9.8	63.1	72.2	58.6	..	..	..

Source: *AfDB Statistics Department, UNCTAD and IMF.*
Note:
.. Data not available

high budget deficits in the short term. For example, forecasts for Kenya's fiscal balance indicate deficits of 6.8 and 7.1 percent in 2011 and 2012 respectively, while Senegal's deficit is also projected to widen to 6.9 percent in 2011, before narrowing to 6.3 percent in 2012. These deficits could deteriorate further where governments are responding to higher food and oil prices by increasing subsidies. Overall, Africa's current account balance improved from a deficit of 1.6 percent of GDP in 2009 to a surplus of 0.4 percent in 2010. However, this surplus is projected to turn to a deficit of 0.2 percent in 2011, before improving to a surplus of 0.2 percent in 2012.

Trade and current accounts have improved in resource-rich countries due to the rebound in commodity prices and rising export volumes. At the same time, higher oil and food import bills are contributing to a worsening of external balances in resource-poor countries, and food security in these countries could become a major problem. While oil-exporting countries tend to run current account surpluses, oil-importers tend to post deficits.

Table 1.1 provides a summary of the macroeconomic indicators and outlook for the continent over the period 1990–2012. A more detailed analysis of the macroeconomic situation and prospects for Africa is presented in the Bank's *African Economic Outlook 2011.*

Subregional Macroeconomic Indicators, 2010

All the five subregions in Africa achieved higher growth in 2010, averaging 4.9 percent, compared to 3.1 percent in 2009. Nonetheless, the recession has undoubtedly left its mark and for most African economies, growth has yet to return to pre-crisis levels. The economies that are most open to trade (e.g., commodity exporters), which slowed markedly in 2009, benefited from revived commodity prices and trade in 2010, and recorded a relatively sharp V-shaped recovery. The rebound in several low-income countries and fragile states was more muted. Overall, more than half the African economies grew at a lower rate in 2010 than during the period 2001–2008.

Over the course of the year, Africa's economic performance varied considerably across subregions and countries (see Table 1.2). The West Africa and East Africa subregions recorded the highest real GDP growth rates of 6.7 and 6.2 percent respectively in 2010. This mirrored a similar growth performance to 2009, when East Africa's GDP growth was 5.7 percent, and West Africa's was 5.6 percent. These two subregions represent the fastest-growing groupings of countries on the continent. North Africa and Central Africa posted real GDP growth rates of 4.6 and 4.7 percent respectively. The lowest real GDP growth in 2010 was recorded for the Southern Africa subregion, at 3.3 percent. However, this masks the fact that the subregion experienced the strongest rebound of 3.8 percent in its real GDP growth rate between 2009 and 2010 (from a negative growth rate of 0.5 percent in 2009).

Consumer price inflation remained in single digits in four of the five subregions for the year under review. The exception was West Africa, where it increased marginally from 10.3 percent in 2009 to 10.4 percent in 2010. Significant decreases were

Table 1.2
Subregional Macroeconomic Indicators, 2010

Indicators	East Africa	North Africa	Southern Africa	West Africa	Central Africa	Africa
Real GDP Growth Rate (%)	6.2	4.6	3.3	6.7	4.7	4.9
GDP Per Capita (US$)	657	3,421	3,314	1,049	777	1,668
Inflation (%)	9.3	7.1	6.4	10.4	5.5	7.7
Fiscal Balance (% of GDP)	-3.3	-2.4	-3.3	-6.1	0.5	-3.3
Gross Domestic Investment (% of GDP)	22.6	31.2	18.2	23.6	27.6	24.6
Gross National Savings (% of GDP)	16.3	31.8	17.8	32.9	19.8	25.4
Real Export Growth (%)	1.4	0.2	5.1	-1.9	2.1	1.6
Trade Balance (% of GDP)	-10.8	-2.5	4.5	13.5	17.8	2.8
Current Account (% of GDP)	-8.3	3.2	-3.1	7.0	-3.1	0.4
Terms of Trade (%)	14.5	13.2	6.7	11.6	16.4	11.3
Total External Debt (% of GDP)	35.1	14.6	24.9	15.4	15.3	20.2
Debt Service (% of Exports)	4.9	9.7	25.1	4.3	5.1	12.6

Source: *AfDB Statistics Department, UNCTAD and IMF.*

recorded over the same timeframe in East Africa (from 16.7 percent to 9.3 percent) and in Central Africa (from 10.0 percent to 5.5 percent). In terms of fiscal balance, Central Africa was the only subregion that achieved a surplus (0.5 percent) in 2010, while the others recorded deficits.

The current account position improved in all subregions except East Africa, over the period 2009–2010; however, only two subregions recorded surpluses. West Africa's surplus improved from 6.4 percent to 7.0 percent, while North Africa's improved from 0.1 percent to 3.2 percent. Two subregions continued to record deficits but at a reduced level. In Central Africa the deficit narrowed from 6.0 percent to 3.1 percent, while in Southern Africa it reduced from 5.7 percent to 3.1 percent during the same timeframe. For East Africa, however, the deficit widened from 7.4 percent in 2009 to 8.3 percent in 2010.

Risks to the Socioeconomic Outlook

Major risks to the African economic outlook are emerging. These relate to the drivers of global recovery and to the demand for minerals and hydrocarbons, as well as the state of the world food market. While grain prices are still below their historic peaks, the recent rises in food and fuel prices give cause for concern. Furthermore, food price hikes and the economic slowdown in low-income countries could impose extreme hardship on already vulnerable populations, which could trigger or exacerbate sociopolitical unrest, thus further curtailing economic growth.

The recent political upheavals in the last quarter of 2010, which spilled over to 2011, in countries such as Côte d'Ivoire, Tunisia, Egypt, and Libya, are likely to slow the economic growth not only of these economies, but also of neighboring countries. In particular, if the crisis in Côte d'Ivoire deepens, it is likely to have regional repercussions, especially for countries like Burkina Faso, Mali, and Niger – through financial transfers, investment, trade, and foreign exchange reserves of the Central Bank of West African States (BCEAO). Similarly, the emerging political changes in North Africa are generating the so-called "domino effect," with the unrest spreading widely to engulf other states in the subregion.

These major events in West and North Africa may lead to production losses, the undermining of investor confidence, and a severe contraction in tourism, which is a major revenue earner for countries like Tunisia and Egypt. The severity and longevity of the resulting slowdown will, to a large extent, depend on how quickly the political situation stabilizes, and how long it takes for investor confidence to return, along with the inflow of tourists. These countries also face budgetary pressures and growing social demands, for example, to create employment opportunities for the youth and to improve living standards of the poor, all of which will require the Bank's targeted support.

There is, therefore, a need for the Bank and development partners to support the governments involved in these crises to accelerate the process of economic recovery and to create jobs and opportunities, particularly for the urban youth and college graduates. The priority areas for Bank support could include: fast-disbursing budget support programs to tackle the social problems related to youth unemployment; to assist the poorest population in the least favored regions of the country; as well as to support governance reforms in the form of increased transparency, democratic elections, and anticorruption policies. More importantly, greater attention should be paid to the issues of social inclusion, such as the establishment of social safety-nets for the most vulnerable segments of the population.

THE ROLE OF THE BANK

The Bank's Operational Core Areas. The Bank Group's operational focus is guided by its Medium-Term Strategy (MTS), 2008–2012. The launch of the MTS in 2008 coincided with the onset of the fuel, food, and financial crises. The Bank displayed swiftness and flexibility in responding to the evolving needs of its clients during this period. It frontloaded resources, restructured its loan portfolio, and offered fast-disbursing instruments to help RMCs cope with the short-term effects and to reduce the longer-term impacts. Total Bank Group lending amounted to UA 8.06 billion in 2009, an increase of 160.3 percent over that of 2007, and far higher than originally planned, prior to the onset of the crises.

Between 2008 and 2010, the Bank's total investment in the MTS core priority areas of infrastructure, private sector development, governance, and higher education, technology, and vocational training, amounted to 88.4 percent of the Bank's total commitments. Of the total investments in the core areas, sovereign infrastructure operations accounted for 51.3 percent; private sector, 25.0 percent; and governance, about 22.0 percent. This broadly aligns to the operational selectivity outlined in the MTS. However, approvals for higher education, science and technology (HEST) were less than 2.0 percent of total lending. While this is a new area of intervention for the Bank, nonetheless this needs to be urgently addressed, given the importance of HEST to bolster Africa's competitiveness.

Bank resources leveraged additional funding with its strategic partners during 2008-2010. Cofinancing accelerated, reaching UA 19.16 billion in 2009, with the Bank contributing 20.3 percent. However, in 2010 total cofinancing decreased to UA 8.41 billion, with the Bank contributing 15.2 percent.

The rapid expansion of private sector operations, including in low-income countries, has been a significant characteristic of the Bank's activities since 2008. A review of the Bank's policy for Private Sector Development is underway, and will help fine-tune interventions for the short term. Work continues in fragile states, with Bank Group support proving crucial to countries' economic and social stability. Investments in regional operations constituted 14.0 percent of total Bank Group lending during the 2008-2010 period, in accordance with the MTS.

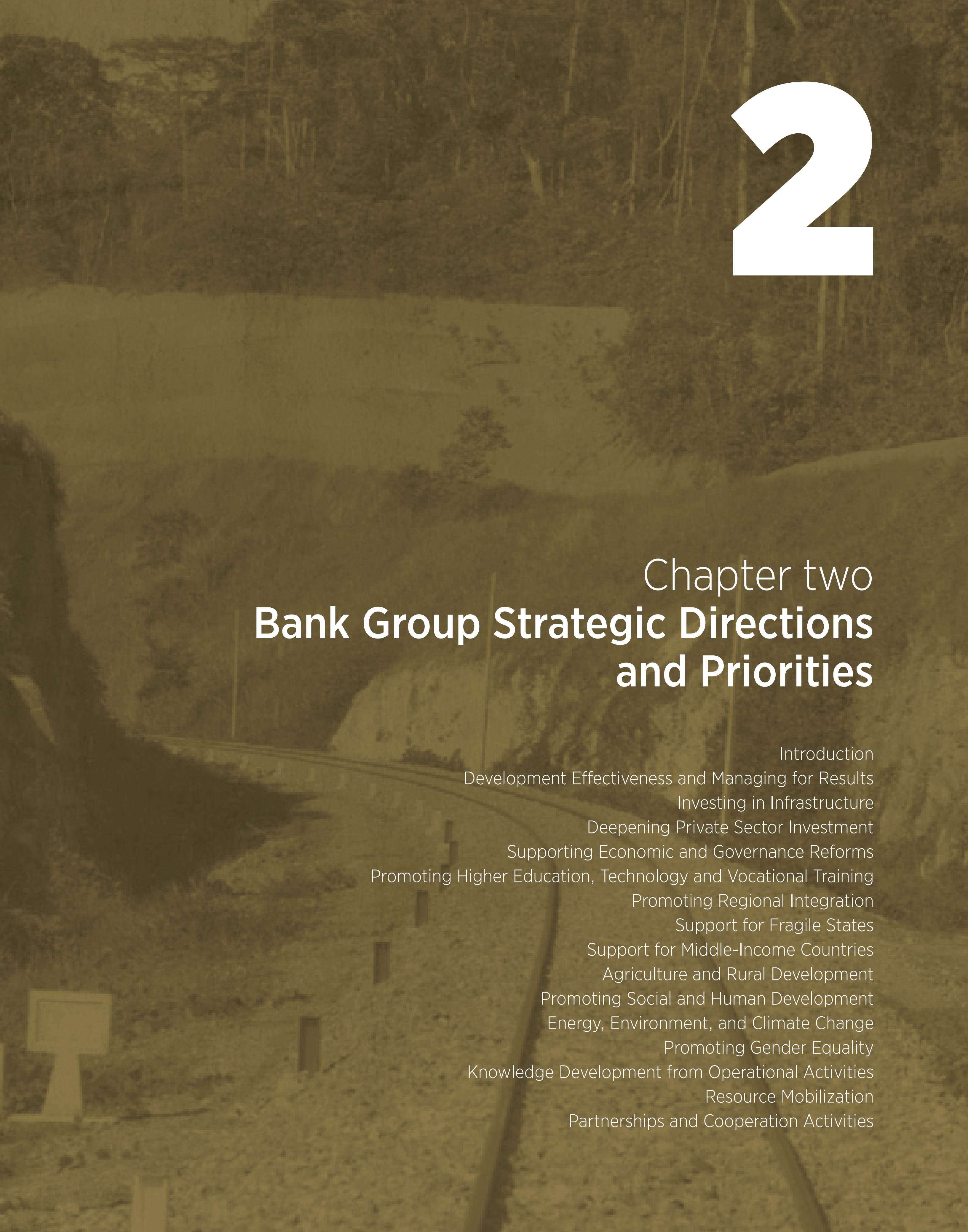
A Voice for Africa. During 2008–2010, the Bank took the initiative of bringing together African Finance Ministers and Central Bank Governors to consider Africa's response to the crises, to provide advice to African Heads of State and Government, and to input African perspectives into the G-20 discussions. The resulting Committee of Ten (C10) continues to meet regularly to discuss economic priorities for Africa and strategies for the continent's engagement with the rest of the world.

Knowledge Development and Management. The Bank has stepped up its role in knowledge development and management, and in disseminating the results of its research as widely as possible. Its flagship publications rank among the leading sources of information on African development, eliciting broad collaboration from, among others, the OECD, the World Bank, and the World Economic Forum. The African Economic Conference, organized jointly by the Bank and ECA, is now a major international forum for African development.

The "One Bank" Framework and Institutional Reforms. As the global financial crisis emerged in late 2008, it soon became apparent that the demand for Bank resources exceeded available funds. Coincident with the increase in lending operations, negotiations for a General Capital Increase began, concluding in mid-2010 with a 200 percent increase in the GCI-VI. Concurrently, ADF-12 Replenishment consultations were taking place, which concluded in September 2010 with an agreement to increase the level by 10.6 percent over the ADF-11 level. The simultaneity of the two exercises, the GCI-VI and the ADF-12, highlights the interdependence of the Bank's two main windows and the importance of the "One Bank" concept.

Turning to its corporate agenda, during 2008–2010, the Bank Group implemented a number of institutional reforms and policies and undertook a fine-tuning of its management structure. More progress is now required, in particular, to deepen decentralization and to tailor it to particular country circumstances. The move toward a policy- and outcomes-based approach, rather than instrument-led, has important implications for Bank Group policies and operations, which will be addressed over the next few years. Country Strategy Papers (CSPs) are becoming more formalized, and will be adjusted further to ensure the mainstreaming of private sector operations. The introduction of the new Regional Integration Strategy Papers (RISPs) reinforce selectivity and prioritization.

The Way Ahead. Current events in some RMCs underline the challenges of development for Africa and the Bank. The process of adjustment to changing circumstances and to new demands will require the Bank to show the same flexibility and responsiveness going forward as it has done in the past. Now that the global financial crisis has receded, the Bank needs to refocus on its core business of addressing the structural bottlenecks to Africa's economic growth. These include: the massive infrastructure deficit; shallow and fragmented markets (due to limited integration); the paucity of skills needed to build a competitive economy; weak institutions and poor governance; building capable states; promoting private sector development; economic diversification; and the long-term challenges of climate change and energy generation. The Bank has a role to play in further integrating climate change mitigation measures into its interventions, and mainstreaming action, in collaboration with its development partners. In this respect, the Bank has been asked by African leaders to host a "Green Fund for Africa," to mobilize resources for renewable energy projects across the continent.



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Chapter two
Bank Group Strategic Directions and Priorities

During 2010, the Bank Group continued to implement its Medium-Term Strategy (2008–2012) by targeting the four core areas of infrastructure development, private sector development, governance, and higher education, technology, and vocational training. This enabled the Bank to scale up its support for regional integration, fragile states, middle-income countries (MICs), and agricultural and rural development. The crosscutting themes of gender, environment, climate change, and knowledge management were mainstreamed into its operational activities. The institution also consolidated its role as a knowledge bank for the continent, not only by widely disseminating research findings, publishing flagship reports, and updating its Data Portal, but also by undertaking economic and sector work (ESW), and eliciting lessons learned to guide its future operations. The Bank's role in articulating a coordinated African voice at major international fora was underscored by its active participation at the Third Korea–Africa Economic (KOAFEC) meeting in September and later at the G-20 Summit in Seoul in November. A further major achievement during the year was resource mobilization, as the Bank tripled its capital resources through a 200 percent Sixth General Capital Increase (GCI-VI), while securing a 10.6 percent increase in contributions from State Participants for the ADF-12 replenishment. The Bank also continued to enhance its partnership and cooperation activities with other key players in Africa's development agenda.

INTRODUCTION

The year 2010 was one of operational consolidation and highly successful resource mobilization for the Bank Group. Operational consolidation meant that the institution strengthened its focus on country ownership and performance criteria, the establishment of new financing facilities, addressing the challenge of climate change, and on knowledge creation and dissemination.

During the year the Bank concluded a 200 percent Sixth General Capital Increase (GCI-VI), which significantly raised its authorized capital from UA 24.0 billion (US$ 35.0 billion) to UA 67.69 billion (US$ 100.0 billion). This was accompanied by an agreement by State Participants to set the ADF-12 replenishment level at UA 6.10 billion (US$ 9.50 billion) for the three-year period 2011–2013.

This major increase in the resource base of the Bank Group was one of the Bank Group's landmark achievements during 2010. Others include the conceptualization and approval of a number of key operational strategies and policy documents, including: the Bank Group Capacity Development Strategy, the Legal Note Concerning the Implementation of the Fragile States Facility, the Bank Group Agriculture Sector Strategy 2010–2014, and the Bank's equity participation in the African Agriculture Fund (AAF), among others.

The Bank's successful implementation of targeted operational policy reforms and its establishment of special facilities over the past few years have upgraded the quality-at-entry of Bank Group operations, as well as its delivery capacity, thereby boosting development effectiveness and results on the ground.

DEVELOPMENT EFFECTIVENESS AND MANAGING FOR RESULTS

The "One-Bank" Results Measurement Framework (RMF)

The Bank has made steady improvements in the use of Results Measurement Frameworks (RMFs) to assess the performance of its three financing windows: the ADB, the ADF, and the NTF. In September 2010, the Bank adopted the "One Bank" RMF, founded on the tenet that the planning, monitoring, and assessing of results should be implemented as a continuum across all areas and sectors of the institution. The RMF includes indicators to measure policy-based operations, regional operations, and private sector operations as part of a single reporting framework that covers all the Bank's interventions. By combining output and intermediate outcome reporting in one single framework, the new RMF offers a more accurate gauge of the Bank's effectiveness in promoting sustained development in RMCs. The One-Bank RMF also provides the anchorage for the new *Annual Development Effectiveness Report* (ADER), which will be launched in 2011.

Roadmap for Aid Effectiveness

The Bank strives to ensure that its core effectiveness principles are translated into concrete actions across the spectrum of its many Complexes and operations. To this end, it is formulating a roadmap to improve its performance on aid effectiveness, thereby operationalizing its endorsement of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. The roadmap will set out specific actions to be implemented in five mutually reinforcing areas: (i) building corporate priorities and institutional arrangements; (ii) monitoring the institution's progress on aid effectiveness; (iii) reviewing Bank policies, practices, and incentives; (iv) operationalizing guidance on policies, processes, and practices; and (v) extending the Bank's outreach on aid effectiveness.

Managing for Results at the Country Level

Building RMCs' capacity to manage for development results constitutes one of the three pillars of the Bank Group's results agenda. The Bank supported the establishment in 2007 of the African Community of Practice on Managing for Development Results (AfCoP-MfDR) as one of the channels to disseminate knowledge and best practice on how to manage for the sustainability of development results. The AfCoP-MfDR comprises more than 1,600 members from 91 countries – 43 of these in Africa. Members include practitioners from public administrations, parliament, civil society, the private sector, academia, the media, and local donors.

During the year, the Bank supported the creation of eight national Communities of Practice in Burkina Faso, Côte d'Ivoire, Democratic Republic of Congo (DRC), Kenya, Mali, Niger, Senegal, and Zimbabwe as autonomous bodies in partnership with the local Ministries of Finance and Economy. These Communities of Practice serve as change agents to instill the results culture at the country level and to support national development processes that will make their organizations more performance-oriented. In this way it is envisioned that they will produce measurable outcomes in the drive to eradicate poverty.

Managing for Results at the International Level

The Bank is an active member of several working groups under the umbrella of the OECD's Working Party on Aid Effectiveness. In this context, it is helping to formulate the agenda of the Fourth High Level Forum on Aid Effectiveness, which is scheduled to take place in Busan, Korea, in late 2011. As a contribution to this agenda, the Bank organized jointly with NEPAD and the AUC, the Second Regional Meeting on Aid Effectiveness, South–South Cooperation and Capacity

Development. This event was held in Tunis on November 4–5, 2010 and adopted a new perspective: namely, to promote a different vision of development that puts finance for development rather than aid at its core. The meeting was well attended by about 170 senior representatives from across Africa, including ministers, senior government officials, members of parliament, and leaders from civil society organizations.

Introduction of Quality Assurance and Results-Oriented Operational Tools

Strengthened Quality-at-Entry Assessment. Substantial progress has been made in firming up tools and procedures for enhancing the quality-at-entry of Bank Group operations and country strategies. Based on the accumulated experience of the 2009 pilot phase and Bank-wide consultations, the Readiness Review (RR) tool was rolled out in 2010 to all lending operations. Furthermore, quality-at-entry standards and related technical guidance were developed to assist project teams in the design of quality operations, while an RR tool for assessing the quality-at-entry of Country Strategy Papers (CSPs) was developed for implementation in early 2011. A pilot initiative was launched to promote a better understanding of post-approval readiness issues, especially those related to delays in first disbursement.

Enhanced Quality and Results Orientation throughout the Project Cycle. To support results-oriented reporting and quality project implementation, two new initiatives were conducted in 2010: the revision of the results-based logical framework (RLF) for operations, and the preparation of revamped Implementation Progress and Results (IPR) reports. The newly introduced RLF, simplified and harmonized with the OECD/DAC results chain terminology, will facilitate participatory project design and results-based monitoring throughout the project cycle. The IPR will promote a project monitoring approach focused on results, based on quantitative evidence, and on dynamic and outcome-oriented actions. It will be supported by a revised project performance rating system. The new approach will also support the decentralization process and enhance the roles and responsibilities of field offices with respect to project performance monitoring.

Information Technology (IT) Support. The Bank has undertaken a number of initiatives to strengthen its information systems in support of more dynamic portfolio management. The SAP functional upgrade is ongoing and will allow operations to capture information on the achievement of outputs and outcomes and to report on Key Performance Indicators (KPIs) (e.g., indicators on procurement, disbursement, aging projects, and intensified risk monitoring) in real time. In addition to the SAP upgrade, the Bank is developing a Results Reporting System to track its contribution to development outcomes.

INVESTING IN INFRASTRUCTURE

During the year under review, Bank Group approvals by sector continued to reflect the institution's alignment to its Medium-Term Strategy (2008–2012), which positions the infrastructure sector as a core operational area. The Bank selectively targets high-impact projects in its infrastructure portfolio, to stimulate an investment-friendly climate, strengthen RMCs' competitiveness and productivity, create jobs, and promote sustainable economic growth. In particular, the Bank is well placed to lend its support to large, transboundary infrastructure projects and programs that promote regional integration.

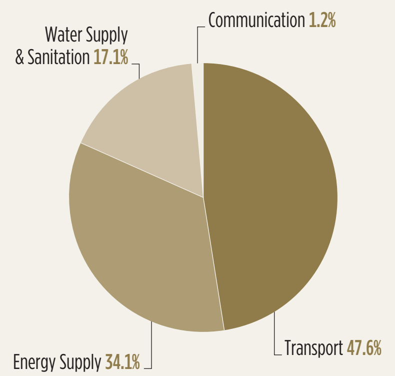
Approvals in 2010 for infrastructure projects amounted to UA 2.60 billion, representing 70.9 percent of all Bank Group loan and grant approvals for the year – the largest sectoral allocation. In terms of the subsectoral breakdown, transportation attracted the most funding (47.6 percent), followed by energy supply (34.1 percent), water supply and sanitation (17.1 percent) and communication (1.2 percent) (see Figure 2.1). The prioritization of infrastructure not only in the MTS, but also in RMCs' national agendas, demonstrates the crucial role that modern, reliable, and affordable infrastructure plays in achieving sustainable economic growth and poverty reduction.

Support to the Transportation Subsector in 2010

Transportation infrastructure projects in Africa face several challenges, exacerbated largely by the global financial and economic crisis. The overrun of project costs is a common problem in many RMCs, and in extreme cases may threaten the cancelation of the projects. The Bank continued its efforts in 2010 to ensure that these projects stayed on track and achieved their development objectives, for example by partnering with other donors and providing supplementary loans. The Bank has also begun to review the practice of project procurement and implementation in RMCs, to reduce exposure of these projects to volatile international construction costs.

Moreover, the Bank started aligning its transportation infrastructure portfolio with the objectives of its Agriculture Sector Strategy (AgSS) (2010–2014), which was approved in 2010. Eight road

Figure 2.1
Subsectoral Distribution for Infrastructure, 2010



projects approved during the year include as one of their main objectives the development of RMCs' agricultural productivity, which should also help to improve food security in the region. For instance, new road projects approved in Burundi, Ghana, Mozambique, and Zambia are located in areas where over 85 percent of the population are engaged in agriculture. These projects seek to reduce transportation costs, thus lowering the costs of agricultural inputs, improving accessibility to markets, and increasing farm gate prices of products. Through this approach, road projects frequently boost agricultural productivity and production, thereby raising income levels and the living conditions of the rural communities.

While most of the transportation projects approved by the Bank in 2010 target national or international roads, five provide for the construction of rural roads, to ensure better connectivity to the main road network for rural populations. These projects also include related activities, such as the construction of water provision and storage systems, the rehabilitation of rural markets, the creation of storage infrastructure, as well as the provision of agro-processing equipment to local communities (particularly associations of women) in order to reduce post-harvest losses. The selection and design of these related activities adopt a participatory approach, in association with local communities, to boost ownership of projects and so enhance development outcomes.

The key transportation infrastructure projects approved during the year include: (i) the South Africa Transnet project (for railroads, national ports, and pipelines) (UA 271.3 million); the Morocco Tangiers–Marrakech Railroad Capacity Increase project (UA 255.6 million); the Tunisia Road VI project (UA 198.3 million); and the Ghana Fulfusio–Sawala Road project (UA 109.7 million). Box 2.1 contains a brief description of the Tangiers–Marrakech Railroad Capacity Increase Project, which represents the largest single project undertaken to date by the Bank in Morocco.

Other transportation infrastructure projects approved in 2010 include: national road projects for Benin, Burundi, Kenya, Mozambique, Senegal, and Togo, as well as two air transportation sector projects (DRC and Senegal). Details on all projects can be found in the Profiles of Projects and Programs approved during 2010 at the end of Part I.

Support to ICT Subsector in 2010

Two ICT projects were approved during the year for a total of UA 32.4 million. One is for the Satelite O3B multinational project (UA 32.1 million), which provides private sector funding for the construction and operation of a constellation of 8 middle earth orbit (MEO) satellites over Africa. This project is in line with the Bank Group ICT strategy to promote infrastruc-

Box 2.1
Morocco
Tangiers–Marrakech Railroad Capacity Increase Project

Context: This is the largest approved transportation project in 2010 for an ADB country and the Bank's largest single project to date in Morocco. It aligns to the Bank's Medium-Term Strategy and the Country Strategy Paper (CSP) in its focus on developing infrastructure to promote economic growth, trade, and the business-enabling environment.

Objective: To improve rail transportation competitiveness, particularly in the freight transportation market between Tangiers and Marrakech.

Bank's role: To design, finance, and supervise the project's implementation in partnership with Morocco's National Railway Company (ONCF), which is the executing agency. The Bank will provide funding of UA 255.5 million toward the total project cost of UA 375.0 million, with ONCF providing the rest.

Timeline: 2011–2016.

Expected Outcomes:
(i) A significant increase in rail travel supply starting in 2016, with an improvement in rail traffic fluidity and increased frequency of shuttle, mainline, and freight trains;
(ii) Increased population mobility in the project area; and
(iii) Employment creation (direct and indirect jobs) during the project implementation and operational phases, especially in the logistic zones created.

ture development and regional integration. The second was the Data Center Project in Cape Verde, financed with an MIC grant of UA 0.30 million, to undertake a feasibility study for a Technology Park in Praia, for enhancing the business climate through improvement of the ICT infrastructure in the country.

Support to the Energy Subsector in 2010

The Bank serves as a lead financier for energy-related investments in Africa. The Bank approved UA 887.6 million for 14 new operations in the energy sector during the year. Of these projects, 11 were public sector operations, for a total commitment of UA 753.5 million. The remaining three, the Dibamba Power Project in Cameroon, the Tunisia Hasdrubal Oil and Gas Field Development Project, and the Cabeolica Wind Power Project in Cape Verde (see Box 2.2), which jointly amounted to UA 134.1 million, were private sector operations. The two largest energy projects were the Suez 650 MW Steam Cycle Thermal Power Plant in Egypt and the Semi-Urban and Rural Electrification Project in the Democratic Republic of Congo. Among the other approved projects were the Tanzania Iringa–Shinyanga Transmission Line, the Ethiopia Electricity Transmission System Improvement (two projects), and the Kenya Power Transmission System Improvement. The aim of the latter project is to increase both the capacity and the reliability of the Kenyan energy supply to address the chronic power shortages. It will also strengthen the Eastern African regional power grid, and facilitate power exchange within the subregion.

The Water Initiatives

In the context of increasing water scarcity exacerbated by climate change, environmental degradation, rapid population growth, and urbanization, the Bank places a high priority on supporting the water sector. The agricultural sector's productive capacity and its ability to feed the continent's population relies on an adequate water supply. Moreover the resilience of this sector directly impacts Africa's progress toward other Millennium Development Goals (MDGs), such as those relating to GDP growth, poverty, health (including child mortality and maternal health), education, and gender.

The Bank's interventions in this area focus on water resource sustainable development and management across the continent. By year-end 2010, the Bank was financing 69 ongoing water and sanitation operations in 32 African countries, totaling about UA 1.80 billion. Total approvals of loans, grants, and special

Box 2.2
Cape Verde
Cabeolica Wind Power Project

Context: This represents a public–private partnership (PPP) project in an ADF country and is the only renewable energy project to be approved by the Bank in 2010.

Objective: To utilize the island's considerable wind and solar resources and increase the use of renewable sources of energy to 50 percent by 2020, thereby helping to reduce greenhouse gas emissions.

Project Components: The project comprises the construction and maintenance of four offshore wind farms on Santiago, São Vicente, Sal, and Boa Vista islands with a combined installed capacity of 25.5 MW. The project has five components: (i) towers, wind turbines, and transformers; (ii) an onsite substation; (iii) a command center; (iv) an underground transmission line linking the onsite substation to the existing network; and (v) an access road to the project site.

Expected Outcomes:

(i) Contribute to the development of the country's legal status for PPPs and improve the climate for foreign investment and development assistance;
(ii) Increase sufficiency in energy requirements by 25 MW of renewable clean power;
(iii) Enable the country to reduce its greenhouse gas emissions and benefit from the Clean Development Mechanism (CDM); and
(iv) Reduce dependence on inefficient and expensive diesel generation units, resulting in reduced cost to consumers.

funds for all water and sanitation operations in 2010 amounted to UA 473.6 million. The interventions cover drinking water supply, water resources management, sanitation and hygiene, capacity building, and policy reform programs.

Urban Water Supply and Sanitation: This subsector is targeted by the Bank through such interventions as rehabilitation and service expansion, reduction of high levels of unaccounted-for-water (UFW), and promoting private sector activities to address the growing needs of the urban sector. In 2010, six new urban and peri-urban water supply and sanitation programs/projects were approved for Côte d'Ivoire, Kenya, Liberia, Mauritania, Morocco, and Sierra Leone, in addition to one multinational project, for total financing of UA 371.3 million.

Water Supply & Sanitation to Fragile States: The Bank has intensified its engagement in fragile states and, in collaboration with the Fragile States Unit, is undertaking a study to develop guidelines and tools for improved delivery of water supply and sanitation (WSS) systems in these most vulnerable countries. During the year under review, three projects were approved for Côte d'Ivoire, Liberia, and Sierra Leone, which combined ADF and Fragile State Facility (FSF) funds for a total financing of UA 53.7 million.

The Three Water Initiatives: In addition to the above-mentioned projects and programs, the Bank continues to host three complementary initiatives: namely, the Rural Water Supply and Sanitation Initiative (RWSSI), the African Water Facility (AWF), and the Multi-Donor Water Partnership Program (MDWPP). Together, these initiatives provide vital resources for increasing access to safe water and sanitation, promoting innovative technologies, and supporting knowledge management activities (see Box 2.3).

Box 2.3
The Three Water Initiatives

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

The RWSSI remains a flagship initiative, with the objective of accelerating access to safe water and sanitation coverage to 80 percent of the rural population by 2015 at an estimated cost of UA 9.22 billion. Since its inception in 2003, 28 programs/projects have benefited from RWSSI funds in 22 RMCs, totaling UA 2.6 billion. Of this total, the Bank contributed UA 695.2 million from ADF/ADB resources, while the RWSSI Trust Fund contributed UA 74.1 million. The remainder was leveraged from other development partners, African governments, and the beneficiary communities.

In 2010, the Bank approved three operations under the RWSSI in Cameroon, Mozambique, and Tanzania for UA 89.8 million, of which UA 74.3 million was sourced from the ADF and UA 15.5 million from the RWSSI Trust Fund. RWSSI interventions are mainstreamed into governments' water sector programming, and the initiative also places emphasis on gender throughout the entire cycle of projects. As of end-2010, over 33 million people had gained access to drinking water and nearly 20 million had improved sanitation as a result of the initiative.

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

The Water Partnership Program (WPP) was established in 2002, between the Bank and the Dutch government, with the objective of promoting effective water management policies and practices, and operationalizing the Bank's 2000 Integrated Water Resources Management (IWRM) policy. In 2006, the WPP was transformed into a Multi-Donor Water Partnership Program (MDWPP) with the participation of the Canadian and Danish governments. The MDWPP was instrumental in the establishment of the RWSSI, the African Water Facility (AWF), ClimDev Program in Africa, and Agricultural Water Management in Africa (AgWA). To date, a total of 60 activities, valued at UA 7.4 million, have been funded under the MDWPP.

3. The African Water Facility

The African Water Facility (AWF) was established through the initiative of the African Ministers' Council on Water (AMCOW) and is managed and administered by the Bank. Its objective is to mobilize resources to finance water sector facilitation and investment activities in Africa. Donors have pledged about UA 102.0 million to the AWF, of which UA 10.0 million was paid in by the Bank. To date, the AWF has leveraged approximately UA 215.0 million to finance water sector interventions.

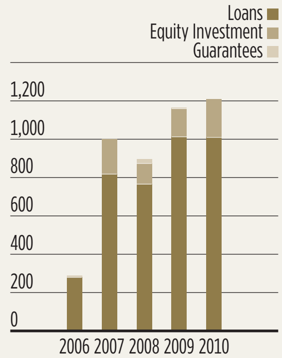
The AWF portfolio continues to grow; by year-end 2010, it included 66 projects valued at UA 68.1 million. Among these, the Bank approved, in 2010, UA 14.0 million for nine special fund projects (including four transboundary initiatives) for the Gambia, Ghana, Malawi, and Mali on the preparation of water supply and sanitation programs/projects, the introduction of innovative technologies, and knowledge management.

DEEPENING PRIVATE SECTOR INVESTMENT

Private sector development is widely recognized by the international development community as the engine for economic growth and poverty alleviation. During 2010, the Bank continued to make significant investments to stimulate private sector growth in Africa. To this end, it has at its disposal a number of financial instruments of different risk classes, ranging from senior secured debt to direct equity, including guarantees and quasi-equity instruments. While the Bank holds some direct equity positions in financial institutions, the majority of the equity investments are channeled through private equity funds.

The ADB's involvement in facilitating trade finance is also growing and the Bank is currently developing its strategy and modalities to enhance support in this area. These include trade facilitation institutions (such as trade guarantee and insurance corporations), unfunded portfolio guarantees for international trade finance, as well as the provision of short-term revolving trade finance lines of credit (LOCs) to regionally active African banks.

Figure 2.2
ADB Private Sector Approvals, 2006-2010 (UA Millions)



In its private sector operations, the Bank focuses on three areas: infrastructure; industries, mining and quarrying; and finance. The latter encompasses corporate loans and equity participations in financial institutions, as well as LOCs for onlending to small and medium-sized enterprises (SMEs), which form the backbone of many African economies. The Bank also invests in microfinance institutions, thereby extending its outreach to the very small and informal enterprises that traditionally encounter difficulties in accessing credit, a problem that has been compounded by the financial crisis.

An important initiative in support of the strategic effectiveness of the Bank's private sector operations is the Enhanced Private Sector Assistance for Africa (EPSA). This initiative was conceived in 2005 and announced by the Japanese Government at the G-8 Gleneagles Summit. Consequently, UA 0.65 billion (US$ 1.0 billion) is being channeled by the Government of Japan through the Bank in the form of concessional credit lines for nonsovereign operations. Part of these proceeds are also being used to provide technical assistance under the Fund for African Private Sector Assistance (FAPA) program. This is mainly to support capacity building linked to the nonsovereign operations financed by the Bank.

To enhance the relatively poor business enabling environment (BEE) for private sector development in most African countries, the Bank has intensified its support to this area. BEE improvement programs are now an integral part of the Bank's approach. and include, among others, Policy Based Operations (PBOs) and Institutional Support Programs (ISPs). Of 24 recent ISPs, 13 focused on BEE, while 21 of 44 recent PBOs contained significant BEE elements.

In 2010, the Bank continued to sustain its high level of investments in private sector operations by committing UA 1.21 billion to finance 28 new projects. This was a 4.3 percent increase over the 2009 level of UA 1.16 billion. The 2010 total approvals figure comprised UA 1.02 billion in project loans and LOCs, and a further UA 189.9 million in private equity participations (see Figure 2.2).

With regard to the private sector's share of total approvals, this represented 46.7 percent of ADB and 29.4 percent of Bank Group total approvals, respectively. While the project loans, in general, were used for accelerating economic growth and reducing poverty, the LOCs aimed at deepening domestic financial markets for onlending to SMEs. The Bank Group's investments in many sizeable multinational projects and programs in the form of loans, LOCs, and private equity supported economic cooperation and regional integration, thereby also improving the investment climate in the continent.

In terms of the distribution of private sector operations by country classification in 2010, middle-income countries (MICs, namely those eligible only for ADB resources) received the highest share (43.0 percent), followed by regional and multinational projects (38.0 percent), and then low-income (ADF-only eligible) countries (19.0 percent). In its efforts to increase private sector operations in low-income countries (LICs), the Bank has provided LOCs to African banks and DFIs, and engaged in equity participation in regional funds located in MICs, for onlending to projects in LICs. This minimizes the Bank's risk exposure, while supporting projects in LICs. Although the number of project approvals with direct financing exposure to LICs remained relatively low in 2010, when the regional/multinational operations that target mostly LICs are included, then the share of private sector approvals supporting beneficiary LICs rises to around 50.0 percent (see Figure 2.3).

With regard to the MIC private sector operations in 2010, there were three major approvals in terms of their expected development outcomes, namely: (i) a loan to the Egyptian Refining Company (UA 130.5 million); (ii) an LOC to the Industrial Development Corporation (IDC) of South Africa (UA 132.4 million); and (iii) a loan to Transnet Limited (UA 271.3 million) in South Africa. Although IDC is a Development Finance Institution based in South Africa, the proceeds of the LOC will help to support projects in LICs (such as Ethiopia, Mozambique, Tanzania, Uganda, etc.).

Turning to the regional and multinational private sector operations, the four main ones, in terms of their expected development impacts were: equity participations in GEF Africa Forestry Fund (UA 12.9 million) and the African Agriculture Fund (AAF) (UA 26.5 million); a loan to the African Guarantee Fund (AGF) for Small and Medium-Sized Enterprises (UA 6.4 million); and a loan for the Satellite 03B project (UA 32.1 million).

With respect to private sector operations in low-income countries (LICs), the two principal approvals in 2010 in terms of loan size were for the Blaise Diagne International Airport (UA 59.6 million) in Senegal and the Markala Sugar Project (UA 25.6 million) in Mali. The latter represented the first PPP in the agriculture sector of an LIC and it aimed not only to boost sugar production, but also to generate 30.0 MW of electricity for the use of the communities in the project area (see Box 2.7). In this way, it was able to draw resources from both the ADB and the ADF.

Figure 2.4 presents the sectoral distribution of private sector approvals in 2010 (including project lending, LOCs, and equity participations). Infrastructure (comprising transportation, energy, and communications) attracted the largest share (42.2 percent); followed by finance (41.8 percent – mainly in the form of LOCs and equity participation); then industry, mining and quarrying (13.9 percent); and agriculture and rural development (2.1 percent). The allocation to finance dropped from its 2009 level, when it attracted 69.5 percent of the total private sector approvals. At that time the Bank was playing a countercyclical role by providing loans to alleviate liquidity constraints being felt by African banks. The 41.8 percent allocation to the finance sector in private sector operations in 2010 reflects a return to the normal trend.

During the year under review, both the infrastructure sector and industry, mining, and quarrying sector benefited from a larger tranche of the approvals compared to 2009 (an increase of 110.7 percent and 50.3 percent respectively). The Bank's investments in industries and mining generally target the development of construction materials, agribusiness, as well as hospitality and medical services. An important feature of the Bank's investments in infrastructure and industries is the creation of developmental linkages with local SMEs to promote their growth and expansion.

Figure 2.3
Private Sector Operations by Country Classification, 2010

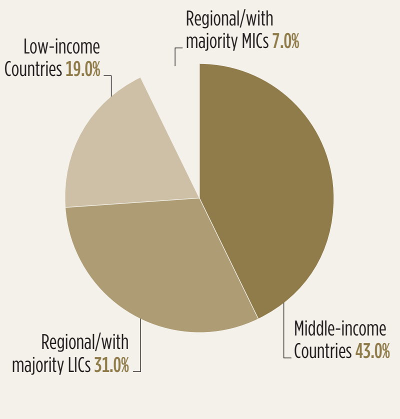
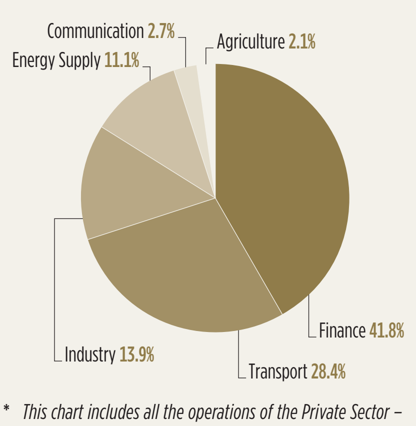


Figure 2.4
Private Sector Operations by Sector,* 2010



* *This chart includes all the operations of the Private Sector – Project Lending, Lines of Credit and Equity Participations.*

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

During the year, the Bank conducted the Additionality and Development Outcome Assessment (ADOA) for 55 private sector operations, 28 of which were submitted to the Board for approval and funding. Of the 28 approved projects, development outcomes were rated as "good" in 14 cases; as "very good" in nine cases; and as "excellent" in four cases. Only one project had its development outcomes rated as "marginal," i.e. below the satisfactory threshold. Additionality was rated as "strongly positive" in 12 cases, "positive" in 13 cases, and as "marginally positive" (i.e. below the satisfactory threshold) in three cases only.

ADOA reaffirms the Bank's results agenda by increasing its effectiveness and building its knowledge base. It does this by: (i) ensuring that each operation has clear and quantified development targets; (ii) improving project design through a rigorous economic analysis of the benefits for all stakeholders; and (iii) producing operations-related knowledge that will inform the strategic selection of future projects. A challenging development of the ADOA framework concerns the evaluation of the expected development outcomes of Bank-funded regional operations, which is scheduled to start in 2011.

SUPPORTING ECONOMIC AND GOVERNANCE REFORMS

In the aftermath of the global financial crisis, the Bank has deepened its support to sound economic and financial management in its RMCs. Good financial governance, including improved revenue administration and more effective and transparent public expenditure, is critical to improve the fiscal and policy environment of RMCs and to strengthen their resilience to exogenous shocks.

In order to play a leading role and to deliver on the governance commitments espoused in its Strategic Directions and Governance Action Plan (GAP) 2008–2012 (see Box 2.4), the Bank has adopted a two-pronged approach: (i) strengthening policies and institutions for more effective, transparent, and accountable management of public finances; and (ii) improving the business-enabling environment and investment climate for private sector-led growth.

The Bank Group supports economic and financial governance-related reforms through various instruments, including: lending through Policy Based Operations (PBOs) and Institutional Support Programs (ISPs); nonlending activities; and via upstream analytical and advisory work. During 2010, the Bank, in close collaboration with its international development partners, consolidated its operational and policy frameworks on governance, and on PBOs in particular. It has sharpened its focus on development results by adopting the Core Sector Indicators (CSIs) on governance, in accordance with the Bank Group's Results Measurement Framework (RMF) adopted in 2010.

The governance agenda is implemented at three interrelated levels: country, sectoral, and regional. At the country level, the emphasis is on enhancing country systems for managing public resources, with an emphasis on oversight institutions. Special attention is being paid to (i) fragile states, where there is a need to strengthen state institutions in particular to improve both governance and poverty outcomes, and (ii) middle-income countries, where the focus is on building the enabling environment for private sector development and investment. At the sectoral level, the Bank promotes anti-corruption safeguards, especially in high-risk sectors such as the extractive industries. At the regional level, the Bank encourages initiatives that promote best international standards and codes of good economic and financial governance. Interventions undertaken at the three levels during 2010 are elaborated below.

Promoting good governance at the country level: In 2010, the Bank Group approved 21 programs and projects in support of good governance in 18 countries, for a total commitment of UA 298.9 million. One of these projects was the Institutional Support Project for Improving the Business Climate and Diversifying the Congolese Economy. Other projects approved in 2010 aimed to strengthen: governance capacities and country systems for resource mobilization and domestic taxation (Togo and Benin); land registry management (Cameroon); budgeting and auditing systems and standards (Benin, Togo, and Tanzania); and public procurement (Tanzania) (see Box 2.5).

Promoting good governance at the sectoral level: At the sectoral level, the Bank targets high-risk sectors such as infrastructure, especially through support to country procurement systems. In 2010, it assisted Liberia, Mozambique,

Box 2.4
GAP Guiding Principles

The Bank's central objective in governance is to assist African countries to strengthen transparency and accountability in the management of public resources. In this context, the Bank has adopted the following set of guiding principles:

1. African countries have the primary responsibility for improving their own governance to accelerate the fight against poverty.
2. Bank activities in governance will be sequenced and tailored to country circumstances.
3. The Bank considers corruption as a symptom of broader governance challenges.
4. The Bank will pursue a strategy of constructive and systemic engagement, including in high-risk environments.
5. The Bank will strengthen country systems, rather than bypass them.
6. Internally, the Bank will strengthen transparency in its own operations.
7. Bank activities in governance must be focused on delivering results, demonstrating impact, and adding value compared to other partners.
8. Bank governance activities will develop synergies and improve relevance.

Box 2.5
Tanzania – Institutional Support Project for Good Governance (Phase II)

Context: This UA 5.2 million project in an ADF country in the East Africa subregion illustrates how the Bank's assistance seeks to improve governance in terms of enhanced capacity, accountability, and integrity in the management of public resources.

Objective: To improve transparency and accountability in public financial management in order to strengthen the performance of budgetary institutions and thus help to reduce fiscal deficits and increase economic growth, both in Tanzania Mainland and Zanzibar.

Project Components:
Component A: Improving the credibility and transparency of the budget to build capacity in the areas of public procurement and audit; and
Component B: Enhancing economic policy management by building capacity in managing the Public Financial Management Reforms Program (PFMRP) and improving the business environment.

Expected Outcomes:
Component A: (i) improved tracking, monitoring, and value-for-money in the audit of public accounts; and (ii) improved value-for-money in public procurement.
Component B: (i) improved budget credibility; (ii) improved business environment; and (iii) improved external resource mobilization.

Sierra Leone, and Tanzania to adopt and implement the Extractive Industries Transparency Initiative (EITI). The Bank also helps to strengthen the extractive industries' governance regimes, for example through the capacity-building projects in Guinea-Conakry and Togo. Further, the institution approved in 2010 an "Operational Guidance Note for Addressing Governance in the Extractive Industries Sector Operations."

Promoting good governance at the regional level: The Bank supports regional and subregional initiatives that promote standards and codes of good economic and financial governance. As a strategic partner of the African Peer Review Mechanism (APRM), during the year under review, the Bank participated in the country reviews of Mozambique and Sierra Leone, assisted in the streamlining of the APRM questionnaire, and contributed to the development of the M&E framework for the National Programs of Action.

Also at the regional level, the Bank has renewed its support for the third phase of the African Technical Assistance Centers (AFRITAC III). These provide policy advice and technical assistance to African countries with a view to improving public resources management. Another initiative which has drawn the Bank's support is the African Investment Climate Facility (ICF), which assists RMCs to design and implement programs to improve the business-enabling environment. It aims to improve property rights, taxation and customs, infrastructure facilitation, competition, financial markets, and labor markets. Further, the initiative is also designed to remove obstacles to doing business, including business registration red tape, corruption, and crime. The Bank serves as the financial resources administrator of the ICF Facility.

During 2010, the Bank intensified its support to African technical networks in a number of areas, namely: (i) domestic resource mobilization, including hosting the council meeting of the African Tax Administration Forum; (ii) public budgeting, by cofinancing the Collaborative African Budget Reform Initiative (CABRI); (iii) public procurement, by supporting the establishment of an African Network on Public Procurement ; and (iv) government auditing, through its support to the African Organization of Supreme Audit Institutions (AFROSAI).

PROMOTING HIGHER EDUCATION, TECHNOLOGY, AND VOCATIONAL TRAINING

In order to enhance RMCs' socioeconomic advancement and integration into the world economy, the Bank's MTS affirmed Higher Education, Science and Technology (HEST) to be one of the core areas of assistance, alongside Technical and Vocational Education and Training (TVET). These are important for building the continent's capacity for research and innovation, so that it can participate fully in the technological advancements of the twenty-first century.

The specific means selected by the Bank to realize these aims include: (i) strengthening national and regional Centers of Excellence in science and technology; (ii) constructing and/or rehabilitating existing science and technology infra-

Box 2.6
Rwanda – Regional ICT Center of Excellence (CoE) Project

Context: This project, approved in 2010 for an ADF loan of UA 8.6 million, supports Higher Education, Technology and Vocational Training, which is a core priority of the MTS. It will help to establish new Center of Excellence (CoE) in an LIC in the East Africa subregion.

Objective: To address the acute shortage of advanced Information and Communication Technology (ICT) skills in Rwanda and the subregion.

Background: The CoE is one of the five ICT Centers of Excellence recommended by the 2007 Connect Africa Summit to address Africa's limited capacity in hardware and software engineering, network design, and large-scale ICT project management. The center will be located in Kigali in the ICT Park, which is being developed as part of a New Industrial Area. The academic program component will be delivered by the Carnegie Mellon University (CMU) as service provider under a Service Level Agreement. The involvement of the private sector (e.g. IBM, Microsoft, EMC and Pixel Corps), through various types of partnerships, will contribute to the sustainability of the CoE.

Expected Outcomes:
(i) 150 full-time M.Sc. graduates in electrical and computer engineering and information technology students in the first 5 years;
(ii) 500 experts in ICT leadership trained over a 6 year period; and
(iii) The region's private sector operators to be provided with access to ICT related services from within the region and beyond, through the CoE's leveraging of national and international networks.

structure, including tertiary education institutions; (iii) linking HEST to the productive sectors; and (iv) developing appropriate TVET systems in RMCs to respond to the productive sector's skills requirements.

It is for this reason that the Bank is pioneering a HEST initiative to design a credible and implementable Education and Training for Science, Technology and Innovation (ET4STI) system. A concept paper on this initiative was prepared in 2010. The Bank is also putting together a comprehensive TVET innovations program, to address the evolving needs of RMCs' labor markets. This is with a view to improving the employment opportunities and life chances, especially for the youth, in the wake of the global financial crisis. Initiatives such as this should help to attenuate the social discontent and sense of hopelessness that contributed to the major sociopolitical upheavals recently experienced in some African countries.

In 2010, the Bank approved UA 47.6 million to the subsector, distributed as follows: UA 25.5 million for a Technical and Vocational Training Project in Niger; UA 12.9 million for a Higher Education Support Project in Eritrea; UA 8.6 million for the Regional ICT Center of Excellence in Rwanda (see Box 2.6); and a grant of UA 0.6 million to support Education Quality and Technical and Vocational Education and Training in Botswana.

With regard to nonlending activities, the Bank has embarked on the development of a range of operational strategies in line with the HEST Strategy. This process has involved consultations and study tours in several African countries and Japan. During the year, the planning for a regional Science, Technology and Innovation (STI) forum to be held in mid-2011 was initiated with a view to: (i) sharing experiences and ideas on best practices; (ii) discussing strategies for developing STI; and (iii) exploring financing opportunities for the promotion of STI by the Bank and other development partners. Within this context, country case studies were conducted in four RMCs, namely Burkina Faso, Ghana, Niger, and Senegal.

Within the context of the HEST strategy, the Bank has started to explore how to develop this sector through a comprehensive, local enterprise development program. This approach makes full use of networks among enterprises, research institutions, technical training institutes, schools, and other relevant resources to promote technology transfer and skills development. The aim is to have STI programs address local development of manufacturing capabilities through the incubation of enterprises and job creation. In this regard, to support the implementation of the national STI policy in Rwanda, the Bank assisted the government in designing and conducting a study on "Mapping Science and Technology for Industrial Development."

PROMOTING REGIONAL INTEGRATION

The low level of regional integration in Africa is a constraint to doing business in the continent, deterring foreign investment and the achievement of economies of scale. Africa's export performance is poor, despite lower tariffs and freer access to foreign markets. In most African countries, unreliable transportation, energy, and water supplies, inadequate telecommunications networks, coupled with lengthy and cumbersome administrative procedures, constitute a substantial disincentive for entrepreneurs to invest in the region. Furthermore, weak supply chains and poor marketing systems result in high international transportation costs, raising the price of African goods in the global marketplace.

During the year under review, the Bank produced background issue notes and reports for the preparation of Regional Integration Strategy Papers (RISPs) for all the African subregions. As a consequence, the initial versions of the RISPs for Southern and East Africa were produced, as well as the second version for Central Africa. The RISPs will be finalized for all subregions in 2011 and will provide guidelines on the Bank's proposed interventions for the 2011–2015 period.

On the global front, the Bank continues to be an active participant in the global Aid for Trade (AfT) initiative, led by the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD). The Bank's interest and comparative advantage in the delivery of AfT stems from its role as the single largest financier of regional projects in Africa and its track record of providing trade-related assistance to its RMCs.

Although significant challenges remain for enhancing regional integration on the continent, some progress was made in 2010. For instance, activities and priority projects over the 2009-2012 period for the AU Program for Minimum Integration (PMI) were adopted. Also, in order to improve the coordination and the implementation of pan-African projects, the Heads of States and Government decided to transform the Secretariat of NEPAD into the NEPAD Planning and Coordination Agency (NPCA). In November, the African Union Commission spearheaded, in partnership with the Bank, the creation of the Conference of Energy Ministers of Africa (CEMA). This new high-level body will streamline all existing ministerial bodies in the sector and serve as a central coordinating organ for energy policies and strategy across the continent.

The Bank, in its role as the key agency supporting the NEPAD infrastructure agenda, undertook a third and final implementation review of the NEPAD Short Term Action Plan (STAP) to measure its performance since its inception in 2002. In this connection, the Bank financed, over the 2002–2010 period, 48 STAP projects/programs for a total value of US$ 2.6 billion (UA 1.7 billion), and mobilized cofinancing of around US$ 2.0 billion (UA 1.3 billion) from multilateral and bilateral agencies such as the World Bank, the European Investment Bank, Development Bank of South Africa, Agence française de développement, and KfW. The review concluded that the STAP has made a significant contribution to the integration agenda in Africa and has reinforced the urgency for physical and economic integration through prioritized cross-border infrastructure.

The Program for Infrastructure Development in Africa (PIDA) was launched in 2010 as a merger of the NEPAD Medium to Long Term Strategic Framework (MLTSF) and the AUC Master Plans and Continental Policy Initiatives. It is a continent-wide program to develop a vision, policies, strategies, and a program for the development of priority regional and continental infrastructure (transportation, energy, transboundary water resources, and ICT) up to the year 2030. The development of the program began in mid-2010 under Bank management along with key partners, the AUC and the NPCA.

During 2010, additional support was provided to the NPCA for preparing the AU/NEPAD African Action Plan (AAP), which is the defining statement of Africa's current priority programs and projects related to the promotion of regional and continental integration. This followed the Bank-supported review and update of the AAP in 2009. The AAP will be launched at the January 2011 AU Heads of State and Government Summit. Thereafter, the plan will be widely disseminated and will inform Africa's engagement with its development partners.

Total approvals for the Bank Group's multinational operations (including loans, grants, and equity participations) in 2010 amounted to UA 515.1 million for 22 projects and programs, which is a decrease from the 2009 level of UA 1.17 billion. Figure 2.5 shows that in 2010, the largest share (66.6 percent) of loan and grant approvals to multinational projects went to infrastructure (comprising transportation, water and sanitation, ICT, and energy supply) and the remainder to finance (33.3 percent).

One of the key regional infrastructure approvals was the Lake Victoria Water Supply and Sanitation Program (UA 75.4 million), which targeted an important transboundary natural resource, the second largest lake in the world. This program will be implemented in 15 towns in the five East African Community states. With ten countries in the Nile Basin depending on the lake for economic survival, this program promotes regional cooperation, partnership-building, knowledge sharing, institutional and capacity enhancement, and joint ownership of the resources of the lake basin. Another key project was the Nacala Road Corridor (Phase II) (UA 69.4 million), connecting Zambia, Malawi and Mozambique. Its objective is to support economic growth in the SADC area, while fostering regional integration through reliable, efficient, and seamless transportation infrastructure that will increase subregional trade and enhance access to global markets.

Other infrastructure projects that emphasize regional integration include: (i) the COMESA Airspace Integration project to service the countries in the subregion; and (ii) the Kenya Timboroa–Eldoret Road Rehabilitation project to improve transportation links between

Figure 2.5 Sectoral Composition of Loan and Grant Approvals of Multinational Projects in 2010

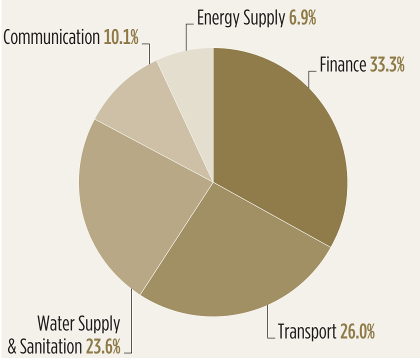
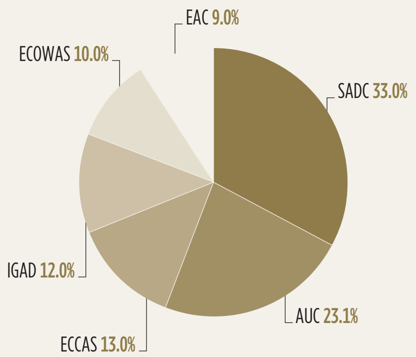


Figure 2.6 Infrastructure PPF Commitments by REC



Kenya, Uganda, Rwanda, Burundi, DRC, and Southern Sudan. In addition, a study was approved by the Bank to promote regional integration for the Central Africa subregion (the Ouesso–Bangui–Njamena road and Inland Navigation on the Congo, Oubangui and Sangha Rivers).

Private sector operations also provide significant support to the Bank's regional integration objective. In 2010, the Bank approved one project loan, one LOC, and 10 multinational private equity investments worth UA 322.5 million for this purpose. A number of these projects promote access to remote areas and link the communities together. They include equity investments in the New Africa Mining Fund, Catalyst Fund, and GEF Africa Forestry Fund. (For details, see the Profiles of Projects and Programs Approved in 2010 at the end of Part I.)

In addition to the above-mentioned projects and programs, the Bank is managing the NEPAD-Infrastructure Project Preparation Facility (NEPAD-IPPF). This aims to mobilize resources for the preparation of regional infrastructure projects and programs in support of NEPAD's goals for sustainable development and poverty reduction, through enhanced economic integration. During the year, through the NEPAD-IPPF, the Bank contributed to the development of ten projects: two in energy, two in transportation, three in capacity building, one in transboundary water resource management, one multisector project, and one in facility management. The total commitments for these projects stood at UA 6.0 million, distributed among various regional economic communities (RECs) (see Figure 2.6).

To complement physical infrastructure investments during the year, the Bank also addressed soft elements through trade facilitation. The Bank's approach incorporates the development of corridors and spans both hardware and software activities. "Hardware" refers to the quality and quantity of trade-related infrastructure (e.g. roads, corridors, and ports). Support was given toward maintaining and rehabilitating road networks, increasing the connectivity of road and railroad networks, and installing container facilities at ports. "Software" includes promoting customs reforms and modernization; strengthening and developing one-stop-border-posts; advancing negotiation and implementation of the trade facilitation agreement of the WTO; and developing logistics services.

SUPPORT FOR FRAGILE STATES

In assisting countries toward economic recovery, the Bank's Fragile States Facility (FSF) provides support in three areas, namely: (i) supplemental investment support in the Bank's key priority areas; (ii) arrears clearance; and (iii) targeted support for capacity building and technical assistance. Through this instrument, the total ADF allocation to fragile states has increased, in particular, to the countries eligible for supplemental support, over and above the country allocation provided under the performance-based allocation (PBA) system.

In 2010, UA 110.7 million was approved in the form of budget support, economic governance reforms, and infrastructure rehabilitation for six countries. At the final ADF-12 replenishment consultations in September 2010, the Deputies agreed to a replenishment amount of UA 764.0 million to be transferred to the FSF, for the ADF-12 period (2011–2013). Further, in October 2010, the Bank operationalized the Zimbabwe Multidonor Trust Fund (the Zim-Fund) and by end-December 2010, an estimated amount of UA 24.5 million (US$ 37.8 million) had been paid into the fund by donors.

The results from all these commitments cannot yet be fully quantified, partly because they are at differing stages of implementation. However, early indicators show improvements in Country Policy and Institutional Assessment (CPIA) ratings and in portfolio performance indicators, such as disbursement ratios and the number of operations supervised. Building on these improvements and the operational challenges in fragile states, the Bank is strengthening its results measurement tools, enhancing the quality-at-entry of its operations, improving portfolio management, and intensifying its engagement at the country level.

This FSF rapid-response instrument complements other Bank support (non-FSF operational instruments) in fragile states. In the period since its establishment in March 2008, this simple, fast, and flexible mechanism has been yielding results. *The arrears clearance process,* for example, has enabled countries under arrears-induced sanctions (such as Togo), to quickly reengage with the international community. The process has also proven effective in assisting such countries to gain access to additional resources for investment in areas such as infrastructure (energy), social sector, and agriculture. *The budget support* has also provided for the rehabilitation of basic social services in infrastructure, in particular water and sanitation. This will result in increased access to safe water for communities in countries like Comoros, Liberia, and Zimbabwe. *Institutional capacity strengthening* in the areas of public financial management, statistical capacity building, and private sector development have been provided across several fragile states. For example, the Bank's support in Somalia has resulted, for the first time in 20 years, in the development of a national budget framework and budget accounts, thereby improving financial transparency and accountability.

SUPPORT FOR MIDDLE-INCOME COUNTRIES

In line with the Bank Group's strategic approach to deepen its engagement in middle-income countries (MICs), its operations in the 13 African MICs emphasize selectivity, focus, and complementarity. The Bank's support is demand driven and tailored to the RMCs' specific requirements, the institution's own internal capacity and resources, as well as its comparative advantage in relation to other international financing entities.

The Bank is now building more effective linkages between sovereign and nonsovereign operations in its MICs. Its approach includes providing competitive loan pricing and improved product marketing; supporting well-targeted nonsovereign operations, particularly through private sector investments; and expanding regional operations where necessary.

In 2010, the Bank Group's approvals for operations in the MICs (excluding multinational projects and programs) amounted to UA 1.88 billion, which is below the level of 2009, but an increase of 69.4 percent over the 2008 level.

The sectoral distribution for Bank Group lending to MICs during 2010 confirms infrastructure to be the major sector, attracting 72.7 percent of all financing, most of which went to the transportation subsector (53.3 percent). The other beneficiary sectors were industry (7.9 percent), social (7.7 percent), finance (7.1 percent), multisector (4.6 percent), and agriculture (0.01 percent) (see Figure 2.7).

The geographic distribution of financing to MICs in 2010 shows North Africa to be the principal beneficiary (78.3 percent), while Southern Africa was allocated 21.7 percent. MICs in Central and East Africa attracted 0.04 percent (see Figure 2.8). This is a reversal of the 2009 distribution, when North Africa attracted 21.8 percent, and Southern Africa was allocated 78.2 percent of the total financing to MICs.

In terms of financing instruments, project lending (for both public and private sectors) continued to be the main financing vehicle in 2010. It accounted for 92.8 percent of total approvals for MIC operations (see Figure 2.9), compared to the 65.3 percent share in 2009. There was a decline in policy-based loans, from 34.1 percent in 2009 to 6.9 percent in 2010. Grants from the MIC Technical Assistance Fund (MIC-TAF), the African Water Facility (AWF), and the Special Relief Fund (SRF) represented a marginal 0.4 percent of the financing.

AGRICULTURE AND RURAL DEVELOPMENT

The Bank Group's new Agriculture Sector Strategy (AgSS) 2010–2014, approved in 2010, is rooted in the Comprehensive Africa Agriculture Development Program, established by the AU in 2003, which

Figure 2.7
Sectoral Distribution of Bank Group Lending to MICs, 2010

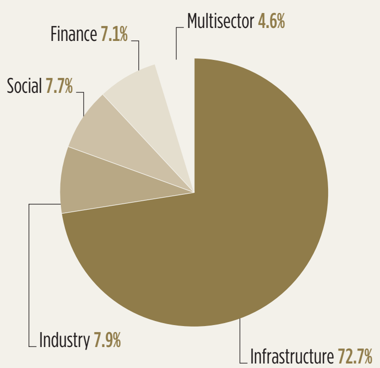


Figure 2.8
Geographical Distribution of Bank Group Lending to MICs, 2010

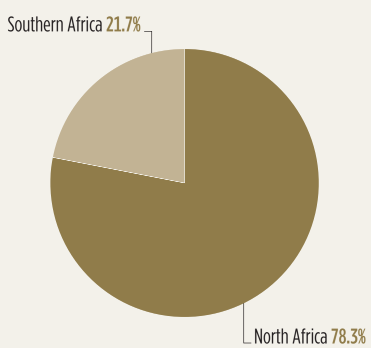
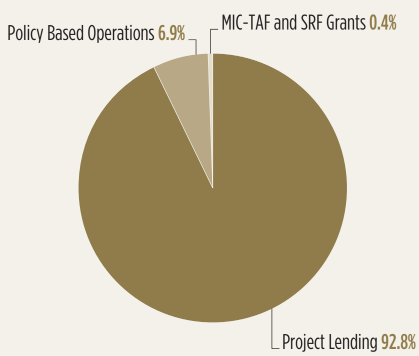


Figure 2.9
Bank Group Lending to MICs by Financing Instruments, 2010



represents the continent's overarching framework for eliminating hunger and reducing poverty. The AgSS is founded on two pillars: (i) the development of agricultural and rural infrastructure and (ii) renewable natural resources management. The objective is to ensure sustainable food security through increased agricultural productivity made possible by investments in irrigation infrastructure, agro-processing, and marketing networks, including transportation and storage facilities and related equipment.

During 2010, the Board approved operations and studies in support of agriculture and rural development, including water resource sustainability, valued at UA 68.3 million. These were for seven operations and two studies in eight countries. Of this total amount, 97.6 percent targeted increased food production, with the balance addressing natural resources management. To ensure sustainable food security in the RMCs, the Bank promotes the full utilization of modern agricultural technologies, including improved seeds and animal breeds, the increased use of fertilizers, and other agricultural productivity-enhancing inputs. Projects approved for the sector include the Agriculture Sector Rehabilitation Project in Liberia and the Markala Sugar Project in Mali (see Box 2.7).

Box 2.7
Mali – The Markala Sugar Project

Context: This is the first public–private partnership operation between Mali (an LIC) and the Bank in the agriculture sector. It is funded from both the ADB and ADF windows. The project is notable in that it will not only boost sugar production, but also generate power for the community in the project area.

Objectives: (i) To ensure a sustainable increase in the income of sector stakeholders (including farmers) and eventually to transform the country into a sugar exporter, thereby boosting the economy and (ii) to produce bio-ethanol, a by-product of the sugar production process, to generate power for the local community.

Project Components
(i) Agricultural Component: Establishing a 14,132 ha irrigated cane estate in Markala, 275 km northeast of Bamako, on the north bank of the Niger River to produce 1.48 million tonnes of sugar-cane per annum.
(ii) Industrial Component: This will comprise a sugar mill, ethanol plant, and power co-generation facility. Each year, the ethanol plant will produce 15 million liters of ethanol, and the co-generation facility will produce 30 MW of electricity.

Approvals: UA 29.0 million was approved for the project from the ADF window. A further loan of UA 25.6 million was approved from the ADB window.

Expected Outcomes:
(i) Growth of Mali's agriculture sector for 2010–2015 period from 5.0 percent to 5.4 percent;
(ii) Improved farmers' incomes – expected eightfold increase;
(iii) Employment creation – 8,000 jobs directly and 32,000 jobs indirectly;
(iv) Rural electrification – 30 MW of electricity produced, supplying power to communities in the project area;
(v) Social services and infrastructure – improved access to social services, including malaria control; also improving access to safe water for the community and employees;
(vi) Increased foreign exchange earnings from sugar exports and additional fiscal revenues; and
(vii) Environmental benefits – eliminating 165,800 tonnes of CO_2 annually.

The Board also approved the Business Plan for Agricultural Water Development and Water Storage Enhancement in 2010. This plan will contribute to the implementation of the AgSS and to meeting targets set in the Africa Food Crisis Response by (i) increasing the area under improved agricultural water management and (ii) expanding water storage capacity in Africa. The objective of the plan is to increase water availability for agriculture, domestic consumption, climate change adaptation, and flood and drought management. It also aims to support capacity building for water resources programming, policy and strategic planning, and to help develop effective institutional arrangements in individual RMCs.

In line with the Bank's operational selectivity, the first year of AgSS implementation has seen most approved investments in infrastructure and renewable natural resources target food security. Similarly, the Bank has used its partnerships with other donors, the private sector, and governments to leverage additional resources and to unlock potential synergies in promoting agriculture and food security. The Liberia Agriculture Sector Rehabilitation Project and the Mali Markala Sugar Project, cofinanced with IFAD and private investors respectively, demonstrate the Bank's success in fostering public–private partnerships and in leveraging resources.

Africa's agriculture sector suffers from another problem: an estimated 40 percent of produce harvested in Africa is lost yearly in the agricultural value chain before reaching the final consumer. To address the situation, in 2010 the Bank prepared a Framework Paper on "Post-Harvest Losses Reduction 2010–2014," based on a background paper prepared collaboratively with the FAO and UNIDO. The aim is to assist RMCs to attain supply chain efficiencies that will reduce quantitative and qualitative losses. This will be achieved through selective investments in rural infrastructure and by employing appropriate post-harvest and agro-processing technologies. For instance, in the Markala Sugar Project in Mali, the Bank is financing cane production and the sugar mill, while private investors finance the construction of an ethanol plant that uses sugar mill waste products.

Leveraging Inter-agency Cooperation in Support of Africa's Agriculture

The new AgSS stresses the importance for the Bank of building and consolidating partnerships with development agencies, regional organizations, bilateral organizations, government ministries, and related agencies. This is necessary in order to leverage each organization's comparative strengths, to achieve economies of scale, and to maximize scarce resources. With this in mind, the Bank during the year under review, pursued its program of cooperation activities in the sector, particularly with the following partners:

- ***World Food Program (WFP).*** The Bank and the World Food Program agreed on a number of collaborative approaches in support of the agriculture sector and food security in Africa. These included: (i) improving vulnerability assessments and early warning systems, and strengthening social and productive safety-nets in fragile states, through policy analysis and advocacy; (ii) exploring the potential for using WFP's Purchase for Progress (P4P) initiative to provide a market for the outputs of ADF-supported programs; (iii) jointly preparing an "Atlas of Climate Change and Food Security in Africa"; and (iv) jointly supporting selected fragile states.

- ***Food and Agriculture Organization (FAO).*** An understanding was reached with the FAO on the preparation of the Cameroon Rural Infrastructure Development Project and the Mauritania Agriculture and Food Security Strategy. They also agreed to jointly analyze the Benin Forestry Sector Review.

- ***International Fund for Agriculture Development (IFAD).*** Agreements were reached to increase cooperation in cofinancing, supervision, analytical work, and in showcasing successful joint operations.

- ***Brazil–Africa Dialogue.*** Within the context of the Brazil–Africa Dialogue on food security, hunger, and rural development, the Brazilian government agreed to expand cooperation programs with RMCs in capacity building, policy design, technical and financial assistance.

- ***IFDC*** agreed to assist the Bank in advancing the Africa Fertilizer Financing Mechanism agenda in order to stimulate private sector interest in the mechanism.

In the course of 2010, several Bank-supported initiatives came to fruition, including the following:

(i) ***Global Agriculture and Food Security Program (GAFSP),*** which had been proposed by the G-20 in 2009, was established in 2010 and its Steering Committee approved grants to Ethiopia (UA 33.4 million) and Niger (UA 21.4 million).

(ii) ***Africa Agriculture Fund (AAF).*** The Bank approved a UA 26.0 million equity investment in the AAF. This is a private equity fund designed to attract private investors into supporting Africa's agro-food sector. Founding sponsors are the AfDB, AFD, IFAD, and BOAD.

(iii) ***African Agribusiness and Agro-industries Development Initiative (3ADI).*** This initiative, cosponsored by the Bank, the AU, ECA, FAO, IFAD, and UNIDO, will mobilize domestic and international financing for agribusiness and agro-industrial development in Africa.

Managing Renewable Natural Resources and Climate Change for Sustainable Development

Value enhancement through judicious management of renewable natural resources (water, forestry, and land) constitutes the second pillar of the AgSS. This will help to reverse land degradation and halt practices that utilize the resource base beyond its regenerative capacity. The aim is enhance climate risk mitigation, sustained productivity of the natural resource base, maintenance of soil fertility, and sustainable development.

To this end, the Bank is working closely with other multilateral development banks to support the Forest Investment Program, which was set up within the Strategic Climate Fund (For further discussion, see the section "Bank's Engagement in Climate Investment Funds" on p. 30). The Bank's forestry policy promotes the sustainable management of Africa's forest resources to ensure environmental protection, the supply of wood, and a steady flow of non-wood forest products. The policy was reviewed in 2010 to better capture the emerging issues, especially in climate change adaptation and mitigation.

The Bank has stepped up its involvement in forestry projects that seek to sequester carbon and reduce emissions from deforestation and degradation (REDD). The Bank is also working with three RMCs (Ghana, Burkina Faso, and the Democratic Republic of Congo) to help them secure funds from the Green Africa Initiative. Supported by Japan, the initiative assists selected African countries to address forest degradation in the dry forest zones through plantation programs using improved tree species.

In the fisheries sector, the Bank is one of the main donor institutions contributing to the management and development of African fisheries, and to the implementation of the NEPAD Action Plan for the Development of African Fisheries and Aquaculture.

PROMOTING SOCIAL AND HUMAN DEVELOPMENT

As part of its overall mission to help lift African nations out of poverty, the Bank supports its RMCs to develop human

capital through effective education, health and social systems geared to achieving the Millennium Development Goals. This section focuses on issues of social and human development, other than those already covered in the previous section on higher education, technology, and vocational training.

To help protect its RMCs against the impact of exogenous shocks, such as food and fuel price volatilities, the Bank hosted a donors' consultation meeting in 2010 to review the Bank's draft paper on supporting social protection in Africa. The meeting recommended Bank intervention in three key areas: (i) *labor market programs* to reduce income poverty through strengthening employability and job creation; (ii) *basic infrastructure and services* to support the development of basic community infrastructure and reduce vulnerability; and (iii) *private sector development* to promote poverty reduction and food security through entrepreneurship, targeting micro, small and medium sized enterprises (MSMEs), investment and economic growth.

Social Protection and Employment Creation

Poverty remains pervasive in Africa, with about half of the population living on less than US$ 1.25 per day. Poverty reduction is therefore central to the Bank's strategy for promoting equitable growth, social and economic development. Social protection represents an increasingly important approach for attenuating poverty and there are sets of instruments at the Bank's disposal to address economic hardship and social exclusion. There is also mounting evidence of the value of social protection as means to boost economic growth.

The MTS underscored the need for the Bank to support investments that empower poor and vulnerable people to share in Africa's economic growth. Furthermore, the Bank's food crisis response targeted social protection interventions. It was against this background that the Bank committed to scale up its support to social protection and pro-poor growth. Consequently, in 2010 the Bank approved UA 146.0 million for five operations aiming to increase income and employment opportunities, social protection, and social cohesion. These included the National Taxi Replacement Scheme (see Box 2.8), amounting to UA 98.9 million, and the Rural Income and Economic Enhancement project for UA 45.3 million, both in Egypt. The other interventions were emergency assistance grants to Zimbabwe and Sudan, and an MIC grant to Gabon.

Recent sociopolitical turmoil across much of North Africa has brought to the fore the importance of addressing social issues. Mindful of this escalating need, the Bank has renewed its emphasis on enhancing the life-chances of Africa's youth by improving the availability of, and access to, decent employment opportunities.

Support to the Health Subsector

The health subsector in Africa is burdened by a growing number of chronic and infectious diseases, which severely challenge the capacity of RMCs to attain the health-related Millennium Development Goals. To maximize its resources, the Bank has to exercise selectivity in its choice of interventions in this area, leveraging its

Box 2.8
Egypt – Support to the National Taxi Replacement Scheme (NTRS)

Background: About 90,000 taxis in Egypt are over 20 years old, causing deteriorating air quality, chronic respiratory diseases, traffic insecurity, transport congestion, high maintenance and fuel costs, loss of incomes to owners and drivers, and negative implications for tourism.

Objectives: To protect and increase the incomes of owners, drivers, and service providers of taxis that are more than 20 years old and to improve access to finance for new cars that are more environmentally friendly.

Project Components:
(i) *Taxi Replacement Financing:* UA 98.9 million loan and grant provided to Nasser Savings Bank (NSB) to complement finance by NTRS of UA 66.3 million for the replacement of 21,250 cars.
(ii) *Institutional Capacity Building:* Strengthening the capacity of the NSB and instituting an M&E mechanism for the scheme.
(iii) *Monitoring & Evaluation:* This comprises the recruitment of a consulting firm to put in place an M&E system; the provision of computer and communications equipment linking project sites and the executing agency; training M&E personnel; and undertaking baseline, midterm and impact assessment surveys.

Expected Outcomes:
(i) Around 21,250 jobs will be protected for targeted taxi-owners and drivers;
(ii) Increase in the incomes of taxi-owners (by around 40 percent) and drivers (by around 100 percent);
(iii) Direct and indirect job creation (approximately 11,500 new taxi-driving and related jobs generated); and
(iv) Reduction in CO_2 emissions.

comparative strengths in relation to other development partners.

In view of the critical shortage of trained health professionals and technicians in RMCs, the Bank has reoriented its support to the sector by:

- reducing its investments in disease-specific health programs in order to focus on interventions for tertiary and technical training;
- supporting national and regional Centers of Excellence for pre-service training;
- building the continent's research capacity to more effectively tackle Africa's unique health challenges;
- engaging in strategic partnerships to leverage additional donors' and local resources to finance medical education in African universities;
- focusing on innovative health-care delivery financing through community-based insurance schemes and public–private partnerships, among others; and
- engaging in strategic international health partnerships to leverage global resources. These partnerships include the Harmonization for Health in Africa, which was launched in 2007, and is a joint initiative by the Bank Group, UNAIDS, UNFPA, UNICEF, WHO, the World Bank, and the African Program for Onchocerciasis Control.

During the year under review, the Bank commissioned background studies with a view to enhancing its Human Development Strategy. This will include a reassessment of the modalities for leveraging the health and social protection dimensions within the framework of the updated strategy.

ENERGY, ENVIRONMENT, AND CLIMATE CHANGE

In 2010, the Bank established the Energy, Environment, and Climate Change Department as a timely response to its RMCs' evolving needs and priorities. The Department comprises two geographically focused Energy Divisions and one Environment and Climate Change Division. Furthermore, the Bank's Quality Assurance and Results Department supports all departments within the Bank to ensure that every project complies with its environmental and social safeguards. It also assists in mainstreaming climate change at policy and advocacy levels.

In accordance with its MTS, the Bank is positioning itself as the lead financier for energy-related investments in Africa, while supporting low-carbon development in the continent. In pursuit of this objective, the Bank has begun to formulate its Energy Strategy. During the year, the Bank approved UA 887.6 million for 14 new operations in the energy sector (see the discussion of Energy under the Infrastructure section for further details).

Regional Focus

The cost of electricity in Sub-Saharan Africa is very high relative to income levels. This stems from two principal causes: (i) limited supply and (ii) the high unit cost of production and transmission. At the same time, some of the most promising clean power resources in the continent (e.g., wind and water) remain undeveloped because of the remoteness of their locations relative to major centers of demand, which increases the cost of their development.

The five NELSAP countries (Burundi, Democratic Republic of Congo, Kenya, Rwanda, and Uganda) are implementing the East African Power Pool to support power trade within the subregion. The Bank has committed UA 99.8 million of the total UA 160.2 million financing for the project. The pooling of resources and increasing power trade has facilitated an increased energy supply in the national and regional grids. The benefits of this pooling include reductions in energy transmission losses and lower costs to the end consumers. Furthermore, there are environmental benefits to be gained by reducing dependence on polluting thermo-energy.

Combating Climate Change

The Bank's activities in this area include the following:

- conducting environmental and social assessment, due diligence, and supervision of all new and ongoing operations within the Infrastructure Complex;
- preparing categorization requests for Environmental and Social Impact Assessment/ Resettlement Action Plan summaries to ensure compliance with the Bank's environmental and social safeguards;
- contributing to the preparation of management responses and the implementation of action plans for addressing complaints over the non-compliance of Bank policies and procedures. This relates to operations for review by the Independent Review Mechanism on issues of an environmental and social nature;
- mainstreaming climate change adaptation into the Bank's operations by developing a Climate Safeguards System composed of a screening manual, a screening tool, and a climate change knowledge base;
- developing a subregional training program to enable Bank staff and RMC officials to apply climate change safeguards and policies, thereby enhancing project quality; and
- producing advocacy materials on climate change and safeguards, and conducting related thematic studies.

The Bank supports sustainable land management in most of its agricultural projects. In this regard, it is mainstreaming land management issues into its project design. The institution is also taking an active role in the implementation of the United Nations Convention to Combat Desertification in RMCs.

Bank's Engagement in Climate Investment Funds

In the area of mobilizing resources to help mitigate climate change, the Bank was highly engaged during 2010. It launched the African Carbon Support Program (ACSP) and collaborated with other MDBs on climate change innovation. Furthermore, at the Climate Conference in Cancun, Mexico, in December, the Bank's President called on the international community to support the establishment of an African Green Fund, to be hosted by the Bank. In addition, the Bank approved the Climate Investment Fund Implementation Mechanism, and Africa secured as much as US$ 810.0 million (UA 516.0 million) in funding from various Climate Investment Funds.

Clean Technology Fund (CTF) and Strategic Climate Fund (SCF): The Bank is participating in both the CTF and the SCF. This pair of financing instruments was set up to channel grant resources, concessional loans, and risk mitigation instruments to developing countries through multilateral development banks, including the Bank. The aim is to leverage additional funds through the blending of the Bank Group's limited resources for climate solutions with those of other MDBs, together with national and private sector resources.

Within the SCF, the Forest Investment Program (FIP) mobilizes funds in support of the reduction of emissions from deforestation and degradation (REDD), and to promote sustainable forest management that will protect carbon reservoirs. The FIP has enabled the Bank to increase its involvement in forestry projects; consequently, UA 90.9 million was earmarked to support forestry initiatives in Ghana, Burkina Faso, and the Democratic Republic of Congo. In addition, the Bank is engaging in the ongoing consultations with the Forest Carbon Partnership, UN REDD, the Forest Investment Program, and the Global Environmental Facility, which are the key agencies financing the REDD initiatives.

The CTF and SCF finance four programs:

- *The CTF*, with a funding amount of UA 519.5 million (US$ 800.0 million) earmarked for Africa, finances the Pilot Program on Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Scaling up Renewable Energy in Low Income Countries (SREP). Of this total, UA 405.8 million is targeted for CTF operations in Egypt, Morocco, Nigeria, South Africa, and Tunisia.

- *The SCF* budget of UA 116.9 million (US$ 180.0 million) is assigned to operations in PPCR pilot countries (Mozambique, Niger, and Zambia), FIP beneficiary countries (Burkina Faso, Democratic Republic of Congo, and Ghana), and SREP pilot countries (Ethiopia, Kenya, and Mali).

Africa Carbon Support Program (ACSP): This two-year technical assistance program was launched by the Bank in November 2010, with resources from the Fund for African Private Sector Assistance (FAPA). The ACSP assists RMCs to access carbon finance by ensuring the commercial feasibility of their projects. Furthermore, it supports capacity-building activities for government agencies responsible for developing projects eligible for carbon finance. It also supports the documentation of research findings in the area of climate change vulnerability and adaptation options.

Global Environment Facility (GEF): This facility was created in 1991 to provide grants and concessional funding to cover the additional costs associated with transforming a project with national benefits into one with global environmental benefits. The Bank, as Executing Agent, has direct access to GEF resources to increase its pipeline of projects relating to sustainable environmental management, biodiversity, and climate change. In 2010, the Bank helped its RMCs to secure UA 16.2 million (US$ 25.0 million) in project funding with grant resources from the GEF.

Sustainable Energy Fund for Africa (SEFA): The SEFA was conceived to support the provision of energy to African SMEs to stimulate economic growth and increase employment. Following the Danish government's approval of the SEFA program document in 2010, the program will become operational in 2011.

ClimDev-Africa Special Fund (CDSF): This multidonor facility was set up to finance Climate Information for Development in Africa (ClimDev-Africa), which is a joint initiative of the AUC, AfDB, and ECA. Its objective is to integrate climate information and services into development planning and to mainstream climate considerations into policies and programs.

PROMOTING GENDER EQUALITY

A new Gender and Social Development Monitoring Division has been established to ensure the quality-at-entry of operations and better results monitoring. In addition, gender is being mainstreamed in Bank operations across various sectors and at all stages of the project lifecycle. During 2010, for the first time, the Bank included gender equality in quality assurance and monitoring. Gender equality is being mainstreamed into the new Supervision Reporting format, the new Operations Manual, and the revised CPIA rating system. In addition, following a trial run during the course of the year, the Bank developed a gender results tracking system which proposes gender equality as a new quality-at-entry standard to be included in the Readiness Review.

To assist its operations, during the year the Bank produced three new Country Gender Profiles and conducted assessments of gender mainstreaming in Social and Human Development, and gender-responsive budgeting. It also mainstreamed gender equality in some policies, including the Bank's new Energy Policy. Gender specialists in Operations and in Quality Assurance and Results Monitoring assisted in raising the quality of operations by participating in the project-cycle activities, CSPs, and other country dialogue work.

In the area of partnerships, the Bank deepened its collaboration with the OECD/DAC gender network. It also collaborated with the "New Faces and New Voices Network" and organized the Africa Women's Economic Summit. The Summit is a forum for business women, bankers, and politicians to discuss the challenges and opportunities of expanding women's access to financial products and decisionmaking. During the Bank's 2010 Annual Meetings in Abidjan, a meeting was held on the implementation of the UN security resolutions on "Women in Fragile States: From Passive Victims to Active Agents of Change."

KNOWLEDGE DEVELOPMENT FROM OPERATIONAL ACTIVITIES

Knowledge from the Bank's operational activities comprises an evolving accumulation of lessons – some positive and others negative – which accrue from the institution's decades of experience in development activities in Africa. This knowledge needs to be fully utilized if Bank-supported operations, programs, and policies are to attain their expected development objectives. To that end, it is important for this knowledge to be documented, internalized, and applied to future projects and programs. This will help to avoid the pitfalls of the past, while building on the positive lessons in the day-to-day planning and implementation of the Bank's interventions.

In this regard, the knowledge development products can be classified into three categories: (i) economic and sector work (ESW); (ii) strategic products and events; and (iii) operational lessons and recommended best practices, as elaborated below.

Economic and Sector Work (ESW) in 2010

Private Sector Operations

Given the rapid expansion of private sector operations, the Bank has increased the involvement of this function in ESW. Accordingly, the sector staff have become increasingly involved in the preparation of Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs) to ensure adequate and appropriate coverage of private sector issues in these documents.

Social and Human Development

Two sector studies were carried out in the area of Social and Human Development, namely: (i) the Angola study entitled "Rapid Microfinance Sector Assessment: Opportunities and Challenges for AfDB" and (ii) the Mozambique study entitled "Pre-Feasibility Study on Weather Index:

Micro Insurance for Rural Livelihoods Protection." The Angola study indicates that there are indeed opportunities for a vibrant microfinance industry based on previous successful initiatives. The Mozambique study shows that in the context of current and future investments in climate adaptation and resilience, there is both a need and a potential for transferring drought-related risk between years.

Regional and Country Programming
Four studies were undertaken on The Gambia, Senegal, Mali, and Gabon. Some of the key findings from two of these studies are presented below.

- *The Gambia* – The study on "Improving Civil Service Performance" found that the civil service is small, understaffed at higher levels, and overstaffed in lower ranks; furthermore it is poorly paid, of weak capacity, and in need of general reform (including pay reform).
- *Gabon* – The study on "Private Sector Development" contributed to the design of public policies geared toward the development of the private sector, which is the linchpin of economic diversification, growth, and poverty reduction. The study assessed the quality of institutions that influence the expansion of activities, focusing particularly on transaction costs. It examined various constraints on private sector development, highlighting those that require immediate action and measures to be taken to stimulate or revitalize key diversification sectors. The study also recommended reforms, which are being implemented by the government.

Strategic Products and Events during 2010

Water Sector
In its pursuit of nontraditional sources of funding, the Bank:

(i) presented a paper on the theme "Financing Investments in Water for Growth and Development" at the Third Africa Water Week (Addis Ababa, November 22–26, 2010); and
(ii) published five major studies that explore thematic issues for water sector investment, including water sector governance, user fees, and cost recovery for urban/rural water supply and sanitation services.

Private Sector
The private sector function of the Bank has assumed a growing role in knowledge events and in creating key strategic products, including:

(i) articles and essays on the progress of private sector growth in Africa, published in the Commission for Africa Report and in a publication on Africa's private sector progress by McKinsey & Company;
(ii) a report on the status of "Africa's Trade Finance Market," for a high-level roundtable chaired by Pascal Lamy and the AfDB President, in connection with the Africa Economic Conference in Tunis in October 2010; and
(iii) a policy brief, titled "A Preliminary Assessment of the Implications of Financial Regulatory Reform for African Countries," in response to the global financial crisis.

Economic Governance and Reform
In support of economic governance and reforms, the Bank:

(i) designed and piloted a new method to better report the contribution of budget support for effective results;
(ii) facilitated, in collaboration with ECA, CABRI, ATAF, and AFROSAI, the Good Financial Governance in Africa Initiative. This produced a baseline study on the trends, challenges, and opportunities for good governance in the financial sector;
(iii) issued Operational Guidance Notes on how to strengthen country systems in public financial management, public procurement, and government auditing; and
(iv) jointly with the OECD, completed a stock-taking report on business integrity and anti-bribery, legislation, policies and practices in 20 countries.

Higher Education, Science and Technology
The midterm review of the Bank's Strategy on Higher Education, Science and Technology (HEST) was conducted during 2010. Experience indicates the need for a holistic vision of education development, which promotes a coordinated programmatic approach. This stands in contrast to the Bank's former approach to the education sector, which was characterized by multiple, small, and uncoordinated interventions.

Energy, Environment, and Climate Change
Preparations for several strategic products were undertaken, including:

(i) the paper, "Mainstreaming Climate Change into Development in West African Portuguese Speaking Countries," as an input to the 2010–2014 Country Strategy Paper for São Tomé & Príncipe;
(ii) the background note on "Financing of Sustainable Energy Solutions in Africa" for the Meeting of the Committee of Finance Ministers and Central Bank Governors (C-10) in October 2010 in Washington DC;
(iii) inputs to the 2010 Joint MDB Climate Financing Report; and
(iv) the issue note on "Climate Change and the Environment," as an input to the Regional Integration Strategy Paper for North Africa, 2010–2014.

Gender Equality
The Bank undertook activities in the following areas:

(i) the gender results & resources tracking system and the tracking of gender as a quality-at-entry standard;
(ii) the methodology for collecting qualitative data on the results of its

project interventions in postconflict and fragile states, including measures against gender-based violence in Côte d'Ivoire;

(iii) gender profiles of Swaziland, Comoros, and the Central African Republic and fieldwork for gender profiles in The Gambia, Sierra Leone, and Burundi;

(iv) a multinational study on gender-responsive budgeting in four countries;

(v) gender assessments of poverty reduction, health, and education projects in the Bank;

(vi) gender-sensitive studies on labor force participation in Botswana and Mali; and

(vii) concept notes on "Gender and Infrastructure" and "Gender and Climate Change."

Regional, Country Programming and Policies

The Bank undertook a number of thematic background studies to feed into the preparation of the Regional Integration Strategy Paper (RISP) for Southern Africa, 2011–2015. These in-depth studies, conducted through a broad consultative process with stakeholders in the subregion, related to: (i) trade performance, challenges, and opportunities; (ii) macroeconomic performance across countries in the subregion; (iii) private sector financing of infrastructure; and (iv) development in the following subsectors: transportation, energy, and ICT.

Other knowledge products included:

(i) *The African Development Bank Group in North Africa report,* which summarizes Bank activities in the six countries of the subregion;

(ii) monthly Intelligence Newsletters on North Africa, which provided a regular update on sociopolitical and economic developments in the subregion;

(iii) North Africa Regional Integration Strategy Paper (RISP);

(iv) seven issue notes, which are soon to be published in an ad-hoc ESW, to be annexed to the North Africa RISP in 2011;

(v) Management Information System (MIS), which gives a monthly updated summary brief on North Africa's portfolio ranging from pipeline operations to ESW; and

(vi) study on domestic resources mobilization covering the East African Community (EAC) member countries, with South Africa and Korea as cases for comparison. This study produced six detailed country assessments of domestic resource mobilization (five EAC countries and South Africa), which focused on tax policy and administration.

NEPAD, Regional Integration, and Trade

The Bank published a report titled: "Financial Sector Integration in Three Regions of Africa: How Regional Financial Integration Can Support Growth, Development, and Poverty Reduction". This study, which focuses on the Arab Maghreb Union (AMU), the Central African Economic and Monetary Union (CEMAC), and the Common Market for Eastern and Southern Africa (COMESA) countries, examines the status of regional financial integration in each REC. The report identifies the challenges and opportunities for progress, makes proposals on the way forward, and suggests future areas of Bank support.

Operational Lessons and Recommended Best Practices

Social and Human Development

The following are the recommendations and best practices that emanated from the Bank-supported operations for Social and Human Development:

(i) Government perspectives need to be given prominence in the design of programs to ensure country ownership, since this is crucial for program success and sustainability.

(ii) The design of new programs must be preceded by a thorough analysis of the political economy of the country and baseline surveys.

(iii) The effective participation of civil society is essential in project design and preparation, and throughout the project cycle to ensure stakeholder ownership, project quality-at-entry, as well as its success and sustainability.

(iv) Effective M&E systems and the strengthening of national capacities for project management are essential for ensuring effective project implementation, the attainment of desired development impacts, and the sustainability of project benefits.

(v) Thorough supervision during implementation is critical to program success and should entail frequent visits and adequate mission duration on the part of Bank supervision teams. These teams should be equipped with the complete range of relevant skills, and be authorized to make certain decisions while in the field.

(vi) There should be increased flexibility and delegation of decisionmaking on operational and financial matters to Field Offices and project supervision teams, in order to facilitate speedy project implementation.

(vii) RMCs and the Bank should finance a small number of large programs in each country, rather than a large number of small projects spread all over the country.

NEPAD, Integration, and Trade

A review of the performance of the NEPAD/STAP program made the following recommendations:

(i) REC priorities should be aligned to country priorities, as this enhances country ownership, thus improving performance.

(ii) Technical capacity should be strengthened to ensure the sustainability and effectiveness of operations.

(iii) Program performance will be better ensured if all stakeholders are adequately consulted in the planning stages of integration programs.

Agriculture and Rural Development
A review of the operational experiences in this sector indicated the following:

(i) In planning projects, traditional authorities must be involved, as they often have controlling power and interest in issues of land tenure.
(ii) In projects involving infrastructure development in conjunction with social, economic, and community development activities, the sequencing of activities is critical for success, with infrastructure development to precede the social activities.
(iii) Project design should include the provision of access roads to all project sites for ease of supervision and to improve project sustainability.
(iv) Delays in project start-up and resulting inflationary effects should be anticipated when estimating and preparing the project budget at appraisal.
(v) When project implementation has begun, a redirection study should be undertaken, to enable the Bank and government to cancel or redirect the project if this proves necessary.
(vi) Improving and extending financial services to the poor requires the strengthening of rural microfinance institutions (MFIs), including rural community banks (RCBs), in order to expand their outreach.

Regional, Country Programming, and Policy
A review of private sector development in Gabon highlighted the following lessons:

(i) Multifaceted support needs to be given to streamlining private enterprise structures, so as to improve their performance, thereby reducing costs and boosting productivity.
(ii) The quality of appraisal reports could be improved through a clarification of objectives and activities, and the preparation of detailed implementation schedules.
(iii) Institutional support should be provided, including the training of project managers before the official launch of projects, to strengthen the capacity for procurement and for the supervision of works.
(iv) The physical and financial monitoring of projects should be enhanced.

In connection with the Bank's engagement in fragile states, the following are some of the lessons learnt. At the country level, human capacity constraints in key sectors continue to pose challenges to reconstruction efforts. Added to that is the need to address state legitimacy and establish a transparent and judicial process. Job creation and food security remain at the top of the development agenda, followed closely by the need to improve the private sector investment climate.

Evaluation of Operations
The reviews of Project Completion Reports (PCRs) and Expanded Supervision Reports (XSRs) (which are PCRs for private sector operations), highlighted the following lessons:

(i) *Project Design:*
   - to strengthen projects by paying more attention at the design stage to risk factors, and
   - to undertake adequate feasibility studies and other analytical work during project preparation.

(ii) *Project implementation:*
   - to reduce the complexity of the administrative procedures demanded by the Bank and borrowers, and
   - to ensure that supervision is carried out regularly and by teams with an adequate skills mix.

(iii) *Infrastructure projects:*
   - to take adequate account of the capacity constraints of borrowers, and
   - to coordinate projects in the same or related sectors in order to achieve greater development impact and synergies.

(iv) *Procurement:*
   - to pay increased attention to procurement planning and management in order to minimize delays which may threaten project outcomes and the overall success of a project.

(For a discussion of Knowledge Management and Development arising from research and capacity building, see Chapter 4.)

RESOURCE MOBILIZATION

The Sixth General Capital Increase (GCI-VI)

In response to the financial crisis, the Bank frontloaded its commitments, put in place new instruments to facilitate trade, restructured its portfolio, and speeded up its operational processes. As a result, the Bank used up its available resources more quickly than previously anticipated, although some adjustments to liquidity policy and temporary additional capital provided by Canada and Korea helped to limit the constraints. Nevertheless, it was clear that the Bank needed an earlier Capital Increase than had been foreseen in the Bank's Medium-Term Strategy, 2008–2012.

During the Bank Group Annual Meetings, on May 27, 2010 in Abidjan, the Board of Governors endorsed a 200 percent increase in the Bank's capital resources from UA 24.00 billion (US$ 35.00 billion) to UA 67.69 billion (US$ 100.00 billion). This substantial increase will allow the Bank Group to sustain a higher level of lending, including to the private sector, in response to sustained demand from its RMCs, both low- and middle-income countries.

To ensure an efficient use of the additional resources made available by its shareholders, the Bank has been implementing a program of institutional reforms, in order to strengthen its capacity. To that end, a reform matrix has been elaborated, targeting improvements in areas such as: Bank strategies and policies, business processes, project quality-at-entry and results, risk management, information disclosure policy, and communications.

ADF-12 Replenishment Consultations

Consultation meetings on the twelfth replenishment of the African Development Fund (ADF-12) commenced on October 21, 2009 in Helsinki (Finland) following the conclusion of the ADF-11 Mid-Term Review. The second consultation meeting was held in Cape Town (South Africa) on February 22–23, 2010, with the third meeting held in Abidjan (Côte d'Ivoire) on May 27–28, on the fringes of the 2010 Bank Group Annual Meetings. The final replenishment meeting was held in Tunis on September 7–8, 2010.

The ADF-12 replenishment consultations came at a critical time for the African continent. With only five years remaining before the 2015 MDGs deadline, Africa stands out as the continent with the biggest development financing gaps. The 2008–2009 global economic and financial crises further challenged ADF countries, particularly fragile states, and jeopardized the gains Africa had made over the past several years.

Participants at the ADF-12 replenishment consultations commended the Fund for its expeditious response to the needs of its clients under the ADF-11 period. It was underscored that the Fund had achieved unprecedented levels of commitments, particularly in its strategic priority areas of infrastructure, governance, support for fragile states, and regional integration. Both commitments and disbursements have doubled compared to ADF-10, demonstrating the ADF's capacity, flexibility, and commitment to Africa's development.

Accordingly, for the ADF-12, State Participants agreed on a replenishment level of UA 6.10 billion (US$ 9.5 billion) for the three-year period 2011–2013. The replenishment represents a 10.6 percent increase in State Participants' contributions over ADF-11, and a 5.8 percent increase in total ADF resources. The donors further agreed that 20.0 percent of the ADF-12 resources would be allocated to the regional operations envelope, and that UA 764.0 million would be transferred from the ADF-12 resources to the Fragile States Facility (FSF). Under ADF-12, the Fund is committed to building on ADF-11's strong track record, while it continues to enhance its delivery capacity and account better for its development impact and effectiveness in ADF client countries. To this end, the Fund has adopted a comprehensive framework for measuring and reporting development results on the ground.

ADF-11 Resources, Allocation, and Utilization at end-December 2010

The total resources for the ADF-11 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 available ADF-11 resources amount to UA 5.89 billion. The amount set aside from ADF-11 resources for the Fragile States Facility (FSF), regional operations, Project Preparation Facility (PPF), and contingencies total UA 1.76 billion. This leaves UA 4.14 billion available for allocation to the 40 ADF-eligible RMCs under the Performance-Based Allocation (PBA) process. At end-December 2010, 95.0 percent of the ADF-11 resources available for allocation under the PBA system had been committed.

The PBA system determines the amount of ADF resources to be 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 2010 is presented in Box 2.9.

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

The Bank mobilizes resources for the Enhanced HIPC initiative for the benefit of the 33 eligible RMCs after they have reached their decision and/or completion points. During 2010, the Bank Group approved completion point debt relief assistance for Congo Republic and Liberia, in addition to decision point assistance for Comoros. This brings the total number of countries that have qualified for irrevocable HIPC debt relief at year-end 2010 to 23 (Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Congo Republic, Ethiopia, Gambia, Ghana, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São Tomé & Príncipe, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia) (see Figure 2.10). Three more RMCs (Democratic Republic of Congo, Guinea Bissau, and Togo) received approval in 2010 of irrevocable HIPC debt relief at completion point by the Bretton Woods Institutions, but Bank Group approval is only expected in the first quarter of 2011.

Four countries (Chad, Comoros, Côte d'Ivoire, and Guinea) remain at decision point, while three countries (Eritrea, Somalia, and Sudan) are at pre-decision point. Two of the pre-decision countries (Somalia and Sudan) have large arrears that need to be cleared before the countries become eligible for HIPC, and later MDRI, debt relief assistance.

The Bank Group provides an opportunity for arrears clearance operation for pre-decision-point RMCs through its Fragile States Facility (FSF). The arrears cleared through the facility are counted as part of the Bank Group's debt relief assistance package. From 2000 to end-2010, the Bank Group cleared the arrears for Burundi, Central African Republic, Comoros, Congo Republic, Côte d'Ivoire, Democratic Republic of Congo, Liberia, and Togo before they reached their decision points.

Box 2.9
DSF Country Classification Applied during 2010

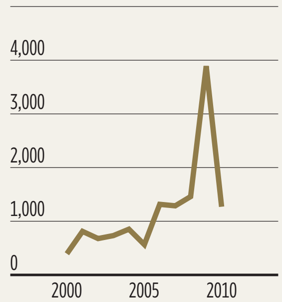
DSF Classification	Countries
Green – Loan Only (12)	Cameroon, Cape Verde, Kenya, Madagascar, Mali, Mozambique, Nigeria, Senegal, Tanzania, Uganda, Zambia, Zimbabwe
Yellow – Loan/Grant Combination (11)	Angola, Benin, Chad, Ethiopia, Ghana, Lesotho, Malawi, Mauritania, Niger, Rwanda, Sierra Leone
Red – Grants Only (17)	Burkina Faso, Burundi, Central African Republic, Comoros, Congo Republic, Democratic Republic of Congo, Côte d'Ivoire, Djibouti, Eritrea, Gambia, Guinea, Guinea Bissau, Liberia, São Tomé and Principe, Somalia, Sudan, and Togo

Figure 2.10
Classification of RMCs by HIPC status (at end December 2010)

STATUS OF COUNTRIES

Completion Point		Decision Point	Pre-Decision Point
Benin	Mauritania	Chad	Eritrea
Burkina Faso	Mozambique	Comoros	Somalia
Burundi	Niger	Côte d'Ivoire	Sudan
Cameroon	Rwanda	Dem. Rep. Congo	
C.A. Rep	São Tomé	Guinea	
Congo Rep.	& Principe	Guinea Bissau	
Ethiopia	Senegal	Togo	
Gambia	Sierra Leone		
Ghana	Tanzania		
Liberia	Uganda		
Madagascar	Zambia		
Malawi			
Mali			
23		7	3

Figure 2.11 Resources Invested by the Bank Group in Cofinancing Projects, 2000-2010 (UA millions)



Cost of the HIPC Initiative
The overall cost of debt relief for the 40 HIPCs worldwide is estimated at US$ 76.2 billion in end-2009 NPV terms, of which the costs to multilateral creditors account for 45 percent (US$ 34.2 billion). The Bank Group's total commitment is estimated at US$ 5.4 billion, in NPV terms. This represents 7.0 percent of the initiative's cost to all creditors and 16.0 percent of the cost to multilateral creditors.

The Bank Group finances its participation in the HIPC Initiative using internally generated resources as well as donor contributions, which are managed by the Debt Relief Trust Fund – DRTF (formerly the HIPC Trust Fund, and administered by the International Development Association of the World Bank). The contribution from the Bank Group's internal resources typically finances 15–20 percent of the estimated cost of each beneficiary country, while 80–85 percent of the cost is financed through donor contributions.

Multilateral Debt Relief Initiative (MDRI)

The MDRI provides additional debt relief to eligible RMCs that have reached their HIPC completion points. Under the MDRI, donors are committed to cancel ADF loans for debts outstanding and disbursed as at December 31, 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 total estimated cost (updated in July 2010) of the ADF debts to be canceled under MDRI is UA 5.9 billion (US$ 9.06 billion). As at December 31, 2010, all the RMCs that had reached their completion points and qualified for irrevocable HIPC debt relief assistance have benefited from MDRI debt cancelations worth UA 4.90 billion.

PARTNERSHIPS AND COOPERATION ACTIVITIES

The Bank continued to deepen and diversify its strategic partnerships during 2010 at both international and regional levels. Its spectrum of partnerships covers traditional bilateral donors, as well as emerging donors, multilateral development agencies, academic and knowledge institutions, and private sector institutions. Collaboration with African partners has also been strengthened, for example with the African Union, Regional Economic Communities, Regional Development Banks, and African think-tanks. Outreach missions by Senior Management and high-level consultations with key development partners took place during the year, to enhance synergies and development effectiveness through more focused and selective cooperation, in line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. In March 2010, the second AfDB Partnerships Forum was successfully conducted to deepen the dialogue with over 80 partners from around the world.

The Bank's partnerships and cooperation activities aim to leverage its core financial and technical resources through mobilizing cofinancing, trust funds, technical cooperation, staff exchanges, knowledge partnerships, and joint analytical work.

Cofinancing Operations

In 2010, the Bank approved 28 cofinancing projects, comprising 25 national projects and three multinational projects for a total cost of UA 8.41 billion. This figure includes the Bank Group's contribution, that of external donors, plus resources from governments and local financiers. This was a decrease of 56.1 percent from the peak of UA 19.16 billion in 2009 for 36 projects. In respect of the Bank Group's contribution to cofinanced projects in 2010, this amounted to UA 1.28 billion, compared to its 2009 level of UA 3.89 billion (see Figure 2.11).

Of the 2010 total combined cost, the Bank Group's contribution amounted to UA 1.28 billion (15.2 percent), external partners contributed UA 6.14 billion

(73.0 percent), while governments and other local contributions accounted for UA 996.4 million (11.8 percent) (see Table 2.1). A breakdown of external sources shows that in 2010, in addition to contributions from multilateral and bilateral partners, UA 228.9 million was provided by private sector institutions.

Among the multilateral partners, the main cofinanciers were the West African Economic and Monetary Union (WAEMU), the World Bank (WB), the European Investment Bank (EIB), and the European Union (EU). The key bilateral cofinanciers were the United Kingdom, Korea, Japan, Spain, and France (see Figure 2.12).

The sector that benefited the most from cofinanced operations in 2010 was multisector, which attracted UA 3.27 billion of resources. The second largest beneficiary sector was infrastructure (comprising the transportation, communications, water supply and sanitation, and energy subsectors), which was allocated UA 3.17 billion, followed by social at UA 1.63 billion (see Table 2.1). These three sectors combined amounted to 96.0 percent of total cofinanced operations for the year. The sectoral allocation pattern for 2010 represents a departure from the previous year, when infrastructure attracted by far the greatest share (boosted by the Bank's support to a number of large power interconnection projects), followed by social, and then multisector.

New Cofinancing Partnership Agreements/MOUs

Two new framework cofinancing agreements worth UA 454.5 million (US$ 700.0 million) were signed during the year. In September, the AfDB and the Korean Strategy and Finance Ministry signed a Memorandum of Understanding (MOU) extending their UA 129.9 million (US$ 200.0 million) Public Sector Cofinancing Agreement through to 2011–2013. Then in December 2010, the AfDB and the Islamic Development Bank (IsDB) signed an MOU whereby each bank earmarked UA 324.7 million (US$ 500.0 million) for joint project financing in 26 member countries in Africa.

Technical Cooperation Activities

The Bank mobilizes and manages bilateral and multidonor thematic trust funds as well as technical cooperation with donors to leverage its core resources. At the end of 2010, 13 experts had been seconded to the Bank, and nine technical assistance experts had also been assigned, while 16 new secondment and technical assistance arrangements were being finalized with five donors. In 2010, the Bank published an *Annual Report on Trust Funds Management* for the first time, highlighting the major progress and achievements in this area in 2009.

Bilateral Trust Funds

In 2010, a total of UA 21.2 million was approved under the bilateral trust funds to support 66 activities. This represented a 74.0 percent increase over the 2009 level of UA 12.2 million (see Figure 2.13). These activities cover the preparation of Economic and Sector Work (ESW), Regional Integration Strategy Papers (RISPs), and capacity building in the priority areas of infrastructure, governance, private sector, regional integration, and climate change. Finland was the largest donor (UA 8.4 million), followed by Korea (UA 3.4 million), DFID (UA 2.4 million), Norway (UA 2.2 million), and Japan (UA 2 million). By year-end, 152 projects with a total cost of UA 41.34 million were under implementation by 33 departments.

Mobilization of New Bilateral Trust Funds: A total of UA 19.4 million was mobilized in the form of new resources from the governments of Norway, Finland, India, and Korea. Brazil committed UA 3.9 million (US$ 6.0 million) to establish a new fund to promote South–South cooperation, which will be launched in 2011.

In addition, the Bank is collaborating with other MDBs on climate change innovation through Climate Investment Funds. At the Climate Conference in Copenhagen in December 2009, Africa's leadership requested that the continent's share of

Figure 2.12
Bank Group's Principal Confinanciers, 2010
(UA millions)

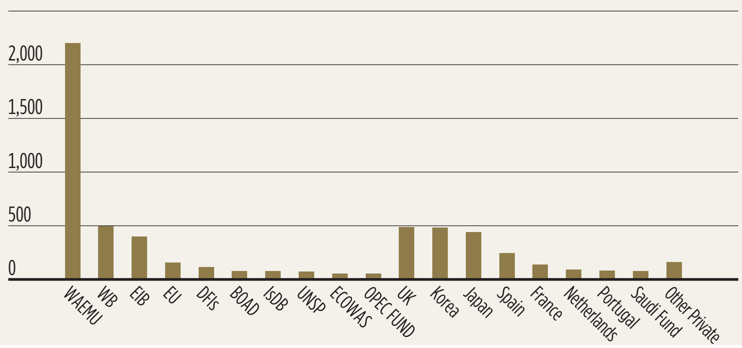


Figure 2.13
Bilateral Trust Fund Approvals,
2004-2010

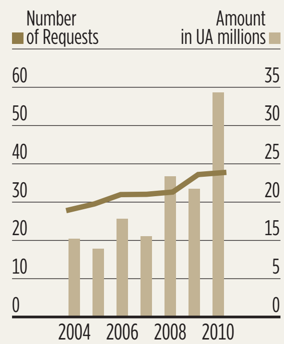


Table 2.1
Cofinancing Operations by Source and Sector, 2010
(UA millions)

	SOURCE OF COFINANCING										
	Bank Group Contribution				External Sources					Total Cost of Cofinanced Projects	Multiplier Coefficient
	ADB	ADF	NTF	Total	Bilateral	Multilateral	Other *	Total	Local * *		
Sector	(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	25.56	34.97	-	60.53	56.73	72.30	43.43	172.46	61.58	294.56	2.85
Social	175.15	-	-	175.15	1,044.63	277.96	130.50	1,453.09	0.68	1,628.92	8.30
Water Supply & Sanitation	-	97.77	-	97.77	29.60	74.79	55.00	159.39	30.50	287.66	1.63
Energy Supply	494.61	77.00	0.71	572.32	557.92	275.11	-	833.03	414.46	1,819.81	1.46
Communications	32.13	-	-	32.13	-	109.24	-	109.24	325.15	466.52	3.40
Transport	70.83	50.40	-	121.23	160.84	196.31	-	357.15	115.92	594.30	2.95
Finance	-	-	-	-	-	-	-	-	-	-	-
Multisector	148.62	51.90	-	200.52	316.94	2,722.09	-	3,039.03	32.00	3,271.55	15.16
Industry, Mining and Quarrying	19.28	-	-	19.28	-	13.75	-	13.75	16.06	49.09	0.71
Environment	-	-	-	-	-	-	-	-	-	-	-
Total	**966.18**	**312.04**	**0.71**	**1,278.93**	**2,166.66**	**3,741.54**	**228.93**	**6,137.14**	**996.35**	**8,412.42**	**4.80**

Source: *AfDB 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*
\- *Magnitude Zero*

Table 2.2
Contributions for Multidonor Thematic Funds, 2010

Donor	Contribution (millions)	Contribution in UA millions equivalent	Fund
Australia	US$ 5.5	UA 3.6	AWF
Austria	EUR 3.0	UA 2.6	AWF
Austria	EUR 2.0	UA 1.3	FAPA
Japan	US$ 4.0	UA 2.6	FAPA
Australia	US$ 9.0	UA 5.3	ZimFund
Denmark	US$ 5.1	UA 3.3	ZimFund
Norway	US$ 7.0	UA 4.5	ZimFund
Sweden	US$ 5.3	UA 3.4	ZimFund
United Kingdom	US$ 15.5	UA 10.1	ZimFund
Total		**UA 36.7**	

resources be channeled through the African Development Bank. In response to this, the Bank is developing the Africa Green Fund to receive these new resources.

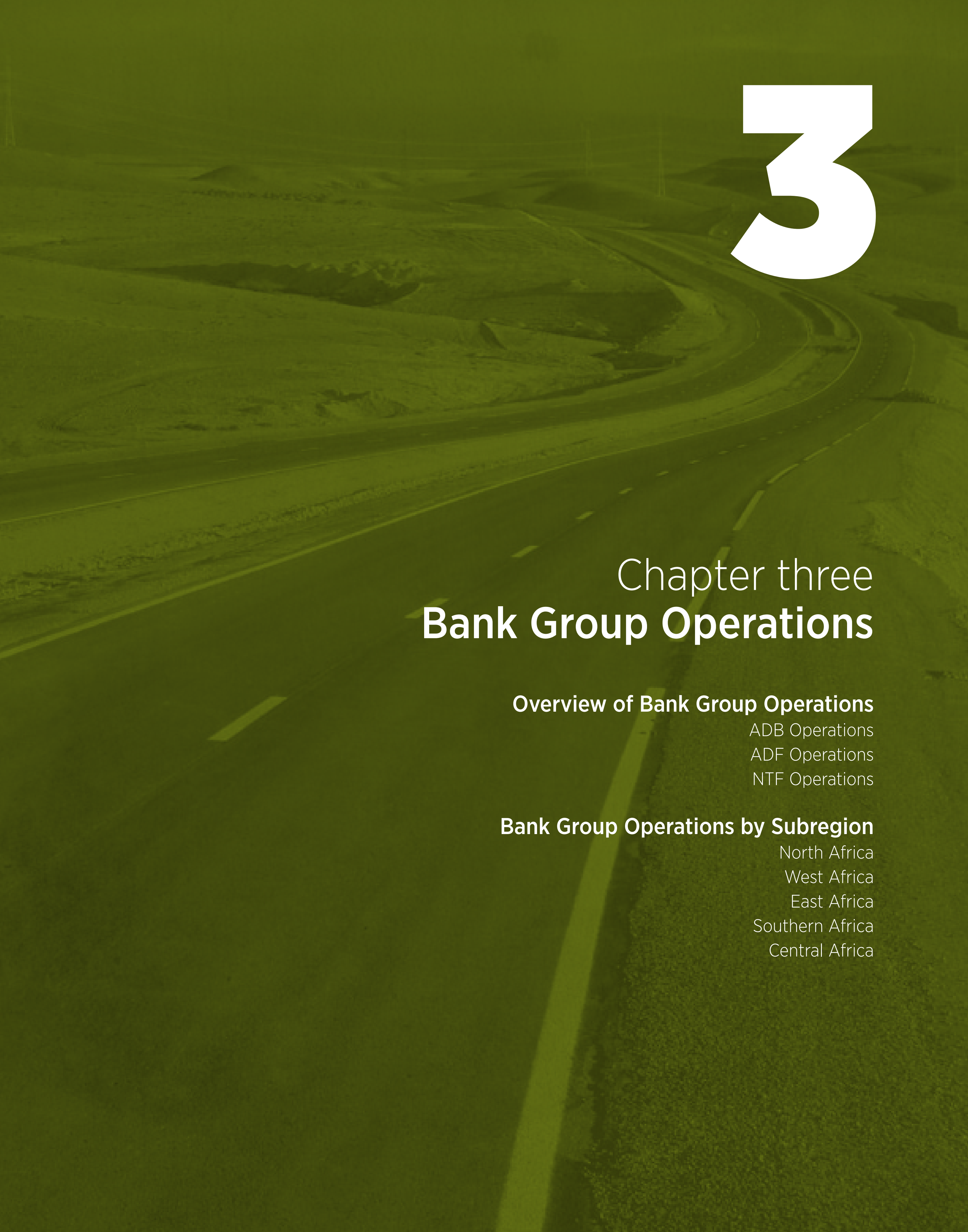
Multidonor Thematic Funds

A total of UA 34.2 million was approved under thematic trust funds in 2010 to support 28 projects. Thematic funds currently support private sector development, water and sanitation projects and programs, the Congo Basin Forest, and Regional Infrastructure Project Preparation.

Mobilization of Multidonor Thematic Funds: In 2010, a total of UA 36.7 million was mobilized for multidonor thematic funds. This sum included contributions from Australia and Austria totaling UA 6.2 million for the African Water Facility. Austria contributed UA 1.3 million for FAPA, while Japan replenished the fund with an additional UA 2.6 million. Notably, UA 26.6 million (US$ 42.0 million) was mobilized to establish a Multidonor Trust Fund for Zimbabwe (the Zim-Fund), with contributions from Australia, Denmark, Norway, Sweden, and the UK (see Table 2.2).

Institutional Partnerships

During the course of the year, the Bank followed up on the implementation progress of more than 140 partnership agreements and MOUs that had been formalized with over 70 development partners. New strategic partnerships for knowledge development were established with: the Development Bank of Southern Africa (DBSA) and the Government of the Republic of Korea. Furthermore, a partnership was undertaken with the Korea Trade-Investment Promotion Agency for trade and investment promotion; as well as a framework MOU with the Millennium Challenge Corporation (MCC) of the US. The Bank's tripartite partnership with the World Bank and the European Commission was reinvigorated, with the focus on upstream policy harmonization.



3

Chapter three

Bank Group Operations

Overview of Bank Group Operations

ADB Operations

ADF Operations

NTF Operations

Bank Group Operations by Subregion

North Africa

West Africa

East Africa

Southern Africa

Central Africa

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

OVERVIEW OF BANK GROUP OPERATIONS

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

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

The distribution of approvals from the Bank Group's three windows shows that the ADB accounted for UA 2.58 billion (63.0 percent), while the ADF accounted for UA 1.46 billion (35.5 percent) and the NTF, UA 29.5 million (0.7 percent). The other instrument for approvals, namely the Special Funds (which cover allocations from the African Water Facility, the Rural Water Supply and Sanitation Initiative, and the Global Environment Facility), accounted for UA 32.4 million (0.8 percent).

There was a decrease of 54.0 percent in the ADB's total approvals in 2010 compared to 2009. Similarly, total approvals from the ADF window fell by 40.0 percent over the 2009 level. However, 2009 was an exceptional year in terms of funding requests from RMCs struggling with the impact of the global financial crisis. Looking back a further 12 months, ADB total approvals for 2010 exceeded that of 2008 by 42.8 percent, while ADF total approvals for 2010 declined by 12.6 percent compared with 2008. As for the NTF, total approvals rose fivefold from UA 5.7 million in 2009 to UA 29.5 million in 2010. Special Funds approvals increased by 16.5 percent from UA 27.8 million in 2009 to UA 32.4 million in 2010.

Bank Group Operations by Sector

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

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

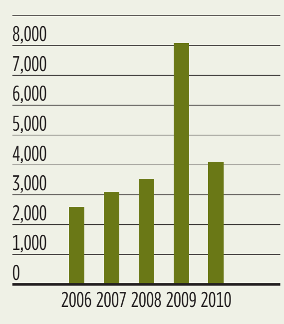
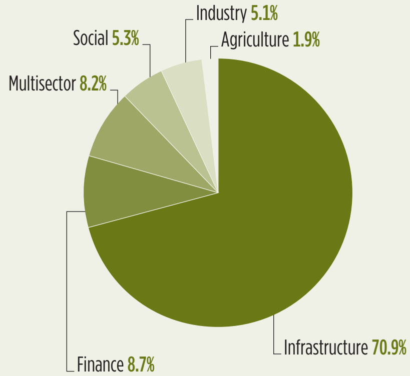


Figure 3.2
Bank Group Loan and Grant Approvals by Sector, 2010



Although the approvals level for infrastructure projects dropped by more than a third from 2009 to 2010 (from UA 3.91 billion to UA 2.60 billion), this sector still dominates the total loan and grant approvals for the year. The transportation subsector benefited from the largest tranche (47.6 percent) of the total infrastructure allocation, followed by energy (34.1 percent), water supply and sanitation (17.1 percent), and communications (1.2 percent). This is a shift from the previous year's pattern of allocations, when the energy subsector received the largest share (57.2 percent), followed by transportation (33.1 percent), water supply and sanitation (7.6 percent), and finally communications (2.2 percent). The Bank's channeling of substantial financial resources to infrastructure reflects its resolve to target high-impact projects that will create an enabling climate for private sector investment, improve competitiveness and productivity in its RMCs, enhance employment opportunities, and support sustainable economic growth.

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

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

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

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

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Note:
* *These are approvals for the operations of the African Water Fund, the Rural Water Supply and Sanitation Initiative, and the Global Environment Facility.*
\- *Magnitude zero*
n.a. *Not applicable*

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

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

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

Cumulative Bank Group Loan and Grant Approvals by Sector

The Bank Group approved a total of 3,526 loans and grants, amounting to UA 55.93 billion during the period 1967–2010. Of the total cumulative approvals, the share of the ADB window was 58.8 percent, the concessionary ADF window 40.6 percent, and the NTF 0.6 percent, respectively. The cumulative Bank Group approvals by sector are presented in Figure 3.3. This shows infrastructure (comprising transportation, energy, water supply and sanitation, and communication) taking the largest share (42.8 percent), followed by multisector (16.6 percent), agriculture and rural development (13.4 percent), finance (12.3 percent), social (9.5 percent), industry, mining, and quarrying (4.9 percent), and other sectors (0.4 percent).

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

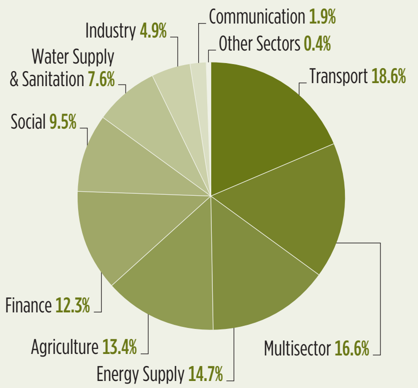
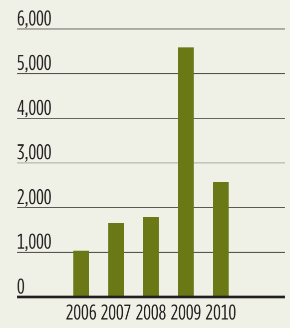


Figure 3.4
ADB Total Approvals, 2006-2010 (UA millions)



AFRICAN DEVELOPMENT BANK (ADB) OPERATIONS

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

The approvals from the ADB window during 2010 totaled UA 2.58 billion for 59 operations, compared to UA 5.60 billion in 2009 for 84 activities (see Figure 3.4 and Table 3.2). This was mainly due to a decrease in both project lending and policy-based loans after the record lending levels of 2009, in the wake of the economic and financial crisis. The approvals level for 2010 was higher than that of 2008 (UA 1.81 billion) by 42.8 percent.

ADB Approvals by Financing Instrument

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

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

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

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

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
0.0 *Magnitude less than 0.05*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

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

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

Cumulative ADB Loan and Grant Approvals by Subregion

During the period 1967–2010, the ADB approved 1,144 operations amounting to UA 32.89 billion, of which UA 5.16 billion was for 154 private sector operations. Figure 3.6 presents the subregional distribution of cumulative ADB approvals. This shows that North Africa received the largest share at 47.7 percent, followed by Southern Africa (22.3 percent); West Africa (14.6 percent); Central Africa (8.0 percent); East Africa (3.7 percent); while multiregional accounted for 3.6 percent. North Africa and Southern Africa, which comprise mainly ADB countries, received 70.0 percent of total loan and grant approvals. This approach confirms the Bank's strategy of utilizing ADB resources to enhance its engagement in MICs and to encourage private sector investment.

Loan Portfolio

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

Disbursements

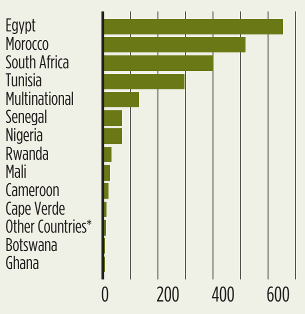
Disbursements from the ADB window in 2010 amounted to UA 1.34 billion, which represents a 43.0 percent decrease from the UA 2.35 billion disbursed in 2009. At end-December 2010, cumulative disbursements (including non-sovereign loans) totaled UA 21.31 billion. By the same date, 810 loans had been fully disbursed for an amount of UA 18.75 billion, representing 88.0 percent of cumulative disbursements.

AFRICAN DEVELOPMENT FUND (ADF) OPERATIONS

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

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

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



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

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

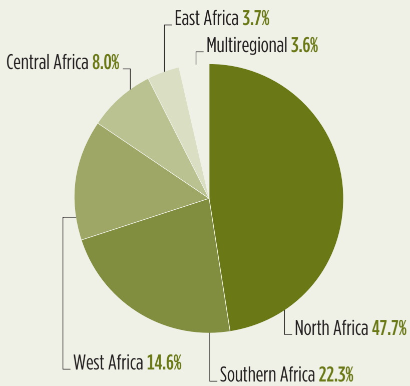


Figure 3.7
ADF Total Approvals, 2006-2010 (UA millions)

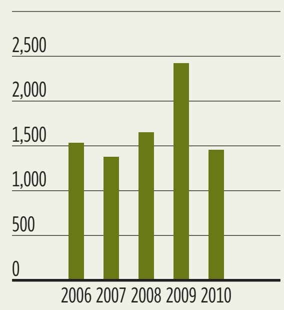


Table 3.3
ADF Approvals by Financing Instrument, 2008-2010 (UA millions)

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

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
0.0 *Magnitude less than 0.05*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

ADF Approvals by Financing Instrument

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

Grant approvals in 2010 stood at UA 585.6 million compared with UA 862.8 million in 2009, which is a decline of 32.1 percent. With respect to ADF allocations for debt servicing, there was almost a tenfold decrease, from UA 259.1 million in 2009 to UA 30.0 million in 2010.

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

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

During the period 1974–2010, ADF cumulative approvals totaled 1,467 loans and 842 grants, for a sum of UA 22.73 billion. Figure 3.9 shows the split of these cumulative approvals by subregion. The West Africa and East Africa subregions, whose constituencies comprise mostly ADF (i.e. low-income) countries, received 31.0 percent and 31.1 percent of the cumulative approvals respectively. Central Africa, on the other hand, which also mainly comprises ADF-eligible countries, received just 9.2 percent. The North Africa and the Southern Africa subregions, which are constituted principally of ADB (i.e. middle-income) countries, received 2.4 percent and 15.3 percent respectively. The share of multiregional operations was 11.0 percent. These cumulative figures therefore are consistent with the Bank Group's policy of targeting ADF resources to operations in low-income and blend countries.

Loan Portfolio

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

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

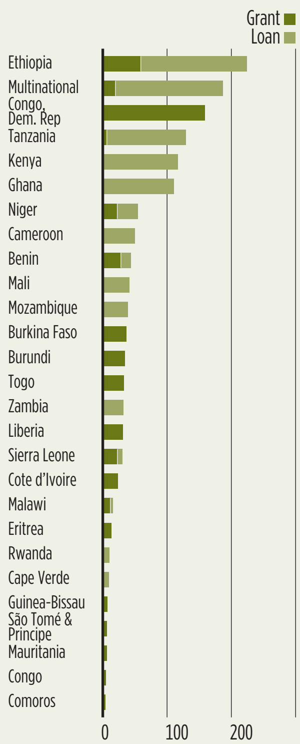


Figure 3.9 Cumulative ADF Loan and Grant Approvals by Subregion, 1974-2010

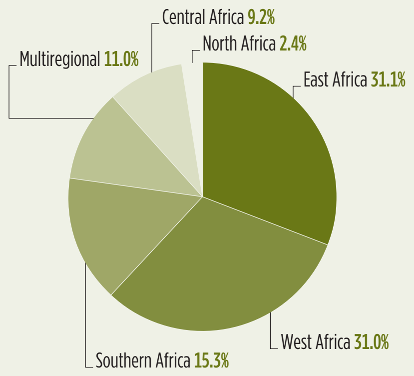
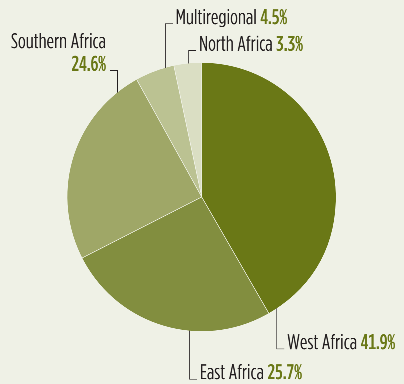


Figure 3.10 Cumulative NTF Loan and Grant Approvals by Subregion, 1976-2010 (UA millions)



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

Disbursements

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

NIGERIA TRUST FUND (NTF) OPERATIONS

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

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

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

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

Loan Portfolio

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

Disbursements

Disbursements increased from UA 4.87 million in 2009 to UA 5.02 million in 2010, representing a rise of 3.1 percent. By December 31, 2010, cumulative disbursements amounted to UA 226.72 million. Sixty-one loans were fully disbursed for a total of UA 205.34 million, representing 91.0 percent of cumulative disbursements.

BANK GROUP OPERATIONS BY SUBREGION

Bank Group Loan and Grant Approvals by Subregion

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

The approvals for 2010 were allocated to the subregions as follows: North Africa, UA 1.47 billion (40.1 percent); West Africa, UA 595.8 million (16.2 percent); East Africa, UA 560.3 million (15.2 percent); Southern Africa, UA 492.8 million (13.4 percent); and Central Africa, UA 234.6 million (6.4 percent). Loan and grant approvals for multinational projects and programs amounted to UA 319.1 million (8.7 percent). The Bank Group's cumulative loan and grant approvals for the period 1967–2010 for all five subregions plus multinational operations amounted to UA 55.93 billion, of which multinational operations totaled UA 3.71 billion (see Annex II-7).

North Africa

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

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

The key projects approved for North Africa were: the Suez 650 MW Steam Cycle Thermal Power Plant in Egypt; the Project to Increase Capacity on the Tangiers–Marrakech Railway Line in Morocco; Road Project VI in Tunisia; the Drinking Water Supply in the Rabat-Casablanca Coastal Area in Morocco; Egyptian Refining Company Project in Egypt; the Support to the National Program for Taxi Replacement Scheme in Egypt; Entreprise Tunisienne d'Activités Pétrolières (ETAP)–Hasdrubal Oil and Gas Field Development Project in Tunisia; and the Public Administration Reform Support Program, Phase IV (PARAP IV) in Morocco. The summary profiles of all projects and programs are presented at the end of Part I.

The sectoral distribution of loan and grant approvals in 2010 shows that infrastructure attracted the largest share at UA 1.10 billion (74.4 percent). Within this dominant infrastructure sector, the energy subsector received the biggest tranche, at UA 458.3 million (41.8 percent), followed by transportation, at UA 454.5 million (41.5 percent), and water supply and sanitation, UA 182.7 million (16.7 percent). The allocations to the other sectors were as follows: industry, mining, and quarrying, UA 147.1 million (10.0 percent); social, UA 144.2 million (9.8 percent); and multisector, UA 85.2 million (5.8 percent). This sectoral split is consistent with the Bank Group's operational focus of prioritizing infrastructure development – a key driver of economic growth – in line with its MTS (2008–2012).

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

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

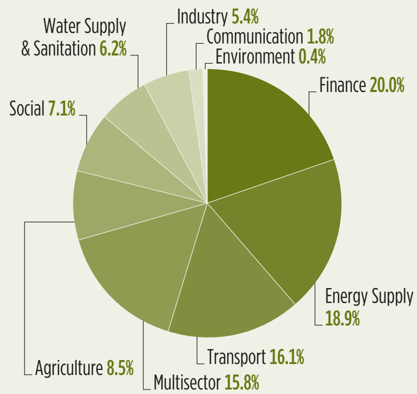
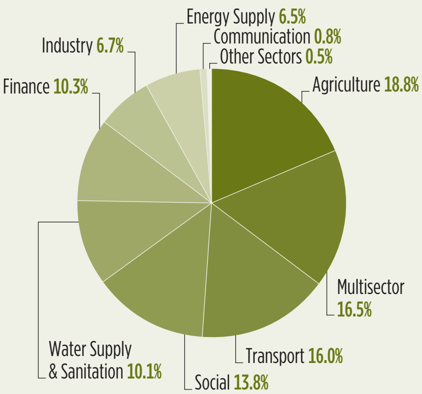


Figure 3.12 West Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



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

West Africa

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

Approvals to the subregion in 2010 accounted for 16.2 percent of total approved loans and grants (see Annex II-7). Fourteen countries in the subregion benefited from loans and grants, namely: Ghana (UA 111.0 million); Senegal (UA 70.8 million); Nigeria (UA 67.8 million); Mali (UA 66.5 million); Niger (UA 54.2 million); Benin (UA 43.0 million); Burkina Faso (UA 35.2 million); Togo (UA 32.5 million); Liberia (UA 31.2 million); Sierra Leone (UA 29.2 million); Côte d'Ivoire (UA 23.0 million); Cape Verde (UA 20.5 million); Guinea-Bissau (UA 5.7 million); and São Tomé and Príncipe (UA 5.0 million).

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

In terms of the sectoral distribution of approvals for the subregion, infrastructure attracted the lion's share at UA 365.6 million (61.4 percent). The subsector split for infrastructure shows transportation to have attracted the largest tranche, at UA 249.5 million (68.3 percent), followed by water supply and sanitation, at UA 76.7 million (21.0 percent), then energy at UA 39.0 million (10.7 percent), and finally communications at UA 0.3 million. The allocations to the other sectors were: multisector, UA 69.3 million (11.6 percent); finance, UA 67.8 million (11.4 percent); agriculture and rural development, UA 66.2 million (11.1 percent); social sector, UA 25.5 million (4.3 percent), and industry, mining, and quarrying, UA 1.3 million (0.2 percent). The distribution by sector highlights the Bank's selectivity and strategic focus on projects that will improve the subregion's infrastructure, support good governance, and reduce poverty.

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

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

East Africa

East Africa is made up of 12 countries: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Sudan, Tanzania, and Uganda. Seychelles is the only country in the subregion eligible to borrow from the ADB window. The other 11 countries are eligible for ADF resources only, except for private sector and enclave projects, which can be financed from ADB resources. In 2010, East Africa received UA 560.3 million of Bank Group loan and grants, representing an increase of 8.7 percent over the UA 515.6 million approved in 2009. The approvals were earmarked to assist development projects and programs in nine countries; this represented 15.2 percent of total approvals (see Annex II-7). The beneficiary countries were as follows: Ethiopia (UA 224.4 million), Tanzania (UA 129.6 million), Kenya (UA 116.7 million), Rwanda (UA 41.1 million), Burundi (UA 34.1 million), Eritrea (UA 12.9 million), Sudan (UA 0.7 million), Comoros (UA 0.6 million), and Seychelles (UA 0.3 million).

In line with the Bank Group's strategic operational priorities, in 2010 approvals in this subregion too were directed mainly toward infrastructure, which attracted UA 396.9 million (70.8 percent of total approvals), while multisector received UA 88.4 million (15.8 percent). The breakdown of infrastructure approvals into subsectors shows that energy was allocated UA 243.8 million (61.4 percent); water and sanitation, UA 94.0 million (23.7 percent); and transportation, UA 59.1 million (14.9 percent). The allocations to the other sectors were as follows: industry, mining and quarrying, UA 39.3 million (7.0 percent); social, UA 22.2 million (4.0 percent); finance, UA 12.7 million (2.3 percent); and agriculture and rural development, UA 0.8 million (0.1 percent). The focus of Bank Group operations on infrastructure aims at building the foundations for sustainable economic growth and promoting regional integration and foreign investment. The approvals to multisector aim to strengthen RMCs' institutional capacity for sound and transparent fiscal management, which improves the business enabling environment and competitiveness, thereby assisting economic development.

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

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

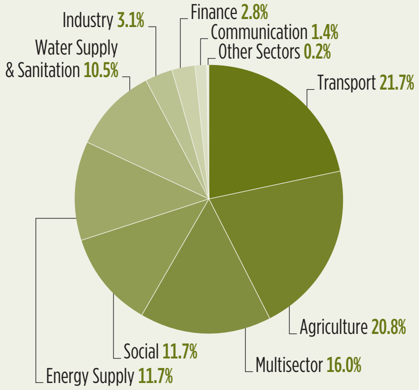
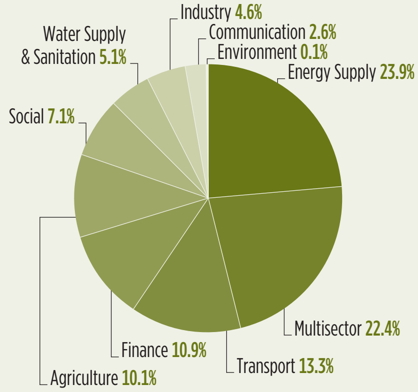


Figure 3.14 Southern Africa: Cumulative Bank Group Loan and Grant Approvals by Sector, 1967-2010



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

Southern Africa

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

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

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

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

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

The Bank Group started its operations in the subregion in 1969. Southern Africa's cumulative Bank Group loans and grants for the period 1969–2010 totaled UA 10.90 billion. This amounts to 19.5 percent of all the cumulative approvals for the continent. South Africa received the highest share, followed by Botswana, Mozambique, Zambia, Madagascar, Malawi, Mauritius Zimbabwe, Angola, Lesotho, Swaziland, and Namibia. In terms of sectoral distribution, infrastructure received the highest cumulative approvals (44.9 percent), followed by multisector (22.4 percent); finance (10.9 percent); agriculture and rural development (10.1 percent); social (7.1 percent); industry, mining, and quarrying (4.6 percent); and environment (0.1 percent) (see Figure 3.14).

Central Africa

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

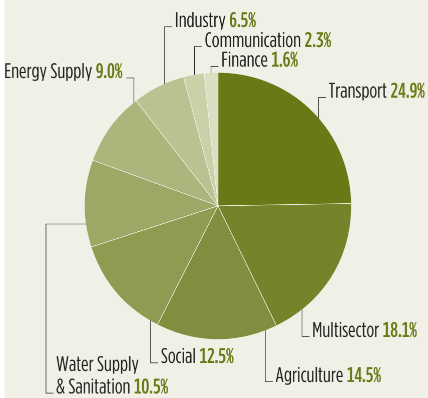
The five countries to benefit from loan and grant approvals in 2010 were the Democratic Republic of Congo, UA 158.3 million; Cameroon, UA 71.7 million; Congo, UA 3.4 million; Chad, UA 0.7 million; and Gabon, UA 0.5 million (see Annex II-7). The two largest project approvals for the subregion were both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

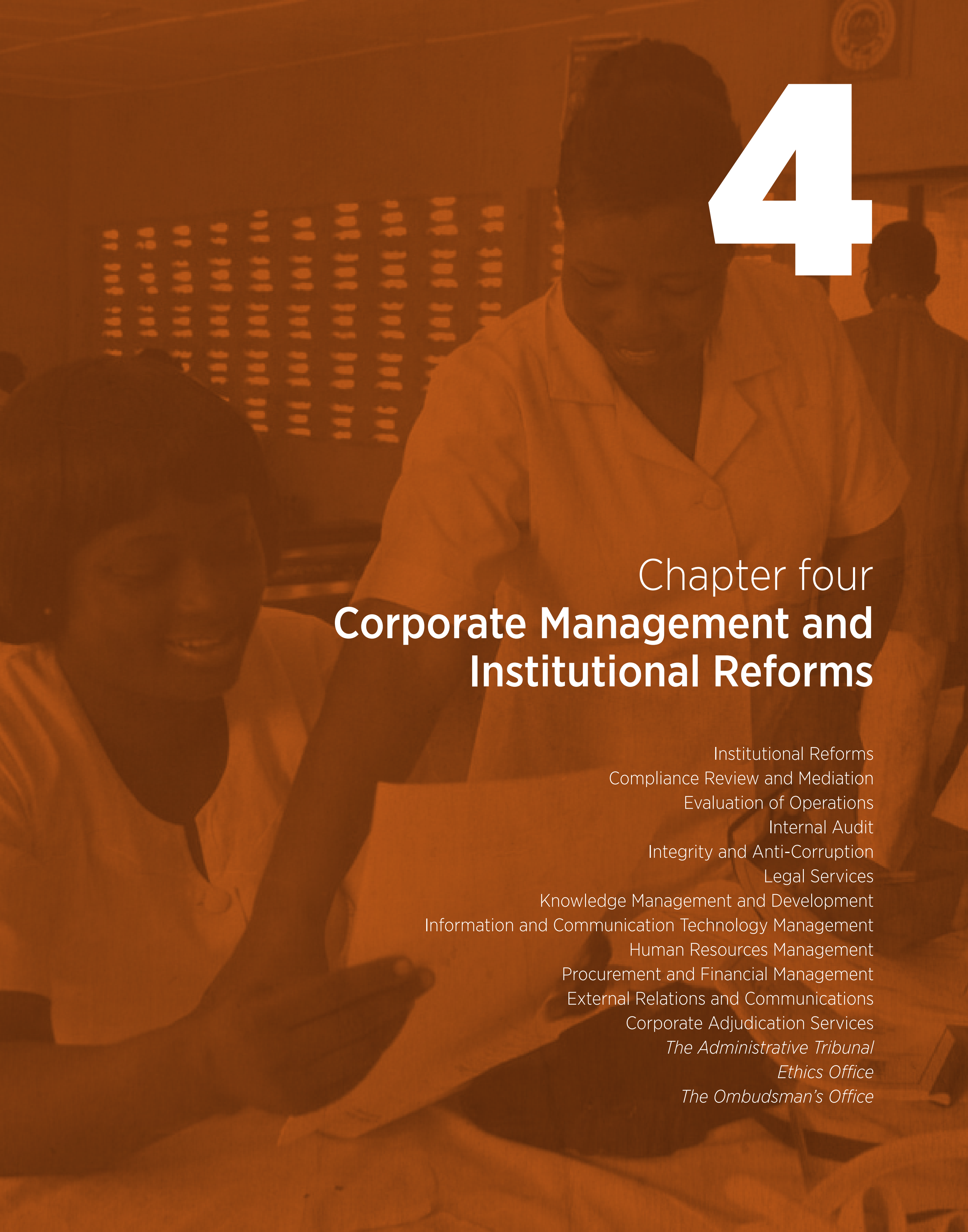
The sectoral distribution of 2010 approvals to the Central African subregion largely mirrors that of the other subregions, in that infrastructure attracted the highest allocation, at UA 223.0 million (95.0 percent). Of this amount, the energy subsector received UA 124.4 million (55.8 percent); transportation, UA 88.6 million (39.7 percent); and water supply and sanitation, UA 10.0 million (4.5 percent). The other sectoral allocations were as follows: multisector, UA 10.4 million (4.4 percent); agriculture and rural development, UA 0.7 million (0.3 percent); and social, UA 0.5 million (0.2 percent).

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

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

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





4

Chapter four
Corporate Management and Institutional Reforms

Institutional Reforms
Compliance Review and Mediation
Evaluation of Operations
Internal Audit
Integrity and Anti-Corruption
Legal Services
Knowledge Management and Development
Information and Communication Technology Management
Human Resources Management
Procurement and Financial Management
External Relations and Communications
Corporate Adjudication Services
The Administrative Tribunal
Ethics Office
The Ombudsman's Office

During the year under review, the Bank Group continued to steadfastly 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 path 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 presents the program of the Bank in the various functional areas toward realizing these strategic objectives.

INSTITUTIONAL REFORMS

The Bank has made sound progress in all areas of institutional reform established under the 2007 core reform agenda. The implementation of these reforms in 2010 has achieved the following: (i) improved coordination and enhanced monitoring and management of corporate performance; (ii) enhanced operational effectiveness by fine-tuning the Bank's organizational structure and strengthening its field offices (FOs); and (iii) streamlining the budget reform process by further decentralizing budget management.

Improved Coordination and Corporate Performance

The position of the Chief Operating Officer (COO), and the strengthening of the Senior Management Coordination Committee (SMCC) are central to the Bank's overall coherence, coordination, and optimal effectiveness. It has helped to align resources to strategic priorities and has enhanced the monitoring and management of corporate performance. The SMCC ensures that the Bank Group's corporate functions operate with optimal efficiency and effectiveness, and in arbitrating cross-Complex resource allocations in line with strategic priorities. The Committee also leads the review of corporate strategies, policies, procedures, and guidelines throughout the Bank Group. In this way, the SMCC has become an important forum for information sharing amongst Senior Management, as well as for performance monitoring, consensus building, and coordination. One of the key initiatives coordinated by the SMCC in 2010 was the Review of the Bank's Risk Management Framework.

Key priorities for the COO Office include coordinating the effective implementation and sustained focus of the institutional reforms confirmed by the Board of Governors in 2010, as captured through the ADF-12 and GCI-VI Commitment Matrixes.

Following recommendations made by the Task Force on assessing the effectiveness of the operations review and approval process, Management took action in 2010 to strengthen the functions of the Operations Committee (OpsCom). OpsCom was established in 2006 and oversees operations review and approvals processes to sharpen the strategic selectivity of the Bank Group's operations. The Bank bolstered the capacity of the OpsCom Secretariat through the appointment of a Director, while increasing its allocation of high-caliber staff. OpsCom has also stepped up its efforts to ensure quality-at-entry in operations, including increased alignment of its guidance with Board decisions and recommendations, and by strengthening the upstream peer review and country team structures.

Budget Reforms

In January 2010, the Bank launched the Unit of Account (UA) Budgeting System, which is a key component of Phase II of the ongoing budget reforms. UA Budgeting has further decentralized budget management, as the responsibility for managing financial resources is delegated to Managers, who are empowered to make decisions geared toward achieving results.

With the advent of UA Budgeting, the Bank discontinued Staff Headcount Control. However, as compensating controls, the Bank introduced a more rigorous staff planning process and established Fixed Cost Ratios (FCRs). The Annual Staff Plans and the FCRs are intended to strengthen the alignment of staff numbers, skills, experiences, grade levels, and profiles to Work Program needs, while containing costs. The new system has empowered Managers and facilitates holding them accountable whilst maintaining an appropriate level of control by Senior Management.

Decentralization

The Bank continues its decentralization exercise by hosting well-staffed, fully equipped, and effective field offices. At year-end 2010, the Bank had signed Host Country Agreements for its targeted 26 field offices, of which 23 are fully equipped and functioning, with differing levels of staffing mix. A comprehensive revision of the Delegation of Authority Matrix was carried out in 2010; this has subsequently empowered field offices with the authority to negotiate, sign and administer loans, manage portfolios, supervise projects, and dialogue with RMCs and partners. To reaffirm its commitment and deepen the benefits to be garnered from the decentralization process, the Bank is fine-tuning its implementation plan through a Decentralization Roadmap, to be approved in 2011. The objectives

Table 4.1
KPIs for Institutional Effectiveness in 2010

Key Performance Indicators (KPIs)	Unit	2009	Dec. 2010	2010 Target	Progress	Overview
I- Human Resources						
Gender Balance Index (PL staff)	%	26	27	27	✔	The trend on Gender Balance Index continues to be positive. Decentralization of PL Staff has to be accelerated.
Field Based PL Staff †	%	27	26	30	✦	
II- Portfolio Management and Process Efficiency						
Disbursements						
Bank Group Disbursement Ratio (Investment only)	**%**	**28**	**19**	**30**		Performance on disbursement ratios, in general, slowed down. Internal processes are under review to identify areas for further improvements.
ADB Public Disbursement Ratio		32	20	20	✔	
ADB Private Disbursement Ratio*		67	34	50	✦	
ADF Disbursement Ratio		18	17	20	✦	
Projects at Risk	%	31	34	40	✔	The supervision activities on Bank operations have increased, leading to a discernible positive impact on portfolio quality.
Operations Supervised Twice per Year	%	58	62	40	✔	
Timely PCR Coverage (exiting project with PCR in 12 months)	%	91	91	75	✔	
Impaired Loan Ratio	%	1.34	0.76	<5	✔	
Weighted Average Risk Rating (WARR) (non-sovereign Only)	Score				✔	
Elapsed Time between Approval and First Disbursement	Months	11.01	12.04	12	✔	Further streamlining of internal processes is necessary to improve this indicator.
III-Operational Deliverables						
Knowledge Management Products						
Country Strategy Papers (CSPs)	Number	26	23	25	✔	All planned products were at final preparation stage at the end of 2010.
Country Portfolio Reviews (CPRs)	Number	21	14	22	✦	
Formal Economic & Sector Work (ESW) pieces	Number	60	62	42	✔	

Source: *AfDB Programming and Budget Department (COBS)*
Notes:
✔ *Progress is satisfactory*
✦ *Progress is unsatisfactory*
† *Expressed as a percentage of Operational PL Staff*
* *Private Sector Disbursement Indicators are calculated exclusively with data extracted from SAP*

of the Roadmap are to enhance services to clients in RMCs, based on three pillars: (i) to strengthen existing field offices by increasing their responsibility for portfolio management and implementation as well as for expanded analytical work to support policy dialogue; (ii) to expand the Bank's presence in fragile states to enhance portfolio management and address weak government capacity; and (iii) to consolidate regional capacity by establishing five Regional Service Centers. The ultimate goal is to improve the Bank Group's portfolio, strengthen analytical work, and provide clients with assistance tailored to their specific needs.

Operations Business Processes

As part of the ongoing enhancements to its operations business processes, the Bank undertook an organizational fine-tuning exercise in 2010, to set up and strengthen those units responsible for sharpening the Bank's strategic focus, reinforcing its mandate, and directing its Managing for Results agenda. The fine-tuning exercise included: establishing the Energy, Environment and Climate Change (ONEC) department and the new Strategy Office (STRG) within the Presidency, as well as placing the Quality Assurance and Results (ORQR) department within the oversight of the COO.

The fine-tuning exercise, together with the decentralization process, led to considerable improvements in a number of the Bank Group's Key Performance Indicators (KPIs) for 2010 (see Table 4.1). These include: (i) improved portfolio management, supervision, procurement, financial management, and portfolio quality; (ii) enhanced dialogue with RMCs and closer coordination with other development partners in line with the commitments of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action; and (iii) timeliness in the delivery of some key knowledge products such as Country Strategy Papers and ESW. But certain slippages in the KPIs have raised some concerns such as the slow disbursement rates, and the need to accelerate field-based professional (PL) staff levels. In this connection, the internal business processes continue to be under review to identify the constraints that need to be addressed and areas for further improvements.

Strengthening Risk Management Capacity

On the basis of the growing volume of private sector operations in both ADB and ADF countries, and following the Sixth General Capital Increase (GCI-VI), the Bank has made the strengthening of its risk management capacity a key priority. Accordingly, the Bank is taking steps to mainstream risk management in its operations in a systematic and holistic way. During the year, the Bank took the first significant step toward developing the Bank Enterprise Risk Management Framework. The goal is to reinforce the Bank's risk governance structure for the credit approval process and operations risks as the size of its portfolio grows and the share of private sector operations increases.

COMPLIANCE REVIEW AND MEDIATION

The Bank Group established the Independent Review Mechanism (IRM) to promote accountability in its operations. IRM is mandated to examine complaints from parties adversely affected by any Bank-financed operations and to effect appropriate remedy through compliance review or mediation. The review examines whether, as a result of noncompliance with the Bank's policies and procedures, harm has been inflicted on people and/or the environment. It recommends remedies that the Bank can carry out through improvements to the projects that are the subject of complaint, as well as in its internal systems and procedures. Mediation facilitates dialogue among the requestors, the Bank and any other interested parties to find agreeable solutions to complainants' grievances.

Following the 2009/2010 IRM structure and process review, the Boards of Directors approved key amendments to the IRM Rules. The amended Rules enhance the independence of the mechanism by providing:

- that the Director of the Unit administering the IRM be appointed by the President with concurrence by the Boards;
- that the Compliance Review Panels comprise the three IRM Experts appointed by the Boards for a non-renewable term of five years;
- facilitation of accessibility to the IRM by permitting complainants to submit their requests to the mechanism by any means at their disposal;
- enhanced effectiveness of the review process by providing Bank Management with the opportunity to submit a response action plan to address the instances of noncompliance and mitigate the inflicted harm.

Two new complaints were received in 2010. The first relates to the Marrakech–Agadir Highway Project in Morocco, concerning compensation of damages caused to farm land, houses, and access to land and water. This complaint is being handled through a problem-solving exercise. The second complaint relates to the Medupi Power Project in South Africa and concerns climate, environmental, social, and procurement issues. This was registered for compliance review.

With respect to complaints submitted to the IRM in previous years, the Bujagali Hydropower and Interconnection Projects in Uganda continue to be subject to IRM monitoring. On the two complaints received about the Gibe III Hydropower Project in Ethiopia, the concern over the negative impact on Lake Turkana and on livelihoods of people living alongside the Lake was handled through problem-solving. The case concerning Gibe III's impact on the Omo River basin in Ethiopia and on procurement issues was registered for compliance review, however, it has been closed, as the Bank is no longer financing the project. Similarly, the case regarding the Combined Cycle Power Plant Project in Egypt has been closed owing to the relocation of the project.

In 2010, the Bank organized subregional workshops and community sessions and participated in internal seminars, national workshops, and regional training programs to raise awareness of the IRM. Full information about the IRM, including functions, activities, and registered complaints, are posted on the Bank website (www.afdb.org/irm).

EVALUATION OF OPERATIONS

A wide range of evaluation activities was carried out in 2010. A major independent evaluation of the Bank's system of operations supervision concluded that it needed to be overhauled. These recommendations were taken up by Management in a program of reforms. Other major evaluations were initiated during 2010 and the reports on them will be published in early 2011. These include evaluations on the Bank's policy-based operations, its assistance to fragile states, and its implementation of the Paris Declaration.

In 2010 the Bank, jointly with other major donors, completed a quantitative review of donor assistance to public financial management in Africa. Project evaluations covering operations in the energy, transportation, and water subsectors, natural resources management, and institutional capacity development were also completed.

The Operations Evaluation Department also undertook several reviews. These included synthesis studies of lessons learned from Project Completion Reports (PCRs) and Expanded Supervision Reports (XSRs) for private sector operations, and a global review of evaluation evidence on gender mainstreaming. A summary of these reviews is presented in

Chapter 2 in the section on "Knowledge Development from Operational Activities."

The department also organized seminars and workshops to enhance evaluation capacity. For instance, a training session was given to Bank staff on the evaluation of private sector operations. Furthermore, the Bank lent its support to an evaluation seminar for stakeholders in Morocco's water sector and it developed exchange programs with development partners such as the Islamic Development Bank (IsDB). The Bank is also supporting a global program to establish regional Centers for Learning on Evaluation and Results (CLEAR), which firmly adheres to the institution's focus on knowledge development and establishing regional centers of excellence in evaluation.

INTERNAL AUDIT

In accordance with its mandate, the Internal Audit Department provides independent and objective assurance, advisory, and consulting services for the Bank Group operations, finance, and corporate administrative activities. By so doing, reasonable assurance is given to the Board and Senior Management that the internal resources of the Bank and those allocated to operational activities are being appropriately safeguarded and efficiently and effectively utilized, in line with the Bank's objectives and in compliance with relevant regulations and policies. The department adopts a methodology of identifying essential, auditable activities of the Bank, assessing the attendant risks, and determining the frequency with which such activities are to be audited. The department's Annual Work Program provides reasonable assurance to the Board and Management of meeting Internal Audit responsibilities within the constraints of the available resources.

Internal Audit maintains a quality assurance program consisting, among others, of internal and external quality assessments. External quality assessment is conducted every five years. In November 2010, an external quality assessment was carried out by the Institute of Internal Auditors, which resulted in the Bank's Internal Audit being awarded the Institute's highest rating. This confirms that the department conducts its activities in line with the International Standards for the Professional Practice of Internal Auditing.

In 2010, the Bank conducted: 12 audits in the Finance and Corporate Complexes, 20 audits of trust and grant funds, 10 project audits in the RMCs, and six audits in field/regional offices. There were three specially requested audits and advisory services undertaken.

INTEGRITY AND ANTI-CORRUPTION

Within the context of the Bank's 2010 initiative to fine-tune its organizational structure, the Integrity and Anti-Corruption function, formerly part of the Office of the Auditor General, was upgraded to a separate department. In the course of the year, the department witnessed more than a 100 percent increase in the number of its investigative staff compared to 2009. Today the department has six principal investigators and three senior investigators.

During 2010, the Bank received 35 complaints, all of which were reviewed. Twenty-one were closed, with two resulting in the debarment of one company and two individuals. Sanctions proceedings concerning the function's recommendation to debar another company and an individual were still ongoing at year-end, as were 16 other investigations.

With respect to preventive activities, the focus was on exploring the use of new investigative technologies and on developing a red-flag system for preemptive detection of potential cases of fraud and corruption in Bank-financed projects. In addition, during the year under review the Bank held a regional workshop aimed at sensitizing project beneficiaries, government officials, Bank staff, and NGOs on issues of fraud and corruption.

In 2010, the Bank joined the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank in signing the Agreement for Mutual Enforcement of Debarment Decisions. This agreement establishes a system whereby the compliance and enforcement actions on sanctions, carried out by one participating institution, can be mutually enforced by others, thus substantially strengthening the efforts of any one institution to deter and prevent corrupt practices. Accordingly, the department has focused on developing policies, processes, and procedures necessary to implement the agreement with sister institutions.

To improve overall investigations management, the Bank completed the review of alternative, off-the-shelf commercial systems to replace the current case management system. In addition, the department developed a communications strategy for increasing general awareness of the challenges of integrity and anti-corruption, both within and outside the Bank. In line with best practice, the Bank is considering the outsourcing of its whistleblowing hotline to an independent service provider.

LEGAL SERVICES

The 2009 restructuring of the Legal Services function of the Bank strengthened the institution's capacity to mitigate the growing risks arising from its increased nonsovereign lending portfolio. Accordingly, during 2010 the department proactively engaged in the negotiation and conclusion of the Sixth General Capital Increase of the Bank (GCI-VI) and the consultations for the ADF-12 replenishment.

The Bank developed an innovative four-step process to ensure the total allocation of all shares from GCI-VI. This enabled its member countries to subscribe to the full general capital increase, thus mitigating the risk of capital subscription arrears, which had occurred previously. The Bank also revised its Share Transfer Rules to enable member countries to continue, as far as possible, to preserve their preemptive rights as shareholders of the Bank.

The Legal Services also advised and counseled the Board of Governors with respect to increasing the number of Executive Directors on the Board of Directors, under Article 33 of the Bank Agreement, in order to enhance the governance of the Bank.

During the year, in addition to its regular support to the Bank's operations and its sovereign and nonsovereign guaranteed transactions, Legal Services achieved the following outcomes:

- assisted in drafting contracts for the rehabilitation of its headquarters building in Abidjan, and to lease or buy real estate properties for field offices;
- favorably resolved the Bank's claims in respect of its outstanding investment in a restructured investment vehicle;
- assisted in the implementation of the Bank's borrowing program, including the successful completion of several socially responsible bond issues;
- advised the Bank to approve its second risk management product to a borrower;
- negotiated and drafted the documentation for a number of new multilateral funds, including the Zimbabwe Multidonor Trust Fund and several climate funds;
- drafted a Bank policy on de facto governments, providing clear guidelines on how to deal with them;
- advised the Board of Directors on the review and reform of the Independent Review Mechanism and the Bank's Compliance Review Unit; and
- advised on the structuring and implementation of the Integrity and Anti-corruption Department, and facilitated the drafting and implementation with other MDBs of the Agreement for Mutual Enforcement of Debarment Decisions against firms confirmed to have engaged in procurement misconduct.

KNOWLEDGE MANAGEMENT AND DEVELOPMENT

Development Research

Significant progress was made during 2010 in enhancing the Bank's visibility through the mainstreaming of knowledge development in Bank Group operations. This strategic thrust, which is an institution-wide approach engaging various departments, included the following activities:

- high-quality research to generate a deeper understanding of the development challenges facing the continent;
- enhancing the Bank's statistical capacity and knowledge platforms for which it has designed and maintained a Data Portal to facilitate online access to its statistical databases;
- strengthening the network of economists through more frequent interaction and professional exchange (seminars, workshop) to enhance the quality of knowledge products; and
- increased collaboration with the Operations Complexes, especially in the preparation of knowledge products related to Economic and Sector Work (ESW).

Building on the momentum acquired in crisis-response activities in 2009, the Bank contributed significantly in 2010 to policy dialogue in RMCs, providing analytical and policy support to the activities of the Committee of Ten (C-10) African Ministers of Finance and Central Bank Governors. This support also helped to build a consensus, whereby Africa's voice could be clearly heard at key international fora, such as the Third Korea–Africa Economic Cooperation (KOAFEC) meeting in September 2010 and the G-20 Summit in Korea in November 2010.

The Bank's knowledge activities during the year also contributed to improving the quality-at-entry of Bank operations, through the implementation of the ex-ante Additionality and Development Outcomes Assessment (ADOA) framework. This exercise created a platform to benchmark development outcomes and improve the institution's development effectiveness.

The Bank also made significant improvements in the quality of its flagship reports, such as the *African Economic Outlook* (AEO), the *African Development Report* (ADR), and the *African Competitiveness Report* (ACR). With the Bank as leading partner, the AEO now covers virtually the entire continent (50 countries) and continues to provide high-quality economic analysis and comparative statistics on economic, social, and governance-related developments in African economies, while also offering an evaluation of short-term prospects. The AEO is now in its tenth year, and has become an authoritative source of information for decisionmakers both in Africa and globally. Its readership covers development organizations, civil society organizations, academic institutions, and stakeholders in the private and nonprofit sectors who need reliable, up-to-date information on economic, social, and political developments in Africa. The AEO, the ACR, and the ADR have thus helped to position the Bank Group as the premier knowledge bank for Africa.

The Fifth African Economic Conference (AEC) was held in Tunis, Tunisia, on October 27–29, 2010 on the theme: "Setting the Agenda for Africa's Economic Recovery and Long-term Growth." The Conference was attended by 360 participants comprising academics, policymakers, businessmen, and development practitioners from Africa and beyond. In line with the Bank's Knowledge Management and Development Strategy 2008–2010, the AEC fulfills the capacity building as well as the knowledge generation and sharing objectives of the Bank and combines technical knowledge sharing and policy dialogue at the highest level.

Capacity Building and Training Activities in RMCs

During the year, activities in this area supported two key pillars of the Bank Group Capacity Development (CD) Strategy, namely: *Pillar 1:* enhancing the development effectiveness of Bank Group operations and *Pillar 2:* strengthening the capacity of RMCs for policy design and development management. Under Pillar 1, the Bank delivered 11 workshops on the following themes; (i) Bank Rules and Procedures; (ii) Project Performance Improvement Planning; (iii) Project Monitoring and Evaluation; (iv) Scaling Up Poverty Reduction Strategies; (v) Project-Cycle Management; and (vi) Performance-Based Allocation of ADF Resources and the Debt Sustainability Framework (PBA/DSF). Under Pillar 2, the Bank delivered 28 seminars and workshops to bolster the capacity of policymakers to effectively design and implement their own economic policies, and engage in policy dialogue. Altogether, 1,395 participants attended the Bank's seminars and workshops delivered under Pillars I and II of the CD Strategy.

Among the seminars and workshops provided under Pillar 2, some were delivered under partnership agreements. One such agreement was the Joint Partnership for Africa (JPA) platform between the IMF Institute and the Bank, which continued the longstanding partnership established in 1999 under the Joint Africa Institute for the delivery of seminars and workshops. In 2010, 21 seminars were delivered in Tunis and other African venues under the new JPA platform, 11 of which were conducted by the IMF Institute, while the Bank took the lead in organizing the remaining 10. Similarly, an understanding was reached with the World Bank Institute, which led to a workshop being held in Tunis in November 2010 on the theme of "Strategic Choices for Education Reforms in Africa." Furthermore, the Bank, in partnership with Boston College, delivered in Tunis an Executive Education Program on Building World Class Universities for Presidents, Vice-Chancellors and Rectors of African Universities. The Harvard Kennedy School, in partnership with the Bank, also delivered one seminar in Rwanda on "ICT and Education."

In October 2010, the Bank launched a Learning and Talent Management System. This distance learning training platform is designed to disseminate the Bank's knowledge products more widely and to make training events more readily available to any registered participant on the continent. This will also enable the Bank to organize online courses and coordinate Bank staff assistance, based on the needs and requests from RMCs, through coaching, tutorial assistance, and learning communities.

Eminent Speakers' Program

The Eminent Speakers' Program was launched in 2006 by the Bank to create a platform for the sharing of views on Africa's development issues and thereby promote a discourse on policy options. In 2010, three renowned experts made their presentations under the program. The first was Professor Joseph Stiglitz, a Nobel Laureate in Economic Science (2001), who delivered his presentation on "Post Financial Crisis: Options for Africa." The second speaker was Professor Wole Soyinka, a Nobel Laureate in English Literature (1986), who took as his theme, "The Role of African Intellectuals in the Development of Africa." The final speaker was Dr. Jean-Michel Severino, former Vice President for Asia of the World Bank, who made his presentation on "New Challenges in the Political Economy of Africa." After the presentations, stimulating discussions were held with the audience comprising the Diplomatic Corps in Tunis, Boards of Directors, Senior Management, and staff.

Statistical Capacity Building and Data Dissemination in Support of Results Measurement

The statistical activities of the Bank focus on: (i) building capacity in 52 RMCs (with limited support to Somalia through participation in some workshops), five subregional organizations, and six regional training centers, (ii) mainstreaming results measurement in Bank operations, including developing the Data Portal (DP); and (iii) enhancing partnerships with other multilateral and bilateral donors for the coordination of statistical activities in the region. The Data Portal is a web-based system that provides all Bank staff with direct online access to a wide range of development data managed by the Bank. A Core Data Portal system is also being developed by the Bank which will be made available to RMCs to strengthen data management and dissemination systems in their countries and to facilitate data exchange between them and the AfDB.

Statistical Capacity-building Activities in RMCs

During the year under review, the Bank, jointly with the African Union Commission (AUC) and the Economic Commission for Africa (ECA), developed the Strategy for the Harmonization of Statistics in Africa (SHaSA) to provide the statistical framework for the African integration agenda espoused by the AU Summit. The SHaSA was approved and adopted by the African Heads of State and Government at the July 2010 AU Summit in Kampala. The Bank, ECA, AU, and UNDP also prepared the 2010 MDG report, "Assessing Progress in Africa toward the Millennium Development Goals," which was presented and approved at the 2010 AU Summit.

The Bank played a key role in the area of social statistics in 2010, where it:

(i) mobilized RMCs to participate in the 2010 Round of the Population and Housing Census (RPHC), including rendering assistance in processing and analyzing their data;
(ii) assisted in improving the quality of the data for monitoring progress toward achievement of the MDGs, with an emphasis on using nationally produced data rather than relying entirely on international datasets; and

(iii) in collaboration with other partners, revived Civil Registration and Vital Statistics (CRVS).

As a result of these efforts, for the first time in the history of census taking, all RMCs committed to undertake the 2010 RPHC. This culminated in August 2010 in the First Conference of African Ministers responsible for CRVS, held in Addis Ababa, Ethiopia. The conference made recommendations on how to improve civil status information for efficient public administration and generation of vital statistics for national development and MDGs monitoring in RMCs.

The Bank assists RMCs in improving their country-level knowledge base of the infrastructure sector. In cooperation with other donors, it has formulated a comprehensive capacity-building program for improving agricultural and rural development statistics in RMCs and has initiated the design of a database to inform agriculture and food policy management in RMCs. In addition, during 2010 the Bank worked with RMCs to improve their statistical information systems in the following areas: labor, health, education, gender, governance, environment and climate change.

During the year under review, the Bank continued to coordinate the International Comparison Program (ICP) global statistical initiative in RMCs. Furthermore, it assisted RMCs in their price data collection and analysis activities. The Bank also helped them to improve their national accounts systems, and to this end drew up the "African Strategy for the Implementation of SNA08." This strategy was adopted by all RMCs and the UN Statistical Commission and was approved by the 2010 AU Summit.

The Bank provided financial assistance and technical guidance to help RMCs improve their data processing, storage, and dissemination systems. Assistance was also provided on enhancing the exploitation of unused or underutilized existing data in RMCs.

Statistical Support to Enhance the Bank's Operational Effectiveness and Financial Services

In addition to building statistical capacity in RMCs, statistical support was provided by the Bank for country programming and project cycle activities. The aim is to help mainstream results measurement in Bank operations and ensure the effective monitoring and evaluation (M&E) of development impacts arising from these operations and from national development programs. The process of preparing Country Statistical Profiles (CStPs) was launched in 2010 to address the data issues for M&E and provide the necessary baseline data for country programming. To this end, nine CStPs and one Regional Integration Statistical Profile (RIStP) were prepared.

Other initiatives along these lines included: (i) the elaboration of the Statistical Framework for Bank Operations, which has so far been used to design 11 operational and seven governance projects that had substantial statistical components; (ii) enhancing data management and dissemination by launching an internet version of the Data Portal, which provides external users with access to more than 800 indicators; and (iii) organizing a workshop for staff from RMCs' central banks on the African Financial Markets Initiative (AFMI) Database, to examine methods and concepts to improve data quality and increase the response rate.

Enhancing Statistical Partnerships

Wider coordination of statistical activities was achieved through the African Statistical Coordination Committee (ASCC), which is chaired jointly by the Bank and ECA. It comprises the four regional institutions (AfDB, AU, ECA, and ACBF); five subregional organizations; six African Statistical Training Centers, and selected African countries. The ASCC analyzes mechanisms for achieving greater synergy among the institutions and provides a forum for coordinating statistical programs and activities in various countries. The Bank has also established strong partnerships with other bilateral and multilateral development institutions to provide technical assistance, funding, monitoring, and supervision of statistical activities in RMCs. The network of partners includes the World Bank, IMF, Paris21, ECA, UNDP, DFID, INSEE-France, ACBF, ILO, FAO, UNSD, and WHO.

Statistical Publications

The following flagship statistical publications were generated by the Bank in 2010: *African Statistical Journal* (May and November issues); Market Briefs on development topics; *African Statistical Yearbook; Gender, Poverty and Environmental Indicators; AfDB Statistics Pocket Book; MDGs Progress Report for Africa, 2010; Annual Report* of the Bank Group; and *Compendium of Statistics on Bank Group Operations*. In addition, five Market Studies were prepared in 2010 using Bank data; and 52 weekly Africa Economic & Financial Briefs were disseminated widely, both within and outside the Bank.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) MANAGEMENT

The main activities in 2010 focused on the implementation of the IT Renewal Action Plan, which had been approved by the Board in October 2009. The Action Plan aims to improve the Bank's IT infrastructure and to support strategic initiatives such as decentralization, the streamlining of business processes, human resources management, financial management, and knowledge management.

During the year, improvements were made to the IT infrastructure in the areas of network performance and monitoring; installation of Wi-Fi in the Bank's buildings in Tunis; the connection of staff remotely to the Bank's central IT systems; and completion of the initial phase of the windows environment server consolidation project. With respect to IT support to core Bank strategies and functions, the following progress was made:

Box 4.1
Enhancing Field Office Capacity

By the end of 2010, 25 field offices (FOs) had been directly connected to Information Technology (IT) services, including video conferencing, hosted by the Bank's TRA in Tunis. Field Office workflow management is being streamlined, with each SAP module rolled out to FOs. These modules include institutional procurement systems that allow FOs to create purchase requisitions and purchase orders online, for approval by Resident Representatives. The Uganda FO is acting as a pilot.

The Bank's consultant procurement system was rolled out to eight FOs in 2010. The system allows for the online registration, short-listing, recruitment, and management of consultants in different domains. A pilot project for travel accounting and management services was implemented in the FOs of Burkina Faso, Côte d'Ivoire, Ethiopia, Nigeria, Senegal, and Uganda, and roll-out was completed by December 2010 as planned. In addition, IT systems in FOs were upgraded to facilitate reporting, support new financial products, provide FOs with a secure disbursement platform, and better integrate them with the TRA.

In an effort to improve the Wide Area Network (WAN) and telecommunication services, action was taken to reduce the latency in Head Office communications with the FOs. The Bank installed high-definition video conferencing equipment to enable certain FOs to hold quality video conference sessions with partners worldwide. Throughout 2010, the Bank trained IT technicians both in FOs and in Tunis to improve and support the skills needed for the new technology.

- ***Decentralization Process:*** 25 field offices (FOs) became fully operational on the Bank's Wide Area Network (WAN) via the VSAT, except for Angola. Automatic backups for data for 20 FOs were conducted on a daily basis. Multi video-conferencing is possible with all FOs, resulting in the reduction of the IT gap between the Head Office and the FOs. In 2010, many ongoing IT activities were linked to strengthening FO capacity and enhancing staff productivity (see Box 4.1).
- ***Business Process Improvements:*** IT systems have been enhanced and improved to process operations funded by initiatives such as the Global Liquidity Trade Program, the Congo Basin Forest Fund, and the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF). The first phase of the SAP Upgrade project has advanced significantly and the technical upgrade is scheduled to go live in February 2011.
- ***Human Resources Management:*** IT support to human resources management has resulted in the processing of all FO salaries centrally by using a multi-currency payroll. In addition, e-recruitment and e-learning systems have been implemented.
- ***Financial Management:*** The Bank is continuously optimizing and providing better integration of its core financial systems such as SAP and SUMMIT. Processes for the management of trust fund operations have also been automated.

HUMAN RESOURCES MANAGEMENT

The Bank has continued to make progress in attracting and retaining the best talent on the market within the framework of the Human Resources Strategy (2007–2011) and the corporate services reform agenda. During 2010, 244 new staff joined the Bank, of whom 26 were young professionals. Internal capacity was further enhanced with 152 promotions through internal competition and in-situ recommendations.

The total number of Bank staff rose from 1,654 in 2009 to 1,789 in 2010, which is an increase of 8.2 percent. This includes Management and Professional Level (PL) and General Services (GS) staff in the Bank's FOs. There were 1,101 PL staff in total in 2010, including advisors to the Executive Directors, and 688 GS staff. In terms of gender, 27.2 percent of PL staff and 54.5 percent of GS staff were female (see Table 4.2). During the year, the Bank recruited an additional 11 new staff for the 26 FOs. This increased by almost 4 percent the number of locally recruited FO staff over the year, from 285 in 2009 to 296 in 2010.

During the year under review, the Bank launched its Learning and Development Strategy and Career Development Framework. This represents a coordinated effort to strengthen internal capacity, leverage the career development path of staff and Management, improve retention, and enhance service delivery to the RMCs.

Table 4.2
Bank Staffing Ratio by Country (Management, Professional and General Services Staff)
At December 31, 2010

REGIONAL MEMBER COUNTRIES	MANAGEMENT & PROFESSIONAL STAFF At post at December 31, 2010									OTHER BANK STAFF AT POST			
	Vice-Presidents	Directors	Managers	Other PL	Field Offices International Staff		Total EL/PL	% of Total PL	Shares %	SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					Res. Rep.	PL						PL	GS
Algeria		1		8			9	0.94	4.005	1	5		2
Angola				3			3	0.31	1.165				
Benin			2	26		1	29	3.02	0.195		23		
Botswana				5			5	0.52	2.138	1			
Burkina Faso		1	2	22		1	26	2.71	0.427		24	4	10
Burundi		1	1	6	1	1	10	1.04	0.237	1	1		1
Cameroon		2	7	26	2	1	38	3.95	1.038		12	3	10
Cape Verde				1	1		2	0.21	0.077		1	1	
Central African Republic			1	2		1	4	0.42	0.045			1	2
Chad	1		1	9			11	1.14	0.075	1	8	4	9
Comoros				1			1	0.10	0.022				
Congo		1	1	7	1	1	11	1.14	0.453		2		
Côte d'Ivoire		2	2	58	1	5	68	7.08	3.714	1	144		
Democratic Republic of Congo		1		2			3	0.31	1.043		4	6	10
Djibouti			2	3			5	0.52	0.056				
Egypt	1	1		10	1		13	1.35	5.127	2		3	7
Equatorial Guinea							0	0.00	0.160				
Eritrea			1	1			2	0.21	0.092		1		
Ethiopia			1	13		3	17	1.77	1.595	1	9	8	8
Gabon				6			6	0.62	1.199		2	3	5
Gambia			2	13	2		17	1.77	0.153			1	
Ghana		1	4	22	1	2	30	3.12	2.278	1	28	6	8
Guinea			1	9		1	11	1.14	0.407	1	9		
Guinea Bissau				5		1	6	0.62	0.028			1	2
Kenya		1	3	26	1	4	35	3.64	1.454		6	5	8
Lesotho				2		1	3	0.31	0.159	1			
Liberia				1			1	0.10	0.194		5		
Libya				1			1	0.10	3.848	2			
Madagascar				8			8	0.83	0.649	1	1	4	10
Malawi				18			18	1.87	0.297	1	1	4	8
Mali		2	2	19	1	3	27	2.81	0.437	1	6	7	9
Mauritania		1		11		2	14	1.46	0.147		2		
Mauritius			1	5	1		7	0.73	0.646				
Morocco		1		12	2		15	1.56	3.313	1	4	4	6
Mozambique				2			2	0.21	0.631			5	9
Namibia				1			1	0.10	0.339	1			
Niger			1	7		1	9	0.94	0.253		2		
Nigeria	1	1	7	32		2	43	4.47	8.858	2	22	5	10
Rwanda			1	13			14	1.46	0.133		3	3	9
São Tomé & Principe							0	0.00	0.068				
Senegal		1	3	29	1	3	37	3.85	1.004		7	7	9
Seychelles				1			1	0.10	0.056				
Sierra Leone		1	1	9			11	1.14	0.243	1	9	5	8
Somalia				2			2	0.21	0.089				
South Africa	1		1	6		1	9	0.94	4.584				4
Sudan			1	5			6	0.62	0.405				5
Swaziland				1			1	0.10	0.332	1			
Tanzania				15		1	16	1.66	0.819	1	2	6	8
Togo			1	8		2	11	1.14	0.158		9		
Tunisia		2	3	22			27	2.81	1.398		123		
Uganda		1	3	22	1	5	32	3.33	0.505		3	4	7
Zambia		1	2	15	2	3	23	2.39	1.259		1	3	6
Zimbabwe	1	1	2	17		1	22	2.29	2.065	1	2		2
TOTAL REGIONAL MEMBER COUNTRIES	**5**	**24**	**60**	**568**	**19**	**47**	**723**	**75.23**	**60.072**	**24**	**481**	**103**	**192**

Table 4.2 – Continued
Bank Staffing Ratio by Country (Management, Professional and General Services Staff)
At December 31, 2010

NON-REGIONAL MEMBER COUNTRIES	MANAGEMENT & PROFESSIONAL STAFF At post at December 31, 2010									OTHER BANK STAFF AT POST			
	Vice-Presi-dents	Directors	Managers	Other PL	Field Offices International Staff		Total EL/PL	% of Total PL	Shares %	SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					Res. Rep.	PL						PL	GS
Argentina				1			1	0.10	0.268				
Austria				2			2	0.21	0.445	1			
Belgium		1		6		3	10	1.04	0.640	1			
Brazil				1			1	0.10	0.443	1			
Canada		1	1	24		2	28	2.91	3.744		2		
China				4			4	0.42	1.114	1			
Denmark		1		4			5	0.52	1.154				
Finland				1			1	0.10	0.487	1			
France		2	5	49		3	59	6.14	3.744		10		
Germany			1	11		2	14	1.46	4.110				
India		1		8		1	10	1.04	0.223	1	1		
Italy				7			7	0.73	2.414				
Japan			1	4			5	0.52	5.475				
Korea				1			1	0.10	0.445	1			
Kuwait							0	0.00	0.445				
Netherlands				4			4	0.42	0.854				
Norway		1		1			2	0.21	1.154				
Portugal				6			6	0.62	0.240	1			
Saudi Arabia				1			1	0.10	0.193				
Spain			2	5			7	0.73	1.056	1			
Sweden		1		2		1	4	0.42	1.540	1			
Switzerland				9			9	0.94	1.462				
U.K		2	3	10		2	17	1.77	1.676	1	1		1
U.S.A	1	4	5	25	1	4	40	4.16	6.605	2			
TOTAL NON-REGIONALS	**1**	**14**	**18**	**186**	**1**	**18**	**238**	**24.77**	**39.931**	**13**	**14**	**0**	**1**
GRAND TOTAL	**6**	**38**	**78**	**754**	**20**	**65**	**961**	**100**	**100%**	**37**	**495**	**103**	**193**
Number of Female Staff per Category		**7**	**27**	**220**	**5**	**16**	**275**			**8**	**304**	**17**	**71**
Percentage of Female Staff per Category	**0.00%**	**18.42%**	**34.62%**	**29.18%**	**25.00%**	**24.62%**	**28.62%**			**21.62%**	**61.41%**	**16.50%**	**36.79%**

Source: *AfDB, Human Resources Management Department.*
Note:
Elected Officers, Technical Assistants, Consultants and Agency short-term staff are excluded.

The compensation reform was further enhanced with "Pay for Performance" to encourage employee productivity and better position the Bank to attract, motivate, and retain the best talent. This reform supported the new performance management system, which resulted in 98.9 percent of staff participating in the evaluations that took place in 2010. This provided a fair basis to manage the staff performance system.

PROCUREMENT AND FINANCIAL MANAGEMENT (PFM)

In supporting the Operations Complexes, the Procurement and Financial Management (PFM) services focus on improving the delivery of procurement services, while minimizing fiduciary risks and enhancing accountability. During 2010, the Bank continued with the consolidation of the PFM reform initiatives started in previous years. The following major activities, among others, were performed during the year:

(i) Completing the review of country National Competitive Bidding procurement laws, procedures and bidding documents for 25 RMCs to determine the use of country NCB procedures for Bank-financed projects; and the publication of five new standard bidding documents to ensure consistent applications of policies and procedures.

(ii) Assessing about 460 appraisals and supervisions (including desk reviews) and contributing to Public Expenditure and Financial Accountability reviews, Country Portfolio Performance Reviews, Country Strategy Papers, Procurement Capability Reviews, and project launch exercises. During the year, 500 project audit reports were received and reviewed on a timely basis.

(iii) Increasing participation in global and regional PFM initiatives. The Bank actively participated in MDBs' Financial Management Harmonization Working Group Meetings and in international PFM conferences and workshops to promote harmonization of policies and procedures among multilateral and bilateral donors.

In order to reduce the fiduciary risk and ensure that the proceeds of loans and grants were being used for the purposes intended, the Bank positioned key PFM international and local staff in the Service Centers and FOs. The Bank was also regularly involved in assessing the procurement and financial management arrangements of projects and programs.

EXTERNAL RELATIONS AND COMMUNICATIONS

The Bank is making progress in achieving higher visibility, transparency, and modernization in its communications platforms:

- The Bank's new website (www.afdb.org) has attracted increased numbers of visitors. Between 2009–2010, daily visits rose by 24.3 percent, page views by 8.3 percent, and unique visitors by 18.7 percent. In addition, in 2010 the Bank reached out to social networking, securing 1,250 followers on Facebook.
- The AfDB has expanded its range of multimedia products and services, almost doubling its production and posting of videos on its website from 170 in 2009 to 330 in 2010. It has also expanded its partnerships with African and international TV networks to cover Bank activities and air about 20 documentaries produced by the Bank.
- In a drive to promote interaction with various media and raise the Bank's profile, over 100 internal and international events were covered during the year, including the Bank Group's Annual Meetings, the launch of the *African Economic Outlook*, and related conference activities. The 2010 Annual Meetings attracted a record number of journalists, 81.7 percent more than in 2009. Furthermore, the Bank was

quoted in the African and international press (excluding radio and TV) 15 percent more in 2010 than in 2009.

- Media training sessions were organized for Senior Management, managers, and Resident Representatives, and three refresher sessions were organized for staff in the External Relations and Communications Unit (ERCU). The Bank for the first time organized a capacity-building workshop for African media, which was attended by 20 participants from all the subregions of the continent.

In order to better align its external relations and communications function with its new strategies and priorities, the Bank launched a study in 2010 to consider an in-depth restructuring of the unit.

CORPORATE ADJUDICATION SERVICES

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 Bank. It hears applications of staff members contesting administrative decisions concerning the non-observance of the contract of employment, conditions of employment, or dismissal after exhaustion of all other administrative recourse mechanisms.

In 2010, the Tribunal held one judicial session in which it considered and rendered judgment in four cases. It also held one administrative session dedicated to considering and adopting amendments of the Tribunal's Rules of Procedure. In addition, the Tribunal held a working session with General Counsel and Legal Services Department, Human Resources Department, Staff Council and the Appeals Committee, all of which are involved in the work of the Tribunal. It also proposed and submitted for General Counsel's consideration, several amendments of provisions in the Tribunal's Statute.

In partnership with the Ombudsman, the Staff Council, the Human Resources Department and the Ethics Office, the Tribunal held an information and outreach training session for Field Office (FO) Resident Representatives, as well as for staff from the East Africa subregion.

Ethics Office

As the anchor of the corporate ethics culture of the Bank, the Ethics Office's principal functions include promoting awareness and understanding of the Bank's core values and ethical standards. Specifically, the office provides advice and guidance to staff and management; carries out ethics awareness-raising activities; and conducts financial disclosures for Bank staff.

In the course of 2010, the Ethics Office met and consulted with 198 staff and other clients. Of the total 63 cases/issues brought to the Office during the year, 53 (81.5 percent) were either resolved by direct intervention or referred to appropriate internal organs for resolution. The others were staff requests for guidance, clarification, or counseling.

To increase awareness on ethical issues and standards of conduct, the Ethics Office carried out the following awareness-raising activities during 2010:

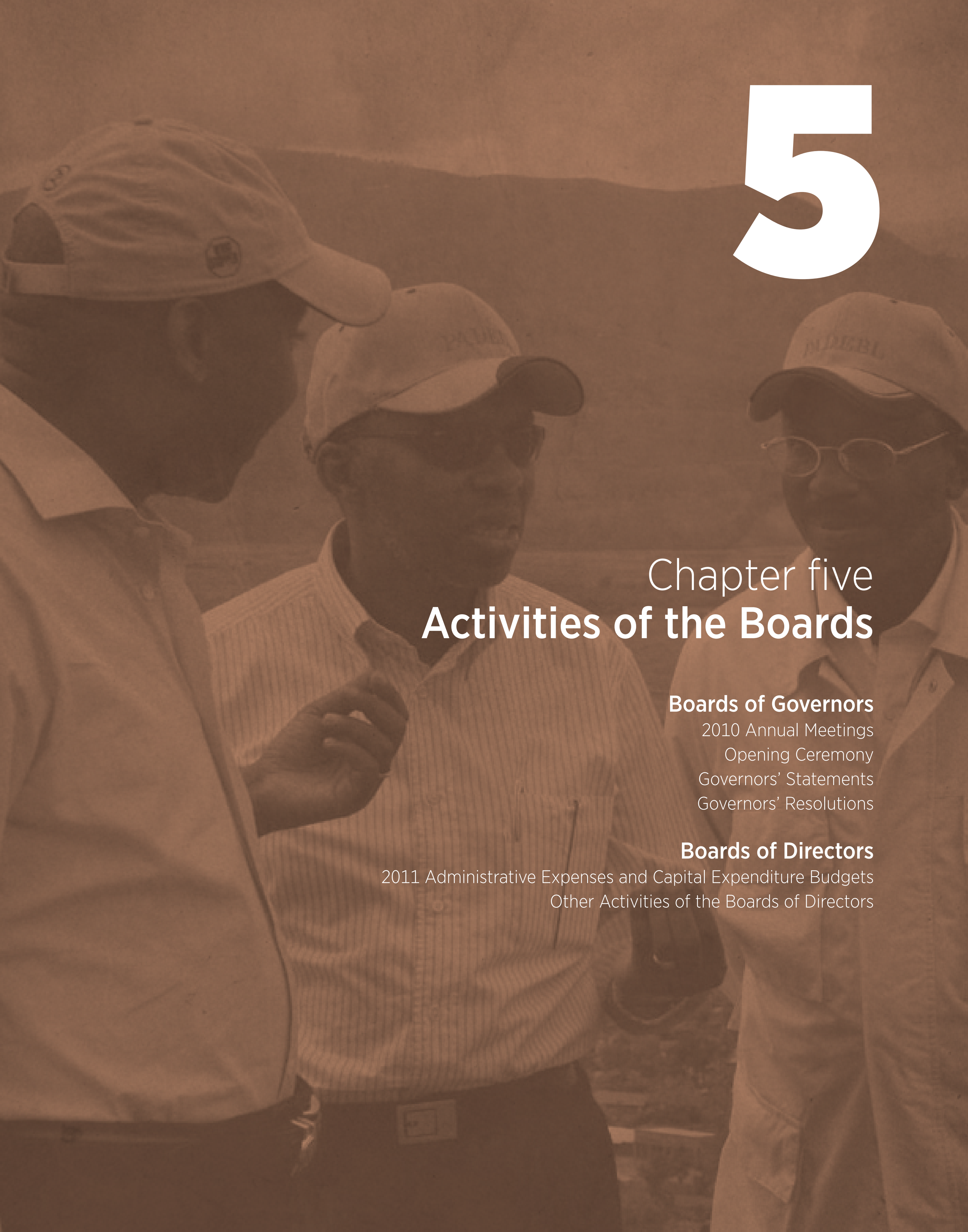
- information and outreach training sessions, including a regional workshop in Tunis and in 12 field offices;
- consultations on ethical issues with members of Senior Management, including FO Resident Representatives;
- regional workshops to discuss ethical issues and dilemmas;
- induction training on ethics and Bank values for new staff; and
- in partnership with the Ombudsman, Staff Council and Human Resources Department held a "Conflict Transparency Week" to provide staff with an opportunity to raise and discuss ethical issues.

To enhance cooperation, the Office carried out exchanges with comparable organs in sister institutions, including the World Bank, the IMF, and the IDB. As part of its responsibilities, the Office undertook the annual Financial Disclosure exercise with a 97.5 percent response rate, following up on cases of real, potential, or perceived conflict of interest with the requisite advice and counseling.

Ombudsman's Office

The Office of the Ombudsman is the designated neutral and impartial conflict resolution practitioner in the Bank, whose primary function is to provide confidential, independent, and informal assistance to staff on grievances and complaints related to human resources and workplace issues. In 2010, the Bank launched the "Conflict Transparency Week," during which various activities seeking to reduce work-related conflicts were held. During the year, the Bank received 103 issue-based complaints/cases. Of these, 94 were dealt with and closed, while efforts continued to address the eight cases that had been carried over to the following year, and one complaint was referred to the Staff Appeals Committee.

In its ongoing program to resolve and, where possible, forestall conflicts, the Bank held a Skills Development of Conflict Competencies Program for Senior Managers, and two Joint Working Sessions with the Resident Representatives. This was intended to revisit the available frameworks for informal conflict resolution within Bank values. In addition, advocacy and outreach activities were undertaken for selected FOs.



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Chapter five
Activities of the Boards

Boards of Governors
2010 Annual Meetings
Opening Ceremony
Governors' Statements
Governors' Resolutions

Boards of Directors
2011 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 policy-making organ, comprising one representative from each member country. The Board of Governors issues general directives and elects a 20-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 Group operations in addition to financial and administrative matters. This chapter outlines the Boards' activities during 2010, with particular emphasis on the 2010 Annual Meetings held in Abidjan, Côte d'Ivoire.

BOARDS OF GOVERNORS

2010 Annual Meetings

The Annual Meetings of the Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) took place in Abidjan, Côte d'Ivoire (the host country of the Bank's Headquarters), on May 27 and 28, 2010. The Annual Meetings were the first institutional event in the Côte d'Ivoire since the Bank's temporary relocation of its operations from its Headquarters, in February 2003. The venue of the Annual Meetings reflected the hope of the Bank as well as the people and government of Côte d'Ivoire for a return of the Bank's operations.

The Annual Meetings were preceded by meetings of the subsidiary organs of the Boards of Governors, the Financial Presentation, ADF-12 Consultations, and High Level Seminars. The Meetings were attended by about 2,408 participants including Governors, Alternate Governors and Delegates, members of the Boards of Directors, development partners, the private sector, ADB staff, members of civil society, and observers.

Opening Ceremony

The formal opening ceremony was held on May 27, 2010, and was presided over by H.E. Laurent Gbagbo, President of the Republic of Côte d'Ivoire. Also present were H.E. Amadou Toumani Touré, H.E. Thomas Yayi Boni, and H.E. Faure Gnassingbé, Presidents of the Republic of Mali, Benin, and Togo respectively. Other distinguished guests included H.E. Tertius Zongo, H.E. Bernard Makuza, and H.E. Guillaume Soro, Prime Ministers of Burkina Faso, Rwanda, and Côte d'Ivoire respectively. The other dignitaries present included: H.E. Nguema Owono, Deputy Prime Minister of the Republic of Equatorial Guinea, H.E. Alhaji Muhammad Mumuni, Minister of Foreign Affairs and Regional Integration of the Republic of Ghana, H.E. Antoine de Padoue Mboumbou Miyakou, President of the Economic and Social Council of Gabon, H.E. Jean Ping, President of the African Union Commission and Mr. Abdoulie Janneh, Executive Secretary of the Economic Commission for Africa. The former Presidents of the African Development Bank, Messrs. Willa Mung'omba, Babacar N'Diaye, and Kwame Fordwor, were also present at the ceremony.

His Excellency Paul-Antoine Bouhoun Bouabré, Chairperson of the Boards of Governors and Governor for Côte d'Ivoire, extended a warm welcome to all participants in his opening address. There were also speeches from H.E. Amadou Toumani Touré, President of the Republic of Mali, Mr. Abdoulie Janneh, the Executive Secretary of the ECA, and Mr. Jean Ping, President of the African Union (AU) Commission.

In his opening statement, Dr. Donald Kaberuka, President of the Bank Group, highlighted that certain key decisions to be taken during the Annual Meetings would impact the trajectory of the Bank for a long time to come. These included the Bank's Sixth General Capital Increase and the reconfiguration of the Board of Directors. Regarding the global financial crisis, the President reminded the meeting that the Bank had swiftly responded to the challenges of the crisis by: (i) doubling its operations in 2009; (ii) providing front-loaded additional budget support, trade finance, and liquidity; (iii) using resources from its private sector window to fill financing gaps in key private sector infrastructure projects; and (iv) being flexible, innovative, and proactive in providing the above support.

In his statement, the President of the Republic of Côte d'Ivoire, H.E. Laurent Gbagbo, expressed appreciation to other Heads of State for their participation at the Meetings. This he acknowledged not only as a token of esteem and friendship, but also as a demonstration of their commitment to the development of the African continent. He welcomed the African Development Bank back to Côte d'Ivoire, and congratulated the President and staff for the achievements they had secured in the last few years. The President gave an assurance that all Ivorians were working together to consolidate the peace and security that had been restored after the crisis, and invited the Bank to return to its Headquarters in Côte d'Ivoire. He then declared the 2010 Annual Meetings open.

Governors' Statements

The Governors acknowledged that despite the difficult economic climate, the Bank had recorded positive results in 2009. They unanimously expressed support for the Bank's Sixth General Capital Increase (GCI-VI) as well as the increase in the number of seats on the Boards of Directors. The Governors observed that this expression of confidence needed to be matched on the Bank's part by redoubled efforts to improve the effectiveness of the decentralization process, reinforce its results agenda, and promote the development of Africa's private sector, including in ADF-eligible countries.

The Governors stressed the need for the Bank to concentrate its interventions in areas where it had a distinct comparative advantage, such as the development of infrastructure, the promotion of the private sector and regional integration, support to fragile states, and improved access to water and sanitation in regional member countries.

Finally, the Governors congratulated the Bank Group President, Dr. Donald Kaberuka, on his re-election. They urged him to pursue the reforms that he had already initiated to improve the Bank's operations.

Governors' Resolutions

During the Annual Meetings, the Boards of Governors reviewed and adopted a number 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:

- *Resolution B/BG/2010/08* – Authorizing the Sixth General Capital Increase (from UA 23,947.46 million to UA 67,687.46 million, representing a 200 percent increase);
- *Resolution B/BG/2010/09* – Amendment to the Share Transfer Rules of the African Development Bank;
- *Resolutions B/BG/2010/10 and F/BG/2010/03* – Concerning the Increase in the Number of Executive Directors to 20 under the Agreements Establishing the African Development Bank and the African Development Fund;
- *Resolution B/BG/2010/15* – Election of the President of the African Development Bank; and
- *Resolution B/BG/2010/16* – General Election of the Executive Directors of the African Development Bank.

The Boards of Governors also adopted resolutions on the Annual Report and the Audited Financial Statements for the financial year ending December 31, 2009 for the ADB, ADF, NTF, and Special/Trust Funds. They also approved the Annual Report and Audited Special Purpose Financial Statements of the Fund for the financial year ending December 31, 2009.

In addition, the Governors approved the composition of Members of the Bureau, and the Joint Steering Committee for the period end-2010 Annual Meetings to end-2011 Annual Meetings. The Bureau would comprise Portugal as Chair, with Equatorial Guinea and Kenya as the first and second Vice-Chairs, respectively. During the same period, the Joint Steering Committee would comprise Algeria, Argentina, Austria, Central African Republic, Madagascar, Namibia, The Gambia, Togo, and the United States of America.

Furthermore, the Governors approved the resolution for allocations from the Bank's 2009 allocable income of UA 238.8 million as follows: (i) UA 90.0 million as provision for reserves; (ii) UA 27.8 million to the Surplus Account; (iii) UA 50.0 million for ADF-11; (iv) UA 66.0 million for the Democratic Republic of Congo (DRC) Special Account; and (v) UA 5.0 million for the Technical Assistance Fund of Middle-Income Countries. In addition, the Governors approved UA 2.3 million to be transferred to the reserves of the NTF, and UA 0.3 million for the HIPC Initiative from the UA 3.2 million NTF 2009 net income.

BOARDS OF DIRECTORS

The Boards of Directors continued to ensure adherence to the Bank Group's Medium-Term Strategy (MTS) 2008-2012, in the regional and country strategies, projects, and other documents it reviewed and/or approved. The implementation of the MTS as well as quality assurance and results, were the cornerstones of the organizational fine-tuning which the Board of Directors of the Bank approved. In this connection, the Board approved a renewed focus and scaling-up of resources to infrastructure development in the RMCs. This would be achieved by splitting the infrastructure department into two departments, namely the: (i) Transport Department and (ii) Energy Department. The Quality Assurance and Results Department was also brought under the supervision of the Vice President, COO, to ensure a comprehensive results and quality-driven operations culture. Furthermore, additional resources were allocated to enhance quality at entry, through the Board's creation of an OpsCom Secretariat, also under the oversight of the Vice President, COO. To ensure clarity and a common understanding both internally and externally, in the measurement of results, the Boards of Directors of the Bank and the Fund approved a "One Bank" Results Measurements Framework (RMF).

Financial resource mobilization, as a key 2010 Bank Group activity, consumed a considerable amount of the Boards' time. In this regard, the ADB Board of Directors endorsed the documents containing the proposals for the GCI-VI, as well as the related institutional reforms, and the amendments to the Share Transfer Rules, all of which were approved by the ADB Board of Governors at the 2010 Annual Meetings. Members of the Boards of Directors also participated in all the replenishment meetings for the ADF-12, and actively made the case with their relevant capitals for the ADF-12.

Fifty percent of the members of the Board of Directors completed their term of office and were replaced by new members following the general election of Executive Directors, conducted by the Board of Governors during the 2010 Annual Meetings. Furthermore, to ensure wider shareholder representation on the Board of Directors, the Governors approved two additional seats (one each for regional and non-regional member countries) to the Board. Following this approval for the increase in Board size, the Board of Directors brought relevant revisions to the subsidiary procedures for representation on the Board of Directors of the Fund, and the various committees of the Boards.

Board members also focused on issues of integration of new members and had general discussions on Board performance during the induction and retreat of Board members. The retreat deepened the successful collaboration between the President, Boards of Directors, and Management regarding the work ahead.

2011 Administrative Expenses and Capital Expenditure Budgets

In December 2010, the Board of Directors of the Bank approved an Administrative Expenses and Capital Expenditure Budget for 2011 comprising: (i) UA 289.1 million allocated to Administrative Expenses, (ii) UA 40.0 million for the Capital Budget, and (iii) UA 2.9 million to contingency. The Board of Directors of the Fund approved an indicative Administrative Budget of UA 201.3 million for the Fund for 2011.

Other Activities of the Board

The Boards of Directors function through seven committees: (i) Committee on Administrative Matters Concerning the Boards of Directors (AMBD), (ii) Committee for Audit and Finance (AUFI), (iii) Committee on Administrative Affairs and Human Resources Policy (CAHR), (iv) Committee on Operations and Development Effectiveness (CODE), (v) Committee of the Whole (CoW), (vi) Ethics Committee (EC), and (vii) Committee on the Annual Report (CAR). The committees jointly held 60 meetings in 2010, as elaborated below.

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

The work of the AMBD Committee focuses on streamlining processes that will enhance overall Board performance. In this regard, they met nine times in 2010 to consider and submit recommendations to the Boards on various proposals, including: Board document distribution and deadlines; Boards and Consultation Missions; and Board Efficiency and Effectiveness Enhancement. A key priority in 2010 was for enhanced management of the expenses of Executive Directors.

Audit and Finance Committee (AUFI)

The Audit and Finance Committee (AUFI) held four meetings in 2010 to consider a number documents, including: (i) the Financial Statements of the ADB, ADF, NTF, as well as the Special and Trust Funds as at December 31, 2009; (ii) Allocation of ADB Net Income; (iii) External Management Letter for the Year Ended December 31, 2009; (iv) External Auditors' 2010 Engagement Letter; (v) Semi-Annual Review of Product and Pricing Flexibility for Middle Income Countries; and (vi) External Auditors' Update to AUFI on the 2010 Audit of the Bank Group.

Furthermore, AUFI held five joint meetings with CODE to consider audit and financial issues, which included: (i) 2010 Work Program of the Internal Audit Division; (ii) Follow-Up Report on the Implementation of Internal Audit Recommendations on Corporate, Finance and Project-Related Audits for 2008; (iii) 2009 Internal Audit Annual Activity Report; (iv) Review of the Bank Group's Cost-Sharing Formula; and (v) OPEV's Three-Year Rolling Work Program and Budget 2011–2013.

AUFI and CAHR also jointly held two meetings to consider the Staff Retirement Plan; External Auditors' Recommendations Letter for the Year Ending December 31, 2009; External Auditors' 2010 Engagement Letter; and the Half-Yearly Review of the Flexibility and Pricing of Financial Products of Middle Income Countries.

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

During the year under review, the Committee on Administrative Affairs and Human Resources Policy Issues (CAHR) held ten meetings and two joint meetings with AMBD to consider various corporate issues. These included: (i) recruitment and management of the short-term staff in Tunis; (ii) job classification of positions for Field Office locally recruited staff; (iii) review of salaries of international professional and locally recruited staff; (iv) Bank Group 2010–2012 Learning and Development Strategy; (v) Career Development Framework; (vi) extension of the mandatory retirement age from 60 to 62; and (vii) Executive Directors' 2010 Consultation Missions and status of Executive Directors.

Committee on Operations and Development Effectiveness (CODE)

CODE held 24 sessions to consider several policy documents and operational reports, including: (i) Guideline Paper on the Strengthening of Bank Support to Regional Integration; (ii) Revision of the Independent Review Mechanism; (iii) Fragile States Facility – Guidelines for Technical Assistance Program Administration and Capacity Enhancement under Pillar III Operations; (iv) Bank Group Results Measurement Framework; (v) Revised Guidelines on the Cancelation of Bank Group Approved Loans, Grants and Guarantees; (vi) Country Portfolio Performance Review Guidelines; (vii) Simplification of Procedures for Private Sector Operations; (viii) Establishment of the Knowledge Management Trust Fund and Strengthening Country External Audit Systems in Africa – A Joint Strategy of the ADB and World Bank; (ix) Regional Integration Strategy Papers of Southern and Central Africa; and (x) several CSP mid-term and Completion Reports as well as Country Portfolio Performance Reports.

Committee of the Whole (CoW)

This committee, of which all Executive Directors are members, is chaired by the President of the Bank. Its key mandate is to review, on an ad-hoc basis, the Bank Group's annual budgetary proposals as well as other matters referred to it by the Board. In 2010, the Committee met to consider the outline of the 2011 Budget and the three-year 2011-2013 rolling Budget.

Board Committee on the 2009 Annual Report (CAR)

During 2010, the Board Committee on 2009 Annual Report met three times to consider the various drafts of the Annual Report prepared by the Management of the Bank. The role of the Committee was to provide guidance, comments on the various drafts of the Annual Report, and oversight to the Annual Report drafting team.

Executive Directors' Consultation Missions

In-country dialogue with key government officials, civil society, beneficiaries of Bank Group-financed projects, and representatives of donor agencies is a key annual activity of the Boards of Directors. In this connection, Executive Directors usually visit four regional member countries each year. Board members split into two groups, with each group visiting two countries. In 2010, a group of Board members visited Benin and Mali in February, while another group visited Malawi and Zimbabwe in March. The Executive Directors engaged the leadership of these countries on development issues and were able to appreciate, at close range, the development challenges of the people. Given the positive impact of these visits on the Bank's engagement with RMCs, the Senior Advisers and Advisers of Executive Directors also embarked on missions to African countries with the intention of achieving a similar objective. The Advisers visited Cameroon and Egypt.

Profiles of Projects and Programs Approved in 2010

Profiles of ADB-Approved Projects and Programs

Public Sector

Private Sector

Profiles of ADF-Approved Projects and Programs

Profiles of NTF-Approved Projects and Programs

Profiles of Special Approvals

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE AND RURAL DEVELOPMENT				
Seychelles	*Mariculture Master Plan (MMP)* **Objective:** To develop, strengthen, and integrate the key technical, regulatory, legislative, and institutional mechanisms in order to achieve sustainable mariculture development and create an enabling environment for investment. **Expected Outcomes:** Investment in Seychelles' mariculture sector is initiated and proceeding according to the vision, goals and objectives of the sector plan. **Cofinanciers:** Government (UA 0.25 million).	N.A.		0.30
COMMUNICATIONS				
Cape Verde	*Data Center Project* **Objective:** To undertake a feasibility study of a Technology Park in order to enhance the business climate of the country through improvement of ICT infrastructure and the development and wide usage of the e-government services. **Expected Outputs:** (i) Report on the state of art of technology Parks in the world, institutional framework analysis, legal form of the Praia Technology Park (PTP), identification of potential strategic partners for the development of the PTP, roles of various stakeholders, services to be provided by the PTP, market analysis, risks, sustainability; and (ii) an action plan and a business plan for a period of 5-10 years are prepared. **Cofinanciers:** Government (UA 0.02 million).	0.32		0.30
ENERGY SUPPLY				
Egypt	*Suez 650 MW Steam Cycle Thermal Power Plant* **Objective:** To increase the capacity and maintain the reliability of the power generation system to help meet the electricity demand on the Unified Power System (UPS) in the short to medium term. **Expected Outcomes:** By 2017, (i) installed electricity generation increased: the power plant produces maximum 650 MW; (ii) total UPS installed generation capacity increases from 23,616 MW in 2009 to at least 41,000 MW; (iii) Egyptian Electricity Holding Company (EEHC) annual supply growth rate reaches 6.2 percent to meet demand increase; and (iv) number of consumers increased from 24.7 million in 2008/9 to 34 million. **Cofinanciers:** IDB (UA 39.85 million); and EEHC (UA 237.32 million).	637.64	360.47	
FINANCE				
Botswana	*Non-bank Financial Institutions Regulatory Authority (NBFIRA) in Implementing a Risk Based Regulatory Framework* **Objective:** To help Botswana to become a financial services hub for Southern Africa by equipping NBFIRA with an operational risk-based regulatory model in line with international best practices. **Expected Outcomes:** The risk-based regulatory model will be effective and properly used, which should contribute to: the Regulator achieving administrative efficiency; consumers achieving a fair deal and being protected against fraud; and markets being efficient, orderly, and fair. **Cofinanciers:** None.	N.A.		0.60

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
INDUSTRY, MINING, AND QUARRYING				
Botswana	*Mining and Diversification Study* **Objective:** To enable the government to embark on the aforementioned study and formulate policy recommendations regarding possible options and the way forward for the Botswana economy, including diversification. **Expected Outcomes:** (i) Inception reports and progress reports on the study undertaken; (ii) draft reports and final reports on study undertaken; (iii) effective coordination as a result of networking and partnership building; (iv) conclusions and recommendations emanating from stakeholder workshops and analysis of problem; and (v) recommendations emanating from the study implemented. **Cofinanciers:** Government (UA 0.01 million).	0.28		0.27
Tunisia	*Study on the Development of Cultural Industries* **Objective:** Identify the potential of Tunisia's cultural industries and propose a national development strategy for these industries and an action plan to implement this strategy. **Expected Outputs:** (i) A detailed and comprehensive diagnosis of the current state of cultural industries in Tunisia; (ii) an assessment of their contribution to the economic and social development dynamic; (iii) identification of potential in this sector; (iv) national cultural industries development strategy; and (v) an action plan to implement this strategy. **Cofinanciers:** Government (UA 0.03 million).	0.30		0.27
MULTISECTOR				
Botswana	*Public Enterprise Evaluation and Privatization Agency (PEEPA)* **Objective:** To build capacity in the Public Enterprises Evaluation and Privatization Agency (PEEPA) and contribute to accelerating the privatization program with a view to diversifying the economy. **Expected Outcomes:** (i) Private sector participation strategy for Botswana Power Corporation (BPC) approved by December 2011 and private sector participation in the maintenance of government buildings completed by March 2012; (ii) privatization skills strengthened; and (iii) future transactions lead to citizen participation. **Cofinanciers:** PEEPA (UA 0.03 million).	0.63		0.60
Libya	*Technical Assistance for Small and Medium Enterprises Development* **Objective:** To strengthen institutional and human capacity in Libya with respect to SME and entrepreneurship training and development, with a view to contributing to the Libyan economy and the sustainability of growth. **Expected Outcomes:** (i) Improved understanding by both the public and private sectors of the needs, opportunities, and challenges facing SMEs development in Libya; (ii) improved entrepreneurship capability and leadership of Libyan SMEs; (iii) increase in business development opportunities within and outside Libya; and (iv) improved capacity of the Academy of Graduate Studies to support entrepreneurs. **Cofinanciers:** Academy of Graduate Studies (AGS) (UA 0.19 million).	0.77		0.58
Mauritius	*MIC Grant Supporting Competitiveness and Public Sector Efficiency (CPSE) Program* **Objectives:** To consolidate fiscal performance, strengthen public social service delivery, and enhance trade competitiveness. **Expected Outcomes:** (i) The Ministry's budget submission for 2011 aligned with the Program-Based Budgeting (PBB) requirements and from 2009 to December 2011, recurrent expenditures of the Ministry reduced by 10 percent; (ii) from 2009 to December 2011, the proportion of investment project proposals that conform to the Project Plan Committee (PPC) guidelines and requirements increased from 38 percent to at least 60 percent; and (iii) trade competitiveness enhanced: ICT sector strategy is included in the 2011 sector budget and is in line with PBB requirements by Ministry of Finance and Economic Empowerment. **Cofinanciers:** Government (UA 0.01 million).	0.31		0.30

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Morocco	*Public Administration Reform Support Program - Phase IV (PARAP IV)* **Objectives:** To improve government efficiency in budget and human resource management, consolidate and control the civil service wage bill, and streamline administrative procedures by developing electronic government. **Expected Outcomes:** (i) Reduction of budget deficit from 2.3 percent of GDP in 2009 to 2.0 percent in 2011; (ii) current expenditure/GDP ratio decreases from 21.2 percent in 2009 to 20.7 percent in 2011; (iii) generalization of GPEEC (Jobs, Staff and Skills Management Planning) tools within ministries in the human resources management process in 2011; (iv) wage bill/GDP ratio stabilized in 2011 at its 2009 level (10.3 percent); and (v) number of public services available online increases from 10 in 2009 to 13 in 2011. **Cofinanciers:** World Bank (UA 61.91 million); and the European Union (UA 61.32 million).	207.23	84.00	
Morocco	*MIC Grant - Support for Strengthening the Supervision and Control of Financial Markets* **Objective:** To strengthen capital market governance through providing assistance and capacity building to the regulatory body (CDVM). **Expected outcomes:** (i) Effective management of the information system by the CDVM; (ii) strengthening the role of CDVM in the development of national markets; and (iii) improving supervision and control of the financial markets. **Cofinanciers:** Government (CDVM) (UA 0.08 million).	0.56		0.48
Swaziland	*Economic Diversification Study* **Objective:** To identify the potential for and constraints to, the broadening of the Swaziland economic base and increasing competitiveness in traditional and emerging exports to both traditional and new markets. **Expected Outputs:** (i) Inception report defining the approach and methodology of addressing the tasks submitted; (ii) monthly reports to the Principal Secretary and the AfDB undertaken; (iii) draft reports for discussion with stakeholders/clients at the designated consultation workshops undertaken; and (iv) final report articulating the sectors and commodities/goods where the country has comparative advantages regionally and globally undertaken. **Cofinanciers:** Government (UA 0.02 million).	0.32		0.30
Tunisia	*Evaluation Study for BTS's Microcredit System* **Objective:** Study the social, financial and economic performance of the microcredit system managed by BTS and established within the framework of poverty reduction and socioeconomic integration of disadvantaged groups and create sources of income. **Expected Outputs:** (i) Submission of a Report containing the diagnostic report and recommendations for improving the social performance of the microcredit system in the context of poverty reduction and the socioeconomic integration disadvantaged populations, and (ii) submission of a final report including the results of diagnoses and recommendations. **Cofinanciers:** Government (UA 0.01 million).	0.15		0.14
SOCIAL				
Botswana	*Support to Education Quality and Technical and Vocational Education and Training (SEQTVET)* **Objective:** To help improve access to vocational education and training programs and develop an integrated system with close links to formal education. **Expected Outcomes:** By 2012: (i) enrollment rate for technical and vocational education and training (TVET) increased; and (ii) number of trained and qualified DTVET (Department of Technical and Vocational Education and Training) lecturers increased by 35 percent and 10 percent respectively. **Cofinanciers:** Government (UA 0.03 million).	0.63		0.60

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
SOCIAL				
Egypt	*National Program for Taxi Replacement Scheme Based Employment Generation* **Objective:** To protect the jobs and increase the incomes of taxi owners/drivers whose taxis are older than 20 years by providing them with increased access to business finance and new cars that are more environmentally friendly. **Expected Outcomes:** (i) 21,250 jobs of taxi owners/drivers maintained; (ii) on average, the income of new taxi owners including women increased by 40 percent and for taxi drivers, by 100 percent; (iii) at least 11,500 new jobs created; and (iv) reduction of 0.3 million metric tonnes of CO_2 emission out of 1.2 million (25 percent). **Cofinanciers:** Nasser Social Bank (NSB) (UA 66.27 million); and Government (UA 12.41 million).	177.59	98.31	0.60
Egypt	*Rural Income and Economic Enhancement (RIEP)* **Objective:** To improve the socioeconomic livelihoods of the economically active rural smallholder farmers engaged in the production, processing, and marketing of selected agricultural commodities. **Expected Outcomes:** (i) Increase in the number of households with sustainable improvements in incomes and living standards in pilot Governorates (Minya, Assuit, and Sohag) as indicated by a reduction in the percentage of the ultra poor in the local population; (ii) at least 60,500 direct jobs created, of which 40 percent are for women; (iii) share of agribusiness lending in Partner Financial Intermediaries (PFIs) portfolio increased from 4.2 percent to 6 percent; (iv) volume of trade in focus commodities (horticulture and dairy) increased; and (v) reduction in post-harvest losses (waste). **Cofinanciers:** FAPA (UA 0.64 million); and Government (UA 0.68 million).	46.57	44.65	0.60
Gabon	*Strengthening of the National Health Insurance Fund and Social Security (CNMAS)* **Objective:** Identify and specify improvements and new systems needed to strengthen the management capacity of CNAMGS and train its staff. **Expected Outcomes:** (i) 600,000 economically disadvantaged Gabonese registered by June 30, 2011, including 52 percent females; (ii) at least 480,000 employees and beneficiaries covered by June 30, 2011; (iii) at least 400,000 private sector employees covered by the end of 2011; (iv) epidemiological map of Gabon available by December 2011; (v) agreement on the range of care per type of prevalent disease; (vi) hospital facilities under agreement increased from 15 in 2010 to 25 by 2012; and (vii) case files processed within a maximum 15 days for pharmacy bills and 30 days for hospital bills. **Cofinanciers:** Government (UA 0.33 million).	0.83		0.50
TRANSPORTATION				
Morocco	*Study to Diagnoze & Design a Program to Strengthen and Repair the Productive Structure of 7 Ports* **Objective:** To determine optimal options for strengthening the protective structures of 7 ports (Nador, Safi, Al Hoceima, Tangiers, Casablanca, Mohammedia, and Agadir) and to design bidding documents for the necessary repair and strengthening works to be undertaken. **Expected Output:** Final design and bidding documents for the 7 ports available in December 2010 for programming of ADB's 2010-2011 loan. **Cofinanciers:** National Ports Agency (ANP) (UA 0.71 million).	1.31		0.60
Morocco	*Increasing Capacity on the Tangier–Marrakech Railroad Line* **Objective:** To meet goods and passenger traffic demand by increasing the capacity of the Kenitra–Casablanca and Casablanca–Marrakech railroad lines. **Expected Outcomes:** The operating conditions of passenger and goods trains are significantly improved with enhanced safety on the Tangier–Kenitra–Casablanca–Marrakech rail link. **Cofinancier:** ONCF (UA 117.73 million).	373.30	255.57	

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Namibia	*Feasibility Studies, Preliminary Design and Master Plans for the Namibia Airport* **Objective:** To develop relevant output of master plans and designs, facilitating enhanced operational efficiencies and capacity, optimize land-use with strict adherence to environmental standards and regulations, including climate change and social parameters. **Expected Outcomes:** (i) Completion and submission of final environment and land-use master plans; and (ii) completion and submission of feasibility study and design deliverables in readiness for implementation for HKIA (Hosea Kutako International Airport). **Cofinanciers:** Government/Namibia Airports Company (NAC) (UA 0.03 million).	0.62		0.59
Tunisia	*Transport Project VI* **Objective:** To improve the service level of the classified road network and enhance access to rural areas to intensify intra- and inter-regional trade, improve access to the country's key development hubs, and open up agricultural production areas by linking them to the classified network. **Expected Outcomes:** (i) Percentage of roads measuring more than 7 m wide increases from 61 percent (8,790 km) in 2009 to 69.2 percent (10,162 km) in 2015; (ii) reinforcement of 9.5 percent (1,332 km) of the linear length of paved roads in 2015; and (iii) linear length of paved feeder roads increased from 50 percent (2,059 km) at the end of 2011 to 70 percent (8,826 km) by the end of 2016. **Cofinanciers:** Government (UA 84.66 million).	282.98	198.32	
WATER SUPPLY & SANITATION				
Morocco	*Update the Drinking Water Supply in the Rabat–Casablanca Coastal Area* **Objective:** To strengthen the drinking water production and supply system in the Rabat–Casablanca coastal area in order to improve the socioeconomic and health conditions of the population. **Expected Outcomes:** By year-end 2015: (i) Maintenance of the rate of access in urban areas in the cities concerned at 100 percent; (ii) increase in the rate of access in rural areas in the province concerned from current 87 percent to above 90 percent; (iii) rate of maternal mortality (caused by waterborne diseases) reduced from more than 227 currently to less than 50 per 100,000 births; and (iv) rate of infant and child mortality (caused by waterborne diseases) reduced from the current 40 to less than 15 per 1,000 inhabitants. **Cofinanciers:** National Drinking Water Authority ONEP (UA 41.67 million).	220.75	179.98	
EMERGENCY AND RELIEF OPERATIONS				
Chad	*Humanitarian Emergency Aid to Victims of Drought* **Objective:** Contribute to the provision of seed to alleviate the suffering of drought victims. **Expected Outputs:** Approximately 39,500 families to receive 396 tonnes of seed for planting over 59,400 ha. **Cofinanciers:** None.	N.A.		0.68
Niger	*Humanitarian Emergency Assistance for Victims of Drought* **Objective:** Improve agricultural production and food security. **Expected Outcomes:** Increase food self-sufficiency of 50,000 households from a 40 percent food self-sufficiency rate in 2008. **Cofinanciers:** None.	N.A.		0.68

Profiles of ADB-Approved Projects and Programs, 2010 – Public Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
EMERGENCY AND RELIEF OPERATIONS				
Sudan	*Emergency Assistance to Mitigate the Impacts of Floods on Schools in Khartoum State* **Objective:** To respond to the urgent and immediate needs of flood victims, especially school children in the poorest parts of the state. **Expected Outcomes:** Enrollment rate is maintained at current levels (90 percent), possible increase in intake as a result of the rehabilitated school facilities. **Cofinanciers:** None.	N.A.		0.68
Zambia	*Emergency Food Assistance to the Communities Affected by the 2009/2010 Floods* **Objective:** To respond to the immediate need of flood victims in the flood-affected provinces with a view to contributing to government efforts to alleviate the suffering of 185,406 households. **Expected Outcomes:** By the end of 2011: (i) reduced risk of starvation and reduced risk of collapse of the crop production system; and (ii) all targeted flood-affected households achieve food security. **Cofinanciers:** None.	N.A.		0.66
Zimbabwe	*Emergency Assistance to Support Efforts to Control and Avert Cholera Outbreaks* **Objective:** To strengthen the national cholera preparedness strategy to contain the emerging outbreak and reduce the risk of a cholera pandemic. **Expected Outcomes:** (i) Cholera incidence reduced from 100,000 in 2009 to less than 1,000 by 2011; and (ii) Case Fatality Rate (CFR) reduced from 4.3 percent to less than 1 percent by 2011. **Cofinanciers:** None.	N.A.		0.65
OTHER APPROVALS				
Congo	*HIPC – Completion Point under Enhanced Framework* **Objective:** To reduce Congo'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 debt to GDP ratio is expected to decline from 44 percent in 2008 to 27 percent in 2013 and to 6 percent in 2029; (ii) the NPV of debt to exports ratio is expected to decline from 67 percent in 2008 to 34 percent in 2013 and 26 percent in 2029; and (iii) the NPV of debt to revenues ratio is expected to fall from 86 percent in 2008 to 52 percent in 2013 and 15 percent in 2029. **Cofinanciers:** ADF (UA 1.71 million).	N.A.		25.89
Liberia	*HIPC – Completion Point under Enhanced Framework* **Objective:** To reduce Liberia's external debt burden and improve its external debt indicators to sustainable levels in order to encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) The NPV of debt to exports ratio to fall from 286.7 percent at end-June 2010 to an average of 23.7 percent over a five-year period until end-June 2015, then rise slightly to 25.4 percent through to end-June 2020, mainly due to new borrowings; (ii) the NPV of debt to GDP ratio to decline from 175.2 percent at end-June 2010 to an average of about 13.7 percent over a five-year period through to end-June 2015, followed by slight increase to 14.2 percent until 2020; and (iii) the NPV of debt to revenue ratio would decline from 596.2 percent at end-June 2010 to an average of 48.6 percent over the following five years. **Cofinanciers:** ADF (UA 5.35 million); and NTF (UA 28.83 million).	N.A.		118.25

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE AND RURAL DEVELOPMENT				
Mali	*Markala Sugar Project* **Objective:** To increase Mali sugar production and sugar exports and thereby boost the economy and create jobs. **Expected Outcomes:** By 2020: (i) production of 190,000 tonnes of additional sugar, 15 million liters of ethanol, and 30 MW of electricity; (ii) export of 52,000 tonnes of sugar; and (iii) 858 jobs created, at least 25 percent for women. **Cofinanciers:** DEG (UA 17.04 million); FMO (UA 17.04 million); BOAD (UA 11.50 million); OFID (UA 8.52 million); EBID (UA 8.52 million); BDM (UA 3.24 million); and others (UA 15.33 million).	106.75	25.56	
COMMUNICATIONS				
Multinational	*Satellite 03B* **Objective:** To design, construct, launch, and operate a constellation of 8 Middle earth orbit (MEO) satellites. **Expected Outcomes:** (i) 21 beams of 1Gbps each provisioned over Africa; (ii) bandwidth price below US$ 2,000/MHz-month (compared to US$ 3,500/MHz-month today); and (iii) latency below 150 ms (compared to 500 ms today). **Cofinanciers:** DFIs (UA 109.24 million); and commercial banks (UA 325.15 million).	466.52	32.13	
ENERGY SUPPLY				
Cameroon	*Dibamba Power* **Objective:** To increase the security of electricity supply and reduce power outages. **Expected Outcomes:** (i) Power generation capacity is increased by 86 MW by 2010; (ii) increase in the number of new customers; (iii) number of households with electricity increased by 75,411; and (iv) 80 percent reduction in blackouts by 2010. **Cofinanciers:** IFC (UA 22.82 million); and FMO (UA 22.82 million).	68.72	23.08	
Cape Verde	Cabeolica Wind Power Project **Objective:** To provide clean and affordable electricity from domestic wind resources to substitute for imported fuel oil used for electricity generation. **Expected Outcomes:** (i) 92 GWh sold in 2013; (ii) increased penetration of renewable energy sources, which will represent 30 percent by 2013; (iii) reduced volatility in generation cost for Electra (the national electricity company); and (iv) additional revenues for government and Electra. **Cofinanciers:** EIB (UA 26.36 million).	39.54	13.18	
Tunisia	*Entreprise Tunisienne d'Activités Pétrolières (ETAP)–Hasdrubal Oil and Gas Field Development* **Objective:** To enhance the production capacity of oil and gas in Tunisia by developing the Hasdrubal offshore field. **Expected Outcomes:** (i) Increased oil and gas production in the country from Hasdrubal concession by 2011 (natural gas: 880 million cubic meters; LPG: 1.6 billion barrels; oil: 3.5 billion barrels); (ii) increased government revenues linked to oil and gas by US$ 720 million (nominal) from 2010 to 2014; (iii) improved balance of payments; and (iv) creation of 1,200 temporary jobs and 90 permanent jobs. **Cofinanciers:** British Gas Tunisia Ltd (BGT) (UA 429.99 million); and local banks (UA 163.12 million).	690.98	97.87	

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
FINANCE				
Nigeria	*Guaranty Trust Bank PLC* **Objective:** To increase available liquidity to underpin the financing of ongoing projects in key sectors and boost productive capacity. **Expected Outcomes:** (i) Availability of affordable credit/liquidity to key projects in Nigeria (13 projects across seven sectors by 2015); and (ii) increase in the productive capacity of beneficiary entities. **Cofinanciers:** None.	N.A.	67.83	
Rwanda	*Banque Rwandaise de Développement* **Objective:** To strengthen the bank and thereby increase the availability of long-term finance for ongoing and newly identified projects in key sectors. **Expected Outcomes:** (i) Funds disbursed to at least 15 projects by 2013 and at least 31 projects by 2015; (ii) agricultural sector benefiting from at least 26 percent of funds disbursed and 30 percent targeted at export oriented industries; and (iii) nonperforming loans (NPLs) reduced to less than 10 percent by 2011 and 7 percent by 2015. **Cofinanciers:** None.	N.A.	5.09	
Rwanda	*Banque de Kigali (BK)* **Objective:** To strengthen BK's balance sheet by making available Tier 2 capital for onlending to BK's clients. **Expected Outcomes:** (i) Facility to be fully disbursed to at least 20 qualifying subprojects in the manufacturing, agriculture and rural development, infrastructure, tourism, and SME subsectors, within two years of drawdown; (ii) additional funding of US$ 20 million is leveraged off BK capital base for subprojects in Rwanda by 2017; (iii) additional funding of US$ 10 million is catalyzed for subprojects in Rwanda under cofinancing arrangements by 2017; and (iv) 10 new branches opened by BK. **Cofinanciers:** None.	N.A.	7.63	
South Africa	*Line of Credit to the Industrial Development Corporation of South Africa (IDC)* **Objective:** To improve IDC's macroeconomic fundamentals and thereby increasing the availability of private finance for sustainable, productive projects. **Expected Outcomes:** By 2020: (i) US$ 140 million of incremental exports are generated by subprojects per year; (ii) US$ 75 million of additional revenues (taxes etc.) are generated by subprojects per year; and (iii) 6,920 new full-time jobs are created by subprojects. **Cofinanciers:** None.	N.A.	132.35	
Multinational	*African Export-Import Bank (Afreximbank)* **Objective:** To provide adequate and affordable trade and trade-related project finance. **Expected Outcomes:** (i) Approximately 65 new trade finance transactions are funded over the next five years; (ii) 660 new permanent jobs are created; (iii) at least US$ 1.7 billion committed by 2015; and (iv) Afreximbank maintains the current low level of NPLs at about 1 percent. **Cofinanciers:** None.	N.A.	101.43	

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
INDUSTRY, MINING, AND QUARRYING				
Egypt	*Egyptian Refining Company (ERC)* **Objective:** To contribute to the reduction of the country's dependence on imports of refined oil products and promote local products transformation. **Expected Outcomes:** (i) Improved supply of refined products available for domestic consumption (5 mt of refined products sold in 2015); (ii) increased job opportunities for nationals (creation of 8,000 jobs during construction, and 790 permanent jobs from 2015); and (iii) increased state revenues (taxes and dividends) and reduced public deficit under subsidies spending (average of US$ 88 million/year of corporate taxes from 2015, and average of US$ 36 million/year of dividends from 2015). **Cofinanciers:** KEXIM (UA 456.75); EIB (UA 277.96 million); JBIC (UA 352.35 million); NEXIM (UA 234.90 million); and MITSUI (UA 131.50 million).	1,600.27	146.81	
Ghana	*Increase in Loan to Kempinski Accra Hotel* **Objective:** To expand business hospitality industry capacity and quality based on labor and SMEs development in order to increase interest in Ghana as a business destination. **Expected Outcomes:** (i) Increased earnings from taxes and dividends for government (around present value for US$ 8.5 million in taxes and dividends); (ii) increased job opportunities for nationals during construction and operations (500 jobs during construction and 352 full-time jobs during operations), of which 30 percent are for women; (iii) increase in the number of 5-star hotels established (from two to five) within 6 years; and (iv) increased hotel catering services outsourced to local SMEs. **Cofinanciers:** None.	N.A.	1.32	
Rwanda	*"La Cimenterie du Rwanda"* **Objective:** To expand the local cement production capacities in order to support the infrastructure, commercial construction, and residential housing sectors of Rwanda. **Expected Outcomes:** By 2015: (i) NPV of taxes paid to the government reaches US$ 10 million; (ii) percentage of imports in national cement consumption decreases from 60 percent in 2008 to less than 5 percent; (iii) increased exports (92 K tons of cement exported yearly); (iv) 500 direct jobs created during construction and 285 during operations, of which 15 percent are for women; and (v) cement prices decreased by 25 percent by year. **Cofinanciers:** KCB (UA 16.06 million); and PTA (UA 13.75 million).	49.09	19.28	
TRANSPORTATION				
Senegal	*Dakar Toll Highway* **Objective:** To provide a rapid and safe road linking the heart of Dakar and Diamniadio, gateway to a new economic development pole. **Expected Outcomes:** (i) Reduction in the average travel time between Dakar and Diamniadio from 120 to 45 minutes; (ii) percentage of economic operators who consider transport to Dakar as a major obstacle drops from 35 percent in 2008 to 10 percent in 2014; and (iii) living environment of the population and families improved. **Cofinanciers:** Government (UA 107.87 million); IFC (UA 18.25 million); BOAD (UA 19.08 million); and CBAO (UA 4.98 million).	161.38	11.20	
Senegal	*Blaise Diagne International Airport* **Objective:** To provide a state-of-art airport that will enable Dakar to meet the growing air-traffic volume. **Expected Outcomes:** (i) Increase in the efficiency and competitiveness of Dakar's main airport; (ii) living environment of the population and families living near the old airport improves: 95 decibels decrease in the surroundings of the current airport area after its closure; (iii) increase in the number of airlines flying to Dakar; and (iv) creation of a regional transportation hub. **Cofinanciers:** AFD (UA 59.63 million); BOAD (UA 19.59 million); IDC (UA 42.59 million); OFID (UA 17.04 million); IsDB (UA 59.63 million); and Saudi Fund (UA 64.66 million).	322.77	59.63	

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
South Africa	*Transnet Limited* **Objective:** To allow the Transnet limited company to increase its freight capacity through the rehabilitation, upgrading, and expansion of its transportation infrastructure with a view to improve South Africa's efficiency and competitiveness. **Expected Outcomes:** (i) Increased rail capacity from 177 mtpa in 2010 to 249 mtpa in 2015; (ii) 21 percent increase in coal exports from 15.465 in 2010 to 19.739 (GTK'000/locomotive/m) in 2015; and (iii) 35 percent increase in iron exports from 37.451 in 2010 to 57.945 (GTK'000/locomotive/m) in 2015. **Cofinanciers:** None.	N.A.	271.31	
OTHER APPROVALS				
Côte d'Ivoire	*Equity Participation in Microcred Côte d'Ivoire* **Objective:** To increase the supply of credit to micro, small and medium-sized enterprises (MSMEs) and raise the standard of living of the most disadvantaged segments of the population. **Expected Outcomes:** By 2015: (i) 19 branches established and 77,539 active borrowers (of whom 42,100 are women); (ii) EUR 112 million distributed to MSMEs and EUR 69 million in savings collected from 160,288 savers; and (iii) average amount of loans granted to VSEs/SMEs increases by at least 25 percent compared to 2010. **Cofinanciers:** None.	N.A.	0.97	
Multinational	*Equity Participation in Argan Infrastructure Fund* **Objective:** To increase private sector participation in infrastructure projects by leveraging the Fund's equity investment. **Expected Outcomes:** (i) Amount of overall financing mobilized from the private sector targeted at infrastructure development: EUR 2.5 billion by 2015; and (ii) 1,500 full-time jobs created by 2015. **Cofinanciers:** None.	N.A	13.48	
Multinational	*Equity Investment in Helios Investors II Fund* **Objective:** To increase investments to selected companies in Africa and build regional champions from platform transactions. **Expected Outcomes:** By 2019: (i) companies have increased access to capital; increased turnover, and profits: equity mobilized from other sources reaches US$ 250.0 million; (ii) portfolio companies become fully fledged regional companies (i.e. having more than two countries of operation); (iii) households and companies have increased access to power and telecoms; and (iv) government revenues from portfolio companies reach US$ 294.0 million. **Cofinanciers:** None.	N.A.	19.76	
Multinational	*Equity Investment in African Capitalization Fund (ACF)* **Objective:** To strengthen systemically important banks and improve their financial intermediation capacity. **Expected Outcomes:** (i) Reduction in bank failure rate: loans increased from 5 percent from baseline (year of investment); (ii) improved financial performance: 100 percent of banks met IFC "ex ante" targets; and (iii) 5 percent of permanent employment is generated from baseline. **Cofinanciers:** None.	N.A.	32.93	
Multinational	*Equity Investment in African Agriculture Fund* **Objective:** To expand businesses and SMEs operating in the agribusiness sector across Africa. **Expected Outcomes:** (i) Increased number of commercially viable businesses and SMEs across Africa; and (ii) increased macroeconomic resilience of agribusiness companies; and (iii) increased government revenues. **Cofinanciers:** None.	N.A.	26.47	

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Multinational	*Equity Investment in the 8 Miles Fund* **Objective:** To expand private companies operating in agribusiness, consumer, and financial services sectors across Africa. **Expected Outcomes:** By 2020: (i) increased number and growth of commercially viable private enterprises across investee countries: Internal Rate of Return (IRR) of these companies reaches 25 percent; (ii) 10,000 jobs created; (iii) tax revenue increases by US$ 150 million; (iv) sales volume increases by 100 percent; and (v) export earnings increase by 10 percent. **Cofinanciers:** None.	N.A.	33.91	
Multinational	*Equity Investment in the New Africa Mining Fund (NAMF) II* **Objective:** To provide funding for exploration and pre-development activities by junior and intermediate companies. **Expected Outcomes:** (i) US$ 1,200 million for local companies during construction (NPV); (ii) 330 jobs created during exploration, 20,400 jobs during construction, and 11,700 jobs during production; share of female employees: 15 percent; and (iii) US$ 900 million per year for governments (NPV) from royalties, taxes, and carried interest. **Cofinanciers:** None.	N.A.	16.90	
Multinational	*Equity Investment in Summit Development Group (SDG) Fund* **Objective:** To enhance the ability of SDG Investee Financing Institutions (FIs) to support SMEs. **Expected Outcomes:** (i) Increased financing to investee FIs: US$ 116 million equity invested in investee FIs and US$ 278 million leveraged in loans for investee FIs over 10 years; (ii) improved investee FI performance: 15 percent profit growth and 29 percent asset growth of investee FIs over 10 years; (iii) over 4,000 jobs created at SDG and investee FI levels and about 1 million jobs at SME level (40-50 percent for women); (iv) 120,000 new SMEs access financing from investee FIs over the Fund life; and (v) over 2,000 housing mortgages and 4000 housing upgrade loans are granted to previously underserved individuals by investee FIs over the life of the Fund. **Cofinanciers:** None.	N.A.	16.57	
Multinational	*Equity Investment in the African Guarantee Fund (AGF) for Small and Medium-Sized Enterprises* **Objective:** To steadily increase availability of short and longer-term loans from financial institutions to the SME sector. **Expected Outcome:** (i) An increasing number (30) of financial institutions improve their lending to the SME sector; (ii) growth rate of 20 percent in volume of short- and of longer-term loans to SMEs; (iii) 30 FIs providing full services to SMEs in the countries of operation; (iv) of the jobs created through AGF guarantees, 20 percent are for women and 20 percent for youth; and (v) at least 1,000 SMEs owned by women and youth. **Cofinanciers:** None.	N.A.	6.43	
Multinational	*Equity Investment in the Catalyst Fund* **Objective:** To expand private companies operating in consumer goods, industries and services sectors in target countries. **Expected Outcomes:** By 2015: (i) increased number and growth of commercially viable private enterprises across investee countries; (ii) 1,000 new jobs created, of which 40 percent for women; (iii) investee companies' tax revenues increased by 25 percent; (iv) investee companies' sales volumes increased by 25 percent; and (v) investee companies' exports increased by 10 percent. **Cofinanciers:** None.	N.A.	9.64	

Profiles of ADB-Approved Projects and Programs, 2010 – Private Sector
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Multinational	*Equity Participation in GEF Africa Forestry Fund* **Objective:** To expand private companies operating in forestry, natural resources and manufacturing sectors across Africa. **Expected Outcomes:** (i) Increased number of commercially viable private enterprises across African (IRR: 12.9 percent); (ii) 9,950 jobs created, of which 30 percent for women; and (iii) 4.5 million tonnes of CO_2 sequestered per annum after the commitment period. **Cofinanciers:** None.	N.A.	12.85	

Source: *AfDB Statistics Department.*

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
AGRICULTURE AND RURAL DEVELOPMENT				
Liberia	*Agriculture Sector Rehabilitation* **Objective:** To increase 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) by 2018, 10 percent annual increase in domestic rice production and 1.2 percent increase in cassava production; (ii) by 2015, increase in annual household incomes of rice and cassava farmers from US$ 350 to US$ 1,730 in project area; and (iii) employment increases: 453,800 person-days by 2012 and 498,800 person-days by 2015. **Cofinanciers:** IFAD (UA 3.40 million); Government (UA 1.70 million); and Beneficiaries (UA 0.70 million).	11.80		6.00
Mali	*Markala Sugar Project – Agricultural Component* **Objective:** To ensure a sustainable increase in the income of sugar sector stakeholders with a view to contribute to equitable and sustainable economic growth in the country. **Expected Outcomes:** (i) Farmers' income increased from 2009 to 2014 as follows: from CFAF 49,500/ha to CFAF 439,000/ha for sugarcane, CFAF 340,000/ha for rice and more than CFAF 1,200,000/ha for tomato and onion; and (ii) 8,000 direct jobs created by the end of 2014. **Cofinanciers:** IsDB (UA 14.28 million); KFAED (UA 11.53 million); Saudi Fund for Development (UA 11.12 million); KEX (UA 14.60 million); OFID (UA 10.90 million); BOAD (UA 15.18 million); BIDC (UA 13.50 million); and Government (UA 55.94 million).	176.02	28.97	
Rwanda	*Preparation Activities of the Livestock Infrastructure Support Program (PPF)* **Objective:** To assess water requirements of the livestock farms, carry out relevant technical investigations and studies, prepare detailed engineering designs for the 72 LWS and tender documents to facilitate the construction of civil and hydraulic structures, and propose a management system for the operation and maintenance for the 72 Livestock Watering System (LWS) installations. **Expected Outcomes:** (i) Reports on water requirements for the livestock of the Gishwati and Umutara milk basins, water resources available and proposal for developing the water supply for livestock farmers; (ii) preliminary and detailed engineering design reports of the 72 LWS and tender documents for the civil works; and (iii) a proposal for a management system for the 72 LWS; and (iv) an environment and social impact assessment report of the 72 LWS. **Cofinanciers:** None.	N.A.	0.50	
São Tomé & Príncipe	*Infrastructure Rehabilitation for Food Security Support* **Objective:** To improve the availability of agricultural and fishery products through the rehabilitation of agricultural, rural, and artisanal fishery infrastructure. **Expected Outcomes:** (i) Sustainable increase in artisanal fishery production and irrigated farming; (ii) improved preservation and enhancement of agricultural and fishery products; (iii) opening up of rural areas; and (iv) institutional and technical capacity building of support agencies. **Cofinanciers:** Beneficiaries (UA 0.10 million); and Government (UA 0.16 million).	5.26		5.00

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
ENERGY SUPPLY				
Burkina Faso	*Electricity Infrastructure Strengthening and Rural Electrification* **Objective:** To reinforce and extend the transport and distribution networks, and prepare the technical, economic, financial and environmental feasibility of the Ouagadougou network reinforcement and extension project as well as that of the Zano-Koupela HV line. **Expected Outcomes:** (i) Increased country-wide coverage by network: increased hydroelectric energy imports from 80 MHh in 2008 to 111 MHh by 2014 and increased number of new localities electrified; (ii) reduced rate of technical and commercial losses from 7 percent in 2007 to 5 percent by 2014 and from 0.49 percent in 2007 to 0.2 percent respectively; (iii) reduced production costs; and (iv) rate of rural electrification from 3.5 percent in 2007 to 36 percent by 2015. **Cofinanciers:** Sonabel (UA 7.43 million); EDF (UA 2.75 million); Government (UA 0.29 million); and customers (UA 0.56 million).	36.18		25.15
Cameroon	*Project to Strengthen and Extend the Electricity Transmission and Distribution Network* **Objective:** To strengthen and extend the electric energy transmission and distribution systems to new localities and consumers in order to improve the population's access to adequate electric energy and to help to improve the country's social and economic development framework. **Expected Outcome:** (i) Increase in the country's coverage by HV (high voltage)/MV/LV networks: 423 localities electrified in 2014. (ii) reduced rate of technical and commercial losses from 10.5 percent in 2007 to 9 percent by 2014 and from 7 percent to 5 percent respectively; and (iii) increase in country electrification rate from 18 percent in 2007 to 27 percent by 2014 and in rural electrification rate from 3.5 percent in 2007 to 20 percent by 2014. **Cofinanciers:** JICA (UA 20.91 million); Government (UA 6.00 million); and consumers (UA 0.44 million).	58.99	31.64	
Congo, DRC	*Semi-Urban and Rural Electrification Project* **Objective:** To develop electric power distribution facilities in Kinshasa and in the four selected localities and contribute to the preparation of a portfolio of credible, bankable energy projects in DRC. **Expected Outcomes:** (i) Electricity power outage and load shedding times will fall from 20 percent in 2010 to 9 percent in 2015 in Kinshasa; (ii) the electricity access rate will rise from 1 percent (national average) in 2010 to 50 percent in 2015 in the localities concerned by the project; (iii) the rate of technical losses will fall from 30 percent in 2010 to 10 percent in 2015 in Kinshasa; and (iv) 15 full electrification studies available in 2015. **Cofinanciers:** Government (UA 0.69 million).	70.38		69.69
Ethiopia	*Electricity Transmission System Improvement* **Objective:** To improve the provision of power supply in terms of quantity and quality through the enhancement of transmission capacity, reduction of system losses, and provision of alternative electricity paths. **Expected Outcomes:** (i) Increased power supply in the region; (ii) reduction in total losses to below 12 percent; (iii) increase in number of customer connections from 2.1 million in 2010 to 3.6 million by 2015; and (iv) increased access to electricity from 41 percent in 2010 to 75 percent by 2015. **Cofinanciers:** Ethiopian Electric Power Corporation (EEPCo)/Government (UA 23.06 million).	174.81	93.75	58.00
Kenya	*Power Transmission System Improvement* **Objective:** To increase supply capacity through a reduction of system losses and provide alternative electricity paths to increase reliability and improve power quality in the 4 subregions. **Expected Outcomes:** (i) Increased power supply in the four Kenya Power&Lighting Company (KPLC) regions: for the period 2010-2017, from 22 MW to 41 MW for the region Ishiara-Kieni; from 13 MW to 24 MW for Narok/Sotik-Bomet; from 13 MW to 20 MW for Mwingi-Kitu-Wote-Sultan Hamud; and from 16 MW to 25 MW for Nanyuki-Nyahururu; and (ii) reduction in losses from 16.3 percent in 2009 to 15.7 percent by 2014 and 15.4 percent by 2017. **Cofinanciers:** Government (UA 14.07 million).	60.77	46.70	

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
ENERGY SUPPLY				
Tanzania	*Iringa–Shinyanga Transmission Line* **Objective:** To provide adequate transmission infrastructure to link existing and future generation sources located in the South and southwest of Tanzania to the load centers in the Mwanza and Arusha regions in the North and facilitate regional power trade in the future especially with Kenya to the North and Zambia to the south. **Expected Outcomes:** (i) Reinforcement of national power system; (ii) 500,000 new connections to the grid by 2018; and (iii) regional economic cooperation and development: regional power trade with East African Power Pool (EAPP) and Southern African Power Pool (SAPP) facilitated; 200 MW power traded by 2017. **Cofinanciers:** IDA (UA 97.50 million); EIB (UA 88.58 million); JICA (UA 42.72 million); and Korea (UA 23.75 million).	297.91	45.36	
Multinational	*Supplementary Loan to Kenya for the Kenya Section of Interconnection Project of Electric Grids of Nile* Equatorial Lakes countries **Objective:** To improve access to electricity in Nile Basin Initiative (NBI) countries through increased transboundary sharing of energy and power. **Expected Outcomes:** (i) Increased availability of electric energy in the NEL region; (ii) reduced electric energy cost: an average per KWh cost from 20 cents (US$) in 2008 to 8 cents in 2020; and (iii) national access rates will be: Burundi 3 percent in 2015 and 5 percent in 2020; Kenya 15 percent in 2015 and 22 percent in 2020; Uganda 9 percent in 2015 and 13 percent in 2020; East DRC 4 percent in 2015 and 13 percent in 2020; and Rwanda 9 percent in 2015 and 13 percent in 2020. **Cofinanciers:** None.	N.A.	22.04	
FINANCE				
Multinational	*West African Monetary Zone (WAMZ) Payment System Development (The Gambia, Guinea, Sierra Leone, and Liberia)* **Objective:** To improve the basic infrastructure of the financial sector in WAMZ through the upgrading of the payment systems in four member countries: The Gambia, Guinea, Sierra Leone, and Liberia. **Expected Outcomes:** In the four WAMZ countries: (i) Percentage of citizens with access to the formal financial sector increased from about 8 percent in 2007 to 12 percent by 2012, of which a majority are women; (ii) volume of high-value fund transfers increased by 45 percent from 1,370 in 2007 to 2,000 by 2012; (iii) clearing cycle in number of days of local and upcountry checks reduced by up to 50 percent by 2012; and (iv) volume of low value transactions, through checks, increased by 46 percent from 3,514 in 2007 to 5,145 by 2012. **Cofinanciers:** Central Banks (UA 4.74 million); and commercial banks (UA 5.76 million).	15.50		5.00
MULTISECTOR				
Benin	*Public Finance Management and Business Climate Improvement Support* **Objective:** To improve public finance management and improve the business climate. **Expected Outcomes:** (i) The public finance external control system is improved; (ii) procurement management system is improved; (iii) the Bank's portfolio quality in Benin is improved; (iv) business registration timeframe and cost are reduced; (v) development tax is introduced; and (vi) streamlined management of the modernized Customs Department. **Cofinanciers:** Government (UA 1.75 million).	11.11	4.36	5.00

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Burkina Faso	*Fifth Poverty Reduction Strategy Support Program (PARSP V)* **Objective:** To contribute to the recovery of the economy and the stability of the macroeconomic framework and to improve public finance management. **Expected Outcomes:** (i) Macroeconomic framework is stabilized: cotton production (in volume) increases by at least 40 percent in 2010 compared to 2009 and increased exports earnings by a minimum of 5 percent in 2010 compared to 2009; (ii) budget programming is strengthened: share of government budget allocated to priority sectors increases from 32.3 percent in 2008 to 33.3 percent in 2010; and (iii) percentage of public procurement based on open competition increase from 75 percent in 2009 to 85 percent in 2010. **Cofinanciers:** IMF (UA 7.45 million); IDA (UA 40.0 million); EU (UA 47.0 million); Denmark (UA 6.0 million); France (UA 6.0 million); Netherlands (UA 18.0 million); Switzerland (UA 4.0 million); Sweden (UA 11.0 million); Germany (UA 8.0 million); Fast Track Initiative for Education (FTI-Education) (UA 30.0 million); and National Water Supply and Sanitation Program (PN-WSS) (UA 2.0 million).	189.45		10.00
Burundi	*Third Economic Reform Support Program (ERRP III)* **Objective:** To improve the quality of public resources management and consolidate the external and internal public finance control systems. **Expected Outcomes:** (i) The budget is exhaustive and budget documentation is improved; (ii) budget execution is improved; (iii) internal control is strengthened: the number of controls carried out by the Internal Inspection and Control Unit increases from 12 in 2009 to 20 in 2010, and number of controls carried out by the General State Inspectorate (IGE) increases from 111 in 2009 to 120 in 2010; and (iv) the external control system is improved. **Cofinanciers:** World Bank (UA 16.54 million); European Commission (UA 13.18 million); Netherlands (UA 8.60 million); and Norway (UA 6.62 million).	54.95		10.00
Cameroon	*Support Project for Modernization of the Land Registration System and Business Climate* **Objective:** To modernize and develop land registration and enhance competitiveness. **Expected Outcome:** (i) Access to land charges secure and reliable: the number of land certificates issued increases from 135 percent annually in 2009 to 215 percent by 2014 and the legal timeframe for processing files is reduced from 12 months to a maximum of 6 months by 2014; (ii) increase in land revenue in the four pilot towns from CFAF 3.10 billion in 2009 to 4.98 billion in 2014; (iii) the number of land litigations reduced from 768 in 2009 to less than 500 by 2014; and (iv) economic competitiveness enhanced: increase in number of businesses created in Douala and Yaoundé from 55,440 in 2009 to 60,984 by 2014. **Cofinanciers:** Government (UA 1.22 million).	8.22	7.00	
Cape Verde	*Additional Budget Support Loan for the Poverty Reduction Strategy Support Program (PRSSP-II)* **Objective:** To strengthen public finance management (PFM) and improve the business climate in order to contribute to poverty reduction, by stimulating economic growth and transformation. **Expected Outcomes:** (i) Improved public debt management: the domestic debt/GDP ratio remains below or equal to 20 percent in 2010 (19.3 percent in 2007); (ii) improved budget programming and allocation; (iii) improved management and viability of the energy sector and ELECTRA; and (iv) improvement in the business climate: start-up time for businesses reduces from 52 days in 2007 to 1 day by 2009. **Cofinanciers:** None.	N.A.	7.05	

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Comoros	*Institutional Capacity Building Project (ICBP)* **Objective:** To strengthen institutional capacity in terms of economic and financial management, especially public resources **management** and monitoring, as well as socioeconomic statistics of PRSP monitoring/evaluation. **Expected Outcomes:** (i) Improved public resources management; and (ii) enhanced baseline statistics preparation mechanism and the PRSP implementation monitoring capacity: final national accounts for 1999-2009 available; price statistics produced regularly and regular PRSP monitoring/evaluation report. **Cofinanciers:** None.	N.A.		0.59
Congo	*Institutional Support to Improve the Business Climate & Diversify the Congolese Economy (PACADEC)* **Objective:** To improve the business climate in order to contribute to diversification of the Congolese economy by facilitating business creation and non-oil private sector development. **Expected Outcomes:** (i) Administrative formalities for creation businesses are simplified: cost of creation business in percentage of GDP per capita reduced from 86.5 percent in 2010 to 40 percent in 2014 and timeframe for establishing a business reduced from 37 days in 2009 to 20 days in 2015; (ii) access to land is improved as a result of a pilot operation in Pointe Noire: land disputes as a percentage of the total disputes in Pointe Noire reduced from 81 percent in 2009 to 71 percent in 2015; (iii) the tax payment process is simplified through the introduction of a telepayment system; and (iv) the business financing mechanism is improved. **Cofinanciers:** Government (UA 3.44 million)	6.88		3.44
Ethiopia	*Protection of Basic Services (PBS II) Program* **Objective:** To improve decentralized service delivery for basic services, enhance federal and local financial governance through supporting the Public Sector Capacity Building Program (PSCAP) and the Expenditure Management and Control Program (EMCP) and related institutions, strengthen the budget process especially at the subnational level, and strengthen M&E system of PBS sectors and financial reporting system. **Expected Outcomes:** (i) increased availability of cost-effective basic services at the subnational government level to the population that requires them; (ii) efficient and effective resource utilization at the subnational government level through improved public financial management; (iii) enhanced accountability of local officials for resource allocation; (iv) effective budgetary resources allocation; (v) enhanced Financial Transparency and Accountability (FTA); (vi) strengthened public procurement system; and (vii) effective system quality assessments are undertaken. **Cofinanciers:** None.	N.A.	72.60	
Guinea-Bissau	*Emergency Fiscal Reform Support Program (EFRSP)* **Objective:** To continue to improve the framework and performance of the public financial management system. **Expected Outcomes:** (i) The legibility, predictability, and dissemination of the budget are improved: the primary expenditure execution rate drops from 120.6 percent in 2007 to less than 100 percent in 2010 and the gap between cash plan projections and actuals less than 5 percent for revenue and more than 10 percent for expenditures; and (ii) budgetary expenditure execution and control procedures are strengthened. **Cofinanciers:** World Bank (UA 5.20 million); Spain (UA 1.36 million); France (UA 2.71 million); and EU (UA 16.24 million).	31.21		5.70

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Malawi	*Governance and Poverty Reduction Support II (GPRSG II)* **Objective:** To enhance efficiency, transparency, and accountability in the use of public resources and better public service delivery (for the poor). **Expected Outcomes:** (i) Improved capacity and pace of public financial management reform: CPIA Governance rating improves from 3.6 in 2009 to 3.65 in 2011; (ii) greater accountability and transparency in public budget: Transparency International rating rises above the 89th ranking of 2009 in 2011; and (iii) pro-poor spending increased from 5.8 percent in 2008/09 to 6.5 percent in 2010/2011. **Cofinanciers:** None.	N.A.		11.55
Malawi	*Support to Local Economic Development (Suppl.)* **Objective:** To improve the socioeconomic wellbeing of the local population and strengthen economic growth in four growth centers located in four districts across the country. **Expected Outcomes:** Increased number of small businesses; additional 3000 micro and small businesses supported for start-up. **Cofinanciers:** Government (UA 0.30 million).	3.46	3.16	
Niger	*Accelerated Development and Poverty Reduction Support Strategy (PASDRP-1)* **Objective:** To strengthen public finance management and the decentralization process, and mitigate the impact of the food crisis. **Expected Outcomes:** (i) budget transparency and credibility are enhanced; (ii) public investment expenditure management and public procurement management are improved; and (iii) integrity of accounts and external control are strengthened. **Cofinanciers:** None.	N.A.	23.97	4.03
Tanzania	*Institutional Support for Good Governance II* **Objective:** To enhance capacity, accountability, and integrity in the management of public resources in both mainland Tanzania and Zanzibar. **Expected Outcomes:** (i) Improved tracking, monitoring, and value for money audit of public accounts; (ii) improved value for money in public procurement; and (iii) improved budget credibility, business environment, and external resource mobilization. **Cofinanciers:** Government (UA 0.26 million).	5.46		5.20
Togo	*Project to Build Capacity in Economic and Financial Governance (PARCI-2)* **Objective:** To complete integration of public finance and enhanced domestic resource mobilization capacity and to enhance integrity in the public finance control and audit system. **Expected Outcomes:** (i) Through implementation of Integrated Public Finance Management System (SIGFIP), timeframe for processing expenditure from commitment to payment actually reduced by 2/3 in 2012 compared to 90 days in 2009; (ii) percentage of State tax revenue rises from 16 percent of GDP in 2009 to 20 percent in 2013; (iii) final audited budget for 2011 submitted to Parliament before end 2012 and that for 2012 before end-2013 and number of reports produced by General Inspectorate of Finance (GIF) increases from 0 in 2009 to 7 in 2013; and (iv) timeframe of procurement through open competitive bidding falls from 90 days on average in 2009 to 45 days as from 2012. **Cofinanciers:** Government (UA 0.49 million).	9.70		9.21

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
MULTISECTOR				
Zambia	*Third Poverty Reduction Budget Support* **Objective:** To improve financial governance through efficient public financial management and the fight against corruption, and enhance the business environment by simplifying business licenses and shortening time for trade across borders. **Expected Outcomes:** (i) Enhanced public financial management through credible management; (ii) Zambia's Corruption Perception Index (CPI) ranking by Transparency International (TI) improves; (iii) cost of compliance with business licenses reduced to Kwacha 1.5 trillion by December 2011 from Kwacha 2.2 trillion in 2008 baseline; and (iv) time required to pass Chirundu border posts reduced from 3 days in 2009 to 1 day by June 2011. **Cofinanciers:** DFID (UA 35.27 million); EC (UA 31.16 million); Finland (UA 4.75 million); Germany (UA 9.50 million); Netherlands (UA 9.50 million); Norway (UA 19.23 million); Sweden (UA 15.03 million); and World Bank (UA 13.58 million).	169.91	31.90	
SOCIAL				
Eritrea	*Support to Higher Education Development* **Objective:** To assist in the building of the capacity for teaching, research and service at higher education (HE) institutions. **Expected Outcomes:** (i) HE institutions adequately resourced between 2010 and 2014; (ii) increase in HE qualified staff that are national from 37 percent in 2009 to over 90 percent by 2014; and (iii) increase of HE national staff that are female from 13 percent in 2009 to at least 25 percent by 2014. **Cofinanciers:** Government (UA 2.76 million).	15.66		12.90
Niger	*Vocational and Technical Education Development Support* **Objective:** To increase the population's access to quality Vocational and Technical Education and Training (VTET) in order to reduce unemployment. **Expected Outcomes:** (i) The enrollment rate in VTET increases from 8 percent to 12 percent for post-college students between 2010 and 2015; (ii) the quality and relevance of VTET improve: the success rate for end-of-cycle examinations increases from 59.98 percent in 2010 to 75 percent in 2015 and the proportion of trained trainers increases from 6.47 percent to 30 percent between 2010 and 2015; (iii) more skilled and better qualified human resources to match the needs of the economy; and (iv) the unemployment rate for graduates drops from 19 percent in 2008 to 15 percent by 2015. **Cofinanciers:** Government (UA 1.41 million).	26.91	7.87	17.63
Rwanda	*Regional Information and Communication Technologies Center of Excellence* **Objective:** To develop and strengthen high-level ICT skills in Rwanda to improve the productivity and competitiveness of the economy. **Expected Outcomes:** (i) leading Regional ICT Center of Excellence (CoE) established in Kigali (ii) at least 150 graduates with a Masters degree in IT and computer engineering by 2015 and a minimum of 40 students admitted yearly from 2012; and (iii) innovations developed in the area of mobility, software management, and information security. **Cofinanciers:** Revenues generated by the CoE (UA 16.40 million); and Government (UA 14.86 million).	39.86	8.60	

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Benin	*Ndali–Nikki–Chicandou Nigerian Border Road Asphalting* **Objective:** To improve the movement of goods and people along the Ndali–Nigerian border section of the Lamakara Corridor (Togo)–Ouake–Ndali–Chicandou–Ilorin (Nigeria) and the living conditions of the people in the project impact area (PIA). **Expected Outcomes:** (i) Cost of transporting goods and people reduced along the corridor; vehicle operating cost (VOC) on the corridor decreases from CFAF 220/km in 2009 to CFAF 176/km in 2013 for a light vehicle (LV); (ii) length of corridor in good condition increases from 52 percent in 2009 to 85 percent in 2013; and (iii) travel time on the section reduces from 5 hrs 30 mn in 2009 to 3 hrs in 2013, overloaded vehicles decrease from 18 per day in 2009 to 9 days in 2013 and rural access index in the PIA increases by 20 percent by 2013. **Cofinanciers:** Government (UA 3.17 million).	36.85	11.50	22.18
Burundi	*Gitega–Nyangungu–Ngozi Development & Asphalting, Phase I* **Objective:** To facilitate the movement of people and goods along the Gitega–Nyangungu–Ngozi Road and improve the population's access to basic services in order to open up rural areas and increase subregional trade. **Expected Outcomes:** Movement of people and goods on the Gitega–Nyangungu–Ngozi road improves: (i) average traffic speed between Gitega and Ngozi increases from 20 km/h in 2010 to 60 km/h by 2014; (ii) vehicle operating costs decrease by an average of 25 percent over the lifespan of the road; (iii) average travel time on the road reduces from 4 hours in 2010 to 1 hour 30 minutes by 2014; and (iv) improved access to communities within the project area: the population of the project area located at less than 2 km walking distance from an all-season motorable road increases from 15 percent in 2010 to 60 percent by 2014. **Cofinanciers:** Government (UA 0.15 million).	24.25		24.10
Congo, Democratic Republic	*Priority Air Safety (PPSA)* **Objective:** To restore air transportation and air navigation safety by rehabilitating airport infrastructure and air navigation equipment, building the capacity of technical staff in charge of air traffic control and monitoring of the subsector, and contributing to sustaining Régie des Voies Aériennes (RVA) activities. **Expected Outcomes:** (i) The annual average number of air transportation incidents/accidents drops from 22 in 2010 to 10 by 2013; (ii) the coverage of DRC's airspace by adequate surveillance and air navigation equipment increases from 15 percent in 2010 to 95 percent by 2013; (iii) improvement in infrastructure service level in international airports; (iv) technical capacity in air traffic control and civil aviation inspection built; (v) increased operating revenue for RVA; and (vi) 200 direct and 100 indirect jobs created. **Cofinanciers:** Government (UA 14.26 million).	102.86		88.60
Ghana	*Fufulso–Sawla Road* **Objective:** To enhance accessibility along the Fufulso–Sawla Road and improve livelihoods in the project area of influence. **Expected Outcomes:** (i) Improved access to all-season public transportation within 2 km of their homes; (ii) reduced generalized transport costs between Fufulso and Sawla: vehicle operating costs (VOC) per vehicle km reduced by 30 percent between 2009 and 2014 and travel time reduced from 5 hours in 2009 to 3 hours by 2014; (iii) increased number of tourists visiting the area; (iv) reduction in traffic mortality along the road; (v) number of people with access to potable water along the road increases from 17,400 in 2009 to 34,000 in 2014; and (vi) improved access to accident/emergency center. **Cofinanciers:** Government (UA 0.86 million).	110.58	109.72	

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Kenya	*Timboroa–Eldoret Road Rehabilitation* **Objective:** To improve transport communications between Kenya and Uganda, Rwanda, Burundi, DRC, and Southern Sudan. **Expected Outcomes:** (i) Transportation cost and travel time between Nairobi and Kampala reduce: Port of Mombasa transit goods to/from Uganda, Burundi, Rwanda, DRC and Southern Sudan to increase from 5.83 million tons in 2010 to 9.61 million tons in 2015, and average transport cost from Mombasa to Kampala reduces from US$ 0.195 per ton km to US$ 0.137 per ton km by 2015; (ii) improved economic and living standard of people in towns along the corridor; and (iii) improved transportation of farm inputs and produce to and from the project area: tonnage of agricultural product to be transported from the project area to increase by 32 percent between 2010 and 2015. **Cofinanciers:** Government (UA 3.92 million).	38.92	35.00	
Mali	*Project to Widen the Carrefour de la Paix–Woyowayanko Bridge-Point Y Urban Road Section in Bamako* **Objective:** To enhance traffic flow between Point Y and Carrefour de la Paix in Bamako with a view to strengthening regional integration and improve urban mobility in Bamako. **Expected Outcomes:** (i) The average speed on Point Y–Carrefour de la Paix road section increases from 20 km/h in 2009 to 40 km/h in 2013 during rush hour and VOC on the section drops from CFAF 220/km in 2009 to CFAF 176/km in 2013; (ii) the proportion of roads in good condition on the Naréna–Bamako section increases from 95 percent to 100 percent in 2013; and (iii) 200 sales-related jobs are created as from 2013. **Cofinanciers:** BOAD (UA 9.93 million); BIDC (UA 4.90 million); and Government (UA 2.51 million).	29.34	12.00	
Mozambique	*Montepuez–Lichinga Road* **Objective:** To improve accessibility and road transport services for the population in the zone of influence of the Montepuez–Lichinga Corridor. **Expected Outcomes:** (i) Composite annual average VOCs per vehicle-km reduced from US$ 0.63 in 2010 to US$ 0.26 in 2014 and composite annual average travel time cost/veh-km reduced by 47 percent from US$ 0.207 in 2010 to US$ 0.110 in 2014; (ii) reduced number of fatalities from 31.1 per 1,000 vehicles in 2006 to 25 per 1,000 vehicles in 2014; and (iii) utilization of Pemba port improved from 18 percent of 650,000 tonnes annual capacity in 2010 to 50 percent of capacity per annum after 2015. **Cofinanciers:** JBIC (JICA) (UA 19.71 million); SIDA (UA 16.84 million); and Government (UA 5.54 million).	74.74	32.65	
Togo	*Togo–Sanve Condji–Benin Border Road Rehabilitation and Modernization: Lomé Port Roundabout–Avepozo* **Objectives:** To improve traffic flow on the Aflao–Sanve Condji road section of the Abidjan–Lagos road and the living conditions of the communities in the project area. The project will enhance regional integration and contribute to the growth of Togo's domestic and international trade. **Expected Outcomes:** (i) Traffic flow on the Aflao–Hilla Condji road on the Abidjan–Lagos corridor and living conditions of local communities improve; (ii) peak period travel time between the Port Roundabout and Avepozo will decrease from 1.5 hours to just 30 minutes by 2011; (iii) at least 800 temporary jobs created as result of the road works; and (iv) in 2011, average household income in the Project Area (PA) increases as a result of the project activities. **Cofinanciers:** Government (UA 0.43 million).	23.74		23.31

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
TRANSPORTATION				
Multinational	*COMESA – Airspace Integration Project* **Objective:** To establish a cooperative legal and institutional regional framework for a unified airspace in the COMESA region, prepare detailed analysis of strategic options for the provision of upper airspace navigation services using CNS/ATM (Communications, Navigation, and Surveillance/Air Traffic Management), promote private sector participation in financing and operating air transport infrastructure and services. **Expected Outcomes:** (i) Unified Airspace Agreement signed by member countries by Oct. 2012; (ii) COMESA Airspace Regulation Agency operational by April 2012; and (iii) Financial Close and/or Concession Agreement signed by Sept. 2014. **Cofinanciers:** COMESA (UA 0.30 million).	6.05		5.75
Multinational	*Nacala Road Corridor Project (NRCP) – Phase II* **Objective:** To provide Zambia, Malawi, and Mozambique with improved road transportation infrastructure to Nacala Port and improve accessibility of the communities in the project's zone of influence to markets and social services. **Expected Outcomes:** (i) Vehicle operating costs (VOC) reduced by 20 percent between 2009 and 2013 for medium sized trucks and by 13 percent for private cars during the same period; (ii) average travel time cost for both normal and deviated travel reduced by 20 percent for medium sized trucks between 2009 and 2013 and by 25 percent for private cars during the same period; and (iii) number of road accidents on NRCP Phase II reduced by 43 percent between 2009 and 2013 and annual number of road fatalities reduced by 42 percent during the same period. **Cofinanciers:** Government of Zambia (UA 0.10 million).	69.47	69.37	
Multinational	*Study on the Ouesso–Bangui–N'Djamena Road and Inland Navigation on the Congo, Oubangui and Sangha Rivers* **Objective:** To determine the technical, environmental and economic feasibility of developing the missing links of the Ouesso–Bangui–N'Djamena road corridor and the waterways on the Congo, Oubangui, and Sangha Rivers. **Expected Outcomes:** Detailed studies on (i) sections of the Ouesso–bangui and Bassangoa Mbaikoro road; and (ii) improvement of navigation on the Congo–Oubangui–Sangha rivers available in 2013. **Cofinanciers:** ECCAS/CEMAC (UA 0.60 million).	8.60		8.00
WATER SUPPLY AND SANITATION				
Cameroon	*Rural Drinking Water and Sanitation* **Objective:** To increase access to drinking water and sanitation in four regions of Cameroon (North-West, South-West, West and South) in order to improve the living conditions of Cameroonian rural communities. **Expected Outcomes:** By 2015 in the four regions: (i) access to drinking water in rural areas increases from 33 percent (current) to 60 percent; (ii) access to sanitation services in the rural areas rises from the (current) average of 17 percent to 22 percent; (iii) 30 percent decrease in prevalence rate of diseases associated with lack of safe water and sanitation; and (iv) 750,000 inhabitants adopt improved latrines, 40 percent of whom are women. **Cofinanciers:** RWSSI (UA 4.70 million); Government (UA 1.50 million); and Beneficiaries (UA 0.75 million).	16.95	10.00	

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
WATER SUPPLY AND SANITATION				
Côte d'Ivoire	*Gourou Integrated Watershed Management-Emergency Phase* **Objective:** To reinforce and enhance the security of the sanitation network of Abidjan, improve socioeconomic and sanitary conditions, and change the behavior of the population of four districts. **Expected Outcomes:** By 2013: (i) the flood plain of the intersection is reduced from 4 ha to 0.5 ha; (ii) a short-, medium-, and long-term investment and management program is developed; (iii) improved socio-sanitary conditions of the population; (iv) a positive contribution made to altering the population's behavior in terms of land use, hygiene and sanitation; and (v) 2,300 jobs are created, of which 1,000 are for women. **Cofinanciers:** Government (UA 0.30 million).	23.30		23.00
Kenya	*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement* **Objective:** To rehabilitate and expand sewerage services management of Nairobi city for sustainable environment with a view to improving the health and quality of life. **Expected Outcomes:** (i) Improved living environment of people around the Nairobi rivers; (ii) sewerage access increased from 40 percent in 2009 to 59 percent in 2014 in Nairobi; and (iii) improved public health among population in Nairobi living along the river basins: reduction in incidence of waterborne diseases/ diarrhea from 52 percent in 2004 to 40 percent in 2010, reducing further to 20 percent by 2014. **Cofinanciers:** Government (UA 4.87 million).	39.87	35.00	
Liberia	*Urban Water Supply and Sanitation* **Objective:** To improve access to adequate, safe, and reliable water supply and public sanitation services to the people in the towns of Monrovia, Buchanan, Kakata and Zwedru on a sustainable basis; enhance the institutional, operational and management capacity; and ensure the long-term institutional and financial viability of Liberia Water and Sewer Corporation (SLWSC). **Expected Outcomes:** By 2015: (i) access to safe and adequate water supply increased from 17 percent in 2010 to 67 percent in Monrovia; (ii) access to safe and adequate water supply increased from 0 to 75 percent in Buchanan and from 20 to 75 percent in Kakata and Zwedru; (iii) 50 percent of existing public toilets rehabilitated in Monrovia, Buchanan, Kakata, and Zwedru; (iv) improved management, operation, and maintenance of water and sanitation facilities in the four towns; and (v) improved awareness and attitudes on sanitation, environmental cleanliness, and personal hygienic practices among school pupils and residents; (vi) reduction in incidence of diarrhea by 50 percent. **Cofinanciers:** None.	N.A.		25.20
Mauritania	*Nouakchott City "Aftout-Essaheli" Drinking Water Supply* **Objective:** To increase the coverage of drinking water needs of Nouakchott residents and neighboring rural populations in order to improve the living conditions. **Expected Outcomes:** (i) The daily allocation per inhabitant increases from the current 40 liters to 73 liters/d/ inhabitant in 2020; (ii) the drinking water connection rate in Nouakchott increases from the current 35 percent to 65 percent in 2015 and 80 percent in 2020; (iii) about 1 million inhabitants will be served from the treatment station by 2020; and (iv) several oil (including at least one refinery) and fish preservation industries will be established with the guarantee of a sufficient quantity of water. **Cofinanciers:** None.	N.A.		3.59

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
WATER SUPPLY AND SANITATION				
Mozambique	*National Rural Water Supply and Sanitation Program (PRONASAR) in Nampula and Zambezia Provinces* **Objective:** To increase sustainable access to water supply and sanitation in order to improve wellbeing and reduce rural poverty. **Expected Outcomes:** By 2015: (i) access to safe drinking water increased for an additional 300,000 population, of which 50 percent will be women; (ii) improved sanitation facilities for an additional 500,000 population, of which 50 percent will be women; (iii) 500,000 people sensitized with regard to health and hygiene education, of which 55 percent will be women; and (iv) ratio of operational water facilities as percentage of total public number of water facilities to reach 85 percent. **Cofinanciers:** RWSSI (UA 5.29 million); Netherlands (UA 11.20 million); DFID (UA 5.70 million); UNICEF (UA 1.10 million) ; CIDA/Irish (UA 0.70 million); and SDC (UA 2.00 million).	31.26	5.27	
Sierra Leone	*Three Towns Water Supply and Sanitation* **Objective:** To improve access to adequate, potable, and sustainable piped water and public sanitation services in the cities of Bo, Kenema, and Makeni by 2015 and improve Institutional and Technical Capacity of SALWACO and other water and sanitation service providers in the three cities. **Expected Outcomes:** (i) Number of people with access to adequate and potable water supply increases from 12,404 in 2010 to 372,131 in 2015 in the three cities, 51 percent of whom will be women; (ii) ratio of pupils per latrine decreases from 500 in 2010 to 50 by 2015 in primary schools; (iii) improved management, operation, and maintenance of water and sanitation facilities in the three cities; and (iv) 20 percent increase in number of people practicing improved hygiene practices. **Cofinanciers:** OFID (UA 12.85 million).	41.35	6.10	22.40
Tanzania	*Rural Water Supply and Sanitation (Phase II)* **Objective:** To improve district level capacity to implement demand-based RWSS programs, and improve the access of rural communities to safe water and sanitation services operated and maintained by capable persons. **Expected Outcomes:** (i) Increased access by rural communities to water supply from 65 percent in 2010 to 74 percent by 2015; (ii) increased access to improved sanitation from 50 percent in 2010 to 80 percent by 2015; and (iii) increased rural water communities with at least 50 percent female membership from 30 percent in 2010 to 50 percent by 2015. **Cofinanciers:** RWSSI (UA 5.55 million); IDA (UA 50.00 million); DFID (UA 10.00 million); Government (UA 15.00 million); local communities (UA 5.00 million); and other financiers (UA 55.00 million).	199.55	59.00	
Multinational	*Lake Victoria Water Supply and Sanitation Programme-Phase II (Lake Victoria Basin-East African Community)* **Objective:** To contribute to the reduction of pollution flowing into the lake through an improvement in sustainable water supply and sanitation infrastructure in 15 secondary towns in Lake Victoria Basin. **Expected Outcomes:** (i) Clean water supply demand satisfied in the participating towns: 85 percent of households accessing water supply within 250 m by 2015; (ii) reliable water supply systems and services; (iii) increased sanitation coverage; (iv) increase in population practicing good hygiene by 30 percent by 2015; (v) management of solid waste increased 60 percent in 2015; and (vi) 50 percent of public places have sanitary facilities. **Cofinanciers:** Government (UA 8.96 million).	84.39		75.43

Profiles of ADF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
OTHER APPROVALS				
Comoros	*HIPC-Enhanced Framework Decision Point* **Objective:** To reduce Comoros'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) Satisfactory implementation for at least one year of the full Poverty Reduction Strategy Paper (PRSP); (ii) maintenance of macroeconomic stability; (iii) public financial management and governance strengthened: regularly produce detailed quarterly budget execution reports for a period of at least 12 months prior to reaching the completion point; (iv) for social sectors (education and health), strengthen efforts towards achieving MDGs; and (v) improve public debt management systems, particularly adopting effective debt management software. **Cofinanciers:** None.	N.A.		22.93
Congo	*HIPC – Completion Point under Enhanced Framework* **Objective:** To reduce Congo'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 debt to GDP ratio is expected to decline from 44 percent in 2008 to 27 percent in 2013 and to 6 percent in 2029; (ii) the NPV of debt to exports ratio is expected to decline from 67 percent in 2008 to 34 percent in 2013 and 26 percent in 2029; and (ii) the NPV of debt to revenues ratio is expected to fall from 86 percent in 2008 to 52 percent in 2013 and 15 percent in 2029. **Cofinanciers:** ADB (UA 25.89 million).	N.A.		1.71
Liberia	*HIPC – Completion Point under Enhanced Framework* **Objective:** To reduce Liberia's external debt burden and improve its external debt indicators to sustainable levels in order to encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) The NPV of debt to exports ratio would fall from 286.7 percent at end-June 2010 to an average of 23.7 percent over a five-year period until end-June 2015, then rise slightly to 25.4 percent through end-June 2020, mainly due to new borrowings; (ii) the NPV of debt to GDP ratio would decline from 175.2 percent at end-June 2010 to an average of about 13.7 percent over a five-year period through to end-June 2015, followed by a slight increase to 14.2 percent until 2020; (iii) the NPV of debt to revenue ratio would decline from 596.2 percent at end-June 2010 to an average of 48.6 percent over the following five years. **Cofinanciers:** ADB (UA 118.25 million); and NTF (UA 28.83 million).	N.A.		5.35

Source: *AfDB Statistics Department.*

Profiles of NTF-Approved Projects and Programs in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
ENERGY SUPPLY				
Sierra Leone	*Bumbuna Hydroelectric Project* **Objective:** To increase the supply of reliable, cost-effective, and environmentally sustainable electricity for industrial, commercial, and domestic use in Freetown, Makeni, Lunsar, and Bumbuna village. **Expected Outcomes:** (i) 40,000 existing consumers in Freetown have access to a continuous power supply; (ii) 5,000 additional households to be electrified in Freetown, 500 in Bumbuna Village, 2000 in Lunsar, and 3000 in Makeni; (iii) an operational manual for actions in catchments is developed by Bumbuna Watershed Management Authority (BWMA); (iv) installed generating and transmission capacity in the country is increased by 50 MW; and (v) cost of one unit of electricity is reduced from 40 to 11 US cents. **Cofinanciers:** Italy (UA 11.30 million); United Kingdom (UA 6.43 million); and Government (UA 7.58 million).	26.02	0.71	
OTHER APPROVALS				
Liberia	*HIPC - Completion Point under Enhanced Framework* **Objective:** To reduce Liberia's external debt burden and improve its external debt indicators to sustainable levels in order to encourage the use of savings made under debt relief to be targeted at poverty reduction. **Expected Outcomes:** (i) The NPV of debt to exports ratio would fall from 286.7 percent at end-June 2010 to an average of 23.7 percent over a five-year period until end-June 2015, then rise slightly to 25.4 percent through to end-June 2020, mainly due to new borrowings; (ii) the NPV of debt to GDP ratio would decline from 175.2 percent at end-June 2010 to an average of about 13.7 percent over a five-year period through to end-June 2015, followed by a slight increase to 14.2 percent until 2020; and (iii) the NPV of debt to Revenue ratio would decline from 596.2 percent at end-June 2010 to an average of 48.6 percent over the following five years. **Cofinanciers:** ADB (UA 118.25 million); and ADF (UA 5.35 million).	N.A.		28.83

Source: *AfDB Statistics Department.*

Profiles of Special Approvals* in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
Cameroon	*Rural Drinking Water and Sanitation* **Objective:** To increase access to drinking water and sanitation in four regions of Cameroon (northwest, southwest, west and south) in order to improve the living conditions of Cameroonian rural communities. **Expected Outcomes:** By 2015, (i) Access to drinking water for rural communities in the four regions rises from 33 percent (current) to 60 percent; (ii) access to sanitation services in the rural areas of the four regions rises from the (current) average of 17 percent to 22 percent; and (iii) access to water within less than 500 m; and (iv) 30 percent of the communities sensitized use improved latrines. **Cofinanciers:** ADF (UA 10.00 million); Government (UA 1.50 million); and Beneficiaries (UA 0.75 million).	16.95		4.70
Gambia	*Support for National Water Sector Reform* **Objective:** To support the implementation of Integrated Water Resources Management (IWRM) in The Gambia in line with the National Water Policy and the IWRM Roadmap. **Expected Outcomes:** (i) Improved governance of water resources based on IWRM established in the country; (ii) enhanced institutional capacity available in The Gambia to manage the nation's water resources; (iii) efficient allocation and use of water resources from improved knowledge of the resources; (iv) informed stakeholders participation (from national to community) in IWRM implementation; and (v) sustainable management of groundwater systems in the country. **Cofinanciers:** Government (UA 0.12 million).	1.83		1.71
Gambia	*Sustainable Land Management (SLM)* **Objective:** To improve livelihoods through the promotion of community-based watershed/landscape management approaches, enabling resource poor communities to reverse declining land productivity. **Expected Outcomes:** In the medium term, (i) at least 40 percent of the targeted 5,500 households utilizing natural resources in line with SLM principles; (ii) average crop yields of 1235 kg/ha increased by at least 15 percent in targeted areas; and (iii) at least 10 percent incremental increase in area of lowland rice production (average of 0.58 ha per holder). **Cofinanciers:** None.	N.A.		2.83
Ghana	*Design for Reuse – Harvesting the Value of Effluent and Nutrients for Sustaining the Operation of Sanitation facilities* **Objective:** To demonstrate the benefits of the reuse of nutrients and water in improving sanitation schemes. **Expected Outcomes:** (i) Rehabilitation of additional Treatment Plan (TPs) for reuse and respect of WHO standards and establishment of farmland demonstration; (ii) replication of implementation plans lead to increased revenue based on researched value chains; and (iii) local planners and decision makers apply design. **Cofinanciers:** University of Columbia (UA 0.05 million).	0.48		0.43
Ghana	*Reoptimization and Reoperation Study of Akosombo and Kpong Dams* **Objective:** To produce a technically and economically feasible reoperation plan which will retain existing benefits of Akosombo and Kpong operations while reintroducing lost livelihoods and ecosystems functions and generate knowledge for wide application. **Expected Outcomes:** (i) Improve downstream ecosystems and human livelihoods; (ii) continue protection of downstream communities from larger flood events; (iii) increase total electricity power outputs and reliability of water supply for hydropower generation; (iv) reduce incidence of waterborne disease vectors; and (v) reduce coverage of aquatic weeds. **Cofinanciers:** Government (UA 0.78 million); and others (UA 0.10 million).	2.46		1.58
Malawi	*Strengthening Water Sector Monitoring and Evaluation (M&E) in Malawi* **Objective:** To ensure the availability of reliable data and information in the water sector to track the achievement of development targets, policies, programs and projects and to aid in decisionmaking in planning and managing the sector. **Expected Outcomes:** (i) Strengthened sector institutions and personnel; (ii) robust, reliable and sustained sector M&E systems: M&E system functional by 2014; and (iii) effective use of M&E data and information for sector progress tracking, planning and management: Regular Annual Performance Reviews based on M&E system from 2014. **Cofinanciers:** Government (UA 0.28 million).	1.91		1.63

Note:
* *Special Approvals include project approvals financed under the African Water Facility (AWF), Rural Water Supply and Sanitation Initiative (RWSSI), and Global Environment Facility (GEF).*

Profiles of Special Approvals* in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
Mali	*Support for Implementation of the Integrated Water Resources Management (IWRM) Plan in Mali* **Objective:** To build the water information and data management capacity for improved development of resources and mastery of the effects of climate change and to improve the allocation of water resources to maximize the socioeconomic impact of water development projects. **Expected Outcomes:** (i) Better use of water resources and mastery of climate change through improved water information and data management capacity, and (ii) high socioeconomic impact through improved resource allocation. **Cofinanciers:** Government (UA 0.13 million).	1.78		1.65
Mozambique	*National Rural Water Supply and Sanitation Program (PRONASAR) in Nampula and Zambezia Provinces* **Objective:** To increase access to water supply and sanitation in order to contribute to the satisfaction of basic human needs, improve wellbeing and reduce rural poverty. **Expected Outcomes:** By 2015: (i) access to safe drinking water increased for an additional 300,000 people of which 50 percent will be women; (ii) improved sanitation facilities for an additional 500,000 people of which 50 percent will be women; (iii) 500,000 people sensitized with regard to health and hygiene education of which 55 percent will be women; and (iv) ratio of operational water facilities as percentage of total public number of water facilities: 85 percent. **Cofinanciers:** ADF (UA 5.27 million); Netherlands (UA 11.2 million); DFID (UA 5.7 million); UNICEF (UA 1.1 million); CIDA/Irish (UA 0.7 million); and SDC (UA 2.0 million).	31.26		5.29
Tanzania	*Rural Water Supply and Sanitation Program (Phase II)* **Objective:** To improve district-level capacity to implement demand-based RWSS programs, improve access of rural communities to water and sanitation services operated and maintained by capable persons, and improve health and hygiene practices. **Expected Outcomes:** (i) Increase of access for rural communities to water supply from 65 percent in 2010 to 74 percent by 2015; (ii) increase of access to improved sanitation from 50 percent in 2010 to 80 percent by 2015; and (iii) increase of rural water communities with at least 50 percent female active membership from 30 percent in 2010 to 50 percent by 2015. **Cofinanciers:** ADF (UA 59.00 million); IDA (UA 50.00 million); DFID (UA 10.00 million); Government (UA 15.00 million); communities (UA 5.00 million); and other financiers (UA 55.00 million).	200.00		5.55
Multinational	*Songwe River Basin Development Program (SRBDP)* **Objective:** To prepare designs and joint investment projects for implementation and to create an effective enabling environment for Transboundary Water Resources Management (TWRM) in the Songwe Basin. **Expected Outcomes:** (i) Songwe River Basin Commission established by 2014; (ii) increased access to electricity for the populations in the basin and the entire two countries (Tanzania and Malawi); (iii) increased access to water supply; (iv) reduced frequency of floods and risks of overtopping of flood plain; (v) increased irrigated land and crop yield; and (vi) improved cooperation in transboundary WRM. **Cofinanciers:** None.	N.A.		3.12
Multinational	*Project for the Integrated and Joint Management of Water Resources and the Aquifer Systems of Iullemeden, Taoudeni / Tanezrouft and the River Niger (GICRESAIT)* **Objective:** To evaluate the water potential and define the monitoring of all groundwater resources of the Iullemeden Aquifer System (IAS), the Taoudeni/Tanezrouft Aquifer System (TAS) and the Niger River, to help countries forge their future development plans, taking into account the vulnerability of these systems to climate. **Expected Outcomes:** (i) An enabling environment for investment in the integrated and joint management of water resources of the IAS, TAS and the River Niger created; (ii) arrangements for monitoring the vulnerability of water resources and climate change impacts are defined and implemented as from 2015; and (iii) stakeholders of the sectors are informed and have the capacity for the joint and integrated management of surface and underground water resources. **Cofinanciers:** Government (UA 0.06 million); and the Sahara and Sahel Observatory (OSS) (UA 0.18 million).	1.30		1.06

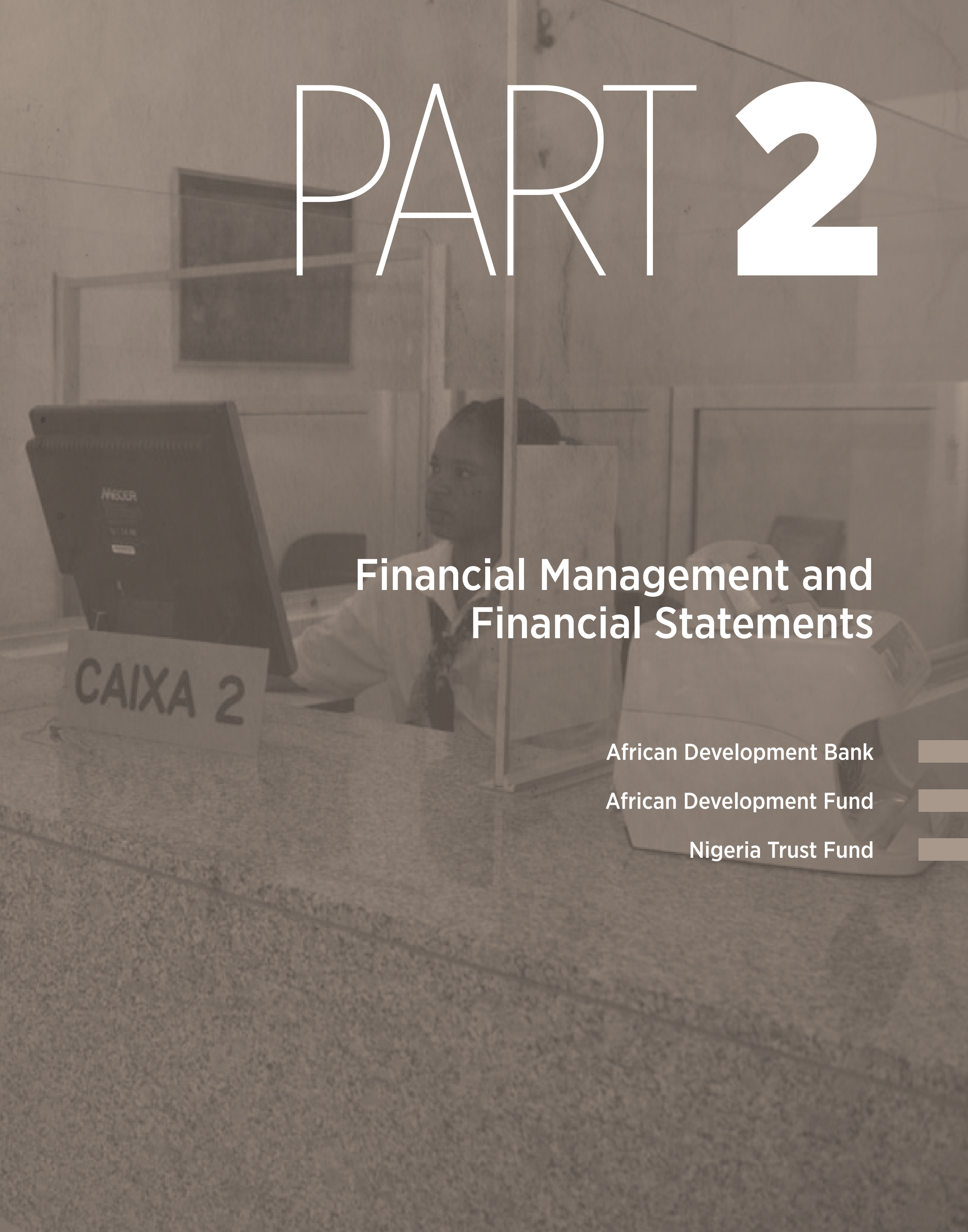
Note:
* *Special Approvals include project approvals financed under the African Water Facility (AWF), Rural Water Supply and Sanitation Initiative (RWSSI), and Global Environment Facility (GEF).*

Profiles of Special Approvals* in 2010
(UA millions)

Country	Project/Program	Total Cost	Loan	Grant
Multinational	*Program for Infrastructure Development (PIDA) (Transboundary Water Resources Study)* **Objectives:** Establish a strategic framework for the development of regional and continental Transboundary Water Resources (TWR) infrastructure based on a development vision, strategic objectives and sector policies; establish TWR infrastructure investment program (short, medium and long-term) around priorities established by Basin Organizations and Regional Economic Communities (RECs); and prepare an implementation strategy and processes, including a priority action plan. **Expected Outcomes:** (i) An effective global partnership for the bridging of the infrastructure gap in Africa is put in place: annual bilateral and multilateral investments in the water sector increase from GBP 2.9 billion in 2007 to GBP 8.4 billion by 2020; (ii) improved development of regional infrastructure and services: developed hydropower potential increases from 7 percent in 2008 to 15 percent by 2020; irrigated cultivated land increases from 6 percent in 2008 to 12 percent in 2020; per capita water storage capacity increases from 200m^3/yr in 2006 to 600m^3/yr in 2020. **Cofinanciers:** African Union Commission (AUC) (UA 1.40 million); Nigerian Technical Cooperation Fund (NTCF) (UA 0.61 million); DfID (UA 0.40 million); and NEPAD-IPPF/ADF/IsDB (UA 3.57 million).	7.15		1.17
Multinational	*MDGs Monitoring and Evaluation for Water in North Africa (Algeria, Egypt, Libya, Mauritania, Morocco,* and Tunisia) (MEWINA) **Objective:** To increase the African Ministerial Council on Water for the Northern Africa subregion (N-AMCOW) countries' capacity in Water Sector monitoring & evaluation. **Expected Outcomes:** (i) Better understanding and knowledge of the state of water sector M&E systems; (ii) annual water reports using data monitoring system and reporting mechanism established at local, national and subregional (North Africa) levels to annually report on standardized indicators; tracking water resources management and the achievement of the water & sanitation MDGs in the North African countries; and (iii) adequate resources mobilized for M&E infrastructure development, capacity building and awareness program to develop a functional and regular observation mechanism on the water sector in the North African countries. **Cofinanciers:** Center for Environment and Development for the Arab Region and Europe (CEDARE) (UA 0.09 million); and N-AMCOW countries (UA 0.26 million).	2.00		1.65

Source: *AfDB Statistics Department.*

Note:
* *Special Approvals include project approvals financed under the African Water Facility (AWF), Rural Water Supply and Sanitation Initiative (RWSSI), and Global Environment Facility (GEF).*



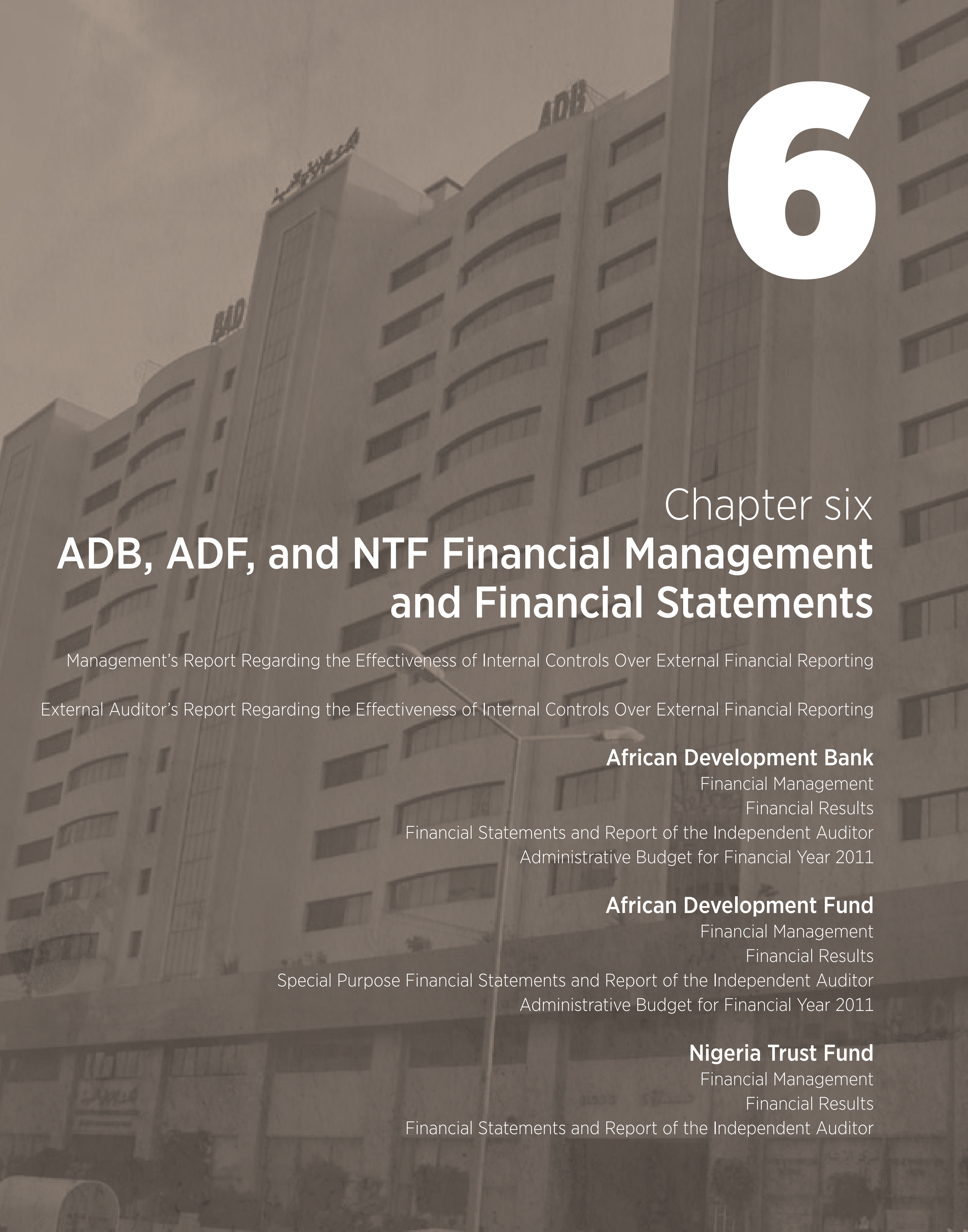
PART 2

Financial Management and Financial Statements

African Development Bank

African Development Fund

Nigeria Trust Fund



6

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 30, 2011

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 auditors' 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 recommendation for such selection to the Board of Directors, which in turn makes 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 2010. Management is not aware of any material control weakness that could affect the reliability of the 2010 financial statements.

In addition to providing an audit opinion on the fairness of the financial statements for 2010, 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.

Donald Kaberuka
PRESIDENT

Charles Boamah
ACTING VICE PRESIDENT, FINANCE

15, Avenue du Ghana, Angle des Rues Pierre de Courbertin et Hédi Nouira – BP 323 – 1002 Tunis Belvédère – Tunisia
Tel: (216) 71 333 511 – Fax: (216) 71 351 933 – Email: afdb@afdb.com – Internet: www.afdb.org

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.fr

African Development Bank Group
Temporary Relocation Agency
15, Avenue du Ghana
1002 Tunis Belvédère
Tunisia

Independent Auditor's Report to the Board of Governors of the African Development Bank Group regarding the effectiveness of internal control over financial reporting
Year ended 31 December 2010

Scope
We have examined the internal control 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 2010, 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 control over financial reporting and for assessment of the effectiveness of such control. Management has asserted the effectiveness of internal controls over financial reporting for 2010.

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

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 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 control is maintained over financial reporting.

An assurance engagement includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control, 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
An entity's system of internal control 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. An entity's system of internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

KPMG

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

assets of the entity; (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 entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control 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 control over financial reporting during the year ended 31 December 2010, 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 December 31, 2010, in accordance with the International Standards on Auditing, and we have expressed unqualified opinions on those financial statements.

Paris La Défense, 30 March 2011

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 2010 for the three windows, as well as the ADB and ADF Administrative Budgets for the financial year 2011.

AFRICAN DEVELOPMENT BANK

Financial Management

Capital Subscription

The authorized capital stock of the Bank has undergone several capital increases since 2008. Two special capital increases, approved in 2008 (resolution B/BG/2008/07) and 2009 (resolution B/BG/2009/05), allowed the Republic of Turkey and the Grand Duchy of Luxembourg to apply for membership of the Bank, increasing the authorized capital of the Bank from UA 21.87 billion to UA 22.12 billion.

Furthermore, Canada and Korea responded favorably to the Bank's need for expanded financial capacity pending decisions on a Sixth General Capital Increase (GCI-VI) of the Bank by offering a temporary increase of their callable capital with no attached voting rights. As a result, a special capital increase was adopted by the Board of Governors in 2010 (resolution B/BG/2010/02), bringing the authorized capital to UA 23.95 billion. The temporary callable capital subscribed by Canada (UA 1.63 billion) and the Republic of Korea (UA 0.19 billion) will be retired as soon as their subscription to GCI-VI becomes effective.

GCI-VI was carried out by resolution B/BG/2010/08, and raised the authorized capital of the Bank from UA 23.95 billion to UA 67.69 billion as of December 31, 2010. This represents a 200% increase in the Bank's authorized capital [excluding temporary callable capital and special capital increases for Turkey and Luxembourg] with a paid-in capital of 6%. The new shares created under GCI-VI are to be allocated to regional and non-regional members in such proportions that, when fully subscribed, the regional group would hold 60 percent of the total capital stock and the non-regional group 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. For GCI-VI, the payment period is set at 8 years for Middle Income Countries, Blend countries and Non-Regional member countries, and at 12 years for ADF-eligible member countries. 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. This acts as protection for 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.

A subscription becomes effective (i.e. shares issued and corresponding voting rights allocated) once the Bank receives in full the payment for the first installment, which triggers the issuance of the entire callable capital portion. Shares representing the paid-up portion of a subscription are issued as and when the Bank receives the actual payments for such shares.

As at December 31, 2010, the paid-up capital amounted to UA 2.38 billion, with a paid-in capital (i.e. the portion of paid-up capital that has been actually paid) level of UA 2.36 billion. The Bank's callable capital was UA 21.55 billion including UA 9.48 billion from non-borrowing member countries rated A- and higher.

In accordance with the Shares Transfer Rules, shares for which payment have become due and remain unpaid are forfeited after a prescribed period and offered for subscription to member countries. In 2010, the Bank modified the Share Transfer Rules as part of the GCI-VI process. Specifically, the priority rules for allocation were amended; the payment period for shares offered under these rules were reduced, and the forfeiture period for shares under all capital increases was aligned to 120 days.

The details of capital subscriptions at December 31, 2010 is shown in the Statement of Subscriptions to the Capital Stock and Voting Power, which forms part of the Financial Statements of this Report.

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. Rating agencies have noted positively the approval by Board of Governors in May 2010 to triple the Bank's capital base as a sign of strong shareholder support for its development mandate, and growing franchise value in the continent.

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 2010 funding program in capital markets was approved for a maximum amount of UA 3.62 billion including up to UA 140 million under the Enhanced Private Sector Assistance (EPSA) for Africa initiative. The Bank raised UA 2.82 billion during the year including UA 14.9 million under the EPSA initiative. The actual amount raised was guided by the pace of the disbursements. As at December 31, 2010, the outstanding borrowing portfolio of the Bank stood at UA 11.98 billion.

In terms of market conditions, while the markets went through phases of uneasy calm and bouts of panic, the Bank as a triple A rated supranational institution continued to see improvement in its funding cost levels. This is a reflection 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 its annual USD 1 billion global bond transactions during the year in February. Private placements, uridashi transactions[1], themed bond transactions (described below) and African currency-linked bonds in Zambian Kwacha complete the range of markets utilized in 2010.

The Bank also maintains a regular presence in the short-term market by issuing under its EUR 2 billion Euro Commercial Paper (ECP) program whose aim is to enhance flexibility in short-term liquidity management. As at December 31, 2010, there were no amounts outstanding under the ECP program.

Themed Bond Transactions. The retail bond market in Japan has seen a flurry of activity where investors wish to invest in bond issues that have a social theme and carry top-notch credit ratings.

In 2010, the Bank established its own niche by issuing bonds under the themes of clean energy, education and water. During the year, the Bank entered into 16 such bond transactions raising UA 398.9 million.

The proceeds of the bonds are included in the ordinary capital resources of the Bank and will be used for the general operations of the Bank. However, under the terms of these bond issues, the Bank will use its best efforts to direct an amount equal to the net proceeds to lending to projects related to the relevant theme, subject to and in accordance with the Bank's lending standards.

A snapshot of the Bank's activity in these sectors is presented in Table 6.1.

Investments

The Bank's cash and treasury investments (net of repurchase agreements) as of December 31, 2010 totaled UA 7.83 billion, compared to UA 7.73 billion at the end of 2009. Investment income for 2010 amounted to UA 219.22 million or a return of 2.81 percent on an average liquidity of UA 7.78 billion, compared to UA 222.96 million in 2009, or a return of 3.50 percent, on an average liquidity of UA 6.37 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 repricing profile benchmark with 10 percent of the Bank's net assets repricing uniformly over a period of 10 years.

Table 6.1
Themed Bond Transactions

(Amounts in UA millions)

	Pipeline	2010 Disbursements	Total Bonds Issued	Maturity Range of Bonds
Clean Energy / Green Bonds	1,295.6	64.9	261.5	3 to 10 years
Education	100.6	8.3	98.1	3 to 5 years
Water	908.4	20.2	39.3	4 years
Total	**2,304.6**	**93.4**	**398.9**	

[1] *Public issues sold to the Japanese retail market.*

Loan Portfolio

Loans signed, net of cancelations, as at December 31, 2010 amounted to UA 26.27 billion. Total outstanding loans as at December 31, 2010 was UA 8.29 billion, an increase of UA 0.75 billion over the UA 7.54 billion outstanding as at the end of 2009. Undisbursed balances at December 31, 2010 totaled UA 4.86 billion, a decrease of UA 0.14 billion from December 31, 2009. The number of active signed loans stood at 274 for an outstanding balance of UA 8.29 billion. As at December 31, 2010, 624 loans amounting to UA 10.31 billion had been fully repaid. A breakdown of the outstanding loan portfolio by product type is presented in Figure 6.1.

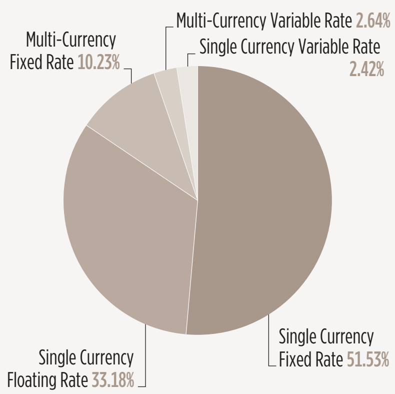
Disbursements

Loan disbursements during 2010 amounted to UA 1.34 billion, a 43 percent decrease from UA 2.35 billion disbursed in 2009. At December 31, 2010, cumulative disbursements (including non-sovereign loans) amounted to UA 21.31 billion. Also at the end of 2010, a total of 810 loans were fully disbursed amounting to UA 18.75 billion, representing 88 percent of cumulative disbursements.

Financial Products

Loans. The ADB provides loans to its clients on non-concessional terms. The standard loan product offered to sovereign and sovereign guaranteed clients is the Enhanced Variable Spread Loan (EVSL). The loan product offered to non-sovereign guaranteed clients is the Fixed Spread Loan (FSL).

Figure 6.1
Loans Outstanding, December 31, 2010 (percentages)



The interest rate on the EVSL is comprised of a floating base (6-month LIBOR for USD and YEN, 6-month EURIBOR for Euro and 3 month JIBAR for ZAR), a funding margin that is a function of the Bank's cost of funding relative to LIBOR, EURIBOR or JIBAR computed every six month, and a contractual spread that was set at 60 bps with effect from January 1, 2011. The EVSL offers a free option to fix the floating base rate. The standard repayment period for sovereign and sovereign-guaranteed loans is up to 20 years, including a grace period not exceeding 5 years

The interest rate on the FSL is comprised of a floating base rate (6-month LIBOR for USD and YEN, 6-month EURIBOR for Euro and 3 month JIBAR for ZAR) which remains floating until maturity date or a fixed base rate (amortizing swap rate set at borrower's request for disbursed loan balances) plus a risk-based credit spread. Non-sovereign loans have standard repayment periods up to 15 years including a capital grace period that does not exceed 5 years.

On May 10, 2010, the Board of Directors of the Bank approved a revision to loan pricing for sovereign and sovereign-guaranteed operations effective January 1, 2011. This revision relates to the following:

- Upward adjustment of the contractual spread from 40 to 60 basis points for new commitments;
- Introduction of a graduated commitment fee ranging from 25 to 75 basis points, applicable only to undisbursed amounts of fast disbursing policy based loans after the negotiated drawdown timetable; and
- Periodic revision of the contractual spread, within the framework of the Medium-Term Financial Outlook of the Bank, in order to assess whether the contractual spread provides for adequate coverage of the Bank's operational expenses.

The Board of Directors agreed that management shall submit to the Board for consideration, requests for upward adjustment of the price of loans in response to exceptional unforeseen stress events. The Board shall approve inter alia the qualification of an event as exceptional, the related level of pricing adjustment and the application period.

Other loan structures offered by the Bank include parallel and A/B syndications, and local currency loans if the Bank is able to fund efficiently in the local currency market. These loans are offered under the FSL pricing framework with a cost pass through principle for local currency loans to ensure that the overall cost of funds is compensated.

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 technical assistance and underwriting services through its public and private sector windows.

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

The Board of Governors in 2010 approved distributions to various development initiatives in Africa amounting to UA 146.37 million. The beneficiaries of these distributions are listed under Note N to the financial statements. In accordance with the Bank's accounting policies, such distributions are reported as expenses in the year they are approved by the Board of Governors. The discussions and analyses below focus on "Income before distributions approved by the Board of Governors", which reflects the ordinary operations of the Bank.

The highlights of the Bank's financial performance in 2010 include the following:

- Despite the volatile market conditions and the low interest rates experienced during the year, the Bank in 2010 earned income before distributions approved by the Board of Governors of UA 213.66 million, compared to UA 231.16 million in 2009. The decrease was due primarily to a higher level of fair valuation losses on derivatives and the borrowings on which fair value options were elected as well as a higher level of administrative expenses incurred in 2010 compared to 2009. With regard to asset impairments, there was an increase in loan loss provisions, which were largely offset by a reduction in provisions on investments held to maturity due to improved ratings and performance.

- The provision for impairment at December 31, 2010 relates largely to three sovereign borrowers that as of that date had been in arrears for six months or more. In addition, based on a review of the facts and circumstances after the balance sheet date, provision for impairment was recognized on a fourth country that fell into arrears after the year-end. Consequently, at December 31, 2010 total accumulated provision for losses on principal and charges in arrears was UA 283.37 million, representing 3.28 percent of gross principal outstanding plus charges receivable at that date, compared to UA 227.39 million, or 2.90 percent of gross principal outstanding plus charges receivable at December 31, 2009.

- Net interest income increased from UA 267.29 million in 2009 to UA 373.25 million, largely due to higher levels of earning assets in 2010. As a result of the Bank's asset and liability management practices, the effect of the lower interest rates was significantly muted, as lower interest income was largely offset by lower interest expense. The Bank also earned income of UA 6.74 million in 2010 on investments in debt instruments issued by entities in its regional member countries.

- As a result of a general increase in its operational activities, total Bank Group administrative expenses increased by 8.08 percent from UA 221.51 million in 2009 to UA 239.42 million in 2010. Total manpower expenses increased by 4.89 percent from UA 170.63 million in 2009 to UA 178.98 million in 2010 while other administration expenses increased by 18.81 percent from UA 50.88 million to UA 60.45 million in 2010. The Bank's share of the total Bank Group administrative expenses amounted to UA 75.00 million for 2010, compared to UA 63.06 million for 2009. 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 and relative balance sheet size.

- 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, 2010 were UA 2.91 billion, compared to UA 2.78 billion at the end of 2009. As a percentage of gross loans, reserves plus loss provisions on loan principal at December 31, 2010 represented 33.06 percent compared to 35.22 percent at December 31, 2009.

African Development Bank
Financial Statements and Report of the Independent Auditor Year ended December 31, 2010

BALANCE SHEET
AS AT DECEMBER 31, 2010
(UA thousands – Note B)

ASSETS		2010	2009
CASH		395,717	318,828
DEMAND OBLIGATIONS		3,801	3,801
TREASURY INVESTMENTS (Note F)		7,433,528	7,412,248
DERIVATIVE ASSETS (Note G)		1,421,480	764,007
NON-NEGOTIABLE INSTRUMENTS ON ACCOUNT OF CAPITAL (Note H)		4,625	8,188
ACCOUNTS RECEIVABLE			
Accrued income and charges receivable on loans (Note I)	178,236		168,592
Other accounts receivable	1,163,422		755,567
		1,341,658	924,159
DEVELOPMENT FINANCING ACTIVITIES			
Loans, net (Notes D & I)	8,178,797		7,436,278
Equity participations (Note J)	272,241		234,478
Other debt securities (Note K)	79,752		70,810
		8,530,790	7,741,566
OTHER ASSETS			
Property, equipment and intangible assets (Note L)	11,990		11,243
Miscellaneous	704		647
		12,694	11,890
TOTAL ASSETS		**19,144,293**	**17,184,687**

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

LIABILITIES & EQUITY		2010	2009
ACCOUNTS PAYABLE			
Accrued financial charges	423,492		404,477
Other accounts payable	1,591,552		981,202
		2,015,044	1,385,679
DERIVATIVE LIABILITIES (Note G)		328,296	477,118
BORROWINGS (Note M)			
Borrowings at fair value	10,877,110		9,488,606
Borrowings at amortized cost	1,103,456		1,092,034
		11,980,566	10,580,640
EQUITY (Note N)			
Capital			
Subscriptions paid	2,355,677		2,350,257
Cumulative Exchange Adjustment on Subscriptions (CEAS)	(162,572)		(161,970)
Subscriptions paid (net of CEAS)	2,193,105		2,188,287
Reserves			
Retained earnings	2,623,116		2,556,391
Fair value gains/(losses) on available-for-sale investments	4,166		(3,428)
Total reserves	2,627,282		2,552,963
Total equity		4,820,387	4,741,250
TOTAL LIABILITIES & EQUITY		**19,144,293**	**17,184,687**

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
OPERATIONAL INCOME & EXPENSES		
Income from:		
Loans (Note O)	293,359	288,239
Investments and related derivatives (Note O)	219,219	222,955
Other debt securities	6,737	7,684
Total income from loans and investments	519,315	518,878
Borrowing expenses (Note P)		
Interest and amortized issuance costs	(303,041)	(306,321)
Net interest on borrowing-related derivatives	126,265	73,284
Unrealized (losses)/gains on fair-valued borrowings and related derivatives	(27,611)	17,380
Unrealized losses on derivatives on non fair-valued borrowings and others	(13,328)	(20,303)
Provision for impairment (Note I)		
Loan principal	(10,643)	(276)
Loan charges	(16,117)	(11,009)
Provision for impairment on equity investments (Note J)	(898)	(2,324)
Provision for impairment on investments	18,578	3,389
Translation gains	4,865	19,634
Other (loss)/income	(1,725)	7,338
Net operational income	295,660	299,670
OTHER EXPENSES		
Administrative expenses (Note Q)	(74,996)	(63,057)
Depreciation – Property, equipment and intangible assets (Note L)	(4,591)	(4,679)
Sundry expenses	(2,414)	(774)
Total other expenses	(82,001)	(68,510)
Income before distributions approved by the Board of Governors	213,659	231,160
Distributions of income approved by the Board of Governors (Note N)	(146,366)	(162,680)
NET INCOME FOR THE YEAR	**67,293**	**68,480**

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
NET INCOME FOR THE YEAR	67,293	68,480
OTHER COMPREHENSIVE INCOME		
Net gains/(losses) on available-for-sale investments taken to equity	7,594	(18,763)
Actuarial (losses)/gains on defined benefit plans	(568)	27,774
Total other comprehensive income	7,026	9,011
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**74,319**	**77,491**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	Capital Subscriptions Paid	Cumulative Exchange Adjustment on Subscriptions	Retained Earnings	Fair Value Gains/(Losses) on Available-for -Sale Investments	Total Equity
BALANCE AT 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 losses 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 AND JANUARY 1, 2010	**2,350,257**	**(161,970)**	**2,556,391**	**(3,428)**	**4,741,250**
Net income for the year	-	-	67,293	-	67,293
Other comprehensive income					
Net gains on available-for-sale investments taken to equity	-	-	-	7,594	7,594
Actuarial losses on defined benefit plans	-	-	(568)	-	(568)
Total other comprehensive income	-	-	(568)	7,594	7,026
Net increase in paid-up capital	5,420	-	-	-	5,420
Net conversion losses on new subscriptions	-	(602)	-	-	(602)
BALANCE AT DECEMBER 31, 2010	**2,355,677**	**(162,572)**	**2,623,116**	**4,166**	**4,820,387**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Net income	67,293	68,480
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,591	4,679
Provision for impairment on loan principal and charges	26,760	11,287
Unrealized losses on investments and related derivatives	18,304	15,689
Amortization of discount or premium on held-to-maturity investments	(22,168)	(6,658)
Provision for impairment on investments	(18,578)	(3,389)
Provision for impairment on equity investments	898	2,324
Amortization of borrowing issuance costs	(11,906)	541
Unrealized losses on fair-valued borrowings and derivatives	40,939	2,923
Translation gains	(4,865)	(19,634)
Share of profits in associate	421	(227)
Net movements in derivatives	(176,281)	(77,560)
Changes in accrued income on loans	(26,374)	159,099
Changes in accrued financial charges	19,703	6,345
Changes in other receivables and payables	175,535	89,407
Net cash provided by operating activities	94,272	253,306
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements on loans	(1,339,846)	(2,352,287)
Repayments of loans	568,638	718,818
Investments maturing after 3 months of acquisition:		
Held-to-maturity portfolio	(112,527)	(362,180)
Trading portfolio	(13,098)	(2,029,748)
Changes in other assets	(5,394)	(4,339)
Equity participations movement	(24,158)	(51,240)
Net cash used in investing, lending and development activities	(926,385)	(4,080,976)
FINANCING ACTIVITIES:		
New borrowings	2,815,211	5,143,378
Repayments on borrowings	(2,054,200)	(1,241,531)
Net cash from capital subscriptions	8,381	7,185
Net cash provided by financing activities	769,392	3,909,032
Effect of exchange rate changes on cash and cash equivalents	14,285	(5,126)
(Decrease)/increase in cash and cash equivalents	(48,436)	76,236
Cash and cash equivalents at the beginning of the year	1,487,818	1,411,582
Cash and cash equivalents at the end of the year	**1,439,382**	**1,487,818**
COMPOSED OF:		
Investments maturing within 3 months of acquisition:		
Held-to-maturity portfolio	-	105,554
Trading portfolio	1,043,665	1,063,436
Cash	395,717	318,828
Cash and cash equivalents at the end of the year	**1,439,382**	**1,487,818**
SUPPLEMENTARY DISCLOSURE:		
1. Operational cash flows from interest and dividends		
Interest paid	(175,390)	(240,666)
Interest received	485,542	608,684
Dividend received	1,431	611
2. Movement resulting from exchange rate fluctuations:		
Loans	21,279	(82,657)
Borrowings	680,945	201,269
Currency swaps	(723,003)	(104,851)

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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.

In accordance with Article 57 of the Agreement Establishing the Bank, the Bank, its property, other assets, income and its operations and transactions shall be exempt from all taxation and customs duties. The Bank is also exempt from any obligation to pay, withhold or collect any tax or duty.

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, 2010 and 2009 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, 2010, 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 representing present value losses, 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-collectability, 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. 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). A gain or loss may only be recognized on initial recognition of a financial instrument 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 controls, 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, 2010, such subscriptions cumulatively represented approximately 1 percent 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.

Events after the Balance Sheet date

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves. The nature and potential financial statements effect of such events are detailed in Note U to these financial statements.

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

Certain new and amended International Financial Reporting Standards and Interpretations were not yet effective for application as of the balance sheet date, 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"

The first part of phase 1 of IFRS 9 "financial instruments" was issued in November 2009 as the first part of the IASB comprehensive project to replace IAS 39. The first part of phase 1 of 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 characteristics 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 an irrevocable election can be made at initial recognition to recognize all fair value changes through other comprehensive income.

The second part of Phase 1 of IFRS 9 which deals with classification and measurement of financial liabilities was issued on October 28, 2010. The new requirements address the problem of volatility in profit or loss (P&L) arising from the "own credit" of an issuer choosing to measure its own debt at fair value. With the new requirements, gains and losses resulting from changes in "own credit risk" for liabilities measured at fair value will be reported in "other comprehensive income" and therefore not affect reported profit or loss.

As at December 31, 2010, the two other phases of IFRS 9 dealing with impairment of financial assets and hedge accounting had not been issued by IASB.

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 and liabilities. The Bank intends to early adopt the first phase of IFRS 9 on January 1, 2011.

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. The Board of Directors is committed to the highest standards of corporate governance. 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, 2010 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 Loans Amounts	Undisbursed Balances	Outstanding Balances	% of Total Outstanding Loans
Angola	1	227	-	-	227	-
Botswana	5	1,147,434	-	495,456	651,978	7.86
Cameroon	2	29,759	-	17,197	12,562	0.15
Cape Verde	2	34,493	6,859	-	27,634	0.33
Congo	2	21,555	-	-	21,555	0.26
Côte d'Ivoire	5	36,979	-	-	36,979	0.45
Democratic Republic of Congo	10	761,520	-	-	761,520	9.18
Egypt	15	1,353,110	-	531,762	821,349	9.90
Equatorial Guinea	3	63,015	-	62,776	239	-
Ethiopia	3	7,853	-	-	7,853	0.09
Gabon	16	457,497	1,328	274,862	181,307	2.19
Guinea	2	3,934	-	-	3,934	0.05
Kenya	2	1,208	-	-	1,208	0.01
Malawi	1	1,310	-	-	1,310	0.02
Mauritania	2	12,507	-	-	12,507	0.15
Mauritius	10	471,422	-	344,570	126,852	1.53
Morocco	35	2,580,860	-	753,290	1,827,570	22.04
Namibia	4	56,238	-	575	55,663	0.67
Nigeria	5	64,848	-	-	64,848	0.78
Senegal	2	8,736	-	-	8,736	0.11
Seychelles	5	20,576	6,493	-	14,082	0.17
Somalia**	3	4,360	-	-	4,360	0.05
South Africa	6	1,956,998	-	1,466,622	490,376	5.91
Sudan** (1)	5	59,651	-	-	59,651	0.72
Swaziland	6	72,825	-	1,737	71,088	0.86
Tanzania	1	1,332	-	-	1,332	0.02
Tunisia	30	1,577,013	-	389,079	1,187,934	14.32
Zambia	1	1,028	-	-	1,028	0.01
Zimbabwe**	12	197,929	-	-	197,929	2.39
Multinational	3	40,572	-	199	40,373	0.49
Total Public Sector	**199**	**11,046,790**	**14,680**	**4,338,125**	**6,693,985**	**80.72**
Total Private Sector	**75**	**3,046,422**	**930,200**	**517,203**	**1,599,019**	**19.28**
Total	**274**	**14,093,212**	**944,880**	**4,855,328**	**8,293,004**	**100.00**

* *Excludes fully repaid loans and cancelled loans.*
** *Country in arrears as at December 31, 2010.*
(1) *The outcome of the referendum conducted in South Sudan in January 2011 supported the creation of an independent state of South Sudan. After the split of the current state of Sudan into two separate nations becomes effective in July 2011, the number and amounts of loans shown against Sudan in this statement would be split between the emerging states, on a basis agreed upon following the ongoing negotiations between representatives of the North and South Sudan.*

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 2010 was 2.01 compared to 2.42 at the end of 2009. 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
2010	76%	2%	5%	13%	4%
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%

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 percent 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 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 December 2010, the Bank's public sector loan portfolio used up to 28 percent of the Bank's total risk capital based on the Bank's capital adequacy framework. 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 CAMELS 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) Management quality 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 and 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.

Since 2009, the Bank has been increasing its exposure to the non-sovereign loan and equity portfolios. The weighted-average risk rating improved from 3.14 at the end of 2009 to 3.12 at year-end 2010. 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
2010	24%	20%	30%	24%	2%
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%

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 2010, the impairment allowance to cover the incurred loss on impaired loans in the non-sovereign portfolio was UA 12.04 million compared to UA 11.89 million in 2009.

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 2010, the provision for impairment on equity investment was UA 18.78 million compared to UA 15.94 million in 2009.

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 December 2010, the Bank's non- sovereign portfolio required as risk capital approximately 25 percent of the Bank's total on-balance sheet risk capital sources. This level is still below the limit of 40 percent determined by the Bank for total non-sovereign operations. Out of the Bank's non-sovereign portfolio, Equity participations required as risk capital approximately 8.3 percent of the Bank's total on-balance sheet risk capital sources. This level is still below the statutory limit of 15 percent 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 percent 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, counter- party 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.

For trading counterparties, the Bank requires a minimum short-term credit rating of A-2/P-2/F-2 for trades settled under delivery vs. payment (DVP) terms and a minimum long-term credit rating of A/A2 for non DVP based transactions.

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	AAA Maximum legal maturity of 50 years for ABS/MBS with the underlying collateral originated in the UK and 40 year maximum legal maturity for all other eligible ABS/MBS. Also, the maximum weighted average life for all ABS/MBS at the time of acquisition shall not exceed 5 years.					

The Bank also invests in 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-/A3 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 12 percent of the Bank's total risk capital (equity and reserves) 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 proportion of exposure to AAA rated entities rose from the previous year as the bank continued to increase its relative investments in sovereign, sovereign-guaranteed, agency and supranational securities.

	Credit Risk Profile of the Investment and Derivative Portfolios		
	AAA	AA+ to AA-	A+ and lower
2010	69%	24%	7%
2009	65%	25%	10%
2008	59%	21%	20%
2007	43%	54%	3%
2006	56%	39%	5%
2005	56%	36%	8%

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 December 2010, the Bank's counterparty credit portfolio including all investments and derivative instruments required as risk capital 2 percent 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 assets and liabilities. 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. Probable redemptions of swaps and borrowings with embedded options are included in the computation of the size of the operational tranche of liquidity. 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. A third tranche of liquidity, which is funded by the Bank's equity resources, is held in a portfolio of fixed income securities intended to collect contractual cash flows with the objective of stabilizing the bank's net income. During the year, the Bank revised its definition of eligible liquidity to include, with appropriate hair-cuts as necessary, all liquid securities in all the portfolios of assets held by the Bank.

The contractual maturities of financial liabilities and future interest payments at December 31, 2010 and 2009 were as follows:

Contractual Maturities of Financial Liabilities and Future Interest Payments at December 31, 2010.

(UA thousands)

	Carrying Amount	Contractual Cash Flow	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years
Financial liabilities with derivatives								
Derivative liabilities	(1,097,276)	(1,677,450)	(328,910)	(251,904)	(190,541)	53,964	(247,153)	(712,906)
Borrowings at fair value	10,877,110	12,250,535	2,210,371	2,794,179	2,315,143	2,078,599	813,898	2,038,345
	9,779,834	10,573,085	1,881,461	2,542,275	2,124,602	2,132,563	566,745	1,325,439
Financial liabilities without derivatives								
Accounts payable	2,015,044	2,015,044	2,015,044	-	-	-	-	-
Borrowings at amortized cost	1,103,456	1,779,515	244,190	98,824	397,253	62,102	321,845	655,301
	3,118,500	3,794,559	2,259,234	98,824	397,253	62,102	321,845	655,301
Total financial liabilities	**12,898,334**	**14,367,644**	**4,140,695**	**2,641,099**	**2,521,855**	**2,194,665**	**888,590**	**1,980,740**
Represented by:								
Derivative liabilities	(1,097,276)	(1,677,450)	(328,910)	(251,904)	(190,541)	53,964	(247,153)	(712,906)
Accounts payable	2,015,044	2,015,044	2,015,044	-	-	-	-	-
Borrowings	11,980,566	14,030,050	2,454,561	2,893,003	2,712,396	2,140,701	1,135,743	2,693,646

Contractual Maturities of Financial Liabilities and Future Interest Payments at December 31, 2009.

(UA thousands)

	Carrying Amount	Contractual Cash Flow	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years
Financial liabilities with derivatives								
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
Financial liabilities without derivative								
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

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. In line with this policy, throughout 2010 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 2010, the Bank experienced translation adjustment gains of less than 0.50 percent 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 2010, 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, 2010 and 2009 was as follows:

Net Currency Position at December 31, 2010

(UA thousands)

	Euro	United States Dollar	Japanese Yen	Sterling	Other	Subtotal	Units of Account	Total
Assets								
Cash	17,114	13,991	208,646	4,685	151,281	395,717	-	395,717
Demand obligations	-	-	-	-	3,801	3,801	-	3,801
Investments – trading [(a)]	1,538,407	2,555,757	-	35,399	72,848	4,202,411	-	4,202,411
Investments – held-to-maturity	1,119,306	1,373,697	356,230	377,792	-	3,227,025	-	3,227,025
Non-negotiable instruments on account of capital	-	3,292	-	-	-	3,292	1,333	4,625
Accounts receivable	431,049	347,724	43,291	7,504	475,763	1,305,331	36,327	1,341,658
Loans	3,408,606	3,433,728	497,022	2,253	846,600	8,188,209	(9,412)	8,178,797
Equity participations	23,089	136,317	-	-	50,097	209,503	62,738	272,241
Other debt security	-	-	-	-	79,752	79,752	-	79,752
Other assets	-	-	-	-	-	-	12,694	12,694
	6,537,571	7,864,506	1,105,189	427,633	1,680,142	17,615,041	103,680	17,718,721
Liabilities								
Accounts payable	(721,835)	(595,219)	(137,598)	(172)	(477,469)	(1,932,293)	(82,751)	(2,015,044)
Borrowings	-	(6,199,043)	(1,667,897)	-	(3,572,177)	(11,439,117)	(541,449)	(11,980,566)
Currency swaps on borrowings and related derivatives [(b)]	(4,206,763)	1,009,130	1,389,965	-	2,424,734	617,066	480,210	1,097,276
	(4,928,598)	(5,785,132)	(415,530)	(172)	(1,624,912)	(12,754,344)	(143,990)	(12,898,334)
Currency position of equity as at December 31, 2010	**1,608,973**	**2,079,374**	**689,659**	**427,461**	**55,230**	**4,860,697**	**(40,310)**	**4,820,387**
% of subtotal	**33.10**	**42.78**	**14.19**	**8.79**	**1.14**	**100.00**	**-**	**100.00**
SDR composition as at December 31, 2010	**37.53**	**41.70**	**9.32**	**11.45**	**-**	**100.00**	**-**	**100.00**

(a) Investments held for trading comprise:	
Investments held for trading	4,206,503
Derivative assets	53,626
Derivative liabilities	(57,718)
Amount per statement of net currency position	4,202,411
(b) Currency swaps on borrowings is made up as follows:	
Derivative assets	1,367,854
Derivative liabilities	(270,578)
Net swaps on borrowings per statement of net currency position	1,097,276

Net Currency Position at December 31, 2009

(UA thousands)

	Euro	United States Dollar	Japanese Yen	Sterling	Other	Subtotal	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 security	-	-	-	-	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 subtotal	**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 is made up as follows:	
Derivative assets	723,793
Derivative liabilities	(455,681)
Net swaps on borrowings per statement of net currency position	268,112

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, 2010 and 2009, respectively. The sensitivity analysis shown assumes a separate 10 percent appreciation/depreciation for each currency in the basket against the US dollar. Due to a moderate change in the African currency holdings the table also includes the effect of a 10 percent 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, 2010

(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	1,977.04	1,847.25	450.76	501.53	43.07	4,819.64	(0.74)	1bp
GBP	2,026.69	1,721.48	462.08	565.53	43.07	4,818.84	(1.55)	3bps
JPY	2,029.87	1,724.19	509.09	514.93	43.07	4,821.14	0.75	2bps
Net assets resulting from a 10% appreciation of each African currency against the SDR	2,049.40	1,740.78	467.26	519.88	47.37	4,824.695	4.31	9bps
Net assets resulting from a 10% depreciation against the USD								
EUR	2,119.94	1,636.99	483.34	537.77	43.07	4,821.11	0.73	2bps
GBP	2,070.50	1,758.70	472.07	477.49	43.07	4,821.82	1.44	3bps
JPY	2,067.49	1,756.14	428.53	524.47	43.07	4,819.69	(0.70)	1bp
Net assets resulting from a 10% depreciation of each African currency against the SDR	2,049.40	1,740.78	467.26	519.88	39.15	4,816.47	(3.92)	8bps
Assumptions:								
Base net assets	2,049.40	1,740.78	467.26	519.88	43.07	4,820.39	-	-
Currency weight	0.6600	0.4230	12.1000	0.1110	-	-	-	-
Base exchange rate	1.5504	1.1557	125.7552	0.9902	-	-	-	-

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	-	-	-	-

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, 2010 and 2009 was as follows:

Interest Rate Risk Position as at December 31, 2010

(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	395,717	-	-	-	-	-	-	395,717
Demand obligations	3,801	-	-	-	-	-	-	3,801
Treasury investments [(a)]	4,684,074	383,287	529,608	286,169	456,284	1,148,892	(58,878)	7,429,436
Non-negotiable instruments on account of capital	1,588	1,066	767	509	451	244	-	4,625
Accounts receivable	1,510,824	-	-	-	-	-	(169,166)	1,341,658
Loans – disbursed and outstanding	6,023,697	166,352	169,088	235,133	185,457	1,513,277	-	8,293,004
Accumulated provision for loan impairment	-	-	-	-	-	-	(114,207)	(114,207)
Equity participations	-	-	-	-	-	-	272,241	272,241
Other debt securities	-	-	-	-	-	97,894	(18,142)	79,752
Other assets	-	-	-	-	-	-	12,694	12,694
	12,619,701	550,705	699,463	521,811	642,192	2,760,306	(75,458)	17,718,720
Liabilities								
Accounts payable	(2,015,044)	-	-	-	-	-	-	(2,015,044)
Borrowings [(b)]	(10,026,770)	(117)	(233)	(319,121)	(1,850)	(614,195)	78,997	(10,883,289)
Macro-hedge swaps	(522,203)	77,921	49,999	89,609	71,427	233,247	-	-
	(12,564,017)	77,804	49,766	(229,512)	69,577	(380,948)	78,997	(12,898,333)
Interest rate risk position as at December 31, 2010*	**55,684**	**628,509**	**749,229**	**292,299**	**711,769**	**2,379,358**	**3,539**	**4,820,387**

* *Interest rate risk position represents equity.*

(a) Treasury investments comprise:	
Treasury Investments	7,433,528
Derivative assets – investments	53,626
Derivative liabilities – investments	(57,718)
Amount per statement of interest rate risk	7,429,436
(b) Borrowings comprise:	
Borrowings	11,980,565
Derivative assets – borrowings	(1,367,854)
Derivative liabilities – borrowings	270,578
Net borrowings per statement of interest rate risk	10,883,289

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 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 percent 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 percent 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 2010, the Bank's overall repricing profile was closely aligned to the benchmark in almost all annual buckets.

Interest Rate Risk Sensitivity Analysis

Net Interest Margin Sensitivity

A parallel upward shift in the SDR curve of 100 bps would have generated a gain in income statement of UA 8.17 million and UA 7.55 million as of December 31, 2010 and 2009, 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, 2010 and 2009, respectively. However, due to the low level of interest rates across the Japanese Yen yield curve, the sensitivity analysis in 2010 for assets and liabilities denominated in Japanese Yen reflect a parallel movement in the yield curve of +/- 10 bps (2009: +/- 10 bps).

(UA thousands)

	Upward Parallel Shift		Downward Parallel Shift	
	2010	2009	**2010**	2009
	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Held-for-trading investments	(10,943)	(18,664)	12,099	21,812
Fair-valued borrowings and derivative portfolios	160,758	148,876	(175,841)	(163,105)

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 2005, prepayments of pre-1997 loans declined sharply to UA 70 million compared to the amounts in prior years, 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 percent related to market-based loans. Prepayment in 2008 amounted to UA 17 million while prepayment in 2009 was UA 20 million. In the year ended December 31, 2010, prepayment mainly on private sector loans amounted to UA 67 million.

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.

Operational risks encompass all risks other than credit, market, and liquidity risks. Operational risks include the risks of losses resulting from inadequate or failed internal processes, people, and/or systems, and from external events which could negatively impact its reputation.

The Internal Control Unit (ICU) of the Bank is responsible for among other duties the implementation of the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) internal control framework, as a means of regularly evaluating the effectiveness and efficiency of the Bank's internal controls in all significant business operations. As part of this process, Management's attestation on the adequacy of internal controls over financial reporting 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 primary responsibility of the management of each business area to implement the relevant controls. This responsibility is supported by institutional standards 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 verified through periodic reviews undertaken by the Office of the Auditor General of the Bank. The results of internal audit reviews are discussed with the Management of the relevant business unit(s), with summaries submitted to Senior Management of the Bank and the Audit and Finance Committee of the Board of Directors.

The Bank also has a contingency and business continuity plan which aims to ensure the continuity of its operations and protect the interests of all the key stakeholders of the Bank Group, namely, the member countries (borrowing and non-borrowing), bondholders and other creditors as well as employees and their families, in the event of any disturbance in its office locations. Three key organs in the Bank ensure the oversight and implementation of the plan: (i) the Executive Crisis Committee, chaired by the President of the Bank, which makes the key decisions based on recommendations from the Operations Crisis Committee (OCC); (ii) the OCC that closely monitors all developments affecting the Bank and advises on measures necessary to mitigate the relevant risks and (iii) the business continuity Unit (BCPU) that follows up on the implementation of decisions made and is also responsible for periodic tests of the overall business continuity preparedness of the Bank and staff.

The Bank's Capital Adequacy and Exposure Management framework currently provides for a risk capital charge of 15 percent of the average operating income for the preceding 3 years, in line with Basle II recommendations for operational risk.

Other elements of the Bank's operational risk management include compliance with the Code of Conduct and staff rules, the work of the Fraud and Investigations Unit and the existence of a Whistleblower Protection Policy.

NOTE E – FINANCIAL ASSETS AND LIABILITIES

The tables below set out the 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, 2010	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	-	-	-	-	-	395,717	395,717	395,717
Demand obligations	-	-	-	-	-	3,801	3,801	3,801
Treasury investments	4,206,503	-	3,227,025	-	-	-	7,433,528	7,592,924
Derivative assets	1,421,480	-	-	-	-	-	1,421,480	1,421,480
Non-negotiable instruments on account of capital	-	-	-	-	-	4,625	4,625	4,625
Accounts receivable	-	-	-	-	1,341,658	-	1,341,658	1,341,658
Loans	-	-	-	-	8,178,797	-	8,178,797	8,586,715
Equity participations	-	-	-	272,241	-	-	272,241	272,241
Other debt securities	-	-	-	79,752	-	-	79,752	79,752
Total financial assets	**5,627,983**	**-**	**3,227,025**	**351,993**	**9,520,455**	**404,143**	**19,131,599**	**19,698,913**
Accounts payable	-	-	-	-	-	2,015,044	2,015,044	2,015,044
Derivative liabilities	328,296	-	-	-	-	-	328,296	328,296
Borrowings	-	10,877,110	-	-	-	1,103,456	11,980,566	12,201,150
Total financial liabilities	**328,296**	**10,877,110**	**-**	**-**	**-**	**3,118,500**	**14,323,906**	**14,544,490**

(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**

The table below classifies the Bank's financial instruments that were carried at fair value at December 31, 2010 and 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Treasury investments	3,136,519	3,359,344	964,187	728,841	105,797	132,522	4,206,503	4,220,707
Derivative assets	-	-	1,356,256	720,336	65,225	43,671	1,421,480	764,007
Equity participations	13,787	15,736		-	258,454	218,742	272,241	234,478
Other debt securities	79,752	70,810		-		-	79,752	70,810
Total financial assets	**3,230,058**	**3,445,890**	**2,320,443**	**1,449,177**	**429,476**	**394,935**	**5,979,976**	**5,290,002**
Derivative liabilities	-	-	(288,475)	(402,404)	(39,821)	(74,714)	(328,296)	(477,118)
Borrowings	(5,366,939)	(4,898,677)	(5,249,601)	(4,307,780)	(260,570)	(282,149)	(10,877,110)	(9,488,606)
Total financial liabilities	**(5,366,939)**	**(4,898,677)**	**(5,538,076)**	**(4,710,184)**	**(300,391)**	**(356,863)**	**(11,205,406)**	**(9,965,724)**

Fair value measurement of financial instruments using valuation technique with no significant input from observable market data (level 3 hierarchy) at December 31, 2009 and 2010 is made up as follows:

(UA thousands)

	Held -for-Trading Treasury Investments	Available-for-Sale Equity Participations	Derivative Assets	Derivative Liabilities	Borrowings
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)**
2010					
Balance at January 1, 2010	132,522	218,742	43,671	(74,714)	(282,149)
Gains/(Losses) recognized in income statement	(14,000)	(2,403)	(2,123)	997	(66,546)
Gains recognized in statement of comprehensive income	-	12,621	-	-	-
Purchases, issues and settlements (net)	(16,912)	24,158	(855)	6,892	4,058
Reclassification	12,321	-	4,231	20,897	55,666
Translation effects	(8,134)	5,336	16,450	9,958	28,401
Transfer between assets and liabilities	-	-	3,851	(3,851)	-
Balance at December 31, 2010	**105,797**	**258,454**	**65,225**	**(39,821)**	**(260,570)**

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.

Day One Profit and Loss

The unamortized balances of day one profit at December 31, 2010 and 2009 were made up as follows:

(UA thousands)	2010	2009
Balance at January 1	111,463	99,826
New transactions	15,246	20,952
Amounts recognized in income statement during the year	(9,958)	(7,331)
Translation effects	15,447	(1,984)
Balance at December 31	**132,198**	**111,463**

NOTE F – TREASURY INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in government, agency, supranational, bank and corporate obligations, time deposits, mortgage and 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, agency and supranational 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 with the same rating criteria. For maturities beyond 15 years and up to 30 years, a AAA rating is required. For mortgage and asset-backed securities, the Bank may only invest in securities with a AAA credit rating. For bank and corporate obligations with final maturity longer than 6 months and less than 5 years, the Bank may only invest with counterparties having a minimum credit rating of AA-. AAA rating is required for obligation beyond 5 years and up to 10 years. The purchases of currency or interest rate options are permitted only if the life of the option contract does not exceed 1 year. Such transactions are only executed with counterparties with credit ratings of AA- or above. All derivative transactions, including options, cross-currency and interest rate swaps including asset swap transactions, are only permitted with approved counterparties or guaranteed by entities with which the Bank has entered into Master Derivative Agreements and a Collateral Support Agreement with minimum credit ratings of A-/A3 at the time of the transaction.

As at December 31, 2010, the Bank had received collateral with fair value of UA 1,094 million in connection with swap agreements. Of this amount, a total UA 626 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 468 million was in the form of liquid financial assets.

At December 31, 2010 and 2009, the Bank had no securities sold under repurchase agreements (repos).

The composition of treasury investments as at December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Held-for-trading	4,206,503	4,220,707
Held-to-maturity	3,242,765	3,226,041
Provision for impairment on investments	(15,740)	(34,500)
Total	**7,433,528**	**7,412,248**

Held-for-Trading Investments

A summary of the Bank's held-for-trading investments at December 31, 2010 and 2009 follows:

(UA millions)

	US Dollar		Euro		GBP		Other Currencies		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Time deposits	252.74	513.48	683.91	156.12	35.40	56.60	60.71	165.72	1,032.76	891.93
Asset-backed securities	56.29	83.44	49.51	49.08	-	-	-	-	105.80	132.52
Government and agency obligations	1,450.31	1,242.75	471.17	917.88	-	-	-	22.75	1,921.48	2,183.38
Corporate bonds	102.29	151.34	2.07	28.37	-	-	-	9.86	104.36	189.57
Financial institutions	518.56	325.85	341.26	208.64	-	-	-	4.75	859.82	539.24
Supranational	170.14	174.29	-	70.61	-	-	12.14	39.18	182.28	284.08
Total held-for-trading investments	**2,550.33**	**2,491.15**	**1,547.92**	**1,430.70**	**35.40**	**56.60**	**72.85**	**242.26**	**4,206.50**	**4,220.71**

The nominal balance of the Bank's held-for-trading investments as at December 31, 2010 was UA 4,187.21 million (2009: UA 4,184.68 million). The average yield of held-for-trading investments in 2010 was 1.54% (2009: 3.53%).

The contractual maturity structure of held-for-trading investments as at December 31, 2010 and 2009 was as follows:

(UA millions)	2010	2009
One year or less	2,051.58	1,619.56
More than one year but less than two years	1,341.42	1,291.30
More than two years but less than three years	599.26	1,060.11
More than three years but less than four years	92.03	25.99
More than four years but less than five years	26.72	87.74
More than five years	95.49	136.01
Total	**4,206.50**	**4,220.71**

Held-to-Maturity Investments

A summary of the Bank's held-to-maturity investments at December 31, 2010 and 2009 follows:

(UA millions)

	US Dollar		Euro		GBP		Other Currencies		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Asset-backed securities	187.02	183.31	17.25	29.05	-	-	-	-	204.27	212.36
Government and agency obligations	533.36	421.56	697.16	633.05	187.37	219.52	203.55	216.72	1,621.44	1,490.85
Corporate bonds	216.19	241.48	85.36	115.91	35.52	36.63	69.64	58.26	406.71	452.28
Financial institutions	72.02	95.71	214.20	227.76	9.84	10.11	34.30	43.32	330.36	376.90
Supranational	380.84	401.03	105.33	134.05	145.07	126.31	48.74	32.26	679.98	693.65
Total held-to-maturity investments	**1,389.43**	**1,343.09**	**1,119.30**	**1,139.82**	**377.80**	**392.57**	**356.23**	**350.56**	**3,242.76**	**3,226.04**

The nominal balance of the Bank's held-to-maturity investments as at December 31, 2010, was UA 3,285.90 million (2009: UA 3,250.35 million). The average yield of held-to-maturity investments in 2010 was 4.60% (2009: 4.55%).

The contractual maturity structure of held-to-maturity investments as at December 31, 2010 and 2009 was as follows:

(UA millions)	**2010**	2009
One year or less	482.65	400.55
More than one year but less than two years	383.18	473.07
More than two years but less than three years	532.19	354.23
More than three years but less than four years	283.72	461.07
More than four years but less than five years	442.85	271.32
More than five years	1,118.17	1,265.80
Total	**3,242.76**	**3,226.04**

The fair value of held-to-maturity investments at December 31, 2010 was UA 3,386.42 million (2009: UA 3,330.17 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, 2010 and 2009, 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, 2010 and 2009 were as follows:

(UA thousands)	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Borrowings-related:				
Cross-currency swaps	1,137,518	177,754	596,414	409,117
Interest rate swaps	184,155	851	117,492	6,976
Loan swaps	43,847	91,973	9,419	39,398
Embedded derivatives	2,334	-	468	190
	1,367,854	270,578	723,793	455,681
Investments-related:				
Asset swaps	73	1,000	111	1,778
Macro-hedge swaps and others	53,553	56,718	40,103	19,659
	53,626	57,718	40,214	21,437
Total	**1,421,480**	**328,296**	**764,007**	**477,118**

The notional amounts of derivative financial assets and financial liabilities at December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Borrowings-related:		
Cross-currency swaps	9,086,300	7,517,469
Interest rate swaps	3,540,784	3,974,387
Loan swaps	1,303,024	1,408,161
Embedded derivatives	26,308	22,949
	13,956,416	12,922,966
Investments-related:		
Asset swaps	51,995	84,728
Macro-hedge swaps	522,203	519,166
	574,198	603,894
Total	**14,530,614**	**13,526,860**

The Bank has entered into futures contracts to hedge fixed interest rate bonds against interest rate variations. As at December 31, 2010, the Bank had 2,061 contracts in Euro and 10,766 contracts in US Dollars. The nominal value of each contract is one million of each currency unit, except for 270 US Dollar contracts with a nominal value of USD 100,000 each.

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.

Payments for shares under the Sixth General Capital Increase (GCI-VI), approved in accordance with the Board of Governors Resolution B/BG/2010/08 of May 27, 2010 are to be made in freely convertible currencies in cash or promissory notes encashable on or before the due date for payment.

Each member eligible to receive financing exclusively from the African Development Fund shall pay for the paid-up portion of its subscribed shares in twelve (12) equal and consecutive annual installments; while any member not eligible to receive financing exclusively from the African Development Fund shall pay for the paid-up portion of its subscribed shares in eight (8) equal and consecutive annual installments.

At December 31, 2010 and 2009, the non-negotiable notes balances were as follows:

(UA thousands)	2010	2009
Balance at January 1	8,188	11,861
Net movement for year	(3,563)	(3,673)
Balance at December 31	**4,625**	**8,188**

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.

Others: Other loan structures offered by the Bank include parallel and A/B syndications and local currency loans if the Bank is able to fund efficiently in the local currency market. The local currency loans are offered under the fixed spread loans (FSL) pricing framework with a cost pass through principle to ensure that the cost of funds is fully recovered.

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, 2010 and 2009 outstanding loans were as follows:

(UA thousands)	**2010**	2009
Outstanding balance	8,293,004	7,538,199
Less: accumulated provision for impairment	(114,207)	(101,921)
Balance at December 31	**8,178,797**	**7,436,278**

Fair Value of Loans

At December 31, 2010 and 2009, the carrying and estimated fair values of outstanding loans were as follows:

(UA thousands)	**2010**		2009	
	Carrying Value	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Fixed rate loans	5,121,830	5,028,718	4,339,278	4,137,193
Floating rate loans	2,751,376	3,135,653	2,656,773	3,130,681
Variable rate loans	419,798	422,344	542,148	552,251
	8,293,004	8,586,715	7,538,199	7,820,125
Accumulated provision for impairment	(114,207)	-	(101,921)	-
Net loans	**8,178,797**	**8,586,715**	**7,436,278**	**7,820,125**

Maturity and Currency Composition of Outstanding Loans

The contractual maturity structure of outstanding loans as at December 31, 2010 and 2009 was as follows:

(UA millions)	**2010**				2009
Periods	**Fixed Rate**	**Floating Rate**	**Variable Rate**	**Total**	**Total**
One year or less	319.64	259.48	279.72	858.84	775.32
More than one year but less than two years	246.10	239.96	65.93	551.99	566.12
More than two years but less than three years	268.26	309.44	39.97	617.67	487.86
More than three years but less than four years	295.60	270.82	24.32	590.74	539.53
More than four years but less than five years	382.03	318.21	4.17	704.41	524.68
More than five years	3,610.20	1,353.47	5.68	4,969.35	4,644.69
Total	**5,121.83**	**2,751.38**	**419.79**	**8,293.00**	**7,538.20**

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, 2010 and 2009 were as follows:

(Amounts in UA millions)			2010		2009	
			Amount	**%**	**Amount**	**%**
Fixed Rate:	Multi-Currency	Euro	81.24		89.42	
		Japanese Yen	407.88		373.61	
		Pound Sterling	2.44		2.51	
		Swiss Franc	149.58		137.49	
		US Dollar	207.19		215.36	
		Others	0.39		0.45	
			848.72	10.23	818.84	10.86
	Single Currency	Euro	2,654.25		2,539.66	
		Japanese Yen	12.44		12.52	
		South African Rand	417.51		70.46	
		US Dollar	1,188.91		897.78	
			4,273.11	51.53	3,520.42	46.70
Floating Rate:	Single Currency	Euro	541.54		599.15	
		Japanese Yen	22.96		21.94	
		South African Rand	277.05		257.60	
		US Dollar	1,909.83		1,778.09	
			2,751.38	33.18	2,656.78	35.25
Variable Rate:	Multi-Currency	Euro	87.90		119.50	
		Japanese Yen	14.37		21.93	
		Swiss Franc	0.30		0.53	
		US Dollar	116.34		129.29	
		Others	0.02		0.07	
			218.93	2.64	271.32	3.60
	Single Currency	Euro	65.85		97.81	
		Japanese Yen	52.91		67.78	
		Swiss Franc	3.72		5.40	
		US Dollar	78.37		99.83	
		Others	0.01		0.02	
			200.86	2.42	270.84	3.59
Total			**8,293.00**	**100.00**	**7,538.20**	**100.00**

The weighted-average yield on outstanding loans for the year ended December 31, 2010 was 3.75% (2009: 4.29%).

A comparative summary of the currency composition of outstanding loans at December 31, 2010 and 2009 follows:

(Amounts in UA millions)	2010		2009	
	Amount	%	Amount	%
Euro	3,430.79	41.37	3,445.54	45.71
Japanese Yen	510.56	6.16	497.78	6.60
Pound Sterling	2.44	0.03	2.51	0.03
South African Rand	694.55	8.37	328.06	4.35
Swiss Franc	153.60	1.85	143.42	1.90
US Dollar	3,500.64	42.21	3,120.35	41.40
Others	0.42	0.01	0.54	0.01
Total	**8,293.00**	**100.00**	**7,538.20**	**100.00**

Accrued Income and Charges Receivables on Loans

The accrued income and charges receivable on loans as at December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Accrued income and charges receivable on loans	347,401	294,065
Less: accumulated provision for impairment	(169,165)	(125,473)
Balance at December 31	**178,236**	**168,592**

Provision for Impairment on Loan Principal and Charges Receivable

At December 31, 2010, outstanding loans with an aggregate principal balance of UA 313.76 million (2009: UA 270.19 million), of which UA 257.19 million (2009: UA 236.46 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, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Outstanding balance on impaired loans	313,767	270,194
Less: accumulated provision for impairment	(114,207)	(101,921)
Net balance on impaired loans	**199,560**	**168,273**
Charges receivable and accrued income on impaired loans	239,769	187,901
Less: accumulated provision for impairment	(169,165)	(125,473)
Net charges receivable and accrued income on impaired loans	**70,604**	**62,428**

The movements in the accumulated provision for impairment on outstanding loan principal for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Balance at January 1	101,921	102,643
Provision for impairment on loan principal for the year	10,643	276
Translation effects	1,643	(998)
Balance at December 31	**114,207**	**101,921**

Accumulated provision for loan impairment included those relating to private sector loans. During the year ended December 31, 2010, no provision for impairment was made on private sector loans (2009: a write-back of UA 0.32 million). The accumulated provisions on private sector loans at December 31, 2010 amounted to UA 12.04 million.

The movements in the accumulated provision for impairment on loan interest and charges receivable for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Balance at January 1	125,473	115,631
Provision for impairment on loan charges for the year	16,117	11,009
Reclassification	24,074	-
Translation effects	3,501	(1,167)
Balance at December 31	**169,165**	**125,473**

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. No irrevocable reimbursement guarantees issued by the Bank to commercial banks on undisbursed loans were outstanding at December 31, 2010 (2009: UA 0.16 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, 2010, guarantees provided by the Bank to some of its borrowers amounted to UA 2.31 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 14-member Board of Directors, made up of 7 members selected by the African Development Bank and 7 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 period. Based on the cost-sharing formula, the share of administrative expenses incurred by ADF for the year ended December 31, 2010 amounted to UA 163.96 million (2009: UA 157.65 million), representing 70.83 percent (2009: 70.84 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 50 percent 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, 2010, the Bank's pro-rata or economic share in ADF was 0.67 percent (2009: 0.72 percent).

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 cancelation 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 percent of the equity capital of the entity in which it invests. The Bank currently holds less than 20 percent 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 percent but less than 50 percent 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 15 percent 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 the end of 2010 and 2009 are summarized below:

(Amounts in UA thousands)

Institutions	Year Established	% Shareholding	Callable Capital	Carrying Value 2010	Carrying Value 2009
African Development Fund	1972	0.67	-	111,741	111,741
Accumulated share of profit/(loss) and impairment on January 1				(49,963)	(47,868)
Share of (loss)/profit for the year				(421)	227
Impairment for the year				1,505	(2,322)
			-	62,862	61,778
Regional Development Banks (carried at cost)					
Afreximbank	1993	6.00	9,740	6,493	6,379
BDEAC	1975	3.68	2,366	1,578	1,681
BDEGL	1980	-	-	1,946	1,946
BOAD	1973	0.59	1,972	657	700
East African Development Bank	1967	6.76	-	4,383	4,306
PTA Bank	1985	5.76	35,324	8,831	8,675
			49,402	23,888	23,687
Other Development Institutions (carried at cost)					
Africa – Re	1977	8.00	-	5,656	5,556
Infrastructure Development Bank of Zimbabwe *	1984	-	-	-	-
K-REP Bank Limited	1997	21.98	-	2,028	2,094
National Development Bank of Sierra Leone *	–	-	-	-	-
Shelter Afrique	1982	22.83	-	8,117	7,974
			-	15,801	15,624
Investment Funds and Banks (carried at fair value)**					
AB Microfinance Bank Nigeria Limited	2007	12.45	-	473	375
AccessBank Liberia Limited	2008	15.00	-	816	781
AccessBank Tanzania Limited	2007	15.80	-	595	289
Advans Banque Congo	2008	16.54	-	1,085	1,371
Africa Capitalization Fund	2010	25.00	32,259	208	-
Africa Health Fund LLC	2009	21.89	12,128	476	349
African Infrastructure Investment Fund 2	2009	13.56	16,280	1,733	-
Africa Joint Investment Fund	2010	25.00	5,548	7,439	-
AfricInvest Fund II LLC	2008	13.99	11,566	4,057	2,965
Agri-Vie Fund PCC	2008	23.88	5,143	4,268	2,614
AIG Africa Infrastructure Fund	1998	12.27	187	3,948	4,471
Argan Infrastructure Fund	2010	20.00	12,668	16	-
Atlantic Coast Regional Fund LLC	2008	20.82	5,204	1,971	1,959
Aureos Africa Fund LLC	2007	7.87	11,054	8,865	-
ECP Africa Fund II PCC	2005	11.04	4,623	26,375	30,289
ECP Africa Fund III PCC	2008	10.38	21,164	10,647	14,673
Evolution One Fund	2010	6.78	8,809	981	-
GroFin Africa Fund	2008	12.50	9,797	1,475	1,022
Investment Fund for Health in Africa	2010	19.63	6,999	1,440	-
Maghreb Private Equity Fund II (Mauritius) PCC	2008	16.10	3,855	14,868	7,327
Pan African Infrastructure Development Fund	2007	7.94	15,432	14,608	10,623
Pan-African Investment Partners II Limited	2008	10.83	24,707	6,240	7,009
South Africa Infrastructure Fund	1996	14.03	1,149	32,583	19,707
TCX Investment Company Mauritius Limited	2007	5.24	120	17,246	15,896
United Bank for Africa	1961	1.82	-	26,061	27,606
			208,692	188,474	149,326
Total			258,094	291,025	250,415
Less: Accumulated provision for impairment			-	(18,784)	(15,937)
Net			**258,094**	**272,241**	**234,478**

* *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, 2010 amounted to UA 156.82 million (2009: UA 133.08 million).*

An analysis of the movement in accumulated provision for impairment on equity participations other than ADF was as follows:

(UA thousands)	2010	2009
Balance at January 1	15,937	20,771
Net provision for the year	2,403	(2,324)
Translation effects	444	(2,510)
Balance at December 31	**18,784**	**15,937**

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, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Investment in debt instruments issued in RMCs	79, 752	70,810

The nominal value of the securities outstanding as at December 31, 2010, was UA 97.89 million (2009: UA 86.43 million).

NOTE L – PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

(UA thousands)

			Property and Equipment			Intangible Assets	Grand Total
2010	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	22,783	10,623	44,322	77,869	19,199	**97,068**
Additions during the year	339	615	644	3,409	5,007	370	**5,377**
Disposals during the year	-	-	(755)	(1,977)	(2,732)	-	**(2,732)**
Balance at December 31	480	23,398	10,512	45,754	80,144	19,569	**99,713**
Accumulated Depreciation:							
Balance at January 1	-	21,589	8,105	37,358	67,052	18,773	**85,825**
Depreciation during the year	-	100	996	3,081	4,177	414	**4,591**
Disposals during the year	-		(741)	(1,952)	(2,693)	-	**(2,693)**
Balance at December 31	-	21,689	8,360	38,487	68,536	19,187	**87,723**
Net Book Values: December 31, 2010	**480**	**1,709**	**2,152**	**7,267**	**11,608**	**382**	**11,990**

(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**

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, 2010, the book value of such assets is not significant.

NOTE M – BORROWINGS

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 percent 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. The Bank's usable capital at December 31, 2010 was UA 14,303 million.

As at December 31, 2010 and 2009, senior and subordinated borrowings were as follows:

(UA millions)	**2010**	2009
Senior borrowings	11,203.69	9,852.32
Subordinated borrowings	776,88	728.32
Total	**11,980.57**	**10,580.64**

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, 2010 and 2009 was as follows:

Borrowings and Swaps at December 31, 2010

(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	-	-	-	-	147.15	8.71	8.8	-	-	-
	Adjustable	-	-	-	-	4,197.58	0.99	3.1	-	-	-
		-	-	-	-	(137.97)	0.89	3.2	-	-	-
Sterling (d)	Fixed	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
	Adjustable	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Japanese Yen	Fixed	476.94	415.35	2.99	15.5	-	-	-	-	-	-
		-	-	-	-	(632.92)	1.63	24.9	-	-	-
	Adjustable	731.05	26.31	1.61	5.1	-	-	-	72.55	0.10	2.4
			-	-	-	(758.16)	1.51	8.5	(72.55)	1.05	2.4
US Dollar	Fixed	4,660.60	590.90	2.69	3.2	-	-	-	-	-	-
		-	-	-	-	(2,532.42)	2.71	2.5	(2,289.25)	1.92	2.6
	Adjustable	1,198.03	-	0.33	2.1	2,865.53	0.33	7.4	2,705.85	0.76	2.5
		-	-	-	-	(1,341.68)	0.43	4.7	(525.96)	0.57	2.1
Others	Fixed	3,810.49	73.94	4.02	3.3	5.39	3.92	4.6	-	-	-
		-	-	-	-	(3,475.81)	3.81	3.4	(653.03)	6.35	4.5
	Adjustable	-	-	-	-	715.97	2.67	6.9	653.03	3.77	4.5
		-	-	-	-	(207.32)	0.54	8.4	-	-	-
Total	Fixed	8,948.03	1,080.19	3.23	4.2	152.54	8.54	8.6	-	-	-
		-	-	-	-	(6,641.15)	3.18	5.1	(2,950.25)	2.89	3.0
	Adjustable	1,929.08	26.31	0.83	3.2	7,779.07	0.90	5.0	3,439.40	1.31	2.8
		-	-	-	-	(2,445.13)	0.80	6.1	(598.51)	0.63	2.2
Principal at face value		10,877.11	1,106.50	2.84	4.1	(1,154.67)	-	-	(109.36)	-	-
Net unamortized premium/ (discount)		-	(3.04)	-	-	532.23	-	-	116.09	-	-
		10,877.11	1,103.46	2.84	4.1	(622.44)	-	-	6.73	-	-
Fair valuation adjustment		-	-	-	-	(337.32) (c)	-	-	(190.04) (c)	-	-
Total		**10,877.11**	**1,103.46**	**2.84**	**4.1**	**(959.76)**			**(183.31)**		

Supplementary disclosure (direct borrowings):
The notional amount of borrowings at December 31, 2010 was UA 12,226.31 million and the estimated fair value was UA 12,201.15 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, 2010.
c. These amounts are included in derivative assets and liabilities on the balance sheet.
d. Borrowings and derivatives in GBP were redeemed during the year.

Slight differences may occur in totals due to rounding.

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.

The contractual (except for callable borrowings) maturity structure of outstanding borrowings as at December 31, 2010 was as follows:

i) Borrowings Carried at Fair Value

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	1,573.82	317.04	1,890.86
More than one year but less than two years	2,549.00	2.52	2,551.52
More than two years but less than three years	2,235.83	-	2,235.83
More than three years but less than four years	2,002.68	-	2,002.68
More than four years but less than five years	691.14	-	691.14
More than five years	1,505.08	-	1,505.08
Total	**10,557.55**	**319.56**	**10,877.11**

ii) Borrowings Carried at Amortized Cost

(UA millions)

Periods	Ordinary	Callable	Total
One year or less	51.37	26.31	77.68
More than one year but less than two years	19.12	-	19.12
More than two years but less than three years	318.89	-	318.89
More than three years but less than four years	-	-	-
More than four years but less than five years	259.74	-	259.74
More than five years	431.07	-	431.07
Subtotal	**1,080.19**	**26.31**	**1,106.50**
Net unamortized premium and discount	(3.04)	-	(3.04)
Total	**1,077.15**	**26.31**	**1,103.46**

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
Subtotal	**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 fair value of borrowings carried at fair value through profit or loss at December 31, 2010 was UA 10,887.11 million (2009: UA 9,488.61 million). For these borrowings, the amount the Bank will be contractually required to pay at maturity at December 31, 2010 was UA 11,119.82 million (2009: UA 9,188.23 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 loss of UA 27.61 million on fair-valued borrowings and related derivatives for the year ended December 31, 2010 (2009: net gain of UA 17.38 million). This included a loss of UA 38.78 million which was attributable to changes in the Bank's credit risk during the year ended December 31, 2010 (2009: gain of UA 37.31 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, 2010, the cumulative unrealized fair value losses to date were UA 542.80 million (2009: losses of UA 300.38 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, six General Capital Increases (GCI), and a series of special capital increases to allow new members to subscribe to the capital of the Bank. 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.

Prior to the sixth General Capital Increase (GCI-VI) and 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, 2010, such formalities had not been completed by either country.

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 UA 1.63 billion and UA 0.19 billion, 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. As at December 31, 2010, Canada and the Republic of Korea had completed the necessary formalities.

The GCI-VI was approved by the Board of Governors of the Bank on May 27, 2010. GCI-VI increased the authorized capital stock of the Bank from UA 23,947 million to UA 67,687 million with the creation of 4,374,000 new shares. The new shares created are to be allocated to the regional and non-regional groups in such proportions that, when fully subscribed, the regional group shall hold 60 percent of the total capital stock of the Bank, and the non-regional group 40 percent. The new shares and the previous ones described above shall be divided into paid-up and callable shares in the proportion of 6 percent paid-up shares and 94 percent callable shares.

The Bank's capital as at December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Capital Authorized (in shares of UA 10 000 each)	67,687,460	22,120,000
Less: Unsubscribed	(43,762,836)	(302,424)
Subscribed Capital	23,924,624	21,817,576
Less: Callable Capital	(21,548,996)	(19,458,253)
Paid-up Capital	2,375,628	2,359,323
Shares to be issued upon payment of future installments	(19,130)	(6,550)
Add: Amounts paid in advance	102	114
	2,356,600	2,352,887
Less: Amounts in arrears	(923)	(2,630)
Capital at December 31	**2,355,677**	**2,350,257**

Included in the total unsubscribed shares of UA 43,762.84 million at December 31, 2010, 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, 2010 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	87,354	3.957	95,357	778,210	87,979	3.901
2	Angola	25,405	1.151	28,838	225,212	26,030	1.154
3	Benin	4,245	0.192	4,818	37,633	4,870	0.216
4	Botswana	46,633	2.112	52,925	413,405	47,258	2.096
5	Burkina Faso	9,307	0.422	10,920	82,155	9,932	0.440
6	Burundi	5,173	0.234	6,465	45,256	5,798	0.257
7	Cameroon	22,628	1.025	25,216	200,371	22,690	1.006
8	Cape Verde	1,672	0.076	2,090	14,630	2,297	0.102
9	Central African Republic	973	0.044	1,217	8,512	1,598	0.071
10	Chad	1,641	0.074	2,052	14,360	2,266	0.100
11	Comoros	484	0.022	566	4,250	1,078	0.048
12	Congo	9,875	0.447	11,590	87,170	10,500	0.466
13	Côte d'Ivoire	81,008	3.669	101,260	708,820	81,633	3.620
14	Democratic Republic of Congo	22,740	1.030	28,426	198,975	23,365	1.036
15	Djibouti	1,213	0.055	1,517	10,618	1,838	0.082
16	Egypt	111,829	5.065	126,920	991,370	112,454	4.986
17	Equatorial Guinea	3,482	0.158	4,305	30,517	4,107	0.182
18	Eritrea	2,003	0.091	2,506	17,522	2,628	0.117
19	Ethiopia	34,778	1.575	39,470	308,310	35,403	1.570
20	Gabon	26,140	1.184	32,684	228,728	26,765	1.187
21	Gambia	3,341	0.151	3,765	29,523	3,869	0.172
22	Ghana	49,674	2.250	54,992	441,751	50,299	2.230
23	Guinea	8,868	0.402	10,658	78,031	9,494	0.421
24	Guinea Bissau	600	0.027	750	5,250	1,225	0.054
25	Kenya	31,707	1.436	35,990	281,080	32,332	1.434
26	Lesotho	3,467	0.157	3,864	30,820	4,092	0.181
27	Liberia	4,230	0.192	5,287	37,017	4,855	0.215
28	Libya	83,935	3.802	93,244	746,118	84,561	3.750
29	Madagascar	14,162	0.641	16,070	125,550	14,787	0.656
30	Malawi	6,472	0.293	8,090	56,630	7,097	0.315
31	Mali	9,535	0.432	10,937	84,411	10,161	0.451
32	Mauritania	3,213	0.146	4,015	28,116	3,838	0.170
33	Mauritius	40,866	1.851	18,433	390,230	41,491	1.840
34	Morocco	72,268	3.273	82,020	640,660	72,893	3.232
35	Mozambique	13,766	0.623	15,636	122,038	14,391	0.638
36	Namibia	7,397	0.335	8,400	65,570	8,022	0.356
37	Niger	5,526	0.250	6,908	48,353	6,151	0.273
38	Nigeria	193,226	8.752	222,331	1,709,933	193,850	8.596
39	Rwanda	2,902	0.131	3,333	25,683	3,527	0.156
40	Sao Tome & Principe	1,488	0.067	1,864	13,024	2,114	0.094
41	Senegal	21,891	0.991	25,374	193,471	22,460	0,.996
42	Seychelles	1,224	0.055	1,501	10,739	1,849	0.082
43	Sierra Leone	5,298	0.240	6,623	46,361	5,923	0.263
44	Somalia	1,941	0.088	2,427	16,986	2,566	0.114
45	South Africa	99,984	4.529	85,538	914,310	100,609	4.461
46	Sudan*	8,830	0.400	11,036	77,257	9,455	0.419
47	Swaziland	7,251	0.328	8,230	64,280	7,876	0.349
48	Tanzania	17,860	0.809	20,685	157,927	18,486	0.820
49	Togo	3,452	0.156	4,314	30,201	4,077	0.181
50	Tunisia	30,492	1.381	34,610	270,310	31,117	1.380
51	Uganda	11,012	0.499	13,331	96,787	11,637	0.516
52	Zambia	27,459	1.244	31,462	243,142	28,085	1.245
53	Zimbabwe	45,028	2.039	54,094	396,188	45,653	2.024
	Total Regionals	**1,336,948**	**60.555**	**1,484,956**	**11,883,767**	**1,369,331**	**60.718**

* *The outcome of the referendum conducted in South Sudan in January 2011 supported the creation of an independent state of South Sudan. After the split of the current state of Sudan into two separate nations becomes effective in July 2011, the subscriptions and voting powers shown against Sudan in this statement would be split between the emerging states, on a basis agreed upon following conclusion of the ongoing negotiations between representatives of the North and South Sudan.*

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	**1,336,948**	**60.555**	**1,484,956**	**11,883,767**	**1,369,331**	**60.718**
54	Argentina	5,847	0.265	6,108	52,364	6,472	0.287
55	Austria	9,707	0.440	9,720	87,350	10,332	0.458
56	Belgium	13,958	0.632	13,980	125,600	14,583	0.647
57	Brazil	9,674	0.438	9,700	87,036	10,299	0.457
58	Canada*	81,648	3.698	81,750	2,367,690	82,273	3.648
59	China	24,300	1.101	24,330	218,670	24,925	1.105
60	Denmark	25,168	1.140	25,200	226,480	25,793	1.144
61	Finland	10,627	0.481	10,640	95,630	11,252	0.499
62	France	81,648	3.698	81,750	734,730	82,273	3.648
63	Germany	89,631	4.060	89,740	806,570	90,256	4.002
64	India	4,860	0.220	4,870	43,730	5,485	0.243
65	Italy	52,644	2.384	52,710	473,730	53,269	2.362
66	Japan	119,400	5.408	119,550	1,074,450	120,025	5.322
67	Korea*	9,707	0.440	9,720	281,490	10,332	0.458
68	Kuwait	9,707	0.440	9,720	87,350	10,332	0.458
69	Netherlands	18,633	0.844	17,889	168,450	19,258	0.854
70	Norway	25,168	1.140	25,200	226,480	25,793	1.144
71	Portugal	5,230	0.237	5,320	46,980	5,855	0.260
72	Saudi Arabia	4,212	0.191	4,220	37,900	4,837	0.214
73	Spain	23,034	1.043	21,870	208,470	23,659	1.049
74	Sweden	33,592	1.521	33,630	302,290	34,217	1.517
75	Switzerland	31,882	1.444	31,920	286,900	32,507	1.441
76	United Kingdom	36,554	1.656	36,600	328,940	37,179	1.649
77	United States of America	144,053	6.525	144,585	1,295,949	144,678	6.415
	Total Non Regionals	**870,884**	**39.445**	**870,721**	**9,665,229**	**885,884**	**39.282**
	Grand Total	**2,207,832**	**100.000**	**2,355,677**	**21,548,996**	**2,255,215**	**100.000**

* *Included in the callable capital of the governments of Canada and Korea are the amounts of UA 1,632.96 million and UA 194.14 million, respectively, representing the allotments of 163,296 and 19,414 non-voting callable shares.*

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, 2010 and 2009, the Cumulative Exchange Adjustment on Subscriptions was as follows:

(UA thousands)	2010	2009
Balance at January 1	161,970	161,028
Net conversion losses on new subscriptions	602	942
Balance at December 31	**162,572**	**161,970**

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 2009 and 2010 were as follows:

(UA thousands)	
Balance at January 1, 2009	2,460,137
Net income for the year 2009	68,480
Net gains recognized directly in equity	27,774
Balance at December 31, 2009	**2,556,391**
Net income for the current year	67,293
Net losses recognized directly in equity	(568)
Balance at December 31, 2010	**2,623,116**

In May 2010, the Board of Governors of the Bank approved the transfer from the income earned for the year ended December 31, 2009, an amount of UA 27.75 million (2009: UA 23.98 million) to surplus account and UA 146.37 million (2009: UA 162.68 million) to certain entities for development purposes.

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 movement in the surplus account during 2009 and 2010 is as follows:

(UA thousands)	
Balance at January 1, 2009	2,798
Allocation from 2008 net income	23,980
Balance at December 31, 2009 and January 1, 2010	**26,778**
Allocation from 2009 net income	27,750
Distribution to African Water Facility	(10,000)
Distribution to African Capacity Building Foundation	(7,711)
Distribution to African Technical Assistance Centers (AFRITAC)	(4,819)
Distribution to African Training and Management Services (ATMS)	(2,193)
Distribution to Debt Management Facility	(643)
Balance at December 31, 2010	**29,162**

Transfers to entities for development purposes, including those made from the surplus account, for the year ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
African Development Fund (ADF)	50,000	25,000
Post Conflict Assistance – DRC	66,000	65,680
Middle Income Country Technical Assistance Fund	5,000	10,000
Fragile States facility	-	60,000
Fund for African Private Sector Assistance	-	2,000
African Water Facility	10,000	-
African Capacity Building Foundation	7,711	-
African Technical Assistance Centers (AFRITAC)	4,819	-
African Training and Management Services (ATMS)	2,193	-
Debt Management Facility	643	-
Balance at December 31, 2010	**146,366**	**162,680**

Fair Value Gains/(Losses) on Available-for-Sale Investments

At December 31, 2010 and 2009, the fair value gains and losses on available-for-sale investments were as follows:

(UA thousands)	2010	2009
Balance at January 1	(3,428)	15,335
Net gains/(losses) for the year	7,594	(18,763)
Balance at December 31	**4,166**	**(3,428)**

NOTE O – INCOME FROM LOANS AND INVESTMENTS AND RELATED DERIVATIVES

Income from Loans

Income from loans for the years ended December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Interest income on loans not impaired	261,905	268,299
Interest income on impaired loans	22,967	16,298
Commitment charges	8,200	3,305
Statutory commission	287	337
Total	**293,359**	**288,239**

Income from Investments and Related Derivatives

Income from investments for the years ended December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Interest income	258,127	207,713
Realized and unrealized fair value (losses)/gains	(38,908)	15,242
Total	**219,219**	**222,955**

Total interest income on investment at amortized cost for the year ended December 31, 2010 was UA 133.23 million (2009: UA 122.71 million).

NOTE P – BORROWING EXPENSES

Interest and Amortized Issuance Costs

Interest and amortized issuance costs on borrowings for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Charges to bond issuers	316,837	299,298
Amortization of issuance costs	(13,796)	7,023
Total	**303,041**	**306,321**

Total interest expense for financial liabilities not at fair value through profit or loss for the year ended December 31, 2010 was UA 68.02 million (2009: UA 79.23 million).

Net Interest on Borrowing-Related Derivatives

Net interest on borrowing-related derivatives for the years ended December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Interest on derivatives payable	168,414	230,105
Interest on derivatives receivable	(294,679)	(303,389)
Total	**(126,265)**	**(73,284)**

Unrealized (Losses)/Gains on Fair-Valued Borrowings and Related Derivatives

Unrealized (losses)/gains on fair-valued borrowings and related derivatives for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Fair-valued borrowings	(242,423)	124,833
Cross-currency swaps	129,021	(48,498)
Interest rate swaps	85,791	(58,955)
Total	**(27,611)**	**17,380**

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, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Interest rate swaps	(29,467)	4,378
Cross-currency swaps	13,542	(25,446)
Macro hedge swaps	542	(80)
Embedded derivatives	2,055	845
Total	**(13,328)**	**(20,303)**

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)	2010	2009
Personnel expenses	178,975	170,632
Other general expenses	60,448	50,876
Total	**239,423**	**221,508**
Reimbursable by ADF	(163,960)	(157,649)
Reimbursable by NTF	(467)	(802)
Net	**74,996**	**63,057**

Included in general administrative expenses is an amount of UA 6.42 million (2009: UA 5.75 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)	2010	2009
Within one year	6,599	5,657
In the second to fifth years inclusive	13,107	10,234
Total	**19,706**	**15,891**

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, 2010, 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 2010 and 2009 for the Bank, the ADF and the NTF combined (the Bank Group) comprised the following:

(UA millions)

	Staff Retirement Plan		Medical Benefit Plan	
	2010	2009	**2010**	2009
Current service cost – gross	22.65	18.99	7.28	6.23
Less: estimated employee contributions	(6.56)	(5.41)	(1.73)	(1.60)
Net current service cost	**16.09**	**13.58**	**5.55**	**4.63**
Interest cost	14.96	14.24	3.59	3.94
Expected return on plan assets	(18.40)	(13.52)	(0.56)	(0.47)
Expense for the year	**12.65**	**14.30**	**8.58**	**8.10**

At December 31, 2010, the Bank Group had no liability to the SRP (2009: liability of UA 2.43 million) while the Bank Group's liability to the post-employment aspect of the MBP amounted to UA 55.55 million (2009: UA 51.41 million).

At December 31, 2010 and 2009 the determination of these liabilities, which are included in “Other accounts payable” on the Balance Sheet is set out below:

(UA millions)

	Staff Retirement Plan		Medical Benefit Plan	
	2010	2009	**2010**	2009
Fair value of plan assets:				
Market value of plan assets at beginning of year	302.25	210.29	15.68	11.53
Actual return on assets	31.48	42.41	(0.23)	0.03
Employer’s contribution	16.62	53.56	3.46	3.20
Plan participants’ contribution during the year	7.14	6.53	1.73	1.60
Benefits paid	(12.09)	(10.54)	(1.97)	(0.68)
Market value of plan assets at end of year	**345.40**	**302.25**	**18.67**	**15.68**
Present value of defined benefit obligation:				
Benefit obligation at beginning of year	304.68	271.61	67.09	69.60
Current service cost	16.09	13.58	5.55	4.63
Employee contributions	7.14	6.53	1.73	1.60
Interest cost	14.96	14.24	3.59	3.94
Actuarial loss/(gain)	7.47	9.26	(1.77)	(12.00)
Benefits paid	(12.09)	(10.54)	(1.97)	(0.68)
Benefit obligation at end of year	**338.25**	**304.68**	**74.22**	**67.09**
Funded status:				
Liability recognized on the balance sheet at December 31, representing excess of benefit over plan asset	**-**	**(2.43)**	**(55.55)**	**(51.41)**

There were no unrecognized past service costs at December 31, 2010 and 2009. At December 31, 2010, the cumulative net actuarial losses recognized directly in equity through other comprehensive income for the SRP were UA 77.32 million (2009: UA 75.78 million). The cumulative net actuarial gains recognized directly in equity through other comprehensive income for MBP were UA 0.84 million (2009: losses of UA 0.13 million).

The following summarizes the funding status of the SRP at the end of the last five fiscal years:

(UA millions)	**2010**	2009	2008	2007	2006
Staff Retirement Plan:					
Fair value of Plan assets	345.40	302.25	210.29	254.98	199.48
Present value of defined benefit obligation	338.25	(304.68)	(271.61)	(262.35)	(233.88)
Excess/(deficit) funding	7.15	(2.43)	(61.32)	(7.37)	(34.40)
Experience adjustments on plan assets	(41.48)	(47.40)	(76.36)	0.90	3.45
Experience adjustments on plan liabilities	(35.84)	(28.38)	(19.12)	(23.95)	(17.95)
Net	**(77.32)**	**(75.78)**	**(95.48)**	**(23.05)**	**(14.50)**

The funding status of the Medical Benefit Plan at the end of the last five fiscal years was as follows:

(UA millions)	2010	2009	2008	2007	2006
Medical Benefit Plan:					
Fair value of Plan assets	18.67	15.67	11.53	9.04	7.00
Present value of defined benefit obligation	(74.22)	(67.08)	(69.60)	(49.80)	(42.86)
Deficit funding	(55.55)	(51.41)	(58.07)	(40.76)	(35.86)
Experience adjustments on plan assets	(1.22)	(0.43)	0.01	0.13	(0.01)
Experience adjustments on plan liabilities	2.05	0.30	(11.71)	1.19	3.56
Net	**0.83**	**(0.13)**	**(11.70)**	**1.32**	**3.55**

Assumptions used in the latest available actuarial valuations at December 31, 2010 and 2009 were as follows:

(Percentages)

	Staff Retirement Plan		Medical Benefit Plan	
	2010	2009	**2010**	2009
Discount rate	5.24	5.00	5.24	5.00
Expected return on plan assets	6.40	6.00	2.95	3.20
Rate of salary increase	3.70	3.70	3.70	3.70
Future pension increase	2.20	2.20		
Health care cost growth rate				
– at end of fiscal year			8.00	8.00
– ultimate health care cost growth rate			5.00	5.00
Year ultimate health cost growth rate reached			2014	2012

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 utilization. For the purposes of these calculations, the initial medical cost inflation rate is assumed at 8 percent per annum between January 1, 2011 to December 31, 2011, thereafter reducing by 1 percent per annum each year until it reaches 5 percent per annum where a constant rate of 5 percent per annum will be used thereafter. This level rate of 5 percent per annum will be reached at January 1, 2014 under the current assumption.

The Bank's obligation and costs for post-retirement medical benefits are highly sensitive to assumptions regarding medical cost inflation.

The following table shows the effects of a one-percentage-point change in the assumed health care cost growth rate:

(UA millions)

	1% Increase		1% Decrease	
	2010	2009	**2010**	2009
Effect on total service and interest cost	2.238	2.549	(1.727)	(1.957)
Effect on post-retirement benefit obligation	15.761	14.543	(12.541)	(11.576)

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, 2010 and 2009 for the Staff Retirement Plan:

(UA thousands)	**2010**	2009
Debt securities	136,455	132,989
Equity securities	171,912	93,697
Property	17,213	30,225
Others	19,818	45,337
Total	**345,398**	**302,248**

At December 31, 2010 and 2009, 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, 2011, are UA 14.44 million and UA 3.74 million, respectively.

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 twenty (20) 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 created 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 14-member Board of Directors of which 7 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 officers, 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 from its income 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 2010 amounted to UA 50 million (2009: UA 25 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, 2010 and 2009 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, 2010, and 2009 was made up as follows:

(UA thousands)	**2010**	2009
Salaries	16,989	15,827
Termination and other benefits	5,629	5,760
Contribution to retirement and medical plan	3,823	3,523
Total	**26,441**	**25,110**

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, 2010 outstanding balances on loans and advances to management staff amounted to UA 4.77 million (2009: UA 3.67 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, 2010 and 2009 is detailed as follows:

(UA thousands)	**2010**	2009
Interest income from loans:		
Fixed rate loans	177,928	164,747
Variable rate loans	31,787	79,098
Floating rate loans	75,156	40,752
	284,871	284,597
Commitment charges and commissions	8,488	3,642
Total income from loans	**293,359**	**288,239**
Income from investments	219,219	222,955
Income from other debt securities	6,737	7,684
Other income	(1,725)	7,338
Total external revenue	**517,590**	**526,216**

Revenues earned from transactions with a single borrower country of the Bank amounting to UA 67.54 million for the year ended December 31, 2010 exceeded 10 percent of the Bank's revenue (2009: UA 65.96 million).

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, 2010 and 2009 is detailed as follows:

(UA thousands)

	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Multinational	Total
2010							
Income from sovereign loans	75,410	5,328	92,376	41,046	10,028	699	224,887
Income from non-sovereign loans	2,881	5,060	6,280	28,996	13,079	12,176	68,472
	78,291	**10,388**	**98,656**	**70,042**	**23,107**	**12,875**	**293,359**
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**

As of December 31, 2010, land and buildings owned by the Bank were located primarily at the Bank's headquarters in Abidjan, Côte d'Ivoire. More than 90 percent 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

The Sudan: Pursuant to a Comprehensive Peace Agreement (CPA) signed at the end of the civil war in the Islamic Republic of Sudan in 2005, a referendum was held in January 2011 in southern Sudan to decide whether it should separate from the North and become an independent state. The final outcome of the referendum, announced on February 7, 2011, was a vote for the separation of South Sudan as an independent state. The separation is expected to take effect in July 2011. For the Bank, the split will have effect on the respective rights and obligations of the two states with regards to loans given by the Bank currently reported as outstanding against Sudan in Note D, and also on the subscriptions to the Share Capital of the Bank currently reported for Sudan in the Statement of Subscription in Note N to these financial statements. These are among matters currently being negotiated between representatives of the North and South Sudan. While this non-adjusting event will eventually impact both the Statement of Loans and the Statement of Subscriptions and Voting Powers, it is not expected to have an impact on the overall financial position or performance of the Bank.

Significant Socio-Political Developments: Subsequent to the balance sheet date, a number of the Bank's borrowing member countries have been going through significant socio-political unrests and changes. Notable among these are Tunisia, Egypt, Libya and Côte d'Ivoire. The Bank has no loan exposures to Libya. The Bank has significant exposures to Egypt and Tunisia. The Bank's exposure to Côte d'Ivoire is relatively small. Given that Tunisia is the Temporary Relocation Agency from where the affairs of the Bank are directed, the developments in the country also have business continuity implications for the Bank. In this regard, the Management and Board of Directors of the Bank continuously monitor the situation and, in the event of a significant degradation in the security environment, suitable measures will be taken as required by the Bank's time-tested Business Continuity Plan, to assure the safety and well-being of staff and officers of the Bank and the continuity of essential activities and services, including the prompt settlement of all obligations that may be coming due.

Egypt and Tunisia have honored all their bills due subsequent to the balance sheet date. Further, the Bank has reviewed the exposures to both Egypt and Tunisia, including discussions with the interim governments in both countries. Both countries have reaffirmed their commitments to continue to fully honor their obligations to the Bank. At December 31, 2010, the Bank's total development related exposures to Tunisia (including private sector enterprises in the country) amounted to UA 1,349 million. For Egypt, the total at December 31, 2010 was UA 830 million. The Bank is also committed to providing development financing assistance to the countries to help address the underlying economic causes of the unrests. Further, the Bank has carried out detailed analyses, including stress tests where necessary, of its exposures in North Africa, particularly the exposures to Tunisia and Egypt, and has concluded on the basis of the results of such reviews that no additional adjustments or impairment provisions are warranted as a result of these events.

Based on a review of the facts and circumstances of Côte d'Ivoire after the balance sheet date, a provision for impairment has been recognized on the country's sovereign guaranteed loans for the year ended December 31, 2010. The Bank's exposure to Côte d'Ivoire (including private sector enterprises in the country) after the impairment provision amounted to UA 37.54 million.

NOTE V – APPROVAL OF FINANCIAL STATEMENTS

On March 30, 2011, 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 June 2011.

NOTE W – SUPPLEMENTARY DISCLOSURES

NOTE W–1: EXCHANGE RATES

The rates used for translating currencies into Units of Account at December 31, 2010 and 2009 were as follows:

		2010	2009
1 UA = SDR =	Algerian Dinar	113.937000	115.023000
	Angolan Kwanza	140.790000	141.611000
	Botswana Pula	9.948570	10.444300
	Brazilian Real	2.584640	2.728410
	Canadian Dollar	1.541420	1.643990
	Chinese Yuan	10.199500	10.704500
	CFA Franc	760.687000	713.826000
	Danish Kroner	8.644690	8.106880
	Egyptian Pound	8.844140	8.605440
	Ethiopian Birr	25.608700	20.285000
	Euro	1.159660	1.088220
	Gambian Dalasi	43.028400	42.698100
	Ghanaian Cedi	2.220530	2.247990
	Guinean Franc	10,857.200000	7,832.180000
	Indian Rupee	69.147700	73.179700
	Japanese Yen	125.436000	143.797000
	Kenyan Shilling	123.549000	119.622000
	Korean Won	1,765.040000	1,830.440000
	Kuwaiti Dinar	0.432133	0.449610
	Libyan Dinar	1.932400	1.932370
	Mauritian Rupee	46.693800	47.486100
	Moroccan Dirham	12.709500	12.214300
	Nigerian Naira	224.511000	232.175000
	Norwegian Krone	9.067420	9.056080
	Pound Sterling	0.997755	0.968010
	Sao Tomé Dobra	29,327.200000	26,359.900000
	Saudi Arabian Riyal	5.775140	5.878830
	South African Rand	10.215100	11.569600
	Swedish Krona	10.476100	11.307000
	Swiss Franc	1.447020	1.615510
	Tunisian Dinar	2.240130	2.054930
	Ugandan Shilling	3,425.230000	3,012.220000
	United States Dollar	1.540030	1.567690
	Zambian Kwacha	7,524.960000	7,532.570000

** 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 are 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, 2010, the Board of Directors had approved relief for 30 ADB borrowing countries, of which 23 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 cancelation 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 cancelation. 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, 2010 and 2009, 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, 2010 and 2009 are summarized below:

(UA thousands)	**2010**	2009
Contribution received	128,586	128,586
Funds generated (net)	148,710	147,194
Adjustment for translation of currencies	(116,432)	(119,055)
	160,864	**156,725**
Represented by:		
Due from banks	8,291	4,375
Investments	99,657	98,414
Accrued income and charges receivables on loans	1,556	1,574
Accrued interest on investments	61	176
Other amounts receivable	559	522
Loans outstanding	52,400	53,099
	162,524	**158,160**
Less: Current accounts payable	(1,660)	(1,435)
	160,864	**156,725**

(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, 2010 and 2009 follows:

(UA thousands)	**2010**	2009
Fund balance	62,448	62,448
Funds generated	4,751	4,468
Funds allocated to Social Dimensions of Structural Adjustment (SDA)	1	1
Less: Relief disbursed	(62,030)	(57,060)
	5,170	**9,857**
Represented by:		
Due from bank	629	1,255
Investments	4,532	8,593
Interest receivable	9	9
	5,170	**9,857**

At December 31, 2010, a total of UA 4.40 million (2009: UA 7.05 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 capital 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, 2010, a total of US$ 13.45 million (2009: 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, 2010 and 2009 are summarized below:

(UA thousands)	2010	2009
i) Mamoun Beheiry Fund		
Contribution	152	152
Income from investments	183	192
	335	344
Less: Prize awarded	(30)	(30)
Gift	(25)	(25)
	280	289
Represented by:		
Short-term deposits	266	275
Due from banks	14	14
	280	289
ii) Arab Oil Fund (contribution of Algeria)		
Net contribution	649	638
Represented by:		
Loans disbursed net of repayments	649	638
iii) Special Emergency Assistance Fund for Drought and Famine in Africa		
Contributions	20,768	20,082
Funds generated	5,541	5,436
	26,309	25,518
Relief granted	(22,266)	(21,426)
	4,043	4,092
Represented by:		
Due from banks	539	523
Investments	3,500	3,885
Accrued interest	4	3
Amounts payable	-	(319)
	4,043	4,092
Total Resources & Assets of Trust Funds	**4,972**	**5,019**

NOTE W–5: GRANTS (Donor funds)

The Bank administers grants on behalf of donors, including member countries, agencies and other entities. Resources for Grants 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, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Africa Water Facility Fund	69,261	46,624
AMINA	1,486	1,418
Austria Technical Cooperation grant	-	1,018
Belgium	473	989
Canada	1,379	1,598
Chinese Government Grant	499	522
Congo Basin	46,362	32,937
Denmark	798	893
Fertilizer Financing Mechanism	8,700	5,408
Finland	5,345	2,065
France-BAD (Fonds d'Assistance Technique)	1,802	2,904
Governance Trust Fund (GTF)	2,323	1,857
Global Environment Facility (GEF)	3,320	175
ICA – Infrastructure Consortium for Africa	750	180
International Comparison Programme - Africa (ICP-Africa)	98	218
IMDE (Initiative Migration and Development)	2,681	2,389
India Government Grant	348	467
Italy	2,528	3,121
Japan (FAPA)	22,360	24,281
Korea Trust Fund	7,804	5,117
Making Finance Work for Africa	675	735
Microfinance Trust Fund	4,312	-
Multi-donor Water Partnership Program	2,316	2,673
Nepad Infrastructure	17,374	16,498
Nordic Trust Fund for Governance	105	224
Norway	1,391	648
Portuguese Technical Cooperation Trust Fund	1,230	916
Programme for Infrastructure Development in Africa (PIDA)	314	-
Rural Water Supply and Sanitation Initiative	69,453	51,578
SFRD (Great Lakes)	2,244	2,228
Spain (ADB – Spain Cooperation Program)	286	418
Statistical Capacity Building (SCB) – Phase II	2,518	5,705
Swedish Trust Fund for Consultancy Services	270	366
Switzerland Technical Assistance Grant	295	309
The Netherlands	1,110	1,375
The Nigeria Technical Cooperation Fund	17,269	17,170
The United Kingdom	3,542	4,442
The United Nations Development Programme	65	-
Others	376	48
Total	**303,461**	**239,514**

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.fr

African Development Bank
Temporary Relocation Agency
15, Avenue du Ghana
1002 Tunis Belvédère
Tunisia

Independent Auditor's Report to the Board of Governors of the African Development Bank
Year ended 31 December 2010

We have audited the accompanying financial statements of the African Development Bank ("the Bank") which comprise the balance sheet as at 31 December 2010 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, KPMG

African Development Bank
Independent Auditor's Report to the Board of Governors
of the African Development Bank

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 Bank as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Paris La Défense, 30 March 2011

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

ADB ADMINISTRATIVE BUDGET FOR FINANCIAL YEAR 2011

(UA thousands)

Description	
Personnel Expenses	
Salaries	112,317
Benefits	75,785
Other Employee Expenses	12,494
Short-Term and Technical Assistance Staff	1,048
Consultants	18,440
Staff Training	3,923
	224,007
General Expenses	
Official Missions	19,444
Accommodation	14,305
Equipment Rental, Repairs and Maintenance	7,604
Communication Expenses	7,865
Printing, Publishing and Reproduction	1,464
Office Supplies and Stationery	812
Library	615
Other Institutional Expenses	13,021
	65,130
Total Administrative Expenses	**289,137**
Depreciation	4,680
Total	**293,817**
Less: Management Fees*	(206,590)
Net Administrative Budget	**87,227**

** 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.*

AFRICAN DEVELOPMENT FUND

Financial Management

Subscriptions

ADF Replenishments

The resources of ADF primarily consist of subscriptions by the Bank and State Participants, as well as other resources received by the Fund. The cumulative subscriptions to ADF amounted to UA 18.81 billion at December 31, 2010.

The resolution for the eleventh replenishment of the Fund (ADF-11) was adopted by the Board of Governors on March 28, 2008 and became effective on May 8, 2008 with a replenishment level set at UA 3.70 billion, and an Advance Commitment Capacity amount of UA 2.06 billion bringing the total resources of ADF-11 to UA 5.76 billion. This amount covers the three-year operational period 2008-2010. As of December 31, 2010, State Participants had subscribed a total amount of UA 3.37 billion, representing 91 percent of the ADF-11 pledged amounts.

The negotiations for the twelfth replenishment of the Fund (ADF-12), which covers the three-year operational period 2011-2013, were concluded in September 2010 with a total resource level of UA 6.10 billion. The replenishment level for ADF-12 has been set at UA 4.09 billion, and the Advance Commitment Capacity for the period amounts to UA 2.01 billion.

Commitments under the Multilateral Debt Relief Initiative

The Multilateral Debt Relief Initiative (MDRI) became effective on September 1, 2006 and covers the period 2006-2054. To preserve the financial integrity and the financing capacity of the Fund, the terms of the MDRI require donors to fully compensate the Fund for debts canceled under the MDRI.

As of December 31, 2010, the Fund had received from donors aggregate commitments of UA 4.70 billion representing 79.12 percent of the MDRI cost for the period 2006-2054 of UA 5.94 billion.

Donors agreed that periodic adjustments would be made under the initiative to reflect changes in the actual and estimated costs to the Fund resulting from debt forgiveness.

The indicative cost of the debt cancelation granted under the MDRI has thereby been revised from UA 5.57 billion in 2007 to UA 5.94 billion in 2010 for the period 2006-2054. The indicative cost for the period 2011-2054 was estimated in 2010 at UA 5.72 billion.

Investments

ADF cash and treasury investments amounted to UA 3.21 billion at December 31, 2010, compared to UA 3.18 billion at the end of 2009. Investment income for the year amounted to UA 84.40 million, representing a return of 2.53 percent, on an average liquidity level of UA 3.33 billion, compared with an income of UA 131.59 million in 2009, representing a return of 4.09 percent on an average liquidity of UA 3.22 billion.

Loan Portfolio

Cumulative loans and grants signed, net of cancelations, at December 31, 2010, amounted to UA 20.33 billion compared to UA 18.86 billion at the end of 2009. Total outstanding loans, as at December 31, 2010 was UA 6.30 billion, UA 863.50 million higher than the UA 5.43 billion outstanding as at the end of 2009. This increase was in spite of debt cancelation under the Multilateral Debt Relief Initiative, amounting to UA 17.57 million, for two additional completion point countries.

At the end of 2010, there were 1,145 active signed loans and grants. Also at December 31, 2010, a total of 1,144 loans amounting to UA 6.69 billion had been fully repaid or canceled through MDRI.

Disbursements

Disbursements of loans and grants decreased by 32 percent to UA 1.17 billion in 2010 from UA 1.73 billion in 2009. As at December 31, 2010, cumulative disbursements on loans and grants amounted to UA 14.77 billion. A total of 1,673 loans and grants were fully disbursed for an amount of UA 11.75 billion, representing 80 percent of cumulative disbursements.

Financial Results

The Fund reported a deficit of UA 62.93 million in 2010, compared to a net surplus of UA 4.70 million in 2009. The significant loss in 2010 was principally due to the very low level of interest rates, which have the dual effect of lowering investment income and increasing the impact of the accelerated encashment of promissory notes deposited for payment of subscriptions. The average adjusted commercial interest reference rate (CIRR) applied in the determination of the discount rates for the accelerated encashment of notes (fixed when interest rates were high) was higher than the current market interest rates earned on the extra liquidity created by the acceleration, creating a negative income gap for the Fund.

Administrative expenses, which represent the Fund's share of the total shareable expenses of the ADB Group, also increased by UA 6.31 million, from UA 157.65 million in 2009 to UA 163.96 million in 2010, as a result of general increase in total Bank Group administrative expenses. The Fund's share of the total shareable expenses of the ADB Group is based on a predetermined cost-sharing formula, which is driven primarily by the relative levels of certain operational volume indicators and relative balance sheet size. The Fund's share of Bank Group shareable expenses was 70.83 percent for 2010, compared to 70.84 percent for 2009. The increase in the absolute amount of administrative expenses borne by the Fund was attributable to the overall increase in Bank Group shareable expenses due to increased activities.

Loan income remained virtually the same at UA 59.11 million in 2010 compared to UA 59.08 million in 2009. Reflecting the current low interest rate environment, investment income decreased by UA 47.19 million from UA 131.59 million in 2009 to UA 84.40 million in 2010. Discount on the accelerated encashment of promissory notes amounted to UA 41.29 million in 2010 compared to UA 28.02 million in 2009.

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 2.12 million of non-accrued loan income was excluded from 2010 income compared to UA 2.07 million in 2009. The number of borrowers in non-accrual status at December 31, 2010 was 3; the same level as at the end of December 2009.

The Fund continues to cancel qualifying debts under MDRI as the relevant countries reach their HIPC completion points. A summary of the cumulative loan cancelations under MDRI and HIPC is presented in Note E to the Special Purpose Financial Statements.

African Development Fund
Special Purpose Financial Statements and Report of the Independent Auditor Year ended December 31, 2010

STATEMENT OF NET DEVELOPMENT RESOURCES
AS AT DECEMBER 31, 2010
(UA thousands – Note B)

		2010	2009
DEVELOPMENT RESOURCES			
DUE FROM BANKS		103,477	29,206
INVESTMENTS (Notes C & H)			
Held-for-trading	1,686,945		1,944,427
Held-to-maturity	1,416,901		1,203,945
Total investments		3,103,846	3,148,372
DEMAND OBLIGATIONS (Note D)		2,322,623	2,378,200
RECEIVABLES			
Accrued income on loans and investments	49,246		48,131
Other receivables	6,744		13,345
		55,990	61,476
LIABILITIES		(161,144)	(116,310)
NET DEVELOPMENT RESOURCES		**5,424,792**	**5,500,944**
FUNDING OF DEVELOPMENT RESOURCES			
SUBSCRIPTIONS AND CONTRIBUTIONS (Notes F & O)			
Amount subscribed including contributions through accelerated encashment of subscriptions	18,770,173		18,770,173
Less: Portion of accelerated encashment not yet effected	(1,306)		(122,070)
	18,768,867		18,648,103
Less: Installments not yet payable	(122,228)		(1,105,850)
	18,646,639		17,542,253
Less: Installments due	(7,018)		(7,018)
	18,639,621		17,535,235
Contributions paid on Multilateral Debt Relief Initiative	390,698		318,788
	19,030,319		17,854,023
Less: Unamortized discounts on subscriptions and contributions (Note B)	(167,712)		(74,130)
	18,862,607		17,779,893
Cumulative exchange adjustment on subscriptions and contributions (Note B)	(309,106)		(288,710)
Total subscriptions and contributions		18,553,501	17,491,183
OTHER RESOURCES (Note G)		355,270	305,270
RESERVES (Note I)		114,688	177,618
CUMULATIVE CURRENCY TRANSLATION ADJUSTMENT (Note B)		(295,218)	(383,442)
		18,728,241	17,590,629
ALLOCATION OF DEVELOPMENT RESOURCES			
GRANTS AND TECHNICAL ASSISTANCE ACTIVITIES (Note E)		(2,572,296)	(2,238,258)
HIPC GRANTS DISBURSED (Note E)		(184,000)	(184,000)
NET DEBT RELIEF (Note E)		(4,250,362)	(4,234,133)
LOANS DISBURSED AND OUTSTANDING (Notes E, M & N)		(6,296,791)	(5,433,294)
NET DEVELOPMENT RESOURCES		**5,424,792**	**5,500,944**

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, 2010

(UA thousands – Note B)

	2010	2009
INCOME AND EXPENSES		
Service charges on loans	40,856	41,778
Commitment charges on loans	18,256	17,299
Income on investments	84,399	131,589
Provision for impairment on held-to-maturity investments	1,384	683
Administrative expenses (Note K)	(163,960)	(157,649)
Discount on accelerated encashment of participants' demand obligations	(41,287)	(28,015)
Financial charges	(118)	(163)
Loss on exchange	(2,460)	(825)
(Deficit)/Surplus	**(62,930)**	**4,697**
CHANGE IN DEVELOPMENT RESOURCES FUNDING		
Increase in paid-up subscriptions	1,104,386	1,127,791
Contributions received on account of Multilateral Debt Relief Initiative	71,910	160,215
Changes in accumulated exchange adjustment on subscriptions and contributions	(20,396)	(45,737)
Increase in other resources	50,000	25,000
Changes in unamortized discounts on subscriptions and contributions	(93,582)	(8,321)
Changes in accumulated translation adjustment	88,224	74,222
	1,200,542	**1,333,170**
CHANGE IN DEVELOPMENT RESOURCES ALLOCATION		
Disbursement of grants	(334,158)	(887,425)
Disbursement of loans	(831,289)	(839,009)
Repayment of loans	46,945	50,827
Recoveries on account of Multilateral Debt Relief Initiative	1,345	49,963
Translation adjustment on loans	(96,607)	7,341
	(1,213,764)	**(1,618,303)**
Change in Net Development Resources	(76,152)	(280,436)
Net Development Resources at the beginning of the year	5,500,944	5,781,380
NET DEVELOPMENT RESOURCES AT THE END OF THE YEAR	**5,424,792**	**5,500,944**

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
(DEFICIT)/SURPLUS	(62,930)	4,697
OTHER COMPREHENSIVE INCOME		
Changes in accumulated translation adjustment	88,224	74,222
COMPREHENSIVE INCOME FOR THE YEAR	**25,294**	**78,919**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
(Deficit)/Surplus	(62,930)	4,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of premium and discount on held-to-maturity investments	(11,387)	(8,121)
Provision for impairment on held-to-maturity investments	(1,384)	(683)
Discount on accelerated encashment of participants' demand obligations	41,287	28,015
Changes in accrued income on loans and investments	(1,115)	2,062
Changes in net current assets	77,149	60,640
Net cash provided by operating activities	41,620	86,610
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements of grants	(334,158)	(887,425)
Disbursements of loans	(831,289)	(839,009)
Repayments of loans	46,945	50,827
Recoveries on account of Multilateral Debt Relief Initiative	1,345	49,963
Investments maturing after 3 months of acquisition:		
Held-to-maturity	(236,533)	118,300
Held-for-trading	224,104	(111,545)
Net cash used in investment, lending and development activities	(1,129,586)	(1,618,889)
FINANCING ACTIVITIES:		
Subscriptions and contributions received in cash	232,675	286,458
Participants' demand obligations encashed	877,314	873,665
Increase in other resources	50,000	25,000
Net cash provided by financing activities	1,159,989	1,185,123
Effect of exchange rate changes on cash and cash equivalents	(18,951)	11,867
Net increase/(decrease) in cash and cash equivalents	53,072	(335,289)
Cash and cash equivalents at the beginning of the year	383,327	718,616
Cash and cash equivalents at the end of the year	**436,399**	**383,327**
COMPOSED OF:		
Cash	103,941	29,206
Investments maturing within 3 months of acquisition:		
Held-for-trading	332,458	354,121
Cash and cash equivalents at the end of the year	**436,399**	**383,327**
SUPPLEMENTARY DISCLOSURE:		
Movements resulting from exchange rate fluctuations on:		
Loans	96,607	(7,341)
Subscriptions and contributions	(20,396)	(45,737)

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, 2010

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.

By its resolution F/BG/2010/03 of May 27, 2010, the Board of Governors increased the membership of the Board of Directors of ADF from twelve (12) to fourteen (14), made up of seven (7) members selected by the Bank and seven (7) 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 rate prevailing on the date of the transaction. Assets and liabilities are translated into UA at 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, 2010 and 2009 are as follows:

	2010	2009
1 Unit of Account equals:		
Argentinian Peso	6.106830	6.106830
Brazilian Real	2.584640	2.728410
Canadian Dollar	1.541420	1.643990
Danish Krone	8.644690	8.106880
Euro	1.159660	1.088220
Indian Rupee	69.147700	73.179700
Japanese Yen	125.436000	143.797000
Korean Won	1, 765.040000	1,830.440000
Kuwaiti Dinar	0.432133	0.449610
Norwegian Krone	9.067420	9.056080
Pound Sterling	0.997755	0.968010
South African Rand	10.215100	11.569600
Swedish Krona	10.476100	11.307000
Swiss Franc	1.447020	1.615510
United States Dollar	1.540030	1.567690

No representation is made that any currency held by the Fund can be or could be 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-9, ADF-10 and ADF-11 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 cancelation under the MDRI subject to the attainment of the following effectiveness thresholds:

1) 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

2) Receipt of unqualified Instruments of Commitments 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-10 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 cancelation, 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.

Events after the Balance Sheet date

The financial statements are adjusted to reflect events that occurred between the date of Statement of Net Development Resources and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the date of Statement of Net Development Resources.

Events that are indicative of conditions that arose after the date of statement of net development resources are disclosed, but do not result in an adjustment of the financial statements themselves. The nature and potential financial statements effect of such events are detailed in Note P to these financial statements.

Reclassification

Certain reclassifications of prior year amounts have been made to conform with the current year's presentation.

NOTE C – INVESTMENTS

The composition of investments as at December 31, 2010 and 2009 was as follows:

(UA thousands)	**2010**	2009
Held-to-maturity	1,416,901	1,205,292
Provision for impairment on investments	-	(1,347)
	1,416,901	1,203,945
Held-for-trading	1,686,945	1,944,427
Total	**3,103,846**	**3,148,372**

Held-for-Trading Investments

A summary of the held-for-trading investments at December 31, 2010 and 2009 follows:

(UA millions)

	US Dollar		Euro		GBP		All Currencies	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Time deposits	76.36	117.97	256.10	214.10	-	22.06	332.46	354.13
Asset-backed securities	45.37	61.13	37.66	51.56	-	-	83.03	112.69
Government & agency obligations	615.72	632.11	156.62	376.75	-	-	772.34	1,008.86
Corporate bonds	195.59	245.42	286.86	177.11	-	-	482.45	422.53
Supranational	16.67	46.22	-	-	-	-	16.67	46.22
Total	**949.71**	**1,102.85**	**737.24**	**819.52**	**-**	**22.06**	**1,686.95**	**1,944.43**

The contractual maturity profile of the held-for-trading investments at December 31, 2010 and 2009 was as follows:

(UA thousands)	**2010**	2009
One year or less	654,602	969,050
More than one year but less than two years	617,944	218,073
More than two years but less than three years	248,058	563,094
More than three years but less than four years	40,831	9,221
More than four years but less than five years	58,666	83,352
More than five years	66,844	101,637
Total	**1,686,945**	**1,944,427**

Held-to-Maturity Investments

A summary of the held-to-maturity investments at December 31, 2010 and 2009 follows:

(UA millions)

	US Dollar		Euro		GBP		All Currencies	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Asset-backed securities	12.62	12.34	-	-	-	-	12.62	12.34
Government & agency obligations	557.40	376.94	44.07	-	163.68	168.41	765.15	545.35
Corporate bonds	141.51	170.08	24.94	-	82.48	124.72	248.93	294.80
Supranational	329.13	306.42	18.18	-	42.89	46.38	390.20	352.80
	1,040.66	**865.78**	**87.19**	**-**	**289.05**	**339.51**	**1,416.90**	**1,205.29**
Provision for impairment on investments	-	(1.35)	-	-	-	-	-	(1.35)
Total	**1,040.66**	**864.43**	**87.19**	**-**	**289.05**	**339.51**	**1,416.90**	**1,203.94**

The contractual maturity profile of the held-to-maturity investments at December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
One year or less	140,179	139,389
More than one year but less than two years	204,489	140,072
More than two years but less than three years	158,877	201,960
More than three years but less than four years	185,244	148,383
More than four years but less than five years	133,162	173,962
More than five years	594,950	401,526
Total	**1,416,901**	**1,205,292**

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, 2010, outstanding irrevocable reimbursement guarantees to commercial banks amounted to UA 4.93 million (2009: UA 21.66 million).

As at December 31, 2010, loans made to or guaranteed by certain borrowers with an aggregate principal balance outstanding of UA 284.91 million (2009: UA 278.54 million) of which UA 83.09 million (2009: UA 73.85 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, 2010, would have been higher by UA 2.12 million (2009: UA 2.07 million). At December 31, 2010, the cumulative charges not recognized on the non-accrual loans amounted to UA 33.65 million, compared to UA 30.83 million at December 31, 2009.

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 percent of the resources available under the third and fourth general replenishments, 10 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, 2010 amounted to UA 184 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 cancelation 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 cancelation did not have an impact on the Fund's balance of net development resources. Cancelation of ADF debts are effected when other eligible countries reach the HIPC completion point.

At December 31, 2010, a gross amount of UA 4.85 billion (2009: UA 4.84 billion) of outstanding loans had been canceled under MDRI for 23 (2009: 21) HIPC completion point countries. Of this amount, UA 1,225.99 million (2009: UA 1,225.99 million) in nominal terms were converted by the HIPC Trust Fund. The present value of the converted loans was UA 942.71 million (2009: UA 942.71 million). As of December 31, 2010, 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, 2010 and 2009 follows:

(UA thousands)

	2010			2009		
	HIPC	**MDRI**	**Total**	**HIPC**	**MDRI**	**Total**
Balance at January 1	304,203	3,929,930	4,234,133	354,166	3,715,730	4,069,896
Loans canceled*	-	17,574	17,574	-	214,200	214,200
Cash received*	(1,345)	-	(1,345)	(49,963)	-	(49,963)
Balance at December 31	**302,858**	**3,947,504**	**4,250,362**	**304,203**	**3,929,930**	**4,234,133**

** 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 state. 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-11) 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-11 came into effect on May 8, 2008 after the State Participants had deposited with the Fund instruments of subscriptions exceeding the threshold of 30 percent of pledged subscriptions. At December 31, 2010 subscriptions to ADF-11 amounted to UA 3.37 billion.

At their meeting held in Tunis on 7–8 September 2010, the Deputies reached agreement on the terms of the Twelfth General replenishment (ADF-12) of the Fund. In accordance with the Agreement establishing the Fund, the replenishment report authorizing the ADF-12 replenishment has been submitted to, and approved by the Board of Governors by its resolution F/BG/2011/01 of January 20, 2011. The twelfth Replenishment will come into effect on the date when State Participants shall have deposited with the Fund, Instruments of Subscription representing an aggregate amount equivalent to at least thirty percent (30%) of the total intended subscriptions.

At December 31, 2010 cumulative contributions pledged on account of the MDRI amounted to UA 5.58 billion of which UA 390.70 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 342.30 million representing contributions by the Bank of UA 340.30 million, and by the Government of Botswana of UA 2 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, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Reserves at January 1	177,618	172,921
(Deficit)/Surplus for the year	(62,930)	4,697
Reserves at December 31	**114,688**	**177,618**

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, 2010, the undisbursed balance of trust fund resources was UA 4.29 million (2009: UA 4.37 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 163.96 million (2009: UA 157.65 million).

NOTE L – RELATED PARTIES

The general operation of the Fund is conducted by a 14-member Board of Directors, of which 7 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 (the Bank) 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, 2010

(Amounts in UA thousands)

Country	No. of Loans*	Total Loans*	Unsigned Loan Amounts	Undisbursed Balances	Outstanding Balances	% of Total Outstanding Loans
Angola	12	70,629	-	42,308	28,321	0.45
Benin	26	229,082	-	106,816	122,266	1.94
Botswana	12	54,329	-	-	54,329	0.86
Burkina Faso	28	362,723	-	120,688	242,036	3.84
Burundi	6	26,602	-	5,668	20,934	0.33
Cameroon	23	261,928	-	143,440	118,487	1.88
Cape Verde	27	107,619	7,000	3,387	97,232	1.54
Chad	36	281,973	-	10,159	271,814	4.32
Comoros	8	23,181	-	-	23,181	0.37
Congo	1	7,287	-	-	7,287	0.12
Côte d'Ivoire	14	198,446	-	33,239	165,206	2.62
Democratic Republic of Congo	28	229,719	-	32,227	197,492	3.14
Djibouti	16	91,404	-	5,798	85,607	1.36
Egypt	17	155,205	-	555	154,650	2.46
Equatorial Guinea	11	28,996	-	-	28,996	0.46
Eritrea	6	75,459	-	6,548	68,911	1.09
Ethiopia	18	667,773	-	298,075	369,698	5.87
Gabon	3	1,442	-	-	1,442	0.02
Gambia	11	34,180	-	1,291	32,889	0.52
Ghana	34	623,576	-	317,280	306,296	4.86
Guinea	35	262,522	-	10,515	252,007	4.00
Guinea-Bissau	26	110,477	-	10,517	99,960	1.59
Kenya	41	799,610	35,000	397,092	367,518	5.84
Lesotho	33	147,790	-	12,400	135,390	2.15
Liberia	3	245	-	-	245	-
Madagascar	18	245,383	500	83,607	161,276	2.56
Malawi	18	151,015	-	50,344	100,671	1.60
Mali	35	448,955	-	159,948	289,007	4.59
Mauritania	13	65,404	-	15,613	49,791	0.79
Mauritius	3	2,074	-	-	2,074	0.03
Morocco	6	35,174	-	-	35,174	0.56
Mozambique	30	477,108	-	164,962	312,146	4.96
Namibia	2	12,697	-	-	12,697	0.20
Niger	17	152,005	-	67,040	84,965	1.35
Nigeria	21	510,895	150,000	154,446	206,449	3.28
Rwanda	14	129,911	-	21,584	108,328	1.72
Sao Tome & Principe	4	5,037	-	2,986	2,051	0.03
Senegal	24	305,071	-	105,262	199,809	3.17
Seychelles	3	6,663	-	-	6,663	0.11
Sierra Leone	11	73,498	-	23,864	49,634	0.79
Somalia **	17	67,231	-	-	67,231	1.07
Sudan ** (i)	15	180,840	-	-	180,840	2.87
Swaziland	8	35,495	-	-	35,495	0.56
Tanzania	32	920,110	104,360	322,079	493,671	7.84
Togo	12	78,653	-	2,990	75,664	1.20
Uganda	28	689,198	-	413,578	275,620	4.38
Zambia	15	191,041	-	52,644	138,397	2.20
Zimbabwe **	10	36,838	-	-	36,838	0.59
Multinational	30	925,220	85,309	719,804	120,107	1.91
Total	**861**	**10,597,713**	**382,169**	**3,918,753**	**6,296,791**	**100.00**

(i) The results of the referendum conducted in Southern Sudan in January 2011 supported the creation of an independent state of Southern Sudan. After the split of the current state of Sudan into two separate nations becomes effective in July 2011, the number and amounts of loans shown against Sudan in this statement would be split between the emerging states, on a basis agreed upon following the ongoing negotiations between the North and South Sudan.

* *Excludes fully repaid loans and canceled loans.*

** *Countries in non-accrual status as at December 31, 2010.*

Slight differences may occur in totals due to rounding.

NOTE N – MATURITY AND CURRENCY COMPOSITION OF OUTSTANDING LOANS AS AT DECEMBER 31, 2010 AND 2009

The maturity distribution of outstanding loans as at December 31, 2010 and 2009 was as follows:

(Amounts in UA millions)

	2010		2009	
Period	**Amount**	**%**	**Amount**	**%**
One year or less	149.96	2.38	132.79	2.44
More than one year but less than two years	72.16	1.15	64.01	1.18
More than two years but less than three years	79.22	1.26	71.68	1.32
More than three years but less than four years	88.05	1.40	77.95	1.43
More than four years but less than five years	95.06	1.51	85.56	1.58
More than five years	5,812.34	92.30	5,001.30	92.05
Total	**6,296.79**	**100.00**	**5,433.29**	**100.00**

The currency composition of outstanding loans as at December 31, 2010 and 2009 was as follows:

(Amounts in UA millions)

	2010		2009	
Currency	**Amount**	**%**	**Amount**	**%**
Canadian Dollar	18.39	0.29	17.98	0.33
Danish Kroner	16.46	0.26	17.99	0.33
Euro	2,136.30	33.93	2,100.24	38.66
Japanese Yen	1,516.86	24.09	1,171.08	21.55
Norwegian Krone	29.68	0.47	31.04	0.57
Pound Sterling	6.33	0.10	6.63	0.12
Swedish Krona	20.39	0.32	20.38	0.38
Swiss Franc	110.64	1.76	101.65	1.87
United States Dollar	2,441.41	38.77	1,966.00	36.18
Others	0.33	0.01	0.30	0.01
Total	**6,296.79**	**100.00**	**5,433.29**	**100.00**

NOTE O – STATEMENT OF SUBSCRIPTIONS, CONTRIBUTIONS AND VOTING POWER AS AT DECEMBER 31, 2010

(Amounts in UA thousands)

		Subscriptions					Payment Positions			MDRI	Voting Power	
	Participants	Initial	Special Increase	ADF-1 to ADF-10	ADF-11	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	-	-	0.098	0.005
3	Austria	13,816	-	197,067	86,545	297,428	297,428	-	-	4,475	16.106	0.805
4	Belgium	2,763	-	281,319	76,731	360,813	360,813	-	-	4,937	19.512	0.976
5	Brazil	1,842	921	124,700	6,558	134,021	127,463	-	6,558	-	6.800	0.340
6	Canada	13,816	6,908	1,168,159	212,351	1,401,234	1,401,234	-	-	95,664	78.390	3.920
7	China	13,816	-	258,102	79,901	351,819	351,819	-	-	5,229	19.048	0.952
8	Denmark	4,605	1,842	452,684	51,170	510,301	510,301	-	-	3,465	27.408	1.370
9	Finland	1,842	-	249,863	89,222	340,927	339,969	-	-	4,777	18.391	0.920
10	France	8,809	-	1,511,712	403,329	1,923,850	1,923,850	-	-	29,301	104.196	5.210
11	Germany	6,860	6,956	1,477,300	400,000	1,891,116	1,891,116	-	-	21,052	102.010	5.100
12	India	5,526	-	57,910	6,434	69,870	69,870	-	-	554	3.757	0.188
13	Italy	9,211	-	1,075,832	-	1,085,043	1,085,041	-	-	21,231	57.052	2.853
14	Japan	13,816	-	1,921,953	261,439	2,197,208	2,197,208	-	-	21,281	118.351	5.918
15	Korea	9,211	-	113,331	32,474	155,016	155,016	-	-	2,960	8.428	0.421
16	Kuwait	4,974	-	152,828	6,657	164,459	164,459	-	-	13,003	9.467	0.473
17	Netherlands	3,684	1,842	534,668	201,062	741,256	740,908	-	-	10,510	39.448	1.972
18	Norway	4,605	2,303	653,626	167,029	827,563	827,564	-	-	11,274	43.504	2.175
19	Portugal	7,368	-	107,006	29,622	143,996	143,996	-	-	1,800	7.778	0.389
20	Saudi Arabia	8,290	-	216,270	16,395	240,955	240,955	-	-	2,997	13.014	0.651
21	South Africa	1,794	-	11,922	7,147	20,863	20,863	-	-	9,562	-	-
22	Spain	1,842	921	324,302	127,307	454,372	454,372	-	-	47,702	25.911	1.296
23	Sweden	4,605	3,684	786,925	160,994	956,208	956,208	-	-	12,739	50.624	2.531
24	Switzerland	2,763	2,938	597,351	91,186	694,238	694,239	-	-	13,817	37.773	1.889
25	United Arab Emirates	4,145	-	4,145	-	8,290	8,290	-	-	-	0.442	0.022
26	United Kingdom	4,800	3,073	880,273	547,151	1,435,297	1,435,297	-	-	30,220	77.800	3.890
27	United States of America	12,434	8,290	1,915,761	306,944	2,243,429	2,127,759	-	115,670	22,148	114.692	5.735
	Total	**173,684**	**41,060**	**15,187,781**	**3,367,648**	**18,770,173**	**18,639,621**	**7,018**	**122,228**	**390,698**	**2,000.00**	**100.00**
	Supplementary information:											
	Supplementary contributions through accelerated encashment to reduce the gap	-	-	38,565	-	38,565	38,565	-	-	-	-	-

Slight differences may occur in totals due to rounding.

NOTE P – EVENTS AFTER THE BALANCE SHEET DATE

The Sudan: Pursuant to a Comprehensive Peace Agreement (CPA) signed at the end of the civil war in the Islamic Republic of Sudan in 2005, a referendum was held in January 2011 in southern Sudan to decide whether it should separate from the North and become an independent state. The final outcome of the referendum, announced on February 7, 2011, was a vote for the separation of South Sudan as an independent state. The separation is expected to take effect in July 2011. For the Fund, the split will have effect on the respective rights and obligations of the two states with regards to loans given by the Fund currently reported against Sudan in the Summary Statement of Loans in Note M. These are among matters currently being negotiated between representatives of the North and South Sudan. While this non-adjusting event will eventually impact the Statement of Loans it is not expected to have an impact on the overall financial position or performance of the Fund.

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.fr

African Development Fund
Temporary Relocation Agency
15 Avenue du Ghana
1002 Tunis Belvédère
Tunisi

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 2010

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 to the Special Purpose Financial Statements for the year ended 31 December 2010.

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 auditors' 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 to the special purpose financial statements for the year ended 31 December 2010.

Paris La Défense, 30 March 2011

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

ADF ADMINISTRATIVE BUDGET FOR FINANCIAL YEAR 2011

(UA thousands)

Description	
Management Fees*	201,120
Direct Expenses	150
Total	**201,270**

** 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 Boards.*

NIGERIA TRUST FUND

Financial Management

Investments

The cash and treasury investments of the NTF are denominated in US Dollars and amounted to UA 107.95 million at December 31, 2010, compared to UA 102.79 million at the end of 2009. Investment income for 2010 amounted to UA 0.41 million, representing a return of 0.38 percent, on an average liquidity level of UA 108.40 million, compared with an income of UA 1.99 million in 2009, representing a return of 1.06 percent on an average liquidity of UA 187.15 million.

Loan Portfolio

Loans signed, net of cancelations, as at December 31, 2010, slightly decreased by UA 0.16 million to UA 245.65 million compared to UA 245.81 million at the end of 2009. As at the same date, there were 32 active signed loans and 39 fully repaid loans amounting to UA 52.55 million and UA 101.85 million, respectively.

Disbursements

Disbursements increased from UA 4.87 million in 2009 to UA 5.02 million in 2010 representing an increase of 3 percent. As at December 31, 2010, cumulative disbursements amounted to UA 226.72 million. 61 loans were fully disbursed for a total amount of UA 205.34 million, representing 91 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 3.17 million in 2009 to UA 1.83 million in 2010, due mainly to the decrease in investment income. Investment income in 2010 decreased by UA 1.58 million as a result of the decline in interest rates as well as the reduction in average investment funds.

Administrative expenses, which represent the Fund's share of the total shareable expenses of the ADB group, decreased by UA 0.33 million from UA 0.80 million in 2009 to UA 0.47 million in 2010. 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 percent of its gross income.

The Fund's reserves net of cumulative currency translation adjustments increased from UA 28.14 million at the end of 2009 to UA 32.28 million on December 31, 2010.

Nigeria Trust Fund
Financial Statements and Report of the Independent Auditor Year ended December 31, 2010

BALANCE SHEET
AS AT DECEMBER 31, 2010
(UA thousands – Note B)

ASSETS	2010	2009
DUE FROM BANKS	8,291	4,375
INVESTMENTS (Note E)	99,657	98,414
ACCOUNTS RECEIVABLE		
Accrued income and receivables on loans	1,556	1,574
Accrued income on investments	61	176
Other receivables	559	522
	2,176	2,272
LOANS (Notes D & F)		
Disbursed and outstanding	52,545	53,242
Less: Accumulated provision for impairment	(145)	(143)
	52,400	53,099
TOTAL ASSETS	**162,524**	**158,160**

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

LIABILITIES & EQUITY	2010	2009
ACCOUNTS PAYABLE	1,660	1,435
EQUITY (Note G)		
Capital	128,586	128,586
Reserves		
Retained earnings	148,710	147,194
Cumulative Currency Translation Adjustment (Note B)	(116,432)	(119,055)
Total reserves	32,278	28,139
Total equity	160,864	156,725
TOTAL LIABILITIES & EQUITY	**162,524**	**158,160**

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
INCOME (Note H)		
Interest and charges on loans	1,922	2,021
Income from investments	413	1,990
Total income	2,335	4,011
EXPENSES		
Administrative expenses (Note I)	467	802
Bank charges	19	14
Total expenses	486	816
Provision for impairment on loans (Note F)	-	(12)
Provision for impairment on loan interest and charges (Note F)	16	34
Total expenses and provision for impairment	502	838
Income before distributions approved by the Board of Governors	1,833	3,173
Distribution of income approved by the Board of Governors (Note G)	(317)	(599)
NET INCOME FOR THE YEAR	**1,516**	**2,574**

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
NET INCOME FOR THE YEAR	1,516	2,574
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,516**	**2,574**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	Capital	Retained Earnings	Cumulative Currency Translation Adjustment	Total Equity
BALANCE AT JANUARY 1, 2009	128,586	273,660	(115,469)	286,777
Net income for the 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 AND JANUARY 1, 2010	**128,586**	**147,194**	**(119,055)**	**156,725**
Net income for the current year	-	1,516	-	1,516
Currency translation adjustment	-	-	2,623	2,623
BALANCE AT DECEMBER 31, 2010	**128,586**	**148,710**	**(116,432)**	**160,864**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UA thousands – Note B)

	2010	2009
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Net income	1,516	2,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for impairment on loan principal and charges	16	22
Unrealized losses on investments	228	204
Changes in accrued income and receivables on loans	(61)	(530)
Changes in net current assets	(6,740)	1,986
Net cash (used in)/provided by operating activities	(5,041)	4,256
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements on loans	(5,023)	(4,873)
Repayments of loans	6,676	5,518
Investments maturing after 3 months of acquisition:		
Trading portfolio	24,963	(2,035)
Net cash provided by/(used in) investing, lending and development activities	26,616	(1,390)
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	(767)	(1,500)
Net increase/(decrease) in cash and cash equivalents	20,808	(127,674)
Cash and cash equivalents at the beginning of the year	13,742	141,416
Cash and cash equivalents at the end of the year	**34,550**	**13,742**
COMPOSED OF:		
Investments maturing within 3 months of acquisition	26,259	9,367
Cash	8,291	4,375
Cash and cash equivalents at the end of the year	**34,550**	**13,742**
SUPPLEMENTARY DISCLOSURE		
1. Operational cash flows from interest		
Interest received	2,629	3,613
2. Movement resulting from exchange rate fluctuations on loans	(904)	(850)

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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 in April 26, 2006 and has been extended twice for one-year periods, to allow for the completion of an independent review of the operation 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 employed by the Fund 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 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 United States Dollars (USD). 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, 2010, 1 UA was equivalent to 1.54003 USD (2009: 1.56769 USD).

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 USD 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, cancelation 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 recognised 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 and are presented at amortized cost. Fair values disclosures 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 – THE EFFECT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Certain new and amended International Financial Reporting Standards and Interpretations were not yet effective for application as of the balance sheet date, 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"

The first part of phase 1 of IFRS 9 "financial instruments" was issued in November 2009 as the first part of the IASB comprehensive project to replace IAS 39. The first part of phase 1 of 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 characteristics 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, an irrevocable election can be made at initial recognition to recognize all fair value changes through other comprehensive income.

The second part of Phase 1 of IFRS 9 which deals with classification and measurement of financial liabilities was issued on 28 October 2010. The new requirements address the problem of volatility in profit or loss (P&L) arising from the "own credit" of an issuer choosing to measure its own debt at fair value. With the new requirements, gains and losses resulting from changes in "own credit risk" for liabilities measured at fair value will be reported in "other comprehensive income" and therefore not affect reported profit or loss.

As at December 31, 2010, the two other expected phases of IFRS 9 dealing with impairment of financial assets and hedge accounting have not been issued by IASB.

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. The Fund intends to early adopt the first phase of IFRS 9 on January 1, 2011.

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, counterparty 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 sovereign credit risk in its lending operations and counterparty credit risk in its 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 and lending strategies, including individual country exposure limits and overall creditworthiness assessment. 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, 2010 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	7,397	-	-	7,397	14.08
Cape Verde	1	1,605	-	-	1,605	3.05
Djibouti	1	1,709	-	-	1,709	3.25
Gambia	3	12,209	-	5,015	7,194	13.69
Ghana	1	2,932	-	1,904	1,028	1.96
Guinea	2	4,791	-	311	4,479	8.52
Guinea-Bissau	1	3,512	-	3,428	84	0.16
Lesotho	1	35	-	-	35	0.07
Liberia	3	5,507	-	-	5,507	10.48
Madagascar	1	2,462	-	-	2,462	4.69
Mali	1	97	-	-	97	0.18
Mauritania	2	8,827	-	2,523	6,304	12.00
Namibia	1	1,308	-	-	1,308	2.49
Rwanda	2	6,475	-	2,006	4,469	8.51
Senegal	2	2,002	-		2,002	3.81
Seychelles	2	1,339	-	-	1,339	2.55
Sierra Leone	1	705	-	705	-	-
Somalia**	1	756	-	-	756	1.44
Swaziland	1	4,759	-	3,043	1,716	3.27
Tanzania	1	1,644	-	-	1,644	3.13
Uganda	1	1,410	-	-	1,410	2.68
Total	**32**	**71,481**	**-**	**18,936**	**52,545**	**100.00**

* *Excludes fully repaid loans and canceled loans.*
** *Countries with overdue amounts as at December 31, 2010.*

Slight differences may occur in totals due to rounding.

Systematic Credit Risk Assessment
The Fund currently lends only to public sector borrowers, and its loans generally 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 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 accredited rating agencies and other specialized international bodies. The ALCO reviews the country ratings on a quarterly basis to ensure compliance with country exposure limits, changes in country credit risk conditions, and to approve 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 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 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	AAA/Aaa, no maturity limit, but repayment projections mandatory					

The Fund also invests in 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 percent 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+ to AA-	A+ to A-
2010	48%	40%	12%
2009	60%	37%	3%
2008	55%	34%	11%
2007	14%	85%	1%
2006	42%	54%	4%
2005	77%	19%	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-months 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, 2010 the Fund had UA 18.94 million of loans which were committed but not yet disbursed (2009: UA 24.12 million). The interest rate on these undisbursed loans has been fixed at between 2 to 4 percent per annum.

Interest rate risk positions as at December 31, 2010 and 2009 were as follows:

(1) Interest Rate Risk Position at December 31, 2010

(UA thousands)

	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years	Non interest bearing funds	Total
Assets								
Cash	8,291	-	-	-	-	-	-	8,291
Investments	71,737	20,663	4,825	1,156	-	1,276	-	99,657
Accounts receivable	2,176	-	-	-	-	-	-	2,176
Loans	7,510	5,925	5,680	5,390	4,240	23,800	(145)	52,400
	89,714	26,588	10,505	6,546	4,240	25,076	(145)	162,524
Liabilities								
Accounts payable	(1,660)	-	-	-	-	-	-	(1,660)
Interest rate risk position as at December 31, 2010*	**88,054**	**26,588**	**10,505**	**6,546**	**4,240**	**25,076**	**(145)**	**160,864**

** Interest rate risk position represents equity.*

(2) Interest Rate Risk Position at December 31, 2009

(UA thousands)

	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five 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.*

Currency and Interest Rate Sensitivity Analysis

The Fund holds all of its investments and loans in USD 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 percent on these reported values.

Movements in interest rates have an impact on the reported fair value of the trading portfolio. The table below shows the effect of a parallel yield curve movement of +/- 100bps on the portfolio as of December 31, 2010 and 2009, respectively.

(UA thousands)

	+100 Basis Points		-100 Basis Points	
	2010	2009	**2010**	2009
(Loss)/gain on held-for-trading investments	**(148)**	(203)	**149**	204

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, asset-backed securities, as well as corporate bonds.

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, 2010 and 2009, all the Fund's investments are held-for-trading.

The Fund's investments at December 31, 2010 and 2009 are summarized below:

(UA thousands)	**2010**	2009
Time deposits	26,279	9,367
Asset-backed securities	2,431	3,866
Government and agency obligations	47,088	58,527
Corporate bonds	23,859	26,654
Total	**99,657**	**98,414**

The table below classifies the Fund's investments at December 31, 2010 and 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Time deposits	26,279	9,367	-	-	-	-	26,279	9,367
Asset-backed securities	-	-	-	-	2,431	3,866	2,431	3,866
Government and agency obligations	47,087	58,527	-	-	-	-	47,087	58,527
Corporate bonds	20,618	20,575	3,242	6,079	-	-	23,860	26,654
Total	**93,984**	**88,469**	**3,242**	**6,079**	**2,431**	**3,866**	**99,657**	**98,414**

Fair value measurement of financial instruments using valuation technique with no significant input from observable market data (level 3 hierarchy) at December 31, 2010 and 2009 is made up as follows:

(UA thousands)	**2010**	2009
Balance at January 1	3,866	5,209
Losses recognized in income statement	(1,421)	(2,769)
Purchases, issues and settlements (net)	(82)	1,518
Currency translation adjustments	68	(92)
Balance at December 31	**2,431**	**3,866**

The contractual maturity structure of held-for-trading investments as at December 31, 2010 and 2009 was as follows:

(UA thousands)	**2010**	2009
One year or less	71,737	29,448
More than one year but less than two years	20,663	44,731
More than two years but less than three years	4,825	20,367
More than three years but less than four years	1,156	-
More than four years but less than five years	-	2,244
More than five years	1,276	1,624
Total	**99,657**	**98,414**

The notional balance of investments as at December 31, 2010 was UA 99.63 million (2009: UA 98.23 million), while the average yield was 0.22% (2009: 1.26%).

NOTE F – LOANS

Loans originated prior to September 22, 2003 carry an interest rate of 4 percent 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 4 percent per annum to a range of 2 to 4 percent (inclusive) per annum on the outstanding balance and future undisbursed loans. Furthermore, a 0.75 percent 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, 2010, all loans disbursed were repayable in USD.

The contractual maturity structure of outstanding loans as at December 31, 2010 and 2009 was as follows:

(Amounts in UA millions)

	2010		2009	
Periods	**Amount**	**%**	**Amount**	**%**
One year or less	7.51	14.77	7.78	14.61
More than one year but less than two years	5.93	11.22	5.80	10.89
More than two years but less than three years	5.68	10.72	5.59	10.50
More than three years but less than four years	5.39	10.18	5.34	10.03
More than four years but less than five years	4.24	7.99	5.06	9.51
More than five years	23.80	45.12	23.67	44.46
Total	**52.55**	**100.00**	**53.24**	**100.00**

The weighted-average interest yield on outstanding loans for the year ended December 31, 2010 was 2.32% (2009: 3.79%).

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, 2010, loans made to or guaranteed by certain borrowing countries with an aggregate principal balance of UA 0.76 million, of which UA 0.66 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, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Outstanding balance on impaired loans	755	742
Less: Accumulated provision for impairment	(145)	(143)
Net balance on impaired loans	**610**	**599**
Charges receivable and accrued income on impaired loans	900	859
Less: Accumulated provision for impairment	(511)	(489)
Net charges receivable and accrued income on impaired loans	**389**	**370**

The movement in the accumulated provision for impairment on loan principal for the years ended December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Balance at January 1	143	157
Provision for impairment on loans for the year	-	(12)
Translation effects	2	(2)
Balance at December 31	**145**	**143**

Movements in the accumulated provision for impairment on interest and charges receivable on loans for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Balance at January 1	489	461
Provision for impairment on loan charges for the year	16	34
Translation effects	6	(6)
Balance at December 31	**511**	**489**

Fair Value of Loans

At December 31, 2010 and 2009, the estimated fair values of loans were as follows:

(UA thousands)

	2010		2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Loan balance at December 31	52,545	50,510	53,242	50,198
Accumulated provision for impairment on loans	(145)	-	(143)	-
Net balance	**52,400**	**50,510**	**53,099**	**50,198**

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 2009 and 2010 were as follows:

(UA thousands)	
Balance at January 1, 2009	273,660
Withdrawal of fund by the Government of Nigeria	(129,040)
Net income for the year	2,574
Balance at December 31, 2009 and January 1, 2010	**147,194**
Net income for the current year	1,516
Balance at December 31, 2010	**148,710**

The Board of Governors of the Bank approves the transfers of part of the Fund's income to HIPC. Transfers approved by the Board of Governors of the Bank are reported within the income statement as expenses in the year the transfer is approved. Prior to 2006, Board of Governors' approved transfer was reported as a reduction in retained earnings. Approvals during the years ended December 31, 2010 and 2009 were UA 0.32 million and UA 0.60 million, respectively.

Cumulative Currency Translation Adjustments (CCTA)

Cumulative currency translation adjustments as at December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Balance at January 1	119,055	115,469
Movements during the year	(2,623)	3,586
Balance at December 31	**116,432**	**119,055**

NOTE H – INCOME

Interest and Charges on Loans

Interest and charges on loans for the years ended December 31, 2010 and 2009 were as follows:

(UA thousands)	2010	2009
Interest income on loans not impaired	1,746	1,813
Interest income on impaired loans	31	39
Commitment charges	145	169
Total	**1,922**	**2,021**

Income from Investments

Income from investments for the years ended December 31, 2010 and 2009 was as follows:

(UA thousands)	2010	2009
Interest income	630	1,279
Realized and unrealized fair value (losses)/gains	(217)	711
Total	**413**	**1,990**

NOTE I – ADMINISTRATIVE EXPENSES

According to the Agreement, the Fund shall pay to the Bank the expenses incurred in the management of the Fund as follows:

a) Separately 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 percent 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 0.47 million charged for the year ended December 31, 2010 (2009: UA 0.80 million) represents the Fund's share of the Bank group expenses.

NOTE J – RELATED PARTIES

The Nigeria Trust Fund is administered by the African Development Bank. 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 officers, 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, 2010 in respect of Fund's share of administrative expenses was UA 0.67 million (2009: UA 0.66 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 main 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 year ended December 31, 2010 is detailed as follows:

(UA thousands)	2010	2009
Interest income and charges on loans	1,922	2,021
Treasury Investments Income	413	1,990
Total external revenue	**2,335**	**4,011**

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 of 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 officers, 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, 2010 is detailed as follows:

(UA thousands)

	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Total
2010						
Income from loans	-	233	142	435	1,112	**1,922**
2009						
Income from loans	-	428	135	308	1,150	**2,021**

There were no revenues deriving from transactions with a single external customer that amounted to 10 percent or more of the Fund's revenues for the year ended December 31, 2010.

NOTE L – APPROVAL OF FINANCIAL STATEMENTS

On March 30, 2011, 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 June 2011.

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.fr

Nigeria Trust Fund
Temporary Relocation Agency
15 Avenue du Ghana
1002 Tunis Belvédère
Tunisi

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 2010

We have audited the accompanying financial statements of the Nigeria Trust Fund (''the Fund'') which comprise the balance sheet as at 31 December 2010 and the income statement, the statement of comprehensive income, the statement of change 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 L.

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 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Paris La Défense, 30 March 2011

KPMG Audit
A division of KPMG S.A.

Pascal Brouard
Partner

Appendices

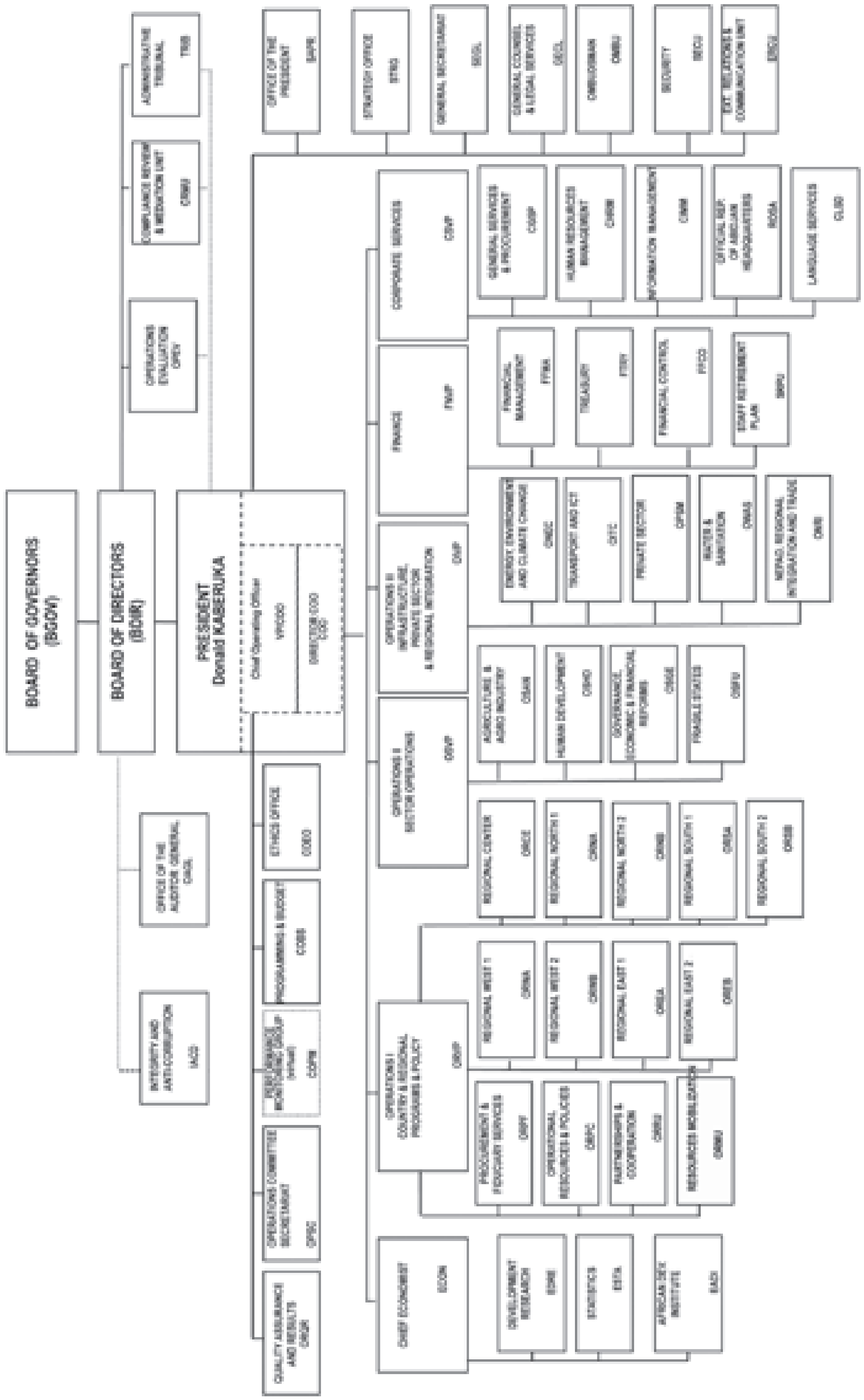
Appendix I: African Development Bank Group

Appendix II: African Development Bank

Appendix III: African Development Fund

Appendix I-1

ADB Organization Chart at December 31, 2010



Source: *AfDB Information Management Department.*

Appendix I-2

Principal Officers of the Bank Group at December 31, 2010

PRESIDENCY			
President	KABERUKA	Donald	PRST
Vice President/Chief Operating Officer	MOYO	Nkosana Donald	COO
Director	ZOUKPO	Zate	COO
Director	SAKALA	Zondo Thomas	COBS
Director	KIRK	Colin	OPEV
Director	SOVIK	Per Eldar	CRMU
Chief of Staff & Director of Cabinet	TOURE	Modibo Ibrahim	SAPR
General Counsel and Director	GADIO	Kalidou	GECL
Secretary General	AKINTOMIDE	Cecilia	SEGL
Auditor General	OUKO	Edward Rakwar Otieno	OAGL
Director	SHARMA	Vinay	IACD
Director	DINGA-DZONDO	Antoinette	OPSC
Director	HURLEY	Thomas Francis	ORQR
Head of Unit	BATUMUBWIRA	Antoinette	ERCU
Head of Unit	GODBOUT	William John	SECU
Head, Ethics Office	KISUBI	Mohammad Ali Mubarak	COEO
Executive Secretary	LIPOU MASSALA	Albertine A.H.	TRIB
Ombudsman	ORRACA-NDIAYE	Amabel	OMBU
OFFICE OF THE CHIEF ECONOMIST			
Chief Economist	NCUBE	Mthuli	ECON
Director	NDIKUMANA	Leonce	EDRE
Director	LUFUMPA	Charles Leyeka	ESTA
Head of Unit	TAPSOBA	Sibry	EADI
CORPORATE SERVICES			
Vice-President	BEDOUMRA	Kordje	CSVP
Director	ARCHER-DAVIES	Gemina Oluremi	CHRM
Director	CHAKROUN	Lotfi	CIMM
Director	N'DIAYE	Ibrahim	CGSP
Acting Official Representative, Abidjan	BA	Samba	ROSA
Officer on Special Assignments	EHOUNOU	Jean-Paul Aka	SACS
Officer in Charge	NTCHANDEU	Micheline	CLSD
FINANCE			
Acting Vice-President	BOAMAH	Charles Owusu	FNVP
Director	BOAMAH	Charles Owusu	FFCO
Director	DIALLO	Kodeidja Malle	FFMA
Director	VAN PETEGHEM	Pierre	FTRY
Head of Unit	TCHAKOTE	Joachim Auguste	ICU
Head of Unit	GIRMA	Solomon	SRPU
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	BEILEH	Abdirahman D.	ORSA
Director	BLACK	Frank	ORSB
Director	LITSE	Kpourou Janvier	ORWA
Director	PERRAULT	Franck Joseph Marie	ORWB
Acting Director	FAL	Yacine Diama	ORPF
Head of Unit	CHERVALIER	Benoit Romain	ORMU
Head of Unit	IKEDA-LARHED	Kazumi	ORRU
OPERATIONS II: SECTOR OPERATIONS			
Vice-President	ELKHESHEN	Kamal Salah	OSVP
Director	ABOU-SABAA	Aly Abdel-Hamed	OSAN
Director	NEGATU	Gabriel	OSGE
Director	SOUCAT	Agnes	OSHD
Head of Unit	KILO	Margaret Hilda	OSFU
Coordinator, MFW4A	NALLETAMBY	Stefan Luis	OSGE
OPERATIONS III: INFRASTRUCTURE, PRIVATE SECTOR & REGIONAL INTEGRATION			
Vice President	PITTMAN	Bobby Jene	OIVP
Director	MBESHERUBUSA	Gilbert	OITC
Director	CHEIKHROUHOU	Hela	ONEC
Director	RUGAMBA	Alex	ONRI
Director	TURNER	Timothy	OPSM
Director	KIES	Ali	OWAS
Coordinator, African Water Facility	BAHRI	Akissa	AWTF

Source: *AfDB Human Resources Management Department.*

Appendix II-1

Resolutions Adopted by the Board of Governors in 2010 for the ADB

B/BG/2010/01:	Remuneration of Elected Officers: Annual Review of the Remuneration of the President
B/BG/2010/02:	Authorizing an Increase in the Authorized Capital Stock without Voting Power and the Subscription thereto by Canada and the Republic of Korea
B/BG/2010/03:	Proposal for an Allocation of UA 10 million from the Surplus Account to the African Water Facility
B/BG/2010/04:	The Termination of the Joint Africa Institute as a Special Fund of the African Development Bank
B/BG/2010/05:	Allocation of EUR 2.5 million from the Surplus Account of the Bank to the African Training and Management Services (ATMS)
B/BG/2010/06:	Dates and Venue of the Forty-Sixth Annual Meeting of the Board of Governors of the Bank and the Thirty-Seventh Annual Meeting of the Board of Governors of the Fund.
B/BG/2010/07:	Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: twelve (12) Months Review of the Temporary Relocation Period
B/BG/2010/08:	Authorizing the Sixth General Capital Increase
B/BG/2010/09:	Amendment to the Share Transfer Rules of the African Development Bank
B/BG/2010/10:	Concerning the Increase in the Number of Executive Directors under Article 33(1) of the Agreement Establishing the African Development Bank
B/BG/2010/11:	Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2009
B/BG/2010/12:	Allocations and Distributions of Part of the Income of the African Development Bank for the Financial Year Ended 31 December 2009 Using Allocable Income as the Basis of Allocation and Distribution
B/BG/2010/13:	Distribution of Part of the Net Income of the Nigeria Trust Fund for the Financial Year Ended 31 December 2009
B/BG/2010/14:	Establishment of the ClimDev-Africa Special Fund
B/BG/2010/15:	Election of the President of the African Development Bank
B/BG/2010/16:	The General Election of Executive Directors of the African Development Bank
B/BG/2010/17:	Vote of Thanks of the Boards of Governors to His Excellency Laurent GBAGBO, President of the Republic of Côte d'Ivoire
B/BG/2010/18:	Vote of Thanks of the Boards of Governors to His Excellency Amadou TOUMANI TOURE, President of the Republic of Mali
B/BG/2010/19:	Vote of Thanks of the Boards of Governors to His Excellency Thomas YAYI BONI, President of the Republic of Benin
B/BG/2010/20	Vote of Thanks of the Boards of Governors to His Excellency Faure GNASSINGBE, President of the Republic of Togo
B/BG/2010/21:	Vote of Thanks of the Boards of Governors to His Excellency Bernard MAKUZA, Prime Minister of the Republic of Rwanda
B/BG/2010/22:	Vote of Thanks of the Boards of Governors to His Excellency Tertius ZONGO, Prime Minister of Burkina Faso
B/BG/2010/23:	Vote of Thanks of the Boards of Governors to His Excellency John ATTA MILLS, President of the Republic of Ghana, represented by His Excellency ALHAJI MUHAMMAD MUMUNI, Minister of Foreign Affairs and Regional Integration
B/BG/2010/24:	Vote of Thanks of the Boards of Governors to His Excellency Ali BONGO, President of the Republic of Gabon, represented by His Excellency Antoine de Padoue MBOUMBOU MIYAKOU, President of the Economic and Social Council
B/BG/2010/25:	Vote of Thanks of the Boards of Governors to His Excellency Teodoro OBIANG NGUEMA MBASOGO, President of the Republic of Equatorial Guinea, represented by His Excellency Salomon NGUEMA OWONO, Deputy Prime Minister
B/BG/2010/26:	Vote of Thanks of the Boards of Governors to His Excellency Jean PING, President of the Commission of the African Union
B/BG/2010/27:	Vote of Thanks of the Boards of Governors to Outgoing Chairperson, the Bureau, the Joint Steering Committee and the Governors Consultative Committee
B/BG/2010/28:	Vote of Thanks of the Boards of Governors to the Boards of Directors, President, Management and Staff
B/BG/2010/29:	Vote of Thanks of the Boards of Governors to His Excellency Guillaume SORO, Prime Minister of the Republic of Côte d'Ivoire, to Mr. Jean-Baptiste GOMONT DIAGOU, Mayor of the District of Cocody and to the National Organizing Committee of the Republic of Côte d'Ivoire
B/BG/2009/30:	Vote of Thanks of the Boards of Governors to the Outgoing Members of the Boards of Directors of the Bank and the Fund

Source: *AfDB General Secretariat.*

Appendix II-2

Board of Governors of ADB: Voting Powers of Member Countries at December 31, 2010

	Country	Governor	Alternate	Total Votes	Voting Powers %
1	Algeria	Karim Djoudi	Miloud Boutabba	87,979	3.901
2	Angola	Ana Afonso Dias Lourenço	Carlos Alberto Lopes	26,030	1.154
3	Benin	Pascal I. Koupaki	Gregoire Akofodji	4,870	0.216
4	Botswana	Charles M. Tibone	Taufila Nyamadzabo	47,258	2.095
5	Burkina Faso	Lucien Marie Noël Benbamba	Lene Segbo	9,932	0.440
6	Burundi	Clotilde Nizigama	Tabu Abdallah Manirakiza	5,798	0.257
7	Cameroon	Louis Paul Motaze	Blaise Ngoula Essomba	22,690	1.006
8	Cape Verde	Cristina Duarte	Leonesa Maria Do Nascimento Lima Fortes	2,297	0.102
9	Central Afr. Rep.	Sylvain Maliko	Albert Besse	1,598	0.071
10	Chad	Mahamat Ali Hassan	Gata Ngoulou	2,266	0.100
11	Comoros	Mohamed Bacar Dossar	Said Abdilahi	1,078	0.048
12	Congo	Gilbert Ondongo	Pierre Moussa	10,500	0.466
13	Côte d'Ivoire	Paul Antoine Bohoun Bouabre	Charles Diby Koffi	81,633	3.620
14	Dem. Rep. Congo	Matata Ponyon Mapon	Jean Claude Masangu Mulongo	23,365	1.036
15	Djibouti	Ali Farah Assoweh	Djama Mahamoud Haid	1,838	0.081
16	Egypt	Farouk El-Okdah	Mahmoud Mohey El Din	112,454	4.986
17	Equatorial Guinea	Melchor Esono Edjo	Martin-Crisantos Ebe Mba	4,107	0.182
18	Eritrea	Berhane Abrehe	Martha Woldegiorghis	2,628	0.117
19	Ethiopia	Sufian Ahmed	Mekonnen Manyazewal	35,403	1.570
20	Gabon	Magloire Ngambia	Blaise Louembe	26,765	1.187
21	Gambia	Mambury Njie	Mod A.K. Secka	3,869	0.172
22	Ghana	Kwabena Duffuor	Amissah-Arthur Kwesi Bekoi	50,299	2.230
23	Guinea	Kerfalla Yansane	Djenabou Saifon Diallo	9,494	0.421
24	Guinea Bissau	Helena Maria José Nosolini Embalo	Jose Mario Vaz	1,225	0.054
25	Kenya	Uhuru Kenyatta, Egh, MP	Joseph K. Kinyua CBS	32,332	1.434
26	Lesotho	Timothy Thahane	M. Majoro	4,092	0.181
27	Liberia	Augustine K. Ngafuan	Amara Konneh	4,855	0.215
28	Libya	Abdoulhafid Zlitni	Mohamed A.A. Ashokri	84,561	3.750
29	Madagascar	*	*	14,787	0.656
30	Malawi	Kenani Kandodo, MP	Ted Sitima-Wina	7,097	0.315
31	Mali	Toure Sanoussi	Lassine Bouare	10,161	0.451
32	Mauritania	Ahmed Ould Moulaye Ahmed	Cheikh El Kebir Ould Chbih	3,838	0.170
33	Mauritius	Pravind Kumar Jugnauth	Ali Michael Mansoor	41,491	1.840
34	Morocco	Salaheddine Mezouar	Abdeltif Loudyi	72,893	3.232
35	Mozambique	Aiuba Cuereneia	Ernesto Gouveia Gove	14,391	0.638
36	Namibia	Saara Kuugongelwa-Amadhila	Carl-Herman G. Schlettwein	8,022	0.356
37	Niger	Mamane Malam Annou	Yacoubou Mahaman Sani	6,151	0.273
38	Nigeria	Olusegun Olutoyin Aganga	Danladi Irmiya Kifasi	193,850	8.596
39	Rwanda	John Rwangombwa	Kampeta Sayingoza	3,527	0.156
40	São Tomé & Principe	Americo D'Oliveira Dos Ramos	Luis Fernando Morreira de Sousa	2,114	0.094
41	Senegal	Abdoulaye Diop	Mamadou Faye	22,460	0.996
42	Seychelles	Danny Faure	Piere Laporte	1,849	0.082
43	Sierra Leone	Samura Mathew Wilson Kamara	Edmund Koroma	5,923	0.263
44	Somalia	Sharif Hassan Sheik Adam	Hamid A. Ibrahim	2,566	0.114
45	South Africa	Pravin Gordhan	Lesetja Kganyago	100,609	4.461
46	Sudan	Ali Mahmoud Mohamed Abdelrasoul	Mrial Awou Yol	9,455	0.419
47	Swaziland	Majozi Vincent Sithole	Hlangusemphi Dlamini	7,876	0.349
48	Tanzania	Mustafa Haidi Mkulo, MP	Charles Mutalemwa	18,486	0.820
49	Togo	Adji Oteth Ayassor	Hatadeema Nonon SAA	4,077	0.181
50	Tunisia	Mohamed Nouri Jouini	Adel Ben Ali	31,117	1.380
51	Uganda	Syda Bbumba, MP	Chris Kassami	11,637	0.516
52	Zambia	Situmbeko Musokotwane, MP	Likolo Ndalamei	28,085	1.245
53	Zimbabwe	Tendai Biti, MP	Willard L. Manugo	45,653	2.024
	TOTAL REGIONALS			**1,369,331**	**60.718**

Appendix II-2 (continued)

Board of Governors of ADB: Voting Powers of Member Countries at December 31, 2010

	Country	Governor	Alternate	Total Votes	Voting Powers %
1	Argentina	Amado Boudou	Hernan Martin Perez Redrado	6,472	0.287
2	Austria	Josef Pröll	Edith Frauwallner	10,332	0.458
3	Belgium	Didier Reynders	Gino Alzetta	14,583	0.647
4	Brazil	Paulo Bernardo Silva	Carlos Augusto Vidotto	10,299	0.457
5	Canada	Lawrence Cannon	James Haley	82,273	3.648
6	China	Zhou Xiaochuan	Yi Gang	24,925	1.105
7	Denmark	Sus Ulbaek	Mette Knudsen	25,793	1.144
8	Finland	Ritva Koukku-Ronde	Jorma Julin	11,252	0.499
9	France	Ramon Fernandez	Delphine D'Amarzit	82,273	3.648
10	Germany	Gudrun Kopp	Rolf Wenzel	90,256	4.002
11	India	Pranab Mukherjee	Ashok Chawla	5,485	0.243
12	Italy	Giulio Tremonti	Carlo Monticelli	53,269	2.362
13	Japan	Yoshihiko Noda	Masaaki Shirakawa	120,025	5.322
14	Korea	Yoon Jeung-Hyun	Choongsoo Kim	10,332	0.458
15	Kuwait	Mustafa Al-Shamali	Hesham Al-Woqayan	10,332	0.458
16	Netherlands	Ben Knapen	Yoka Brandt	19,258	0.854
17	Norway	Ingrid Fiskaa	Henrik Harboe	25,793	1.144
18	Portugal	Fernando Teixeira Dos Santos	Carlos Costa Pina	5,855	0.260
19	Saudi Arabia	Yousef Al-Bassam	Ahmed M. AL-Ghannam	4,837	0.214
20	Spain	Elena Salgado Méndez	José Manuel Campa Fernández	23,659	1.049
21	Sweden	Joakim Stymne	Anders Bengtcén	34,217	1.517
22	Switzerland	Beatrice Maser Mallor	Edita Vokral	32,507	1.441
23	United Kingdom	Andrew Mitchell	Stephen O'Brien	37,179	1.649
24	United States of America	Timothy Geithner	Robert D. Hormats	144,678	6.415
	TOTAL NON-REGIONALS			**885,884**	**39.282**
	GRAND TOTAL			**2,255,215**	**100.000**

Source: *AfDB Treasury Department.*
Note:
* *Vacant*

Appendix II-3

Board of Directors of ADB: Voting Powers and Countries Represented at December 31, 2010

Executive Director	For	Total Votes	Voting Powers %
Abdelhak Benallegue	Algeria	87,979	
Augusto Idrissa Embalo (Alternate)	Guinea Bissau	1,225	
	Madagascar	14,787	
		103,991	4.611
Mohit Dhoorundhur	Mauritius	41,491	
Petronella M.N. Mwangala (Alternate)	Zambia	28,085	
	Botswana	47,258	
	Malawi	7,097	
		123,931	5.495
Pedro M.F. Tombwele	Angola	26,030	
Rafique Jusob Mahomed (Alternate)	Mozambique	14,391	
	Namibia	8,022	
	Zimbabwe	45,653	
		94,096	4.172
Abdul-Magid Gadad	Libya	84,561	
Mohamed O.H. Khattar (Alternate)	Mauritania	3,838	
	Somalia	2,566	
		90,965	4.034
ElFatih Mohammed Khalid	Sudan	9,455	
Alieu Momoudou Ngum (Alternate)	Gambia, The	3,869	
	Ghana	50,299	
	Liberia	4,855	
	Sierra Leone	5,923	
		74,401	3.299
Moegamat Shahid Khan	South Africa	100,609	
Motena Ernestine Tsolo (Alternate)	Lesotho	4,092	
	Swaziland	7,876	
		112,577	4.992
Hassan Ali A. Khedr	Egypt	112,454	
Almis Mohamed Abdillahi (Alternate)	Djibouti	1,838	
		114,292	5.068
Mamadou Abdoulaye Sow	Senegal	22,460	
Nani Martin Gbedey (Alternate)	Benin	4,870	
	Burkina Faso	9,932	
	Cape Verde	2,297	
	Chad	2,266	
	Comoros	1,078	
	Gabon	26,765	
	Mali	10,161	
	Niger	6,151	
		85,980	3.812
Mohamed Mahroug	Morocco	72,893	
Moufida Jaballah Srarfi (Alternate)	Tunisia	31,117	
	Togo	4,077	
		108,087	4.793
Shehu Yahaya	Nigeria	193,850	
Maria Batista de Sousa (Alternate)	São Tomé & Principe	2,114	
		195,964	8.689
Tchétché N'Guessan	Côte d'Ivoire	81,633	
Bernardo Abaga N. Mayie (Alternate)	Equatorial Guinea	4,107	
	Guinea	9,494	
		95,234	4.223

Appendix II-3 (continued)

Board of Directors of ADB: Voting Powers and Countries Represented at December 31, 2010

Executive Director	For	Total Votes	Voting Powers %
Mary C. Muduuli	Uganda	11,637	
Mulu Ketsela (Alternate)	Ethiopia	35,403	
	Eritrea	2,628	
	Kenya	32,332	
	Rwanda	3,527	
	Seychelles	1,849	
	Tanzania	18,486	
		105,862	4.694
André Nzapayeke	Central African Republic	1,598	
Sele Yalaghuli (Alternate)	Dem. Rep. Congo	23,365	
	Cameroon	22,690	
	Congo	10,500	
	Burundi	5,798	
		63,951	2.836
Emmanuel Carrère	France	82,273	
Agustin J. Navarro (Alternate)	Spain	23,659	
	Belgium	14,583	
		120,515	5.344
Mogens Pedersen	Denmark	25,793	
Tapani H. Kivelä (Alternate)	Finland	11,252	
	India	5,485	
	Norway	25,793	
	Sweden	34,217	
		102,540	4.547
Bruce Montador	Canada	82,273	
Thamer Husain (Alternate)	Kuwait	10,332	
	China	24,925	
	Korea	10,332	
		127,862	5.670
Masahiro Kan	Japan	120,025	
Abdulrahman Abubakr (Alternate)	Saudi Arabia	4,837	
	Argentina	6,472	
	Austria	10,332	
	Brazil	10,299	
		151,965	6.738
Christoph Kohlmeyer	Germany	90,256	
	Portugal	5,855	
	Switzerland	32,507	
		128,618	5.703
Vincenzo Zezza	Italy	53,269	
Pieter de Keizer (Alternate)	Netherlands	19,258	
	United Kingdom	37,179	
		109,706	4.865
Walter Crawford Jones	United States of America	144,678	
		144,678	6.415
Regional Total		**1,369,331**	**60.718**
Non-Regional Total		**885,884**	**39.282**
GRAND TOTAL		**2,255,215**	**100.000**

Source: *AfDB Treasury Department.*

Appendix III-1

Resolutions Adopted by the Board of Governors in 2010 for the ADF

F/BG/2010/01:	Dates and Venue of the Forty-Sixth Annual Meeting of the Board of Governors of the Bank and the Thirty-Seventh Annual Meeting of the Board of Governors of the Fund.
F/BG/2010/02:	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/2010/03:	Concerning the Increase in the Number of Executive Directors under the Agreement Establishing the African Development Fund
F/BG/2010/04:	Annual Report and Audited Special Purpose Financial Statements for the Financial Year Ended 31 December 2009
F/BG/2010/05:	Selection of the Executive Directors of the African Development Fund
F/BG/2010/06:	Vote of Thanks of the Boards of Governors to His Excellency Laurent GBAGBO, President of the Republic of Côte d'Ivoire
F/BG/2010/07:	Vote of Thanks of the Boards of Governors to His Excellency Amadou TOUMANI TOURE, President of the Republic of Mali
F/BG/2010/08:	Vote of Thanks of the Boards of Governors to His Excellency Thomas YAYI BONI, President of the Republic of Benin
F/BG/2010/09:	Vote of Thanks of the Boards of Governors to His Excellency Faure GNASSINGBE, President of the Republic of Togo
F/BG/2010/10:	Vote of Thanks of the Boards of Governors to His Excellency Bernard MAKUZA, Prime Minister of the Republic of Rwanda
F/BG/2010/11:	Vote of Thanks of the Boards of Governors to His Excellency Tertius ZONGO, Prime Minister of Burkina Faso
F/BG/2010/12:	Vote of Thanks of the Boards of Governors to His Excellency John ATTA MILLS, President of the Republic of Ghana, represented by His Excellency ALHAJI MUHAMMAD MUMUNI, Minister of Foreign Affairs and Regional Integration
F/BG/2010/13:	Vote of Thanks of the Boards of Governors to His Excellency Ali BONGO, President of the Republic of Gabon, represented by His Excellency Antoine de Padoue MBOUMBOU MIYAKOU, President of the Economic and Social Council
F/BG/2010/14:	Vote of Thanks of the Boards of Governors to His Excellency Teodoro OBIANG NGUEMA MBASOGO, President of the Republic of Equatorial Guinea, represented by His Excellency Salomon NGUEMA OWONO, Deputy Prime Minister
F/BG/2010/15:	Vote of Thanks of the Boards of Governors to His Excellency Jean PING, President of the Commission of the African Union
F/BG/2010/16:	Vote of Thanks of the Boards of Governors to the Outgoing Chairperson, the Bureau, the Joint Steering Committee and the Governors Consultative Committee
F/BG/2010/17:	Vote of Thanks of the Boards of Governors to the Boards of Directors, President, Management and Staff
F/BG/2010/18:	Vote of Thanks of the Boards of Governors his Excellency Guillaume SORO, Prime Minister of the Republic of Côte d'Ivoire, to Mr. Jean-Baptiste GOMONT DIAGOU, Mayor of the District of Cocody and to the National Organizing Committee of the republic of Côte d'Ivoire
F/BG/2009/19:	Vote of Thanks of the Boards to the Outgoing Members of the Boards of Directors of the Bank and the Fund

Source: *AfDB General Secretariat.*

Appendix III-2

Board of Governors: Voting Powers of State Participants and of the ADB at December 31, 2010

	Country	Governor	Alternate	Total Votes	Voting Powers %
1	African Development Bank			1,000,000	50.000
2	Argentina	Amado Boudou	Hernan Martin Perez Redrado	0,098	0.005
3	Austria	Josef Pröll	Edith Frauwallner	16,106	0.805
4	Belgium	Didier Reynders	Gino Alzetta	19,512	0.976
5	Brazil	Paulo Bernardo Silva	Carlos Augusto Vidotto	6,800	0.340
6	Canada	Lawrence Cannon	James Haley	78,390	3.920
7	China	Zhou Xiaochuan	Yi Gang	19,048	0.952
8	Denmark	Sus Ulbaek	Mette Knudsen	27,408	1.370
9	Finland	Ritva Koukku-Ronde	Jorma Julin	18,391	0.920
10	France	Ramon Fernandez	Delphine D'Amarzit	104,196	5.210
11	Germany	Gudrun Kopp	Rolf Wenzel	102,010	5.100
12	India	Pranab Mukherjee	Ashok Chawla	3,757	0.188
13	Italy	Giulio Tremonti	Carlo Monticelli	57,052	2.853
14	Japan	Yoshihiko Noda	Masaaki Shirakawa	118,351	5.918
15	Korea	Yoon Jeung-Hyun	Choongsoo Kim	8,428	0.421
16	Kuwait	Mustafa Al-Shamali	Hesham Al-Woqayan	9,467	0.473
17	Netherlands	Ben Knapen	Yoka Brandt	39,448	1.972
18	Norway	Ingrid Fiskaa	Henrik Harboe	43,504	2.175
19	Portugal	Fernando Teixeira Dos Santos	Carlos Costa Pina	7,778	0.389
20	Saudi Arabia	Youssef Al-Bassam	Ahmed M. Al-Ghannam	13,014	0.651
21	Spain	Elena Salgado Méndez	José Manuel Campa Fernández	25,911	1.296
22	Sweden	Joakim Stymne	Anders Bengtcén	50,624	2.531
23	Switzerland	Beatrice Maser Mallor	Edita Vokral	37,773	1.889
24	United Arab Emirates	Mohamed Khalifa Bin Yousef Al Suweidi	Abdullah Hussain Dawood	0,442	0.022
25	United Kingdom	Andrew Mitchell	Stephen O'Brien	77,800	3.890
26	United States of America	Timothy Geithner	Robert D. Hormats	114,692	5.735
	TOTAL			**2,000,000**	**100.000**

Source: *AfDB Treasury Department.*

Appendix III-3

Board of Directors of ADF: Voting Powers and Countries Represented at December 31, 2010

Executive Directors /Alternates	Participants	Voting Powers in %*	Voting Powers by constituency
Elfatih Mohamed Khalid **	ADB	7.143	
Shahid Khan **	ADB	7.143	
Hassan Ali Ali Khedr **	ADB	7.143	
Mary Muduuli **	ADB	7.143	
André Nzapayeke **	ADB	7.143	
Mamadou Abdoulaye Sow **	ADB	7.143	
Shehu Yahaya **	ADB	7.143	
			50.000
Walter Crawford Jones	United States of America	5.735	
Alexander Severens	United States of America		
			5.735
Masahiro Kan	Japan	5.918	
Abdulrahman Abubakr	Saudi Arabia	0.651	
	Austria	0.805	
	Argentina	0.005	
	Brazil	0.340	
			7.718
Mogens Pedersen	Denmark	1.370	
Tapani H. Kivelä	Finland	0.920	
	India	0.188	
	Norway	2.175	
	Sweden	2.531	
			7.184
Christoph Kohlmeyer	Germany	5.100	
	Portugal	0.389	
	Switzerland	1.889	
			7.378
Bruce Montador	Canada	3.920	
Thamer Husain	Kuwait	0.473	
	China	0.952	
	Korea	0.421	
			5.767
Emmanuel Carrère	France	5.210	
Agustín J. Navarro	Spain	1.296	
	Belgium	0.976	
			7.481
Vincenzo Zezza	Italy	2.853	
P. De Keizer	The Netherlands	1.972	
	United Kingdom	3.890	
			8.715
Vacant	United Arab Emirates	0.022	
			0.022
GRAND TOTAL			**100.000**

Source: *AfDB Treasury Department*
Notes:
* *Slight differences may occur in totals due to rounding.*
** *For the period beginning October 23, 2010 through March 30, 2011.*

Appendix III-4

Subscriptions of State Participants and of the ADB at December 31, 2010

	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**

Source: *AfDB Treasury Department.*
Note:
* *Slight difference may occur in totals due to roundings.*

Annexes

Annex I – Classification of Regional Member Countries

Annex II – Selected Statistics on Regional Member Countries

Data on Bank Group Operations

Annex I

Classification of Regional Member Countries

	Category A – Countries Eligible for ADF Resources Only*		
1	Angola	20	Lesotho
2	Benin	21	Liberia
3	Burkina Faso	22	Madagascar
4	Burundi	23	Malawi
5	Cameroon	24	Mali
6	Central African Republic	25	Mauritania
7	Chad	26	Mozambique
8	Comoros	27	Niger
9	Congo	28	Rwanda
10	Congo, Democratic Republic of	29	São Tomé and Principe
11	Côte d'Ivoire	30	Senegal
12	Djibouti	31	Sierra Leone
13	Eritrea	32	Somalia
14	Ethiopia	33	Sudan
15	Gambia	34	Tanzania
16	Ghana	35	Togo
17	Guinea	36	Uganda
18	Guinea Bissau	37	Zambia
19	Kenya		
	Category B – Countries Eligible for a Blend of ADB and ADF Resources		
1	Cape Verde		
2	Nigeria		
3	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		

Note:
* *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 Literacy Rates (%)	
								Female	Male	Female	Male
	2010	2010	2010	2008	2008	2008	2007	2006-10	2006-10	2005-08	2005-08
Developed countries	**0.955**	**79.7**	**5.8**	**14**	**100**	**99**	**3,380**	**101**	**101**	**98.1**	**98.7**
Developing countries	**0.686**	**68.5**	**38.4**	**290**	**88**	**57**	**2,620**	**107**	**110**	**77.5**	**88.2**
African average	**0.436**	**56.0**	**78.6**	**516**	**65**	**41**	**2,465**	**99**	**106**	**55.9**	**74.0**
Central Africa	**0.426**	**49.2**	**108.4**	**634**	**54**	**27**	**1,838**	**85**	**103**	**54.8**	**75.2**
Cameroon	0.460	51.7	83.7	600	74	47	2,269	106	122	67.8	84.0
Central African Republic	0.315	47.7	101.4	850	67	34	1,986	74	104	41.1	68.8
Chad	0.295	49.2	127.0	1,200	50	9	2,056	74	105	21.9	43.8
Congo	0.489	53.9	79.1	580	71	30	2,512	116	123	..	..
Congo Dem. Rep	0.239	48.0	113.9	670	46	23	1,605	83	98	56.1	77.5
Equatorial Guinea	0.538	51.0	95.4	280	..	..	1,605	80	84	89.1	96.9
Gabon	0.648	61.3	47.2	260	87	33	2,755	..	..	83.2	90.9
East Africa	**0.388**	**55.9**	**70.4**	**600**	**52**	**27**	**2,079**	**102**	**107**	**53.7**	**71.7**
Burundi	0.282	51.4	94.6	970	72	46	1,685	144	149	59.9	72.3
Comoros	0.428	66.2	44.1	340	95	36	1,884	114	125	67.8	79.3
Djibouti	0.402	56.1	80.1	300	92	56	2,291	51	58	..	..
Eritrea	..	60.4	51.0	280	61	14	..	44	53	54.5	77.0
Ethiopia	0.328	56.1	74.9	470	38	12	1,980	98	107	22.8	50.0
Kenya	0.470	55.6	60.4	530	59	31	2,089	111	114	82.8	90.3
Rwanda	0.385	51.1	95.9	540	65	54	2,085	151	150	66.1	74.8
Seychelles	..	72.9	..	..	..	..	2,463	107	105	92.3	91.4
Somalia	..	50.4	105.9	1,200	30	23	..	23	42	..	..
Sudan	0.379	58.9	65.7	750	57	34	2,282	70	78	59.6	79.0
Tanzania	0.398	56.9	59.8	790	54	24	2,032	105	105	66.3	79.0
Uganda	0.422	54.1	70.3	430	67	48	2,211	122	121	66.8	82.4
North Africa	**0.623**	**71.4**	**30.7**	**164**	**87**	**88**	**3,193**	**103**	**110**	**54.2**	**76.0**
Algeria	0.677	72.9	28.2	120	83	95	3,153	104	111	63.9	81.3
Egypt	0.620	70.5	32.5	82	99	94	3,195	97	102	57.8	74.6
Libya	0.755	74.5	16.9	64	..	97	3,143	108	113	81.3	94.9
Mauritania	0.433	57.3	71.0	550	49	26	2,841	108	101	49.5	64.1
Morocco	0.567	71.8	27.7	110	81	69	3,236	103	112	44.1	69.4
Tunisia	0.683	74.3	18.5	60	94	85	3,326	106	108	71.0	86.4
Southern Africa	**0.459**	**51.7**	**71.9**	**428**	**70**	**50**	**2,392**	**114**	**122**	**72.2**	**83.6**
Angola	0.403	48.1	110.9	610	50	57	1,973	114	141	57.0	82.8
Botswana	0.633	55.5	32.2	190	95	60	2,264	108	111	83.5	83.1
Lesotho	0.427	45.9	65.0	530	85	29	2,476	104	105	95.1	82.6
Madagascar	0.435	61.2	61.0	440	41	11	2,160	158	162	65.3	76.5
Malawi	0.385	54.6	78.4	510	80	56	2,172	121	118	65.8	80.2
Mauritius	0.701	72.1	14.0	36	99	91	2,965	100	100	84.8	90.4
Mozambique	0.284	48.4	83.3	550	47	17	2,067	110	122	40.1	69.5
Namibia	0.606	62.1	30.4	180	92	33	2,383	111	113	87.7	88.7
South Africa	0.597	52.0	42.8	410	91	77	2,999	99	103	88.1	89.9
Swaziland	0.498	47.0	58.9	420	69	55	2,292	104	112	85.6	87.4
Zambia	0.395	47.3	86.5	470	60	49	1,873	112	113	61.0	80.6
Zimbabwe	0.140	47.0	51.4	790	82	44	2,238	..	..	88.8	94.4

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 Literacy Rates (%)	
								Female	Male	Female	Male
	2010	2010	2010	2008	2008	2008	2007	2006-10	2006-10	2005-08	2005-08
West Africa	**0.381**	**52.0**	**94.5**	**612**	**64**	**27**	**2,647**	**81**	**92**	**47.5**	**68.8**
Benin	0.435	62.3	80.8	410	75	12	2,533	114	129	28.1	53.5
Burkina Faso	0.305	53.7	77.8	560	76	11	2,677	75	83	21.6	36.7
Cape Verde	0.534	71.9	23.4	94	84	54	2,572	94	102	79.3	89.6
Côte d'Ivoire	0.397	58.4	83.3	470	80	23	2,528	66	81	44.3	64.2
Gambia	0.390	56.6	74.0	400	92	67	2,385	86	84	34.3	56.7
Ghana	0.467	57.1	70.9	350	82	13	2,907	105	106	59.3	72.3
Guinea	0.340	58.9	93.0	680	71	19	2,568	83	97	26.4	49.6
Guinea-Bissau	0.289	48.6	109.4	1,000	61	21	2,306	..	..	36.5	66.1
Liberia	0.300	59.1	91.3	990	68	17	2,204	86	96	53.0	63.3
Mali	0.309	49.2	102.9	830	56	36	2,614	86	103	18.2	34.9
Niger	0.261	52.5	83.7	820	48	9	2,376	60	73	15.1	42.9
Nigeria	0.423	48.4	106.6	840	58	32	2,741	87	99	48.8	71.5
São Tomé and Principe	0.488	66.1	70.1	..	89	26	2,684	130	131	83.3	93.5
Senegal	0.411	56.2	57.0	410	69	51	2,348	85	82	33.0	52.3
Sierra Leone	0.317	48.2	101.5	970	49	13	2,170	148	168	28.9	51.7
Togo	0.428	63.3	68.3	350	60	12	2,161	111	119	53.7	76.6

Sources: *AfBD Statistics Department, Unesco Database March 2011, WHO, UN Population Division, the 2008 Revision, HDR 2010, WHO / UNICEF / UNFPA / The World Bank, FAOSTAT, 2011.*

Note:

.. Data not available

Annex II-2

Africa: Selected Macroeconomic Indicators

Country	GNI per Capita (US$) 2009	GDP Growth Rate (%) Annual Average 2005-2009	GDP Growth Rate (%) 2010	Investment (% of GDP) 2010	Consumer Price Inflation (%) 2010	Fiscal Balance (% of GDP) 2010	Debt Service (% of exports) 2010
Algeria	4,420	3.0	3.5	46.1	4.1	-4.4	2.6
Angola	3,750	15.6	3.4	9.8	14.7	7.3	10.0
Benin	750	3.8	2.1	20.8	2.1	-2.6	6.3
Botswana	6,260	2.2	6.4	22.6	7.0	-11.1	9.2
Burkina Faso	510	5.2	5.7	21.7	0.9	-4.5	4.9
Burundi	150	3.5	3.9	26.3	7.1	-3.2	2.6
Cameroon	1,190	2.7	3.0	19.7	1.4	-0.9	7.1
Cape Verde	3,010	7.1	5.3	50.1	2.1	-13.7	21.7
Central African Republic	450	2.6	3.4	11.7	1.8	-0.3	39.3
Chad	556	2.8	5.9	18.3	0.6	-12.5	3.0
Comoros	870	1.6	2.1	16.1	2.9	4.1	7.4
Congo	2,080	5.1	10.2	36.2	4.8	13.9	9.4
Congo, Democratic Republic	160	5.8	6.1	22.3	23.3	-2.8	2.3
Côte d'Ivoire	1,070	2.0	2.0	9.1	2.7	-2.5	10.9
Djibouti	1,280	4.8	4.4	39.3	4.2	-2.7	7.5
Egypt	2,070	6.1	5.1	18.9	11.7	-8.1	9.7
Equatorial Guinea	12,420	9.5	1.2	61.0	4.7	-2.6	0.3
Eritrea	278	-0.6	2.2	..	12.7	-14.6	34.1
Ethiopia	330	11.4	8.8	24.0	11.2	-2.3	3.8
Gabon	7,370	2.1	5.5	21.1	3.2	3.7	6.7
Gambia	440	6.1	5.4	17.9	5.8	-2.7	31.2
Ghana	1,190	6.4	5.9	30.5	8.0	-7.9	3.8
Guinea	370	2.4	1.6	22.1	15.8	-12.0	12.2
Guinea Bissau	510	2.6	3.6	8.3	2.6	-0.2	458.0
Kenya	760	4.7	5.0	21.0	4.1	-5.8	5.4
Lesotho	980	3.3	3.8	23.7	7.3	-9.8	4.3
Liberia	160	6.8	6.1	76.1	7.7	1.3	125.97
Libya	12,020	4.6	7.4	31.9	4.7	20.9	..
Madagascar	462	3.9	0.3	27.7	9.6	-1.6	7.1
Malawi	280	6.4	6.7	28.3	7.7	-1.1	0.9
Mali	680	5.0	4.5	19.7	1.4	-4.1	2.5
Mauritania	960	4.0	5.0	20.3	6.1	-3.7	5.5
Mauritius	7,250	3.8	4.1	24.9	2.9	-4.7	4.2
Morocco	2,770	4.8	4.2	38.0	0.9	-2.1	7.2
Mozambique	440	7.5	8.1	22.8	12.7	-5.4	17.1
Namibia	4,270	3.8	4.2	28.8	4.5	-3.0	10.9
Niger	340	4.9	5.5	30.3	3.4	-3.2	1.7
Nigeria	1,190	6.4	8.1	24.7	13.7	-6.8	0.7
Rwanda	460	7.8	6.5	22.4	3.1	-0.5	3.0
Sao Tome & Principe	1,140	5.6	4.5	53.9	11.4	-7.7	22.4
Senegal	1,040	3.6	3.8	29.4	1.2	-6.3	5.4
Seychelles	8,480	5.0	6.0	34.8	-2.4	3.2	8.3
Sierra Leone	340	6.0	4.5	13.1	17.8	-4.6	4.0
Somalia	..	..	..	..	..	..	..
South Africa	5,760	3.7	2.8	19.2	4.3	-5.4	39.4
Sudan	1,220	7.8	5.0	21.0	13.8	-2.1	5.9
Swaziland	2,470	2.6	2.1	10.0	4.5	-6.7	2.8
Tanzania	500	6.9	6.8	29.1	8.9	-5.4	3.6
Togo	440	2.5	3.4	19.9	5.3	-5.8	6.1
Tunisia	3,720	4.7	3.7	27.2	4.4	-2.6	58.4
Uganda	460	8.2	5.1	21.6	7.3	-1.8	2.8
Zambia	970	6.0	6.6	19.0	7.9	-3.1	1.3
Zimbabwe	..	-3.8	8.2	18.3	4.9	-1.7	23.5
Africa	**1,525**	**5.4**	**4.9**	**24.9**	**7.7**	**-3.2**	**12.6**

Sources: *Data Portal AfDB Statistics Department, IMF World Economic Outlook, October 2010.*
Note:
.. *Data not available*

Annex II-3

Bank Group Transfer of Resources to Regional Member Countries, 1967-2010
(UA 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	12.4	0.1	12.3	1.2	11.1	89.6
1973	16.7	0.3	16.4	2.3	14.1	84.2
1974	19.9	0.5	19.4	3.7	15.7	78.8
1975	43.0	2.3	40.7	6.1	34.6	80.5
1976	51.4	6.3	45.1	8.9	36.2	70.5
1977	81.9	6.0	75.9	12.1	63.8	77.9
1978	108.9	10.7	98.2	17.9	80.3	73.7
1979	130.6	13.2	117.4	23.8	93.6	71.7
1980	172.6	15.9	156.7	31.4	125.3	72.6
1981	171.9	27.1	144.8	38.8	105.9	61.6
1982	254.0	30.9	223.1	48.5	174.6	68.7
1983	337.2	44.4	292.8	61.9	230.9	68.5
1984	294.4	61.0	233.4	77.3	156.1	53.0
1985	483.5	66.3	417.2	98.2	319.0	66.0
1986	549.6	87.1	462.5	123.2	339.3	61.7
1987	666.2	95.5	570.7	155.5	415.2	62.3
1988	867.1	127.3	739.8	182.6	557.3	64.3
1989	1,144.0	149.0	995.0	257.6	737.4	64.5
1990	1,317.5	186.7	1,130.8	291.0	839.8	63.7
1991	1,487.2	194.1	1,293.1	325.8	967.3	65.0
1992	1,579.4	229.7	1,349.7	426.4	923.3	58.5
1993	1,564.9	286.0	1,279.0	465.5	813.5	52.0
1994	1,431.4	399.5	1,031.9	572.8	459.1	32.1
1995	1,128.8	428.6	700.2	535.1	165.1	14.6
1996	1,141.6	528.6	613.0	586.3	26.7	2.3
1997	1,169.6	750.9	418.7	589.7	(171.0)	(14.6)
1998	887.5	616.5	271.0	507.1	(236.1)	(26.6)
1999	886.8	742.5	144.4	514.1	(369.7)	(41.7)
2000	688.2	676.3	11.9	482.9	(471.0)	(68.4)
2001	858.9	543.0	315.9	291.2	24.7	2.9
2002	1,048.1	1,095.6	(47.5)	578.4	(625.8)	(59.7)
2003	1,022.8	1,084.3	(61.5)	433.1	(494.6)	(48.4)
2004	1,315.5	1,103.3	212.2	373.7	(161.5)	(12.3)
2005	1,289.8	813.6	476.2	366.5	109.7	8.5
2006	1,239.0	811.9	427.1	368.8	58.3	4.7
2007	1,615.7	775.6	840.1	414.2	425.9	26.4
2008	1,860.9	574.0	1,286.9	419.6	867.4	46.6
2009	4,083.6	775.2	3,308.4	498.3	2,810.1	68.8
2010	2,510.7	622.3	1,888.4	325.4	1,563.0	62.3
Total	**35,570.5**	**13,982.2**	**21,588.3**	**10,517.4**	**11,070.8**	**31.1**

Source: *AfDB Financial Control Department.*
Notes:
ADF and NTF transfers are included for the periods starting from 1974 and 1976, respectively.
- Magnitude zero

Annex II-4

Bank Group Transfer of Concessional Resources to Regional Member Countries, 1974-2010
(UA millions)

Year	Gross Disbursements	Repayments of Principal	Net Disbursements	Interest and Charges	Net Transfers	Net Transfers as % of Gross Disbursements
1974	-	-	-	-	-	-
1975	3.2	-	3.2	-	3.2	100.0
1976	8.8	-	8.8	0.1	8.7	99.1
1977	21.7	0.1	21.7	0.2	21.5	98.9
1978	37.7	3.5	34.2	0.5	33.7	89.4
1979	48.9	1.4	47.4	1.1	46.3	94.7
1980	80.8	0.5	80.3	1.9	78.4	97.0
1981	86.5	2.0	84.5	2.7	81.9	94.6
1982	121.3	2.4	118.9	3.7	115.2	95.0
1983	156.1	2.1	154.0	5.0	149.0	95.5
1984	123.3	2.3	121.0	6.1	114.9	93.1
1985	208.6	5.4	203.2	7.6	195.6	93.8
1986	238.4	6.2	232.2	9.4	222.8	93.4
1987	285.3	7.8	277.5	11.6	266.0	93.2
1988	284.5	8.8	275.6	13.5	262.2	92.2
1989	385.6	10.7	374.8	16.2	358.6	93.0
1990	439.1	12.2	426.9	19.7	407.3	92.7
1991	456.8	17.3	439.5	17.5	422.0	92.4
1992	512.1	18.9	493.2	20.7	472.5	92.3
1993	520.7	23.6	497.1	27.3	469.8	90.2
1994	431.1	27.3	403.8	22.0	381.7	88.5
1995	416.8	33.7	383.2	33.5	349.6	83.9
1996	440.7	30.0	410.6	31.7	378.9	86.0
1997	482.4	41.1	441.3	39.5	401.8	83.3
1998	447.9	40.2	407.6	39.5	368.1	82.2
1999	376.6	41.9	334.7	39.5	295.1	78.4
2000	277.3	49.5	227.8	47.2	180.6	65.1
2001	374.1	50.4	323.7	14.3	309.4	82.7
2002	548.4	99.0	449.4	74.0	375.5	68.5
2003	370.5	75.6	294.9	53.8	241.2	65.1
2004	685.3	93.9	591.4	63.6	527.8	77.0
2005	694.5	99.6	594.9	65.9	528.9	76.2
2006	690.6	105.5	579.6	71.7	513.3	74.3
2007	730.9	71.6	659.4	51.2	608.1	83.2
2008	1,133.4	77.3	1,056.1	69.9	986.2	87.0
2009	1,731.3	56.3	1,675.0	59.4	1,615.6	93.3
2010	1,170.9	53.6	1,117.2	58.1	1,059.1	90.5
Total	**15,022.0**	**1,171.9**	**13,844.7**	**999.6**	**12,850.6**	**85.5**

Source: *AfDB Financial Control Department.*
Notes:
Bank Group concessional resource transfers refer to ADF and NTF resources.
- Magnitude zero

Annex II-5

Bank Group Payments to Supplying Countries
For Procurement of Goods and Services, by Origin of Supply, 2009-2010*
(UA thousands)

	2009		2010	
Country	Amount	%	Amount	%
Regionals				
Algeria	-	-	-	-
Angola	3,069	0.08	3,340	0.13
Benin	9,058	0.22	15,414	0.61
Botswana	35	0.00	51	0.00
Burkina Faso	19,579	0.48	25,220	1.00
Burundi	3,023	0.07	1,812	0.07
Cameroon	5,567	0.14	7,792	0.31
Cape Verde	196	0.00	66	0.00
Central African Republic	32	0.00	234	0.01
Chad	4,912	0.12	7,937	0.32
Comoros	-	-	-	-
Congo	173	0.00	385	0.02
Congo, Democratic Republic	9,278	0.23	13,698	0.55
Côte d'Ivoire	2,916	0.07	868	0.03
Djibouti	499	0.01	146	0.01
Egypt	3,200	0.08	1,818	0.07
Equatorial Guinea	-	-	-	-
Eritrea	1,109	0.03	669	0.03
Ethiopia	59,306	1.45	2,719	0.11
Gabon	1,558	0.04	1,681	0.07
Gambia	2,520	0.06	1,929	0.08
Ghana	13,065	0.32	23,005	0.92
Guinea	3,113	0.08	6,314	0.25
Guinea Bissau	1,306	0.03	1,301	0.05
Kenya	10,896	0.27	19,446	0.77
Lesotho	1,209	0.03	2,388	0.10
Liberia	2,286	0.06	-	-
Madagascar	12,892	0.32	6,102	0.24
Malawi	7,248	0.18	15,264	0.61
Mali	26,550	0.65	31,289	1.25
Mauritania	3,213	0.08	4,454	0.18
Mauritius	90	0.00	592	0.02
Morocco	59,380	1.45	51,383	2.05
Mozambique	8,896	0.22	7,135	0.28
Namibia	474	0.01	-	-
Niger	10,645	0.26	10,234	0.41
Nigeria	30,589	0.75	3,695	0.15
Rwanda	7,406	0.18	9,846	0.39
São Tomé & Principe	13	0.00	135	0.01
Senegal	18,835	0.46	18,270	0.73
Seychelles	39	0.00	-	-
Sierra Leone	295	0.01	1,383	0.06
Somalia	-	-	-	-
South Africa	7,598	0.19	4,703	0.19
Sudan	-	-	102	0.00
Swaziland	4,967	0.12	2,947	0.12
Tanzania	8,251	0.20	9,191	0.37
Togo	431	0.01	113	0.00
Tunisia	10,589	0.26	12,700	0.51
Uganda	20,054	0.49	15,718	0.63
Zambia	8,787	0.22	895	0.04
Zimbabwe	210	0.01	10,586	0.42
Multinational	7,414	0.18	6,949	0.28
Subtotal Regionals	**412,768**	**10.11**	**361,923**	**14.42**

Annex II-5 (continued)

Bank Group Payments to Supplying Countries
For Procurement of Goods and Services, by Origin of Supply, 2009-2010*
(UA thousands)

Country	2009 Amount	2009 %	2010 Amount	2010 %
Non-Regionals				
Argentina	-	-	-	-
Austria	469	0.01	52	0.00
Belgium	10,467	0.26	13,948	0.56
Brazil	46	0.00	51	0.00
Canada	7,892	0.19	11,830	0.47
China	176,157	4.31	211,507	8.42
Denmark	1,341	0.03	1,317	0.05
Finland	269	0.01	101	0.00
France	66,351	1.62	99,959	3.98
Germany	14,529	0.36	374,915	14.93
India	38,794	0.95	19,886	0.79
Ireland	52	0.00	-	-
Italy	22,538	0.55	28,181	1.12
Japan	67,902	1.66	25,624	1.02
Korea	6,359	0.16	18,047	0.72
Kuwait	106	0.00	-	-
Netherlands	831	0.02	738	0.03
Norway	28	0.00	-	-
Portugal	3,362	0.08	2,315	0.09
Saudi Arabia	-	-	300	0.01
Spain	162,991	3.99	37,871	1.51
Sweden	105	0.00	574	0.02
Switzerland	11,886	0.29	23,148	0.92
United Arab Emirates	-	-	50	0.00
United Kingdom	9,230	0.23	9,580	0.38
United States of America	13,359	0.33	18,562	0.74
Subtotal Non-Regionals	**615,010**	**15.06**	**898,559**	**35.79**
Subtotal Non-Member Countries	**-**	**-**	**661**	**0.03**
Net Advance Disbursements**	**1,819,893**	**44.57**	**745,835**	**29.71**
Disbursement for Policy-based Loans**	**1,235,804**	**30.26**	**503,726**	**20.06**
Total	**4,083,595**	**100.00**	**2,510,704**	**100.00**

Source: *AfDB Financial Control Department.*

Notes:

* *Origin of Supply (OOS) for Bank Group procurement and disbursement 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 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.*

\- *Magnitude zero*

0.00 *Magnitude less than 0.005*

Annex II-6

Bank Group Payments to Supplying Countries
For Procurement of Goods and Services, by Source of Supply, 2009-2010*

(UA thousands)

	2009		2010	
Country	Amount	%	Amount	%
Regionals				
Algeria	-	-	-	-
Angola	3,033	0.07	3,400	0.14
Benin	10,375	0.25	17,457	0.70
Botswana	9	0.00	-	-
Burkina Faso	17,658	0.43	22,337	0.89
Burundi	3,144	0.08	1,933	0.08
Cameroon	5,458	0.13	7,297	0.29
Cape Verde	22	0.00	75	0.00
Central African Republic	116	0.00	488	0.02
Chad	8,428	0.21	10,368	0.41
Comoros	-	-	-	-
Congo	232	0.01	655	0.03
Congo, Democratic Republic	10,662	0.26	15,115	0.60
Côte d'Ivoire	5,348	0.13	683	0.03
Djibouti	1,449	0.04	841	0.03
Egypt	2,728	0.07	2,664	0.11
Equatorial Guinea	-	-	-	-
Eritrea	1,109	0.03	669	0.03
Ethiopia	57,890	1.42	2,302	0.09
Gabon	1,623	0.04	1,701	0.07
Gambia	3,118	0.08	2,108	0.08
Ghana	16,713	0.41	30,827	1.23
Guinea	2,789	0.07	5,197	0.21
Guinea Bissau	1,223	0.03	1,141	0.05
Kenya	13,680	0.33	21,212	0.84
Lesotho	1,222	0.03	2,622	0.10
Liberia	323	0.01	-	-
Madagascar	5,972	0.15	4,942	0.20
Malawi	12,200	0.30	17,787	0.71
Mali	28,017	0.69	31,453	1.25
Mauritania	2,837	0.07	3,039	0.12
Mauritius	2,760	0.07	2,993	0.12
Morocco	59,388	1.45	57,609	2.29
Mozambique	18,006	0.44	19,012	0.76
Namibia	660	0.02	-	-
Niger	11,337	0.28	8,394	0.33
Nigeria	33,342	0.82	4,582	0.18
Rwanda	7,852	0.19	7,687	0.31
São Tomé & Principe	64	0.00	135	0.01
Senegal	19,954	0.49	19,217	0.77
Seychelles	-	-	-	-
Sierra Leone	1,991	0.05	2,583	0.10
Somalia	-	-	-	-
South Africa	5,840	0.14	359,389	14.31
Sudan	-	-	24	0.00
Swaziland	4,120	0.10	2,825	0.11
Tanzania	9,161	0.22	10,636	0.42
Togo	681	0.02	390	0.02
Tunisia	13,827	0.34	15,491	0.62
Uganda	24,039	0.59	18,186	0.72
Zambia	12,195	0.30	3,008	0.12
Zimbabwe	228	0.01	377	0.01
Multinational	7,921	0.19	22,443	0.89
Subtotal Regionals	**450,743**	**11.04**	**763,294**	**30.40**

Annex II-6 (continued)

Bank Group Payments to Supplying Countries
For Procurement of Goods and Services, by Source of Supply, 2009-2010*
(UA thousands)

Country	2009 Amount	2009 %	2010 Amount	2010 %
Non-Regionals				
Argentina	-	-	-	-
Austria	469	0.01	52	0.00
Belgium	16,053	0.39	15,805	0.63
Brazil	-	-	12	0.00
Canada	7,723	0.19	11,991	0.48
China	165,999	4.07	196,827	7.84
Denmark	1,287	0.03	1,415	0.06
Finland	269	0.01	101	0.00
France	60,989	1.49	91,949	3.66
Germany	14,125	0.35	21,143	0.84
India	36,853	0.90	17,866	0.71
Italy	18,943	0.46	21,029	0.84
Japan	62,475	1.53	22,169	0.88
Korea	5,317	0.13	9,754	0.39
Kuwait	-	-	-	-
Netherlands	475	0.01	919	0.04
Norway	28	0.00	-	-
Portugal	3,668	0.09	2,550	0.10
Saudi Arabia	14	0.00	1,247	0.05
Spain	159,324	3.90	36,272	1.44
Sweden	105	0.00	1,323	0.05
Switzerland	10,147	0.25	20,519	0.82
United Arab Emirates	-	-	542	0.02
United Kingdom	3,961	0.10	5,534	0.22
United States of America	8,933	0.22	16,287	0.65
Subtotal Non-Regionals	**577,155**	**14.13**	**495,305**	**19.73**
Subtotal Non-Member Countries	**-**	**-**	**2,544**	**0.10**
Net Advance Disbursements**	**1,819,893**	**44.57**	**745,835**	**29.71**
Disbursement for Policy-based Loans**	**1,235,804**	**30.26**	**503,726**	**20.06**
Total	**4,083,595**	**100.00**	**2,510,704**	**100.00**

Source: *AfDB Financial Control Department.*

Notes:

* *Origin of Supply (OOS) for Bank Group procurement and disbursement 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 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.*

\- *Magnitude zero*

0.00 *Magnitude less than 0.005*

Annex II-7

Bank Group Loan and Grant Approvals by Subregion, 2006-2010, and Cumulative 1967-2010
(UA millions)

Region/Country	2006	2007	2008	2009*	2010	1967-2010
Central Africa						
Cameroon	124.8	-	-	43.4	71.7	1,015.8
Central African Rep.	3.3	6.5	9.5	19.5	-	178.2
Chad	13.0	-	-	32.2	0.7	440.6
Congo	17.4	-	1.0	12.8	3.4	320.6
Congo, Dem. Rep.	1.9	184.9	-	65.0	158.3	1,617.7
Equatorial Guinea	-	-	63.5	-	-	130.7
Gabon	-	238.1	-	102.0	0.5	1,029.4
Central Africa Approvals	**160.3**	**429.5**	**74.0**	**274.9**	**234.6**	**4,733.0**
East Africa						
Burundi	16.3	7.3	14.0	10.7	34.1	391.2
Comoros	-	-	1.5	15.9	0.6	82.7
Djibouti	0.3	6.5	57.8	0.3	-	179.2
Eritrea	-	-	-	2.0	12.9	93.7
Ethiopia	231.0	0.3	143.4	-	224.4	2,062.3
Kenya	57.0	190.2	25.9	135.0	116.7	1,249.1
Rwanda	25.0	33.0	11.6	57.3	41.1	579.2
Seychelles	-	-	0.6	13.7	0.3	104.4
Somalia	0.3	-	-	-	-	151.4
Sudan	0.3	9.6	-	-	0.7	361.5
Tanzania	145.3	150.0	125.0	152.0	129.6	1,626.6
Uganda	53.0	179.4	190.0	128.7	-	1,495.5
East Africa Approvals	**528.7**	**576.3**	**569.9**	**515.6**	**560.3**	**8,376.7**
North Africa						
Algeria	-	0.6	-	0.5	-	1,890.2
Egypt	398.5	316.7	302.4	77.9	651.4	3,760.9
Libya	-	-	-	-	0.6	0.6
Mauritania	9.7	6.0	17.7	112.4	3.6	500.8
Morocco	245.9	180.8	217.0	583.0	519.7	5,637.5
Tunisia	14.7	87.8	282.7	276.7	296.6	4,460.3
North Africa Approvals	**668.9**	**591.9**	**819.9**	**1,050.4**	**1,471.9**	**16,250.4**
Southern Africa						
Angola	-	17.9	-	12.0	-	369.3
Botswana	-	0.6	38.2	1,111.0	2.1	1,513.9
Lesotho	6.8	8.9	-	17.4	-	333.7
Madagascar	35.3	113.2	75.0	1.1	-	802.2
Malawi	30.0	14.9	39.9	49.1	14.7	754.6
Mauritius	-	33.7	-	437.9	0.3	751.2
Mozambique	118.9	17.3	60.0	31.6	37.9	1,180.9
Namibia	-	-	-	0.6	0.6	169.0
South Africa	-	333.0	203.8	1,732.9	403.7	3,184.4
Swaziland	5.5	-	-	-	0.3	300.4
Zambia	63.9	-	58.9	0.3	32.6	813.7
Zimbabwe	-	-	-	1.3	0.7	728.8
Southern Africa Approvals	**260.4**	**539.6**	**475.9**	**3,395.2**	**492.8**	**10,902.2**

Annex II-7 (continued)

Bank Group Loan and Grant Approvals by Subregion, 2006-2010, and Cumulative 1967-2010
(UA millions)

Region/Country	2006	2007	2008	2009*	2010	1967-2010
West Africa						
Benin	15.0	-	25.0	22.0	43.0	594.8
Burkina Faso	15.0	20.0	63.5	62.6	35.2	776.4
Cape Verde	4.1	4.8	5.0	37.0	20.5	237.7
Côte d'Ivoire	-	20.0	0.3	324.8	23.0	1,511.6
Gambia	8.0	1.4	4.0	9.0	-	243.1
Ghana	66.0	75.9	173.0	117.4	111.0	1,498.0
Guinea	3.5	-	146.4	5.2	-	718.3
Guinea Bissau	6.1	-	2.0	14.1	5.7	207.1
Liberia	3.0	15.2	12.0	13.8	31.2	229.2
Mali	15.0	25.0	55.0	49.5	66.5	845.5
Niger	16.0	3.0	40.0	2.0	54.2	457.6
Nigeria	111.9	86.3	52.4	365.0	67.8	2,989.8
São Tomé & Principe	4.0	-	-	1.0	5.0	109.6
Senegal	-	-	30.0	169.5	70.8	939.7
Sierra Leone	2.0	-	10.3	36.3	29.2	356.9
Togo	2.2	-	14.6	12.8	32.5	247.4
West Africa Approvals	**271.8**	**251.6**	**633.5**	**1,242.0**	**595.8**	**11,962.8**
Multinational	**417.9**	**193.3**	**597.0**	**1,027.0**	**319.1**	**3,706.8**
Total Approvals	**2,308.1**	**2,582.3**	**3,170.2**	**7,505.7**	**3,674.5**	**55,932.0**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

Annex II-8

ADB Loan and Grant Approvals by Country, 2006-2010, and Cumulative 1967-2010
(UA millions)

Country	2006	2007	2008	2009*	2010	1967-2010
Algeria	-	0.6	-	0.5	-	1,887.5
Angola	-	-	-	-	-	204.9
Benin	-	-	-	-	-	24.4
Botswana	-	0.6	38.2	1,111.0	2.1	1,416.1
Burkina Faso	-	-	-	0.6	-	32.0
Burundi	-	-	2.0	0.7	-	52.0
Cameroon	51.1	-	-	-	23.1	558.2
Cape Verde	-	-	-	37.0	13.5	62.8
Central African Rep.	-	-	3.0	0.6	-	18.8
Chad	-	-	-	0.6	0.7	4.3
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	-	52.0	0.3	-	60.6
Egypt	398.5	316.7	302.4	77.9	651.4	3,544.4
Equatorial Guinea	-	-	63.5	-	-	70.7
Eritrea	-	-	-	2.0	-	2.7
Ethiopia	0.3	0.3	33.4	-	-	275.1
Gabon	-	238.1	-	102.0	0.5	1,026.2
Gambia	-	-	-	1.0	-	23.1
Ghana	-	-	39.9	63.9	1.3	368.4
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	-	-	-	-	0.6	0.6
Madagascar	-	103.7	-	0.6	-	172.5
Malawi	-	-	-	-	-	85.4
Mali	-	-	-	-	25.6	45.4
Mauritania	-	-	8.3	112.4	-	225.5
Mauritius	-	33.7	-	437.9	0.3	736.1
Morocco	245.9	180.8	217.0	583.0	519.7	5,573.2
Mozambique	-	0.3	-	0.3	-	129.5
Namibia	-	-	-	0.6	0.6	137.0
Niger	-	-	-	2.0	0.7	40.5
Nigeria	89.9	-	52.4	215.0	67.8	2,412.0
Rwanda	-	-	0.6	-	32.0	49.5
São Tomé & Principe	-	-	-	1.0	-	1.0
Senegal	-	-	-	94.5	70.8	361.2
Seychelles	-	-	0.6	13.7	0.3	81.6
Sierra Leone	-	-	-	-	-	14.3
Somalia	0.3	-	-	-	-	8.5
South Africa	-	333.0	203.8	1,732.9	403.7	3,184.4
Sudan	0.3	-	-	-	0.7	106.1
Swaziland	5.5	-	-	-	0.3	241.0
Tanzania	0.3	-	-	-	-	60.3
Togo	-	-	-	2.8	-	35.9
Tunisia	14.7	87.8	282.7	276.7	296.6	4,460.3
Uganda	-	72.2	5.5	-	-	273.0
Zambia	28.9	-	8.9	0.3	0.7	332.0
Zimbabwe	-	-	-	1.3	0.7	646.9
Multinational	70.4	52.2	68.3	459.3	133.6	1,198.4
Total	**934.4**	**1,484.7**	**1,522.8**	**5,337.3**	**2,247.1**	**32,890.5**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

Annex II-9

ADF Loan and Grant Approvals by Country, 2006-2010, and Cumulative 1974-2010
(UA millions)

Country	2006	2007	2008	2009*	2010	1974-2010
Algeria	-	-	-	-	-	2.7
Angola	-	17.9	-	12.0	-	164.4
Benin	15.0	-	25.0	22.0	43.0	551.0
Botswana	-	-	-	-	-	84.8
Burkina Faso	15.0	20.0	63.5	62.0	35.2	744.4
Burundi	16.3	7.3	12.0	10.0	34.1	325.9
Cameroon	73.7	-	-	43.4	48.6	457.6
Cape Verde	4.1	4.8	5.0	-	7.0	161.3
Central African Rep.	3.3	6.5	6.5	18.9	-	159.4
Chad	13.0	-	-	31.6	-	436.3
Comoros	-	-	-	15.3	0.6	70.6
Congo	17.4	-	1.0	12.8	3.4	53.2
Congo, Dem. Rep.	1.9	120.7	-	65.0	158.3	928.2
Côte d'Ivoire	-	20.0	-	324.8	23.0	636.7
Djibouti	-	6.5	5.8	-	-	114.5
Egypt	-	-	-	-	-	216.5
Equatorial Guinea	-	-	-	-	-	60.0
Eritrea	-	-	-	-	12.9	91.0
Ethiopia	230.7	-	110.0	-	224.4	1,776.2
Gabon	-	-	-	-	-	3.2
Gambia	8.0	1.4	4.0	3.0	-	200.6
Ghana	66.0	75.9	133.1	53.6	109.7	1,124.3
Guinea	3.5	-	12.0	5.2	-	343.3
Guinea Bissau	5.8	-	2.0	13.8	5.7	188.9
Kenya	29.7	190.2	25.0	135.0	116.7	1,002.7
Lesotho	6.8	8.6	-	17.4	-	255.1
Liberia	3.0	15.2	9.0	9.9	31.2	101.9
Libya	-	-	-	-	-	-
Madagascar	35.3	9.5	75.0	0.5	-	617.1
Malawi	30.0	14.9	39.9	49.1	14.7	669.2
Mali	15.0	25.0	55.0	49.5	41.0	795.0
Mauritania	9.7	6.0	9.5	-	3.6	265.1
Mauritius	-	-	-	-	-	4.7
Morocco	-	-	-	-	-	64.4
Mozambique	118.9	17.0	60.0	31.3	37.9	1,044.5
Namibia	-	-	-	-	-	23.1
Niger	16.0	3.0	40.0	-	53.5	411.8
Nigeria	22.0	86.3	-	150.0	-	577.8
Rwanda	25.0	33.0	11.0	57.3	9.1	515.2
São Tomé & Principe	4.0	-	-	-	5.0	103.6
Senegal	-	-	30.0	75.0	-	567.6
Seychelles	-	-	-	-	-	10.8
Sierra Leone	2.0	-	10.3	36.3	28.5	335.9
Somalia	-	-	-	-	-	136.9
South Africa	-	-	-	-	-	-
Sudan	-	9.6	-	-	-	255.4
Swaziland	-	-	-	-	-	49.5
Tanzania	145.0	150.0	125.0	152.0	129.6	1,552.6
Togo	2.2	-	14.6	10.0	32.5	201.0
Tunisia	-	-	-	-	-	-
Uganda	53.0	107.2	184.5	128.7	-	1,217.5
Zambia	35.0	-	50.0	-	31.9	481.7
Zimbabwe	-	-	-	-	-	81.9
Multinational	347.6	141.1	528.7	568.2	185.6	2,494.4
Total	**1,373.7**	**1,097.6**	**1,647.4**	**2,163.4**	**1,426.7**	**22,731.3**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

Annex II-10

NTF Loan and Grant Approvals by Country, 2006-2010, and Cumulative 1976-2010
(UA millions)

Country	2006	2007	2008	2009	2010	1976-2010
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	-	-	-	-	0.7	6.7
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**	**0.7**	**310.3**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Note:
- *Magnitude zero*

Annex II-11

Bank Group Loan and Grant Approvals by Sector, 2006-2010, and Cumulative 1967-2010
(UA millions)

	2006	2007	2008	2009*	2010	1967-2010
Agriculture and Rural Development	240.7	178.8	163.8	218.0	68.3	7,506.9
Social	244.3	119.7	224.2	228.6	193.6	5,303.3
Education	*65.0*	*28.6*	*119.1*	*198.6*	*48.3*	*2,808.5*
Health	*80.0*	-	*89.6*	*9.2*	*1.2*	*1,589.8*
Other	*99.3*	*91.2*	*15.5*	*20.7*	*144.2*	*905.0*
Water Supply & Sanitation	227.7	211.5	236.8	297.4	444.1	4,236.7
Energy Supply	167.2	930.0	533.5	2,233.5	887.6	8,218.0
Communication	-	33.0	-	84.3	32.4	1,061.0
Transportation	462.8	756.9	641.1	1,292.7	1,239.4	10,429.2
Finance	495.1	87.8	297.9	808.4	319.9	6,904.3
Multisector	414.3	120.5	728.5	2,186.5	301.2	9,299.0
Industry, Mining and Quarrying	55.9	162.7	274.3	111.7	188.0	2,754.3
Urban Development	-	-	-	0.6	-	2.5
Environment	-	9.8	70.0	44.0	-	216.9
Total	**2,308.1**	**2,582.3**	**3,170.2**	**7,505.7**	**3,674.5**	**55,932.0**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

Annex II-12

ADB Loan and Grant Approvals by Sector, 2006-2010, and Cumulative 1967-2010
(UA millions)

	2006	2007	2008	2009*	2010	1967-2010
Agriculture and Rural Development	25.4	10.3	70.8	60.1	27.8	2,790.2
Social	61.5	-	112.2	171.9	146.6	1,594.4
Water Supply & Sanitation	69.6	13.8	84.4	51.6	179.1	1,926.9
Energy Supply	51.1	773.1	328.5	2,072.5	494.6	6,442.2
Communication	-	33.0	-	84.3	32.4	914.4
Transportation	102.5	373.8	270.2	320.1	797.2	5,177.8
Finance	495.1	87.8	297.9	808.4	314.9	6,529.6
Multisector	73.2	20.5	84.5	1,656.0	86.4	4,924.0
Industry, Mining and Quarrying	55.9	162.7	274.3	111.7	168.0	2,522.9
Urban Development	-	-	-	0.6	-	0.6
Environment	-	9.8	-	-	-	67.4
Total	**934.4**	**1,484.7**	**1,522.8**	**5,337.3**	**2,247.1**	**32,890.5**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis*

Annex II-13

ADF Loan and Grant Approvals by Sector, 2006-2010, and Cumulative 1974-2010
(UA millions)

	2006	2007	2008	2009*	2010	1974-2010
Agriculture and Rural Development	215.4	168.5	93.0	152.9	40.5	4,654.4
Social	182.8	119.7	112.0	56.7	47.0	3,653.4
Education	*65.0*	*28.6*	*83.0*	*32.0*	*47.0*	*1,718.4*
Health	*80.0*	-	*15.0*	*6.5*	-	*1,258.3*
Other	*37.8*	*91.2*	*14.0*	*18.2*	-	*676.7*
Water Supply & Sanitation	158.1	197.7	152.4	245.8	265.0	2,292.6
Energy Supply	116.1	156.9	205.0	161.0	392.3	1,761.5
Communication	-	-	-	-	-	118.4
Transportation	360.3	383.1	370.9	972.6	442.2	5,152.5
Finance	-	-	-	-	5.0	357.0
Multisector	341.1	71.7	644.0	530.5	214.8	4,375.0
Industry, Mining and Quarrying	-	-	-	-	20.0	215.0
Urban Development	-	-	-	-	-	1.9
Environment	-	-	70.0	44.0	-	149.5
Total	**1,373.7**	**1,097.6**	**1,647.4**	**2,163.4**	**1,426.7**	**22,731.3**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Notes:
- *Magnitude zero*
* *A year of exceptional demand for Bank Group resources due to the global financial crisis.*

Annex II-14

NTF Loan and Grant Approvals by Sector, 2006-2010, and Cumulative 1976-2010
(UA millions)

Region/Country	2006	2007	2008	2009	2010	1976-2010
Agriculture and Rural Development	-	-	-	5.0	-	62.3
Social	-	-	-	-	-	55.6
Water Supply & Sanitation	-	-	-	-	-	17.2
Energy Supply	-	-	-	-	0.7	14.3
Communication	-	-	-	-	-	28.1
Transportation	-	-	-	-	-	98.9
Finance	-	-	-	-	-	17.6
Multisector	-	-	-	-	-	-
Industry, Mining and Quarrying	-	-	-	-	-	16.3
Urban Development	-	-	-	-	-	-
Environment	-	-	-	-	-	-
Total	**-**	**-**	**-**	**5.0**	**0.7**	**310.3**

Source: *AfDB Statistics Department, Economic and Social Statistics Division.*
Note:
- *Magnitude zero*

Annex II-15

Status of HIPC Debt Relief Implementation at December 31, 2010*

(US$ millions)

	IMF/World Bank Approval Date		Bank Group Approval Date		Debt Relief Committed			Debt Relief Delivered		Percentage of Debt Relief Delivered (%)	
Country	Decision Point	Completion Point	Decision Point	Completion Point	NPV Terms	Nominal Terms	Last Date of Debt Relief	NPV Terms	Nominal Terms	NPV Terms	Nominal Terms
Post-Completion Point (23)											
Benin	Jul-00	Mar-03	Oct-00	Jul-03	37.6	46.5	Apr-09	37.6	46.5	100	100
Burkina Faso	Jun-00	Apr-02	Oct-00	Jul-02	86.7	125.7	Oct-20	53.7	66.1	62	53
Burundi(1)	Aug-05	Jan-09	Nov-05	Apr-09	150.2	241.7	Apr-35	58.0	61.9	39	26
Cameroon	Oct-00	May-06	Nov-00	Jul-06	78.8	100.5	Apr-11	77.6	98.5	98	98
Central African Republic(1)	Sep-07	Jun-09	Dec-07	Oct-09	84.7	104.4	Jul-20	56.6	56.9	67	54
Congo(1)	Mar-06	Jan-10	Nov-06	Apr-10	41.9	41.9	..	41.9	41.9	100	100
Ethiopia	Nov-01	Apr-04	Feb-02	Oct-04	339.5	461.4	Sep-21	201.4	242.7	59	53
Gambia	Dec-00	Dec-07	Feb-01	Mar-08	15.8	22.8	Jul-13	11.5	14.9	73	65
Ghana	Feb-02	Jul-04	May-02	Dec-04	130.9	160.2	Jan-13	122.2	144.8	93	90
Liberia(1)	Mar-08	Jun-10	Jul-08	Oct-10	238.1	238.1	..	238.1	238.1	100	100
Madagascar	Dec-00	Oct-04	Feb-01	Mar-05	60.1	80.4	Mar-13	49.7	62.3	83	77
Malawi	Dec-00	Aug-06	Jan-01	Nov-06	139.3	212.8	Jul-23	54.8	68.4	39	32
Mali	Sep-00	Mar-03	Nov-00	Jul-03	69.7	86.4	Jul-10	69.7	86.4	100	100
Mauritania	Feb-00	Jun-02	Jul-00	Jul-02	72.8	90.7	Apr-11	70.9	87.7	97	97
Mozambique(4)	Apr-00	Sep-01	Oct-00	Feb-02	142.0	149.0	Sep-10	142.0	149.0	100	100
Niger	Dec-00	Apr-04	Mar-01	Oct-04	50.0	86.3	Jul-24	22.5	28.9	45	34
São Tomé & Principe	Dec-00	Mar-07	Apr-01	Jun-07	43.4	88.4	Sep-32	12.6	18.6	29	21
Senegal	Jun-00	Apr-04	Oct-00	Oct-04	56.8	65.4	May-06	56.8	65.4	100	100
Sierra Leone	Mar-02	Dec-06	Jun-02	May-07	43.4	91.7	Jul-29	18.3	23.8	42	26
Rwanda	Dec-00	Apr-05	Jan-01	Jul-05	116.1	222.3	Oct-31	47.2	60.5	41	27
Tanzania	Apr-00	Nov-01	Jul-00	Feb-02	124.9	190.7	Jul-17	80.3	104.1	64	55
Uganda(4)	Feb-00	May-00	Jan-00	Sep-00	81.3	100.6	Mar-12	71.5	91.0	88	90
Zambia	Nov-00	Apr-05	Jan-01	Jul-05	146.1	214.5	Jul-25	109.3	127.2	75	59
Decision Point (7)											
Chad(3)	May-01	Q3 2011	Jul-01	..	36.9	49.4	TBD	14.7	16.5	40	33
Comoros(1)	Jun-10	Q4 2012	Sep-10	..	34.6	34.6	..	34.60	34.60	100	100
Congo, Democratic Republic of(2)	Jul-03	Jun-10	Jun-04	Q1 2011	1,009.8	1,976.8	May-26	631.2	713.8	71	36
Côte d'Ivoire(1)	Mar-09	Q2 2012	Apr-09	..	199.5	199.5	..	199.5	199.5	100	100
Guinea(3)	Dec-00	Q2 2012	Apr-01	..	75.3	89.1	TBD	37.6	43.1	50	48
Guinea Bissau(1)	Dec-00	Dec-10	Dec-00	Jan-11	84.0	129.9	Jan-28	38.6	47.9	46	37
Togo(1)	Nov-08	Dec-10	Feb-09	Jan-11	17.3	17.3	..	17.3	17.3	100	100
Pre-Decision Point (3)											
Eritrea	TBD	TBD			..	..	..	..	..	..	..
Somalia	TBD	TBD			53.10	63.02	..	..	..	..	..
Sudan	TBD	TBD			159.50	210.53	..	..	..	..	..
Total	..	..			4,020.0	5,992.4	..	2,677.5	3,058.3	..	..

Source: *AfDB Resource Mobilization Unit.*

Notes:

1) Entire or part of HIPC debt relief assistance had already been provided under arrears clearance operations.

2) Congo DRC is benefitting from exceptional HIPC debt relief assistance and part of the grants are funded by DRC Debt Relief Special Account.

3) HIPC Assistance has been suspended due to delays in reaching their completion points, as a result they are expected to fully pay their debt obligations falling due.

4) Countries figures include the debt relief already committed and delivered under the original HIPC framework.

** Data are expressed in US$ by all the Multilateral Development Banks (MDBs) for comparability purposes and consistency.*

Annex II-16

ADF – Multilateral Debt Relief Initiative: Cost Estimates for 33 beneficiary RMCs*
(UA millions)

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2054	Grand Total
Completion Point Countries (23)												
Benin	0.05	1.72	2.17	4.11	6.37	6.98	7.41	7.68	7.89	7.84	205.74	257.96
Burkina Faso	0.13	2.00	2.21	2.73	3.22	3.24	3.65	4.02	4.31	4.73	222.50	252.73
Burundi	-	-	-	-	-	-	0.01	0.01	0.01	0.01	13.76	13.79
Cameroon	-	0.95	1.08	1.22	1.35	2.38	3.11	3.10	3.08	3.07	138.00	157.33
Central African Republic	-	-	-	0.46	0.92	0.91	0.99	0.98	0.97	0.97	62.83	69.04
Congo	-	-	-	-	0.16	0.32	0.32	0.32	0.31	0.31	4.80	6.54
Ethiopia	-	4.69	5.06	5.47	5.17	6.04	6.65	6.77	7.08	7.04	476.60	530.56
Gambia	-	-	0.96	0.99	1.10	1.12	1.24	2.22	3.50	3.63	92.84	107.60
Ghana	-	4.54	4.64	4.85	4.87	5.15	5.49	10.00	10.51	9.67	282.64	342.37
Liberia	-	-	-	-	0.58	0.58	0.57	0.57	0.57	0.56	9.03	12.46
Madagascar	-	2.43	2.52	3.02	3.04	3.14	3.16	5.97	8.61	8.56	229.77	270.23
Malawi	-	1.67	1.79	1.85	1.94	2.09	2.27	2.48	2.58	2.42	186.56	205.64
Mali	-	3.80	4.01	4.44	6.88	11.43	11.93	12.86	12.97	12.89	324.66	405.86
Mauritania	-	1.47	1.58	1.82	1.91	4.12	5.30	5.49	5.51	5.48	153.18	185.85
Mozambique	-	2.90	3.30	3.47	4.18	7.14	7.27	8.05	8.42	9.17	334.00	387.89
Niger	0.09	1.55	1.57	1.86	1.87	1.86	1.93	1.96	2.49	2.48	126.96	144.63
Rwanda	-	1.33	1.41	1.50	1.43	1.47	1.53	1.56	1.56	1.55	67.31	80.66
Sao Tome	-	0.17	0.32	0.31	0.31	0.34	0.36	0.36	0.38	0.40	23.12	26.07
Senegal	-	4.83	5.78	5.89	6.38	7.03	7.39	7.57	7.64	7.60	235.02	295.14
Sierra Leone	-	1.23	1.15	1.18	1.22	1.42	1.58	1.74	1.87	1.86	91.39	104.65
Tanzania	-	3.10	4.06	4.49	4.64	4.95	5.31	6.00	6.17	6.14	393.41	438.26
Uganda	-	3.19	3.19	3.53	3.52	3.97	7.96	10.23	10.97	10.90	314.36	371.80
Zambia	-	1.93	2.14	2.17	2.54	2.81	2.85	3.19	3.18	3.16	150.99	174.96
Subtotal	**0.26**	**43.47**	**48.94**	**55.38**	**63.90**	**79.98**	**89.76**	**104.61**	**112.35**	**112.19**	**4,237.07**	**4,947.93**
Decision Point Countries (7)												
Chad	-	-	-	-	-	2.78	3.08	3.23	3.25	3.30	195.40	211.04
Congo, Democratic Republic of	-	-	-	-	0.30	1.50	1.50	1.49	1.77	1.76	97.59	105.91
Côte d'Ivoire	-	-	-	-	-	-	3.28	3.49	3.68	3.66	179.46	193.58
Comoros	-	-	-	-	-	-	-	1.11	1.10	1.09	18.55	21.85
Guinea	-	-	-	-	-	0.05	1.48	1.47	1.57	1.56	168.84	174.97
Guinea Bissau	-	-	-	-	-	-	-	-	-	-	60.95	60.95
Togo	-	-	-	-	-	2.49	2.61	2.95	2.93	2.91	70.21	84.10
Subtotal	**-**	**-**	**-**	**-**	**-**	**5.32**	**10.46**	**12.24**	**12.53**	**12.53**	**693.42**	**746.50**
Pre-Decision Point Countries (3)												
Eritrea	-	-	-	-	-	-	0.74	0.73	0.73	0.73	44.97	47.89
Somalia	-	-	-	-	-	-	-	-	-	-	29.02	29.02
Sudan	-	-	-	-	-	-	6.13	6.09	6.05	6.01	116.58	140.85
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**6.86**	**6.82**	**6.78**	**6.74**	**190.56**	**217.75**
Total	**0.26**	**43.47**	**48.94**	**55.38**	**63.90**	**85.31**	**107.08**	**123.67**	**131.67**	**131.46**	**5,121.04**	**5,912.18**

Source: *AfDB Resource Mobilization Unit.*
Note:
* *Estimates are based on ADF-12 replenishment exchange rates*

Annex II-17

Commitments Received for the MDRI from Donors at December 31, 2010
(UA)

Participants	Amount covered by Unqualified Commitment	Amount covered by Qualified Commitment	Total commitments received
Austria	25,745,943.32	-	25,745,943.32
Belgium	33,610,158.74	94,821,423.11	128,431,581.85
Canada	95,664,009.99	-	95,664,009.99
China	5,229,583.14	45,248,601.26	50,478,184.40
Denmark	23,587,342.98	66,544,923.08	90,132,266.06
Finland	32,524,243.05	-	32,524,243.05
France	104,842,106.83	657,421,234.34	762,263,341.17
Germany	143,320,273.96	404,337,047.09	547,657,321.05
India	554,242.77	-	554,242.77
Italy	21,230,603.44	339,953,034.82	361,183,638.26
Japan	52,876,083.63	-	52,876,083.63
Korea	2,025,587.63	51,604,393.55	53,629,981.18
Kuwait	13,002,972.47	-	13,002,972.47
Netherlands	71,553,334.71	201,867,211.58	273,420,546.29
Norway	76,757,213.60	216,548,463.33	293,305,676.93
Portugal	43,940,613.23	2,889,473.75	46,830,086.98
Saudi Arabia	2,996,637.71	-	2,996,637.71
South Africa	9,562,361.93	-	9,562,361.93
Spain	47,702,223.14	134,583,543.62	182,285,766.76
Sweden	69,270,301.81	262,148,542.18	331,418,843.99
Switzerland	24,519,873.18	-	24,519,873.18
United Kingdom	162,621,215.25	458,789,117.22	621,410,332.47
United States of America	22,147,760.39	679,872,422.96	702,020,183.35
Total	**1,085,284,686.90**	**3,616,629,431.89**	**4,701,914,118.79**

Source: *AfDB Treasury Department.*
Note:
- *Magnitude zero*

Annex II-18

Summary of Loan Arrears at December 31, 2010
(UA millions)

Country	ADB	ADF	NTF	Total
Somalia	13.88	40.16	1.52	55.56
Sudan	111.46	68.23	-	179.69
Zimbabwe	331.81	6.96	-	338.78
Others*	10.06	1.34	0.00	11.40
Subtotal	**467.21**	**116.69**	**1.53**	**585.43**
Comoros**	-	2.21	-	2.21
Liberia**	7.57	0.29	1.24	9.10
TOTAL	**474.78**	**119.20**	**2.77**	**596.75**

Source: *AfDB Financial Control Department*
Notes:
* *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.*
\- *Magnitude zero*
0.00 Magnitude less than 0.005

Index

AFRICAN DEVELOPMENT BANK GROUP FIELD OFFICES – ADDRESSES

ALGERIA
Groupe de la Banque africaine de développement
Bureau National de l'Algérie (DZFO)
Commune Hydra Paradou
3, rue Hamdani Lahcène, Daira Birmouradrais
Alger, ALGERIA
Tel: +213 7 95 483 561
Contact: Mrs. DIARRA-THIOUNE, Représentant Résident **E-mail:** a.diarra-thioune@afdb.org

ANGOLA
No address yet
Contact: Mr. Joseph RIBEIRO, Resident Representative
E-mail: j.ribeiro@afdb.org

BURKINA FASO
Groupe de la Banque africaine de développement
Bureau Nationale du Burkina Faso (BFFO)
Immeuble Administratif et Technique de l'ARTEL
(Autorité Nationale de Régulation des Télecommunications)
5ème Etage
Ouagadougou, BURKINA FASO
Tel: +226 503 75750/51/53
Fax: +226 503 75749
Ext: 6100-6129
Contact: Mr. Mohamed Abdalla CHERIF, Expert chargè des operations
E-mail: m.cherif@afdb.org

CAMEROON
Groupe de la Banque africaine de développement
Bureau National du Cameroun (CMFO)
Immeuble No 1067 bis
Rue 1750 Nouvelle Route
Bastos, Yaoundé
CAMEROON
Tel: +237 22 20 27 61
Fax: +237 22 20 27 64
Ext: 6800-6859
Contact: Mr. Racine KANE, Représentant Résident par intérim **E-mail:** r.kane@afdb.org

CHAD
Groupe de la Banque africaine de développement
Bureau National du Tchad (TDFO)
Immeuble BCC
2ème Etage
Avenue Charles de Gaulle
BP 193
N'Djamena, CHAD
Tel: +235 52 46 79/52 45 57
Fax: +235 52 49 96
Ext: 6200-6229
Contact: Mr. Pascal D. BITOUMBOU, Représentant Résident **E-mail:** p.bitoumbou@afdb.org

DEMOCRATIC REPUBLIC OF CONGO
Groupe de la Banque africaine de développement
Bureau régional du R. D. Congo (CDFO)
Immeuble de la BCDC
(Banque de Commerce du Congo)
Boulevard du 30 Juin - Kinshasa NRC Kinshasa 340
Kinshasa I
DEMOCRATIC REPUBLIC OF CONGO
Tel: +243 815 560 291
Fax: +243 815 560 294
Ext: 6330-6399
Contact: Mr. Medjomo COULIBALY, Représentant Résident **E-mail:** m.c.coulibaly@afdb.org

EGYPT
African Development Bank Group
Egypt Country Office (EGFO)
72B Al Maahad Al Eshteraky St.
Heliopolis Cairo. EGYPT
Tel: +202 22 56 37 90/22 56 37 91
Fax: +202 22 56 37 92
Cairo, Egypt
Ext. 6730-6759
Contact: Mr. Khushhal Chand KHUSHIRAM, Resident Representative
E-mail: k.khushiram@afdb.org

ETHIOPIA
African Development Bank Group
Ethiopia Country Office (ETFO)
7th and 8th Floor, Get-House Building,
Kirkos Sub-City, Kebele 20/21, House Nº 056
P.O Box 25543 Code 1000
Addis Ababa, ETHIOPIA
Tel: +251 115 546 336
Fax: +251 115 546 335
Ext: 6700-6729
Contact: Mr. Lamine BARROW, Resident Representative **E-mail:** l.barrow@afdb.org

GABON
Groupe de la Banque africaine de développement
Bureau Régional du Gabon (GAFO)
Immeuble Saint Georges
Quartier Kalikak
B.P. 4075
Libreville, GABON
Tel: +241 76 85 76/76 85 79
Fax: +241 76 85 77
Ext: 6600-6649
Contact: Mr. Kaningbi NYAKIZANGBULA, CPO (Responsible)
E-mail: k.nyaki-zangbula@afdb.org

GHANA
African Development Bank Group
Ghana Country Office (GHFO)
Heritage Tower, 7th Floor,
Accra, GHANA
Tel: +233 21 66 28 40
+233 21 66 28 18
Fax: +233 21 66 28 55
Ext: 6130-6159
Contact: Mrs. Marie-Laure AKIN-OLUGBADE, Resident Representative
E-mail: m.akin-olugbade@afdb.org

GUINEA-BISSAU
African Development Bank Group
Guinea-Bissau National Program Office (NPO)
Bissau
GUINEA-BISSAU
Tel: +245 20 13 48 / 20 10 98
Fax: +245 20 17 53
Cell: +245 721 08 98 / 668 43 43
Contact: Mr. Ansumane MANE, National Program Coordinator **E-mail:** a.mane@afdb.org

KENYA
African Development Bank Group
Kenya Country Office (KEFO)
11th Floor, Landmark Plaza
Argwings Kodhek Road, Upper Hill
Nairobi, KENYA
Tel: +254 20 47 66 300
Fax: +254 20 47 66 444
Ext: 6230-6259
Contact: Ms. Domina BUZINGO, Resident Representative, **E-mail:** d.buzingo@afdb.org

MADAGASCAR
Groupe de la Banque africaine de développement
Bureau National de Madagascar (MGFO)
9ème Etage, Immeuble FITARATRA
Ankorondrano
Rue Ravoninahitriniarivo
BP 1718 Analakely
Antananarivo 101, MADAGASCAR
Tel: +261 2022 643 61/2022 641 89
Fax: +261 2022 642 32
Ext: 6000-6029
Contact: Mr. Bruno BOEDTS, Fonctionnaire Responsable, **E-mail:** b.boedts@afdb.org

MALAWI
African Development Bank Group
Malawi Country Office (MWFO)
2nd Floor, Kang'ombe House
Box 30732,
City Centre, Lilongwe
MALAWI
Tel: +265 0 1 77 44 60-62/64
Fax: +265 0 1 77 44 69
Ext: 6300-6329
Contact: Mr. Frank KUFAKWANDI, Resident Representative, **E-mail:** s.kufakwandi@afdb.org

MALI
Groupe de la Banque africaine de développement
Bureau National de Bamako (MLFO)
3e & 4e étages, Immeuble Investim
Bâtiment B, Quartier du Fleuve
BP 2950 Bamako
MALI
Tel: +223 222 28 85/222 28 72
Fax: +223 222 29 13
Ext: 6030-6059
Contact: Mr. Moulay Lahcen ENNAHLI, Représentant Résident
E-mail: e.mylahcen@afdb.org

MOROCCO
Groupe de la Banque africaine de développement
Bureau National du Maroc (MAFO)
Immeuble "Espaces les Lauriers", 1er Etage
Angle des avenues Annakhil et Mehdi Ben Barka, Hay Riad
BP 592 Rabat Chellah, Rabat, MOROCCO
Tel: +212 37565937/37713826-7
Fax: +212 37565935
Ext: 6160-6190
Contact: Mme Amani ABOU ZEID, Répresentante Résidente
E-mail: a.abou-zeid@afdb.org

MOZAMBIQUE
African Development Bank Group
Mozambique Regional Office (MZFO)
3rd floor, JAT 4 Building
Zedequias Maganhela, 267
Maputo, MOZAMBIQUE
Tel: +258 213 26409
Fax: +258 213 15600
Ext: 6430-6499
Contact: Ms. Alice HAMER, Resident Representative
E-mail: a.hamer@afdb.org

NIGERIA
African Development Bank Group
Nigeria Country Office (NGFO)
Plot 813
Lake Chad Crescent
Maitama District
Abuja, NIGERIA
Tel: +234 9 4133261/262
+234 9 6721738
Fax: +234 9 413 3260
+1 321 956 3851
Ext: 6650-6699
Contact: Mr. John Koffi BAFFOE, Acting Representative
E-mail: j.baffoe@afdb.org

RWANDA
Groupe de la Banque africaine de développement
Bureau National du Rwanda (RWFO)
Immeuble BCDI 8 Avenue de la Paix
BP 7329 Kigali, RWANDA
Tel: +250 50 42 97/50
Fax: +250 50 42 98
Ext: 6060-6090
Contact: Mr. Baffoe John KOFI, Acting Representative
E-mail: j.baffoe@afdb.org

SENEGAL
Groupe de la Banque africaine de développement
Bureau Régional du Sénégal (SNFO)
Immeuble Coumba
Route de Ngor
Zone 12, Quartier des Almadies,
BP 50544 - CP 18524 RP Dakar, SENEGAL
Tel: +221 33 820 08 88/33 869 75 44
Fax: +221 33 820 09 99
Ext: 6530-6599
Contact: M. Mohamed H'MIDOUCHE, Représentant Résident
E-mail: m.hmidouche@afdb.org

SIERRA LEONE
African Development Bank Group
Sierra Leone Country Office (SLFO)
5th & 6th floor, Bishop Building
13 Lamina Sankoh Street, PMP335
Freetown, SIERRA LEONE
Tel: +232 (0) 76541328
Ext: 6260-6290
Contact: Mr . Samuel Ofori ONWONA, Resident Representative
E-mail: s.onwona@afdb.org

SOUTH AFRICA
African Development Bank Group
South Africa Regional office (ZAFO)
Crestway Office Park, 2 Hotel Street
Persequor Park, 0020 Pretoria,
South Africa
Contact: Mr. Eva Joy Rwihandagaza RUGANZU, CPO (Officer in Charge)
E-mail: e.ruganzu@afdb.org

SUDAN
African Development Bank Group
Sudan Country Office (SDFO)
Higleig Petroleum Tower
7th Floor
Plot 499
Square 65
East-Second
Khartoum, SUDAN
Tel: +249 922 735 071
Ext: 6860-6890
Contact: Mr. Famara JATTA, Resident Representative
E-mail: f.jatta@afdb.org

TANZANIA
African Development Bank Group
Tanzania Country Office (TZFO)
5th Floor, International House,
Garden Avenue,
P.O. Box 6024
Dar Es Salaam, TANZANIA
Tel: +255 22 2125281/2 (Office)
+255 22 2125286 (Direct)
Fax: +255 22 2125283
Ext: 6500-6529
Contact: Prajesh BHAKTA, CPO (Officer in Charge)
E-mail: p.bhakta@afdb.org

UGANDA
African Development Bank Group
Uganda Country Office (UGFO)
14th Floor, Crested Towers Building
Hannington Road
P.O. Box 28509
Kampala, UGANDA
Tel: +256-414 236 166/7
Fax: +256-414 234 011
Ext: 6760-6790
Contact: Mr. Patrick S. KHAEMBA, Resident Representative
E-mail: p.khaemba@afdb.org

ZAMBIA
African Development Bank Group
Zambia Country Office (ZMFO)
Pyramid Plaza
746B Church Road
Cathedral Hill
P O Box 51449 Ridgeway,
Lusaka, ZAMBIA
Tel: +260 21 12 57 868/869/874
Fax: +260 21 12 57 872
Ext: 6400-6429
Contact: Mr. Freddie KWESIGA, Resident Representative
E-mail: f.kwesiga@afdb.org

AFRICAN DEVELOPMENT BANK · AFRICAN DEVELOPMENT FUND
15, Avenue du Ghana, Angle des rues Pierre de Coubertin et Hedi Nouira, BP 323, 1002 Tunis Belvédère, TUNISIA
Tel (216) 71 333 511 **Fax** (216) 71 351 933
Email afdb@afdb.org **Website** www.afdb.org

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