African Development Bank

BANQUE AFRICAINE DE DÉVELOPPEMENT • AFRICAN DEVELOPMENT BANK •

African Development Fund

1996

Annual Report

AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

BOARDS OF GOVERNORS

ADB Thirty-Third Annual Meeting
ADF Twenty-Fourth Annual Meeting
Abidjan, Côte d'Ivoire, May 28–30, 1997

ADB-ADF/BG/AR/96

REPORT
by the
Boards of Directors
of the
African Development Bank
African Development Fund
covering the period of
1 January to 31 December, 1996

African Development Bank
African Development Fund

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DATE: 31 March 1997

PRESIDENT

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 honour, on behalf of the Boards of Directors of the Bank and the Fund, to submit the audited Financial Statements of the two institutions for the financial year which ended on 31 December 1996, as well as the Administrative Budgets for the period commencing on 1 January and ending 31 December 1997.

The joint report also contains a review of recent developments in the African economy and the operational activities of the Bank Group for the year 1996.

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

Omar KABBAJ
President
African Development Bank
African Development Fund
Chairman
Boards of Directors

THE AFRICAN DEVELOPMENT BANK GROUP

The African Development Bank Group comprises the African Development Bank (ADB), the African Development Fund (ADF), and the Nigeria Trust Fund (NTF).

The African Development Bank

The African Development Bank is a regional multilateral development bank, engaged in promoting the economic development and social progress of its Regional Member Countries (RMCs) in Africa. The Bank, established in 1964, started functioning in 1966 with its Headquarters in Abidjan, Côte d'Ivoire. Its shareholders are the 53 countries in Africa as well as 24 countries in the Americas, Europe, and Asia.

The Bank's principal functions are: (i) to make loans and equity investments for the economic and social advancement of the RMCs; (ii) to provide technical assistance for the preparation and execution of development projects and programs; (iii) to promote investment of public and private capital for development purposes; and (iv) to respond to requests for assistance in coordinating development policies and plans of RMCs. In its operations, the Bank is also required to give special attention to national and multinational projects and programs which promote regional integration.

The financial resources of the Bank consist of ordinary capital resources, comprising subscribed capital, reserves, funds raised through borrowings, and accumulated net income. The Bank's authorized capital amounted to US$23.29 billion at the end of 1996. The ADB's capital is subscribed such that RMCs hold two-thirds of total subscribed capital, and non-regional members hold one third. The Bank has borrowed funds for its ordinary operations from the international money and capital markets. The Bank's callable capital backs its borrowings in the capital markets.

The Bank's operations cover the major sectors, with particular emphasis on agriculture, public utilities, transport, industry, the social sectors of health and education, and concerns cutting across sectors, such as poverty reduction, environmental management, gender mainstreaming, and population activities. Most Bank financing is designed to support specific projects. However, the Bank also provides program, sector, and policy-based loans to enhance national economic management. The Bank also finances nonpublicly guaranteed private sector operations. The Bank actively pursues co-financing activities with bilateral and multilateral institutions.

The Bank's highest policy-making body is its Board of Governors, which consists of one governor for each member country, and which issues general directives concerning the operational policies of the Bank. Amendments to the Bank's Agreement, the admittance of new members, and capital increases require the approval of the Bank's Governors. With the exception of certain powers specifically reserved to it under the Agreement, the Board of Governors has delegated its powers to the Board of Directors. In accordance with Article 32 of the Agreement Establishing the Bank, the Board of Directors is responsible for the conduct of the general operations of the Bank. It is composed of 18 Executive Directors who are elected every three years, 12 representing the RMCs and 6 representing non-regional members. The Board of Directors approves all loans, guarantees, equity investments, and borrowings; it also sets policy guidelines for Bank operations, including operational and financial policies, and borrowing programs.

The President of the Bank is elected by the Board of Governors for a term of five years, after which he may be re-elected for one other term only. The Bank's Agreement mandates that the President be a national of one of the regional members. The President is Chairman of the Board of Directors and, under its direction, conducts the business of the Bank. He is responsible for the management of the Institution in accordance with regulations adopted by the Board. In this, he is assisted by Vice Presidents, who are appointed by the Board of Directors on his recommendation. At the end of 1996, the Bank had 18 Departments and seven Units at Headquarters staffed by 446 professionals, and 456 staff of other categories.

The Bank lends at a variable lending rate calculated on the basis of the cost of borrowings. The rate is adjusted twice a year, on 1st January and 1st July, to reflect changes in the average cost of borrowings over the preceding six-month period. For 1996, the rate was 7.50 per cent for January-June and 7.31 per cent for July-December. The other terms include a commitment charge of 1.00 per cent, maturities of up to 20 years, including a 5-year grace period.

The African Development Fund

The African Development Fund provides development finance on concessional terms to low-income RMCs which are unable to borrow on the non-concessional terms of the Bank. In accordance with its lending policy, poverty reduction is the main aim of Fund development activities in borrowing countries. The Fund, which was established in 1972, commenced operations in 1974. Its current membership comprises 24 non-African State Participants and the African Development Bank. The Fund's Board of Governors meets annually, and the direction of general operations is conducted by a Board of Directors – six appointed by State Participants, and six designated by the African Development Bank from among the regional Executive Directors of the Bank.

Its sources of funds are mainly contributions and periodic replenishments by State Participants. The Fund is normally replenished on a three-year basis, unless State Participants decide otherwise. The total subscriptions, at the end of 1996, amounted to US$12.58 billion.

The Fund finances projects and technical assistance as well as studies. It lends at no interest rate, with a service charge of 0.75 per cent per annum, a commitment fee of 0.50 per cent, and a 50-year repayment period, including a 10-year grace period.

The Nigeria Trust Fund

The Nigeria Trust Fund was established by the Government of Nigeria in 1976, with an initial capital of US$80 million which was subsequently replenished with US$71 million in 1981. The purpose of the NTF is to assist in the development efforts of the poorer ADB members.

The NTF is required by its Agreement to use its resources to provide financing for projects of national or regional importance which further the economic and social development of the low-income RMCs whose economic and social conditions and prospects require financing on non-conventional terms.

The NTF is under ADB management and, as at 31 December 1996, had a total resource base of US$432 million. It lends at a 4 per cent interest rate, with a 25-year repayment period, including a five year grace period.

Composition of ADB and ADF Boards of Directors as at 31 December, 1996

Board of Directors of ADB

Chairman: Omar KABBAJ

Directors:		Alternates:	
K. ASSAMOI	(Côte d'Ivoire)	G. NGUEMA ELA	(Eq. Guinea)
P. AYISI-OKYERE (Ms)	(Ghana)	S.M.M. SANNEH	(The Gambia)
I. BJORK-KLEVBY (Ms)	(Sweden)	J.M.A. ERIKSEN (Ms)	(Denmark)
A.M. DEAR (Ms)	(USA)		
C. DI VEGLIA	(Italy)	E.R. PERRIN	(France)
A.M. EL-DERSH	(Egypt)	A.A. HACHI	(Djibouti)
A. EL OUADRHIRI	(Morocco)	M. BOUALLAGUI	(Tunisia)
S. FERRAT	(Algeria)	G. RAJAONSON	(Madagascar)
C.M. FUNDANGA	(Zambia)	P. PETLANE	(Lesotho)
L.O. GONDJOUT (Ms)	(Gabon)	–	–
M. MASUMBUKO	(Zaire)	I. GOUYOMBGIA ZEZE (Ms)	(CAR)
K. NARITA	(Japan)	L. SIMOENS DA SILVA	(Brazil)
S.F. OWORI	(Uganda)	N.N. KITOMARI	(Tanzania)
M.A. POWER	(UK)	J.F. VAN DUNNE	(The Netherlands)
S. SCRIMSHAW (Ms)	(Canada)	A. AL-HASHEM[1]	(Kuwait)
D.G. TEMBE	(Mozambique)	S.S.G. TUMELO	(Botswana)
A.M.A. TRAINA	(Libya)	M.R.C. BOUNENA	(Mauritania)
A. Beita YUSUF	(Nigeria)	A. DA SILVA	(S.T. & Principe)

Board of Directors of ADF

Chairman: Omar KABBAJ

Directors[1]:		Alternates:	
K. ASSAMOI	(ADB)	G. NGUEMA ELA	(ADB)
P. AYISI-OKYERE (Ms)	(ADB)	S.M.M. SANNEH	(ADB)
I. BJORK-KLEVBY (Ms)	(Sweden)	J.M.A. ERIKSEN (Ms)	(Denmark)
A.M. DEAR (Ms)	(USA)	S. HERRLING (Ms)	(USA)
C. DI VEGLIA	(Italy)	E.R. PERRIN	(France)
A. EL OUADRHIRI	(ADB)	M. BOUALLAGUI	(ADB)
A.M.A. TRAINA	(ADB)	M.R.C. BOUNENA	(ADB)
S. FERRAT	(ADB)	G. RAJAONSON	(ADB)
K. NARITA	(Japan)	A. AL-SUBALI	(Saudi Arabia)
S.F. OWORI	(ADB)	N.N. KITOMARI	(ADB)
M.A. POWER	(UK)	J.F. VAN DUNNE	(The Netherlands)
S. SCRIMSHAW (Ms)	(Canada)	A. AL-HASHEM[2]	(Kuwait)

1 Mr. A. M. EL-DERSH and Mr. D.G. TEMBE represented ADB on the ADF Board during 20–31 March 1996 and 1 January–31 March 1996, respectively.

2 Since 1st November 1996; and A. AL-ABDUL-RAZZAQ (Kuwait) before that.

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Selected Abbreviations Used in the Text

ABEDA	Arab Bank for Economic Development in Africa (Khartoum, Sudan)
ADB	African Development Bank (Abidjan, Côte d'Ivoire)
ADF	African Development Fund (Abidjan, Côte d'Ivoire)
AFESD	Arab Fund for Economic and Social Development (Kuwait)
BCEAO	Central Bank of West African States (Dakar, Sénégal)
BDEAC	Development Bank of Central African States (Brazzaville, Congo)
BEAC	Bank of Central African States (Yaounde, Cameroon)
BOAD	West African Development Bank (Lomé, Togo)
CDC	Commonwealth Development Corporation (United Kingdom)
CFD	Caisse française de développement (France)
CIDA	Canadian International Development Agency (Canada)
COMESA	Common Market of East and Southern African States (Lusaka, Zambia)
DAC	Development Assistance Committee (Paris, France)
EAC	East African Community (Arusha, Tanzania)
EBRD	European Bank for Reconstruction and Development (London, UK)
ECA	Economic Commission for Africa (Addis Ababa, Ethiopia)
ECOSOC	Economic and Social Commission (OAU)
ECOWAS	Economic Community of West African States (Lagos, Nigeria)
EDI	Economic Development Institute (World Bank)
EU	European Union (Brussels, Belgium)
EU-EDF	European Union - European Development Fund (Brussels, Belgium)
EU-EIB	European Union - European Investment Bank (Luxembourg, Luxembourg)
FAC	Fonds d'aide et de coopération (France)
FAO	Food and Agriculture Organization (Rome, Italy)
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (Germany)
IBRD	International Bank for Reconstruction and Development (Washington, D.C., USA)
IDA	International Development Association (Washington, D.C., USA)
IDB	Inter-American Development Bank (Washington, D.C., USA)
IsDB	Islamic Development Bank (Jeddah, Saudi Arabia)
IFAD	International Fund for Agricultural Development (Rome, Italy)
IFC	International Finance Corporation (Washington, D.C., USA)
ILO	International Labour Office (Geneva, Switzerland)
IMF	International Monetary Fund (Washington, D.C., USA)
JICA	Japan international Cooperation Agency (Japan)
KfW	Kreditanstalt für Wiederaufbau (Germany)
MDBs	Multilateral Development Banks
NDF	Nordic Development Fund (Helsinki, Finland)
NORAD	Norwegian Agency for International Development (Norway)
NTF	Nigeria Trust Fund (Abidjan, Côte d'Ivoire)
OAU	Organization of African Unity (Addis Ababa, Ethiopia)
ODA	Overseas Development Administration (United Kingdom)
OECD	Organization for Economic Co-operation and Development (Paris, France)
OECF	Overseas Economic Co-operation Fund (Japan)
OPEC	Organization of Petroleum Exporting Countries (Vienna, Austria)
SADC	Southern African Development Community (Gaborone, Botswana)
SCB	Standard Chartered Bank (London, U.K.)
Sida	Swedish International Development Authority (Sweden)
UDEAC	Union douanière et économique de l'Afrique centrale (Bangui, CAR)
UEMOA	West African Economic and Monetary Union (Ouagadougou, Burkina Faso)
UNDP	United Nations Development Programme (New York, USA)

UNEP	United Nations Environmental Programme (Nairobi, Kenya)
UNESCO	United Nations Educational Scientific and Cultural Organization (Paris, France)
UNICEF	United Nations Children's Fund (New York, USA)
UNFPA	United Nations Fund for Population Activities (New York, USA)
USAID	United States Agency for International Development (USA)
WHO	World Health Organization (Geneva, Switzerland)
WFP	World Food Programme (Rome, Italy)

Note: The Headquarters of international or inter-governmental organizations are identified in brackets by city and country of location, whereas national organizations are identified by country only.

Summary of Bank Group Activities, 1987–96
(in millions of US dollars)[a]

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	Cumulative Total[b]
Operational Activities											
Bank Group											
Loans and Grants											
Number	97	85	140	157	167	146	133	30	11	31	1 966
Amount	2,140.15	2,177.17	2,841.70	3,281.05	3,446.68	2,993.40	2,518.34	1,433.90	668.53	803.16	30,748.88
Disbursements	945.13	1,166.90	1,503.35	1,874.44	2,127.27	2,164.14	2,149.55	2,089.62	1,677.98	1,641.57	20,479.74
ADB Loans											
Number	24	27	36	31	41	36	28	27	11	11	725
Amount	1,343.20	1,405.11	1,864.95	2,158.00	2,254.41	1,867.78	1,613.59	1,415.86	668.53	508.18	19,941.39
Disbursements	540.29	784.14	996.63	1,249.79	1,473.89	1,460.02	1,434.30	1,460.27	1,058.37	1,007.94	13,308.52
ADF Loans and Grants											
Number	70	57	102	122	122	106	103	–	–	19	1 183
Amount	769.37	763.99	967.55	1,093.17	1,157.94	1,099.01	893.77	–	–	286.36	10,487.22
Disbursements	392.12	373.04	492.88	583.11	641.33	688.03	704.39	623.95	615.91	626.45	6,955.57
NTF Loans											
Number	3	1	2	4	4	4	2	3	–	1	58
Amount	27.58	8.07	9.20	29.88	34.33	26.61	10.99	18.04	–	8.63	320.27
Disbursements	12.72	9.72	13.84	41.54	12.05	16.09	10.86	5.40	3.70	7.18	205.65
Ressources and Finance (at year end)											
ADB											
Authorised Capital	22,982.29	21,800.34	21,289.39	23,047.09	23,172.97	22,275.00	22,251.67	23,649.57	24,081.14	23,294 95	
Subscribed Capital	8,101.43	13,342.58	18,647.74	21,246.09	21,614.53	21,017.25	20,971.58	22,172.12	23,411.75	22,834.61	
Paid-up Portion	1,907.53	1,979.96	2,173.41	2,503.37	2,626.11	2,523.32	2,584.82	2,723.92	2,848.06	2,791.70	
Callable Portion	6,193.90	11,362.62	16,474.33	18,742.72	18,988.42	18,493.43	18,406.76	19,448.20	20,563.70	20,042.91	
Borrowing (gross)	3,084.86	3,721.89	4,524.08	5,818.72	6,743.51	7,726.90	8,435.52	9,254.94	9,565.66	8,641.48	
Outstanding Debt	2,407.79	3,034.67	3,811.05	5,064.10	6,291.71	7,317.53	8,180.57	8,907.95	9,197.50	8,408.64	
Cumulative Exchange Adjust. on Subscriptions	(80.94)	(236.23)	(230.71)	(301.25)	(319.16)	(327.44)	(355.01)	(430.83)	(441.88)	(432.95)	
Reserves	400.81	464.42	609.08	819.31	980.75	1,104.03	1,213.54	1,369.88	1,497.46	1,597.58	
Cumulative Currency Translation Adjustment	(416.00)	(166.52)	(86.77)	(208.12)	(244.28)	(236.06)	(272.31)	(319.12)	(314.06)	(303.38)	
Gross Income	289.82	331.47	450.24	567.99	661.43	774.67	799.37	855.41	885.17	888.48	
Net Income	66.22	65.16	129.49	138.02	131.09	130.36	83.29	43.38	76.35	124.20*	
ADF											
Subscriptions	4,976.58	6,851.27	7,229.36	7,872.43	7,959.94	9,744.81	10,625.51	11,243.82	11,449.00	12,579.24	
Other Resources[c]	102.72	89.88	96.94	89.91	20.13	(265.42)	(480.77)	(532.26)	(286.51)[R]	(534.37)	
NTF											
Resources (gross)	333.50	349.34	390.26	374.61	392.48	398.27	409.54	421.30	416.29[R]	431.75	

Notes:

[a] By convention, the conversion rates used 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:

1985	1 UA = 1.09842 US dollars
1986	1 UA = 1.22319 US dollars
1987	1 UA = 1.41866 US dollars
1988	1 UA = 1.34570 US dollars
1989	1 UA = 1.31416 US dollars
1990	1 UA = 1.42266 US dollars
1991	1 UA = 1.43043 US dollars
1992	1 UA = 1.37500 US dollars
1993	1 UA = 1.37356 US dollars
1994	1 UA = 1.45985 US dollars
1995	1 UA = 1.48649 US dollars
1996	1 UA = 1.43796 US dollars

[b] The cumulative figures go back to the initial operations of the three institutions (1967 for ADB, 1974 for ADF and 1976 for NTF).

[c] Other Ressources = Accumulated Reserves/Loss + Net Income/Loss for the year + Miscellaneous.

[R] Revised figures.

OVERVIEW OF BANK GROUP ACTIVITIES, 1996

Overview of Bank Group Activities, 1996

Although Africa is showing encouraging signs of economic recovery after many years of decline, the aggregate performance tends to mask specific country conditions as well as the spread and deepening of poverty which is afflicting large sections of the population. Thus, a major challenge for the Bank Group in 1996 was to foster conditions that would enable the Institution to support investment and growth in the low-income countries of Africa more effectively. With that in view, Bank Group activities focused on consolidating the process of institutional reforms set in motion in the last quarter of 1995; and, on concluding the Seventh Replenishment of the African Development Fund so as to resume concessional lending operations which had been suspended since the beginning of 1994.

The program of institutional reforms has four main components: first, the implementation of an Action Plan for Improving the Quality of Operations; second, the adoption of proactive measures to improve financial management; third, the implementation of a country-focused organizational structure approved by the Boards of Directors; and fourth, the pursuit of efforts, initiated by the Governors of the Bank, aimed at improving institutional governance.

With respect to operations, the focal point of the reforms is the Action Plan for Improving the Quality of Operations, which addresses issues in programming, lending policies and practices, monitoring and post-evaluation, and operational reporting. With regard to country programming, the enhanced Country Strategy Papers (CSPs) have become the main programming documents. They provide a three-year rolling lending program based on country economic conditions, country risk, and country performance, including that of the loan portfolio.

In the area of project cycle management, the proactive measures being taken to upgrade the loan portfolio constitute an important element of the actions. These include the launching of more systematic supervision missions and project implementation reporting, as well as the increased preparation of country portfolio reviews. Significantly, the first Annual Portfolio Performance Review (APPR) was prepared and subsequently considered by the Boards in September 1996. The exercise was a solid first step towards the establishment of mechanisms for critical scrutiny of the overall portfolio, with a view to enhancing quality and development effectiveness. In line with directions of the Boards, APPRs would henceforth be prepared with appropriate interaction with the World Bank to establish a basis for comparability of sectoral and country performances. It is also with a view to improving the quality of the portfolio that non-performing loans have been systematically cancelled, and the savings used to support viable new investments. Such measures not only impact positively on portfolio quality; they also safeguard the interests of borrowing countries, since it is to their detriment to sustain charges on loans with uncertain benefits. The total value of cancellations effected during 1996 amounted to UA 1.5 billion.

Among other measures undertaken in the sphere of operations are those with respect to strengthening post-evaluation, in order to synthesize lessons of past experience to be utilized in the design of new projects. A three-year program is in place to prepare Project Completion Reports (PCRs) for all loans approved after 1982. During the period September 1995 to December 1996, 65 Project Completion Reports and 24 Project Performance Audit Reports were submitted to the Boards of Directors.

Also important in the quest for quality are the deliberate steps being taken to promote efficiency and transparency in many aspects of operations. For instance, the Boards of Directors approved, in October 1996, new Rules of Procedure for Procurement of Goods and Works, as well as Rules of Procedure for the Use of Consultants, aiming to ensure openness and efficiency in the supply of goods and Works for projects financed by the Bank Group. Subsequently, an independent committee was established to monitor compliance with the established rules

Concern with transparency and participatory development also figured behind the initiative to enhance collaboration with NGOs. Efforts in this area gained momentum when the Bank Group organized, in December 1996, a major consultative meeting with African and international NGOs, as a forum for strengthening collaboration with such organizations and the wider civil society. The meeting adopted a framework for increased co-operation, particularly on policy concerns and operational issues related to poverty reduction, environmental protection and gender mainstreaming. The conference resulted in the adoption of a Joint Declaration, requiring that: the ADB would establish an NGO liaison office attached to the Bank; the NGOs would appoint an NGO liaison organization to interact with the Bank Group; and the NGOs would furnish the ADB with the name of a national organization or other competent NGO body and regional committees, from all regions of the continent, through which the Bank Group would cooperate with NGOs. The Declaration also called for the improvement of communication and information dissemination mechanisms between NGOs and the Bank Group. In order to promote beneficiary participation and public awareness of Bank Group operations, an Information Disclosure Policy is under consideration by the Boards, to facilitate access by interested external parties to all aspects of Bank Group operations.

In the area of financial management, a number of measures and policies were launched to streamline and strengthen the financial standing of the Institution. In soliciting the Boards' guidance, the major working papers included: The Revised Accounting and Financial Policies for the African Development Fund; The Bank's Lending Rate: A Review and Proposed Modifications; Review of the Bank's Currency Management; Net Income Management; and, the Bank's Revised Policy on Arrears Management and Recovery. Emphasis was placed on: controlling loan arrears by tightening the policy on sanctions; reviewing the Bank's lending rate; and improving currency and net income management. Innovations in these areas centered on restructuring the Bank's balance sheet to more closely match the assets with their funding sources, thereby minimizing market risks to which the Bank is exposed. There were also changes in treasury operations, which included: refinement of the use of derivatives in the management of the Bank's current and future liabilities; an improved global exchange rate risk assessment; and, asset management activities aimed at harmonizing selection criteria for all foreign currency deposits. With regard to risk management, the objective is to ensure the optimal deployment of the Bank's risk bearing capacity in support of its development financing objectives. Also in place is a new activity-based budgeting approach, designed to allocate resources to priority areas in accordance with the projected level of activity for cost centers.

Several measures were taken to enhance control and to increase the security of the Bank's financial and accounting operations. These include improved disbursement performance and, as noted above, enforcement of the policy on cancellation of undisbursed loan balances of completed projects and non-performing loans. Also, during the year, treasury operations played an active role in improving the financial management of the Bank. The Portfolio Management Information System (PMIS), installed in January 1996, became fully operational in the course of the year. In the area of accounting, the Bank placed increased emphasis on timely completion of the quarterly financial statements of the ADB, ADF and NTF, as well as timely preparation of payment instructions. In general, the improved financial management of the Bank has contributed to a substantial reduction in the Bank's administrative expenses.

Clear benefits are already evident as a result of the measures undertaken with respect to financial management. For instance, the Bank's net income, before appropriation to reserves, stood at UA 104 million in 1996, representing an increase of 50 per cent over that of 1995. The result was mainly due to intensified efforts in collecting payments due and to a significant reduction in administrative expenses.

With respect to institutional management and organization, a major area of progress was the completion of the implementation of the new organizational structure approved by the Boards of Directors in 1995, and the related activities of appointment of new managers, staff redeployment and staff separations. The Bank also embarked on a recruitment drive to meet the human resource gap that could not be filled internally. By the end of the year, a total of 77 appointments of internal and external candidates were made, including 17 at the managerial level. The criteria employed in the recruitment process have been uncompromising in the quest for excellence, while remaining completely transparent with respect to screening and selection procedures.

To enhance the calibre of human resources on board, the Bank is developing a comprehensive training program for all categories of staff so that they could be more effective in the changing environment of the Institution as well as in member countries. Elements of the program are already operational, and staff members have participated in various courses and workshops, both locally and abroad, covering such areas as environmental management, financial programming, and other specialized courses organized in collaboration with outside institutions, notably the World Bank and the IMF.

The Bank Group has also embarked on a comprehensive investment program to modernize and strengthen its Information and Telecommunications Technology (ITT). The plan of action calls for the acquisition of modern computer hardware, the necessary software, and telecommunications equipment that would enable the Bank to operate competitively in the age of high information technology, while also improving the work environment and efficiency of the staff.

In the area of institutional governance, measures were directed at issues concerning the responsibilities of the various governing bodies of the Institution as well as of shareholder groupings. The main proposals derive from the Study on Reforming the Governance Structures of the Bank and the Special Review of Policies and Operations. Both studies are currently the subject of in-depth consideration by the Ad-hoc Committee of Governors on the Fifth General Capital Increase of the Bank. Management is implementing those recommendations that do not require the approval of the governing bodies. It is important to recall, in this regard, that, in July 1996, the Heads of State and Government of Regional Member Countries of the ADB held a Special Summit in Libreville, Gabon, and deliberated on various important matters, including those bearing on the Bank's governance. The non-regional governors are expected to take up governance questions at their meeting in Brussels in January 1997.

During the year under review, the Bank Group adopted and revised a number of policies and guidelines to enhance its activities in major areas, including private sector development, the environment and sustainable development.

The review and revision of operational policies and procedures included the approval by the Board of Directors of a new Bank strategy for private sector operations. The strategy focuses on the following: support for the creation of an enabling environment through policy reforms and collaboration with bilateral and multilateral institutions; consolidation of traditional areas of support in financing projects and equity participation; introduction of new investment instruments such as guarantees, quasi-equity instruments, and lines of credit to private financial intermediaries; playing a more catalytic role in mobilizing private resource flows for investment in infrastructure; support for privatization programs; and promoting the development of small- and medium- scale enterprises. In the coming years, the Bank will intensify its catalytic role in these areas in full cooperation with other multilateral and bilateral development institutions, as well as with commercial banks operating in Africa. The Boards also approved a revised Health Sector Policy, which takes into account several concerns that have emerged in recent years, including the need to refocus and strengthen investments in primary health care.

To address the critical cross-cutting issues, the Boards of Directors approved the establishment of the Environment and Sustainable Development Unit (OESU). In this regard, the Bank Group has adopted a mainstreaming approach, i.e. ensuring the integration and operationalization of the cross-cutting themes, such as poverty reduction, gender, population, environment, and stakeholder participation, including collaboration with NGOs. This would enhance the sustainability and overall quality of Bank Group projects and programs. A number of supportive organizational, administrative, and personnel-related measures will be undertaken to consolidate such mainstreaming.

With regard to resource mobilization, the principal activities in 1996 centered on the Seventh General Replenishment of the African Development Fund (ADF-VII) and the Fifth General Increase in the Capital Resources of the Bank (GCI-V). The final Consultative Meeting on ADF-VII was held on 20-21 May 1996 in Abidjan, Côte d'Ivoire. Taking into account all the adjustments made by some countries during the final consultative meeting, the Deputies agreed on a target replenishment level of UA 1.33 billion. In addition, UA 467 million would come from internal Fund resources, while UA 203 million would represent the pledges previously made by one State Participant under ADF-VI and recently subscribed. Furthermore, UA 279.38 million would constitute special contributions agreed upon by the States Participants who met in Osaka, Japan, during 20-21 June 1996. With these additions, the total resources to be available under ADF-VII, to cover operations during 1996-1998, would amount to UA 2.279 billion. At the Annual Meetings of the Bank Group on 21 May 1996, South Africa announced its readiness to make contributions to the Fund, and appealed to other regional members to consider doing the same. Botswana has since confirmed its intent to contribute to the Fund. The successful conclusion of ADF-VII enabled the Bank Group to recommence concessional lending operations to support investment programs in the 39 low-income countries that do not have access to non-concessional resources on account of inadequate creditworthiness.

Concerning GCI-V, the Fourth Meeting of the Ad-hoc Committee of Governors on GCI-V was held in Abidjan on 21 May, 1996. The meeting deliberated on issues relating to the Strategic Framework for Bank Group Operations, 1997-2001; Estimates of the Sustainable Level of Lending; and Bank Profile

Under Capital Increase Scenarios. It is expected that agreement will be reached in subsequent meetings on an appropriate general capital increase.

Total Bank Group lending in support of 31 projects and programs amounted to UA 558.54 million for 1996. Of this amount, UA 199.14 million came from ADF resources, while the balance of UA 353.40 million and UA 6.00 million came from the ADB and NTF, respectively. The Private Sector Unit approved six projects, for a total amount of UA 15.641 million. It should be noted that lending operations slowed down for most of the year due to the priority given to re-tooling the Institution and the cessation of ADF operations. Nevertheless, the Bank Group has made significant progress with its reorganization and is poised to support investments for projects and programs to the tune of about UA 1.7 billion per year, of which close to half would constitute concessional operations.

In line with its major concern for promoting development, especially in the low-income economies, the Bank Group has been working actively with the international community in order to address the external debt problems of the poorest countries. Thus, the Boards of Directors approved, in principle, Bank Group participation in the International Initiative on the external debt problem of the Highly Indebted Poor Countries (HIPCs) — 33 out of 41 such countries being in Africa. The Boards also approved the establishment of a Supplementary Financing Mechanism (SFM), along the lines of the «Fifth Dimension» program of IDA, to provide additional concessionary resources to performing Category A countries with ADB debt.

The Bank actively participated in several regional initiatives aimed at strengthening the capacity of Regional Member Countries to achieve their long-term development objectives. These initiatives include the Special Program of Assistance for Africa (SPA), the Agricultural Management Training for Africa (AMTA), the African Capacity Building Initiative (ACBI), and the Cross-Border Initiative (CBI).

The major achievements of 1996 may be summarized as follows. First, considerable progress was made in implementing the program of policy and institutional reforms, aimed at enabling the Bank to restore shareholders confidence, regain credibility in the financial markets, and, thereby, strengthen the development effectiveness of its operations. Second, the Seventh General Replenishment of the resources of the ADF was concluded. It will provide concessional assistance to 42 countries of the continent, to the tune of UA 2.27 billion over the 1996-1998 period. Since the revitalization of the Fund in September 1996, the ADF supported 19 operations in 14 countries. Third, for the first time in the history of the Institution, African Heads of State and Government met in Libreville (Gabon) on 7th July 1996 and deliberated on issues concerning the Bank. They gave directives for the consolidation and deepening of the achievements of the on-going reforms. Fourth, the Bank Group participated actively together with the international community in efforts to address the external debt problem of the poorest countries of the continent, in the context of the Initiative for the Highly Indebted Poor Countries (HIPCs). Fifth, negotiations on the Fifth General Capital Increase of the Bank were resumed, with the conclusion of the studies on Reforming the Governance Structures of the African Development Bank, and the Special Review of Policies and Operations Relating to the Budget and the Investment of Liquid Assets. Finally, enhanced cooperation with NGOs resulted in the Bank/NGO Conference of December 1996, as part of Bank Group efforts to fully associate community-level groups with the operations of the Institution.

ACTIVITIES OF THE BOARDS

The Boards and their Functions

The African Development Bank Group is governed by the Boards of Governors which, at the end of 1996, consisted of 77 members representing 53 regional and 24 non-regional member countries. Under Article 29 and Article 23 of Agreements establishing, respectively, the Bank and the Fund, the Boards of Governors are vested with all the powers of the Bank. In turn, the Governors delegate their authority to the Boards of Directors, except for certain powers reserved for them under the related Agreements.

The Boards of Governors meet in formal session once a year for the Bank's Annual Meeting. The membership of the Boards of Governors is shown in Appendices B, and the resolutions they adopted during 1996 are listed in Appendices A. For the ADB, the Board of Governors elect an 18-member Board of Directors, of which 12 are elected by regional members, and 6 by non-regional members. For the ADF, there are 12 Executive Directors, six of whom are elected by the ADF Board of Governors and six designated by the Bank. The President of the Bank Group is also the Chairperson of both Boards of Directors. Each Director appoints an Alternate.

The Boards of Directors approve the mission, goals, strategies, policies and priorities of the Bank Group. They perform their duties on a full-time basis at the Bank's Headquarters in Abidjan, Côte d'Ivoire, and meet in regular formal sessions once a week. The Executive Directors exercise their authority and functions through quarterly and annual supervision of the Bank Group's financial statements; annual approval of the Bank's administrative budget; and continuous review and approval of policy documents, loans, equity and technical assistance operations (except smaller operations, which may be decided upon by the President). Lists of the Boards of Directors and the member countries they represent are provided in Appendices C.

Boards of Governors

The Thirty-Second Annual Meeting of the Board of Governors of the African Development Bank (ADB) and the Twenty-Third Annual Meeting of the African Development Fund (ADF) were held jointly on 22 and 23 May, 1996 in Abidjan, Côte d'Ivoire. These meetings were preceded on 20 and 21 May, 1996, by a presentation of the ADB Group financial situation and operations, the meeting of the Ad Hoc Committee of the ADB Board of Governors on the Fifth General Capital Increase of the Bank (GCI-V), and the Eleventh Consultative Meeting on the Seventh Replenishment of the ADF Resources (ADF-VII).

The formal opening ceremony was held at the Palais des Congrès (Hotel Ivoire) Abidjan, on 22 May, 1996, and was presided over by His Excellency Daniel Kablan DUNCAN, Prime Minister of the Republic of Côte d'Ivoire, who read out a message from His Excellency Henri Konan BEDIE, the President of the Republic of Côte d'Ivoire. In his address to the august assembly, the Prime Minister welcomed the Republic of South Africa, the newest member of the Bank and paid tribute to the new Management team for the important reforms undertaken and the Bank Group's renewed impetus within so short a period. The Prime Minister delivered a message in which President BEDIE expressed his full confidence that the Bank Group would resume its role as a major actor in Africa's socio-economic development, and urged all beneficiary countries of the Bank Group to show proof of stringency in their financial resource management. He also called on African countries to cultivate the spirit of solidarity and cohesion in order to play an active role in the global economy.

In his opening remarks, his Excellency Mr. Moïse MENSAH, Minister of Finance of the Republic of Benin and Chairman of the Boards of Governors, welcomed the delegation of South Africa to its first Annual Meetings. He noted that Africa's debt overhang constitutes a major impediment to the attainment of the continent's socio-economic objectives, and called on the international community to examine new approaches to enhance the economic development of the African people. He paid a special tribute to the new Management for implementing rigorous and transparent institutional reforms to restore the confidence of its shareholders as well as its credibility vis-à-vis the international financial markets.

The President of the Bank Group, Mr. Omar KABBAJ, in his speech on the Bank's activities and performance, presented an overview of the African economy and future prospects, the status of the Bank Group's institutional reforms, and priority sectors of its future operations. He emphasized the urgent need for concerted international action to solve Africa's debt problem.

With regard to the status of arrears, the President indicated that it was still a serious impediment to the operations of the Bank Group, notwithstanding appeals made in previous years by the Boards of Governors. He emphasized cases of countries in chronic arrears that should take appropriate steps to honor their repayment obligations under adjustment and reform programs, and which should be supported by the international community. Furthermore, member countries were requested to give the same treatment to the Bank Group as they do to the other Multilateral Development Institutions. The President expressed his gratitude to the Fund Governors for concluding the ADF-VII consultations, thus making it possible to resume concessional lending in support of projects and programs aimed at improving the well-being of the African peoples.

During the Annual Meetings, the Boards of Governors elected their Bureau for the period beginning from the end of the 1996 Annual Meetings to the end of the 1997 Annual Meetings. The Bureau comprises the Governor for Botswana, as Chairman, and the Governors for Belgium and Burkina Faso as first and second Vice Chairmen, respectively.

The Governors representing the following countries were elected members of the Joint Steering Committee of the Bank and the Fund: Argentina, Austria, Burundi, Cape Verde, China, Comoros, Egypt, Gambia and Lesotho.

During their meetings, the Boards of Governors confirmed the elections of five new Executive Directors of the African Development Bank. They also adopted several important resolutions, which appear in Appendices A.

The Boards of Governors addressed a motion of thanks to His Excellency Henri Konan BEDIE, President of the Republic of Côte d'Ivoire, for the continued support which his Government and the Ivorian people have always shown the African Development Bank Group and for the excellent facilities placed at their disposal for the conduct of the Annual Meetings.

Regarding the issue of reforming the Governance Structures of the African Development Bank, the Boards of Governors, in concurrence with the recommendations made by their Bureau on 23 March, 1996, decided to refer the above report to the Ad-hoc Committee for in-depth consideration. The Boards of Governors further requested the Boards of Directors and Management to continue monitoring the implementation of recommendations relating to Management Issues Contained in the Study on the Governance of the African Development Bank, and to submit progress reports thereon at the next Annual Meetings.

The ADB Board of Governors noted the Report on the Special Review of the Policies and Operations Relating to the Budget and Investment of Liquid Assets and requested the President of the Bank, in close consultation with the Board of Directors, to pursue a careful analysis of the findings and recommendations set out in the Special Review Report. On the basis of this analysis, he should continue the execution of the plan of action for the implementation of the relevant recommendations, with all expedition. It also requested the Board of Directors to submit, at the next Annual Meetings, a status report on progress made in the implementation of the said recommendations.

On the issue of arrears, the Boards of Governors emphasized that concerted efforts should be made to enable countries in arrears to honor their commitments to the Bank, and give debt owed to the Bank the same priority treatment that they give to debts to other multilateral development institutions. They requested the Boards of Directors to carefully monitor the situation and to submit a status report at the next Annual Meetings (See Table 1 for the situation as at 31 December 1996).

The ADB Board of Governors approved the following proposal for the composition of the Standing Committee on the Conditions of Service of Elected Officers for the period starting from the end of the 1996 Annual Meetings to the end of the 1997 Annual Meetings: Cameroon, Finland and Uganda.

The ADB Board of Governors appointed as External Auditors for the Bank for the financial years 1997 through 2001, the firm Deloitte Touche Tohmatsu International, Chartered Accountants. It also directed the Bank to enhance the use of African expertise with a view to building professional capacities in the continent.

With regard to corporate administration, the Governors welcomed Management's review of certain key personnel policy issues raised by the Panel on the Study on Bank Governance.

The Governors expressed appreciation for the bold steps taken to streamline the Bank Group's administrative expenses, strengthen its loans cancellation and arrears policies, and undertake an overall review of the Bank's financial policies.

With reference to operations, the Governors commended the Boards and Management for employing more rigorous standards in project selection for Bank Group financing. The Governors also encouraged Management to pursue the promotion of private sector financing in Africa.

The Boards of Governors requested the Boards of Directors and Management to prepare and present the Bank's strategy, as well as to define its role in the promotion of economic development in Africa.

Conclusion of Consultations on the ADF-VII

Pursuant to the directives of the Board of Governors authorizing consultations among State Participants on the Seventh General Replenishment of the resources of the African Development Fund (ADF-VII), Deputies representing the State Participants held eleven consultative meetings between May 1993 and May 1996.

Table 1

Summary of Loan Arrears Aged 6 Months and Above as at 31 December 1996*

(in millions of UA)

Country	ADB	ADF	NTF	Total
Angola	37.75	1.01	–	38.76
Central African Republic	2.61	2.96	–	5.57
Comoros	5.43	1.66	–	7.10
Congo	37.46	–	–	37.46
Liberia	87.03	1.11	8.98	97.12
Madagascar	25.07	3.99	0.85	29.91
Niger	1.42	3.03	0.42	4.87
Nigeria	0.45	–	–	0.45
Somalia	6.71	10.32	0.59	17.63
Sudan	5.51	3.10	–	8.61
Zaire	312.40	16.14	–	328.54
Total	521.85	43.32	10.84	576.01

* Amounts less than or equal UA 25.000 are excluded.

The Eleventh and final Consultative Meeting was held 20-21 May 1996 in Abidjan, Côte d'Ivoire. The meeting discussed the Seventh Replenishment of the Fund and then proposed a supplementary Fund to mobilize additional resources for commitment during the period of the Seventh Replenishment. Subsequently, the Deputies considered and finalized their Draft Report and the Draft Resolution on ADF-VII.

At the end of the Eleventh Consultative Meeting on ADF-VII on 21 May 1996, the Deputies reaffirmed their strong support for the Bank Group and its President, as well as their continued commitment to partnership with the Bank in support of growth and sustainable development in Africa. They welcomed the wide-ranging measures already underway in the Bank, to refocus its activities on priority needs and improve institutional efficiency and development impact. They also strongly reaffirmed the Fund's primary focus on poverty reduction.

Taking into account all the adjustments made by some countries during the final consultative meeting, the Deputies agreed on a target replenishment level of UA 1.33 billion, consisting of fresh resources amounting to UA 1.058 billion, and an unallocated portion of UA 270.46 billion (20.4 per cent). In addition, there would be UA 467 million to be generated from internal Fund resources and UA 203 million representing the pledges previously made by Italy under ADF-VI and recently subscribed.

On 20-21 June 1996, most State Participants met in Osaka, Japan, and consulted among themselves and the Management of the Fund on further exceptional resource contributions to reinforce the Fund's operations in ADF-eligible countries during 1996-1998. After considering various alternatives, they agreed on new pledges amounting to UA 279.38 million, in addition to those they made earlier in May 1996. This brought the total resources to be available under ADF-VII to UA 2.279 million to cover operations during 1996-1998.

As at 31 December 1996, the following ten countries, with total burden sharing of 41.563 per cent, had deposited their Instruments of Subscription to the ADF-VII Replenishment: Kuwait, China, India, Canada, Brazil, Finland, Japan, Germany, France, and the United Kingdom. Seven countries had deposited their Instruments of Subscription to the Special Fund: Brazil, China, France, Germany, Finland, Japan, and the United Kingdom. In line with the provisions of paragraph 6 of Resolution F/BG/96/04, the Board of Directors noted the entry into effect of the Seventh General Replenishment of the Fund. The effective date was 12 December 1996.

Payments in respect of each subscription shall be made in three installments in SDRs, currencies used for the valuation of the SDR ,or in other convertible currencies acceptable to the Fund. Subject to paragraphs 6 and 8 of Resolution F/BG/96/04 and unless otherwise determined by the Board of Directors, the first of such installments shall be paid on or before 31 January 1997 or not later than 30 days after the effective date, whichever is later; with the second and third installments falling due not later than 30 June 1997 and 30 April 1998, respectively.

At the conclusion of the ADF-VII consultations on 21 May 1996, South Africa announced that it would make contributions to the Fund and appealed to other regional members to consider doing the same. Subsequently, Botswana confirmed its readiness to make contributions to the Fund. In addition, some State Participants that were not in a position to participate in the Osaka Agreement are currently examining other ways of extending support to the Fund during 1996-1998. One alternative they might consider is making bilateral contributions to the Trust Fund established to resolve the debt problems of the Heavily Indebted Poor Countries (HIPCs), and to the Supplementary Funding Mechanism (SFM) for Category A countries for relief of their interest payments to ADB.

Negotiations on the GCI-V

During the year under review, a meeting of the Ad-hoc Committee of Governors on the Fifth General Capital Increase (GCI-V) was held in Abidjan on 21 May 1996. It was presided over by the Chairman of the Boards of Governors, the Minister of Finance of Benin, Mr. Moïse Mensah, who welcomed participants to the meeting and commended the efforts made by the Management of the Bank in the implementation of institutional reforms. He hoped that these efforts would facilitate the conclusion of negotiations on the GCI-V and on the provision of adequate resources to the Bank to enable it to discharge its development responsibilities to Africa.

At that meeting, the President of the Bank made a statement which focused on the ongoing institutional reforms and the agenda for the Meeting. He also presented the three working papers requested by Governors, namely: the Strategic Framework for Bank Group Operations, 1997-2001; the Current Estimates of the Sustainable Level of Lending; and the Bank's Financial Profile Under Further Capital Increase Scenarios. Box 1 recapitulates elements of the Strategic Framework for Operations.

During the meetings, the Ad-hoc committee members were presented with Management Reports on two studies which were conducted under the auspices of the Bureau of Governors. These were the Management Report on the Recommendations Relating to Management Issues Contained in the Study on the Governance Structures of the African Development Bank; and the Management Report on the Special Review of the Policies and Operations Relating to the Budget and Investment of Liquid Assets. With respect to the Management Report on the Recommendations Relating to Management Issues, the Chairman pointed out that the Steering Committee had recommended to the Boards of Governors to note the status of implementation of the recommendations contained in the Report. In particular, reference was made to those recommendations concerning the revision of staff rules and regulations, the establishment of the Administrative Tribunal, the creation of Appointments, Promotions and Performance Evaluation Panels, a new training program for staff, the Procurement Review Committee, establishment of regional offices, delegation of authority, and an Information Technology Plan. The Steering Committee also recommended to the Governors to request the Boards of Directors and Management to continue monitoring the implementation of these recommendations and to submit progress reports at the next Annual Meetings. The Boards of Governors, for their part, accepted the recommendation of the Steering Committee to refer the Report of the Study on Governance to the Ad-hoc Committee for in-depth consideration.

With respect to the Management Report on the Special Review of the Policies and Operations Relating to the Budget and Investment of Liquid Assets, it was agreed that discussion of the document would be postponed to the next meeting. The ADB Board of Governors took note, however, of the above Report and requested the President of the Bank, in close consultation with the Board of Directors, to pursue a careful analysis of the findings and recommendations set out in the Special Review Report. The Governors urged the Board of Directors and the President of the Bank to continue executing the plan of action for the implementation of the relevant recommendations, with all expedition. The Board of Governors further requested the Board of Directors to submit, at the next Annual Meetings, a status report on progress made in the implementation of the said recommendations. The Governors agreed to hold their next meeting in Abidjan.

The Heads of State and Government of African Member States of the ADB held a Special Summit in Libreville, Gabon, on 7 July 1996 and deliberated on the issue of the GCI-V as well as on the problem of arrears and the Governance Structures of the Bank (see Box 3 in the nex chapter).

Box 1

The Strategic Framework for Bank Group Operations, 1997-2001

In the context of the meeting on the Fifth General Capital Increase of the Bank, Governors deliberated on issues relating to the Strategic Framework for Bank Group Operations, 1997-2001. Looking ahead to the second half of the decade and beyond, there will be substantial demand for project investments, given the low level of production capacity and socio-economic infrastructure prevalent in Africa. Meeting the demands for such investments would, therefore, continue to be a major operational objective of the Bank Group for promoting sustainable development. This could be accomplished by complementing project investments with policy frameworks that address the foundations of long-term development — such as poverty reduction and human resource development. Over the next five years, Bank Group operational objectives would, therefore, focus on support for: i) Strengthening Production Capacity and Socio-economic Infrastructure; ii) Policy Reforms; iii) Private Sector Development; and, iv) Economic Integration.

Investing in Production Capacity and Infrastructures: Project lending will be the major vehicle to increase productive capacity and build physical and social infrastructures in regional member countries (RMCs), to promote economic growth and meet the infrastructure requirements of growing populations. Given the importance of the quality of public expenditure, the Bank will intensify its collaboration with the Bretton Woods Institutions (BWIs) on public expenditure reviews. The bulk of Bank Group lending will go to the agricultural and social sectors, in light of their critical contribution to the reduction of poverty. Emphasis must be placed on enhancing food security, promoting basic education and primary health, and improving the status of women. Environmental concerns will be integrated into the design of relevant projects. The Bank Group will also sustain its engagement in traditional sectors such as industry, public utilities, transport and communications infrastructures.

Supporting Policy Reforms: The Bank Group accords high priority to policy reforms since they are essential for providing a conducive environment for sustainable growth, including private sector activities. The Bank Group would intensify its collaboration with the BWIs on macroeconomic matters. As in the past, part of ADF resources will be employed to support technical assistance, particularly project cycle activities and institution building, to enhance country capacity in designing and implementing projects, and macroeconomic management.

Private Sector Development: The Bank Group plans to increase its engagements in support of private sector development in recognition of its vital role in reinforcing the prospects for sustainable growth in Africa. In May 1996, the Board of Directors approved a new Bank strategy for the private sector which focuses on five major areas. These provide for Bank support for the evolution of enabling environments; consolidation of traditional loan and equity operations; initiation of new areas of financing, especially in the spheres of infrastructure and privatization; and assistance to small-and medium-scale industries.

Promoting Regional Integration: Bank Group operations for promotion of regional integration have been modest, and have focused on supporting multinational projects, national projects which promote regional integration, sub-regional institutions, and inter-governmental financial organizations. In the period ahead, the Bank Group will increase efforts to work with regional and international organizations on practical initiatives that promote economic integration. The Group will strengthen integration of its policy-based and country programming operations by promoting the harmonization of monetary policies and tariff structures.

Boards of Directors

Operations Decisions

The Boards of Directors held 31 formal meetings corresponding to 66 sittings and approved a total of 33 proposals for a lending level of UA 558.54 million. A total of UA 337.76 million was committed from ordinary capital resources, UA 199.14 million from ADF, UA 6.00 million from NTF, and UA 15.64 million from the private sector window.

In addition to formal meetings, the Boards of Directors held 7 seminars and 5 informal meetings. The seminars focused mainly on five key topics: (i) Financial Policies : Bank's Lending Rate, Currency Management, Net Income Targeting and Management of Associated Risks; (ii) Institutional Program for Environmental Management; (iii) the Elaboration and Implementation of a New Budget Concept (Activity- Based Budgeting with a special focus on the 1997 Bank Group Framework Budget: the Approach and Preliminary Estimates and the Outlook for 1998 and 1999); (iv) Leadership, Culture and the Learning Organization: Changing the Culture of the Bank Group; and (v) Improving the Boards' procedures.

During discussions of loan proposals, Board members underlined the importance of the sustainability of projects and the necessity of paying greater attention to such issues as cost recovery and recurrent costs, as well as to implementation problems. They also acknowledged the importance of social safety nets to mitigate adverse impacts on the poor. Sectoral policies and cross-cutting issues were discussed. The need for greater use of local expertise, cross-regional experience, and transfer of techno logy was stressed. Board members also emphasized the need to evaluate country performances, the cost-effectiveness of lending, and project quality on a continuous basis.

Policy and Program Related Decisions

In 1996, the Boards reviewed several major policy initiatives aimed at increasing the Bank Group's capacity to assist its RMCs, and enhancing the development effectiveness of Bank Group operations. In this regard, 27 Country Strategy Papers (CSPs) and 31 Portfolio Review Reports (PRRs) were discussed by the Boards during the year, resulting in a strengthening of the Boards' role in defining the strategic orientation of the Bank Group. A total of 511 documents were distributed to the Boards of which 184 were for consideration, 308 for information and as background papers for seminars, and 19 for other various operational and financial purposes, including institutional management and organization. A list of major policy and program-related documents considered by the Boards in 1996 is shown in Table 2.

In order to enhance efficiency and transparency in the procurement process, during the year under review, the Boards of Directors approved revised Rules of Procedure for the Procurement of Goods and Works, and Rules of Procedure for the Use of Consultants. In discussing Management proposals, the Directors emphasized the crucial importance of transparency and efficiency in the procurement process and adopted Terms of Reference for the Procurement Review Committee. In addition, they reaffirmed the importance of working towards harmonization of rules and regulations with other MDBs, while at the same time taking into consideration the particular environment in which each institution operates.

The Boards agreed that the Bank Group should proceed expeditiously with the operational guidelines for the procurement rules and regulations. A note summarizing the new measures would be transmitted to borrowing countries for information and action, and seminars would be organized to ensure the widest possible dissemination. The new Rules of Procedure will become effective on 1 January 1997 and will be reviewed before the end of 1997.

Financial Management

The Boards supported the general orientations of the proposed financial policy reforms. The strategy aims to map out the major changes to improve Bank profitability in general, and financial management in particular, while responding to the needs of borrowing member countries in the most appropriate way. Other financial issues under scrutiny are currency management, single currency lending rates, and net income management. In addition, budget management received careful consideration, in line with the introduction of multi-year program budgeting, better human resource planning, and the development of resource utilization indicators and norms.

The Directors observed that adjustments to the current skill-mix should be made carefully. Skill gaps are being filled through external recruitment, with international firms assisting in managerial-level positions. In addition, the Young Professionals Program will be reactivated to ensure continual professional staff renewal. Overall, the new compact and country-focused structure will require constant fine-tuning so that important operational concerns and specific country needs are properly addressed.

The Boards acknowledged the urgent need for the Bank Group to have a minimal representation in Washington D.C., USA, primarily to ensure a more effective liaison with the US Administration and Congress as well as with other MDBs and US.-based development organizations. Therefore, the Boards approved the terms of reference for the Office and the recruitment of a Resident Representative. The Boards directed Management to submit a proposal on the opening of regional and country offices.

The Strategic Framework and Country Strategies

The Board's formal and informal meetings during the year also covered several other policy papers, including: (i) Country Strategy Papers for 27 regional member countries, (ii) ADF-VII Lending Policy and Technical Assistance Fund, (iii) the Bank Group's Training Program, (iv) ADB Group Policy on Disclosure of Information, (v) the Annual Portfolio Performance Report, and (vi) the Approaches to Bank Group Participation in the International Initiative on the external debt of Heavily Indebted Poor Countries (HIPCs). The Bank Group's Portfolio Review and Restructuring Policy, approved by the Boards of Directors in 1995, was actively pursued during 1996. As a result, a total of 21 Portfolio Reviews and 10 Portfolio Reviews of the Equity Participation were considered by the Boards in 1996.

The Boards considered the first Annual Portfolio Performance Report of the Bank Group (APPR) and noted with satisfaction that an important control mechanism for the Bank's operations has now been put in place. From the viewpoint of development objectives, the Boards noted that policy-based loans and agricultural sector loans were less successful than specific project loans. The Boards, therefore, directed Management to concentrate future Bank Group operations on well-targeted and carefully conceived project loans. They also instructed Management to ensure that technical assistance and supervision missions for projects, as well as those for balance of payments support loans are increased, with a view to promoting a more effective and efficient macro-economic and sectoral policy dialogue to foster sustained economic development in the region.

The Boards approved Bank Group participation in the international initiative on the external debt of Heavily Indebted Poor Countries (HIPCs) and the establishment of a Supplementary Financing Mechanism (SFM) for performing Category A countries with ADB debt (see Box 2). The Boards also took note of the recommendations contained in the Report of the Development Committee Task Force on MDBs, and directed Management to study the recommendations in-depth, and to incorporate them in the operational activities of the Bank Group.

Board Committees

The Board Committees held 23 formal meetings: seven meetings for the Operations Committee, five for the General Audit Committee, four for ad-hoc Committees, three for the Budget and Finance Committee, and two, respectively, for the Committee on Matters Concerning the Board of Directors and the Administrative Affairs Committee.

One concern that was underscored in the Committees' discussions was the need for participation of beneficiaries to include the private sector, NGOs, and civil society. The Committees felt it was important to reflect the preferences of beneficiaries in designing and implementing projects. With regard to private sector investment, the Committees wanted the Bank Group to take into account the overall commercial aspects of such investment, while at the same time realizing that the profitability should not be the sole objective.

The Committees also observed that the Bank Group's increasing involvement in the areas of social, gender and poverty-related issues should be better coordinated with the post-evaluation process. While considering agriculture, the Committees emphasized that the social impacts of project proposals needed to be studied carefully. They felt that there should be close monitoring of agriculture projects with multiple components. Rural electrification, education, and environmental protection projects also occupied the Committees' attention.

The Committees looked forward to the recommendations of the Task Force on Improving Project Quality, particularly with regard to project implementation, disbursement and post-evaluation. They stressed the role of co-financing in resource mobilization for future programming. They called on the Bank to play a proactive role in co-financing activities over the 1997-2001 period, especially in mobilizing greater volumes of private resources.

The internal control environment was of concern to the Committees. They felt that even though the control environment has improved considerably, efforts should be made to ensure that the system is fully integrated into the culture of the Bank.

Working Procedures and Methods

As a result of the improvements introduced in 1996, clear pay-offs are already being realized with respect to the Boards working procedures and

Box 2

Supporting Debt Initiatives

In 1996, the Bank Group played an active role in support of international efforts to address the indebtedness of poor countries. In December 1996, the Boards of Directors approved Bank Group participation in the debt Initiative of Highly Indebted Poor Countries (HIPCs). The Boards also approved the establishment of a Supplementary Financing Mechanism (SFM) for Performing Category A Countries with Outstanding ADB Debt. The two schemes are described below.

The HIPCs Initiative

The objective of the Initiative is to reduce the external debt of countries retaining an unsustainable debt burden after full use of existing debt relief mechanisms. A country is considered to be in a sustainable situation if the full use of existing debt relief mechanisms is adequate to bring the net present value (NPV) of its debt-export ratio within the range of 200 to 250 per cent and the debt service-export ratio to the range of 20 to 25 per cent.

The Initiative would operate in two stages, each for a three-year internationally-supported economic reform program. These would lead to a bilateral stock-of-debt operation on Naples terms at the end of the first stage. If this is inadequate to achieve debt sustainability, the country would undertake a further three-year program of economic reforms, followed by an enhanced bilateral stock-of-debt operation beyond Naples terms plus actions by multilateral creditors. The second stage could be shortened based on the country's performance record. These would facilitate an exit for eligible countries from the cycle of unsustainable debt. It would enhance prospects for new capital flows and economic growth. The Initiative would also benefit the Bank Group by addressing current arrears and preventing their future accumulation among participating HIPCs.

A preliminary estimate of the total cost of the Initiative is approximately US$ 5.6 billion in 1996 NPV terms over the period 1999-2003. The cost to MDBs would be US$ 3.2 billion if debt reduction of 80 per cent by Paris Club creditors is assumed. Based on the splitting of costs between MDBs in proportion to their exposure in the eligible countries, the cost to the Bank Group could amount to about US$ 872 million (UA 604 million) in 1996 NPV terms.

The Bank Group is aware of the limitation on the volume of resources that might be generated internally in support of the Initiative, and hopes to mobilize additional funds, including from bilateral sources to enable effective Bank Group participation in the Initiative.

The Supplementary Financing Mechanism (SFM)

The SFM is being established to provide additional concessional assistance, along the lines of the «Fifth Dimension» program of the IDA, to performing Category A countries with ADB debt. To be eligible for SFM resources, countries would, as a minimum, need to belong to the low-income Category A; and would need to have outstanding non-concessional debt obligations with the Bank. In addition, country access to SFM would be contingent on good financial standing with the Bank Group; implementation of an adjustment program monitored by the Bank and/or the Bretton Woods Institutions, and an undertaking not to contract any long-term non-concessional borrowing from any other lender during the year in which it received SFM resources.

Commitments to provide resources under the SFM would be made annually on standard ADF terms for the payment of current interest on outstanding ADB loans. SFM resources would be provided to qualifying countries in the form of quick-disbursing adjustment loans. In most cases, these would be supplemental resources to be attached to ADF structural adjustment loans and released alongside tranches of such loans.

methods. Following the Board seminar held in November 1996, one major change is that all Board papers requiring a decision will contain a draft of such decision or will be accompanied by a draft resolution. This will enable the Board to conclude its consideration of any item with a clear decision at the same session. In addition, before their formal presentation to the Boards, important policy documents will be dealt with in the context of a seminar that is not a decision-making forum. Finally, the minimum period for advance circulation of project and policy documents for consideration at a Board meeting has been standardized at three weeks.

Executive Directors Visits/Study Tours

The Board of Directors undertook a group visit in 1996 to Gabon from February 4 through 8, 1996. The Group, composed of nine Executive Directors, was received by H.E.M. El Hadj Omar BONGO, President of the Republic, and held wide-ranging policy discussions with ministers and senior officials of the country and visited a number of Bank Group-funded projects. The purpose of such a study tour is to enable Board members to gain greater understanding of the development experience and needs not only of the RMC visited, but of the region as a whole, and to become better acquainted with Bank Group activities in its RMCs.

Appointment of a Vice-President

On the recommendation of the President, the Board appointed Mr. C. BOUCHER, a national of Canada, as Vice-President in charge of Corporate Management, effective 21 March 1996.

Table 2

Policy and Program Related Documents Discussed by the Boards During 1996

Country Strategy Papers (CSPs)	Portfolio Reviews	Reviews of Equity Participation	Other Key Policy Documents
Algeria	Algeria	The East African Development Bank	Rules of Procedure for Procurement of Goods and Works.
Benin	Benin	National Development Bank of Sierra Leone	Rules of Procedure for the use of Consultants.
CAR	CAR	Shelter Afrique	ADF-VII Lending Policy
Chad	Comoros	The African Reinsurance Corporation (AFRICA-RE)	Debt management Function.
Côte d'Ivoire	Côte d'Ivoire	Banque Senegalo-Tunisienne	Bank Participation in the Initiative on Multilateral Debt
Djibouti	Djibouti	West African Development Bank (BOAD)	Proposal on Improving the Working Procedures and Methods of the Boards
Equa.-Guinea	Egypt	Development Bank of Zambia	Policy on Arrears Management and Recovery
Eritrea	Ethiopia	Development Bank of Zimbabwe	Information Technology Plan and Telecommunications.
Ethiopia	Gabon	Banque de Developpement des Etats des Grands Lacs (BDEGL)	Modernization Study.
Gabon	Gambia	Central African Development Bank (BDEAC)	Report on the Environment and Sustainable Development Unit.
Gambia	Guinea		Review of Private Sector Operations.
Guinea	Mauritania		Health Sector Policy.
Guinea-Bissau	Mauritius		Review of Bank's Currency Management.
Kenya	Morocco		Net Income Management.
Lesotho	Mozambique		The 1997 Bank Group Framework Budget: The Approach and Preliminary Estimates and The Outlook for 1998 and 1999.
Malawi	Namibia		Procurement Review Committee Terms of Reference.
Mauritania	Nigeria		Annual Portfolio Performance Review Report.
Morocco	Senegal		Information Disclosure Policy.
Mozambique	Sierra Leone		Revised Accounting and Financial Policies for the African Development Fund.
Rwanda	Swaziland		
Sao Tome & Pr.	Togo		
Senegal			
Tanzania			
Togo			
Uganda			
Zambia			
Zimbabwe			

POLICY AND INSTITUTIONAL REFORMS

Reforming for Increased Development Impact

The year 1996 saw the acceleration and consolidation of the program of reforms, which was set in motion in the last quarter of 1995, with the aim of enhancing the development effectiveness of Bank Group operations. The reform program has four main components: first, the implementation of an Action Plan for Improving the Quality of Operations; second, the adoption of proactive measures to improve financial management; third, the implementation of the new country-focused organizational structure approved by the Boards of Directors; and fourth, the pursuit of efforts, initiated by the Governors of the Bank, to improve institutional governance. The first two components constitute policy reforms, while the last two components are institutional reforms.

Policy Reforms

Quality of Operations

The Action Plan for Improving the Quality of Operations established time-bound and monitorable measures that focused on issues relating to programming strategies, lending policies and practices, monitoring and post-evaluation, and operational reporting throughout the stages of the project cycle. The Action Plan aims: to ensure systematic application of existing guidelines, particularly with regard to country operational strategies; and to improve project implementation and supervision reporting. The Plan also provides for the preparation of Annual Portfolio Performance Reviews.

The implementation of the Action Plan benefited from the views and comments of the Executive Directors and from rounds of Board seminars on Bank Group operations — with special emphasis on quality improvements. Discussions centered on strategic programming, implementation and monitoring issues, including sectoral strategies, lending instruments, procurement of goods and services, use of short-term consultants, and frameworks for monitoring quality through the stages of the project cycle. Other issues included were ways to improve procurement management; approaches to formulating the Bank Group's private sector operations; co-financing; beneficiary participation; protection of the environment; and the role of country and regional offices. It is envisaged that these exercises will form part of the Bank's regular activities. The Action Plan, which is being implemented under the supervision of the Vice President for Operations, has been incorporated into regular operations, to enhance the capacity to design, implement and monitor operational activities.

With regard to country programming, the enhanced Country Strategy Paper (CSP) was adopted as the main programming document. It provides a three-year rolling lending program based on country economic conditions, Bank exposure and country risk, overall country performance, and that of the country portfolio. The lending program would also take into account Bank Group policies such as the Credit Policy, which provides a rigorous framework for determining lending operations by ensuring that only creditworthy countries have access to ADB resources. Other important operational concerns, such as those on poverty reduction, gender mainstreaming, and environmental issues, are also addressed in CSPs. The findings of portfolio review and supervision missions will be beneficial in the preparation of CSPs and should, therefore, assist in focusing on countries and sectors where Bank Group operations would have the most development impact. By the end of December 1996, 36 CSPs were submitted to the Boards of Directors.

With respect to specific project investments, a framework was established to monitor and control quality at various stages of the project cycle. Guidelines have also been issued to streamline and enforce existing rules on operational reporting and mission scheduling. The system defines, for each mission and operational activity, the required actions, frequency, performance and achievement criteria, and the link with related activities. The Bank Group has intensified supervision of on-going projects with a view to programming at least two supervision missions per year for each project. An important component in this area are the proactive measures being taken to upgrade the loan portfolio. In addition to the launching of more systematic supervision missions, this includes the cancellation of non-performing loans and using the savings to support viable new investments. Such measures impact positively on the quality of the portfolio while safeguarding the interests of RMCs, since it would be to their detriment to sustain charges on investments with uncertain benefits. Therefore, efforts continued throughout 1996 to cancel undisbursed loan balances for completed projects, as well as non-performing loans and grants and other commitments, with the objective of cleaning up the Bank's portfolio. Following extensive consultations with borrowers and responses to notices sent to them, major cancellations of loans and grants were concluded. As a result, cancellations over the period January 1996 to December 1996 amounted to UA 1.5 billion. The resources from cancellations were returned to the appropriate common pools for reallocation to new investments in accordance with the established Bank Group criteria.

The Bank Group is also preparing Country Portfolio Reviews (CPRs) with the objective of covering all the actively borrowing member countries by mid-1997. Twenty four CPRs were submitted to the Boards as at the end of December 1996. For the overall Bank Group portfolio, a technical committee was established to prepare the first Annual Portfolio Performance Review (APPR). The exercise provided an opportunity for careful scrutiny of the portfolio, and the consolidated report was submitted to and considered by the Boards of Directors in September 1996. Following the decision of the Boards of Directors, APPRs will be prepared annually, and measures will be taken to ensure coordination with the World Bank, in order to establish a basis for comparability with respect to the sectoral and portfolio performances of relevant countries.

Improving the quality of projects is contingent upon the efficient and transparent procurement of goods and services financed from Bank Group loans. In this context, actions were taken to streamline the procedures for the procurement of goods and services. In October 1996, the Boards of Directors adopted new Rules of Procedure for Procurement of Goods and Works, and Rules of Procedure for the Use of Consultants. The Bank Group's procurement policy would be guided by four basic considerations: the need for economy and efficiency in the implementation of projects, including the provision of related goods and services; Bank Group interest in giving all eligible contractors, suppliers and consultants from member countries an equal opportunity to compete in the supply of goods and services; Bank Group interest, as a development institution, in encouraging the participation of contractors, suppliers and consultants from regional member countries; and the importance of establishing transparency in the procurement process.

While approving the documents, the Boards noted that the success of the Rules should be measured by the extent to which their application would positively promote socio-economic development in the RMCs. The Boards also approved new Terms of Reference for the Procurement Review Committee, which will handle complaints on issues related to awards of contracts.

The quest for quality has also led to the strengthening of post-evaluation activities, to synthesize and use lessons from past experience in the design of new projects. Thus, a three-year program is now in place providing for the preparation of Project Completion Reports (PCRs) for all operations approved after 1982. Sixty-five PCRs have been submitted to the Boards as at the end of 1996. Expanding on this, there are post-evaluation activities relating to the preparation of Program Performance Audit Reports (PPARs) and Evaluation Studies, for the purpose of drawing and disseminating lessons relevant to Bank Group operations, policies and procedures. Twenty four PPARs were submitted to the Boards as at the end of 1996.

During 1996, the Bank Group took deliberate steps to increase collaboration with non-governmental organizations (NGOs), both from within and outside of Africa. Increased collaboration with the NGOs will enhance stakeholder participation in Bank Group operations, ensuring beneficiary input in the design and implementation of the projects and programs supported by the Institution. This type of collaboration will advance Bank Group operations further in the direction of improved project quality. In that context, the Bank held a major consultative meeting with African and international NGOs at its Headquarters, in December, 1996. The meeting provided a forum for moving towards sustained consultations between the NGOs and the Bank Group on development issues of common interest. The meeting focused on enhancing collaboration between the Bank and the NGOs on policy concerns and operational issues related to poverty reduction, environmental protection, and gender mainstreaming. The meeting resulted in the adoption of a framework for increased consultation and dissemination of the relevant information to NGOs and the wider society in order to facilitate their participation in projects and programs supported by the Bank Group.

In line with the initiatives to foster beneficiary participation and public awareness about Bank Group operations, the Boards of Directors are considering an Information Disclosure Policy. The Policy aims at increasing public awareness of Bank Group operations, policies and procedures; improving accountability to shareholders and State Participants; fostering closer cooperation with other international financial institutions and private sector organizations; promoting dialogue with RMCs; increasing competition among suppliers of goods, works and services; and informing potential beneficiaries and concerned parties of investment opportunities generated by Bank Group activities. The Policy, which takes into account the norms of other multilateral development institutions, is based on: i) presumption of disclosure, i.e all information about Bank Group activities, with the exception of a compelling reason to the contrary, should be made available to interested members of the public; ii) commitment to establish transparency and openness in the execution of operations; iii) commitment to provide relevant and reliable information; and iv) commitment to promote healthy and open discussion while preserving the confidentiality of information on special or delicate issues. Under the Policy, it is proposed that the Bank set up a Public Information Center (PIC) at its Headquarters in Abidjan to serve as a focal point for accessing information on Bank Group operations. A Web site on the Internet will be established to provide access to information on the activities of the Bank Group.

Financial Management

The second component part of the reforms relates to financial management, including the problem of loan arrears. The Bank responded to the problem of arrears by putting in place measures, such as the tightening of the sanctions policy on arrears, the adoption of more conservative non-accruals and provisioning policies, and the institution of a reserve against losses on equity investments. Still, arrears continued to pose a major problem for the financial integrity of the Institution. In March 1996, the Boards of Directors considered the Revised Policy on Arrears Management and Recovery. The document proposed new actions to curb arrears from disbursements made before 1994, and to reduce the level of non-accruals. The measures adopted by the Boards include: i) tightening the policy on sanctions; ii) ending practices under which loan balances derived from portfolio restructuring exercises are used for settlement of arrears through bridge financing; iii) applying systematically the directives on loan cancellation; and, iv) enhancing cooperation with the Bretton Woods Institutions, in order to coordinate recovery of Bank Group arrears.

In March 1996, the ADF Board of Directors considered the Revised Accounting and Financial Policies for the African Development Fund. The Board adopted recommendations on: elimination of loan loss provisioning; establishment of a 0.5 per cent commitment fee for all loans extended under the ADF-VII; harmonization of the Fund non-accrual policy with that of the Bank; and adoption of a hybrid format of accounts.

A comprehensive review of the Bank's financial policies is in progress, and the Board of Directors considered the following three documents: The Bank's Lending Rate: A Review and Proposed Modifications; Review of the Bank's Currency Management; and Net Income Management. Subsequently, an Inter-Departmental Steering Committee was established to develop an Action Plan for implementation of the relevant financial policy innovations. The Action Plan will address issues relating to country currency preferences, liquidity management, new loan products, the restructuring of Bank assets and liabilities, and related risk management policies. It is expected that the recommendations made under the financial policy reform program will be implemented with effect from 1997. The final report of the Special Review of Bank Operations, prepared under the auspices of the Bureau of Governors, also provided critical input for the reformulation and implementation of appropriate financial policies for the Bank.

Measures were also adopted to streamline and strengthen various financial functions. These measures include the Special Audit of Bank Group Operations; the appointment of independent Financial Controllers; and the recruitment of short-term auditors. The overall objective of the Special Audit was to ensure that auditing functions were performed in conformity with existing rules and procedures, and to assess the manner in which operational, administrative and financial activities were conducted during 1993-1995. It aimed to identify irregularities and inaccuracies, their impact on the operations of the Bank Group, and measures that should be put in place to rectify and regularize the situation.

These efforts were fortified by the hiring of three financial controllers, with the objective of ensuring that all financial outflows were made in conformity with Bank regulations and procedures. Subsequently, the Boards of Directors authorized the establishment of the Financial Controllers Unit to ensure that there is a strong internal control framework for financial operations, including all receipts and payments processes. The primary function of the Unit will be to cover two key areas: the adequacy of the Bank's internal control frameworks, and the payments control processes.

Budgeting is another aspect of financial management that is under increased attention. The Bank has introduced a new approach — activity-based budgeting — designed to allocate resources in accordance with the projected level of activity for cost centers. This is based on the Institution's strategic orientations, the derived work programs, and the human and financial resources needed to realize these programs. The thrust of the new approach, already reflected in the 1996 budget, is on effective budget management, control and reporting, and it emphasizes the requisite support for priority areas. This helped to ensure that the 1996 budget was kept below the 1995 level, with administrative costs lower by about 14 per cent, while according priority to operational activities. As part of the new innovations, the Bank's budget will be prepared in three-year cycles. The 1997-1999 rolling budget, which includes the 1997 budget and preliminary estimates for 1998-99, was considered and approved by the Boards of Directors in December 1996. It is a welcome change from previous practices that, for the second year in a row, the Boards approved the budget for the coming year ahead of the traditional schedule.

As a result of the on-going financial reforms, preparations are on course for the design of more competitive loan products with financial terms relevant to the needs of borrowers. In developing this plan for introducing lending product innovations, the proposals are guided by three principles. First, the Bank has a key role to play in assisting its borrowers to better manage the risks associated with their obligations to the ADB. This role can be fulfilled by providing clients with access to a wider range of loan products, whose pricing more closely reflects the market rates. Second, in opening the choice of lending products to customers, the costs and risks associated with each product would be borne by the users of the product. In so doing, the Bank has a responsibility to ensure that all borrowers are fully informed about the nature of the product chosen and the related financial risks. Third, the pace of product innovations will be compatible with the Bank's internal capacity to manage their orderly implementation.

The measures taken have contributed to improving the evolution of the Bank's net income. Thus, the reversal of the earlier downward trend in net income achieved in 1995 was sustained in 1996, with net income, before appropriation to the special reserve, amounting to UA 103.63 million, compared to UA 69.01 million for the previous year.

Institutional Reforms

Institutional and Organizational Management

The third component of the reform program relates to issues of institutional management and organization. Following the approval by the Boards of Directors of a new organizational structure, implementation was carried out using the services of international consultants. The new structure, which is leaner and country-focused to facilitate appropriate responses to country needs, has been fine-tuned to ensure that essential functions as well as important operational concerns, are sufficiently delineated and protected. These include: the separation of budgetary and control functions into two separate departments, one for the budget and the other for financial policies; and the establishment of an Environment and Sustainable Development Unit, the Procurement Monitoring and Consulting Services Unit, and the Risk Management Unit.

The restructuring exercise included a scheme for early retirement, as well as voluntary and involuntary separations. The implementation of the scheme, based on clear and transparent criteria, involved the separation of 248 professional and supervisory staff through early retirement, voluntary and involuntary separations. A second program of voluntary separations, involving support staff ,was approved by the Boards of Directors in December 1996.

The essential elements of the re-organization were put in place in February 1996 with the appointment of supervisory personnel and the redeployment of other staff. Department Directors were selected on the basis of a managerial aptitude test, and on interviews before an external panel of three distinguished persons from outside the Bank —a former Prime Minister, a University Rector and a former Vice President of the World Bank. Subsequently, Division Chiefs were selected by a panel comprising the Vice Presidents of the Bank and some of the new Directors on the basis of the results of the aptitude test, experience, and educational background. Further transparency was added to the process with the participation of the new Directors in the selection of their Division Chiefs.

After staff redeployment, based on compatibility between individual and job profiles, vacancies are being systematically filled through external recruitment, with international search firms assisting for managerial-level positions. Vacancies were advertised internationally as competitive and open for applicants from all member countries; and recruitment is being undertaken on as wide a geographical basis as possible. Efforts were made to ensure that only the most qualified candidates were considered for recruitment. By the end of December 1996, more than 15,000 applications were received for managerial and professional positions. Of these, 77 were appointed —comprising six Directors, 11 Division Chiefs and Heads of Units and 60 other professionals.

An important aspect of institutional management relates to the duties and responsibilities of the Management in relation to those of the staff. These issues bear on transparency and fairness in such areas as staff recruitment, promotion, and the reward-penalty system in general; the enhancement of team-spirit and the decentralization of authority commensurate with staff responsibilities; and the codification of rules and regulations governing staff behavior in the conduct of official business. These issues were among those handled in the process of the reorganization of the Institution. To ensure objectivity and transparency with respect to Bank recruitment and promotion systems, two panels were established in October 1996. The first, the Management Selection and Promotion Panel, was charged with interviewing and recommending for recruitment candidates for all managerial positions, and with proposing and recommending promotions to managerial positions. The second panel, the Staff Selection and Promotions Panel, will recommend to Management candidates for and potential promotions to non-managerial positions.

To move systematically toward improving the quality of the Institution's human resources, a comprehensive staff training program was prepared and is in the early stages of implementation. The primary responsibility for the design and implementation of the staff training program was entrusted to the African Development Institute (FADI) of the Bank. According to the needs assessment survey launched in July 1996, staff training would cover: management development; professional and general skills enhancement; and instruction in Bank rules, regulations and procedures. Training for support staff would include skills upgrading for administrative assistants, secretaries and clerks.

Following the designation of supervisors, the first training session for the professional staff was organized in February 1996. The objective was to disseminate and explain to staff the key elements of the changes. Other training programs for all levels of staff were initiated with the participation of external specialists, as well as assistance from the Bretton Woods Institutions. As part of the continuing program to enhance performance, a seminar on management was organized during the month of April 1996 for Directors and Division Chiefs, with the assistance of an external consulting firm. Another seminar was organized for Directors and Division Chiefs in May and June 1996, on the elaboration and implementation of the new approach to budgeting .

While pursuing preparations for the comprehensive program, a number of training activities were undertaken in 1996. The Bank held a workshop on Financial Programming for 30 country economists and three statisticians in June and July 1996, with the assistance of the IMF Institute. The objective of the workshop was to harmonize Bank concepts and techniques in economic analysis with those of the Bretton Woods Institutions, especially in view of the co-financing activities being undertaken jointly. As a follow-up, a Bank manual for country economists will be prepared. Department heads are also participating in the World Bank Executive Development Program.

The Bank also continued to implement the training program on Institutional Strengthening for Environmental Management, with financial support from the USAID. During 1996, environmental management workshops were organized for Directors and Division Chiefs as well as Executive Directors. The workshops addressed such issues as: Bank Group policies and procedures on the environment, especially as they relate to regional and global requirements; the strengthening of Bank Group systems, especially those governing oversight of implementation in recipient countries; and systems and procedures used by other MDBs and agencies. Under the same program, USAID is financing the training of selected staff in environmental management for periods of up to two months, mostly in the United States.

Other training activities implemented during the year included workshops on the Methodology for Project Design and Evaluation (MPDE), held with the assistance of a USAID-funded contract to assist further diffusion of the MPDE in the Bank. The workshops aimed at imparting design techniques especially to staff who were reassigned to the operations departments following the restructuring. About 40 Bank staff attended the workshops in English and French.

A special training program on the System for Post-Evaluation Information (SPEI) was also organized, with the assistance of external consultants. The purpose of the program was to improve staff capabilities in using SPEI and related software packages, within a Local Area Network (LAN) configuration, and to make possible the full use of the system by all users, including Senior Management. A total of 68 participants took part in the training sessions of which 31 were from OPEV and 37 from the operations departments.

Another important dimension for strengthening Bank Group institutional infrastructures is through improved information and telecommunications technology. In this regard, the Boards of Directors considered in April 1996 the Report on the Information Technology Plan and Telecommunications Modernization Study, and approved the following recommendations and related Action Plan: consolidation of investments made in technical infrastructure, which would position the Bank Group for the future by using cost-effective information and communications technologies; acquisition of a satellite dish for telecommunications to reduce overall costs; and implementation of a three-year Electronic Data Interchange (EDI) enhancement to improve the existing computer networking infrastructure. The Boards approved the proposed budget ceiling of UA 4.4 million required to implement the Action Plan during 1996-98. In order to ensure the expeditious execution of the work plan, the Boards authorized the establishment of an interdepartmental information systems steering committee (ISSC), with the Vice President for Corporate Management as Chairman.

Institutional Governance

The fourth component of the reform program addresses institutional governance and related matters. The main elements were taken up in two studies conducted under the auspices of the Bureau of the Boards of Governors —the Special Study on Governance and Related Issues; and the Special Review of the Policies and Operations Relating to the Budget and the Investment of Liquid Assets. The final reports of the studies were reviewed by the Bureau and distributed with its recommendations to Governors. They are now the subject of in-depth consideration by the governing bodies of the Bank. The Boards of Governors have referred the Report of the Study on Governance to the Ad-hoc Committee on the Fifth General Capital Increase for consideration. With respect to the Special Review of Policies and Operations, the Bank is already implementing those recommendations which do not require the approval of the governing bodies. During the Annual Meetings in May 1996, Governors urged the Board of Directors and Management to continue to execute the plan of action for the implementation of the relevant recommendations with all expedition. The Board of Governors also requested the Board of Directors to submit at the next Annual Meetings a status report on progress made in the implementation of the said recommendations.

A major event bearing on institutional governance was the Special Summit of the Heads of State and Government of regional member countries of the ADB held in Libreville, Gabon, on 7 July 1996 (see Box 3).

Box 3

Special Summit of the Heads of State and Government of Regional Member Countries of the African Development Bank

For the first time in the Bank's history, African Heads of State and Government met in Libreville, Gabon, on 7 July 1996, to discuss issues facing the Bank. At the close of their deliberations, the Heads of State and Government adopted the Common Declaration of Libreville. The meeting was attended by 36 Governors and Alternate Governors or Temporary Governors and focused on three key issues: (i) the accumulation of arrears on loans granted by the Bank; (ii) the Fifth General Capital Increase (GCI-V) of the Bank; and (iii) proposals to reform the governance structures of the Bank.

On the question of arrears, the Heads of State and Government instructed that the repayment of loans granted by the Bank be given the same priority as that accorded to other international development finance institutions.

With regard to GCI-V, they urged that requisite arrangements be made and measures be taken so that the Board of Governors can reach a decision on the matter during the next Annual Meeting in May 1997. To this end, the Summit directed the Bank to facilitate the processes that would enable the Board of Governors to take decision on: i) the level of capital increase and, ii) the modalities and structure, bearing in mind the need to retain the African character of the Bank ,as well as the need to open up to the outside world.

With respect to the proposals on governance of the Bank, the Heads of State and Government directed that: i) the responsibility for appointment and tenure relating to the President of the Bank should be reserved to the Board of Governors of the Bank; ii)candidatures for the presidency of the Bank shall be freely submitted, subject to applicable rules and regulations of the Bank; and iii) that timely meaures should be taken to reduce costs relating to the Boards of Directors, without affecting the quality of the service provided to their constituencies.

The Summit of Heads of States and Government noted with satisfaction the progress made by the Board of Directors and the President in carrying out the reforms, particularly in the implementation of the new structure, the new financial policies, and private sector promotion. They also noted with satisfaction the conclusion of the Seventh Replenishment of the African Development Fund resources.

CORPORATE AND FINANCIAL MANAGEMENT

Introduction

The on-going institutional reforms, aimed at revamping the Institution so that it can respond more effectively in meeting its development objectives, have included the implementation of measures in different functions of the Bank. The following discussion highlights some of the principal functions to give a sense of the nature and scope of the activities being undertaken in the various areas. The measures relate to: organization and management systems; human resource management; training activities; environment and sustainable development; operations evaluation; planning and research; internal audit; administration; legal services; borrowing activities; asset and liability management; budgeting and financial policy planning; risk management; and management of arrears and loan cancellations

Corporate Management

Organizational and Management Systems

The activities in 1996 focused on establishing the groundwork for the modernization plan. A milestone in the improvement of Bank operations was the approval of the multi-year Information Technology and Telecommunications Modernization Plan by the Boards of Directors, in April 1996. The major components include: (i) acquisition and installation of a satellite earth station so as to limit disruptions to international telecommunications and to reduce the overall telecommunications costs of the Bank; (ii) upgrading the performance and security of the computer and telecommunications networks; and (iii) selection and implementation of a relational database management system (RDBMS), graphical user interface, and systems analysis and design tools. The other components entail: (i) replacing the aging mainframe computer system; (ii) replacing obsolete work stations and printers with high performance hardware; (iii) connecting the Bank to the Internet; (iv) establishing a Web server; (v) modernizing and re-engineering financial, operational, administrative and human resource processes; and (vi) training of staff. Professional services have been contracted to assist the Bank in establishing the technical requirements for such major undertakings. Also initiated during the year was a training program for the technical staff supporting the modernization plan.

The objective for 1997 is to implement most of the components of the modernization plan. Included in the process will be: (i) replacement of over 60 per cent of the Bank's personal computers; (ii) the implementation of an integrated network system; (iii) the installation and operation of the satellite earth station; (iv) international e-mail availability; (v) the replacement of the mainframe computer and migration of the systems; and (vi) operation of a Bank Web site on the Internet. Also planned for 1997 is the retraining of staff on the use of new computer equipment and software, as well as the initiation of a process re-engineering effort which would include the selection and implementation of package software solutions.

Human Resource Management

At the beginning of 1996, the initial number of authorized budgeted positions was 1007, comprising 561 professionals, 371 support and 75 manual staff. At mid-year, 26 additional positions were approved by the Board of Directors raising the Bank staffing complement to 1033 positions. In terms of geographical distribution, 85 per cent of the professional staff were from regional member countries and 15 per cent from non-regional member countries, excluding technical assistants (Details supplied in Table 3).

The recruitment process to fill vacant positions and external recruitment for supervisory positions were well advanced. By the end of December 1996, 169 candidates had been interviewed and 77 processed for appointment — comprising six Directors, 11 Division Chiefs and Heads of Units, and 60 other professionals. Of the candidates offered appointments, 18 have assumed duties — comprising three Directors, five Division Chiefs and Heads of Units, and 10 professionals. The recruitment process has ensured the identification of high calibre candidates and appropriate geographical balance. The 77 candidates approved for appointment comprise 53 from regional member countries and 24 from non-regional member countries The geographical distribution of the 53 regional appointments was as follows: North 11, West 22, East six, Central eight, and South six. The strategy for the recruitment for the remaining positions is to continue to stress quality and to seek diversity, in terms of gender balance and country representation.

During 1997, the main priority for the human resource management activities will be to conclude the process of recruitment for all the remaining vacant positions; to improve the skills mix of the Bank; and to increase efficiency and institutional performance. The Bank will also introduce a new Staff Performance Management System aimed at

Table 3

Geographical Distribution of Bank Staff as at 31 December 1996

Country	Staff categories				
	MS	TA	AT	OS	TOT.
Algeria	7	–	–	–	7
Angola	1	–	–	–	1
Argentina	1	–	–	–	1
Austria	1	–	–	–	1
Belgium	2	3	–	–	5
Benin	14	–	19	4	37
Botswana	–	–	–	–	–
Brazil	1	–	–	–	1
Burkina Faso	10	–	17	14	41
Burundi	4	–	2	1	7
Cameroon	18	–	12	1	31
Canada	8	–	1	–	9
Cape Verde	1	–	2	–	3
Central African Rep.	6	–	1	–	7
Chad	5	–	3	–	8
China	4	–	–	–	4
Comoros	1	–	–	–	1
Congo	6	–	2	–	8
Côte d'Ivoire	34	–	138	36	208
Denmark	1	–	1	–	2
Djibouti	4	–	–	–	4
Egypt	9	–	–	–	9
Equatorial Guinea	–	–	–	–	–
Eritrea	–	–	–	–	–
Ethiopia	11	–	12	–	23
Finland	–	–	–	–	–
France	13	–	6	–	19
Gabon	2	–	1	–	3
Gambia	7	–	3	–	10
Germany	4	–	–	–	4
Ghana	16	–	37	1	54
Guinea	7	–	14	1	22
Guinea Bissau	2	–	–	–	2
India	3	–	1	–	4
Italy	2	–	–	–	2
Japan	3	–	–	–	3
Kenya	8	–	5	–	13
Korea (Republic)	1	–	–	–	1
Kuwait	–	–	–	–	–
Lesotho	3	–	–	–	3
Liberia	5	–	4	–	9
Libya	1	–	–	–	1
Madagascar	4	–	1	–	5
Malawi	5	–	1	–	6
Mali	13	–	13	2	28
Mauritania	11	–	3	–	14
Mauritius	2	–	4	–	6
Morocco	10	–	2	2	14
Mozambique	–	–	–	–	–
Namibia	1	–	–	–	1
Netherlands	1	–	–	–	1
Niger	2	–	2	–	4
Nigeria	36	–	28	3	67
Norway	1	1	–	–	2
Portugal	1	–	–	–	1
Rwanda	5	–	–	–	5
Sao Tome & Principe	–	–	–	–	–
Saudi Arabia	–	–	–	–	–
Senegal	15	–	9	1	25
Seychelles	–	–	–	–	–
Sierra Leone	7	–	13	1	21
Somalia	10	–	–	–	10
South Africa	–	–	–	–	–
Spain	–	–	–	–	–
Sudan	8	–	–	–	8
Swaziland	2	–	–	–	2
Sweden	–	1	–	–	1
Switzerland	–	–	–	–	–
Tanzania	10	–	2	–	12
Togo	4	–	14	4	22
Tunisia	8	–	1	–	9
Uganda	11	–	6	–	17
U.A.E.	–	–	–	–	–
U.K.	5	–	–	–	5
U.S.A.	16	–	2	–	18
Zaire	8	–	2	–	10
Zambia	10	–	–	–	10
Zimbabwe	9	–	1	–	10
TOTAL	**441**	**5**	**385**	**71**	**902**

Notes:

MS: Management Specialist & Supervisory Category

TA: Technical Assistance Staff

AT: Administrative Technical Support Category

OS: Operative Services Category

increasing staff motivation and productivity; a revised compensation and benefits package, with a view to providing a more reward-driven work environment and instituting more effective control of personnel costs; and a job grading and job classification system. These initiatives will be complemented by a systems improvement exercise, through the review and documentation of the human resource management business functions, including process re-engineering, with a view to improving the quality of service in all areas. In addition, new initiatives in the area of organizational renewal –– covering the concepts ofteam building and management of change –– will be introduced with the aim of increasing the effectiveness of the new Bank structure.

Training Activities

In 1996, the decision was made to prepare and implement a comprehensive staff training program in order to further enhance the effectiveness of the Bank's external operations, as well as the efficiency of its internal activities. The program would involve nearly all Bank staff, and provide training in various disciplines and skills. The primary responsibility for designing and putting in place the staff training program was entrusted to the African Development Institute (FADI) of the Bank. Managerial and professional staff training would cover: management development; professional skills enhancement; general skills enhancement; and training in Bank rules, regulations and procedures. An important element would be training new staff to enhance their speedy integration into the Bank and bolster productivity. FADI has expanded the scope of its operations by combining the training of Bank staff with that of the regional member countries.

As part of the on-going collaboration with the Bretton Woods Institutions in the area of training, departmental heads are participating in the inaugural sessions of the World Bank Executive Development Program. Discussions are underway for sending ADB staff members to attend some of the programs offered by the World Bank in the area of finance.

Various training activities for Bank staff were conducted in 1996. The Bank continued to implement the training program on Institutional Strengthening, with financial support from the United States Agency for International Development (USAID). Under this program, selected Bank staff were trained in cross-cutting issues such as environnent, gender and poverty reduction, and private sector financing. During the month of September 1996, Methodology for Project Design and Evaluation (MPDE) workshops were held as part of the USAID-funded contract to assist further diffusion of the MPDE in the Bank. The workshops were intended to impart design techniques, particularly to those staff members who were reassigned to the operations departments following the restructuring. About 40 Bank staff attended the workshops in English and French. A financial programming and policy course was conducted in Abidjan by the IMF Institute for country economists and statisticians.

A special training program on the System for Post-Evaluation Information (SPEI) was organized in September and October 1996 with the assistance of external consultants. The purpose was to improve operations staff capabilities in using SPEI and related software packages within a Local Area Network (LAN) configuration, and to make possible the full use of the system by other Senior Management and Bank staff. A total of 68 participants took part in the training sessions.

As in previous years, the Bank continued to provide training to officials of RMCs. The primary goal of these activities is to strengthen the capacity of RMCs to manage Bank-financed projects, as well as to enhance their capacity to deal with the broader development challenges. Accordingly, training was carried out in the areas of project management (including training in rules and regulations), and in the broader area of development management.

In 1996, the Bank conducted national procurement and disbursement workshops in nine countries. In some of these countries, separate seminars were held for high-level policy makers as well as for private contractors and consultants. The workshops provided training in procurement, disbursement, and loan administration procedures of the Bank. Participants included project managers and officials from line ministries. In addition to acquainting officials of RMCs with the Bank's rules and regulations, these workshops provided useful feedback which should improve the overall efficiency of Bank operations.

Another important event in 1996 was the launching of the second phase of the Agricultural Management Training Program for Africa (AMTA II), a joint undertaking by IFAD, the World Bank, the OAU, and the Bank. The program, for which the Bank is the executing agency, aims at enhancing agricultural management capacity in RMCs. AMTA II will be implemented over a six-year period and is expected to cover 22 countries. In 1996, a training of trainers program was initiated for five countries in North Africa, and sensitization workshops were undertaken in eight other countries.

In the area of development management, the Bank, with support from the Government of Japan, held a workshop on «Economic Management, Taxation and Tax Administration» for the ten Francophone countries of ECOWAS. The workshop covered both the theory of taxation, and the various taxation practices of countries in the region, particularly in the context of major economic reforms.

Preparations were finalized for a sub-regional workshop on «Incorporating Gender Issues in National Development Plans», to be held in early 1997. Covering ten countries in Eastern and Southern Africa, the workshop will provide opportunities for participants to learn about various approaches to formulating gender sensitive development plans. The Bank also obtained funds from the Government of Belgium to prepare teaching materials for workshops in three areas of interest to the Bank: environmental impact assessment, privatization of state enterprises, and regional integration. It is anticipated that several sub-regional workshops will be held in 1997 using the materials prepared.

Bank efforts to promote capacity building in the region have been bolstered by the ADB/Japan Fellowship Program. Under the Program, nine fellowships were awarded for African scholars to pursue graduate studies overseas as well as in the region. Under the Policy and Human Resources Grants (PHRDG) amd Technical Assistance Grant (TAG), Japan awarded scholarships to 10 students from RMCs to study abroad.

In the coming years, the Bank will seek to build stronger working relations with national and regional institutions with the aim of coordinating training in project management by these institutions. To enhance such relations, the Bank planned a meeting of representatives of national and regional training institutions for the first quarter of 1997. The meeting is expected to result in the identification of areas of cooperation between the Bank and these training institutions. It is envisioned that in the future, an important task of the Bank will be to promote capacity building in these institutions by helping with the training of the trainers, developing appropriate curricula and teaching materials, and ensuring that the training provided is of the requisite quality. The incorporation of Bank-sponsored programs in the training curriculum of national and regional institutions should help to ensure that courses are given regularly when needed, thus augmenting the impact of Bank-sponsored training activities.

Environment and Sustainable Development

During the year, the Boards of Directors approved the establishment of the Environment and Sustainable Development Unit (OESU) as part of efforts to promote sustainable development. The Unit provides a focal point for addressing the Bank's cross-cutting themes, which include: the environment, poverty reduction, gender mainstreaming, population issues, non-governmental organizations and stakeholder participation, and institutional development. Resources were allocated for additional staffing and staff development. The Boards approved 14 new staff positions for the OESU, to be filled taking into account the effective operationalization of the Unit. By linking social concerns with environmental assessment, the Unit ensures the harmonious and long-term balance between basic human needs and critical natural resources in the regional member countries.

With respect to the integration of environmental concerns into Bank Group operations, considerable progress has been made toward implementing the Environmental Policy. Guidelines for environmental impact assessment (EIA) are being developed for several new areas of assessment. In-depth training was provided to both managers and professional staff in the area of environmental analysis and preservation. Training was also offered to officials of the Bank's regional member countries to familiarize them with Bank Group policies and procedures on the environment and environmental impact assessments, and to improve project quality and sustainability.

OESU is also responsible for fostering and furthering NGO-Bank relationships (See Box 4). To this end, three of the fourteen staff positions will be established for Bank staff to liaise with NGOs and to ensure that their concerns and participatory approaches will be taken into consideration in the design of the Bank's development projects. The NGO policy will be revised and updated in the coming year.

The Unit will continue to develop and update policies and guidelines; to monitor their implementation; to provide advice in the design and implementation of country strategies and operational programs; and to participate — when necessary — as a full member of the project team in preparing, appraising, supervising and evaluating projects. A progress report on the activities of the Unit will be presented to the Boards of Directors before 30 June 1997, to serve as a basis for a full assessment of the relevant measures and policies being implemented.

Operations Evaluation

In line with the Action Plan on Project Quality, the strategic orientation of operations evaluation for 1996 has been to put in place new guidelines and methodologies for post-evaluation affecting all developmental aspects, and enlarging the work program to evaluate projects for which Project Completion Reports have been prepared. The evaluation

Box 4

Enhancing the Role of NGOs in Bank Group Operations

Achieving results on the ground depends on the participation of various stakeholders in the development process. Communities directly and indirectly affected by development programmes should be able to express and see their viewpoints incorporated concretely into the design and implementation of these activities. This participation is an essential element for securing commitment, ownership, and support for projects, as well as for enhancing the quality of their implementation.

One of the major vehicles for ensuring real participation is the non-governmental or community based organization (NGO/CBO). Working at the «inside» or grassroots levels, NGOs/CBOs can articulate the needs, hopes, and aspirations of communities and communicate them to «outsider» development partners who, because of time constraints and limited on-site presence, possess an incomplete knowledge of the local population in areas selected for development activities.

Over the past twenty years, NGOs have grown in stature and earned an important role in evoking and expressing the needs of communities. Their voice in official development activities is recognized and needed by both bilateral and multilateral agencies. In an effort to increase the participation of civil society in the project design process, the Bank Group has placed a fresh and deliberate focus on its dialogue with NGOs.

In December 1996, a Bank-NGO conference was held at the ADB Headquarters in Abidjan with participants representing 69 NGOs, both regional and non-regional. The theme of the conference was «Strengthening Partnerships between ADB and NGOs for the Social and Economic Development of Africa». The discussions focused on the following four sub-themes: the institutional framework for making NGO participation effective in Bank Group operations; information disclosure policy; the means of cooperation between ADB and NGOs; and respective roles in the design, implementation, monitoring, and evaluation of projects.

At the end of the conference, a joimt Bank-NGO declaration was issued. It indicated three principles which will guide their joint actions, namely: transparency and good governance; a participatory approach to development; and the importance of partnership in development. The two parties adopted a plan of action outlining modalities for their future cooperation, including the establishment of an NGO liaison office attached to the Bank. On their part, the NGOs will designate a liaison organization to interact with the Bank. NGOs with relevant expertise would participate in implementing projects and schemes for which some concessionary resources have been earmarked to finance micro-credit activities. ADB will consult with NGOs on development policy issues including the environment, participatory development, information disclosure, and gender mainstreaming. Finally, a joint ADB/NGO committee will be established to follow up on common activities, to consult on the timing and modalities of these activities, and to develop a one-year work plan. The conference welcomed the Bank's intention to set up a Public Information Center (PIC) at its Headquarters in Abidjan, which will serve as a focal point in accessing information on Bank Group operations.

scope covered new areas such as those on development impact, sector policy review, country program evaluation, Bank/country experience evaluation, and lending process evaluation.

In 1996, a performance audit was one of the top priorities in order to assess the extent to which the principle of «accountability for performance» is translated into practice. To this end, the approach adopted was to review and evaluate the quality of PCRs prepared by the operations departments. A total of 77 Evaluation Notes were prepared out of a backlog of 96 PCRs submitted to OPEV over the last three years. The synthesized findings were communicated to the operations departments in the form of feed-back. This was followed by Performance Audits (Abridged, Intermediate or Full, depending on the magnitude of the issues to be covered and the nature of the project).

The year was also a period of consolidation and clearing of the backlog of PCR Reviews and Evaluations. Activities in subsequent years will focus further on the evaluation of new areas mentioned above. In addition, staff actively commented on Issues Papers and Reports of operations departments to enhance project quality. The Post-Evaluation Information System (SPEI) has been in the process of development, and results have been positive in relation to feedback and dissemmation.

SPEI ensures that post-evaluation findings, lessons and recommendations are fed into the system and are made available to the principal users in the operations departments to incorporate evaluation findings into Country Strategy Papers as well as to identify and process new projects and programs. The system has now been put on-line with the necessary interaction with the Projects and Loans Management System (PALMS) amd training courses on the system have been provided to operational professional staff during the year. An interim audit and systems development on SPEI has also been completed.

Bank staff continued to participate in the periodic meetings and seminars sponsored by the Evaluation Expert Group of the OECD Development Assistance Committee. In addition, the Bank is a member of the Evaluation Cooperation Group (ECG), recently formed by five Multilateral Development Banks (ADB, IBRD, AsDB, EBRD, and IsDB). Following several consultation meetings, the ECG is in the process of establishing core standards and practices for completion of reporting and performance reviews, in order to facilitate the comparative analysis of the performance of MDBs for results-oriented development interventions.

Planning and Research

The planning and operations policy functions include: i) formulating and disseminating guidelines for medium and long-term operational programming, policies, and procedures; ii) coordinating proposals on the mobilization of resources, including the General Capital Increases for the Bank and the replenishments of the Africa Development Fund; iii) monitoring the implementation of general operational policies and programs of the Bank to ensure effective compliance; iv) conducting studies on the range of economic issues underpinning the Bank's country assistance strategies and operations, and working with the country departments on priority issues relevant to Africa's development; v) coordinating activities relating to African economic integration with the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU). An important element of the planning and research function includes preparing technical support to Management with respect to development policy on the socio-economic prospects of the continent.

In 1996, the planning activities of the Bank included monitoring the implementation of the institutional reforms and reporting thereon on a monthly basis, programming Bank Group participation in the international Debt Initiative for the Highly Indebted Poor Countries (HIPCs); and the establishment of the Supplementary Financing Mechanism (SFM) for performing Category A countries with outstanding ADB debt. With respect to resource mobilization, the activities included the coordination of the consultative meetings on the Seventh General Replenishment of the ADF resources (ADF-VII) and negotiations on the Fifth General Capital Increase (GCI-V) for the Bank.

The Bank's research and dissemination activities embrace a range of development issues of concern to regional member countries. Current research efforts concentrate on private sector development, macroeconomic management and regional integration.

In 1996, the eighth edition of the African Development Report was published. Part I of the Report reviewed Africa's economic performance in 1995, while Part II addressed issues bearing on the theme: *Towards Policies for Long-Term Growth and Development in Africa.* The study stemmed from the view that while macroeconomic reforms are essential for recovery amd growth, sustainable development calls for strategies and policies beyond the framework of structural adjustment programs. In this context, the Report underlined the importance attached to the following issues: poverty reduction, social development and gender concern; agriculture and food security; and industrialization and domestic resource mobilization. During the year, work also began on the 1997 Report with the theme *«Fostering Private Sector Development in Africa».* The eighth edition of The African Development Review, a semi-annual professional journal devoted to the study and analysis of development issues in Africa, was published in 1996. The Review emphasizes policy relevance and operational aspects of these issues. It is directed at a wide audience of economists and social scientists in government, business, universities, research institutions and international development agencies. Among the topics covered in Volume 8, Numbers 1 and 2 are: *The Role of Regional Integration, Security and Development in Southern Africa; Freight Vehicles Regulations and Highway Infrastructure Issues in Sub-Saharan Africa; Developing Decentralized Capacity of Development Policy Analysis: Lessons for Agricultural Development from Food Security and Nutrition Monitoring in Malawi; The Direct Private Benefits of Participation in a Publicly Provided Surface Irrigation Scheme in the High Rainfall Area of Nigeria; Real and Monetary Determination of the Egyptian Real Exchange Rate; Export Demand and Botswana's Beef Industry; and Infrastructure and Technology Constraints to Agricultural Development in the Humid and sub-Humid Tropics of Africa.*

Seven new titles were added to the Bank's Economic Research Papers in 1996. These include, *Military Expenditure in Africa: A Statistical Compendium; What determines Military Spending in Africa: Theoretical and Empirical Investigations; Commodity Prospects and Growth in Africa; Financial Liberalization, Currency Substitution and Investment: The Case of Egypt; The Informal Credit System in Franc-Zone Countries; Economic Cooperation and Integration in Africa: Experiences, Challenges and Opportunities; and Investing for Long-Term Growth in Africa.*

The statistical publications issued in the course of the year included the following: i) Compendium of Statistics; ii) Selected Statistics on Regional Member Countries; iii) Cofinancing Statistics; and iv) Basic Socio-economic Data on RMCs, which was produced for the first time during the year under review.

Following its First Report on the democratization process in Africa (1994), the ADB Affican Advisory Council submitted its Second Report in 1996 which deliberated on issues relating to strategies for sustained long-term development in Africa. The Report identifies some of the major limitations of adjustment programs and suggests a number of issues, policy areas and measures that the Bank — in its quest to promote sustainable longterm development — could consider in the reformulation of its operations.

Internal Audit

The Internal Audit Department (AUDT) performs independent appraisal functions to assist the Boards of Directors and Management. It conducts periodic independent audits of Bank Group operational, financial and administrative activities; evaluates the internal controls and procedures in existence; and ascertains compliance with the internal control and Bank Group rules, regulations, agreements, policies, instructions and directives. The observed weaknesses are presented to the Boards and Management through audit reports which contain observations, conclusions and recommendations aimed at improving the quality of Bank Group operations and activities.

The annual work progmm is determined on the basis of risk assessment considerations. In this regard, the frequency of audit is as follows: high risk activities are audited at one to two-year intervals; medium risk activities at two to three-year intervals; and low risk activities at three to five-year intervals. In addition, every year, AUDT performs other activities, such as supporting the Extemal Auditors; auditing of bilateml and multilateral grants; responding to requests for special assignments by the Boards of Directors and Management; and monitoring the implementation status of previous recommendations.

During the year under review, assignments undertaken by AUDT include: fourteen project audits (including ten carried over from 1995); audit of investments (Trading Room); audit of the authenticity of staff certificates and degrees; cash and bank audits; electronic funds transfer audits; audit of fixed assets; audit and certification of the financial statements of grants; and investigations and special audits requested by the Boards and Management.

Furthermore, AUDT reviewed and commented on several audited financial statements submitted by borrowers to the Bank; supported the Bank Group's External Auditors with regard to confirmation of subscriptions, borrowings, banks and loans balances; coordinated its work program with the External Auditors, with a view to avoiding duplication of efforts and maximizing audit coverage; and monitored the implementation status of previous recommendations made by the auditors.

Administration

In the area of administration, the priority work program during 1996 was to effectively monitor management of administrative and technical services. The Bank continued with its cost reduction, efficiency strategies, and the streamlining processes. The Bank has successfully negotiated VAT exemption on current and new contracts. In addition, through the budgeting process, the issue of cost center budgeting and accounting for «common» administrative expenditures is being addressed.

In the area of management of administrative and technical services, several initiatives were introduced. These include: revision of the Travel Policy, preparation of an inventory of all Bank assets, strengthening of the procurement of goods and services policy and procedures, as well as internal control procedures. The Bank has already established a list of approved suppliers and contractors, with a view to ensuring greater competition, transparency and cost-effectiveness in the procurement process.

Part of the priority work program during 1996 was to strengthen the Bank's security policy and systems, and to implement the recommendations of auditors concerning security of persons and property. Current maintenance, security and other service contracts are closely monitored and reviewed with a view to subcontracting on a turnkey basis and concentrating on contract supervision. Technical feasibility and detailed studies were undertaken for major projects to rehabilitate Bank properties in the coming years. In 1997, the Bank will concentrate on rehabilitation works in order to improve the structural and equipment conditions of the Bank headquarters, the Cite BAD complex, and official villas for elected officers.

Legal Services

The principal activities carried out in the area of legal services may be summarized under the following groups:

First, assisting the Treasury Department in negotiating and preparing documentation for refinancing outstanding debt with call and purchase and cancellation features; devising legal instruments aimed at implementing cost-effective borrowing strategies; articulating appropriate documentation for derivative products and other liability management instruments; structuring framework arrangements aimed at enhancing and stimulating cofinancing with official and private financiers; and assisting in Euromarket and Bond operations of the Bank.

Second, technical drafting of Executive Instructions relating to the restructuring of the services of the Bank and the definition of the functions and responsibilities of organizational units; resolving conflict situations between the Bank and staff; treating legal issues relating to the proposed Administrative Tribunal of the Bank; and revising the Staff Rules and Regulations of the Bank.

Third, structuring alternative mechanisms and proposing policy guidelines for debt reduction and the recovery of arrears; reviewing procurement rules and guidelines of the Bank and the Fund; revising the Private Sector Investment Guidelines, as well as documentation for portfolio restructuring; structuring and negotiating loan agreements; reviewing and vetting project loan legal opinions; rendering legal advice and services; and preparing project resolutions.

Financial Management

Borrowing Activities

In line with its development mission, Bank funding activities are aimed at obtaining financial resources required by borrowers at the finest rates, and ensuring liquidity to meet other operational needs. The Bank uses a variety of instruments to access capital markets, notably public bond issues, medium-term note programs and structured transactions. Its borrowings in the major currency markets aim to ensure that borrowers have access to the currencies of their choice, to the extent that the Bank can do so efficiently. In this connection, the Bank uses currency and interest rate swaps to diversify its sources of funding, and to manage interest rate risk associated with its funding activities.

During the year under review, the Board of Directors considered a number of financial policies to improve the Bank's capacity to respond adequately to the needs of its borrowing member countries and to ensure the financial integrity of the Institution. These policies, which are expected to be implemented over a period of two years, relate to currency management practices, the determination of lending rates, and net income management. While approving the general orientation of the policies, the Board requested Management to develop the guidelines for their implementation. The policies propose changes in the borrowing strategies of the Bank and its risk management practices. It is envisaged that future borrowings would reflect the currency preferences of borrowers. Indications are that the US dollar and the core European currencies are the most preferred currencies. The Bank also plans to introduce, within prudential limits, short-term and floating rate debt to fund both liquidity and loans.

Asset and Liability Management

The Bank has in place a comprehensive set of guidelines which provides a framework within which it conducts derivative transactions to manage the financial risk associated with its operations. Derivatives are financial instruments whose values depend on the underlying assets or liabilities, or could be linked to indices such as interest rates and exchange rates. In the ordinary course of business, the Bank is exposed to market and credit risks. Market risk arises due to movements in interest rates and exchange rates which lead to changes in the value of Bank investments and debt securities, as well as in earnings. Credit risk is the potential loss to the Bank resulting from either the downgrading of rating or the full default of a counterpart with which the Bank has made an investment of its liquid assets or entered into derivative transactions. A review of the financial policies related to liquidity management and balance sheet structure was also undertaken in order to achieve transparency and facilitate sound risk management.

Under the investment and liability management guidelines, the Bank is authorized to use forward and option contracts, which include interest rate and currency swaps, swaptions, options and futures, caps, floors and collars. Specifically, these instruments are used to lower the cost of funding, to diversify Bank funding sources, to hedge funding cost and to manage the Bank's balance sheet. The market valuations of the derivative instruments are monitored on a regular basis for compliance with the guidelines. With regard to credit risk, the Bank has established maximum limits for all its counterparts with acceptable credit ratings, as published by the rating agencies. For liability management purposes, the Bank only undertakes derivative transactions with counterparts rated AA or better.

In an effort to reduce the destabilizing effects of fluctuating market interest rates on net income, the Bank has recently approved the principle of funding its liquid assets with matching floating rate borrowings. Given this significant shift in funding strategy, the Bank's investment performance benchmark has been modified to reflect the new «asset-liability» approach to managing its liquid assets. The new performance benchmark is based on six-month market LIBOR deposit rates, and it will encourage pursuit of active investment and funding strategies which aim to enable the Bank to cover, at least, the cost of funding liquidity and possibly generating positive net income from its liquid asset portfolio.

Budgeting and Financial Policy Planning

In the sphere of financial policy planning, the focus was on the development of a package of financial policy reforms designed to streamline Bank financial management, and to make Bank lending operations more client-focused. Therefore, considerable effort was directed at the development and refinement of the computerized financial models used by the Bank, and at the development of new loan products whose characteristics closely match the preferences of borrowers. A number of seminars on the proposed financial policy reform package and its implementation were organized for members of the Board of Directors.

In order to improve ownership of budgets, transparency, and the effective utilization of resources, the Bank is introducing activity-based budgeting with effect from the 1997 financial year. Activity-based budgeting, as an approach, is designed to allocate resources in accordance with the projected level of activity for cost centers, based on the institution's strategic orientations, its priorities, and the derived work programs and the human and financial resources needed to realize those programs. Seminars were conducted during the year to sensitize Executive Directors and Management on the likely practical challenges, the advantages and limitations of activity-based budgeting. The annual budget is integrated in a three-year indicative budget, which was introduced to complement the existing threeyear lending program. Subsequently, the budget for 1997, which was approved by the Boards of Directors in December 1996, led to a reallocation of over 7 per cent of resources from administrative to operational activities. The end result is that operational activities account for 54 per cent of the 1997 budget, compared to 47 per cent in 1996.

Risk Management

To further strengthen the Bank's risk management capacity, the Risk Management Unit (FRMU) was established in February 1996. The primary function of the new Unit is to assist in the development and implementation of strategies, policies, procedures, and guidelines with respect to the assessment and management of risks associated with the Bank's lending and asset-liability mix management undertakings, with a view to mitigating such risks and their possible negative impact. The overriding objective is to ensure the optimal deployment of the Bank's risk bearing capacity in support of the pursuit of its development lending mission.

With respect to country risk, in particular, the Bank strives to make its existing country assessment and decision making framework operate more effectively. The first phase of a profound upgrading program was launched in 1996, in close collaboration with the country risk group of the World Bank, with the goal of enhancing capacity in this area over the medium-term horizon

Management of Arrears and Loan Cancellations

During the year under review, the Boards of Directors approved additional measures to reduce and contain the level of arrears on Bank Group loans to RMCs. These measures include: institution of more rigorous assessment of country credit-worthiness; strengthening of the sanctions policy in its different forms and systematic application of the guidelines on loan cancellations; and increasing collaboration with the Bretton Woods institutions, through the introduction of appropriate conditionalities and cross-default clauses.

The Bank Group now operates a single-tier sanctions policy which reduced from 60 to 30 days the period when sanctions come into effect after the due date. For borrowers under sanctions, the measures also involve: i) suspension of disbursements on all Bank Group loans, ii) suspension of signing new loan and guarantee agreements, and iii) suspension of granting new loans. In addition, the use of reimbursement guarantees is now linked to the debt service record of borrowers and limited to the purchase of supplies for project implementation. Dormant loan balances are now systematically cancelled upon the expiration of a three-month notice period, thereby eliminating the commitment charge levied on undisbursed loan balances. As a result, loan cancellations amounting to UA 1.5 billion were effected during the period January to December 1996.

One of the issues considered by the Summit of Heads of State and Government in July 1996 was the accumulation of arrears on loans granted by the Bank Group. In their common declaration, the Heads of State instructed that the repayment of loans granted by the Bank Group be given the same priority as that accorded to other international development finance institutions (see Box 3).

REVIEW OF SOCIO-ECONOMIC CONDITIONS IN REGIONAL MEMBER COUNTRIES

The International Economic Context

During the year under review, global economic expansion continued at a satisfactory pace, with output growth increasing to 3.8 per cent from 3.5 per cent in 1995 (see Table 4). In the industrial countries, economic activity picked up marginally, registering an output growth rate of 2.3 per cent compared to 2.1 per cent in the previous year. In the developing countries as a group, output growth averaged 6.3 per cent compared to 5.9 per cent the year before, as growth in Africa strengthened and the economies of the Latin American countries rebounded. Output growth rates in Latin America and Africa reached, respectively, 3.0 per cent and 4.8 per cent in 1996, from 0.9 per cent and 2.8 per cent in 1995. By contrast, the economic growth rate in Asia in 1996 was estimated at 8.0 per cent compared with 8.6 per cent in 1995.

While world trade remained buoyant, expansion occurred at a slower pace, from 8.9 per cent in 1995 to 6.7 per cent in 1996. Robust economic growth, and particularly the expansion in trade volumes in developing countries, counterbalanced the significant dampening in both import and export trade in the industrial countries. The growth of imports by industrial countries fell from 7.8 per cent to 5.3 per cent, while export growth declined from 7.3 per cent to 4.3 per cent. On the other hand, both the import and export volumes for developing countries sustained double-digit growth rates of 11.3 per cent and 10.3 per cent, respectively.

Inflation, as measured by the percentage change in the Consumer Price Index (CPI), remained stable in industrial countries, averaging 2.3 per cent. The continued low inflation rate is attributed to the commitment of policy makers to price stability, as well as to increased global competition which reduced the range for higher prices and cost increases. The inflation rate in developing countries continued its significant downward trend from 46.8 per cent in 1994 to 19.8 per cent in 1995 and 13.3 per cent in 1996. This is largely due to significant gains in Latin America, where the inflation rate declined more than ten-fold from 210.9 per cent in 1994 to 20.4 per cent in 1996.

Regional Economic Performance, 1996: An Overview

The process of economic recovery in Africa that began in 1994 was strengthened further in 1996, with the real GDP growth rate estimated at 4.8 per cent compared with the more moderate rate of 2.8 per cent for 1995, and an average of 1.2 per cent for the period 1992-1994. The 1996 economic performance marked a significant improvement since, for the first time in many years, the GDP growth rate caught up with and surpassed the population growth rate in a number of countries. As a result, there was an increase of 2.0 per cent in per capita income, given an average population growth rate of 2.8 per cent.

Improved economic performance has also been widespread as the number of countries with GDP growth rates exceeding population growth rates reached 41, as opposed to half that number in the early 1990s. The major African economies — Algeria, Côte d'Ivoire, Egypt, Morocco, Nigeria, and South Africa — recorded positive real per capita income growth rates.

Agriculture registered one of the best performances in recent years: its growth rate in 1996 was 6.9 per cent compared to 0.6 per cent in 1995. The rates for manufacturing and services, at 3.2 and 4.1 per cent, respectively, were slightly higher than those of the year before. The significant performance of the agricultural sector reflects not only improved weather conditions (particularly in northern and southern Africa), but also the positive impact of recent pricing reforms in the sector which are beginning to be felt in several countries. This performance will be appreciated more fully when it is realized that not only is agriculture the most important sector in the economies of most African countries, but also the most vulnerable to vagaries of nature, such as weather conditions.

The third consecutive year of economic recovery was also accompanied by macro-stability with continued progress in fiscal prudence and lower inflation rates. In this context, the overall budget deficit in the region was reduced to 2.9 per cent of GDP. Algeria and Nigeria, two of the largest economies, actually recorded budget surpluses of 0.3 per cent and 0.7 per cent of GDP, respectively. On the other hand, in South Africa, the budget deficit was relatively high at 5.2 per cent of GDP, as the country continued with the implementation of its reconstruction and development program. As more countries reaped the benefits of policy reforms, the average rate of inflation declined to 27.3 per cent, with the median

Table 4

Selected Economic Indicators, 1992-96

(Percentage changes from preceding year, except otherwise specified)

	1992	1993	1994	1995	1996[a]
Changes in output[b]					
World	2.4	2.4	3.7	3.5	3.8
Industrial Countries[c]	1,7	0,9	2,8	2,1	2,3
Developing Countries	6,4	6,3	6,6	5,9	6,3
Asia	8,8	8,7	9,1	8,6	8,0
Latin American and Caribean countries	2,8	3,2	4,7	0,9	3,0
Africa[d]	0,3	0,8	2,6	2,8	4,8
Central and Eastern Europe	-9,9	-4,9	-2,9	1,2	1,6
Russia	-18,7	-11,7	-14,8	-4,1	-0,9
Changes in Consumer Price Index					
Industrial Countries[e]	3,3	2,9	2,3	2,4	2,3
Developing Countries[f]	35,7	42,7	46,8	19,8	13,3
Asia	6,9	9,6	13,4	10,9	7,9
Latin American and Caribean countries	151,5	209,5	210,9	35,6	20,4
Africa[d]	28,3	27,6	40,4	32,5	27,3
Changes in Merchandise Trade (Volume)					
World Trade	4,7	3,9	8,8	8,9	6,7
Industrial Countries					
Exports	4,3	2,4	8,3	7,3	4,3
Imports	3,8	0,7	9,3	7,8	5,3
Terms of Trade	0,6	0,9	0,2	0,5	0,2
Developing Countries					
Exports	9,9	8,1	11,1	11,5	10,3
Imports	9,8	8,9	8,1	11,6	11,3
Terms of Trade	-1,3	-1,1	0,2	0,5	-0,2
Africa[d]					
Exports	2,5	0,9	-0,5	8,3	10,1
Imports	-1,4	-0,3	2,7	6,7	7,1
Terms of Trade	-8,8	-4,4	-0,0	-2,1	-3,3
Balance on Current Account ($ billion)					
Industrial Countries	-42,1	31,3	-7,8	13,9	2,5
Developing Countries	-69,2	-106,1	-76,8	-90,2	-112,2
Asia	2,7	-13,5	-5,2	-27,9	-51,1
Latin American and Caribean countries	-34,3	-45,0	-49,5	-33,2	-36,3
Africa[d]	-5,8	-9,2	-11,1	-12,9	-16,1
Debt of Developing Countries					
External debt to GDP ratio	33,8	34,1	33,0	31,7	30,2
External Debt to Exports ratio	125,9	128,2	121,7	111,2	104,7
Debt Service ratio[g]	15,7	15,5	15,2	15,5	14,6
Interest Payments ratio	6,4	6,2	5,7	5,9	6,1

Source: IMF World Economic Outlook, Washington D.C. October, 1996. Data for Africa are ADB computations.

[a] Estimates.
[b] Averages are weighted by the average US dollar value of individual countries' output/prices over the previous years.Real GDP or GNP for industrial and developing countries and real net material product (NMP) for Russia and Central and Eastern Europe.
[c] Industrial market economies
[d] ADB regional member countries.
[e] Averages of percentage changes in GNP deflators for individual countries weighted by the average US dollar value of their respective GNPs over the preceding three years.
[f] Percentage changes of geometric averages of indices of consumer prices for individual countries weighted by the average US dollar value of their respective GDPs over the preceding three years.
[g] Payments (interest, amortization, or both) as percentage of exports of goods and services.

inflation rate even lower at 9.2 per cent. In 1996, the liberalization of interest rates and foreign exchange continued to be a major policy focus in many countries. This helped to achieve realistic exchange rates and make exports more competitive.

The emerging stable macroeconomic and financial framework is essential to achieving sustainable growth across the spectrum of the region. In the past, high inflation and fiscal deficits have combined to compound macroeconomic uncertainties and to create distorted incentives, which discouraged investments. Macroeconomic policies, aimed at reducing economic instability and sustaining moderate and predictable rates of inflation, have had favorable and salutary effects on private investment and growth.

Balance of Payments and External Debt

In the external sector, notwithstanding the decline in major commodity prices during 1996, the value of exports grew by 6 per cent to about $116.4 billion as the supply response to structural policies improved in many countries. As domestic economic activity strengthened, however, imports grew at a slightly higher rate of 7.9 per cent to $ 126.16 billion in 1996. As a result, coupled with shortfalls in net services, the current account deficit increased from $12.93 billion in 1995 to $16.12 billion in 1996. An increasing part of the deficit was financed by non-debt creating

Table 5

Balance of Payments and Current Account Financing for Africa, 1992-96[a]

(in billions of dollars)

	1992	1993	1994	1995	1996[b]
Balance of Payments Sumarry					
Exports (f.o.b.)	99.11	94.03	95.94	109.68	116.40
Imports (f.o.b.)	98,95	96,52	101,49	116,86	126,16
Trade Balance	0,16	-2,49	-5,55	-7,18	-9,76
Net Services	-8,24	-8,52	-5,69	-5,23	-5,61
Net Factor Income	-16,15	-15,61	-14,72	-15,85	-15,49
Current Transfers	18,48	17,39	14,83	15,33	14,74
Balance on Current Account[c]	-5,75	-9,23	-11,13	-12,93	-16,12
Balance on Capital Account[d]	-4,73	0,16	1,01	0,58	0,15
Balance on Financial Account[e]	9,60	11,11	12,73	10,37	15,26
Current Account Financing					
Current Account Deficit[c]	5,75	9,23	11,12	12,93	16,12
Capital Outflows[f]	2,39	4,62	9,06	3,61	0,32
Financing Requirements	8,14	13,85	20,18	16,54	16,44
Non-Debt Creating Flows, Net	-2,14	2,33	5,21	4,00	4,82
Capital Transfers	-4,73	0,16	1,01	0,58	0,15
Direct Investment	2,59	2,17	4,20	3,41	4,59
Net Credit and Loans from IMF	-0,16	0,20	0,92	0,72	0,54
Net External Borrowing	10,43	11,31	14,04	11,83	11,08
From Official Creditors	6,05	8,12	6,16	4,48	8,49
From Banks	2,79	2,21	0,27	4,25	1,01

Source: Adapted from IMF Research Department, October 1996, and based on the methodology of the fifth edition of the Balance of Payments Manual.

[a] ADB regional member countries.
[b] Estimates.
[c] Current Account refers to trade balance, net services, net factor income, and current transfers payments.
[d] Capital Account refers to capital transfers and acquisition/disposal of non-produced, nonfinancial assets.
[e] Financial Account refers to direct investment, portfolio investment and other investment transactions.
[f] Recorded asset transactions, which pertain mostly to export credits, and errors and omissions, which are taken to be a measure of capital flight.

Table 6
Total Resource Transfers to Africa, 1992-95[a]
(in millions of dollars)

	1992	1993	1994	1995
Total Net Disbursements	**22,436.3**	**23,266.3**	**24,028.4**	**23,962.7**
DAC Countries	12,922.2	14,509.7	15,179.4	15,711.2
OPEC Countries	491.7	427.7	123.9	112.6
Multilateral Agencies	9,422.4	8,328.9	8,725.0	8,138.9
of which:				
ADB Group	1,827.1	1,739.1	1,483.8	1,039.3
World Bank Group	2,013.6	1,898.8	2,162.0	1,710.0
Arab OPEC Agencies	193.5	167.7	131.1	–
Net Disbursements of ODA[b]	**23,610.9**	**20,567.7**	**22,068.3**	**20,905.9**
DAC Countries	15,189.0	12,813.3	13,415.6	12,290.3
OPEC Countries	497.6	425.4	123.9	112.6
Multilateral Agencies	7,924.3	7,329.0	8,528.8	8,502.9
of which:				
ADF	662.7	666.7	569.3	560.9
IDA	2,011.8	2,149.7	2,822.5	2,341.1
Arab OPEC Agencies	217.7	146.1	140.6	–
Memo items:				
Total Official Development Finance	24,867.5	22,896.7	24,558.2	24,819.9
DAC Countries Export Credit	–2,628.7	–1,554.8	–1,011.1	–974.7
DAC Countries Private Flows	–2,597.0	–362.0	–445.0	236.0

Source: Reporting System Ddivision of OECD, Paris, January 1997.

[a] Africa refers to ADB Regional Member Countries.
[b] ODA: Official Development Assistance.

capital flows which stood at $4.82 billion in 1996, compared with $4.0 billion in 1995. Long-term debt-creating flows (net external borrowing), at $11.08 billion, was about 6 per cent lower than the level in 1995 (see Table 5). The region's outstanding external debt was estimated at $320 billion in 1996, representing a moderate increase of $ 6.00 billion while the debt service ratio averaged 25.1 per cent.

Africa has benefited very little from the rapid expansion in private capital flows over the last five years. This has further accentuated the impact of the global decline in the volume of official development assistance flows. Prospects for future aid flows at current levels remain uncertain due to budgetary pressures, competing claims on donor country resources, and changes in perception of strategic and economic interests. To these factors must be added the general absorptive capacity constraints, uncertainties, and civil strife in a number of countries.

The balance on the financial account, comprising direct investment, portfolio investment and other investment transactions, increased by about half to $15 billion in 1996. Foreign direct investment (FDI) reached $4.6 billion by the mid-1990s, although these inflows have largely been concentrated in a few countries such as Egypt, Morocco, Nigeria, and South Africa. Due to geographical proximity and historical ties, the traditional dominant sources of FDI in Africa have been Western European investors. Within Western Europe, France, Germany, Italy and the United Kingdom are the main investors in Africa.

While the recent increase in the volume of FDI inflows is encouraging, the region has experienced a long downward trend in its share of such flows. Total FDI flows to developing countries have more than tripled over the past five years, reaching $90 billion in the mid-1990s. Inflows to Africa, however, have not been rising as rapidly as inflows to other regions. In the 1970s, Africa received an annual average of

Table 7

External Debt Outstanding and Debt Service Payments for Africa, 1992–96[a]

(in billions of US dollars except otherwise specified)

	1992	1993	1994	1995	1996[b]
Outstanding Debt	280.01	285.53	300.23	314.15	320.60
By Term:					
Short Term Debt	26.30	24.37	25.73	27.76	27.70
Long Term Debt	253.71	261.16	274.50	286.39	292.90
By Source:					
Official Creditors	201.70	209.20	220.51	228.82	235.79
Financial Institutions	58.82	54.40	54.51	58.05	56.80
Other Private Creditors	19.49	21.93	25.22	27.28	28.01
Debt Service Ratios (%)[c]	29.94	27.09	21.54	25.51	25.06
Interest Payments Ratio (%)	11.88	11.12	8.80	9.53	9.99
Amortization Ration (%)	18.06	15.98	12.73	15.97	15.07

Source: IMF Research Department, October 1996.

Notes:

[a] Africa refers to ADB regional member countries.

[b] Estimates.

[c] Payments of interest and amortization as percentage of exports of goods and services.

more than 16 per cent of all FDI flowing to developing countries, compared with 10 per cent in the 1980s and about 5 per cent in the 1990s (see Table 6). Apart from the inflow of financial resources, FDI provides other potential benefits including access to international markets, technology and skills. To attract more FDI, African countries would need to sustain the evolving macroeconomic policy reforms, upgrade their social and physical infrastructures, and improve the regulatory environment.

However, there has been a gradual increase in the flow of portfolio investment to some countries as barriers to the development of capital markets are removed. In the 1990s, most of the current stock exchanges and capital markets began to emerge as emphasis was placed on developing the necessary infrastructure to attract foreign portfolio investments. There are now fourteen active stock markets in the region, located in South Africa, Egypt, Morocco, Ghana, Nigeria, Zimbabwe, Kenya, Tunisia, Zambia, Botswana, Mauritius, Malawi, Côte d'Ivoire, and Namibia.

The region's outstanding external debt was estimated at about $ 320 billion at the end of 1996 (see Table 7). Debt to official, bilateral and multilateral creditors continued to be the dominant component in the structure of Africa's external debt, accounting for about 72 per cent. The ratio of total outstanding external debt to GDP in 1996 still stood at 55 per cent, although lower than earlier years in this decade. The average, however, masks the considerably heavier debt burdens of the majority of the low-income countries. Debt servicing amounts to a quarter of export earnings in the region, and substantially more for this group of countries. Debt overhang remains one of the most important factors inhibiting progress towards self-sustaining growth and economic development in several countries. There are 28 out of 53 countries within the region whose debt overhang ratio, measured by ratio of net present value of debt to exports of goods and services, remained at more than 200 per cent.

In recent years, a number of debt-relief schemes for low-income countries have been established. These include: ODA debt cancellation, rescheduling of official bilateral debts in the Paris Club, commercial debt buy-backs, and multilateral debt arrangements. The issue of multilateral debt has come increasingly to the fore in recent years. In 1996, the donor community launched an initiative to bring external debt sustainability to Highly Indebted Poor Countries (HIPCs), of which 33 are in Africa. The Initiative would extricate these countries from rescheduling cycles and enhance the prospects for capital flows and economic growth. Since the majority of the beneficiary countries are in Africa, the African Development Bank Group is one of the major players in the Initiative.

Social Dimensions of Economic Growth

It has been clearly demonstrated that there is no automatic link between economic growth and social development. Although economic growth is a means of achieving human and social development, attention must also be paid to the structure and quality of that growth. Quality growth creates jobs, does not exacerbate inequalities, and does not harm the environment or lead to a waste of resources. The challenge facing Africa is, therefore, not only to maintain the growth process, but also to translate this growth into human and social development.

Poverty reduction is a central component of human and social development. According to the UNDP's Human Development Index (HDI) — which seeks to measure social and human progress in such areas as health, education, longevity and living standards — three-quarters of the four dozen poorest countries in the world are in Africa. Moreover, African countries occupied all but one of the lowest 14 positions on the scale. Only seven African countries — Mauritius, Seychelles, Libya, Botswana, Tunisia, Algeria, and South Africa — were ranked among the top one hundred countries with high HDI.

Poverty in Africa has many dimensions. Among other things, it is related to poor access to water supply, inadequate education and health services, low calorie intake, and exclusion from the social and economic life of a community. Thus, to understand poverty and make progress towards its reduction, it is necessary to look at the evolution of these social indicators. The record for Africa is mixed: while it has made considerable progress with regard to some social indicators, others show a declining trend. Life expectancy at birth among African males increased from 46 years in 1975 to 53 years in 1995, while that of women increased from 48 to 56 years over the same period. Nevertheless, Africa still lags behind other regions. For example, life expectancies in Central America, South America and Asia were, respectively, 74.1, 68.5 and 64.8 years in 1995. Infant mortality rates have declined from 138 per 1000 in 1972 to 87 per 1000 in 1995, but still lag behind the 65 per 1000 live births for Asia. The increase in mortality rates in some countries reflects a number of factors, such as declining trends in the quality of health care due to cuts in social spending, the rising incidence of AIDS, and an increase in the incidence of poverty. Adult literacy rates doubled between 1975 and 1995, from about 27 per cent to 54 per cent. Over the same period, the net enrollment ratio at primary schools also doubled, and it more than tripled at the secondary level. For a number of African countries, however, school enrollment ratios either stagnated or fell between 1980 and the early 1990s. (Boxes 5 and 6 on Primary Education and Rural Water Supply, respectively, provide instances of completed Bank Group projects which have contributed to poverty reduction concerns).

Box 5

Primary Education Improvement in The Gambia

The overall goal of the project was to improve primary education. The specific objective was to improve the quality of primary education by providing additional classrooms in existing primary schools, along with equipment, furniture and relevant school books and materials. It also aimed at strengthening the planning capability of the Ministry of Education, Youth, Sports and Culture by providing equipment, technical assistance and training. The Bank supported the project through a loan amount of UA 4.14 million.

The project's outputs were realized as planned without any major modifications. Sixty-six permanent classrooms were built and equipped for 10 existing primary schools. Various equipment and supplies were allocated to 84 other existing schools. The premises of the Book Production and Material Resources Unit (BPMRU) have been constructed and equipped, and BPMRU has become operational. The School Planning Unit of the Ministry of Education has been strengthened through the supply of office equipment and vehicles, as well as the training of two of its staff abroad. A technical assistant expert in teacher training was engaged to implement an operational program for the training of teachers, and to develop a statistical data base on education. The development of a statistical data base was to allow for the regular production of relevant and updated statistical data on education. The requisite technical assistance was provided in order to strengthen the Project Implementation Unit.

Box 6

Rural Water Supply in Malawi

The project was approved by the Bank in 1984. The main objective was to bring within easy access safe drinking water to about 156,000 people living in 1700 km2 of rural area of Mpira-Balaka, as well as to 8,060 inhabitants of Balaka District Center. This access would reduce the incidence of water-borne disease (estimated to be 50 per cent of all illnesses in the country), and to reduce the amount of time devoted to the collection of water. Its implementation started in 1986 and was completed in 1993. The project involved the construction of a dam reservoir with a distribution network. The actual total cost of the project was UA 19.01 million. The African Development Fund financed UA 8.94 million, representing 47.0 per cent of the total cost.

The project achieved its objectives satisfactorily and brought water to a population of about 300,000 within an increased area of 1930km2, compared with the projected 164,060 persons within 1700 km2. The project represents one of the biggest rural water supply projects in Africa. It brought safe water to the rural population through 1,800 communal water points, and supplies an average of 5,700m2 of water per day. Through the Health Education and Sanitation Program component of the project, the population has been sensitized about the importance of improved hygiene and sanitation. The results for the entire project have been impressive, particularly in a marked reduction in water-borne diseases. For example, there was a reduction of Schistomiasis in three-to-four year old children from 16 per cent in 1992 to 5 per cent in 1995.

One unique feature of the project was the active participation of the people in its implementation. Their contributions came in the form of self-help activities through the donation of free labor and some construction materials. The water users have also established water committees, repair teams and main committees to oversee the operation of the water supply system and to undertake maintenance activities. Thus, the project has further enhanced the spirit of self-help among the rural communities which serves them well in their other activities.

The project has been of particular benefit to women. By bringing clean water to the population in the project area, the impact is felt by women who traditionally hold the responsibility of providing water to the household. The health component has also been particularly beneficial to women, as the reduction of water-borne diseases such as dysentery and cholera (particularly in children who are more susceptible to such diseases) has meant less stress and more time available for productive activities.

By its nature, the project had some environmental dimensions which involved the relocation and resettlement of about 2,500 inhabitants in the project catchment area. It was smoothly implemented because the Fund required prior arrangements for this before approval.

Poverty in Africa also has a regional dimension, since the majority of the population is rural-based. Even in countries that have recorded high real GDP growth rates such as Botswana, Ghana and Uganda, poverty rates remain high and are primarily a rural phenomenon. In rural areas, the causes of poverty include lack of access to land, low and variable agricultural income due to drought, and low rural employment creation. In urban areas, the increasing incidence of poverty has been attributed to the severe economic crisis of the past two decades.

Poverty, especially at the household level, is also affected by gender structure. According to the 1995 UNDP Human Development Report, women accounted for 70 per cent of people living in poverty. Although progress has been made in some areas, a regression has occurred in others. In education, women are closing the enrollment gap. The primary enrollment ratio for girls in Africa increased almost twice as fast as that of boys between 1960 and 1990. On the other hand, the health status of women has regressed as indicated by the maternal mortality rate, estimated at 929 per 100,000 live births — far higher in Africa than elsewhere. The lack of social development for women has been attributed to economic, social and cultural factors. Women generally have low incomes, which makes them vulnerable to shocks such as drought and ill health. In some countries, laws and customs limit their access to land, credit and other social activities.

Welcome as it is, the improved overall performance in the mid-1990s, still falls short of making significant impact in arresting and reversing the spread and deepening of poverty that afflicts a large and

The Msambweni Hospital: one of the major components of the Integrated Rural Health Project in Kenya, aimed at improving the health status of rural and semi-rural population.

growing size of the population. Despite the gains made in recent years, per capita GDP in 1996, at $680, still remains below that of 1980. In addition to the impact of changes in the terms of trade, changes in per capita income have two main components: domestic economic growth and population growth. Faster growth of average incomes is essential to reduce absolute poverty, but growth alone is not enough –– partly because there is a large gap between average incomes and the income of poorer groups, and partly due to a growing population which tends to swell the numbers in poverty. The population growth rate in Africa, estimated at 2.8 per cent, remains the highest in the world. Population growth rates for individual countries vary, but are mostly above 2.8 per cent, with a few countries recording population growth rates exceeding 3.5 per cent.

Rapid population growth slows development and sharply reduces the possibility of raising living standards. A rapidly growing population means more than a short-term sacrifice of per capita income growth. Its potential implications for long-term human and social development are significant. The long-run potential for higher economic growth and rising living standards diminishes, while maternal and child mortality and morbidity rates increase. It puts tighter constraints on extending education and basic health care beyond current rudimentary levels. It makes it difficult to sustain adequate social investments in health and education, especially as the school-age population is growing faster than the overall population in many African countries. Furthermore, it increases the degradation of the natural environment by contributing to the permanent loss of forests and other resources due to over- exploitation.

Accelerating population growth underlines the need for economic policies that encourage growth as efficiently as possible, in all productive sectors. To tackle the problems of food insecurity and inadequate nutrition that confront a number of African countries, agricultural production would have to grow at a rate much higher than the average of 2.2 per cent a year that it has over the last two decades. Other sectors of the economy, particularly industry and services, will need to grow even faster, allowing for the purchase of food and raw materials from the agricultural sector.

Survey of Major Sectors

Agriculture

Africa's principal agricultural products include cereals, livestock and export crops. Cereals production experienced a strong revival, moving from a negative growth rate of 3.4 per cent in 1995 to a positive growth rate of 22.5 in 1996. Livestock production also experienced marked growth, moving from 2.3 per cent in 1995 to 4.6 per cent in 1996. There was also some measure of improvement in the production of Africa's principal export crops. While the production of tea, cotton and natural rubber stagnated, the production of cocoa beans increased significantly. Overall, the production of export crops registered a 2.7 per cent growth rate between 1995 and 1996.

Price indices for major agricultural commodities indicate a fall in prices in 1996. The price of the non-food (raw materials) category declined by 5.7 per cent compared with the level in 1995, while that of beverages dropped by 15.7 per cent. Individually, all agricultural commodities — with the exception of tea, bananas, rice, wheat, cocoa and coconut oil — experienced declining prices between 1995 and 1996. Coffee, both the robusta and the mild type, suffered a price decline of 32.2 and 22.6 per cent, respectively. The price of sugar declined by 8.9 per cent, palm oil 16.4 per cent, cotton 17 per cent, and log wood 21.5 per cent. Agricultural commodities that experienced price increases include cocoa at 2.1 per cent and bananas at 8.8 per cent. The prices of wheat, tea and rice rose significantly by 23.1 per cent, 8.3 per cent and 8.1 per cent, respectively.

Food Crops

The main food crops include a wide variety of coarse grains, wheat, rice paddy, maize, millet, and other cereals. The importance of these crops in basic diets varies from one sub-region to another. The Southern and Northern regions rely more on cereals. The tropical rain forest zones in Western and Central Africa supplement cereals with plantains and tubers like yams, cassava, sweet potatoes. Edible oils obtained from groundnut, palm kernels, and palm oil are produced for domestic consumption as well as for export.

All the major cereals contributed to the surge in overall production referred to earlier. Wheat recorded the highest growth rate of 56.1 per cent. This was partly due to the recovery in the northern and southern regions from the adverse effects of the 1995 drought. The production of maize increased by 13 per cent in 1996, while that of rice increased by 1.4 per cent. On the other hand, tuber output recorded a decline, with the exception of cassava whose output increased by 5.4 per cent.

In the Northern Region, Algeria achieved a bumper harvest owing to favorable weather conditions, an increase in area under cultivation and improved harvesting techniques. The estimate for the 1996 output of wheat was 2.5 million tons — a 150 per cent increase over last year's rate which was below the preceding five-year average. Production of barley almost tripled to 1.7 million tons, while oats output is estimated to have reached 110,000 tons. In Egypt, improved productivity resulted in increased wheat output in 1996 to 5.74 million tons, despite a slight decline in areas sown. On the other hand, the production of barley fell substantially from the 368,000 tons harvested in 1995, owing to a marked decline in areas sown. Maize and sorghum production increased to 5.8 million tons and 0.84 million tons, respectively, from the 1995 crop, which was above the five-year average. The output from the paddy crop is estimated at 4.5 million tons, which is also above the five-year average. In Morocco, improved rains enabled farmers to bring more land under cultivation, yielding a record harvest of wheat and barley crops. The production of wheat increased more than five-fold to 5.9 million tons from the previous drought-affected level of 1.1 million tons. In Tunisia, the production of wheat increased fourfold to 2 million tons due to favorable weather conditions, larger areas planted, and increased use of fertilizers.

Owing to good weather conditions, in the Eastern Region, cereal crops production in Tanzania and Uganda exceeded the previous five-year average with both countries realizing exportable surpluses. In Kenya, the 1996 main maize crop was poor as a result of a decline in plantings following dry spells earlier in the season. Abundant rains in Ethiopia caused some flooding, but overall benefited the 1996 main «meher» crops. In Eritrea, timely and abundant rains favored the establishment and early development of the 1996 cereal crop.

In the Central Region, increased insecurity adversely affected agricultural activities in several areas. In Burundi, for example, food crop output of the 1996 second season was estimated to be lower than that of the previous year. In Rwanda, food production for 1996 showed an increase over the year before; however, it remained below prewar levels due to population displacements and inadequate agricultural inputs.

In the Southern Region, following a favorable rainy season and excellent growing conditions for crops in most countries, the 1995/96 coarse grains crop harvested earlier in the year was estimated at

19.8 million tons, 40 per cent above the average harvest and 89 per cent above the 1995 drought-affected level. The region's total 1996 cereal output was estimated at 24 million tons, 67 per cent over the 1995 level and 35 per cent above the average for the last five years. Cereal output was estimated to be well above the five-year average in Angola, Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe. Lesotho had a record maize crop of 199,000 tons and a total cereal output of 242,000 tons — almost three times last year's crop and 72 per cent above the five-year average. In Namibia, cereal production was estimated at 86,000 tons, far above the 1995 drought-affected output.

In the Western Region, production was affected by erratic rains and the spread of grasshoppers in some countries. In Nigeria, production of millet and sorghum was expected to increase. The government embarked on a food storage program — including the construction of 26 silos, with about 600,000 tons storage capacity — in order to reduce post-harvest losses of food crops. In Senegal and Gambia, cereal production in 1996 remained at 1995 levels of about 1.1 million tons and 104,000 tons, respectively. In Cape Verde, owing to the late start of the rainy season, the production of maize showed a drastic drop from 7,000 tons in 1995 to an estimated 1,000 tons. In Burkina Faso, aggregate cereal production was estimated to have reached 2.46 million tons in 1996 — 7 per cent above the 1995 production. In Guinea Bissau, aggregate production of cereals in 1996 was estimated at 174,000 tons — some 13 per cent below the 1995 level. In Mali, cereal production in 1996 increased by 6 per cent above last year's level, reaching 2.3 million tons.

Principal Agricultural Exports

Africa's principal export crops are coffee, cocoa beans, tea, cotton, and natural rubber. The index of export crops registered an increase in total output of 2.7 per cent in 1996, compared with a negative growth rate of 1 per cent in 1995. In 1996, production of tea, cotton and rubber remained roughly at the 1995 levels of 0.4, 1.4 and 0.3 million tons, respectively. At the end of the coffee boom, the production of coffee dropped by 17 per cent, with total output amounting to 1 million tons in 1996 compared with 1.2 million tons in 1995. The output of cocoa beans increased from 1.4 million tons in 1995 to 1.9 million tons in 1996, a 36 per cent rate of growth. In Côte d'Ivoire, a leading producer and exporter of cocoa, estimates for the crop were 1.2 million tons for the 1995/96 season. Crop estimates for Ghana and Nigeria were 390,000 tons and 150,000 tons, respectively. Cote d'Ivoire's coffee output is estimated at 192,000 tons, an increase of 14 per cent over the previous crop. The increase is due to favourable weather conditions and higher producer prices.

In Uganda, cotton production was boosted by reforms in agricultural pricing and marketing regimes, which were implemented in the early 1990s. Cotton exports earned $12 million in 1995/96. Output is estimated to have tripled to 150 thousand 185 kg bales in the 1996/97 financial year. Between July 1995 and June 1996, Uganda's coffee exports reached a high of 3.95 million 60 kg bags. The liberalization of the coffee market has also improved producers' productivity. The private sector currently controls over 90 per cent of the coffee trade in Uganda. Despite the volume expansion, declines in international prices resulted in a decline in coffee earnings from US$394 million in 1995 to US $330 million in 1996.

In Kenya, coffee output decreased by 6.6 per cent to 86.8 thousands tons in 1996. This, coupled with low export prices for coffee, resulted in a reduction in foreign exchange proceeds from US $281 million in 1995 to US $235 million in 1996. Kenya has, however, successfully diversified its agricultural export basket through the promotion of horticultural production. The performance of the horticultural sector gave the Kenyan economy a major boost in 1996. For the first six months of the year, horticultural exports increased to 40,000 tons from 33,500 tons in the first half of the previous year and earned $103.44 million. The main products are cut flowers, fruits and vegetables (particularly French beans). Improvement in horticultural exports has been attributed, in part, to competitive pricing for the products and effective product quality inspection. Currently, the country is making progress towards meeting the strict maximum residual levels of the use of chemical pesticides imposed by the EU, which constitutes its major market.

Mining

Africa is well-endowed with mineral resources, including gold, copper and cobalt, diamonds, bauxite, tin, coal, and iron ore. The region also produces significant quantities of uranium, nickel, zinc, and lead which are important to the global nuclear, steel, aerospace, and automobile industries. Mining, in general, depends on high-risk and high-return investment in exploration. From the 1960s to the early 1970s, the African mining sector experienced an investment boom as new mines were developed through joint ventures between government and private sector operators. From the mid-1970s, however, as state control of mining operations increased and the enabling environment for mineral exploration deteriorated, international mining companies curtailed their investments in Africa.

While there were signs of a revival in Africa's mineral investment and production in 1995 and 1996, improvements in internal as well as external conditions are necessary if recovery is to be sustained. The internal conditions include managerial deficiencies, technical production problems, and very high production costs. The external conditions include sluggish demand for mining products. Exploration spending on non-ferrous metals rose by about a third to $420 million in 1996, giving the region a 12 per cent share of global spending.

The overall price index for metal and non-metal minerals (including crude oil) showed a major drop amounting to 11.9 per cent between 1995 and 1996. The price of copper declined sharply by 23.4 per cent, and aluminum by 14.7 per cent. Other mineral products experienced modest price increases, while phosphate prices rose significantly by 11.4 per cent.

The production of copper in Zambia, the continent's largest producer, continued to lag owing to technical problems, including lower-than-forecast ore grades and the failure of the main oxygen plant. Production in 1995/96 was estimated to have been as low as 320,000 tons compared with about 430,000 tons in 1994/95. In Zaire, on the other hand, copper output was estimated to have increased to 50,000 tons in 1996, up from 35,000 tons in 1995. Despite the upturn in 1996, however, production was still far below the peak of 335,500 tons in 1990, due partly to the cave-in of the Kamoto mine, delays in the national transportation network, frequent strikes, and civil strife.

In Ghana, total gold production decreased during the first quarter of 1996 by 1.7 per cent to 236,323 ounces, compared with the same period in 1995. In South Africa, although gold still accounts for nearly 5 per cent of GDP and 20 per cent of export earnings, the industry has passed its peak. Output declined to its lowest level in recent years to an average of 500 tons in 1995 and 1996. Zambia's gold output rose during the first eight months of 1996 to 16.5 tons, compared with 15.8 tons in the same period last year. The Chamber of Mines estimated that output for the year would exceed 25 tons for the first time.

Manufacturing

Manufacturing was one of the major sectors that continued to show slow progress both in terms of growth and structural change. For Africa as a whole, the sector grew by 3.2 per cent in 1996, about the same as the previous year. The region's average contribution to total GDP in many countries remains at less than 15 per cent. During the past decade, the region's share in world Manufacturing Value Added (MVA) remained below 1 per cent. Little progress has been made in labor-intensive or resource-based industries where significant comparative advantages could be exploited. Africa's share of World MVA in apparel is less than 1 per cent, while the combined share of leather and fur products and footwear is less than 0.5 per cent. Domestic investment rates in manufacturing are not only the lowest among developing countries, but have been declining over the past decade. Agro-industries dominate the sector, with few countries possessing a diversified manufacturing base. As measured by the contribution of manufacturing to GDP and merchandise exports in 1996, Egypt, Kenya, Mauritius, Morocco, Nigeria, Tunisia, South Africa and Zimbabwe are the countries with the more diversified manufacturing sector in the region. Other countries making notable progress in this respect include Algeria, Côte d'Ivoire, and Senegal.

Although the policy environment has improved in recent years, growth in this sector continues to be constrained by the absence of a well developed indigenous technological base; scarcity of foreign exchange to import needed raw materials and technology; restrictive tariff barriers in external markets; and the limited size of domestic markets which prevents many countries from taking advantage of economies of scale. The poor state of Africa's industrial development prompted the launching of the Alliance for Africa's Industrialization by African Heads of State and Government when they assembled in Abidjan in October 1996. The aim of the Alliance is to contribute to the transformation of African countries into newly industrializing countries over the next 15 to 20 years.

In Nigeria, where manufacturing is dominated by light consumer goods and oriented towards import substitution, growth continues to depend on imported inputs. The adverse general situation of policy uncertainties and low demand has pushed the estimated capacity utilization rate below 30 per cent. In the case of South Africa with its relatively heavy industries, food products, iron and steel, and transport equipment together account for about a third of total gross manufacturing output. Other manufactures include paper and paper products, fabricated metal products, electrical and non-electrical machinery. In contrast to the first quarter of 1996, manufacturing growth improved in the second quarter owing to improved forward and backward linkages. This may be attributed to higher agricultural output, the strength of domestic demand for consumer and investment goods, and improved export competitiveness brought about by the depreciation of the rand. In Zimbabwe, the textile industry faced stiffer competition due to the removal of export incentives, the dumping of cheap second-hand clothing and textiles on the local market ,and the expiration of a 1964 preferential trade pact with South Africa. South African duties soared when the trade agreement lapsed in 1992, to 90 per cent on clothing and textiles, 45 per cent on fabrics, and 32 per cent on yarn. In August 1996, Zimbabwe and South Africa finally struck a deal. Tariffs have been cut to less than 30 per cent on average, from September 1996, and will drop to 20 per cent by the year 2000.

Energy

In the oil sector, regional output increased from 339.37 million tons in 1995 to 350.70 million tons in 1996, representing just over 3 per cent growth. Oil output of major producers, notably for Algeria and Nigeria, was around their OPEC quota allocations. The price of oil was higher in the first half of 1996 than most analysts expected. This was due largely to the low levels of stocks coupled with high demand from OECD countries. These factors combined to push the price of crude to about US $20 per barrel in the first half of 1996. However, the break-through in the Iraq-UN Food-For-Oil Arrangement in the last quarter of the year is expected to increase the supply of oil above current levels and subsequently lower prices if it leads to a supply overhang.

Algeria's oil production increased to over 800,000 b/d for the first quarter of 1996. Algeria's oil and gas sectors have become lucrative investment areas for external investors following the ratification of the 1986 law (amended in 1991) which offers foreign partners a production sharing scheme. In 1996, several international oil companies completed deals to produce oil and natural gas. The 1250-km Maghreb-Europe gas pipeline, linking Algeria (via Morocco) to Spain and Portugal, was commissioned in November 1996. The pipeline is scheduled to deliver 7.2 billion cubic meters (bcm) of natural gas per year. Initially, the scheme will supply Spain with 2 bcm per year, increasing to 3.2 bcm in 1997 and 6 bcm by the year 2000. A compressor station will be established in Algeria to boost capacity to 9.7 bcm per year.

Nigeria was able to maintain higher oil production levels, which averaged 2.13 million b/d in the second quarter of 1996, or 200,000 b/d higher than in 1995. Progress on the Bonny plant of the Liquefied Natural Gas Company (LNG), which is expected to begin operating in 1999, continued at a slow pace. The LNG project is an important aspect of the country's efforts to exploit its vast natural gas resources, much of which is burned off as a by-product of oil production. Estimated earnings from exports would amount to US$1 billion annually from early in the next decade and could lead to more gas developments. Even though the level of proven reserves is rising, current output of crude oil in Côte d'Ivoire remains at about 20,000 barrels per day, while that of gas is about 60 million cubic feet per day. The country has become a major exporter of refined products to its neighbors, Mali and Burkina Faso, and plans to expand the capacity of its refinery.

Private Participation in Infrastructure

The competitiveness of African productive sectors and enterprises has been adversely affected by the low quality and high costs of infrastructure services — including electricity, water, transportation, telecommunications, seaport and airport facilities. For instance, the number of telecommunications mainlines per 100 people averages only around 1.2 as compared with 6.6 for Mexico; the density of paved roads per million people averages around 339 km as compared with 820 km in Mexico; only 48 per cent of households have access to electricity as compared with 75 per cent in Mexico; and only 42 per cent of the population has access to safe water as compared with 81 per cent in Mexico. Thus, it is clear that the inadequate state of infrastructures has a negative impact on investments. It is also evident, given strains on public financing, that the required investment in this sector cannot be realized without the active participation of foreign and domestic private investors. The region needs to open up this sector to private investment. Private sector financing is one way of mobilizing domestic savings and foreign private capital while minimizing reliance on external borrowing. The latter point is particularly relevant for Africa, in light of its heavy foreign indebtedness.

Numerous benefits would accrue from private sector participation in infrastructure investment. First, it would increase the efficiency of investments, management, and operation if there were a commitment to cost-covering tariffs, incentives for operational efficiency, competitive discipline, and access to management and technology. Second, it would enhance opportunities for developing local capital markets through the selling of equity shares. This, in turn, would broaden the support for private participation in infrastructure, defuse domestic opposition to privatization, and create a broader domestic constituency having an interest in such policies. Third, it would send a clear signal to international investors, capital markets, and the local population that the government is committed to sound financial management, efficient policies, and a substantial role for the private sector. Fourth, it would help the government to switch resources towards the strengthening of other vital public infrastructures such as public administration and the civil service.

There are a variety of options for involving the private sector in the provision of infrastructure services: management contract, leases, concession and build-operate-transfer (BOT), demonopolization and build-own-operate (BOO), and divestiture. The choice for individual countries depends on technical and economic constraints, including initial conditions with regard to the technical and financial performance of the existing production units, government deficits, and the country's foreign indebtedness. For instance, in countries where the technical performance of public utilities has not been satisfactory, privatization might be a necessary step to improve performance and service delivery. Likewise, in countries with large government deficits and heavy foreign indebtedness, privatization might be an important vehicle to close fiscal deficits and reduce foreign debt.

Private sector participation in Africa's infrastructure has been attempted through various approaches. In the water sector, for instance, three countries have involved the private sector through management contracts and four countries through leases. In electricity, private sector participation took the form of management contracts in eight countries and demonopolization in two countries. In telecommunications, it took the form of management contracts in four countries, concession in one country, demonopolization in 11 countries, and divestiture in one country. Similar arrangements have also been adopted in the case of railways, airports and ports.

There is also the question of sectoral differences -- in technology, industry structure and rate of financial returns -- which tend to influence the instrument of private participation. Africa's telecommunications and energy sectors would be among the first sectors to attract private investment. The attractiveness of these sectors lies in: i) high return-to-risk ratios; ii) large market growth potential owing to the existence of unmet demand; and iii) a relatively short payoff period. In addition, the telecommunications sector offers potential for foreign exchange earnings which could help countries meet financial obligations. Other potential sectors for private participation include water supply, sea ports and airports. The transport sector might also be of interest, especially if the public sector offers direct or indirect supports, such as free land and land development rights.

Enterprise Reform and Privatization

Across the region, there is a greater commitment to enabling the private sector to play a leading role in investing in and managing productive economic activities. Despite the reluctance of some countries in the past, there were strong indications in recent years that most governments have embraced the idea of enterprise reform and privatization, and they continue to give it the attention it deserves as a major focus for policy. In the early 1990s, there were more than 6,200 public enterprises. By the mid-1990s, less than a third of these enterprises were privatized through various methods. The African Development Report for 1997, whose theme is «Fostering Private Sector Development in Africa,» examines in greater detail the public enterprise reform and privatization programs in regional member countries.

In Morocco, increased private sector participation has become a centerpiece of its industrialization policy. The country plans to sell off at least 114 public enterprises by 1998. Recent efforts have focused on telecommunications and energy sectors where, for the first time, the government is encouraging private sector participation, both domestic and foreign. The government has already succeeded in partially privatizing SAMIR, the state-owned oil refinery; other state-owned companies in steel manufacture, fertilizer production, hotel business, and a host of manufacturing companies have been slated for privatization in 1996/97. To encourage local investors, the government recently introduced equity-linked privatization bonds. The bond holders have preferential options in the purchase of shares in the companies to be privatized. Holders of the bonds can sell them in the stock market. The sale of the bonds were oversubscribed. The government sold Dh1.7 billion worth of privatization bonds compared to a planned sale of Dh1.5 billion. The success of the sale prompted the government to issue more bonds for sale.

In Egypt, 2.4 million shares -- representing a 40 per cent stake -- in the East Delta Mills Company (EDMC) and a 20 per cent holding -- or 240,000 shares -- in the Arab Company for Pharmaceuticals and Chemical Industries (ACPCI) were floated on the Egyptian Stock Exchange. ACPCI is making the second offering, after the first oversubscribed offer of a 30 per cent stake in the Memphis Company for Pharmaceuticals and Chemical Industries. Separately, 8.2 million shares or 17 per cent of the holdings in the tate-owned Suez Company for Cement (SCC) will be sold in the form of global depository receipts (GDRs) for approximatively \$ 120 million.

This will be the second issue of Egyptian GDRs, after the $120 million GDR floatation for the Commercial International Bank in July 1996.

In Nigeria, privatization has spurred the development of local capital markets with the sale of shares through the stock exchange. The privatization of the country's energy sector, including oil and gas refineries, should enhance private sector participation in the economy. In Côte d'Ivoire, significant progress has been made towards privatization since the adoption of a new privatization law in June 1994, and a new investment code which introduced simplicity and neutrality in order to accelerate the privatization program. The government announced in September 1996 that it had approved the sale of a bloc of plantations, a hotel complex, and an oil factory belonging to the state-owned agro-industrial company, Palmindustrie. The holdings of Palmindustrie are being sold off under the privatization program. Palmindustrie has capital of CFA fr.3.4 billion ($6.5 million) and annual turnover of around CFA fr. 60 billion from coconut and palm oil plantations and associated processing plants. The government launched an international offer for Palmindustrie's five oil palm blocs. By the end of 1996, the government had sold off 35 of 58 companies earmarked for privatization. The prospects are that the process of privatization will have made substantial progress by the end of 1997.

In Zimbabwe, the program of privatization has proceeded at a much slower pace than previously anticipated. However, the government recently sold its shares in a number of companies, such as the Hwange Thermal Power Station for Z$6 billion and Delta Corporation for Z$135 million. In addition, a number of parastatals such as Dairiboard Pvt. Ltd., the Cotton Company of Zimbabwe, and the Cold Storage Commission, have already been commercialized, and there are plans to completely privatize some of these enterprises shortly.

In Zambia, as part of an on-going structural adjustment program embarked upon in 1990, the government has been implementing a privatization scheme. The state-owned copper mining enterprise, ZCCM, will be split up and sold in two stages, a process which the government intends to complete before the end of 1998. In South Africa, the privatization process gained momentum recently with the sale of a number of state-owned enterprises in broadcasting. Targeted for restructuring in favor of private sector ownership are state enterprises in transportation, communications, minerals, forestry, trade and industry — including weapons manufacture. The ongoing privatization drive is partly prompted by the desire of the government to utilize the proceeds from the sale of public enterprises to finance debt reduction and infrastructure development.

Kenya has slated about 64 parastatals for privatization. The government plans to increase capitalization by listing many of them on the Nairobi Stock Exchange. Plans are afoot to sell at least 30 per cent of telecommunications divisions of the Post and Telecommunications Company to foreign investors. The government also recently announced a plan to privatize the port of Mombasa. In Uganda, the government has succeeded in divesting itself of more than 50 per cent of the 107 enterprises slated for privatization. Even more ambitious is the plan to increase this to over 80 per cent by the end of 1997. Enterprises slated include post and telecommunications, the national airline, government owned commercial banks, and the marketing boards.

Tanzania's first investment forum, held in November 1996, aimed to mobilize resources into non-agricultural sectors. The forum was intended to encourage private industrialists and entrepreneurs to invest in specific projects and industrial operating units. At the forum, more than 160 pre-screened investment projects, valued at more than $1,000 million, were presented to some 260 foreign investors from 38 countries in Asia, Africa, Europe and North America, as well as to representatives of banks and other investment-support organizations. The emerging agreements focus on build-operate-transfer projects for a petroleum pipeline and a hydro-electric dam, as well as gemstone refining, foodstuff production, textiles, clothing, building materials, manufactured goods and tourism.

The increased efforts to attract private sector investment by African countries are beginning to show encouraging signs in terms of increased portfolio investment and the development of domestic capital markets. This may be illustrated by two privatization schemes which have successfully attracted portfolio investment in the region — Ashanti Goldfields and Kenya Airways.

Ashanti Goldfields, which in 1996 became the first African company to be fully listed on the New York Stock Exchange, was privatized in 1994 by the Government of Ghana. Following its privatization, the gold-mining company boosted both its exploration and production activities. Since 1985, it has increased production at its Obuasi mine in Ghana more than fourfold, from around 220,000 ounces a year to more than 900,000. It is an active prospector or miner in Senegal, Guinea, Mali, Niger, Burkina Faso, Eritrea, Ethiopia, Tanzania, Angola and Zimbabwe, as well as in Ghana. Ashanti Goldfields has expanded through acquisitions, something more generally associated with European and American multinationals than with an African company. It is presently pursuing a three-pronged strategy to develop Obuasi as a large, long-lived, low-cost producer; build a high-quality exploration portfolio of gold properties in Africa; and take on board projects or companies with which Ashanti Goldfields can achieve synergies. The success of Ashanti Goldfields could pave the way for other African companies to raise finance on reasonable terms on the world's capital markets.

Another major privatization exercise was that of Kenya Airways. Following the restructuring of its national airline, the Government of Kenya sought a foreign strategic partner to participate in the privatization of Kenya Airways. The operations, management and labor force were restructured over a period of three years, and a divestiture policy that would cement these changes through privatization was identified. In January 1996, a 26-per cent strategic stake was sold to the Royal Dutch Airline, KLM, balancing the benefits of having a foreign strategic partner against the desire to maintain local majority ownership. Shares were also listed on the London and Nairobi Stock Exchanges, with both offerings oversubscribed. Kenyan institutions and individuals acquired 34 per cent of the shares, and international investors 14 per cent. Airline employees enrolled in a special program to purchase 3 per cent, and the government of Kenya retained 23 per cent. As many as 110,000 different shareholders participated in the domestic offering, the largest ever on the Nairobi Stock Exchange.

Economic Cooperation Among Regional Member Countries

The benefits of economic integration in the African context derives mainly from the perception that most national markets are too narrow and uneconomic to sustain sizeable economic operations. Integration is seen as a means to pool resources for investment and industrialize efficiently by taking advantage of the opportunities of scale which large markets make available. Proximity to resource inputs, output size of the firm, and the market size of the recipient country are also important in encouraging foreign direct investment. Thus, Africa's economic cooperation and integration groupings are an important catalyst for utilizing Africa's agricultural and industrial potential through increasing domestic and foreign investment and accelerating the growth and development processes.

The importance of economic integration on the African development policy agenda is reflected in the numerous schemes which have been established over the past two decades. These include: in North Africa, the Arab Maghreb Union (AMU); in West Africa, the Economic Community of West African States (ECOWAS), the West African Economic Community (CEAO) and the Mano River Union (MRU); in Central Africa, the Economic Community of Central African States (ECCAS), the Central African Customs and Economic Union (UDEAC) and the Economic Community of the Great Lakes Countries (CEPGL); in East Africa, the East African Community (EAC); in Southern Africa, the Southern African Customs Union (SACU) and the Southern African Development Coordination Conference (SADCC); and in Eastern and Southern Africa, the Preferential Trade Area for Eastern and Southern Africa (PTA). There are two features of most of these regional integration and cooperation groupings. The first is that it is common to find individual countries in more than one grouping, and the second is the variety of objectives that the regional groupings have adopted.

In assessing the record of African regionalism to date, however, there is a general consensus that regional integration and cooperation groupings have achieved limited success. While informal border trade between countries does occur, the consensus is that there has been no significant increase in intra-regional trade. Between 1970 and the early 1990s, intra-regional trade as a percentage of total exports of member countries has actually declined in all major regional groupings with the exception of AMU, the ECOWAS and CEAO. In these three cases, intra-regional trade has increased marginally by a range of between 1.4 and 4.9 percentage points. This limited success gave rise to pessimism with regard to the earlier attempts at regional integration, which were rooted in the basic concepts of trade creation and trade diversion. These concepts emphasize the static welfare effects of trade flows among nations that would emanate from trade liberalization.

In view of this, a shift in emphasis from a trade-focused to a growth-focused approach is advocated by many African regional groupings. The main difference between the two approaches is that in the trade-focused approach, production would be influenced indirectly through the stimulus of trade; while the growth-focused approach directs measures to develop an integrated pattern of production. Unlike the basic framework which focuses only on static efficiency gains, the growth-focused approach emphasizes the dynamic gains derived from the involvement of participating countries in regionally-focused activities such as joint industrial ventures and production plans, coordinated exploitation of natural resources, sectoral investment coordination, incremental foreign investment, and regional coordination of macroeconomic adjustment policies.

In line with the reorientation in the regional integration paradigm, there is renewed interest within Africa in revitalizing regional groupings. This renewed interest is viewed as a response to the increased globalization and liberalization of production and economic relations, and to the deepening and enlargement of integration blocs in the rest of the world. Responding to the changing global environment, the formation of new regional groupings and the strengthening of old ones have been among the most active areas of international economic negotiations in the last few years. In Africa, the ECOWAS treaty was revised in light of past experiences and changing circumstances. The Preferential Trade Area for Eastern and Southern Africa (PTA) has been transformed into a common market, with the ratification of a treaty bringing the Common Market for Eastern and Southern Africa (COMESA) into existence. In the Franc Zone, the CEAO and the West African Monetary Union (UMOA) have been integrated to constitute the West African Economic and Monetary Union (UEMOA). The UEMOA has particularly aimed at achieving a greater degree of intra-regional harmonization of macro policies. It also aims to intensify economic cooperation in the operations of key sectors such as electricity generation, transport, and communications. The Central African Economic and Monetary Community (CEMAC), is also striving for a full-fledged customs union amongst its members. Underlying these two sub-regional arrangements is an intra-regional effort to harmonize the legal and regulatory framework across the entire Franc Zone, as well as to establish and support institutions that promote the implementation of regional programs among member states. One major area in which progress has been made is the harmonization and standardization of a regulatory framework in the banking industry. Other areas include the harmonization of business law and statistical data bases.

Outside the Franc Zone, a looser but equally broad-based economic cooperation arrangement is the Cross Border Initiative (CBI), which encompasses a larger grouping of fourteen countries and covers a wider geographical area spanning Eastern and Southern Africa and the Indian Ocean. The CBI is sponsored by the African Development Bank, the European Commission, the International Monetary Fund, and the World Bank. The CBI seeks to promote cross-border trade in goods and services, cooperation in investment activities, and integration of markets. In pursuit of these objectives, the CBI aims to bring about greater coordination of ongoing programs for macroeconomic adjustment and reform, and to achieve greater liberalization in areas of reforms across all member countries. Given its flexibility, it is envisaged that the objectives of the CBI could be realized within some of the existing older arrangements or customs unions such as the COMESA, SADC, and the Indian Ocean Commission (IOC).

In the Southern region, the SADCC has been transformed into the Southern African Development Community (SADC). Steps toward strengthening the process of economic integration in this region are the recent reform of tariffs and the agreement to form a Free Trade Area (FTA), which are expected to have positive development effects on the region, but with limited sectoral adjustment difficulties for some countries. The joining of SADC by South Africa as a full-fledged member should help to reinvigorate the organization. With this revitalization, the prospect of greater economic cooperation and movement towards economic integration are brighter. While South Africa is pursuing a cautious policy of restructuring and growth consolidation on the home front, economic activities are becoming increasingly intertwined with those of its neighbors. In addition to its relatively strong industrial base, its GDP amounts to more than three-quarters of total GDP for the other SADC countries put together. It also has a large pool of private investors eager to invest in other parts of Africa. Strengthening economic relations with neighboring countries would lead to greater cross-border cooperation and integration. For instance, in 1996, South Africa and Mozambique jointly launched three major infrastructure projects under the «Maputo Development Corridor», aimed at improving transport links between the countries. These projects, much of which will require some private capital, are: the rehabilitation of Maputo Port, a new private toll road between Maputo and Witbank, and a new rail route to Johannesburg. Thus, economic cooperation in this region has already started to move beyond the trade-focused approach to much desired involvement in joint investment ventures.

After nearly twenty-five years of inactivity, the East African Community (EAC) — involving Uganda, Kenya and Tanzania — has been revived. The member countries are pursuing new initiatives to promote economic cooperation in a sustainable manner. In a fresh attempt to coordinate sub-regional development, a secretariat of the Commission of East African Cooperation was established in March 1995 to build on the foundations of the old East African Economic Community. In 1996, the countries began to make new initiatives towards realizing the goal of establishing a single market among their three countries. Instead of focusing on jointly-run state-owned enterprises to handle direct production, the new initiative incorporates the notion that the role of the state is critical in providing the overhead for infrastructural development, in order to create the right business environment for the private sector to thrive.

In North Africa, two members of the Arab Maghreb Union (AMU), Morocco and Tunisia, signed an Association Agreement with the EU. The Agreement provides for extensive trade liberalization between these two countries and the EU, as well as greater cooperation in many areas. Under the Agreement, quantitative restrictions and tariffs on a large number of industrial items -- mainly equipment and goods -- will be abolished immediately upon ratification. For other categories of products, tariffs will be phased out over a 12-year period. Trade in agricultural products will be reviewed after the year 2000 with the aim of achieving broader liberalization. The Association Agreement is expected to have an impact on the economies of Morocco and Tunisia through a number of channels. Static and dynamic efficiency gains would strengthen long-term growth, while transitional short-term costs should affect certain sectors and may cause unemployment to rise. While the Agreement might be viewed as a consolidation of the already strong trade relations between Morocco, Tunisia and the EU, it has positive implications for the African continent. The Agreement provides new kinds of external links which would make commitments to trade liberalization virtually irreversible, and it would encourage intra-regional trade and investment in the AMU region with possible spill-over effects in other African sub-regions. This is particularly true since the rules of origin contained in the Agreement are specifically designed to encourage south-south integration. In other words, a minimum transformation of inputs imported from other sources -- including African countries -- would be required for a product to qualify as being of Moroccan or Tunisian origin.

Prospects

Clearly, aggregate economic performance in Africa is beginning to show marked improvement, especially in relation to the poor record of the preceding 15 or so years. Positive outcomes reflect the gains being made from the steady progress in macroeconomic reforms; in building capacity for national economic management; and in fostering participation in public affairs.

Following the encouraging improvement in Africa's economic performance in 1995-96, there is guarded optimism that growth will gain momentum in 1997 and throughout the medium-term. The extent to which success is being achieved in attaining sustained growth varies from one country to another, depending on domestic policy stances. Many African countries are expected to reap the benefits of fiscal consolidation, reduced inflation rates, the adoption of more realistic exchange rates, and greater private sector participation in their economies.

Despite the encouraging performance and outlook, economic diversification remains an important challenge that has yet to be addressed if rates of output growth that yield sustained increases in per capita incomes are to be attained. The recovery proceeds from a very low base and is not uniform across all the sectors of the economy. By and large, improvements in the agricultural and service sectors have been the major sources of growth, but there has yet to be a spill-over effect into manufacturing and other sectors.

It should also be underlined that aggregate assessments mask differences in individual country performances, as well as the dismal socio-economic situation in some countries. Furthermore, the better overall performance, welcome as it is, still falls short of meeting the needs and potentials of the continent. This is because it is necessary to achieve sustained growth rates going beyond 7 per cent per year, to make significant impacts in arresting and reversing the spread and deepening of poverty that is afflicting a large and growing size of the population. Accelerating growth to such rates, and more, is quite achievable. Witness the number of countries which have demonstrated that it can be done and the growing others which are well on the way to doing so. Also supportive of such prospects are the continent's abundant, if still inadequately utilized, human and natural resources. What is definitely sure is that nothing of abiding interest to Africa would come by in the absence of sustained economic growth. And accelerating growth requires, importantly, deepening reforms so as to enhance the rate and productivity of investments, much beyond their inadequate present state. Also crucial for such results would be the promotion of the private sector so it could become the engine of economic growth. The efforts required for this would largely need to be forthcoming from African countries themselves; but also important, particularly for the low-income countries, is the contribution of concessional capital flows.

AFRICAN DEVELOPMENT BANK GROUP

Introduction

The encouraging improvements in Africa's recent economic performance provide a strong signal of prospects for sustained growth in the medium-term. This would require deepening the reform process that would enhance resource mobilization and investment, conducive macroeconomic environment, institutional structures and promotion of private sector activities. The Bank Group has positioned itself to assist Regional Member Countries in this process, by synchronizing operational policies, procedures and strategies. Some of the progress made in these areas in 1996 is presented below, including multilateral and bilateral cooperation efforts, and operational results of the Bank Group for the year.

Operational Policies and Procedures

In 1996, the Bank continued to update and design new policies and guidelines, and to revise selected sections in the Operations Manual. The aim of these activities is to align Bank Group operations to the new orientations. Based on the Action Plan on Project Quality, non-sector specific policies were developed to improve the implementation of activities in the various phases of the project cycle. Certain sector specific policies, such as that on the health sector, were also updated, taking into account evolving concerns.

This section presents highlights in the following areas: Portfolio Performance; the ADF-VII Lending Policy; the Health Sector Policy; Private Sector Operations; Information Disclosure Policy; and Procurement Monitoring and Consulting Services.

Portfolio Performance

Based on a series of Country Portfolio Review missions and concomitant analyses at headquarters, the first consolidated Annual Portfolio Performance Review (APPR) of the Bank Group was considered by the Boards of Directors in September 1996. It provided an assessment of Bank Group on-going operations and drew lessons for the future. On the basis of implementation criteria, the report observed that in 1995, up to 71 percent of the portfolio was satisfactory while the balance accounted for problem projects.

With reference to lending instruments, it was observed that projects financed from lines of credit encountered fewer problems. From the point of view of development objectives, it was noted that policy-based and agricultural sector loans were less successful than specific project loans. Consequently, the Boards decided that the Bank Group should concentrate future operations on well-targeted and properly conceived project loans. Technical assistance missions for both project loans and policy-based operations should be increased. Measures should also be taken to promote a more effective macro-economic and structural policy dialogue in order to facilitate the attainment of development objectives of quick-disbursing operations.

The Boards urged that APPR be improved in the future through more systematic weighting and methodology; that measures be taken to harmonize evaluation methodologies and rating systems with those of the IBRD; and that ways of establishing comparability with the sectoral and country performances of the institution be sought.

The recommendations in the APPR and the directives of the Boards would be systematically monitored to ensure that they are effectively implemented. Besides, the weaknesses identified would be analyzed in-depth to determine possible rectifications to the operational policies of the Bank Group. Finally, on-going studies on the development impact of Bank operations in collaboration with other multilateral development institutions would be carried out and the conclusions submitted to the Boards.

In the future, the APPR will address up-front activities such as feasibility studies to improve identification and design of quality projects, as well as training of project implementation staff of borrowing countries to enhance project management and implementation of Bank Group procurement and disbursement procedures.

ADF-VII Lending Policy

The Boards of Directors considered the ADF-VII Lending Policy in September 1996. As provided in the Policy, poverty reduction will continue to be the principal objective of Fund development activities in eligible countries. Projects will be oriented to meet the basic needs of the poorest sections of the population in low-income countries. To maximize its development impact, the Fund will focus its operations in areas where staff work is strongest and where the needs of the poor are greatest. In particular, it will focus its traditional operations on agriculture, social sectors, and physical infrastructure (Box 7 on Côte d'Ivoire's Road Program, and Box 8 on Mozambique's Telecommunications, are completed Bank Group projects which have contributed to strengthening the infrastructures of the respective economies).

Human resource development, employment creation, environmental improvement, regional cooperation and economic integration are to be addressed through Fund operations. Considering their importance in poverty reduction efforts, agriculture and the social sectors will receive the bulk of ADF-VII financing. Increased emphasis will also be placed on cross-sectoral issues that are the foundations of long-term development — notably, environmental management, gender mainstreaming, and support for micro-enterprises.

As a means to address the problem of poverty, it is proposed that UA 15 million from ADF-VII resources be used for a pilot program to finance micro-enterprises in eligible regional member countries. The pilot project will be carried out in countries which have an enabling environment and a receptive banking system, with resources channeled through grassroots NGOs for on-lending to micro-entrepreneurs. NGOs would be selected on the basis of their degree of professionalism, experience, and organizational capacity. Loans to micro-businesses would be based on sound accounting and banking principles. Policy-based lending operations will continue in the context of internationally-monitored adjustment efforts.

Eligibility criteria for accessing ADF-VII resources have been defined, and allocations will be made upon objective assessment of country performance based on sound economic management, growth with equity and poverty reduction, development sustainability, sound country portfolio performance, and commitment to good governance.

Health Sector Policy

The Boards approved a revised Health Sector Policy, which incorporates several concerns that have emerged in recent years. Among these

Box 7

Côte d'Ivoire: First Road Program

The First Road Program (PR1) aimed to improve transport services in the most productive farming areas or areas with great agricultural potential through the construction of a high traffic interdepartmental highway; and, facilitate pursuit of a policy of opening up to neighboring countries, especially landlocked ones, through the construction of roads promoting economic cooperation within the region.

The program components were: i) the development of ten new double-lane tarred roads with a total length of 605 km; ii) the improvement of two double-lane earth roads with a total length of 139 km; and, iii) the rehabilitation of two tarred roads of 152 km. The Bank approved participation in the financing of this program in 1985, with a loan amount of UA 56.2 million. The implementation of the program started in 1985 and was completed in 1989.

The implementation of the program was considered a success. Ten tarred roads of 605 km were constructed, two earth roads of 139 km were developed, and two tarred roads of 152 km were rehabilitated. The level of service offered by these roads is clearly better than in the past. The objective of establishing a permanent link with neighboring countries to promote economic cooperation within the region seemed to have been achieved satisfactorily, particularly in the link with Mali and Burkina Faso. Traffic on these roads has increased considerably since the completion of the program. The objective of ensuring better service to the most productive agricultural areas — or those with great potential — was also achieved through the construction of large interdepartmental roads. Therefore, the PR1 program was well designed, met the economic priorities in the road sector, and was successfully implemented. This makes it possible not only to rationalize the entire network by making communications more direct, but also favors the productive areas, and the evacuation of transit traffic to neighboring landlocked countries. Other benefits from the program include reductions in vehicle operating costs, maintenance costs of the road, transport time, and road accidents. The unit vehicle operating costs diminished by between 20 and 40 per cent, depending on vehicle category.

concerns is the need to refocus and strengthen investments in primary health care. Other concerns include the emergence of the HIV/AIDS pandemic, as well as the need for increased emphasis on assisting the dependent population, particularly women and children, which has multiplied over the last few years. Over the last decade, the ADB has been devoting an average of 6 percent of its resources per year to providing support to RMCs in the health sector. Approximately 80 percent of these resources have been spent on infrastructure development. The new policy gives priority to primary health care, with particular emphasis on: i) women and children with respect to reproductive health, with priority support for measures which strengthen family planning efforts, promote maternal health and enhance nutrition and child survival rates; ii) AIDS and other sexually transmitted diseases; iii) Malaria, tuberculosis and other diseases with high mortality rates; iv) education, information and communication to reduce other preventable diseases; v) epidemiological studies, research, training and infrastructure; and vi) institutional reforms and capacity building, with priority support to those countries with ongoing health sector reforms.

In addition to the above, the Bank Group will give support to traditional health systems — including research on herbal medicine — in combating diseases such as malaria and AIDS. Furthermore, the Bank Group will promote the active involvement of all partners and stakeholders in designing health interventions as well as in monitoring and evaluation of these projects. Special efforts will be made to involve NGOs, women's organizations, traditional health organizations, and other community organizations in these aspects of health interventions.

As an outgrowth of the updated Health Policy, the HIV/AIDS Strategy Paper for Bank Group Operations in Regional Member Countries was developed in November, 1996. The Paper presents the guiding principles for the Bank Group's HIV/AIDS strategy and major sectoral approaches for dealing with the disease, both within the health sector, as well as in other areas like education, WID, environment, agriculture, and NGOs. Additional guidelines recommend regional and international networking, and institutional strengthening within ADB for the promotion of HIV/AIDS interventions and monitoring and evaluation.

Private Sector Operations

In recognition of the crucial role of the private sector in contributing to sustained economic growth, the Board of Directors approved a new strategy in order to expand the scope and effectiveness of the Bank's private sector operations. To this end, the Bank intends to go beyond traditional direct project lending by exploring new possibilities for promoting private sector development in the continent, in close collaboration with bilateral and multilateral development institutions operating in Africa. The new Bank strategy for the private sector consists of five major elements. First, the strategy provides support for the creation of enabling environments through policy reforms. In this regard, the Bank stepped up its collaboration with Bretton Woods Institutions in facilitating the appropriate economic, financial, institutional and regulatory environment, and specifically by promoting the growth of institutions like stock exchanges and diversifying the range of instruments available for mobilizing resources for investment. Second, the strategy consolidates traditional areas of support for financing projects and equity participation, and for introducing new investment instruments such as guarantees, quasi-equity instruments, and lines of credit to private financial intermediaries. Third, it explores the possibilities for playing a more catalytic role in mobilizing private resource flows through such mechanisms as co-financing for infrastructure investments. Fourth, it increases support for privatization programs through the provision of advisory services and technical assistance, in addition to arranging private financing for public enterprises slated for privatization. Fifth, the strategy promotes the development of small- and medium-scale enterprises by providing more focused and enhanced assistance through lines of credit to performing commercial banks and other financial institutions.

In the future, the Bank intends to increase substantially its investments in the private sector. The objective is to increase systematically and pragmatically the share of ADB commitments to the private sector.

Procurement Monitoring and Consulting Services

During the year under review, two documents — Rules of Procedure for Procurement of Goods and Works, and Rules of Procedure for the Use of Consultants — were approved by the Boards. These new rules were prepared with the primary objective of providing the Institution with tools for ensuring a more stringent and rapid implementation of the projects and programs financed by the Bank, and to harmonize the Bank's rules and regulations with those of other multilateral development banks. Lessons were drawn from the Bank's experience in the supervision of procurement activities. These new

Box 8

Improving the Telecommunications System in Mozambique

The project was composed of two sub-projects: rehabilitation and development. The objective of the rehabilitation sub-project was to improve and upgrade the long distance transmission system in the country. The situation was such that 50 per cent of the long distance telephone traffic was carried over the troposcatter, which was barely working or not functional at all. The development sub-project aimed at providing adequate telephone service in and around the port city of Beira by replacing the 20-30 year old exchange equipment, and by providing additional exchange lines. The development sub-project also had a regional integration dimension, in that it provided international truck circuits to neighboring Malawi, Zambia and Zimbabwe. The Bank supported the project through a loan of UA 30.89 million made in 1984.

From an economic perspective, the benefits derived from the project outweighed the capital investment costs. The benefits of the project include the net market gains due to time efficiency (particularly in business firms), increased productivity, reduction of wasteful transport ,and the consequent savings in fuel. The project successfully improved the Telecomunicazoes Do Mozambique (TDM) network, providing a key link between the southern and northern regions of the country. Through the expanded network and improved facilities, both business and private users were able to benefit from time savings and transport cost reductions. Implementation of the project alleviated telephone traffic congestion in densely populated areas such as Beira. Social benefits of the project such as job creation, transport cost saving, and the dissemination of information contributed positively towards the economy's overall growth.

The project was successfully completed and achieved its main objectives, although the quality of services in some areas — particularly regional communications links — need to be further improved. The financial aspect of the project was viable with a financial internal rate of return of 12.4 per cent at completion, compared with 16.5 per cent at the start. The project was also economically beneficial to the country, and its implementation has contributed to economic development in the Beira Corridor in particular.

procurement rules and procedures make it compulsory for the borrowing countries to use standard procurement documents. The rules institute sanctions against cases of fraudulent procurement, encourage better planning during the preparation and appraisal phases of projects and procurement activities, and clarify the conditions of eligibility for Bank-financed contracts. To ensure proper application of these rules, which would become effective on 1 January 1997, the Procurement Monitoring and Consulting Services Unit (FPRU) has embarked on the preparation of a first set of the most widely used standard procurement documents.

With respect to the Rules of Procedure for Procurement of Goods and Works, the Bank's procurement policy would be guided by four basic considerations: i) the need for economy and efficiency in the implementation of projects; ii) the Bank Group's interest in giving all eligible contractors and suppliers from member countries equal opportunity to compete in the supply of goods and works financed by the Bank; iii) the Bank Group's interest, as a development institution, in encouraging the development and participation of contractors and suppliers from regional member countries; and iv) the importance of transparency in the procurement process.

With regard to the Rules of Procedure for the Use of Consultants, the underlying principles are as follows: i) to give all consultants of member countries equal opportunity of access to Bank Group-financed services; ii) to encourage the use of national and regional consultants and to develop consultancy capacities in regional member countries; iii) to give borrowers the responsibility for selecting the consultants; and iv) to ensure transparency in the procurement process. The new procedures seek to ensure greater transparency and equity in the bidding process.

In February 1996, the Bank approved the creation of new rosters of individual consultants and consulting firms, and modernization of the management of such rosters. The aim of these efforts is to enhance transparency in the recruitment of consultants, while giving priority to competence.

The Bank Group has decided to prepare a report on the procurement activities financed from its loan and grant resources during 1995. This report will be the first of its kind in the Bank. Such reports will be prepared more regularly in the future, in keeping with the practice in other multilateral development banks. Such a document will enhance dialogue between the Bank and its shareholders (through the determination of the geographical distribution of the bidders and the winners of the bids). In light of its basic rules in the area, it will also measure the performance of the services of the Bank and the borrowing countries, through the determination of deadlines for the processing of files and complaints, and help to detect the Institution's procurement weak points.

To facilitate the utilization and application of the Bank Group's procurement rules by the operations departments, a procurement procedures manual is being prepared. This document, which should be a reference tool for professionals, aims at providing guidance for users in the preparation and review of any document relating to Bank Group-financed procurement. The preparation of this manual will be financed by bilateral resources mobilized for this purpose.

Pursuant to the instructions of the Boards of Governors at the Annual Meetings in Abuja, 1995, the terms of reference of the Procurement Review Committee (PRC) were revised and approved by the Boards of Directors on 15 July 1996, and became effective as of 20 September 1996. In 1996, FPRU (the Procurement Review Committee secretariat) examined and processed three complaints lodged by different suppliers.

Information Disclosure Policy

As a development finance institution, the Bank Group has to be open and transparent in all areas of its activities and operations in order to achieve its major objective -- which is to contribute to the economic and social development of its RMCs. As a financial institution owned by member countries, the Bank Group is also accountable for the management of resources put at its disposal, and it has the obligation to be open and to respond to the concerns of shareholders. This implies clear access by shareholders to information on the use and effectiveness of the mobilized resources. Therefore, dialogue and a two-way flow of information are basic prerequisites for cooperation, coordination and effective participation of all partners concerned in Bank Group operations.

Considering the crucial role of information disclosure for the effectiveness of Bank Group operations, the Boards are considering an Information Disclosure Policy with the objectives of increasing public awareness of Bank Group operations, policies, procedures and administration; improving accountability to shareholders and state participants; strengthening cooperation with other development partners, including international financial institutions and private sources of finance; promoting broad dialogue on institutional policy formulation and reform, as well as on strategies to enhance capacity building in RMCs and better management of development programs and projects; ensuring competition among suppliers of goods and services, in order to maximize efficiency in procurement under Bank Group-financed projects and programs; and informing potential beneficiaries and concerned parties of investment opportunities generated by Bank Group activities.

It is also proposed to establish a Public Information Center at Bank Headquarters in Abidjan, to serve as a reference point for the public in member countries interested in information about the Bank Group -- including visitors to the Bank. The Bank is also planning to open a Web site on the Internet to enable any interested parties to access information on the Bank Group.

Operational Activities of the Bank Group

Resource Mobilization

The gross cumulative resources of the Bank Group amounted to US$ 23.41 billion as at 31 December 1996. The African Development Bank accounted for US$ 12.03 billion or 51.38 per cent, compared to US$ 10.95 billion or 46.77 per cent in the case of the African Development Fund; and the total resources of the Nigeria Trust Fund amounted to US$ 0.43 billion, or 1.85 per cent.

During the year under review, 19,760 additional shares were subscribed under GCI-IV. This brought cumulative subscriptions to 1,587,986 shares or 98.0 per cent out of 1,620,000 authorized shares, leaving 27,222 shares unsubscribed (exclusive of Ex-Yugoslavia's 4792 shares). As a result of the application of the amended Share Transfer Rules, a total of 22,242 shares were forfeited and made available for subscription.

As at 31 December 1996, a total of US$ 3.39 billion, excluding special contribution of US$ 27.02 million, had been subscribed under ADF-VI. This amount represents 94.42 per cent of the total pledges of US$ 3.59 billion made under ADF-VI for the period 1991-93. Consultations on the Seventh Replenishment were completed in 1996, which culminated in a replenishment level of US$ 1.91 billion in ordinary contributions and US$ 0.40 billion in special contributions. As at 31 December 1996, 10 countries with a total burden share of 41.56 per cent had deposited their instruments of subscription for ordinary contribution of US$ 0.79 billion and special contribution of US$ 0.22 billion. In the case of Norway, with a burden share of 3.54 per cent, the instrument of subscriptions was deposited in January 1997, while payment was made in December 1996.

As at 31 December 1996, retained earnings of the Bank amounted to US$ 1.29 billion. Additional resources of US$ 0.39 billion were also mobilized through capital market borrowings during 1996. These were contracted mainly to meet disbursement requirements for the Bank's loan approvals. The Bank's triple-A credit rating was confirmed by three of its credit rating agencies, whilst the fourth rating agency maintained ratings of Double-A plus and Double -A minus for the Bank's senior debt and subordinated debt, respectively.

Bank Group Loan and Grant Approvals in 1996

Bank Group loan approvals amounted to UA 558.54 million: 25 publicly guaranteed loans totalling UA 542.90 million; and six private sector loans totalling UA 15.64 million.. Two loan re-allocations of undisbursed balances amounting to UA 13.76 million were authorized.

The sectoral distribution of loans and grants approved by the Bank Group in 1996 shows that the multisector interventions were the largest beneficiary with UA 159.19 million, or 28.5 per cent (Table 8). Industry obtained UA 117.16 million or 21 per cent; the transport sector UA 110.34 million or 19.8 per cent; public utilities UA 75.60 million or 13.5 per cent; agriculture UA 72.45 million or 13 per cent; and the social sectors UA 23.80 million or 4.2 per cent. In terms of lending instruments (Table 9), project loans accounted for 69.1 per cent of Bank Group loan approvals in 1996, compared with 66.7 per cent in 1995. Policy-based loans accounted for 30.9 per cent

Table 8
Bank Group Loan and Grant Approvals by Sector, 1967–96[a]
(in millions of UA)

Sector	1967–93	1994	1995	1996	1967–96	Number[b]
Agriculture, including Agricultural Lines of Credit	5,490.53	72.40	9.45	72.45	5,644.83	534
	(25.7)	(7.4)	(2.1)	(13.0)	(24.2)	
Transport	3,534.39	204.03	118.15	110.34	3,966.91	385
	(16.5)	(20.8)	(26.3)	(19.8)	(17.0)	
Public Utilities	4,698.59	203.80	–	75.60	4,977.99	411
	(22.0)	(20.7)	–	(13.5)	(21.3)	
Industry, including Industrial Lines of Credit	3,241.38	288.06	172.14	117.16	3,818.73	255
	(15.2)	(29.3)	(38.3)	(21.0)	(16.3)	
Social[c]	2,160.54	33.94	–	23.80	2,218.28	274
	(10.1)	(3.5)	–	(4.2)	(9.5)	
Multisector[d]	2,247.37	180.00	150.00	159.19	2,736.56	107
	(10.5)	(18.3)	(33.3)	(28.5)	(11.7)	
Total	21,372.79	982.23	449.74	558.54	23,363.30	1,966

[a] Figures in brackets indicate percentages.
[b] Cumulative number of loans and grants.
[c] Comprising education, health and other related sub-sectors.
[d] Including policy-based lending and poverty reduction loans and grants.

in 1996, compared with 33.4 per cent in 1995. For Bank Group loan and grant approvals by region, see Table 10.

Total co-financing operations of the Bank Group amounted to UA 2,225.99 million in support of 14 projects, as against UA 358.65 million for 6 projects in 1995 (Table 11). Bank Group contribution amounted to UA 242.36 million, compared with UA 162.15 million in 1995. The ADB co-financed seven projects with a contribution of UA 165.63 million compared to 6 projects with UA 162.15 million in the previous year. ADF resumed loan approvals this year and co-financed seven projects for a total of UA 520.27 million. The contribution of ADF amounted to UA70.73 million. One of these projects benefited from the blending of resources from NTF for an amount of UA 6.00 million.

The Bank Group's new credit policy, approved in May 1995, categorizes countries as follows: ADF-only countries, eligible for ADF resources, except for private sector lending and enclave projects; Blend countries, with access to both ADB and ADF resources; and ADB-only countries, eligible to ADB resources only (See Annex VI-1). Classified according

Chart 1
Bank Group Loan and Grant Approvals by Sector in 1996 (in percentage)

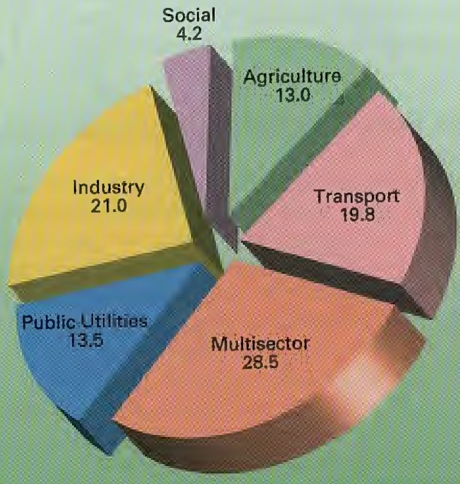


Table 9
Bank Group Loan and Grant Approvals by Instrument in 1996[a]
(in millions of UA)

Lending Instrument	ADB	ADF	NTF	Bank Group
Project Loans	203.40 (57.6)	176.34 (88.6)	6.00 (100.0)	385.74 (69.1)
Specific Investments	103.40 (29.3)	150.81 (75.7)	6.00 (100.0)	260.21 (46.6)
Lines of Credit	100.00 (28.3)	5.00 (2.5)	– –	105.00 (18.8)
Sector Investment or Emergency Rehabilitation	– –	20.53 (10.3)	– –	20.53 (3.7)
Policy-Based Loans	150.00 (42.4)	22.80 (11.4)	– –	172.80 (30.9)
Sectoral Adjustment	– –	15.00 (7.5)	– –	15.00 (2.7)
Structural Adjustment	150.00 (42.4)	7.80 (3.9)	– –	157.80 (28.2)
Total	353.40	199.14	6.00	558.54

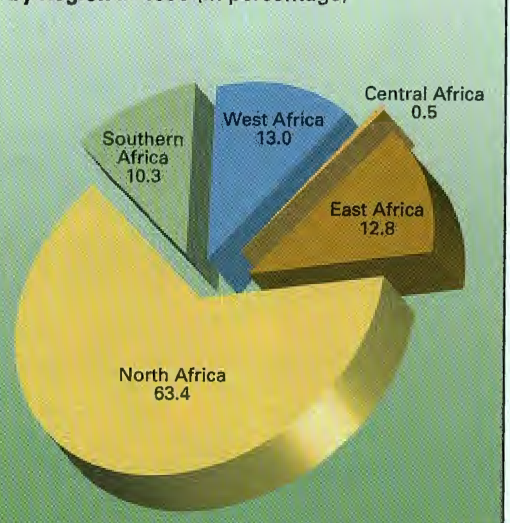
[a]Figures in brackets indicate percentages.

to these categories, Bank Group loan approvals were distributed as follows: ADF-only countries received UA 205.70 million or 36.8 per cent, which includes four private sector loans; ADB-only countries obtained UA 337.76 million or 60.5 per cent; and Blend countries obtained UA 15.09 million or 2.7 per cent, which includes one private sector loan.

Bank Group Cumulative Approvals, 1967-96

Cumulative loan and grant approvals at the end of 1996 amounted to UA 23,363.30 million, representing an increase of 2.4 per cent over that in 1995. Cumulative loan and grant approvals were sectorally distributed as follows (Table 8): agriculture UA 5,644.83 million for 534 loans and grants or 24.2 per cent of total loan and grant approvals; followed by public utilities, with UA 4,977.99 million for 411 loan and grant or 21.3 per cent; transport, UA 3,966.91 million for 385 loans and grants or 17 per cent; industry, UA 3,818.73 million for 255 loans and grants or 16.3 per cent; the multi-sector category, which includes policy-based operations and poverty reduction activities, UA 2,736.56 million for 107 loans and grants or 11.7 per cent; and the social sectors (education and health), UA 2,218.28 million for 274 loans and grants or 9.5 per cent.

Chart 2
Bank Group Loan and Grant Approvals by Region in 1996 (in percentage)



Bank Group Disbursements, 1996

In 1996, Bank Group disbursements totalled UA 1,141.59 million, representing an increase of 1.13 per cent over 1995 when disbursements stood at UA 1,128.82 million. Cumulative disbursements of the Bank Group reached UA 15,054.74 million in 1996, and represented 77.25 per cent of cumulative loan and grant approvals, excluding cancelled loans. Cumulative ADB disbursements amounted to UA 9,751.14 million or 64.77 per cent of Bank Group cumulative disbursements, compared with 65.03 per cent in 1995; cumulative ADF disbursements (UA 5,145.43 million) accounted for 34.17 per cent, as against 33.7 per cent in 1995; while those of the NTF (UA 158.17 million) represented 1.05 per cent as in 1995.

Bilateral and Multilateral Cooperation

Cooperation with Bilateral Donors

During the year 1996, the Bank was able to commit resources from the following nine bilateral sources: Japan, Belgium, USA, Switzerland, The Netherlands, Portugal, Denmark, Norway and Sweden, for a total amount of UA 4.6 million. These resources were allocated for the funding of project preparation studies, technical assistance, training, conferences, seminars and other activities relating to the new orientations of the Bank in the fields of environment, private sector promotion, poverty reduction and micro-enterprises, women-in-development, and collaboration with non-governmental organizations (NGOs). For direct financing support over the period 1980–1996, see Table 12.

Consultations took place with major bilateral donors such as China, Nordic countries, USAID, Switzerland, and Belgium. These consultations enabled the Bank to review thoroughly the bilateral cooperation programs in order to accelerate utilization of available resources and start negotiations for new funds. New bilateral agreements were signed with China, Canada and The Netherlands while Japan increased its contribution under the framework of the Agreement signed in 1993. USAID agreed to extend the deadline to April 1997 to allow disbursement of outstanding grant amounts. The situation of bilateral technical assistance as at 31 December 1996 is as shown in Table 13.

Table 10

Bank Group Loan and Grant Approvals by Region, 1993-96[a]

(in millions of UA)

Country	1993	1994	1995	1996
CENTRAL AFRICA	**205.49**	**119.92**	**53.00**	**2.60**
	(11.2)	**(12.2)**	**(11.8)**	**(0.5)**
Burundi	18.51	–	–	–
Cameroon	2.62	–	–	–
Central African Republic	0.68	–	–	–
Chad	28.83	–	–	–
Congo	–	50.00	–	–
Equatorial Guinea	11.67	–	–	–
Gabon	122.55	69.92	53.00	–
Rwanda	11.26	–	–	–
Sao Tome & Principe	9.37	–	–	2.60
EAST AFRICA	**155.70**	**48.99**	**1.01**	**71.50**
	(8.5)	**(5.0)**	**(0.2)**	**(12.8)**
Eritrea	–	–	–	14.03
Ethiopia	70.40	–	–	19.50
Kenya	40.70	–	–	15.94
Madagascar	0.68	–	–	–
Mauritius	2.00	25.09	–	–
Seychelles	–	8.90	1.01	–
Uganda	41.92	–	–	22.03
Multinational	–	15.00	–	–
NORTH AFRICA	**823.54**	**546.20**	**386.15**	**354.46**
	(44.9)	**(55.6)**	**(85.9)**	**(63.4)**
Algeria	179.49	57.70	25.75	250.00
Egypt	141.24	–	–	–
Mauritania	10.13	–	–	16.70
Morocco	346.98	155.00	150.00	60.41
Sudan	1.50	–	1.55	–
Tunisia	144.20	333.50	208.85	27.35
SOUTHERN AFRICA	**257.81**	**36.16**	**9.04**	**57.36**
	(14.1)	**(3.7)**	**(2.0)**	**(10.3)**
Lesotho	–	4.50	–	–
Malawi	58.43	–	–	5.00
Mozambique	65.59	–	–	24.36
Namibia	9.21	3.86	–	–
Swaziland	10.29	24.73	–	–
Tanzania	27.85	3.07	–	–
Zambia	1.34	–	7.29	15.00
Zimbabwe	85.09	–	1.75	13.00
WEST AFRICA	**386.06**	**215.96**	**0.55**	**72.62**
	(21.0)	**(22.0)**	**(0.1)**	**(13.0)**
Benin	8.06	–	–	18.00
Burkina Faso	18.95	–	–	–
Cape Verde	6.93	–	–	–
Côte d'Ivoire	68.44	–	–	29.00
Gambia	17.37	–	–	4.00
Ghana	25.57	–	–	7.53
Guinea	11.97	–	–	–
Guinea Bissau	0.92	–	–	–
Mali	18.92	–	–	–
Niger	30.08	–	–	–
Nigeria	160.00	215.96	–	2.09
Senegal	0.92	–	0.55	12.00
Sierra Leone	15.20	–	–	–
Multinational	2.74	–	–	–
MULTIREGIONAL[b]	**4.85**	**15.00**	–	–
	(0.3)	**(1.5)**	–	–
Total	**1,833.45**	**982.23**	**449.74**	**558.54**

[a] Figures in brackets indicate percentages for each region.

[b] Covering more than one region.

Table 11
Bank Group Co-financing Operations in 1996
(in millions UA)

Financiers	Number of operations	Amount Participated
Bank Group	15	242.36
African Development Bank	7	165.63
African Development Fund	7	70.73
Nigeria Trust Fund	1	6.00
External participations	33	1,983.63
Agricultural Development Bank of Ghana	1	0.15
Arab Bank for Economic Development in Africa	1	1.54
Arab Fund for Economic & Social Development in Africa	1	1.11
Banque Ouest Africaine de Développement	1	6.61
Barclays Trust	1	1.39
Caisse Française de Développement	1	41.73
Commonwealth Development Corporation	1	3.48
European Development Fund / European Union	4	125.45
European Investment Bank	1	10.28
Industrial Development Bank of Kenya	1	0.70
International Bank for Reconstr. and Development	2	291.90
International Development Association	2	107.77
International Finance Corporation	3	6.04
International Fund for Agricultural Development	1	3.39
International Monetary Fund	1	1,000.00
Islamic Development Bank	1	5.13
Italy	1	1.58
Kreditanstalt für Wiederaufbau	2	33.92
Kuwait Fund	1	1.54
Nordic Development Fund	1	1.39
OPEC Fund	1	1.55
Société de Promotion et de Participation pour la Coopération	1	0.70
Standard Chartered Bank	1	5.56
Swedfund	1	1.39
United Nations Development Programme	1	0.34
Other financiers	..	328.99
Total	48	2,225.99

Source: ADB Loan Appraisal Reports and Summary of Decisions of Boards of Directors.
Notes:
.. Non available

Belgium

Implementation of the cooperation program with Belgium accelerated in the second half of 1996. The cooperation program supports the financing of technical assistance experts in the Bank and of studies in various sectors for the benefit of the Regional Member Countries. In April 1996, the two parties held consultations and agreed to speed up utilization of existing resources in the cooperation program in anticipation of further replenishments. The two parties also amended the cooperation agreement to make it more efficient in accelerating the project approval process and utilizing African consultants in the implementation of the program.

Caisse Française de Développement (CFD)

A meeting between the Bank and CFD enabled the two institutions to examine the status of implementation of on-going projects and to agree on new areas for future co-financing. Moreover, the Deputy

Table 12
Direct Financing Support for ADB Group Under Bilateral Assistance Programs, 1980-1996
(in millions of Units)

DONOR	CURRENCY	1980-90	1991	1992	1993	1994	1995	1996	TOTAL
Austria	ASH	13.00		9.34					22.34
	UA	0.79		0.60					1.39
Belgium	BFR	676.20	51.00	272.90	50.00	30.70			1,080.80
	UA	14.79	1.20	5.98	1.17	0.66			23.80
Brazil	US$	0.23							0.23
	UA	0.22							0.22
Canada	C$	9.63	0.58	1.09		0.15		2.35	13.80
	UA	8.73	0.35	0.62		0.07		1.19	10.96
China	US$							2.00	2.00
	UA							1.39	1.39
Denmark	DKR	35.49	1.53	2.20	1.21	20.00			60.43
	UA	4.19	0.19	0.30	0.13	2.15			6.96
Finland	FMK	3.04	1.57		2.29	1.29			8.19
	UA	0.57	0.30		0.28	0.16			1.31
France	FRF	24.13							24.13
	UA	3.25							3.25
Japan	YEN		94.86	156.50	156.50	254.29	200.00	200.00	1,070.15
	UA		0.53	0.91	1.02	1.75	1.52	1.20	6.93
Netherlands	DFL	2.27		1.04		2.60	0.31	4.00	10.22
	UA	0.86		0.11		1.00	0.08	1.59	3.64
Norway	NKR	42.70	5.63	0.90	4.87	1.30			55.40
	UA	13.30	0.69	0.60	0.54	0.13			15.26
Portugal	US$	0.80		1.00	0.90	0.23	0.60		3.53
	UA	0.61		0.42	0.70	0.01	0.40		2.14
Spain	US$	1.00		1.00		0.35	1.41		3.76
	UA	0.77		0.42		0.25	0.28		1.72
Sweden	SKR	35.80	5.21	0.23	15.00	10.10			66.34
	UA	4.83	0.68	0.85	1.31	0.91			8.58
Switzerland	SFR	10.95		2.40	2.40	0.62	0.30		16.67
	UA	5.53		1.20	1.25	0.03	0.17		8.18
United Kingdom	STG	0.90							0.90
	UA	1.19							1.19
United States	US$	29.71	4.40	2.80	2.89	1.60	1.90		43.30
	UA	25.22	3.18	2.04	2.24	1.09	1.27		35.04
Total	UA	84.85	7.12	14.05	8.64	8.21	3.72	5.46	132.05

Director General of CFD visited the Bank to reactivate joint efforts in training, information exchange, staff exchange and co-financing. In this context, two ADB staff members were sent on training with the Centre d'études financières, économiques et bancaires (CEFEB). A full-scale consultation meeting between CFD and ADB is envisaged in the early part of 1997.

Table 13
Bilateral Technical Assistance Experts and Long-Term Consultancy Staff, as at 31 December 1996

Country	Post		Number
a – Technical Assistants			5
Belgium			3
	Agronomist	1	
	Sanitary Engineer	1	
	Environmental Officer	1	
Norway			1
	Architect	1	
Sweden			1
	Civil Engineer	1	
b – Long-Term Consultants			9
Belgium			1
	Health Expert	1	
Denmark			1
	Investment Officer	1	
Germany			1
	Adviser to Vice President	1	
Netherlands			1
	Environmental Officer	1	
Norway			4
	Health & Social Policy Expert	1	
	Environmental Officer	2	
	Investment Officer	1	
Sweden			1
	Civil Engineer	1	
Total			14

Canada

On 3 October 1996, the Bank Group and the Canadian Government signed, in Ottawa, a new contribution agreement amounting to Canadian dollars 2.35 million. The purposes of the contribution are to support the identification, preparation, appraisal and evaluation of Bank projects in sectors of Canadian expertise; and to support Bank economic and sector work, as well as policy articulation and implementation, particularly in those areas of priority development of interest to Canada (poverty alleviation, basic human needs, governance). The Canadian International Development Agency (CIDA) is the executing agency on the part of Canada.

China

The Bank signed a technical cooperation agreement with the People's Republic of China in April 1996. The Agreement involves a bilateral grant of US $ 2.0 million for an indefinite period. The Chinese grant will support the preparation of projects, programs, and technical assistance operations in regional member countries. Areas of financing range from pre-investment and economic studies, and short-term, and consultancy missions, to the provision of experts and training of staff. The Bank held consultative meetings with representatives of the People's Bank of China in Abidjan and the Import-Export Bank of China in May, 1996, to explore further areas of cooperation between the Bank and China not covered by the grant agreement.

Japan

In 1996, additional resources under the Policy and Human Resources Grant amounting to Yen 200 million were received from Japan. The funds were allocated to the following activities: i) the ADB/Japan Fellowship Program 1996/97, under which 10 RMCs students were selected to study abroad; ii) the Economic Management, Taxation, and Tax Administration Seminar for francophone countries held in November 1996 with 29 senior government officials; iii) studies on long-term financing and banking in Southern African countries; and iv) hosting ADF-VII supplementary resources meeting in Osaka, Japan.

The Netherlands

Two new agreements were entered into with The Netherlands for the financing of technical assistance services to improve the quality of the loan portfolio of the Bank and for the protection and enhancement of the environment in borrowing member countries. These amount to approximately US$ 1.8 million and US$ 600,000, respectively. In addition, major elements of the Africa Energy Program continued to be supported by an outstanding grant.

The Nordic Countries

The President met with all the Nordic Governors, in January in Stockholm, to discuss the progress of the Bank's reform process as well as other issues of common Nordic concern, such as the role of the Bank within the multilateral system, the role of the Bank in private sector development, the role of the Bank in the Southern Africa Region, including the Bank's follow-up of the Nordic-financed Study on Economic Integration of Southern Africa, and the Bank's progress in mainstreaming cross-cutting issues such as poverty, gender and environement.

During the year under review, the activities of the Swedish Consultancy Fund were evaluated, the findings of which will constitute the basis for negotiating future replenishments. The programs of Norway, Denmark and Finland were under implementation. A «Review of the Nordic Technical Cooperation Agreement», funded by Norway, was also carried out.

Switzerland

Cooperation between the ADB and Switzerland was enhanced by the increased financing of pre-investment studies and short-term consultancies. Under this program, the Bank also financed the special studies on governance, micro-enterprise guidelines, and the review of Bank operations. During the annual review meeting on the cooperation program which took place in November 1996, Switzerland agreed to expand its assistance in 1997 and beyond, and to continue financing project preparation studies and technical assistance relating to the strengthening of the Bank's project cycle activities and institution building.

USAID

The implementation of the USAID-funded activities continued with respect to strengthening the institutional capacity of the Bank in operational matters, especially those relating to the environment and the private sector. Other areas covered consolidation of previously assisted areas in training, computerization, and capacity building. The USAID-funded activities were undertaken with the grant of US$5.0 million made to the Bank for the period 1995-97. The full grant has been earmarked to specific projects whose disbursement should be completed by April 1997.

Cooperation with Multilateral Institutions

The Bank's cooperation with multilateral financial institutions, as well as with other intergovernmental organizations, improved in 1996 with the successful conclusion of ADF- VII consultations. The cooperation mainly took the form of intensified aid coordination and mobilization of additional resources through co-financing activities. In 1996, the Bank was involved in 14 co-financing operations which amounted to UA 2,225.99 million. The contribution of the Bank in these operations represented 10.89 per cent, while the contribution from multilateral donors represented 70.19 per cent.

European Development Fund (EDF)

Delays in the replenishments of both the EDF-VIII and ADF-VII did not permit the 1996 annual consultations to take place. Nonetheless, the ADB contact mission visited Brussels to discuss issues relating to the results and implications of EDF-VIII which are expected to take effect in 1997. The two institutions agreed to reactivate their collaboration in the areas of information exchange, co-financing, and private sector development. Four operations were jointly co-financed in 1996, under which EDF provided UA 125.45 million.

European Investment Bank (EIB)

Given the lack of ADF resources with which to cofinance projects, there were no joint operations during 1994 and 1995. However, in 1996, the activities resumed with cofinancing one project, to which the EIB contributed UA 10.28 million, as against UA 19.50 million from ADF resources.

Food and Agriculture Organization (FAO)

The last FAO/ADB bi-annual meeting was held in Rome on 26-27 September 1995, during which the two institutions reviewed the status of program implementation for the year and reached agreement on a program for the first half of 1996. In this regard, it was agreed that, as a whole, the FAO would undertake 21 identification, 18 preparation and 1 PCR missions under the 1996 Joint Work Program. Further, the two institutions agreed to collaborate more closely in long-term programs such as sector/subsector studies in RMCs. By the end of 1996, the FAO had completed 6 identification and 8 preparation missions. In spite of minor difficulties encountered during the period of the Bank's restructuring, the overall progress of program execution was regarded as satisfactory by both parties. In addition, the Bank actively participated in the preparatory meeting of the World Food Summit in September 1996 and subsequently in the Summit in November, at which the President delivered a statement concerning the Bank Group strategy for food security in Africa.

International Fund for Agricultural Development (IFAD)

The ADB/IFAD annual consultation meeting took place in Rome on 9-10 May 1996. The two parties examined the status of implementation of their joint programs (9 projects) and discussed ways and means of increasing the number of projects cofinanced. Accordingly, a total of 12 new projects (8 from ADB and 4 from IFAD) were earmarked for future co-financing. On the whole, it was observed that there has been an improvement in the execution of the joint programs as a result of the increased supervision missions. The quality of reporting has also improved. Furthermore, the ADB was closely involved in the finalization of the Report on Supervision Issues for the IFAD-Cooperating Institutions meeting on 11 October 1996. Likewise the Bank participated in IFAD's Agricultural Seminar during October of 1996. In November 1996, the President of ADB met with the President of IFAD and discussed the cooperative programs between the two institutions, and they specifically agreed to improve collaboration in the co-financing area.

International Monetary Fund (IMF)

Relations between the Bank and the IMF improved significantly in 1996 and focused on three main areas: the Secretariat of the Boards of Directors, training, and operations. Specifically, an IMF mission made an assessment of the organization and structure of the Office of the Secretary General of the Bank and advanced several proposals for future improvements. Joint training programs between the IMF Institute and the African Development Institute on Financial Programming and Policy for macroeconomists in the Country Departments were organized. Further consultations between the Bank and IMF, particularly with the Resident Representative in Abidjan, culminated in an intensified exchange of documentation and information on regional member countries. It also led to the introduction of settlement of ADB arrears as part of the conditions of the Enhanced Structural Adjustment Facilities.

Organization of Petroleum Exporting Countries (OPEC) Fund

The Organization of Petroleum Exporting Countries (OPEC) Fund co-financed one project with the Bank during 1996, to which the OPEC Fund contributed UA 1.55 million. The Bank currently administers nine projects co-financed with the OPEC Fund. Both institutions agreed to hold a consultation meeting early in 1997 to replenish their co-financing program.

United Nations Development Program (UNDP)

A Bank delegation attended a meeting held in Ouagadougou in January 1996, at which the Conceptual Framework Paper for the UNDP VIth Cycle Program (1997-2001) was considered and endorsed. Both the Directors of the Regional Bureau for Africa (RBA) and the Regional Bureau for Arab States (RBAS) visited the Bank during 1996 and discussed matters of mutual interest, such as private sector development and capacity building as well as assistance to the Bank Group in project implementation monitoring at the country level. It was agreed that both RBA and RBAS will in future work closely together in their relations with the ADB. A seminar on private sector promotion, jointly sponsored by UNDP and USAID, was held at the ADB Headquarters in October 1996.

United Nations Educational, Scientific and Cultural Organization (UNESCO)

Collaboration between the Bank and UNESCO remained active in 1996, with the annual coordination meeting taking place in Abidjan in June. During the year, the two institutions undertook seven joint identification, four joint preparation, one joint appraisal, four joint supervision, and two joint post-project completion report missions. Additionally, UNESCO administered eight projects financed by the Bank Group. Finally, the Director General visited the Headquarters of the Bank and presented a request for financing the World Foundation for Research and Prevention of AIDS. The Bank is consulting some of the beneficiary countries on the manner of supporting this request.

United Nations Industrial Development Organization (UNIDO)

The Bank actively participated in the launching of UNIDO's Alliance for Africa's Industrialization (AAI), which took place in Abidjan, Côte d'Ivoire, in October 1996. The Bank had earlier contributed to the preparation of the concept paper of the AAI during a meeting held in September 1996 in Addis Ababa. The Bank continues to exchange information with UNIDO relating to the Second Industrial Development Decade for Africa.

The World Bank

The World Bank, with its affiliates IDA and IFC, remained the most important single multilateral cooperating partner with the Bank in 1996. It provided 22.6 per cent of the external resources mobilized for co-financing activities in 1996. With the replenishment of ADF resources, joint assistance to the regional member countries improved under the SPA. The relationship between the Bank and the World Bank was further enhanced by several consultation and cooperation activities at both senior management and staff levels. The two institutions also worked closely together to establish a list of documents and information to be exchanged, and to promote cooperation aimed at upgrading professional skills of Bank staff through short -and medium-term training programs and staff exchange. In this regard, two World Bank staff members were seconded to the Office of the Vice President for Finance. Procurement Officers of the Bank were also sent to the World Bank for training, and two ADB staff participated in the World Bank Executive Development Program. A World Bank mission also visited the Bank in September to assist with the 1996 Annual Portfolio Performance Report, while an ADB mission to Washington explored the possibilities for closer collaboration in the formulation of operational policies and African research and development issues. In November 1996, a mission led by the Vice President for Operations visited the World Bank Headquarters. The mission was successful in reinforcing joint efforts relating to co-financing, information and staff exchange, and private sector development. A few joint training programs were also organized for Bank and RMCs. In addition, the Private Sector Unit established closer contacts with the IFC and MIGA. Finally, the Boards approved the establishment of a representation office in Washington which should further enhance the relations between the two institutions.

World Health Organization (WHO)

The ADB and WHO continued their collaborative efforts in several technical areas such as HIV/AIDS, health sector policy, human resources development, tropical diseases, and basic medication. The annual coordination meeting took place in Abidjan, in October 1996. The two parties reviewed their cooperation program and drew up a future program which would include expanding analysis of health conditions in countries such as Djibouti, Somalia and Malawi. It was also agreed that the two institutions would reinforce their collaboration in the implementation of the United Nations Special Initiative for Africa and the Essential Drugs Program.

Cooperation with African Institutions

Organization of African Unity (OAU)

The ADB/OAU collaboration, particularly through the OAU/ECA/ADB Joint Secretariat, has made considerable progress in its efforts to promote socio-economic development in Africa. In June 1996, the Bank actively participated in the OAU/ECA/ADB Joint Secretariat and Chief Executives Meetings, as well as in the experts' meeting of AEC/ECOSOC. The joint statement adopted at the end of these meetings underscored the need to allocate appropriate resources for education and skills training to reverse the trend of increasing poverty and unemployment in Africa. The Bank also participated in the OAU/ECA/ADB Joint Task Force Review Meeting of the proposed Program on Participatory Management of African Agriculture and the Environment in April 1996. The aim of the program is to assist African countries in their efforts to achieve sustainable agricultural development while tackling environmental problems. The ADB also attended the Sixty-Fourth

Session of the Council of Ministers in Yaounde as well as the Thirty-Second Session of the Assembly of Heads of State and Government in July 1996. In addition, the Bank took part in the First Meeting of the AEC/ECOSOC held in Abidjan in November 1996.

United Nations Economic Commission for Africa (UN-ECA)

Notwithstanding some of the constraints caused by the closure of the ADB Representative Office in Addis Ababa, cooperation between the Bank and ECA was further consolidated. The Bank was closely involved in some ECA-initiated activities, such as the UN Second Transportation and Communication Decade in Africa 1991-2001 (UNTACDAII), the Inter-Agency Workshop on the Diversification of African Commodities. Furthermore, in April 1996, the Bank participated in the Consultative Meeting of the ECA on its future role in Africa.

AFRICAN DEVELOPMENT BANK

ADB Loan Approvals and Disbursements

ADB Loan Approvals in 1996

During 1996, the ADB approved eleven loans for a total amount of UA 353.40 million, compared with UA 449.74 million in 1995 (Table 14). These comprise five loans to the public sector and guaranteed private sector for a total amount of UA 337.76 million, and six non publicly-guaranteed private sector loans of UA 15.64 million. The public and publicly-guaranteed private sector loans were approved for Algeria, Morocco, and Tunisia, whereas the non-publicly guaranteed private sector loans went to Ghana, Kenya, Nigeria and Uganda. The average of the loans was UA 32.13 million, compared with UA 40.88 million in 1995. Project loans amounted to UA 203.40 million or 57.6 per cent of all loans, while the value of policy-based loans was UA 150.00 million or 42.4 per cent.

The distribution of loan approvals during 1996 shows that the multi-sector category received the largest share, amounting to UA 151.39 million or 42.8 per cent of the total loan approvals (Table 15). The industrial sector received the second largest share of UA 112.16 million or 31.7 per cent, which includes

Chart 3
ADB Loan Approvals by Sector in 1996
(in percentage)

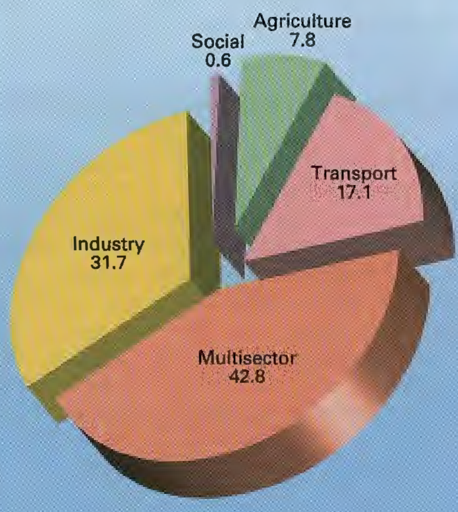
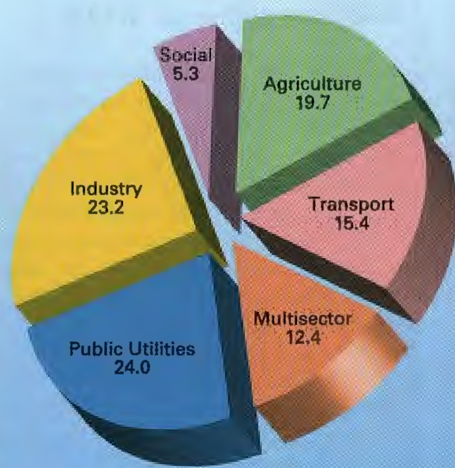


Table 14
ADB Loan Approvals in 1996
(in millions of UA)

Country	**Loan Approvals**	Total Cost	ADB Amount	Contribution % Share
	Public and Publicly-Guaranteed	2,021.34	337.76	16.71
Algeria	Structural Adjustment Program	1,653.00	150.00	9.1
	Second Line of Credit to Crédit Populaire d'Algérie	–	100.00	–
Morocco	Railway Rehabilitation Project	329.72	60.41	18.3
Tunisia	Extension of the Cap Bon Citrus Fruit Protection Area	12.40	8.65	69.8
	Jendouba Irrigated Agricultural Development Project	26.22	18.70	71.3
	Private Non-Publicly-Guaranteed	67.20	15.64	23.3
Ghana	Sheraton Ambassador Hotel Rehabilitation Project	30.29	6.95	23.0
	Eldin Salt Mill Expansion and Refinary Project	1.15	0.57	50.0
Kenya	Acacia Fund Limited Project	13.91	1.39	10.0
	Wakate Technology Center Project	1.82	0.60	33.1
Nigeria	Abuja International Diagnostic Health Center	6.95	2.09	30.0
Uganda	East African Glass Works Ltd	13.07	4.03	30.8
	Total	2,088.54	353.40	16.92

UA 12.16 million for private sector loans, compared with 38.3 per cent the previous year. The amount allocated to the transport sector was UA 60.41 million or 17.1 per cent, compared with 26.3 per cent in 1995. The agricultural sector received UA 27.35 million or 7.8 per cent, compared with 2.1 per cent the previous year. The social sector received one loan from the private sector window amounting to UA 2.09 million or 0.6 per cent, while there were no loans approved for the social sector in 1995.

Chart 4
Cumulative ADB Loan Approvals by Sector as at 31 December, 1996 (in percentage)



Cumulative ADB Loan Approvals, 1967-96

As at 31 December 1996, the cumulative total of loans approved by the ADB amounted to UA 15,037.29 million representing 725 loans, compared with UA 14,683.89 million the previous year (Table 16). Out of this amount, 27 private sector loans accounted for UA 73.76 million. As at 31 December 1996, the sectoral breakdown of the cumulative loan approvals was as follows: UA 3,613.84 million or 24 per cent to public utilities; UA 3,488.17 million or 23.2 per cent to industry; UA 2,967.82 million or 19.7 per

Table 15
ADB Loan Approvals by Sector, 1993–96[a]
(in millions of UA)

Sector	1993	1994	1995	1996
Agriculture, including Agricultural Lines of Credit	178.75	68.40	9.45	27.35
	(15.2)	(7.1)	(2.1)	(7.8)
Transport	176.60	204.03	118.15	60.41
	(15.0)	(21.0)	(26.3)	(17.1)
Public Utilities	299.05	203.80	–	–
	(25.5)	(21.0)		
Industry, including Industrial Lines of Credit	390.35	283.56	172.14	112.16
	(33.2)	(29.2)	(38.3)	(31.7)
Social[b]	30.00	30.08	–	2.09
	(2.6)	(3.1)		(0.6)
Multisector	100.00	180.00	150.00	151.39
	(8.5)	(18.6)	(33.3)	(42.8)
Total	1,174.75	969.87	449.74	353.40

Notes:
[a] Figures in brackets indicate percentages.
[b] Comprising education and health.

cent to agriculture; UA 2,314.91 million or 15.4 per cent to transport; UA 1,862.53 million or 12.4 per cent to the multisector category; and UA 790.02 million or 5.3 per cent to the social sector.

Table 17 indicates, by region and by sector, the cumulative amount of loans approved by the ADB as at 31 December 1996. The North African countries obtained UA 6,827.95 million, i.e. 45.4 per cent of the cumulative loan approvals. The sectoral breakdown of the loans for this region was as follows: 23.1 per cent to industry; 23 per cent to public utilities; 22.8 per cent to agriculture; 16.5 per cent to the multi-sector category; 9.5 per cent to transport; and 5.1 per cent to the social sector.

The West African countries absorbed UA 3,616.06 million, which was 24.0 per cent. The sectoral break-down for this region was as follows: 26.3 per cent to public utilities; 25.6 per cent to industry; 20.6 per cent to agriculture; 14.8 per cent to transport; 8.6 per cent to the multisector category; and 4.1 per cent to the social sector.

Central African countries received UA 2,203.83 million, which corresponds to 14.7 per cent of the cumulative total of loans. The sectoral breakdown of the loans granted to this region was as follows: 26.2 per cent went to public utilities; 25.3 per cent to transport; 14.6 per cent to agriculture; 13.4 per cent to industry and also to the multisector category; and 7.1 per cent to the social sector.

For the Southern African countries, the amount allocated was UA 1,413.65 million, which represents 9.4 per cent of the cumulative total of loans. The sectoral breakdown was as follows: 26.5 per cent to industry; 25 per cent to public utilities; 24.1 per cent to transport; 9 per cent to agriculture; 8.8 per cent to the multisector category; and 6.6 per cent to the social sector.

The East African countries, for their part, took up UA 918.20 million, that is, 6.1 per cent of the cumula-tive total of approved loans. The sectoral breakdown of loans to this region was as follows: 32.4 per cent to industry; 24.1 per cent to agriculture; 21 per cent to transport; 17.7 per cent to public utilities; 4.6 per cent to the social sectors; and 0.2 per cent to the multi-sector category. The multiregional category received loans amounting to UA 57.60 million, or 0.4 per cent of the cumulative total of approved loans. Within this category, the sectoral breakdown shows that 74 per cent of the loans went to the transport sector and 26 per cent to the industrial sector.

Table 16

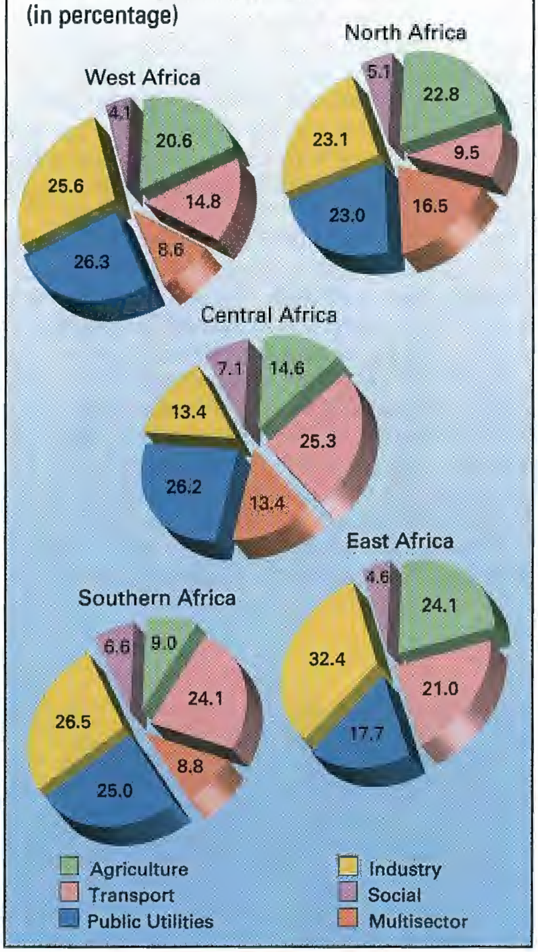
Cumulative ADB Loan Approvals by Sector, 1967–96[a]

(in millions of UA)

Sector	1967–93	1967–94	1967–95	1967–96	Number[b]
Agriculture, including Agricultural Lines of Credit	2,862.62	2,931.02	2,940.47	2,967.82	145
	(21.6)	(20.6)	(20.0)	(19.7)	
Transport	1,932.32	2,136.35	2,254.50	2,314.91	147
	(14.6)	(15.0)	(15.3)	(15.4)	
Public Utilities	3,410.04	3,613.84	3,613.84	3,613.84	183
	(25.7)	(25.4)	(24.6)	(24.0)	
Industry, including Industrial Lines of Credit	2,920.31	3,203.87	3,376.01	3,488.17	188
	(22.0)	(22.5)	(23.0)	(23.2)	
Social[c]	757.85	787.93	787.93	790.02	41
	(5.7)	(5.5)	(5.4)	(5.3)	
Multisector[d]	1,381.14	1,561.14	1,711.14	1,862.53	21
	(10.4)	(11.0)	(11.7)	(12.4)	
Total	13,264.29	14,234.15	14,683.89	15,037.29	725

[a] Figures in brackets indicate percentages.
[b] Number of loans.
[c] Comprising education and health.
[d] Including policy – based loans.

Chart 5
Cumulative ADB Loan Approvals by Region and Sector as at 31 December, 1996
(in percentage)



Disbursements of Loans, 1996

Disbursements of Bank loans decreased from UA 711.99 million in 1995 to UA 700.95 million in 1996, representing a decline of 1.55 per cent. As at 31 December 1996, cumulative disbursements reached UA 9,751.14 million (including private sector loans). Over the same period, a total of 445 loans were fully disbursed for a total amount of UA 5,351.87 million, representing 54.88 per cent of cumulative disbursements. The number of fully repaid loans was 104 for a total amount of UA 392.13 million at the end of 1996.

Project and Program Loans Approved During the Year

Public and Publicly-Guaranteed Operations

Agriculture

Tunisia Extension of the Cap-Bon Citrus Fruit Protection Area

Total Cost:	UA 12.40 million
Amount:	UA 8.65 million
Duration:	20 years, including a 5-year grace period.

The main goal of the project is to enable Tunisia to maintain its position on the international market by increasing citrus fruit exports by 12,000 tons by the year 2003. The project will also contribute significantly to reducing poverty in rural areas by doubling income by the year 2003. The plan is to produce an additional annual citrus output of 23,855 tons by improving orchard yield on 1,835 ha. Specifically, the project provides for the construction of irrigation networks over 1,835 ha, the construction of an insectarium for biological control, and the development of 4 aquifer replenishment sites. The ADB loan will be used to finance 70 per cent of the total project cost and will cover 100 per cent of the foreign exchange cost.

Tunisia Jendouba Irrigated Agricultural Development Project

Total Cost:	UA 26.22 million
Amount:	UA 18.70 million
Duration:	20 years, including a 7-year grace period.

The aim of the project is to strengthen food security by increasing the annual production of sugar by 45,000 tons, wheat by 1,700 tons, milk by 7,782 tons, beef by 311 tons and market garden produce by 42,150 tons from year 2002 onward. It also aims to reduce rural poverty by improving farmers' income by 7-10 times; and create jobs — 86,880 additional working days would be created by the year 2002, when the project is fully implemented. Under the project, land reform will be conducted, irrigation and farm road networks will be built on 3,000 ha, soil studies for over 500 ha and water in-take engineering studies will be carried out. A mechanism to control the water system and soil quality will also be established. The ADB loan will be used to finance 71 per cent of the total project cost, and 100 per cent of the foreign exchange cost.

Table 17
Cumulative ADB Loan Approvals by Region and by Sector, 1967–96[a]
(in millions of UA)

Sector	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Multi-regional[b]	All regions
Agriculture, including Agricultural Lines of Credit	321.52 (14.6)	221.49 (24.1)	1,554.82 (22.8)	127.12 (9.0)	742.87 (20.6)	– –	2,967.82 (19.7)
Transport	557.33 (25.3)	192.81 (21.0)	648.24 (9.5)	340.74 (24.1)	533.19 (14.8)	42.60 (74.0)	2,314.91 (15.4)
Public Utilities	578.09 (26.2)	162.59 (17.7)	1,567.92 (23.0)	352.92 (25.0)	952.32 (26.3)	– –	3,613.84 (24.0)
Industry, including Industrial Lines of Credit	295.94 (13.4)	297.70 (32.4)	1,578.34 (23.1)	374.55 (26.5)	926.64 (25.6)	15.00 (26.0)	3,488.17 (23.2)
Social[c]	156.51 (7.1)	42.22 (4.6)	348.63 (5.1)	93.32 (6.6)	149.34 (4.1)	– –	790.02 (5.3)
Multisector	294.44 (13.4)	1.39 (0.2)	1,130.00 (16.5)	125.00 (8.8)	311.70 (8.6)	– –	1,862.53 (12.4)
Total % Share	2,203.83 (14.7)	918.20 (6.1)	6,827.95 (45.4)	1,413.65 (9.4)	3,616.06 (24.0)	57.60 (0.4)	15,037.30 (100.0)

[a] Figures in brackets indicate percentages.
[b] Covering more than one region.
[c] Comprising education and health.

Transport

Morocco Railway Rehabilitation Project
Total Cost: UA 329.72 million
Amount: UA 60.41 million
Duration: 20 years, including a 5-year grace period

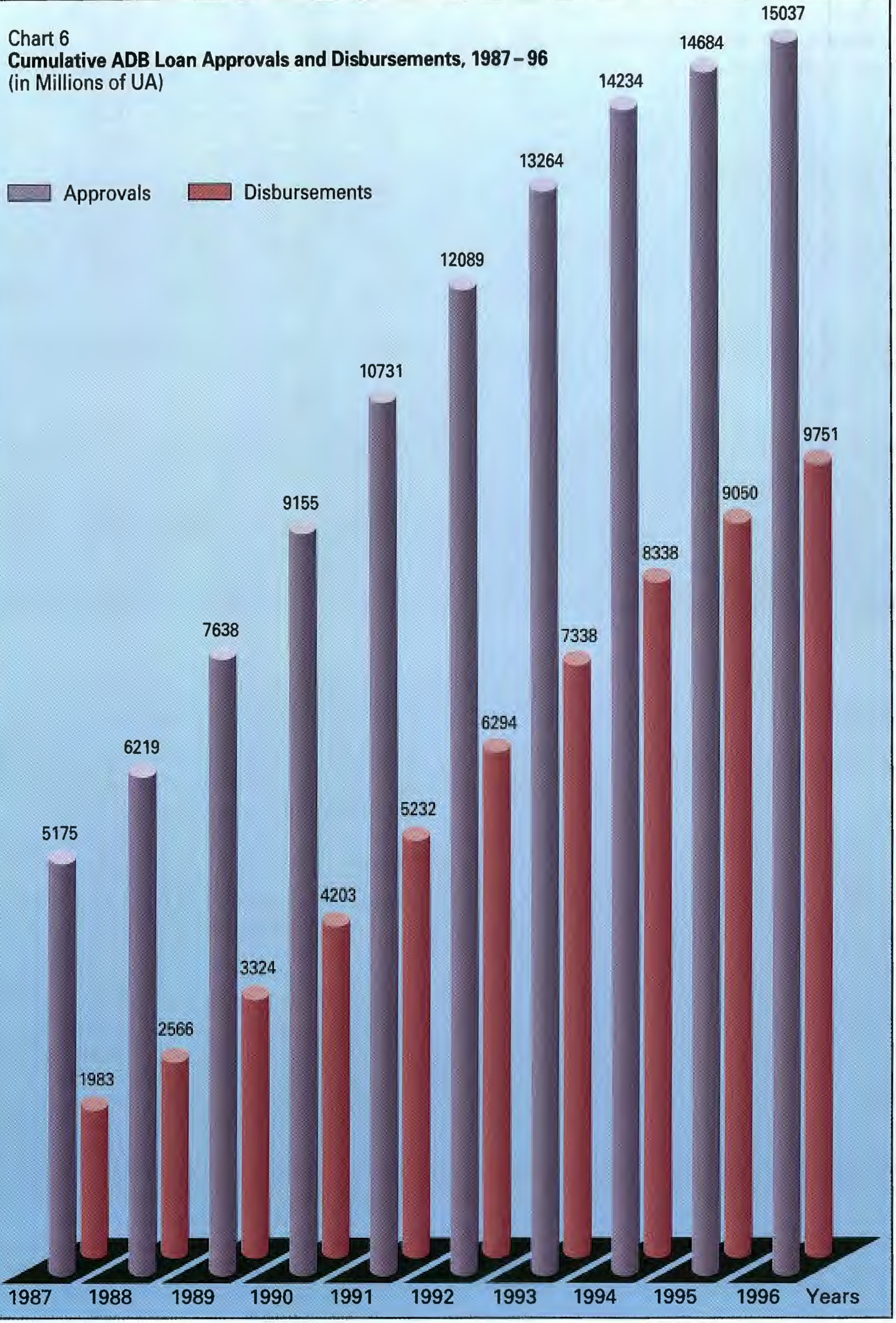
The project falls within the context of a general rehabilitation of the transport sector, aimed at ensuring the optimum inter-mode distribution of Morocco's inter-regional transportation. The main project objective is to strengthen and improve the transport capacity of the «Office National des Chemins de Fer» (National Railway Authority, ONCF) under the best cost and security conditions, so as to adapt it to a more competitive environment on the national transport market. The project provides for the relaying of 171.2 km of track on the Fez-Oujda, Casablanca-Sidi-Kacem and Casablanca-Marrakech axes, layout rectification over 36.4 km along the Sidi Kacem-Meknes axis and the construction of a double-track platform along the rectified areas, track doubling (82 km), electrification and replacement of catenary lines (247 km), and strengthening of sub-stations within the ONCF network. The implementation of the project will help to reduce accidents and economic losses incurred by the railway authority, and will create considerable value added for the national economy. The ADB loan will be used to finance 18 per cent of the total project cost and 100 per cent of the foreign exchange component.

Industry

Algeria Second Line of Credit to «Crédit Populaire d'Algérie, CPA»
Amount: UA 100.0 million
Duration: 14 years, including a 4-year grace period

The aim of the line of credit is to strengthen CPA's capital in order to increase its capacity to finance small- and medium- scale enterprises (SMEs) in the industry and service sectors. The value added growth rate of SMEs/SMIs to GDP is expected to be 3.5 per cent per year from the year 2001. The line of credit will permit the enhancement of the country's industrial fabric and promote employment by creating 34,400 new jobs between 1999 and 2001. The line of credit to CPA is meant to cover the direct and indirect foreign exchange needs within the context of productive sub-project financing in the industrial and service sectors.

Chart 6
Cumulative ADB Loan Approvals and Disbursements, 1987 – 96
(in Millions of UA)



The Cairo West Power Station Extension Project, aimed at increasing electricity generation capacity, and using natural gas as a substitute for exportable oil and petroleum products.

Multisector

Algeria Structural Adjustment Program

Total Cost:	UA 1653.00 million
Amount:	UA 150.00 million
Duration:	20 years, including a 5-year grace period

The aim of the program is to bring about lasting stability to the country's macro-economic structure, and to promote private sector-driven sustainable growth. The loan is intended to help the Government to implement the reforms contained in the structural adjustment program for the 1996/1997 period — specifically to attempt to reach equilibrium balance of payments while ensuring an import level compatible with growth objectives; and to promote high labor-intensive private sector growth, with a view to reducing unemployment, reversing the trend of deteriorating living standards, protecting vulnerable groups during the transition period. The loan will be used to finance 9 per cent of the program initiated by Algeria with the support of the World Bank (UA 278.00 million), the IMF (UA 1000.00 million) and the European Union (UA 89.00 million).

Private Non-Publicly-Guaranteed Operations

In 1996, six projects involving direct assistance to the private sector were approved by the ADB. The following is a summary of these projects:

Ghana Sheraton Ambassador Hotel Rehabilitation Project

Total Cost:	UA 30.29 million
Amount:	UA 6.95 million
Duration:	8 years, including a 3-year grace period

The project involves the rehabilitation and upgrading of the former Ambassador Hotel in Accra from a 3-star to a 5-star international hotel . The hotel will offer 191 twin and king rooms, 4 disabled guest rooms, 20 chalets, 6 executive suites and 1 presidential suite, or a total of 222 keys. Other facilities will include two theme restaurants, an all-day eating facility, a stylish cocktail bar, a music bar, a pool side/terrace bar, a 400-seat ballroom and adjoining conference facilities, business center, boutiques, swimming pool, tennis and squash courts, a health club and gymnasium, and parking for at least 150 cars. The project is sponsored by a group of local and international investors and financial institutions. ADB financing represents about 23 per cent of the total project cost and 39 per cent of total loans. Additional financing will be obtained from a Nordic financial institution and commercial banks. The project is expected to be completed in 1999.

Ghana Eldin Salt Mill Expansion and Refining Project

Total Cost:	UA 1.15 million
Amount:	UA 0.57 million
Duration:	5 years, including a 2-year grace period

The project involves the expansion of a coarse salt production facility, consisting of 57 mud ponds for evaporation and concentration, and 32 concrete ponds for crystallization. The expansion will entail the construction of 47 mud ponds and 128 concrete ponds for evaporation, crystallization and storage on 180 hectares to increase the production of coarse salt from 6,000 tons to 30,000 tons annually. It is also intended that a 1,000m2 factory building will be constructed of concrete blocks and corrugated steel sheet roofing, along with erection of process and ancillary equipment to produce 4,500 tons of refined salt annually. The markets to be served by the project are Ghana and the ECOWAS region. The principal economic returns of the project include the generation of foreign exchange of US$ 3.3 million over a period of 10 years; the employment of 200 persons, including 75 women; transfer of technology; and value added processing of local raw materials. The project will be co-financed with a local development bank, the Agricultural Development Bank of Ghana (UA 0.15 million). ADB financing represents about 50 per cent of the total project cost.

Kenya Acacia Fund Limited Project

Total Cost:	UA 13.91 million
Amount:	UA 1.39 million

The project involves the establishment of an equity fund to make equity and quasi-equity investments in medium-sized Kenyan companies that have strong potential to generate above-average growth and profitability. The basic economic benefits of the project include: increasing the sources of equity capital available to local entrepreneurs; encouraging the growth and diversification of small- and medium-scale enterprises (thereby creating employment); and improving productive capacity and tax revenues. The Acacia Fund will aim at realizing all of its investments and distributing the proceeds to its shareholders within 10 years. It is anticipated that most of the returns will be made up of capital gains, expected to be realized after 5 years. The project will be co-financed mainly by three international development finance institutions: CDC (UA 3.48 million), Proparco (UA 0.70 million) and PTA Bank (UA1.04 million); and 7 local commercial and development banking institutions. ADB financing represents 10 per cent of total financing.

Kenya Wakate Technology Center Project

Total Cost:	UA 1.82 million
Amount:	UA 0.60 million
Duration:	8 years, including a 2-year grace period

The project involves the construction, equipping and management of an engine rebuilding and testing center. The company will, over a 10-year period, gradually expand its capacity to rebuild 1,250 engines annually — for motor cars, buses, and lorries, as well as for stationary machines and generators. The principal economic benefits of the project will be: foreign exchange savings; provision of less expensive and better rebuilt engines; reduction of transport costs and pollution as a result of improved standard and performance of the rebuilt engines; and creation of jobs for 23 skilled workers and 61 junior workers, most of whom will be women. The project will be co-financed with the International Finance Corporation (UA 0.30 million). ADB financing represents 33 per cent of total project costs.

Nigeria Abuja International Diagnostic Center

Total Cost:	UA 6.95 million
Amount:	UA 2.09 million
Duration :	9 years, including a 3-year grace period

The project involves the construction, equipping and management of a state-of-the-art medical diagnostic and environmental testing center. The center will comprise a modern laboratory unit; a radio-diagnostic unit; a clinical physiology unit; a genetic laboratory unit; an endoscopy unit; an ultra sonography unit; and an environmental testing unit to serve the local hospitals, private clinics and companies. The project will complement the country's medical diagnostic facilities and contribute towards an efficient and reliable health care system. It will also play a significant role in the implementation of the country's environmental control policy through its environmental testing unit. Other economic benefits include foreign exchange savings, creation of employment opportunities for about 300 people; technology transfer; and development of the country's human resource capital. The project will be co-financed with the International Finance Corporation (UA 1.22 million) and local banks (UA 0.17 million). The ADB loan represents 30 per cent of the total project cost.

Uganda East African Glass Works (1995) Ltd.

Total Cost:	UA 13.07 million
Amount:	UA 4.03 million
Duration:	9 years, including a 2-year grace period

The project involves complete rehabilitation of a container glass making plant to cater to the growing demand for bottles, jars, pressed glass and tableware in Uganda and East African markets. The plant will have an installed capacity of 60 tons per day or 21,900 tons per annum. The project will allow bottlers of beer and soft drinks, as well as producers of food products, pharmaceuticals and pesticides to have access to domestically produced glass containers and to benefit from competitive prices in local currency. Currently, all glass containers in Uganda are imported. Other economic benefits of the project include the creation of employment opportunities for 200 workers, technology transfer and substantial foreign exchange savings. The project will also provide an important input to existing industries in Uganda, as well as facilitate development of new industries, particularly in the food processing sector which is encouraged by the Government. The project will be co-financed with the International Finance Corporation (UA 4.52 million). ADB financing represents 31 per cent of total financing.

Financial Management

Subscriptions

As at 31 December 1996, the authorized capital stock of the Bank remained unchanged at UA 16,200 million (1,620,000 shares). The authorized capital is made up of 202,500 paid-up shares (12.50 per cent) and 1,417,500 callable shares (87.50 per cent), and has been allocated to Regional and Non-Regional members for subscriptions in a 2:1 ratio, respectively.

Cumulative subscriptions at the end of the year stood at UA 15,879.87 million (98.02 per cent) of the authorized capital, compared with UA 15,749.69 million (97.22 per cent) at the end of 1995. The net increase in the level of subscriptions was the result of new subscriptions from Côte d'Ivoire (15,010 shares) and Mali (4,750 shares); the subscription of additional paid-up shares under GCI-IV and the withdrawal of shares in arrears of more than 12 months for pre-GCI-V and 48 months for GCI-IV as required by the Share Transfer Rules (Resolution B/BG/92/08). Consequently, adjustments were also made to the callable capital of the Bank. At the end of 1996, the total callable capital stood at UA 13,938.43 million, compared with UA 13,833.73 million the previous year.

As at 31 December 1996, cumulative subscriptions amounted to 1,587,986 shares out of 1,620,000 authorized shares, leaving 27,222 shares unsubscribed (exclusive of Ex-Yugoslavia's 4,792 shares). Of the unsubscribed shares, 22,710 shares (83.43 per cent) were unsubscribed by RMCs and 4,512 shares (16.57 per cent) by non-RMCs. As of the same date, 22,242 shares were available for subscription at the ratio of one paid-up to seven callable shares in accordance with the Share Transfer Rules. These shares are made up of 17,730 shares (79.72 per cent) from RMCs and 4,512 shares (20.28 per cent) from non-RMCs. The remaining 4,980 shares will be subscribed to on payment of installments due under GCI-IV

As at 31 December 1996, the cumulative paid-in amount on subscriptions before cumulative exchange adjustment on subscription was UA 1,941.43 million, compared with UA 1,883.24 million the previous year.

Arrears on subscriptions, as at 31 December 1996, amounted to UA 38.14 million, inclusive of UA 32.22 million relating to unhonored GCI-IV promissory notes. Total arrears therefore represented 1.96 per cent of the paid-up capital as at the end of 1996. Shares corresponding to the amounts in arrears are automatically withdrawn, cancelled, and re-issued for subscription at the ratio of one paid-up to seven callable shares. By 31 December 1996, the number of such shares available for subscription by all member countries stood at 22,242 shares, of which 15,891 shares were allocated to Gabon (10,891 shares) and Burkina Faso (5,000 shares) in October 1996, leaving 6,351 available shares.

The position of capital subscriptions on 31 December 1996 is shown in Annexes 1-6 and 1-6(a) which form part of the Financial Statements.

Borrowings

In 1996, the Bank raised an amount of FRF 2 billion with a maturity of ten years. The after swap all-in-cost of the borrowing was 7.09 per cent for the first five years and 6-month Libor+2.8 basis points for the second five years. During the year ending 31 December 1996, the Bank achieved liability management savings of UA 14.18 million, comprising interest rate gains of UA 7.06 million and exchange rate gains of UA 7.12 million. In 1995, total savings achieved amounted to UA 27.33 million. In accounting terms, interest rate gains are applied to reduce financial charges while exchange rate gains reduce the Cumulative Currency Translation Adjustment (CCTA).

Following the completion of the 1996 Borrowing Program, the Bank's total outstanding debt as at 31 December 1996 amounted to UA 5,847.62 million, comprising senior debt of UA 3,453.06 million (or 59.05 per cent) and subordinated debt of UA 2,394.56 million (40.95 per cent). As at 31 December 1996, total outstanding debt represented 41.95 per cent of total callable capital of UA 13,938.43 million, while senior debt represented 66.17 per cent of the non-borrowing members' callable capital of UA 5,218.71 million. These ratios are below the borrowing limit of 80 per cent established by the Bank.

The weighted average all-in-cost of 1996 borrowings before swaps was 6.62 per cent, 22.9 basis points lower than the 6.85 per cent achieved in 1995. The average cost of outstanding debt as 31 December 1996, was 7.07 per cent, 3 basis points higher than the cost of 7.04 per cent reached in 1995. The average maturity of the Bank's debt portfolio stood at 7.8 years, compared with 8.0 years in 1995. The currency composition of the Bank's debt portfolio was as follows: US$ = 37.68 per cent, JPY = 39.54 per cent, DEM = 11.50 per cent, FFR = 6.81 per cent, CHF = 1.32 per cent, others = 3.15 per cent.

Rating of the Bank

During the year, Moody's Investors Service, Fitch Investors Service, and Japan Credit Rating Agency reaffirmed the Bank's Triple A and Double A ratings for the Bank's senior and subordinated debt, respectively. At the same time, Standard & Poor's reaffirmed its rating of the Bank's senior and subordinated debt, of Double A plus and Double A minus, respectively.

Investments

The Bank's investment portfolio and current account balances totalled UA 1,443.53 million as at 31 December, 1996, representing a decrease of 10.58 per cent below the previous year. As at 31 December 1996, the Bank's liquidity was invested in major currencies. At the end of 1996, 80.11 per cent of the invested funds were held in money market instruments and short dated bonds maturing in less than one year, compared to 54.43 per cent in 1995. In spite of the increased level of loan repayments and lower disbursements in 1996, the liquidity declined in 1996. The decrease in liquidity was due to the fact that the amount of bond redemption in 1996 was larger than the amount raised from new borrowings. Investment income for 1996 was UA 63.27 million compared to a budgeted income target of UA 57.56 million and a 1995 investment income of UA 93.92 million. The average return on investment for the Bank's liquid funds in 1996 was 4.12 per cent, compared to 5.94 per cent in 1995. The reduction in income was due primarily to the reduced level of average liquidity as well as the lower return on investment resulting from targeting investment income rather than managing against the 1995 one-year customized benchmark index.

Loans

Loans approved, less cancellations, as at 31 December 1996, amounted to UA 12,415.77 million, compared with UA 13,444.58 million in 1995; a decline of 7.65 per cent compared with an increase of 1 per cent in 1995.

Disbursements of the Bank in 1996 amounted to UA 700.95 million, compared with UA 711.99 million in 1995. Cumulative disbursements totalled UA 9,751.14 million, as at 31 December 1996.

Income, expenditure and reserves

Net income for 1996 increased by UA 34.62 million or 50.16 percent to UA 103.63 million from 1995. Operational income, generated primarily from loans and investments, increased by 3.76 percent to UA 617.88 million in 1996, compared to UA 595.48 million for 1995. Income on loans amounted to UA 554.61 million in 1996, up by UA 53.05 million or 10.58 per cent from UA 501.56 million for the year ended 31 December 1995. The increase in loan income was primarily attributable to a decrease in non-accrued income on non-performing loans to certain borrowers. Income on investments decreased by UA 30.65 million to UA 63.27 million from UA 93.92 million in 1995, in large part due to lower market rates.

Operational expenses, comprising interest on borrowings, amortisation of borrowing issuance costs and provision for possible loan losses amounted to UA 478.36 million in 1996, an increase of UA 3.61 million or 0.76 per cent over UA 474.75 million in 1995. The slight increase in operational expenses was due to an increase in the provision for loan losses to UA 51.90 million, compared to UA 44.66 million in 1995. The net operational income improved by UA 18.78 million or 15.55 per cent from UA 120.73 million in 1995 to UA 139.51 million in 1996.

According to the Bank's non-accrual policy, interest and other charges on loans made to or guaranteed by a member country are excluded from loan income if the related principal, interest or other charges are in arrears for six months or more. The Bank maintains provisions for possible loan losses based on an assessment of the collectibility risk of the entire loan portfolio. As a result of the non-accrual policy, a net amount of UA 29.05 million (made up of non-accrued income for the year of UA 60.42 million less cash receipts of previously non-accrued income of UA 31.37 million) was excluded from the loan income in 1996.

The Bank's administrative expenses including restructuring costs and net of management fees received from the African Developement Fund and the Nigeria Trust Fund, totalled UA 30.75 million in 1996, a decrease of UA 7.71 million or 20.05 per cent from 1995. The Bank Group's total administrative expenses excluding restructuring costs, also decreased by UA 6.58 million or 8.04 percent to UA 75.31 million in 1996, from UA 81.89 million in 1995. During the year, the Bank Group undertook certain restructuring activities resulting in separation-related costs of UA 5.33 million. The Bank's share of these costs was UA 2.09 million.

Reserves, net of the Cumulative Currency Translation Adjustment (CCTA), increased by UA 103.93 million during the year from UA 796.10 million in 1995 to UA 900.03 million at 31 December 1996. The CCTA was a negative UA 210.98 million at December 31, 1996, virtually unchanged from the negative balance of UA 211.27 million at 31 December, 1995.

The audited financial statements for 1996 together with the report of the External Auditors are attached to this report as Annex 1.

African Development Bank

Financial Statements and Report of the External Auditors for the years ended 31 December, 1996 and 1995

ANNEX I

AFRICAN

Balance Sheet as at

(Expressed in Units of

ASSETS	1996 UA		1995 UA
Due from Banks		78 868 723	110 604 068
Demand Obligations		13 988 455	13 988 455
Investments (Notes B & I)		1 364 659 437	1 503 825 661
Non-negotiable Instruments on Account of Capital (Note H)		158 398 400	205 796 000
Accounts Receivable			
Accrued Income on Loans and Investments	201 234 365		211 120 288
Currency swaps receivable (Notes O & P)	430 893 350		610 966 928
Other accounts receivable (Note R)	39 169 581		61 034 492
		671 297 296	883 121 708
Loans (Note J) (Annex I-5)			
Approved loans less cancellations	12 415 773 785		13 444 577 853
Less: Unsigned loans	(70 946 368)		(657 953 856)
Loans signed	12 344 827 417		12 786 623 997
Less: Undisbursed	(2 593 683 541)		(3 736 434 681)
Loans disbursed	9 751 143 876		9 050 189 316
Less: Repayments	(2 866 804 051)		(2 171 637 923)
	6 884 339 825		6 878 551 393
Less: Accumulated provision for loan losses	(282 306 389)		(243 308 050)
		6 602 033 436	6 635 243 343
Equity Participations (Note K)			
ADF	111 740 686		111 740 686
Other development Institutions	26 153 463		26 278 736
	137 894 149		138 019 422
Less: Accumulated provision for equity losses	(9 716 558)		(9 616 839)
		128 177 591	128 402 583
Other Assets			
Fixed assets (Note L)	8 873 685		12 104 575
Unamortised Issuance costs of borrowings (Note B)	35 077 042		38 537 734
Miscellaneous	548 936		984 445
		44 499 663	51 626 754
		9 061 923 001	9 532 608 572
Assets of Special Funds (Note D) (Annex I-9)		378 027 539	354 164 400
Assets of Trust Funds (Note E)		10 568 718	9 739 633
Total		9 450 519 258	9 896 512 605

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

DEVELOPMENT BANK
31 December, 1996 and 1995
Account – Note B)

ANNEX I-1

LIABILITIES, RESERVES & CAPITAL	1996		1995	
	UA		UA	
Accounts Payable				
ADF Notes (Note K. 1)	7 855 272		15 565 689	
Accrued financial charges	169 882 107		181 859 403	
Currency swaps payable (Notes O & P)	447 193 999		685 771 094	
Other accounts payable	73 738 339		65 542 991	
		698 669 717		948 739 177
Borrowings (Notes O & P) (Annex I-7)		5 847 619 696		6 187 392 921
Grants (Note Q)		13 295 337		14 395 769
Capital & Reserves				
Capital (Note G) (Annex I-6) (in shares of UA 10 000 each)				
Authorised	16 200 000 000		16 200 000 000	
Less: Unsubscribed	(320 131 255)		(450 312 515)	
Subscribed Capital	15 879 868 745		15 749 687 485	
Less: Callable Capital	(13 938 434 442)		(13 833 727 041)	
Paid-up Capital	1 941 434 303		1 915 960 444	
Add: Amounts paid in advance	107 724		142 593	
	1 941 542 027		1 916 103 037	
Less: Amounts in arrears	(38 144 671)		(32 864 663)	
	1 903 397 356		1 883 238 374	
Cumulative Exchange Adjustment on Subscriptions (Note G)	(301 086 310)		(297 262 226)	
		1 602 311 046		1 585 976 148
Reserves (Annex I-8)				
Special Reserve (Note F)	248 921 665		231 665 899	
General Reserve	775 713 591		724 351 351	
Net Income for the year after appropriation to Special Reserve	86 369 985		51 362 240	
Cumulative Currency Translation Adjustment (Note B)	(210 978 036)		(211 274 933)	
		900 027 205		796 104 557
		9 061 923 001		9 532 608 572
Special Funds (Note D) (Annex I-9)		378 027 539		354 164 400
Trust Funds (Note E)		10 568 718		9 739 633
Total		9 450 519 258		9 896 512 605

ANNEX I-2

AFRICAN DEVELOPMENT BANK
Ordinary Capital Resources
Statement of Income and Expenditure for the years ended 31 December, 1996 and 1995
(Expressed in Units of Account – Note B)

	1996		1995	
	UA		UA	
OPERATIONAL INCOME & EXPENSES				
Income from loans				
Interest	505 173 596		448 322 048	
Commitment charges	32 177 497		35 594 780	
Statutory commission	17 255 766		17 646 429	
Income from investments (Note I)	63 269 109		93 916 320	
Total income from loans and investments		617 875 968		595 479 577
Borrowing expenses (Note O)				
Interest		(420 122 887)		(423 354 268)
Amortization of issuance costs		(6 343 813)		(6 737 106)
Provision for loan losses (Note J)		(51 896 083)		(44 661 659)
Net operational income		139 513 185		120 726 544
OTHER (INCOME) AND EXPENSES				
Administrative expenses (Note M)	75 308 277		81 894 840	
Restructuring costs (Note M)	5 334 989		22 830 205	
Management fees (Note N)	(49 897 206)		(66 269 779)	
	30 746 060		38 455 266	
Other income	(1 912 719)		(2 535 222)	
Depreciation	3 704 198		3 801 770	
Loss on exchange	1 396 628		231 643	
Provision for equity investments and other receivables	1 953 267		11 764 418	
Total other expenses (net)		35 887 434		51 717 875
Net income before appropriation to Special Reserve		103 625 751		69 008 669
Appropriation to Special Reserve		(17 255 766)		(17 646 429)
Net income after appropriation to Special Reserve		86 369 985		51 362 240

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX I-3**

Ordinary Capital Resources

Statement of Cash Flows for the years ended 31 December, 1996 and 1995

(Expressed in Units of Account – Note B)

	1996	1995
	UA	UA
Cash flows from:		
Lending and development activities:		
Disbursements on loans	(700 954 560)	(711 995 676)
Repayments of loans	498 564 258	394 975 696
Equity participations	79 183	–
Net cash used in lending and development activities	(202 311 119)	(317 019 980)
Operating activities:		
Net income after appropriation to Special Reserve	86 369 985	51 362 240
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3 704 198	3 801 770
Special Reserve	17 255 766	17 646 429
Provision for loan losses	51 896 083	44 661 659
Changes in other assets	(275 022)	(1 291 830)
Accrued income on loans and investments	9 885 923	20 728 421
Accrued financial charges	(11 977 296)	(6 388 055)
Amortization of borrowing costs	6 343 813	6 737 106
Decrease (increase) in other receivables and payables	15 780 241	(25 667 215)
Net cash provided by operating activities	178 983 691	111 590 525
Financing activities:		
New issues	270 410 225	405 920 374
Repayments on borrowings	(440 308 255)	(244 880 484)
Net cash from currency swaps	(17 251 382)	8 433 380
Net cash from capital subscriptions	67 551 589	75 088 481
Decrease in grants	(516 275)	(807 248)
Net cash used provided by financing activities	(120 114 098)	243 754 503
Effect of exchange rate changes on cash and investments	(27 460 043)	43 350 828
Net (decrease) increase in cash and investments	(170 901 569)	81 675 876
Cash and investments at beginning of the year	1 614 429 729	1 532 753 853
Cash and investments at end of the year	1 443 528 160	1 614 429 729
Composed of:		
Investments	1 364 659 437	1 503 825 661
Due from banks	78 868 723	110 604 068
	1 443 528 160	1 614 429 729
Supplementary disclosure:		
Increase (decrease) resulting from exchange rate fluctuations:		
Loans	196 601 870	(108 641 839)
Borrowings	(169 875 197)	75 612 680
Currency swaps	(41 252 135)	(12 598 467)
Capital subscriptions	2 957 701	(7 317 214)

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX I-4**

Notes to the financial statements for the years ended 31 December, 1996 and 1995

Note A – Operations

The African Development Bank (the Bank) is an international institution dedicated to the economic and social progress of its regional member States. The Bank finances development related projects and programs in regional member States, either unilaterally or in co-operation 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.

Note B – Summary of Significant Accounting Policies

The Bank's financial statements are prepared in accordance with International Accounting Standards promulgated by the International Accounting Standards Committee.

Significant accounting policies employed by the Bank are summarized below.

Monetary basis of financial statements

The financial statements are expressed in Units of Account. The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement Establishing the Bank (the Agreement) as 0.88867088 gramme of fine gold.

Under Article 26 of the Agreement, whenever it shall become necessary to value any currency in terms of another currency, in terms of gold or of the Unit of Account, such valuation shall be reasonably made by the Bank after consultation with the International Monetary Fund (IMF). In compliance with these provisions, the Board of Directors resolved on 8 February, 1978, pursuant to Article 26 of the Agreement, that with effect from 31 December, 1977, and for all the Bank's accounting purposes, the weight of gold of the Unit of Account shall be deemed and understood to be equivalent in value to one Special Drawing Right (SDR) of the International Monetary Fund, as the same shall be determined from time to time. Subsequently, on 4 May, 1978, the Board of Governors decided by Resolution 6-78 to redefine the Unit of Account to be equivalent to one Special Drawing Right of the International Monetary Fund. Pending the ratification of this decision, the Unit of Account has been valued as equivalent to 1 SDR.

Translation of currencies

The Bank conducts its operations in numerous currencies. Income and expenditure accounts in currencies are converted at the rates prevailing on the last day of the month preceding the date of the transaction. Assets and liabilities other than those denominated in Units of Account are translated into Units of Account at rates prevailing at the balance sheet dates. The translation difference relating to capital subscriptions at the balance sheet date is reported under Cumulative Exchange Adjustment on Subscriptions. All other translation differences are debited or credited to Cumulative Currency Translation Adjustment.

Conversion gains or losses on subscriptions received are credited or debited to the Cumulative Exchange Adjustment on Subscriptions.

Where currencies are converted into any other currency, the resulting gain or loss is included in the determination of net income.

Loans

Loans are stated at their principal amounts outstanding. Except for private sector development loans, all of the Bank's loans are made to, or guaranteed by member countries. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank, or, subject to the agreement of the Bank, in such other freely convertible currency or currencies determined 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.

The Bank follows a policy of not participating in debt rescheduling or renegotiations and does not grant new loans for the servicing or repayment of outstanding loans. It is the policy of the Bank to place in non-accrual status all loans to, or guaranteed by a member country, if principal, interest or other charges with respect to any such loan are overdue by six months or more, unless the Bank's Management determines that the overdue amount will be collected in the immediate future. Interest and other charges on loans in non-accrual status are included in income only to the extent that payments have actually been received by the Bank. The Bank maintains a general provision for possible loan losses based on an assessment of the collectability risk of the total loan portfolio (public and private sector loans combined). In addition, the Bank makes specific provisions for private sector loans based on a loan by loan assessment of collectability.

Prior to 1 July, 1990, interest rates on loans were fixed at the time of approval and remained unchanged throughout the related term. Effective 1 July, 1990, the Bank adopted a variable lending rate system for loans approved on or after that date. This rate is adjusted semi-annually on 1 January and 1 July, to reflect changes in the average cost of the pool of qualifying borrowings over the previous six-month period.

Fixed assets

Land is stated at cost, including charges for reclamation. No depreciation is provided.

Buildings are shown at cost less accumulated depreciation. Depreciation is calculated at a rate which is expected to amortize the cost in equal annual instalments over the useful life, which is estimated at between 15 and 20 years. Financial charges incurred in connection with funds borrowed for the construction of buildings are capitalized during the construction period. Major improvements are depreciated over the remaining period of the estimated useful life of the building concerned.

Permanent equipment, fixtures and fittings, furniture and equipment and motor vehicles are stated at cost less accumulated depreciation. Such assets are depreciated on a straight line basis with no salvage values, over the following estimated useful lives:

– Permanent equipment, fixtures and fittings	6–10 years
– Furniture and equipment	4– 7 years
– Motor vehicles	5 years

Issuance costs of borrowings

Issuance costs are deferred and amortized in equal instalments over the life of the related borrowings.

Investments

The Bank's investments, primarily government and agency obligations and time deposits, are carried at market value. Government and agency obligations include marketable bonds, notes, and other obligations. Time deposits include certificates of deposits and other obligations issued or unconditionally guaranteed by banks and other financial institutions.

Income from investments includes realized and unrealized gains and losses and interest earned.

Due to the nature of investments held by the Bank and the policies governing the use of such investments, the Bank classifies its investments portfolio as liquidity in the Statement of Cash Flows.

Options, futures and swap contracts

The Bank uses options, futures and swap contracts primarily to manage interest rate and currency exposure on assets and liabilities. Contracts used in trading activities are carried at market value, and realized and unrealized gains or losses are recognized in current income. Gains or losses on options and futures contracts designated as hedges are deferred and amortized to interest income or expenses over the life of the related hedged asset or liability. Periodic net cash payments due on currency and interest rate swaps matched with specific borrowings are accrued as an adjustment to interest expense.

Fair value disclosure

Financial instruments for which market quotations are available have been valued at the prevailing market value. 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 determinable.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities. Actual results could differ from such estimates. Significant judgement has been used in the estimation of fair values of loans and borrowings, and in the determination of the accumulated provision for loan losses.

Prior year items and reclassification

Certain reclassifications of prior year amounts have been made to conform with the current year's presentation.

In prior years, accumulated provision for possible loan losses was recorded as a liability. This amount has been reclassified as a reduction of loans. Similarly, the accumulated provision for losses in equity investments has been reclassified from accounts payable as a reduction to equity investments.

Note C – Exchange Rates

The rates used for translating currencies into Units of Account at 31 December, 1996 and 1995 are as follows:

		1996 UA	1995 UA
1 UA = 1 SDR =	Algerian Dinar	80.664100	76.484700
	Angolan Kwanza	227264.800000	4811788.000000
	Austrian Schilling	15.721200	14.995700
	Belgian Franc	46.021900	43.725100
	Botswana Pula	5.177800	4.198200
	Brazilian Real	1.492600	1.437100
	Canadian Dollar	1.969430	2.029360
	Chinese Yuan	12.000000	12.427000
	CFA Franc	753.060000	728.380000
	Danish Kroner	8.547950	8.244070
	Deutsche Mark	2.231450	2.130880
	Egyptian Pound	4.894370	5.038250
	Ethiopian Birr	9.241610	9.362750
	Finnish Markka	6.677740	6.479020
	French Franc	7.530600	7.283800
	Gambian Dalasi	14.119800	14.283600
	Ghana Cedi	2483.970000	2092.110000
	Guinean Franc	1467.980000	1501.750000
	Indian Rupee	51.665900	52.294700
	Italian Lira	2200.900000	2355.670000
	Japanese Yen	166.483000	152.856000
	Kenyan Shilling	80.032800	82.596900
	Korean Won	1213.930000	1149.350000
	Kuwaiti Dinar	0.431230	0.444614
	Libyan Dinar	0.525000	0.525000
	Mauritian Rupee	25.815200	26.107200
	Moroccan Dirham	12.654700	12.699600
	Netherlands Guilder	2.507230	2.384920
	Nigerian Naira	29.104300	32.526000
	Norwegian Krone	9.264060	9.393130
	Portuguese Escudo	224.875000	222.101000
	Pound Sterling	0.846855	0.959026
	Sao Tome Dobra	3399.010000	2157.780000
	Saudi Arabian Riyal	5.385160	5.566910
	South African Rand	6.733250	5.421970
	Spanish Peseta	188.356000	180.460000
	Swedish Krona	9.861260	9.897350
	Swiss Franc	1.936070	1.710210
	Ugandan Shilling	1567.260000	1531.390000
	U.S. Dollar	1.437960	1.486490
	Zimbabwean Dollar	15.550300	13.773400
	European Currency Unit	1.141762	1.131060

No representation is made that any currency held by the Bank can be, could be or could have been converted into any other currency at the cross rates resulting from the rates indicated above.

Note D – 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 31 December, 1996, and 1995 the following funds were held separately from those of the ordinary capital resources:

1. *The Nigeria Trust Fund* was established under an agreement signed on 26 February, 1976, between the African Development Bank and the Federal Republic of Nigeria. The initial capital of the Fund was Naira 50,000,000 payable in two equal instalments of Naira 25,000,000 each, in freely convertible currencies. The first instalment, equivalent to US$ 39,900,000 was received by the Bank on 14 July, 1976, and payment of the second instalment, equivalent to US$ 39,615,000 was made on 1 February, 1977.

During May 1981, the Federal Republic of Nigeria announced the replenishment of the Fund with Naira 50,000,000. The first instalment of Naira 35,000,000 (US$ 52,295,000) was paid on 7 October, 1981. The second instalment of Naira 8,000,000 (US$ 10,867,200) was received on 4 May, 1984. The payment of the third instalment of Naira 7,000,000 (US$ 7,384,582) was made on 13 September, 1986.

2. *The Staff Retirement Plan* (the Plan), a defined benefits plan established under Board of Governors' Resolution 05-89 of 30 May, 1989, became effective on 31 December, 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 Plan, upon completion of six months of service without interruption of more than thirty days.

The Plan is administered as a separate fund by a committee of trustees appointed by the Bank on behalf of its employees. The Plan is funded through employee and Bank contributions, respectively at rates of 7% and 14% of pensionable remuneration. The pensionable remuneration is the basic salary grossed up by a tax factor. The tax factor is an average rate intended to compensate for any taxes that might be imposed on the participant's pension income. All contributions to the Plan are irrevocable and are held by the Bank separately in a retirement fund to be used in accordance with the provisions of the Plan. 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 Plan's liabilities.

At 31 December, 1996, all investments of the Plan were in short-term time deposits. The total expense by the Bank in 1996 was UA 5,200,539 (1995: UA 6,967,032). The fair value of Plan assets at 31 December, 1996 was UA 73,693,236 (1995: UA 69,683,149).

The most recent actuarial valuation of the Plan, which was at 31 December, 1995, confirmed that the plan was adequately funded and that the current level of funding would be adequate to meet the future liabilities of the Plan. At 31 December, 1995, under the projected unit credit cost method of actuarial valuation, the present value of accrued benefits amounted to UA 52,545,000. The future service contribution rate required to meet future benefits was estimated to be 17.95% at 31 December, 1995.

Assumptions used in the 1995 actuarial valuation included an average increase on the general salary level of 4%, an average annual investment return in the future of 7%, and an average pension increase in the future of 4%.

3. *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 the 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 the Fund consist of contributions by the Bank, the African Development Fund and various member States.

The position of these special funds at 31 December, 1996, and 1995 was as follows:

	1996 UA	1995 UA
Nigeria Trust Fund	298 745 309	279 011 297
Staff Retirement Plan	73 693 236	69 683 149
Special Relief Fund (for African countries affected by drought)	5 588 994	5 469 954
Total	378 027 539	354 164 400

Note E – Trust Funds

The Bank has been entrusted, per 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 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.

1. ***The Mamoun Beheiry Fund*** was established under Board of Governors Resolution 11-70 of 31 October, 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 shown outstanding performance in fostering the objectives of the Bank.

2. **The Arab Oil Fund** (contribution of Algeria) was established following Board of Governors' Resolution 19-74 of 4 July, 1974. Under a protocol agreement dated 15 November, 1974, the Bank received the sum of US$ 20,000,000 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 11 August, 1975, an amount of US$ 5,550,000 was refunded to Algeria upon request, leaving a balance of US$ 14,450,000 of the Trust Fund out of which loans refundable directly to Algeria have been made. At 31 December, 1996, US$ 8,550,003 (1995: US$ 8,140,011) has been so repaid.

3. ***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 Organization of African Unity (OAU) held in Addis Ababa, Ethiopia, from 12 to 15 November, 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 31 December, 1996 and 1995 are summarized below:

	1996	1995
	UA	UA
A) Mamoun Beheiry Fund		
Contribution	151 621	151 621
Income from investments	92 051	52 915
	243 672	204 536
Less: Prize awarded	(8 917)	(8 917)
Gift	(25 000)	–
	209 755	195 619
Represented by:		
– Short-term deposit	233 806	195 619
– Due from Bank	921	–
– Accrued interest	2 662	–
Less: Amount payable	(27 634)	–
	209 755	195 619
B) Arab Oil Fund (contribution of Algeria)		
Net contribution	4 103 033	4 244 892
Represented by:		
Loans disbursed net of repayments	4 103 033	4 244 892
C) Special Emergency Assistance Fund for Drought and Famine in Africa		
Contributions	17 742 029	16 658 254
Funds generated	3 537 267	3 173 761
	21 279 296	19 832 015
Relief granted	(15 023 366)	(14 532 893)
	6 255 930	5 299 122
Represented by:		
Due from banks	249 396	115 526
Investment	5 351 140	4 213 236
Loans granted	1 003 109	970 360
Less: Other amounts payable	(347 715)	–
	6 255 930	5 299 122
Total resources and assets of trust funds	10 568 718	9 739 633

Note F – Special Reserve

Statutory commissions received on loans have been set aside pursuant to Article 20 of the Agreement establishing the Bank, as a Special Reserve to be held in liquid form and to be used for the purposes of meeting liabilities of the Bank on borrowings and guarantees.

In June 1987, the Board of Governors resolved to phase out the statutory commissions over a period of three years commencing 1 January, 1987. The statutory commission rates were 1% per annum on all loans granted on or prior to 31 December, 1986; 0.50% per annum for loans granted in 1987; 0.25% per annum for loans granted in 1988; and none for loans granted after 1988.

Note G – Capital Stock

The authorized capital of the Bank consists of 1,620,000 shares (1995: 1,620,000 shares) having a par value of 10,000 Units of Account each. The last increase in the authorized capital (the Fourth General Capital Increase – GCI–IV) of the Bank was approved by the Board of Governors through the adoption of Resolution B/BG/87/11 on 11 June, 1987, by the creation of 1,080,000 new shares. The subscribed capital increased from UA 15,749,687,485 as at 31 December, 1995, to UA 15,879,868,745 as at 31 December, 1996. The subscribed capital is divided into paid-up capital and callable capital in the proportion of 1 to 7. The uncalled portion of the paid-up capital represents instalments on which payments are not yet due.

In accordance with Resolution B/BG/92/08 of 13 May, 1992, concerning the Share Transfer Rules, a cumulative number of shares corresponding to UA 964,358,978 of the subscribed capital have been forfeited and consequently became unsubscribed through 31 December, 1996, out of which UA 933,120,000 have been re-allocated to certain regional member countries with the balance being available for general subscription. Furthermore, by the same Board of Governors Resolution B/BG/92/08, shares corresponding to UA 320,131,255 were unsubscribed as at 31 December, 1996. Of this amount, UA 47,920,000 represents the former Socialist Federal Republic of Yugoslavia's shareholding explained below, while UA 49,800,000 was earmarked for allocation under GCI-IV to certain regional member countries. In conformity with the finding of the UN General Assembly, the Board of Directors agreed that the former Socialist Federal Republic of Yugoslavia does not exist any more and hence no longer forms part of the Bank Group. Consequently, its shareholding of UA 47,920,000 (UA 41,930,000 callable shares and UA 5,990,000 paid-up shares) was frozen and the UA 5,990,000 transferred to a suspense account pending a final decision of the Board of Directors in this regard.

Under the previous capital increase (GCI-III), payments on the share capital subscribed by the non-regional member countries were fixed in terms of their national currencies. For the current capital increase (GCI-IV), payments by both regional and non-regional members in US$ will be made at the fixed exchange rate of 1 UA = US$ 1.20635. As a result of these practices, losses or gains could arise from converting these currencies when received to Units of Account. Losses or gains also arise when subscriptions are translated at exchange rates ruling at the balance sheet date. Such conversions and translation differences are debited or credited to Cumulative Exchange Adjustment on Subscriptions.

At 31 December, 1996, the Cumulative Exchange Adjustment on Subscriptions of UA 301,086,310 (1995: UA 297,262,226) included cumulative net losses on conversions amounting to UA 111,441,693 (1995: UA 104,664,901).

Note H – Non-negotiable Instruments

Prior to May 1981, all payments on 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 have the following two options for making their payments:

a) five equal annual instalments, of which at least 50% is payable in convertible currency and the remainder in the local currency ; or

b) five equal annual instalments, of which 20% is payable in convertible currency and 80% in non-negotiable, non-interest bearing notes. Such notes are redeemable by the Bank solely in convertible currency in ten equal annual instalments 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 the Board of Governors' Resolution in Note G above (GCI-IV), are to be paid as follows:

a) ***Regional members*** – 50% in five equal annual instalments in cash in freely convertible currency or freely convertible currencies selected by the member State, and 50% 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 equal annual instalments commencing on the fifth anniversary of the first subscription payment date.

b) ***Non-regional members*** – five equal annual instalments in their national currencies, where such currencies are freely convertible or in notes denominated in freely convertible currencies encashable on demand.

Note I – Investments

The acquisition cost of investments as at 31 December, 1996, is UA 1,363,939,157 (1995: UA 1,499,180,545). Details of the market value of investments as at 31 December, 1996, and 1995 are as follows:

	1996	1995
	UA	UA
Time deposits	742 432 248	535 985 954
Government and agency obligations	622 227 189	967 839 707
Total	1 364 659 437	1 503 825 661

a) Summary of the Bank's position in investments in millions of UA at 31 December, 1996, is as follows:

	US Dollar	Japanese Yen	French Franc	Other Currencies	All Currencies
	UA	UA	UA	UA	UA
Time deposits					
Carrying value	144.70	70.46	87.32	439.95	742.43
Average balance during the year	105.42	80.25	96.57	520.20	802.44
Average Yield (%)	5.09	0.36	3.31	4.43	4.04
Average maturity (years)	0.02	0.05	0.02	0.08	0.06
Government and Agency obligations					
Carrying value	231.92	200.89	113.94	75.48	622.23
Average balance during the year	205.88	120.98	238.58	132.28	697.72
Average Yield (%)	5.62	0.21	3.43	3.52	3.22
Average maturity (years)	1.36	0.19	0.78	1.81	0.93
Total investments					
Carrying value	376.62	271.35	201.26	515.43	1 364.66
Average balance during the year	311.30	201.23	335.15	652.48	1 500.16

b) ***Income from Investments*** – Income from investments comprises interest income of UA 69,063,051 (1995: UA 86,823,427) and net realized and unrealized capital losses on investments of UA 5,793,942 (1995: Gain of UA 7,092,893).

c) ***Investments under External Management*** – UA 178,645,405 (1995: UA 197,756,451) of other investments and nil (1995: 21,810,187) of time deposits are under External Management.

Note J – Loans: fair value and guarantees

Loans are expressed in Units of Account but repaid in the currencies disbursed.

The interest rate charged on variable rate loans outstanding to or guaranteed by member countries is based on the Bank's average cost of borrowings plus 50 basis points. Since loans with variable interest rates outstanding to or guaranteed by member countries are already based on the terms at which the Bank would make a similar loan to a similar borrower, the fair value of such loans is considered to approximate carrying value.

Fair value for loans outstanding to or guaranteed by member countries with fixed interest rates (principally loans made prior to 1 July, 1990) have been estimated using a discounted cash flow method with a rate which reflects the relevant current funding costs of the Bank's underlying borrowings plus a 50 basis point spread.

Included in outstanding loans of UA 6,602,033,436 (1995: UA 6,635,243,343) is an amount of UA 25,819,564 (1995: UA 17,908,024) granted to the private sector. These loans were made according to financial market conditions at variable interest rates and their carrying values are considered to approximate fair value.

At 31 December, 1996, and 1995, the carrying value of the loans as compared to their fair value was as follows:

	1996		1995	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	UA	UA	UA	UA
Public Sector variable rate loans	2 741 168 794	2 741 168 794	2 327 480 731	2 327 480 731
Public Sector fixed rate loans	4 117 351 467	4 296 720 180	4 533 162 638	4 796 556 666
Private Sector loans	25 819 564	25 819 564	17 908 024	17 908 024
	6 884 339 825	7 063 708 538	6 878 551 393	7 141 945 421
Less: accumulated provision for loan losses ..	282 306 389	282 306 389	243 308 050	243 308 050
	6 602 033 436	6 781 402 149	6 635 243 343	6 898 637 371

The Bank maintains a provision for possible loan losses determined in proportion to total loans disbursed and outstanding.

An analysis of the movement in the accumulated provision for loan losses at 31 December, 1996, and 1995 is as follows:

	1996 UA	1995 UA
Balance at 1 January	243 308 050	201 697 251
Provision for loan losses for the year	51 896 083	44 661 659
Translation adjustment	(12 897 744)	(3 050 860)
Balance at 31 December	282 306 389	243 308 050

Included in the provision for loan losses above is a specific provision of UA 4,574,605 (1995: UA 806,991) charged to income and expenditure for the private sector loans. The cumulative provision for these loans amounts to UA 7,064,805 as at 31 December, 1996 (1995: UA 2,558,751).

At 31 December, 1996, loans made to or guaranteed by certain member countries with an aggregate principal balance of UA 696,490,361 (1995: UA 953,000,548) of which UA 247,675,190 (1995: UA 227,839,378) was overdue, were in non-accrual status. If these loans had not been in non-accrual status, income from loans for the period ended 31 December, 1996, would have been higher by UA 60,427,138 (1995: UA 93,577,101).

Loan income includes an amount of UA 31,376,381 (1995: UA 9,605,386) which relates to loan income on loans that were previously in non-accrual status.

In respect of the undisbursed balances of signed loans, the Bank may enter into special irrevocable commitments to pay amounts to the borrowers or others in respect of goods and services to be financed under loan agreements. At 31 December, 1996, irrevocable reimbursement guarantees issued by the Bank to commercial banks on undisbursed loans amounted to UA 70,780,937 (1995: UA 108,058,279).

Interest rates charged on loans outstanding range from 4% per annum to 10% per annum. Amounts outstanding on loans made under the variable rate system totalled UA 2,741,168,794 (1995: UA 2,327,480,731). At 31 December, 1996, the variable lending rate was 7.31% per annum.

Note K – Equity Participations

As at 31 December, 1996 and 1995, the carrying values of the Bank's equity participations (including private sector equity participations) were as follows:

	1996 UA	1995 UA
African Development Fund (ADF)	111 740 686	111 740 686
Africa-Re	695 430	672 726
SIFIDA Investment Company	–	702 998
Shelter-Afrique	3 477 148	3 363 628
Meridien BIAO S.A.	5 215 722	5 045 443
Afreximbank	6 954 296	6 727 257
Other Development Banks in Africa	9 810 867	9 766 684
	137 894 149	138 019 422
Less: Accumulated provision for losses	9 716 558	9 616 839
Total	128 177 591	128 402 583

1. ***The African Development Fund*** was established in 1972 following an agreement between the Bank and certain non-regional member countries to provide loans on concessionary terms to less developed regional member countries. The subscription of UA 111,740,686 to the African Development Fund includes non-negotiable, non-interest bearing promissory notes payable on demand

issued by the Bank in favor of the Fund. The amount of notes outstanding as at 31 December, 1996 was equal to UA 7,855,272 (1995: UA 15,565,689) and is shown as «ADF Notes» in the balance sheet.

2. ***Africa-Re*** with headquarters in Lagos, Nigeria, was established in 1976 with the Bank's assistance in order to promote insurance and re-insurance industries in Africa.

3. ***SIFIDA Investment Company*** was incorporated in 1971 in Luxembourg, and has operational offices in Geneva. The Company was set up with the Bank's participation in order to promote the financing of private projects in Africa. The investment in this company was disposed of by the Bank in the first quarter of 1996.

4. ***Shelter-Afrique*** was established in 1982 in Nairobi, Kenya, with the Bank's assistance, to provide financing and technical assistance for construction of low and middle income housing in Africa.

5. ***The Meridien BIAO S.A.*** was created in 1991 to carry on banking and financial services business in Africa.

6. ***Afreximbank*** with headquarters in Cairo, Egypt, was established in 1993 with the Bank's assistance in order to promote trade between African countries.

The Bank performs periodic reviews of its equity investments in order to create specific provisions for those equity investments for which there is a significant and lasting decline in value.

An analysis of the movement in accumulated provision for loss on equity participation is as follows:

	1996	1995
	UA	UA
Balance at 1 January	9 616 839	6 632 129
Provision for equity loss for the year	692 224	2 821 490
Reversal of provision on disposal of shares in SIFIDA	(719 851)	–
Translation adjustment	127 346	163 220
Balance at 31 December	9 716 558	9 616 839

Note L – Fixed Assets

	1996			1995
	Acquisition cost	Accumulated Depreciation	Net Book Value	Net Book Value
	UA	UA	UA	UA
Land	154 948	–	154 948	160 198
Buildings	22 746 895	20 033 384	2 713 511	3 925 250
Improvements to leased property	183 592	183 592	–	–
Furniture, fixtures and fittings, equipment & motor vehicles	20 731 793	14 726 567	6 005 226	8 019 127
Total	43 817 228	34 943 543	8 873 685	12 104 575

Included in furniture, fixtures and fittings, equipment and motor vehicles are assets with a net book value of UA Nil (1995: UA 54,508) financed by grant funds (Note Q).

Note M – Administrative Expenses

Administrative expenses are made up as follows:

	1996	1995
	UA	UA
Board of Governors	1 040 217	1 907 777
Board of Directors	6 259 277	7 618 530
Personnel Expenses	53 812 734	60 732 572
General Administration Expenses	14 196 049	11 635 961
Sub-Total	75 308 277	81 894 840
Restructuring costs	5 334 989	22 830 205
Total	80 643 266	104 725 045

During the year, the Bank Group undertook restructurings at a cost of UA 5,334,989 (1995: UA 22,830,205) comprised of staff separation costs and appeal claim costs related to 1995 separations. The Bank's effective share of these costs, net of attributable management fees, is UA 2,092,916 (1995: UA 8,632,101).

Note N – Management Fees

The amount of UA 49,897,206 (1995: UA 66,269,779) represents reimbursements to the Bank by the following entities for their share of expenses relating to offices, staff, organization, services and facilities for the period.

	1996	1995
	UA	UA
African Development Fund (ADF)	47 749 316	63 925 455
Nigeria Trust Fund (NTF)	2 147 890	2 344 324
Total	49 897 206	66 269 779

Note O – Borrowings and Related Hedge Transactions

The Bank has entered into currency swap agreements with major international banks by which proceeds of a borrowing are converted into a different currency and simultaneously a forward exchange agreement is executed providing for the future exchange of the two currencies in order to recover the currency converted. Since such swaps are matched with specific underlying borrowings, the Bank accounts for them such that the effect of the currency swap transactions is to transform borrowing expenses of the original borrowing to a borrowing expense which reflects the interest payable on the currency obtained under the terms of the swaps.

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.

The details of the swap agreements used as hedges of borrowings are shown in notes to Annex I-7.

The Bank has also entered into collar swaption transactions which are considered to be hedges of its interest rate exposure relating to planned refinancing of existing borrowings. Under these agreements, the Bank has both purchased and sold a swaption in terms of which both the counterparties and the Bank have an option to enter into an interest rate swap agreement which provides that the Bank will make fixed rate interest payments and receive floating rate payments on the principal amounts of the contracts. The effect of these transactions is to provide the Bank with the ability to refinance the existing borrowings at their maturity at interest rates within certain predetermined ranges. The terms of these swaptions are as follows:

Underlying Borrowings	Exercise Date	Swap Period	Exercise terms: Floating Rate to be Received, Swaption Written	Exercise terms: Floating Rate to be Received, Swaption Purchased	Exercise terms: Fixed rate to be paid, Swaption Written	Exercise terms: Fixed rate to be paid, Swaption Purchased
Yen 40 billion	22/04/98	24/04/98-24/04/2008	Libor	Libor	4.64%	5.14%
Yen 40 billion	07/05/97	09/05/97-09/05/2002	Libor	Libor	5.25%	5.79%
Yen 40 billion	14/11/97	18/11/97-18/11/2002	Libor	Libor	3.75%	4.35%
Yen 30 billion	16/07/97	18/07/97-18/07/2002	Libor	Libor	5.25%	5.83%

At 31 December, 1996, if these hedge swaption contracts had been unwound, the total market value loss on the Yen contracts would have been Yen 16.05 billion or UA 96.38 million (1995: Yen 8.15 billion or UA 53.29 million and FF 76.20 million or UA 10.46 million).

In June 1993, the Bank entered into a swaption for FF 1 billion. On August 6, 1996, the Bank terminated this swaption at a cost of FF 69.55 million or (UA 9.28 million). The loss of UA 9.28 million has been included in interest on borrowings for the period ended 31 December, 1996.

The fair value of outstanding borrowings at 31 December, 1996, was estimated using the prevailing market prices where available, or estimated replacement values where market prices are not available.

The fair value of outstanding currency and interest rate swap agreements was estimated as the amount that the Bank would receive or pay to terminate the agreements based upon market quotes from dealers.

As at 31 December, 1996 and 1995, the carrying value of the outstanding borrowings and swap agreements compared to their fair value was as follows:

	1996		1995	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	UA	UA	UA	UA
Borrowing	5 847 619 696	6 127 769 541	6 187 392 921	6 627 066 767
Currency swaps receivable	430 893 350	464 926 094	610 966 928	665 258 598
Currency swaps payable	447 193 999	490 778 337	685 771 094	751 456 655
Off balance sheet financial instruments				
	Contract or Notional amount	Estimated Fair Value	Contract or Notional amount	Estimated Fair Value
	UA	UA	UA	UA
Interest rate swaps	531 166 175	17 932 806	137 290 974	3 380 516

The average cost of borrowing during the period ended 31 December, 1996, was 7.09% (1995: 7.00%).

The currency swap payable and receivable are shown separately on the balance sheet under accounts payable and accounts receivable, respectively, in accordance with International Accounting Standard 32, Financial Instruments: Disclosure and Presentation, which became operative from 1 January, 1996. These items were previously included in accounts payable on a net basis. The comparative figures have been restated to conform with the current year presentation. The effect is that the balance sheet has been grossed up by UA 430,893,350 (1995: UA 610,966,928).

Note P – Financial Risks

Country Credit Risk: Country Credit Risk focuses on the assessment of a country's ability and willingness to service its obligations. Country risk analysis thus measures the risk of default on loan repayment to the Bank by individual borrower countries. The Bank manages country credit risk through financial policies and lending strategies, including individual country exposure limits and overall creditworthiness assessments. This includes the assessment of the country's macroeconomic performance as well as its socio-political conditions and future growth prospects.

Commercial Credit Risk: In the ordinary course of business, the Bank uses a variety of financial instruments, some of which involve elements of credit risk in excess of the amount recorded on the balance sheet. Credit risk exposure represents the maximum potential accounting loss due to possible nonperformance by counterparties under the terms of the contracts. To manage such risks, the Bank limits trading to a list of authorized dealers and counterparties. Further, credit limits have been established for each counterparty.

Market or Asset/Liability Risks: Market Risks encompass funding, liquidity, currency and interest rate risks. Such risks are managed through the pricing of loans and in the Bank's overall assets and liabilities management practices.

Note Q – Grants

According to Article 11 of the Agreement Establishing the Bank, the accounts for each financial period shall be submitted in a form which distinguishes between the funds available for the general operations and any such operations as may be financed from time to time by contributions entrusted to it under Article 8 which empowers the Bank to receive other resources including grants from member countries, non-participating countries, and from any public or private body or bodies.

The amount shown in the balance sheet captioned «Grants» represents such undisbursed resources received from the following countries:

	1996	1995
	UA	UA
Belgium	5 829 438	6 730 673
Canada	46 889	230 618
Denmark	223	20 907
Finland	233 018	246 241
France	2 709 193	2 707 649
NORDIC	105 283	71 790
Netherlands	925 801	589 853
NORAD	444 727	430 474
Norway	1 229 427	1 280 242
OECD	27 811	132 348
PSDU/Nordic	57 310	59 013
Spain	278 415	–
Sweden	32 782	292 981
Switzerland	1 126 550	1 275 241
TDA (Trade and Development Agency)	248 470	273 231
Fixed Asset Grant Fund	–	54 508
Total	13 295 337	14 395 769

These funds are represented in the balance sheet by equivalent amounts in the assets under «Due from Banks». Therefore, the funds in «Due from Banks» are restricted to that extent.

The fixed asset grant fund is incorporated in the balance sheet in fixed assets at its equivalent net book value (Note L).

Note R – Other Accounts Receivable

The liquidators of a failed financial institution have frozen a total of UA 23.45 million representing the Bank's outstanding claims against the institution. Based on information available to the Bank, a total of UA 14.10 million or approximately 60% of the receivable was provided in 1995 for probable losses. The net receivable of UA 9.35 million is included in other accounts receivable. The claims comprise UA 14.56 million which was to have passed through that institution in connection with an international transfer of funds by the Bank and UA 8.89 million relating to other amounts with the institution.

AFRICAN DEVELOPMENT BANK

ANNEX I-5

Summary Statement of Loans as at 31 December, 1996
(Expressed in Units of Account – Note B)

Country	No of Loans	Amounts approved less cancellations	No of unsigned loans	Unsigned loans	Loans signed	Undisbursed balance	Disbursements	Repayments	Outstanding balance
1. Algeria	21	1 011 752 344	–	–	1 011 752 344	465 563 498	546 188 846	112 584 464	433 604 382
2. Angola	6	50 960 903	–	–	50 960 903	5 338 218	45 622 685	10 659 072	34 963 613
3. Benin	7	15 773 397	–	–	15 773 397	–	15 773 397	15 773 397	–
4. Botswana	19	175 492 275	–	–	175 492 275	12 279 745	163 212 530	71 861 352	91 351 178
5. Burkina Faso	3	25 662 853	–	–	25 662 853	–	25 662 853	15 370 782	10 292 071
6. Burundi	5	43 115 880	–	–	43 115 880	1 801 683	41 314 197	26 989 213	14 324 984
7. Cameroon	24	438 395 691	–	–	438 395 691	150 274 556	288 121 135	96 022 150	192 098 985
8. Cape Verde	2	12 050 000	–	–	12 050 000	–	12 050 000	8 433 120	3 616 880
9. Central African Rep.	3	13 737 890	–	–	13 737 890	175	13 737 715	8 852 383	4 885 332
10. Comoros	1	9 669 655	–	–	9 669 655	–	9 669 655	3 441 414	6 228 241
11. Congo	19	225 805 840	–	–	225 805 840	15 000 000	210 805 840	54 615 581	156 190 259
12. Côte d'Ivoire	25	830 249 006	–	–	830 249 006	108 812 643	721 436 363	152 362 828	569 073 535
13. Egypt	22	830 109 047	–	–	830 109 047	132 543 475	697 565 572	221 085 606	476 476 966
14. Equatorial Guinea	3	6 736 081	–	–	6 736 081	–	6 736 081	4 539 449	2 196 632
15. Ethiopia	11	237 142 443	–	–	237 142 443	77 206 351	159 936 092	38 367 644	121 568 448
16. Gabon	23	525 234 806	1	53 000 000	472 234 806	99 125 139	373 109 667	72 019 755	301 089 912
17. Gambia	4	17 857 546	–	–	17 857 546	–	17 857 546	13 577 411	4 280 135
18. Ghana	17	191 156 628	–	–	191 156 628	4 099 869	187 056 759	71 833 345	115 223 414
19. Guinea	15	192 923 462	–	–	192 923 462	43 708 097	149 215 365	39 087 380	110 127 985
20. Guinea Bisau	2	10 029 356	–	–	10 029 356	–	10 029 356	7 120 880	2 908 476
21. Kenya	20	196 362 606	–	–	196 362 606	11 231 557	185 131 049	88 667 924	96 463 125
22. Lesotho	5	38 807 591	–	–	38 807 591	178 282	38 629 309	24 590 832	14 038 477
23. Liberia	17	70 382 053	–	–	70 382 053	–	70 382 053	30 985 414	39 396 639
24. Madagascar	5	58 186 244	–	–	58 186 244	1 776 641	56 409 603	13 104 025	43 305 578
25. Malawi	11	73 223 258	–	–	73 223 258	14 099 987	59 123 271	46 515 135	12 608 136
26. Mali	2	5 631 870	–	–	5 631 870	–	5 631 870	5 286 204	345 666
27. Morocco	54	1 897 036 308	–	–	1 897 036 308	417 754 779	1 479 281 529	390 940 683	1 088 340 846
28. Mauritania	6	71 677 998	–	–	71 677 998	181 507	71 496 491	23 286 802	48 209 689
29. Mauritius	14	67 935 854	–	–	67 935 854	19 090 743	48 845 111	31 956 303	16 888 808
30. Mozambique	8	81 905 683	–	–	81 905 683	5 765 883	76 139 800	40 388 550	35 751 250
31. Niger	6	22 186 586	–	–	22 186 586	–	22 186 586	21 327 587	858 999
32. Nigeria	20	1 334 045 615	–	–	1 334 045 615	291 739 418	1 042 306 197	178 753 806	863 552 391
33. Rwanda	2	2 969 509	–	–	2 969 509	–	2 969 509	2 754 107	215 402
34. Senegal	15	175 014 870	–	–	175 014 870	–	175 014 870	45 685 772	129 329 098
35. Seychelles	9	46 068 863	–	–	46 068 863	11 038 569	35 030 294	15 056 430	19 973 864
36. Sierra Leone	6	9 911 548	–	–	9 911 548	–	9 911 548	9 911 548	–
37. Somalia	3	7 178 675	–	–	7 178 675	–	7 178 675	3 493 746	3 684 929
38. Sudan	9	85 654 529	–	–	85 654 529	8 485 421	77 169 108	19 151 078	58 018 030
39. Swaziland	18	121 701 777	–	–	121 701 777	53 574 461	68 127 316	38 842 267	29 285 049
40. Tanzania	10	53 989 115	–	–	53 989 115	2 141 703	51 847 412	38 417 679	13 429 733
41. Togo	6	17 126 217	–	–	17 126 217	–	17 126 217	16 786 215	340 002
42. Tunisia	61	1 651 011 703	N/A	2 010 000	1 649 001 703	419 340 110	1 229 661 593	313 255 276	916 406 317
43. Uganda	17	134 766 934	–	–	134 766 934	26 186 373	108 580 561	86 515 251	22 065 310
44. Zaire	30	413 639 550	–	–	413 639 550	22 411 154	391 228 396	52 678 968	338 549 428
45. Zambia	19	257 963 748	–	–	257 963 748	23 696 362	234 267 386	118 215 373	116 052 013
46. Zimbabwe	15	421 202 458	–	–	421 202 458	104 826 655	316 375 803	74 817 809	241 557 994
47. Regional projects	24	185 657 299	–	–	185 657 299	38 307 803	147 349 496	88 000 436	59 349 060
48. Private sector	18	50 680 221	7	15 936 368	34 743 853	6 102 684	28 641 169	2 821 605	25 819 564
Total	662	12 415 773 785	8	70 946 368	12 344 827 417	2 593 683 541	9 751 143 876	2 866 804 051	6 884 339 825

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX I-5 (a)**

Maturity of Outstanding Loans as at 31 December, 1996

(Expressed in millions of Units of Account-Note B)

Period	UA
1 January 1997 to 31 December 1997	982.98
1 January 1998 to 31 December 1998	592.42
1 January 1999 to 31 December 1999	598.37
1 January 2000 to 31 December 2004	587.72
1 January 2005 to 31 December 2009	2 486.44
1 January 2010 to 31 December 2014	1 376.47
1 January 2015 to 31 December 2019	252.07
1 January 2020 to 31 December 2020	7.87
Total	6 884.34

Currency Composition of Outstanding Loans as at 31 December

(Expressed in millions of Units of Account-Note B)

Currency	1996 UA	1995 UA	Currency	1996 UA	1995 UA
Belgian Franc	2.63	2.97	Italian Lira	1.88	2.04
Canadian Dollar	1.98	2.34	Pound Sterling	20.23	22.36
CFA Franc	0.55	1.05	Botswana Pula	4.12	5.66
Danish Kroner	2.77	3.59	Spanish Peseta	0.12	0.51
Deutsche Mark	382.80	187.27	Swiss Franc	386.07	488.58
French Franc	598.76	402.06	Swedish Kronor	5.07	5.66
Netherland Guilders	18.43	21.56	Japanese Yen	2 396.53	2 787.45
United States Dollar	3 047.65	2 936.99	Others	14.41	7.97
Korean Won	0.34	0.49			
Total				6 884.34	6 878.55

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AFRICAN

Ordinary Capital Resources – Statement of Subscriptions
(Expressed in Units of

Member States	PRE-GCI-IV[4]			GCI-IV[6]					Post-Restructuring		
	Paid-up Shares	Callable Shares	Total	Paid-up Shares	Paid-in Shares	Callable Shares	Total	Total Shares	Total Paid-in Shares	Total Callable Shares	Total Shares[5]
1. Algeria	4 493	13 479	17 972	3 550	3 175	43 250	46 425	64 397	7 668	56 301	63 969
2. Angola	2 003	6 010	8 013	763	763	11 445	12 208	20 221	2 766	19 364	22 131
3. Benin	201	602	803	236	212	1 652	1 864	2 667	413	3 057	3 470
4. Botswana	1 982	5 945	7 926	2 816	2 116	23 577	25 693	33 619	4 098	33 583	37 681
5. Burkina Faso	264	791	1 055	137	137	2 055	2 192	3 247	401	2 805	3 206
6. Burundi	444	1 332	1 776	253	227	3 795	4 022	5 798	671	4 880	5 551
7. Cameroon	1 450	4 351	5 801	832	728	12 484	13 212	19 013	2 178	15 978	18 156
8. Cape Verde	138	414	552	71	71	1 065	1 136	1 688	209	1 463	1 672
9. Centr. Afr. Rep.	102	306	408	88	58	1 323	1 381	1 789	160	1 331	1 491
10. Chad	172	515	687	216	173	3 240	3 413	4 100	345	2 713	3 058
11. Comoros	50	150	200	–	–	–	–	200	50	350	400
12. Congo	719	2 157	2 876	369	369	5 535	5 904	8 780	1 088	7 616	8 704
13. Côte d'Ivoire	3 738	11 214	14 952	6 388	4 848	60 020	64 868	79 820	8 586	70 882	79 469
14. Djibouti	124	372	496	71	71	1 065	1 136	1 632	195	1 364	1 559
15. Egypt	7 610	22 830	30 440	3 895	3 895	58 425	62 320	92 760	11 505	80 535	92 040
16. Equatorial Guinea	52	155	207	–	–	–	–	207	52	362	414
17. Eritrea	–	–	–	358	286	2 504	2 790	2 790	286	2 504	2 790
18. Ethiopia	2 367	7 101	9 468	1 211	1 211	18 165	19 376	28 844	3 578	25 046	28 624
19. Gabon	1 373	4 119	5 492	669	669	10 038	10 707	16 199	2 042	14 296	16 338
20. Gambia	193	579	772	106	106	1 590	1 696	2 468	299	2 093	2 392
21. Ghana	3 001	9 002	12 002	1 660	1 660	24 900	26 560	38 562	4 661	32 624	37 285
22. Guinea	678	2 034	2 712	348	348	5 220	5 568	8 280	1 026	7 182	8 208
23. Guinea Bissau	75	225	300	–	–	–	–	300	75	525	600
24. Kenya	2 158	6 474	8 632	1 104	1 104	16 560	17 664	26 296	3 262	22 834	26 096
25. Lesotho	226	678	904	116	116	1 740	1 856	2 760	342	2 394	2 736
26. Liberia	505	1 515	2 020	481	373	7 209	7 582	9 602	878	6 900	7 778
27. Libya	4 914	14 743	19 657	3 302	3 302	49 530	52 832	72 489	8 216	57 514	65 730
28. Madagascar	964	2 892	3 856	493	493	7 395	7 888	11 744	1 457	10 199	11 656
29. Malawi	535	1 605	2 140	274	274	4 110	4 384	6 524	809	5 663	6 472
30. Mali	150	451	601	853	603	7 795	8 398	8 999	753	7 023	7 776
31. Mauritania	119	358	477	580	456	5 404	5 860	6 337	575	4 895	5 470
32. Mauritius	959	2 877	3 836	491	491	7 365	7 856	11 692	1 450	10 150	11 600
33. Morocco	5 072	15 216	20 288	2 363	2 363	35 445	37 808	58 096	7 435	52 045	59 480
34. Mozambique	935	2 806	3 741	481	481	7 215	7 696	11 437	1 416	9 914	11 330
35. Namibia	–	–	–	761	761	11 415	12 176	12 176	761	5 327	6 088
36. Niger	691	2 072	2 763	–	–	–	–	2 763	691	4 835	5 526
37. Nigeria	13 208	39 624	52 832	6 761	6 761	101 415	108 176	161 008	19 969	139 783	159 752
38. Rwanda	229	687	916	127	88	1 905	1 993	2 909	317	2 492	2 809
39. Sao Tome & Principe	129	388	517	71	71	1 065	1 136	1 653	200	1 402	1 602
40. Senegal	1 523	4 568	6 091	780	780	11 700	12 480	18 571	2 303	16 119	18 422
41. Seychelles	138	414	552	10	10	150	160	712	148	1 036	1 184
42. Sierra Leone	421	1 263	1 685	305	244	4 575	4 819	6 504	665	5 083	5 748
43. Somalia	217	652	869	203	152	3 048	3 200	4 069	369	2 943	3 312
44. South Africa	–	–	–	1 975	1 382	13 825	15 207	15 207	1 382	13 825	15 207
45. Sudan	912	2 735	3 646	1 156	720	17 340	18 060	21 706	1 632	14 473	16 104
46. Swaziland	493	1 479	1 972	253	253	3 795	4 048	6 020	746	5 222	5 968
47. Tanzania	1 006	3 019	4 026	960	864	14 400	15 264	19 290	1 870	13 765	15 636
48. Togo	377	1 131	1 508	194	193	2 903	3 096	4 604	570	3 994	4 564
49. Tunisia	2 075	6 225	8 300	1 062	1 062	15 930	16 992	25 292	3 137	21 959	25 096
50. Uganda	724	2 171	2 894	570	570	8 550	9 120	12 014	1 294	9 055	10 348
51. Zaire	2 608	7 824	10 432	2 391	2 084	35 871	37 955	48 387	4 692	34 996	39 688
52. Zambia	2 905	8 715	11 620	–	–	–	–	11 620	2 905	20 334	23 239
53. Zimbabwe	3 445	10 335	13 780	1 763	1 763	26 445	28 208	41 988	5 208	36 456	41 664
Total – Regionals	78 866	236 599	315 466	53 917	48 937	715 448	764 385	1 079 850	127 803	929 484	1 057 290

DEVELOPMENT BANK **ANNEX I-6**

to the Capital Stock and Voting Powers as at 31 December, 1996
Account – Note B)

% of Total	Callable[3] Capital	Paid-up Capital	Amount Due	Amount Paid	Amount in Arrears	Excess[2] Payments	Number[1] of Votes	Voting Powers
4.028	563 010 000	76 680 000	76 680 000	76 680 000	–	–	64 594	4.046
1.394	193 643 985	27 663 426	27 663 426	24 611 426	3 052 000	–	20 314	1.272
0.219	30 572 500	4 127 500	4 126 517	4 130 517	–	4 000	4 095	0.256
2.373	335 835 000	40 975 000	40 975 000	40 976 000	–	1 000	38 306	2.399
0.202	28 052 500	4 007 500	4 007 710	4 007 711	–	1	3 831	0.240
0.350	48 796 552	6 710 936	6 710 934	6 591 534	126 400	7 000	5 898	0.369
1.143	159 779 548	21 782 900	21 783 637	17 639 988	4 150 399	6 750	14 736	0.923
0.105	14 630 000	2 090 000	2 090 000	1 997 311	92 689	–	2 223	0.139
0.094	13 314 000	1 600 000	1 601 099	1 511 099	98 000	8 000	1 832	0.115
0.193	27 134 400	3 446 343	3 446 533	2 807 660	647 200	8 327	2 871	0.180
0.025	3 500 000	500 000	500 000	500 000	–	–	1 025	0.064
0.548	76 160 000	10 880 000	10 890 000	10 890 423	–	423	9 329	0.584
5.004	708 820 000	85 860 000	85 860 000	85 866 932	–	6 932	80 094	5.017
0.098	13 644 400	1 949 200	1 949 200	1 729 854	219 346	–	2 009	0.126
5.796	805 350 000	115 050 000	115 050 000	115 050 000	–	–	92 665	5.804
0.026	3 622 500	517 500	517 500	517 500	–	–	1 039	0.065
0.176	25 040 000	2 860 000	2 860 000	2 864 000	–	4 000	3 415	0.214
1.803	250 460 000	35 780 000	35 780 000	35 780 000	–	–	29 249	1.832
1.029	142 955 114	20 420 000	20 426 659	19 733 359	702 000	8 700	16 401	1.027
0.151	20 930 000	2 990 000	2 990 181	2 990 181	–	–	3 017	0.189
2..348	326 242 700	46 606 100	46 605 650	44 118 450	2 487 200	–	35 920	2.250
0.517	71 820 000	10 260 000	10 260 000	10 260 000	–	–	8 833	0.553
0.038	5 250 000	750 000	750 000	750 000	–	–	1 225	0.077
1.643	228 340 000	32 620 000	32 620 000	32 620 000	–	–	26 721	1.674
0.172	23 940 000	3 420 000	3 420 000	3 422 599	–	2 599	3 361	0.211
0.490	68 996 200	8 780 600	8 779 770	7 166 170	1 621 600	8 000	6 358	0.398
4.139	575 137 500	82 162 500	82 163 124	72 257 124	9 906 000	–	58 430	3.660
0.734	101 990 000	14 570 000	14 570 000	14 570 000	–	–	12 281	0.769
0.408	56 630 000	8 090 000	8 090 000	8 090 000	–	–	7 097	0.445
0.490	70 227 500	7 532 500	7 524 845	7 525 267	–	422	8 401	0.526
0.344	48 947 500	5 752 500	5 751 410	5 755 410	–	4 000	6 095	0.382
0.730	101 500 000	14 500 000	14 500 000	14 500 007	–	7	12 225	0.766
3.746	520 450 000	74 350 000	74 350 000	74 350 000	–	–	60 105	3.765
0.713	99 137 500	14 162 500	14 174 243	14 176 050	–	1 807	11 955	0.749
0.383	53 270 000	7 610 000	7 610 000	7 610 000	–	–	6 713	0.420
0.348	48 352 500	6 907 500	6 907 678	6 907 678	–	–	6 151	0.385
10.060	1 397 830 000	199 690 000	199 690 000	199 690 000	–	–	160 377	10.045
0.177	24 917 200	3 169 600	3 169 600	2 925 200	253 400	9 000	2 964	0.186
0.101	14 017 500	2 002 500	2 002 000	2 005 809	–	3 809	2 227	0.139
1.160	161 192 500	23 027 500	23 028 383	23 028 489	–	106	19 047	1.193
0.075	10 360 000	1 480 000	1 480 000	1 480 000	–	–	1 809	0.113
0.362	50 829 311	6 651 330	6 651 830	6 346 882	305 000	52	5 702	0.357
0.209	29 431 500	3 692 500	3 693 039	3 189 039	508 000	4 000	3 175	0.199
0.958	138 250 000	13 820 000	13 820 000	13 824 988	–	4 988	15 832	0.992
1.014	144 729 200	16 315 600	16 314 741	15 654 690	660 800	749	13 150	0.824
0.376	52 220 000	7 460 000	7 460 000	7 460 000	–	–	6 593	0.413
0.985	137 653 768	18 704 824	18 704 540	17 247 235	1 457 305	–	14 423	0.903
0.287	39 940 600	5 700 800	5 700 800	4 634 221	1 072 526	5 947	4 331	0.271
1.580	219 590 000	31 370 000	31 370 000	31 375 145	6	5 151	25 722	1.611
0.652	90 545 000	12 935 000	12 933 434	12 933 434	–	–	10 973	0.687
2.499	349 962 263	46 920 700	46 921 479	36 138 588	10 784 800	1 909	29 535	1.850
1.463	203 343 700	29 049 100	29 049 341	29 049 341	–	–	23 864	1.495
2.624	364 560 000	52 080 000	52 080 000	52 080 000	–	–	42 289	2.649
66.581	9 294 854 441	1 278 033 959	1 278 054 303	1 240 017 310	38 144 671	107 678	1 050 827	65.820

(continued on pages 128 and 129)

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Ordinary Capital Resources – Statement of Subscriptions
(Expressed in Units of

Member States	PRE-GCI-IV[4]			GCI-IV[6]					Post-Restructuring		
	Paid-up Shares	Callable Shares	Total	Paid-up Shares	Paid-up Shares	Callable Shares	Total	Total Shares	Total Paid-up Shares	Total Callable Shares	Total Shares[5]
Total – Regionals	78 866	236 599	315 466	53 917	48 937	715 448	764 385	1 079 850	127 803	929 484	1 057 290
1. Argentina	499	1 497	1 996	–	–	–	–	1 996	499	3 493	3 992
2. Austria	499	1 497	1 996	250	250	3 750	4 000	5 996	749	5 243	5 992
3. Belgium	718	2 154	2 872	359	359	5 385	5 744	8 616	1 077	7 539	8 616
4. Brazil	499	1 497	1 996	250	250	3 750	4 000	5 996	749	5 243	5 992
5. Canada	4 200	12 600	16 800	2 100	2 100	31 500	33 600	50 400	6 300	44 100	50 400
6. China	1 250	3 750	5 000	625	625	9 375	10 000	15 000	1 875	13 125	15 000
7. Denmark	1 295	3 885	5 180	647	647	9 705	10 352	15 532	1 942	13 594	15 536
8. Finland	547	1 641	2 188	273	273	4 095	4 368	6 556	820	5 740	6 560
9. France	4 200	12 600	16 800	2 100	2 100	31 500	33 600	50 400	6 300	44 100	50 400
10. Germany	4 611	13 883	18 444	2 305	2 305	34 575	36 880	55 324	6 916	48 412	55 328
11. India	250	750	1 000	125	125	1 875	2 000	3 000	375	2 625	3 000
12. Italy	2 708	8 124	10 832	1 354	1 354	20 310	21 664	32 496	4 062	28 434	32 496
13. Japan	6 142	18 426	24 568	3 071	3 071	46 065	49 136	73 704	9 213	64 491	73 704
14. Korea	499	1 497	1 996	250	250	3 750	4 000	5 996	749	5 243	5 992
15. Kuwait	499	1 497	1 996	250	250	3 750	4 000	5 996	749	5 243	5 992
16. Netherland	863	2 559	3 412	426	426	6 390	6 816	10 228	1 279	8 953	10 232
17. Norway	1 295	3 885	5 180	647	647	9 705	10 352	15 532	1 942	13 594	15 536
18. Portugal	252	756	1 008	126	126	1 890	2 016	3 024	378	2 646	3 024
19. Saudi Arabia	325	975	1 300	–	–	–	–	1 300	325	2 275	2 600
20. Spain	656	1 968	2 624	328	328	4 920	5 248	7 872	984	6 888	7 872
21. Sweden	1 728	5 184	6 912	864	864	12 960	13 824	20 736	2 592	18 144	20 736
22. Switzerland	1 640	4 920	6 560	820	820	12 300	13 120	19 680	2 460	17 220	19 680
23. U.K.	1 881	5 643	7 524	940	940	14 100	15 040	22 564	2 821	19 743	22 564
24. U.S.A.	7 455	22 365	29 820	3 727	3 727	55 905	59 632	89 452	11 182	78 270	89 452
Total – Non-Regionals	44 501	133 503	178 004	21 837	21 837	327 555	349 392	527 396	66 338	464 358	530 696
Grand total	123 367	370 102	493 470	75 754	70 774	1 043 003	1 113 777	1 607 246	194 141	1 393 842	1 587 986

Notes
1. The Bank Agreement provides that each member shall have 625 votes in addition to one vote for each share subsribed by that member.
2. Excess payments will be applied to future instalments.
3. Certain member states had not yet agreed, as at the date of publication of the Financial Statements, to assume responsibility for the additional shares attributed during the restructuring of capital stock.
4. Pre-GCI-IV for Regional member states is made up of Initial, Voluntary, First General Increase, Second General Increase and Third General Increase of capital subscriptions. For Non-Regional member states, it refers to their initial capital subscription to the Bank.
5. In conformity with the finding of the UN General Assembly the subscriptions of the former Socialist Federal Republic of Yugoslavie (SFRY) have been frozen and transferred to a suspense account pending definitive decision by the Board of Directors regarding the treatment of this shareholding. As at the date of this statement, the total subscriptions of SFRY stood at 4,792 shares, and no final decision has as yet been taken.
6. The difference between the Paid-up shares and the Paid-in shares corresponds to the shares to be subscribed on payment of subsequent instalments under GCI-IV.

Due to rounding some totals may not add.
The accompanying notes to the financial statements (Annex I-4) form part of this statement.

DEVELOPMENT BANK

ANNEX I-6

to the Capital Stock and Voting Powers as at 31 December, 1996

Account – Note B)

% of Total	Callable[3] Capital	Paid-up Capital	Amount Due	Amount Paid	Amount in Arrears	Excess[2] Payments	Number[1] of Votes	Voting Powers
66.581	9 294 854 441	1 278 033 959	1 278 054 303	1 240 017 310	38 144 671	107 678	1 050 827	65.820
0.251	34 930 000	4 990 000	4 990 000	4 990 000	–	–	4 617	0.289
0.377	52 430 000	7 490 000	7 490 000	7 490 000	–	–	6 617	0.414
0.543	75 300 000	10 770 000	10 770 000	10 770 000	–	–	9 241	0.579
0.377	52 430 000	7 490 000	7 490 000	7 490 000	–	–	6 617	0.414
3.174	441 000 000	63 000 000	63 000 000	63 000 000	–	–	51 025	3.196
0.945	131 250 000	18 750 000	18 750 000	18 750 000	–	–	15 625	0.979
0.978	135 940 000	19 420 000	19 420 000	19 420 000	–	–	16 161	1.012
0.413	57 400 000	8 200 000	8 200 000	8 200 046	–	46	7 185	0.450
3.174	441 000 000	63 000 000	63 000 000	63 000 000	–	–	51 025	3.196
3.484	484 120 000	69 160 000	69 160 000	69 160 000	–	–	55 953	3.505
0.189	26 250 000	3 750 000	3 750 000	3 750 000	–	–	3 625	0.227
2.046	284 340 000	40 620 000	40 620 000	40 620 000	–	–	33 121	2.075
4.641	644 910 000	92 130 000	92 130 000	92 130 000	–	–	74 329	4.656
0.377	52 430 000	7 490 000	7 490 000	7 490 000	–	–	6 617	0.414
0.377	52 430 000	7 490 000	7 490 000	7 490 000	–	–	6 617	0.414
0.644	89 530 000	12 790 000	12 790 000	12 790 000	–	–	10 857	0.680
0.978	135 940 000	19 420 000	19 420 000	19 420 000	–	–	16 161	1.012
0.190	26 460 000	3 780 000	3 780 000	3 780 000	–	–	3 649	0.229
0.164	22 750 000	3 250 000	3 250 000	3 250 000	–	–	3 225	0.202
0.496	68 880 000	9 840 000	9 840 000	9 840 000	–	–	8 497	0.532
1.306	181 440 000	25 920 000	25 920 000	25 920 000	–	–	21 361	1.338
1.239	172 200 000	24 600 000	24 600 000	24 600 000	–	–	20 305	1.272
1.421	197 430 000	28 210 000	28 210 000	28 210 000	–	–	23 189	1.452
5.633	782 700 000	111 820 000	111 820 000	111 820 000	–	–	90 077	5.642
33 419	4 643 580 000	663 380 000	663 380 000	663 380 046	–	46	545 696	34 180
100.000	13 938 434 441	1 941 413 959	1 941 434 303	1 903 397 356	38 144 671	107 724	1 596 523	100.000

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Ordinary Capital Resources – Supplementary Statement of Subscriptions

(Expressed in Units of

Member States	Amount due				Amount paid			
	Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes	Total
1. Algeria	58 080 000	7 750 000	10 850 000	76 680 000	58 080 000	7 750 000	10 850 000	76 680 000
2. Angola	19 114 000	7 786 426	763 000	27 663 426	16 062 000	7 786 426	763 000	24 611 426
3. Benin	2 946 517	–	1 180 000	4 126 517	2 950 517	–	1 180 000	4 130 517
4. Botswana	19 927 500	9 382 500	11 665 000	40 975 000	19 928 500	9 382 500	11 665 000	40 976 000
5. Burkina Faso	3 105 710	765 000	137 000	4 007 710	3 105 711	765 000	137 000	4 007 711
6. Burundi	5 825 534	–	885 400	6 710 934	5 706 134	–	885 400	6 591 534
7. Cameroon	19 214 837	–	2 568 800	21 783 637	15 071 188	–	2 568 800	17 639 988
8. Cape Verde	1 948 000	–	142 000	2 090 000	1 855 311	–	142 000	1 997 311
9. Centr. Afr. Rep.	1 209 099	–	392 000	1 601 099	1 119 099	–	392 000	1 511 099
10. Chad	2 690 533	–	756 000	3 446 533	2 051 660	–	756 000	2 807 660
11. Comoros	500 000	–	–	500 000	500 000	–	–	500 000
12. Congo	9 968 800	–	921 200	10 890 000	9 969 223	–	921 200	10 890 423
13. Côte d'Ivoire	57 534 200	–	28 325 800	85 860 000	57 541 132	–	28 325 800	85 866 932
14. Djibouti	1 701 000	–	248 200	1 949 200	1 481 654	–	248 200	1 729 854
15. Egypt	109 049 400	–	6 000 600	115 050 000	109 049 400	–	6 000 600	115 050 000
16. Equatorial Guinea	517 500	–	–	517 500	517 500	–	–	517 500
17. Eritrea	1 070 000	–	1 790 000	2 860 000	1 074 000	–	1 790 000	2 864 000
18. Ethiopia	34 029 800	–	1 750 200	35 780 000	34 029 800	–	1 750 200	35 780 000
19. Gabon	13 945 659	4 375 000	2 106 000	20 426 659	13 243 659	4 383 700	2 106 000	19 733 359
20. Gambia	1 821 275	638 906	530 000	2 990 181	1 821 275	638 906	530 000	2 990 181
21. Ghana	44 119 250	–	2 486 400	46 605 650	41 632 050	–	2 486 400	44 118 450
22. Guinea	7 404 000	2 160 000	696 000	10 260 000	7 404 000	2 160 000	696 000	10 260 000
23. Guinea Bissau	750 000	–	–	750 000	750 000	–	–	750 000
24. Kenya	22 985 000	6 875 000	2 760 000	32 620 000	22 985 000	6 875 000	2 760 000	32 620 000
25. Lesotho	2 898 400	–	521 600	3 420 000	2 900 999	–	521 600	3 422 599
26. Liberia	6 900 970	–	1 878 800	8 779 770	5 287 370	–	1 878 800	7 166 170
27. Libya	55 804 124	19 755 000	6 604 000	82 163 124	45 898 124	19 755 000	6 604 000	72 257 124
28. Madagascar	12 845 400	–	1 724 600	14 570 000	12 845 400	–	1 724 600	14 570 000
29. Malawi	7 954 000	–	136 000	8 090 000	7 954 000	–	136 000	8 090 000
30. Mali	3 943 845	–	3 581 000	7 524 845	3 944 267	–	3 581 000	7 525 267
31. Mauritania	3 187 410	–	2 564 000	5 751 410	3 191 410	–	2 564 000	5 755 410
32. Mauritius	10 954 000	3 055 000	491 000	14 500 000	10 954 000	3 055 007	491 000	14 500 007
33. Morocco	69 191 000	–	5 159 000	74 350 000	69 191 000	–	5 159 000	74 350 000
34. Mozambique	13 693 243	–	481 000	14 174 243	13 695 050	–	481 000	14 176 050
35. Namibia	4 566 000	–	3 044 000	7 610 000	4 566 000	–	3 044 000	7 610 000
36. Niger	5 025 808	1 881 870	–	6 907 678	5 025 808	1 881 870	–	6 907 678
37. Nigeria	141 253 000	44 915 000	13 522 000	199 690 000	141 253 000	44 915 000	13 522 000	199 690 000
38. Rwanda	2 472 800	–	696 800	3 169 600	2 228 400	–	696 800	2 925 200
39. Sao Tome & Principe	1 366 000	352 000	284 000	2 002 000	1 369 809	352 000	284 000	2 005 809
40. Senegal	15 949 385	4 738 998	2 340 000	23 028 383	15 949 491	4 738 998	2 340 000	23 028 489
41. Seychelles	1 424 800	–	55 200	1 480 000	1 424 800	–	55 200	1 480 000
42. Sierra Leone	5 280 630	–	1 371 200	6 651 830	4 975 682	–	1 371 200	6 346 882
43. Somalia	2 931 039	–	762 000	3 693 039	2 427 039	–	762 000	3 189 039
44. South Africa	3 945 000	–	9 875 000	13 820 000	3 949 988	–	9 875 000	13 824 988
45. Sudan	10 534 741	–	5 780 000	16 314 741	9 874 690	–	5 780 000	15 654 690
46. Swaziland	6 827 600	–	632 400	7 460 000	6 827 600	–	632 400	7 460 000
47. Tanzania	14 367 740	–	4 336 800	18 704 540	12 910 435	–	4 336 800	17 247 235
48. Togo	5 381 000	–	319 800	5 700 800	4 314 421	–	319 800	4 634 221
49. Tunisia	28 718 000	–	2 652 000	31 370 000	28 723 145	–	2 652 000	31 375 145
50. Uganda	9 927 310	726 124	2 280 000	12 933 434	9 927 310	726 124	2 280 000	12 933 434
51. Zaire	39 208 679	–	7 712 800	46 921 479	28 425 788	–	7 712 800	36 138 588
52. Zambia	29 049 341	–	–	29 049 341	29 049 341	–	–	29 049 341
53. Zimbabwe	49 440 200	–	2 639 800	52 080 000	49 440 200	–	2 639 800	52 080 000
Total – Regionals	1 004 499 079	115 156 824	158 398 400	1 278 054 303	966 453 380	115 165 531	158 398 400	1 240 017 311

DEVELOPMENT BANK

ANNEX I-6 (a)

to the Capital Stock as at 31 December, 1996
Account – Note B)

Amount in arrears				Excess payments			
Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes	Total
–	–	–	–	–	–	–	–
3 052 000	–	–	3 052 000	–	–	–	–
–	–	–	–	4 000	–	–	4 000
–	–	–	–	1 000	–	–	1 000
–	–	–	–	1	–	–	1
126 400	–	–	126 400	7 000	–	–	7 000
4 150 399	–	–	4 150 399	6 750	–	–	6 750
92 689	–	–	92 689	–	–	–	–
98 000	–	–	98 000	8 000	–	–	8 000
647 200	–	–	647 200	8 327	–	–	8 327
–	–	–	–	–	–	–	–
–	–	–	–	423	–	–	423
–	–	–	–	6 932	–	–	6 932
219 346	–	–	219 346	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	4 000	–	–	4 000
–	–	–	–	–	–	–	–
702 000	–	–	702 000	–	8 700	–	8,700
–	–	–	–	–	–	–	–
2 487 200	–	–	2 487 200	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	2 599	–	–	2 599
1 621 600	–	–	1 621 600	8 000	–	–	8 000
9 906 000	–	–	9 906 000	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	422	–	–	422
–	–	–	–	4 000	–	–	4 000
–	–	–	–	–	7	–	7
–	–	–	–	–	–	–	–
–	–	–	–	1 807	–	–	1 807
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
253 400	–	–	253 400	9 000	–	–	9 000
–	–	–	–	3 809	–	–	3 809
–	–	–	–	106	–	–	106
–	–	–	–	–	–	–	–
305 000	–	–	305 000	52	–	–	52
508 000	–	–	508 000	4 000	–	–	4 000
–	–	–	–	4 988	–	–	4 988
660 800	–	–	660 800	749	–	–	749
–	–	–	–	–	–	–	–
1 457 305	–	–	1 457 305	–	–	–	–
1 072 526	–	–	1 072 526	5 947	–	–	5 947
6	–	–	6	5 151	–	–	5 151
–	–	–	–	–	–	–	–
10 784 800	–	–	10 784 800	1 909	–	–	1 909
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
38 144 671	–	–	38 144 671	98 971	8 707	–	107 678

(continued on pages 132 and 133)

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Ordinary Capital Resources – Supplementary Statement of Subscriptions

(Expressed in Units of

Member States	Amount due				Amount paid			
	Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes	Total
Total – Regionals	1 004 499 079	115 156 824	158 398 400	1 278 054 303	966 453 380	115 165 531	158 398 400	1 240 017 311
1. Argentina	4 990 000	–	–	4 990 000	4 990 000	–	–	4 990 000
2. Austria	7 490 000	–	–	7 490 000	7 490 000	–	–	7 490 000
3. Belgium	10 770 000	–	–	10 770 000	10 770 000	–	–	10 770 000
4. Brazil	7 490 000	–	–	7 490 000	7 490 000	–	–	7 490 000
5. Canada	63 000 000	–	–	63 000 000	63 000 000	–	–	63 000 000
6. China	18 750 000	–	–	18 750 000	18 750 000	–	–	18 750 000
7. Denmark	19 420 000	–	–	19 420 000	19 420 000	–	–	19 420 000
8. Finland	8 200 000	–	–	8 200 000	8 200 046	–	–	8 200 046
9. France	63 000 000	–	–	63 000 000	63 000 000	–	–	63 000 000
10. Germany	69 160 000	–	–	69 160 000	69 160 000	–	–	69 160 000
11. India	3 750 000	–	–	3 750 000	3 750 000	–	–	3 750 000
12. Italy	40 620 000	–	–	40 620 000	40 620 000	–	–	40 620 000
13. Japan	92 130 000	–	–	92 130 000	92 130 000	–	–	92 130 000
14. Korea	7 490 000	–	–	7 490 000	7 490 000	–	–	7 490 000
15. Kuwait	7 490 000	–	–	7 490 000	7 490 000	–	–	7 490 000
16. Netherlands	12 790 000	–	–	12 790 000	12 790 000	–	–	12 790 000
17. Norway	19 420 000	–	–	19 420 000	19 420 000	–	–	19 420 000
18. Portugal	3 780 000	–	–	3 780 000	3 780 000	–	–	3 780 000
19. Saudi Arabia	3 250 000	–	–	3 250 000	3 250 000	–	–	3 250 000
20. Spain	9 840 000	–	–	9 840 000	9 840 000	–	–	9 840 000
21. Sweden	25 920 000	–	–	25 920 000	25 920 000	–	–	25 920 000
22. Switzerland	24 600 000	–	–	24 600 000	24 600 000	–	–	24 600 000
23. U.K.	28 210 000	–	–	28 210 000	28 210 000	–	–	28 210 000
24. U.S.A.	111 820 000	–	–	111 820 000	111 820 000	–	–	111 820 000
Total – Non-Regionals	663 380 000	–	–	663 380 000	663 380 046	–	–	663 380 046
Grand total	1 667 879 079	115 156 824	158 398 400	1 941 434 303	1 629 833 426	115 165 531	158 398 400	1 903 397 357

The accompanying notes to the financial statements (Annex I-4) form part of this statement.
Due to rounding some totals may not add.

DEVELOPMENT BANK

ANNEX I-6 (a)

to the Capital Stock as at 31 December, 1996

Account – Note B)

	Amount in arrears				Excess payments			
	Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes	Total
	38 144 671	–	–	38 144 671	98 971	8 707	–	107 678
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	46	–	–	46
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	46	–	–	46
	38 144 671	–	–	38 144 671	99 017	8 707	–	107 724

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Ordinary Capital Resources – Statement

(Expressed in Units of

Description	Date of Agreement		Amount Borrowed	Amount in UA
Government of Canada due 2020	03.07.73	Cdn $	4 718 895	2 396 071
Government of Sweden due 2023	14.11.74	Skr	25 000 000	2 535 173
Government of Austria due 2003	07.04.75	Aschs	37 982 000	2 415 973
Government of Sweden due 2026	16.11.76	Skr	10 000 000	1 014 069
Government of Sweden due 2027	21.02.78	Skr	18 000 000	1 825 325
Yen 15 billion loan: Tranche B	09.03.81	Yen	3 000 000 000	18 019 858
Pstg 50 million loan stock due 2010	31.10.84	Pstg	50 000 000	59 041 985
Yen 15 billion bonds due 2001 – 2nd Series	12.05.86	Yen	15 000 000 000	90 099 289
DM 200 million subordinated FRN due 1997	15.12.86	DM	200 000 000	89 627 820
Yen 15 billion bonds due 2002 – 3rd Series	22.04.87	Yen	15 000 000 000	90 099 289
US $ 200 million Yankee bonds due 1997	26.10.87	US $	200 000 000	139 085 927
Yen 30 billion special bonds due 2000	27.04.88	Yen	30 000 000 000	180 198 579
DM 200 million bonds due 1998	29.09.88	DM	200 000 000	89 627 820
Yen 20 billion loan: Tranche A	18.10.88	Yen	10 000 000 000	60 066 193
Tranche B	18.10.88	Yen	10 000 000 000	60 066 193
US $ 200 million sub. notes: Tranche B	15.12.88	US$	100 000 000	69 542 964
Yen 15 billion fixed rate loan due 2007	29.03.89	Yen	15 000 000 000	90 099 289
Yen 40 billion daimyo bonds due 1999	07.04.89	Yen	40 000 000 000	240 264 772
Sfr 150 million bonds due 2001	27.04.89	Sfr	150 000 000	77 476 538
US $ 200 million Yankee (private placement) due 2019	24.08.89	US $	200 000 000	139 085 927
DM 200 million bonds due 1999	01.09.89	DM	200 000 000	89 627 820
FF 1 billion bonds due 1999	26.10.90	FF	1 000 000 000	132 791 544
Yen 20 billion sub. bonds due 1999	02.11.89	Yen	20 000 000 000	120 132 386
Yen 40 billion daimyo bonds due 1997	25.04.90	Yen	40 000 000 000	240 264 772
US $ 300 million Yankee notes due 2000	19.06.90	US$	300 000 000	208 628 891
Yen 30 billion sub. bonds due 1997	12.07.90	Yen	30 000 000 000	180 198 579
US $ 500 million (MTN) Medium Term Notes	15.04.91	US $	50 000 000	34 771 482
	10.05.91	US $	10 000 000	6 954 296
	15.04.91	US $	30 000 000	20 862 889
	15.04.91	US $	20 000 000	13 908 593
	10.05.91	US $	10 000 000	6 954 296
	15.01.92	US $	50 000 000	34 771 482
	14.02.92	US $	50 000 000	34 771 482
	28.05.92	US $	100 000 000	69 542 964
	30.07.92	US $	70 000 000	48 680 075
	16.02.93	US $	10 000 000	6 954 296
Balance c/f				2 752 404 901

DEVELOPMENT BANK

ANNEX I-7

of Borrowings as at 31 December, 1996
of Account – Note B)

	Amount drawn	Amount drawn in UA		Amount repaid	Amount repaid in UA	Balance outstanding in UA	Rate of Interest % p. a.	Statuts of Debt	Principal Repayment Period Start – End	Principal Repayment frequency
Cdn $	4 718 895	2 396 071	Cdn $	1 750 000	888 582	1 507 489	0.0000	Senior	1983/2020	Semi-annual.
Skr	25 000 000	2 535 173	Skr	4 375 000	443 655	2 091 518	0.7500	Senior	1984/2024	Semi-annual.
Aschs	37 982 000	2 415 973	Aschs	24 266 270	1 543 538	872 435	3.0000	Senior	1985/2003	Semi-annual.
Skr	10 000 000	1 014 069	Skr	1 150 000	116 618	897 451	0.0000	Senior	1986/2026	Semi-annual.
Skr	18 000 000	1 825 325	Skr	1 710 000	173 406	1 651 919	0.0000	Senior	1987/2027	Semi-annual.
Yen	3 000 000 000	18 019 858	Yen	1 728 000 000	10 379 438	7 640 420	5.6000	Senior	1991/2001	Semi-annual.
Pstg	50 000 000	59 041 985	Pstg	–	–	59 041 985	11.1250	Senior	2010/2010	Bullet
Yen	15 000 000 000	90 099 289	Yen	–	–	90 099 289	5.9000	Senior	2001/2001	Bullet
DM	200 000 000	89 627 820	DM	–	–	89 627 820	0.000	Subordinated (c)	1997/1997	Bullet
Yen	15 000 000 000	90 099 289	Yen	–	–	90 099 289	4.9000	Senior	2002/2002	Bullet
US $	200 000 000	139 085 927	US $	–	–	139 085 927	10.000	Senior	1997/1997	Bullet
Yen	30 000 000 000	180 198 579	Yen	–	–	180 198 579	5.1250	Senior	2000/2000	Bullet
DM	200 000 000	89 627 820	DM	–	–	89 627 820	6.1250	Senior	1998/1998	Bullet
Yen	10 000 000 000	60 066 193	Yen	–	–	60 066 193	5.7000	Subordinated	2003/2003	Bullet
Yen	10 000 000 000	60 066 193	Yen	–	–	60 066 193	5.800	Subordinated	2008/2008	Bullet
US $	100 000 000	69 542 964	US $	–	–	69 542 964	9.7500	Subordinated	2003/2003	Bullet
Yen	15 000 000 000	90 099 289	Yen	1 350 000 000	8 108 936	81 990 353	5.7000	Senior	2007/2007	Bullet
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	5.1250	Senior	1999/1999	Bullet
Sfr	150 000 000	77 476 538	Sfr	–	–	77 476 538	6.2500	Senior	2001/2001	Bullet
US $	200 000 000	139 085 927	US $	–	–	139 085 927	8.8000	Subordinated	2019/2019	Bullet
DM	200 000 000	89 627 820	DM	–	–	89 627 820	7.2500	Senior	1999/1999	Bullet
FF	1 000 000 000	132 791 544	FF	–	–	132 791 544	9.3750	Senior	1999/1999	Bullet
Yen	20 000 000 000	120 132 386	Yen	–	–	120 132 386	5.7500	Subordinated	1999/1999	Bullet
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	7.2500	Senior	1997/1997	Bullet
US $	300 000 000	208 628 891	US $	60 000 000	41 725 778	166 903 113	9.3000	Subordinated	2000/2000	Bullet
Yen	30 000 000 000	180 198 579	Yen	–	–	180 198 579	7.2500	Subordinated	1997/1997	Bullet
US $	50 000 000	34 771 482	US $	–	–	34 771 482	8.6250	Senior	2001/2001	Bullet
US $	10 000 000	6 954 296	US $	–	–	6 954 296	8.5000	Senior	2001/2001	Bullet
US $	30 000 000	20 862 889	US $	–	–	20 862 889	8.7300	Subordinated	2001/2001	Bullet
US $	20 000 000	13 906 593	US $	–	–	13 908 593	8.7000	Subordinated	2001/2001	Bullet
US $	10 000 000	6 954 296	US $	–	–	6 954 296	8.6250	Subordinated	2001/2001	Bullet
US $	50 000 000	34 771 482	US $	–	–	34 771 482	8.6090	Subordinated	2022/2022	Bullet
US $	50 000 000	34 771 482	US $	–	–	34 771 482	8.6200	Subordinated	2022/2022	Bullet
US $	100 000 000	69 542 964	US $	–	–	69 542 964	7.7000	Subordinated	2002/2002	Bullet
US $	70 000 000	48 680 075	US $	–	–	48 680 075	6.7500	Subordinated	1999/1999	Bullet
US $	10 000 000	6 954 296	US $	–	–	6 954 296	7.7500	Subordinated	2023/2023	Bullet
		2 752 404 901			63 379 951	2 689 024 950				

(continued on pages 136 and 137)

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Ordinary Capital Resources – Statement
(Expressed in Units of

Description	Date of Agreement		Amount Borrowed	Amount in UA
Balance b/f				2 752 404 901
Yen 40 billion sub bonds due 1998	18.04.91	Yen	40 000 000 000	240 264 772
Pstg 100 million Eurobonds due 2001	02.07.91	Pstg	100 000 000	118 083 970
US $ 200 million Yankee notes due 2001	15.12.91	US $	200 000 000	139 085 927
US $ 300 million Eurodollar bonds due 2002	30.03.92	US $	300 000 000	208 628 891
Yen 40 billion Daimyo sub bonds due 2002	10.06.92	Yen	40 000 000 000	240 264 772
Yen 40 billion Euroyen due 1997	28.10.92	Yen	40 000 000 000	240 264 772
US $ 300 million Yankee bonds due 2004	01.10.92	US.$	300 000 000	208 628 891
DM 300 million bonds due 1997	15 12 92	DM	300 000 000	134 441 731
US $ 500 million Eurobonds due 2023	06.04.93	US $	500 000 000	347 714 818
Yen 40 billion sub bonds due 2013	04.10.93	Yen	40 000 000 000	240 264 772
US $ 500 million (EMTN program) due 2004	15.03.94	US $	500 000 000	347 714 818
DM 300 million Eurobonds due 1999	21.10.94	DM	300 000 000	134 441 731
US $ 400 million Yankee bonds due 2015	23.10.95	US $	400 000 000	278 171 855
DM 300 million Eurobonds due 2002	31.10.95	DM	300 000 000	134 441 731
FF 2 billion Eurobonds due 2006	27.09.96	FF	2 000 000 000	265 583 088
Total				6 030 401 438

Notes

A) Swaps

The Bank has concluded cross-currency and interest rate agreements whereby some borrowings have been swapped as follows:

1. Pstg 100 million 11.25 % bonds due 2001 swapped for CHF 249.72 million at an interest rate of 7.05 % p.a.
2. DM 300 million 7.5 % sub. bonds due 1997 swapped for CHF 270 million at an interest rate of 6.475 %. p.a
3. DM 200 million subordinated FRN due 1997 swapped for FRF 683.4 million at an interest rate of 8.32% p.a.
4. DM 100 million out of DM 200 million 6.125% bonds due 1998 swapped for CHF 82.55 million for an interest rate of 4.49 p.a.
5. DM 100 million out of DM 200 million 6.125 % bonds due 1998 swapped for FRF 341.6 million at an interest rate of 6.80 % p.a.
6. Interest Rate swap on FRF 2 billion 6.5 % of 1996 due 2006 swapped for an interest rate of 7.382 % p.a.
7. Interest Rate swap on FRF 2 billion 6.5 % of 1996 due 2006 swapped for an interest rate of Pibor * 2.8 bps s.a.

DEVELOPMENT BANK

ANNEX I-7

of Borrowings as at 31 December, 1996
of Account – Note B)

	Amount drawn	Amount drawn in UA		Amount repaid	Amount repaid in UA	Balance outstanding in UA	Rate of Interest % p. a.	Status of Debt	Principal Repayment Period Start – End	Principal Repayment frequency
		2 752 404 901			63 379 951	2 689 024 950				
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	7.2500	Subordinated	1998/1998	Bullet
Pstg	100 000 000	118 083 970	Pstg	–	–	118 083 970	11.2500	Senior	2001/2001	Bullet
US $	200 000 000	139 085 927	US $	–	–	139 085 927	7.7500	Subordinated	2001/2001	Bullet
US $	300 000 000	208 628 891	US $	–	–	208 628 891	7.8750	Senior	2002/2002	Bullet
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	6.2000	Subordinated	2002/2002	Bullet
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	4.7500	Senior	1997/1997	Bullet
US $	300 000 000	208 628 891	US $	96 695 000	67 244 569	141 384 322	6.7500	Senior	2004/2004	Bullet
DM	300 000 000	134 441 731	DM	–	–	134 441 731	7.5000	Subordinated	1997/1997	Bullet
US $	500 000 000	347 714 818	US $	–	–	347 714 818	7.3750	Senior	2023/2023	Bullet
Yen	40 000 000 000	240 264 772	Yen	–	–	240 264 772	5.1000	Subordinated	2013/2013	Bullet
US $	500 000 000	347 714 818	US $	75 000 000	52 157 223	295 557 595	6.5000	Senior	2004/2004	Bullet
DM	300 000 000	134 441 731	DM	–	–	134 441 731	7.2500	Senior	1999/1999	Bullet
US $	400 000 000	278 171 855	US $	–	–	278 171 855	6.8750	Subordinated	2015/2015	Bullet
DM	300 000 000	134 441 731	DM	–	–	134 441 731	6.3750	Senior	2002/2002	Bullet
FF	2 000 000 000	265 583 088	FF	–	–	265 583 088	6.5000	Senior	2006/2006	Bullet
		6 030 401 438			182 781 743	5 847 619 696				

B) The Board of Directors has adopted a policy to limit the senior borrowings and guarantees chargeable to the Bank's ordinary capital resources to 80 % of the callable capital of its non-borrowing members and to limit the total borrowings represented by both senior and subordinated debt to 80 % of the total callable capital of all its member countries.
As at 31 December 1996 an amount of UA 3 453 056 617 was senior debt and UA 2 394 563 079 subordinated debt. As of the same date, the ratio of senior debt to non-borrowing members' callable capital was 66.17 %, and that of total outstanding borrowings to total callable capital was 49.95 %.

C) The current 6 months libor rate for the floating rate coupons is as follows:
- DM FRN due 1997: Coupon = 3.73567 %
- DM FRN/FRF swap coupon = (libor 3.5 % + 0.25 %) = 3.75 %

D) The accompanying notes to the financial statements (Annex 1-4) form part of this statement.

E) The amounts are based on the exchange rates ruling at the end of the year.

AFRICAN DEVELOPMENT BANK **ANNEX I-7 (a)**

Maturity of Outstanding Borrowings as at 31 December, 1996

(Expressed in millions of Units of Account-Note B)

Period	UA
1 January, 1997 to 31 December 1997	1,025.95
1 January 1998 to 31 December 1998	331.98
1 January, 1999 to 31 December 1999	768.03
1 January, 2000 to 31 December 2000	349.19
1 January, 2001 to 31 December 2001	509.28
1 January, 2002 to 31 December 2006	1,576.44
1 January, 2007 to 31 December 2011	202.22
1 January, 2012 to 31 December 2016	519.56
1 January, 2017 to 31 December 2021	140.13
1 January, 2022 to 31 December 2026	424.81
1 January, 2027 to 31 December 2031	0.03
Total	5,847.62

Currency Composition of Outstanding Borrowings as at 31 December

(Expressed in millions of Units of Account – Note B)

Currency	Borrowings outstanding		Currency swaps Payable (Receivable)		Net currency obligation	
	1996 UA	1995 UA	1996 UA	1995 UA	1996 UA	1995 UA
Austrian Schilling	0.87	1.06	–	–	0.87	1.06
Canadian Dollar	1.51	1.52	–	–	1.51	1.52
Deutsche Mark	672.21	750.86	(313.70)	(328.50)	358.51	422.36
French Franc	398.37	411.87	136.11	17.16	534.48	429.03
Pound Sterling	177.13	156.41	(117.19)	(103.49)	59.94	52.92
Spanish Peseta	–	55.42	–	(55.41)	–	0.01
Swedish Krona	4.64	4.74	–	–	4.64	4.74
Swiss Franc	77.48	146.18	311.08	432.35	388.56	578.53
United States Dollar	2 203.33	2 131.40	–	112.69	2 203.33	2 244.09
Japanese Yen	2 312.08	2 527.93	–	–	2 312.08	2 527.93
Total	5 847.62	6 187.39	16.30	74.80	5 863.92	6 262.19

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

ANNEX I-8

AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources
Statement of Reserves as at 31 December, 1996 and 1995
(Expressed in Units of Account – Note B)

	1996 UA	1995 UA
A) Special Reserve		
Balance as at 1 January	231 665 899	214 019 470
Statutory commission for the year	17 255 766	17 646 429
Balance as at 31 December	248 921 665	231 665 899
B) General Reserve		
Balance as at 1 January	724 351 351	694 638 618
Transfer of net income of the previous year	51 362 240	29 712 733
Balance as at 31 December	775 713 591	724 351 351
C) Net Income		
Net income for the year after appropriation to Special Reserve	86 369 985	51 362 240
Balance as at 31 December	86 369 985	51 362 240
D) Cumulative Currency Translation Adjustment		
Balance as at 1 January	(211 274 933)	(218 597 542)
Current year	296 897	7 322 609
Balance as at 31 December	(210 978 036)	(211 274 933)
Total Reserves	900 027 205	796 104 557

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

ANNEX I-9

Summary Statement of Resources and Assets of Special Funds as at 31 December, 1996 and 1995
(Expressed in Units of Account – Note B)

	1996		1995	
	UA		UA	
A) Nigeria Trust Fund				
Contribution received	128 586 964		128 586 964	
Funds generated (net)	261 005 494		250 794 824	
Adjustment for translation of currencies	(90 847 149)		(100 370 491)	
		298 745 309		279 011 297
Represented by:				
Due from Bank	1 096 014		3 296 488	
Investments	228 442 896		205 202 986	
Interest and charges receivable on loans	173 746		31 962	
Accrued interest on loans and investments	1 936 068		1 917 697	
Other amounts receivable	695 637		541 012	
Loans outstanding	67 908 573		69 061 059	
	300 252 934		280 051 204	
Less: Current liabilities	(1 507 625)		(1 039 907)	
		298 745 309		279 011 297
B) Staff Retirement Plan				
Net assets available for benefits	73 693 236		69 683 149	
		73 693 236		69 683 149
Represented by:				
Due from Bank	196 940		3 513 375	
Investments	75 118 849		68 819 847	
Accrued interest on investments	102 956		243 584	
Amounts payable to ADB	(1 725 509)		(2 893 657)	
		73 693 236		69 683 149
C) Special Relief Fund for African countries affected by drought				
Fund balance	24 602 396		24 602 396	
Funds generated	2 389 024		2 043 234	
Funds allocated to SDA	6 175		32 925	
Less: Relief granted	(21 408 601)		(21 208 601)	
		5 588 994		5 469 954
Represented by:				
Due from Banks	5 527 904		5 410 034	
Investments	18 691		18 443	
Accrued interest of investments	42 399		41 477	
		5 588 994		5 469 954
Total Resources and Assets of Special Funds		378 027 539		354 164 400

The accompanying notes to the financial statements (Annex I-4) form part of this statement.

AKINTOLA WILLIAMS & HASSAN INC.
Immeuble Alpha 2000, 14e Etage
01 BP 4114 Abidjan 01
Côte d'Ivoire

DELOITTE & TOUCHE LLP
Two World Financial Center
New York, NY 10281
United States of America

REPORT OF THE EXTERNAL AUDITORS TO THE BOARD OF GOVERNORS OF THE AFRICAN DEVELOPMENT BANK

We have audited the accompanying financial statements (Annex I-1 to I-9) of the African Development Bank (the Bank). These financial statements are the responsibility of management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the African Development Bank as of 31 December 1996 and 1995, and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards, and comply with the Agreement establishing the Bank.

Akintola Williams & Hassan Inc.

AKINTOLA WILLIAMS & HASSAN INC.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Abidjan, Côte d'Ivoire
26 March 1997

AFRICAN DEVELOPMENT BANK **ANNEX II**

Administrative Budget for Financial Year 1997
(Expressed in Thousands of Units of Account)

Description	1997 Budget
Board of Governors	1,400
Annual meeting	1,357
Bureau of Governors	38
Standing Committee	5
Board of Directors	7,154
Administrative and Personnel Expenditure	6,895
Meetings of Board of Directors	259
Personnel Expenditure	56,497
Remuneration	50,337
Short-term and Cooperation Staff	384
Training Courses	625
Other Personnel Expenses	5,151
General Expenses	14,697
Official missions	4,410
Consultancy and Contractual Services	4,065
Renting and Maintenance of Premises and Equipment	2,519
Office Supplies and Services	548
Communications	1,461
Library	203
Miscellaneous Services	251
Indirect Borrowing Expenses	451
Contingencies	789
Depreciation	3,830
Total	83,578
Less: Management Fees*	(50,617)
Net: Administrative Budget	32,961

* The amount shown comprises African Development Fund's share of the fair value of the Bank expenses in respect of offices, staff, organization, services and facilities based on a formula approved by the Boards (UA 48 627 000) and expenses incurred by the management of the Nigeria Trust Fund (UA 1 990 000).

African Development Bank – Appendices

APPENDIX A

Resolutions adopted by the Board of Governors in 1996

Number	Subject	Date of Approval
B / BG / 96 / 01	By-election of Directors of the African Development Bank	23 / 05 / 1996
B / BG / 96 / 02	Adoption of the Annual Report and Audited Statement of Account for the financial year ended 31 December 1995	23 / 05 / 1996
B / BG / 96 / 03	Allocation of Net Income of the Bank for the Financial Year ended 31 December 1995	23 / 05 / 1996
B / BG / 96 / 04	Appointment of External Auditors for the Financial Years 1997 through 2001	23 / 05 / 1996
B / BG / 96 / 05	Settlement of Arrears by Borrowing Member States	23 / 05 / 1996
B / BG / 96 / 06	Vote of Thanks of the Board of Governors to His Excellency, Henri Konan BEDIE, the President of the Republic of Côte d'Ivoire	23 / 05 / 1996
B / BG / 96 / 07	Vote of Thanks of the Board of Governors to the Chairman, Bureau and Joint Steering Committee of the Boards of Governors	23 / 05 / 1996
B / BG / 96 / 08	Date and venue of the Thirty-Third Annual Meeting of the Board of Governors of the African Development Bank (1997)	23 / 05 / 1996

APPENDIX B

Board of Gevernors and Voting Power of Member Countries as at 31 December 1996

Country	Governor	Alternate Governor	Voting Power	Percent-age
1. Algeria	ABDELKRIM HARCHAOUI	M. HALTALLI	64,594	4.046
2. Angola	MARIO ALCANTARA MONTEIRO	SEBASTIAO BASTOS LAVRADOR	20,314	1.272
3. Benin	MOÏSE MENSAH	ALBERT TEVOEDJRE	4,095	0.256
4. Botswana	L T. MOTHIBAMELE	S.S.G. TUMELO	38,306	2.399
5. Burkina Faso	ZONGO TERTIUS	NIKIEMA PATRICE	3,831	0.240
6. Burundi	GERARD NIYIBIGIRA	LAURENT NIYUNGEKO	5,898	0.369
7. Cameroon	EDOUARD AKAME MFOUMOU	OBAM MBOM SAMUEL	14,736	0.923
8. Cape Verde	ANTONIO GUALBERTO DO ROSARIO	–	2,223	0.139
9. Central Afr. Rep.	AUGUSTIN-RENE KOYAMBA	DANIEL NDITIFEI BOYSSEMBE	1,832	0.115
10. Chad	YAMTEBAYE NADJITANGAR	BICHARA CHERIF DAOUSSA	2,871	0.180
11. Comoros	–	–	1,025	0.064
12. Congo	NGUILA MOUNGOUNGA-NKOMBO	ANGE-EDOUARD POUNGUI	9,329	0.584
13. Côted'Ivoire	N'GORAN NIAMIEN	AHOUA N'DOLI THEOPHILE	80,094	5.017
14. Djibouti	MOHAMED ALI MOHAMED	DJAMA MOHAMOUD HAID	2,009	0.126
15. Egypt	ISMAIL HASSAN MOHAMED	YOUSSEF BOUTROS GHALY	92,665	5.804
16. Equatorial Guinea	MARCELINO OYONO NTUTUMU	BALTASAR ENGONGA EDJO	1,039	0.065
17. Eritrea	HAILE WOLDENSE	–	3,415	0.214
18. Ethiopia	SUFIAN AHMED	GIRMA BIRRU	29,249	1.832
19. Gabon	DOUPAMBY MATOKA MARCEL	MAGANGA MOUSSAVOU P. CLAVER	16,401	1.027
20. Gambia	BALA GARBA JAHUMPA	ALIEU M. NGUM	3,017	0.189
21. Ghana	RICHARD KWAME PEPRAH	GODFRIED KPORTUFE AGAMA	35,920	2.250
22. Guinea	OUSMANE KABA	FACINET FOFANA	8,833	0.553
23. Guinea Bissau	ARISTIDES GOMES	IBRAHIMA DIEME	1,225	0.077
24. Kenya	MUSALIA MUDAVADI	MATHIAS B. KEAH	26,721	1.674
25. Lesotho	LEKETEKETE VICTOR KETSO	E.M. MATEKANE	3,361	0.211
26. Liberia	LASANAH V. KROMAH	FRANCIS CARBAH	6,358	0.398
27. Libya	MOHAMED BAIT EL MAL	BRENI EGGLIA	58,430	3.660
28. Madagascar	FAHAROUDDINE MOHAMADY	RAVELOJAONA GASTON	12,281	0.769
29. Malawi	ALEKE BANDA	ALEX C. GOMANI	7,097	0.445
30. Mali	SOUMAILA CISSE	KONATE BRAHIMA	8,401	0.526
31. Mauritania	AHMED KILLY OULD CHEIKH SIDIYA	FALL N'GUISSALY	6,095	0.382
32. Mauritius	VASANT KUMAR BUNWAREE	DIPNARAIN MANNA	12,225	0.766
33. Morocco	MOHAMED KABBAJ	BENMANSOUR ABDEL FETTAH	60,105	3.765
34. Mozambique	TOMAZ SALOMAO	ADRIANO AFONSO MELEIANE	11,955	0.749
35. Namibia	NANGOLO MBUMBA	USUTUAIJE MAAMBERUA	6,713	0.420
36. Niger	AMADOU BOUBACAR CISSE	SIDIBE SAIDOU	6,151	0.385
37. Nigeria	ANTHONY A. ANI	ABDULLAHI ABUBAKAR	160,377	10.045
38. Rwanda	RUNEGERA MARC	MURANGIRA APPOLLINAIRE	2,964	0.186
39. Sao Tome & Principe	RAFAEL BRANCO JOAQUIM	CARLOS QUARESMA B. DE SOUSA	2,227	0.139
40. Senegal	PAPA OUSMANE SAKHO	MAMADOU WOURY DIALLO	19,047	1.193
41. Seychelles	DANIELLE DE ST JORRE (Ms)	EMMANUEL FAURE	1,809	0.113
42. Sierra Leone	THAIMU M.W. BANGURA	SAMURA KAMARA	5,702	0.357
43. Somalia	–	–	3,175	0.199
44. South Africa	TREVOR A. MANUEL	GILL MARCUS (Ms)	15,832	0.992
45. Sudan	ABDEL-WAHAB OSMAN	ABDALLA HASSAN AHMED	13,150	0.824
46. Swaziland	THEMBA N. MASUKU	MUSA FAKUDZE (Ms)	6,593	0.413
47. Tanzania	–	RICHARD MARIKI	14,423	0.903
48. Togo	BARRY MOUSSA BARQUE	K. KLUTSE	4,331	0.271
49. Tunisia	MOHAMED GHANNOUCHI	MOHAMED ALI MOUELHI	25,722	1.611
50. Uganda	JOASH MAYANJA-NKANGI	E. TUMUSIIME-MUTEBILE	10,973	0.687
51. Zaire	KIAKWAMA Kia KIZIKI	DJAMBOLEKA LOMA O. PATRICE	29,535	1.850
52. Zambla	RONALD D.S. PENZA	B. MWEENE	23,864	1.495
53. Zimbabwe	H. MURERWA	CHARLES KUWAZA	42,289	2.649
Total: Regionals			1,050,827	65.820

APPENDIX B

Board of Gevernors and Voting Power of Member Countries as at 31 December 1996

Country	Governor	Alternate Governor	Voting Power	Percent-age
Total Regionals:			1,050,827	65.820
1. Argentina	ROQUE BENJAMIN FERNANDEZ	PEDRO POU	4,617	0.289
2. Austria	VIKTOR KLIMA	HANS DIETMAR SCHWEISGUT	6,617	0.414
3. Belgium	PHILIPPE MAYSTADT	GINO ALZETTA	9,241	0.579
4. Brazil	ANTONIO KANDIR	GUSTAVO J. LABOISSIERE LOYOLA	6,617	0.414
5. Canada	LLOYD AXWORTHY	THOMAS A. BERNES	51,025	3.196
6. China	DAI XIANGLONG	CHEN YUAN	15,625	0.979
7. Denmark	ELLEN MARGRETHE LOEJ (Ms)	PETER BRÜCKNER	16,161	1.012
8. Finland	KIRSTI LINTONEN (Ms)	RITVA JOLKKONEN	7,185	0.450
9. France	JEAN LEMIERRE	FRANCIS MAYER	51,025	3.196
10. Germany	KLAUS-JÜRGEN HEDRICH	MICHAEL RÖSKAU	55,953	3.505
11. India	P. CHIDAMBARAM	MONTEK SINGH AHLUWALIA	3,625	0.227
12. Italy	CARLO AZEGLIO CIAMPI	MARIO DRAGHI	33,121	2.075
13. Japan	HIROSHI MITSUZUKA	YASUO MATSUSHITA	74,329	4.656
14. Korea	SEUNG-SOO HAN	KYUNG SHIK LEE	6,617	0.414
15. Kuwait	NASER AL-ROUDAN	HISHAM AL-WOQAYAN	6,617	0.414
16. Netherlands	GERRIT ZALM	JAN P. PRONK	10,857	0.680
17. Norway	ASBJOERN MATHISEN	KNUT VOLLEBAEK	16,161	1.012
18. Portugal	ANTONIO DE SOUSA FRANCO	FERNANDO TEIXEIRA DOS SANTOS	3,649	0.229
19. Saudi Arabia	YOUSEF AL-BASSAM	ABDULRAHMAN SEHAIBANI	3,225	0.202
20. Spain	RODRIGO DE RATO Y FIGAREDO	JOSE MANUEL FERNANDEZ NORNIELLA	8,497	0.532
21. Sweden	MATS KARLSSON	LENNART BAAGE	21,361	1.338
22. Switzerland	NICOLAS IMBODEN	HENRI PHILIPPE CART	20,305	1.272
23. United Kingdom	BARONESS CHALKER OF WALLASEY	N.B. HUDSON	23,189	1.452
24. United States of America	ROBERT E. RUBIN	JOAN E. SPERO (Ms)	90,077	5.642
Total: Non-Regionals			545,696	34.180
Grand Total:			1,596,523	100.000

APPENDIX C

Board of Directors – Voting Power and Countries Represented as at 31 December 1996

Directors	For		Voting Power (Percentage)
K. ASSAMOI	Cote d'Ivoire	5.017	
G. NGUEMA ELA (Alternate)	Equatorial Guinea	0.065	
	Guinea	0.553	5.635
P. AYISI-OKYERE (Ms)	Ghana	2.250	
S.M.M. SANNEH (Alternate)	Gambia	0.189	
	Liberia	0.398	
	Sierra Leone	0.357	
	Sudan	0.824	4.018
A.M. EL-DERSH	Egypt	5.804	
A.A. HACHI (Alternate)	Djibouti	0.126	5.930
A. EL OUADRHIRI	Morocco	3.765	
M. BOUALLAGUI (Alternate)	Tunisia	1.611	
	Togo	0.271	5.647
S. FERRAT	Algeria	4.046	
G. RAJAONSON (Alternate)	Madagascar	0.769	
	Guinea Bissau	0.077	4.892
C.M. FUNDANGA	Zambia	1.495	
P. PETLANE (Alternate)	Lesotho	0.211	
	Malawi	0.445	
	Mauritius	0.766	
	Swaziland	0.413	3.329
L.O. GONDJOUT (Ms)	Gabon	1.027	
– (Alternate)	Benin	0.256	
	Burkina Faso	0.240	
	Cape Verde	0.139	
	Comoros	0.064	
	Mali	0.526	
	Niger	0.385	
	Senegal	1.193	
	Chad	0.180	4.011
M. MASUMBUKO	Zaire	1.850	
I. GOUYOMBGIA ZEZE (Ms) (Alternate)	Central African Republic	0.115	
	Cameroon	0.923	
	Congo	0.584	3.472
S.F. OWORI	Uganda	0.687	
N.N. KITOMARI (Alternate)	Tanzania	0.903	
	Ethiopia	1.832	
	Kenya	1.674	
	Rwanda	0.186	
	Seychelles	0.113	5.395
D.G. TEMBE	Mozambique	0.749	
S.S.G. TUMELO (Alternate)	Botswana	2.399	
	Angola	1.272	
	Burundi	0.369	
	Namibia	0.420	
	Zimbabwe	2.649	7.859
A.M.A. TRAINA	Libya	3.660	
C.M.R. BOUNENA (Alternate)	Mauritania	0.382	
	Somalia	0.199	4.241
A. BEITA YUSUF	Nigeria	10.045	
A. DA SILVA (Alternate)	Sao Tome and Principe	0.139	10.185
	South Africa[1]	0.992	0.992
	Eritrea[1]	0.214	0.214
Total: Regionals			65.820

[1] Not represented on the Board of Directors

APPENDIX C

Board of Directors – Voting Power and Countries Represented as at 31 December 1996

Directors	For		Voting Power (Percentage)
Total: Regionals			65.820
I. BJORK-KLEVBY (Ms)	Sweden	1.338	
J.M.A. ERIKSEN (Ms) (Alternate)	Denmark	1.012	
	India	0.227	
	Norway	1.012	
	Switzerland	1.272	
	Finland	0.450	5.311
A.M. DEAR (Ms)	USA	5.642	5.642
C. DI VEGLIA	Italy	2.075	
E.R. PERRIN (Alternate)	France	3.196	
	Belgium	0.579	5.849
K. NARITA	Japan	4.656	
L. SIMOENS DA SILVA (Alternate)	Brazil	0.414	
	Argentina	0.289	
	Austria	0.414	
	Saudi Arabia	0.202	5.976
M.A. POWER	United Kingdom	1.452	
J.F. VAN DUNNÉ (Alternate)	Netherlands	0.680	
	Portugal	0.229	
	Germany	3.505	5.866
S. D. SCRIMSHAW (Ms)	Canada	3.196	
A. AL-HASHEM[1] (Alternate)	Kuwait	0.414	
	China	0.979	
	Korea	0.414	
	Spain	0.532	5.536
Total: Non-Regionals			34.180
Grand Total:			100.000

[1] Since 1st November 1996; and A. AL-ABDUL-RAZZAQ (Kuwait) before that.

AFRICAN DEVELOPMENT FUND

ADF Loan Approvals and Disbursements

ADF Loan Approvals in 1996

The conclusion of ADF–VII consultations in May 1996 led to the resumption of lending for concessional resources which had not been available since the end of 1993. Consequently, in 1996, ADF loan and grant approvals totalled UA 199.14 million for 19 loans (Table 18). Project and program loans accounted for all loan approvals, with an average size of UA 10.48 million.

In 1996, two ADF loan re-allocations were authorized in Rwanda amounting to UA 13.76 million. This amount was the undisbursed balance from three projects which will be used to finance two emergency rehabilitation projects: the Health Facilities Rehabilitation Project for UA 4.76 million; and the Project for the Rehabilitation of Secondary Education and Busogo Agronomy and Livestock Institute for UA 9.00 million.

The distribution by lending instruments of loans approved in 1996 was as follows: project loans, UA 176.34 million, or 88.6 per cent of total approvals; and, one sectoral adjustment loan for UA 22.80 million, representing 11.4 per cent. Of the approvals, 92.5 per cent went to ADF-only countries and 7.5 per cent to blend countries.

The sectoral distribution of ADF loan and grant approvals in 1996 was as follows: public utilities, UA 75.60 million or 38 per cent; agriculture, UA 45.10 million or 22.6 per cent; transport UA 43.93 million or 22.1 per cent; the social sectors, UA 21.71 million or 10.9 per cent; the multisector category, which includes poverty reduction activities, UA 7.80 million or 3.9 per cent; and industry, UA 5.00 million or 2.5 per cent.

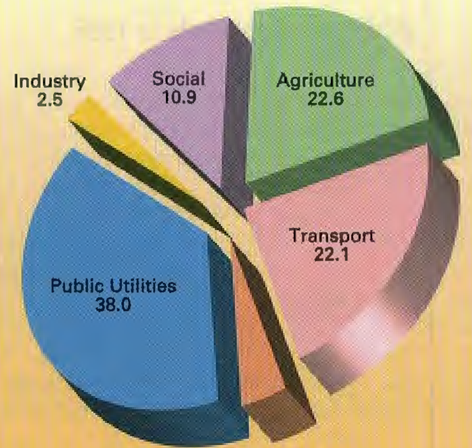
Table 18
ADF Loan Approvals in 1996
(in millons of UA)

Country	Loan Approvals	Total Cost	ADF Contribution Amount	ADF Contribution % Share
Benin	Cotonou – Port Novo Road Rehabilitation Project	61.01	10.00	16.4
	Promotion of Women's Economic Activities in Oueme Province	2.22	2.00	90.1
Cote d'Ivoire	Agricultural Sector Adjustment Program Phase II	175.99	15.00	8.5
	Rural Water Supply	15.94	14.00	87.8
Eritrea	Central Highlands Irrigated Horticulture Development Project	9.43	8.50	90.1
	Rehabilitation and Recovery Program (Roads Component)	19.78	5.53	28.0
Ethiopia	Addis Ababa International Airport Development	49.55	19.50	39.4
Gambia	Lowlands Agricultural Development Project (LADEP)	8.05	4.00	49.7
Kenya	Nairobi Third Water Supply (supplementary loan)	23.70	13.95	58.9
Malawi	Line of Credit to the Investment and Development Bank (INDEBANK)	–	5.00	–
Mauritania	Public Resource Management Program and Capacity Building Program	272.60	7.80	2.9
	Trans-Maghreb Road: Construction of the Akjoujt Atar Section	18.15	8.90	49.0
Mozambique	Beira Corridor Health	8.57	7.71	90.0
	Electricity II	19.69	16.65	84.6
Sao Tome & Principe	Livestock Development Support Project	2.90	2.60	89.7
Senegal	Education II	13.94	12.00	86.1
Uganda	Urban Power Rehabilitation	21.49	18.00	83.8
Zambia	Agriculture Sector Investment Program	27.19	15.00	55.2
Zimbabwe	Rural Water Supply and Sanitation II	15.98	13.00	81.4
Total		766.18	199.14	26.0

Cumulative ADF Loan and Grant Approvals, 1974-96

Cumulative ADF loan and grant approvals totalled UA 8,078.94 million for 1183 projects, programs and studies at the end of 1996, compared with UA 7,879.80 million for 1164 projects, programs and studies in 1995. In terms of sectors (Table 19), agriculture received the largest share, with UA 2636.30 million or 32.6 per cent. This was followed by the transport sector with UA 1566.14 million or 19.4 per cent; the social sector, with UA 1386.30 million, representing 17.2 per cent; public utilities, with UA 1311.24 million or 16.2 per cent; and the multisector category, with UA 874.03 million, corresponding to 10.8 per cent of the total. The industrial sector received UA 304.93 million or 3.8 per cent.

Chart 7
ADF Loan and Grant Approvals by Sector in 1996 (in percentage)



Cumulative ADF Loan and Grant Approvals by Region and Sector, 1974-96

Table 20 shows ADF cumulative loan and grant approvals by region and by sector as at the end of 1996. Member countries in the West Africa region received UA 2443.38 million or 30.2 per cent of cumulative loan and grant approvals. Within this region, the sectoral breakdown was as follows: agriculture, 34.9 per cent; the social sector, 20.8 per cent; transport, 16.3 per cent; the multisector category, 13.5 per cent; public utilities, 11.5 per cent; and industry, 3 per cent.

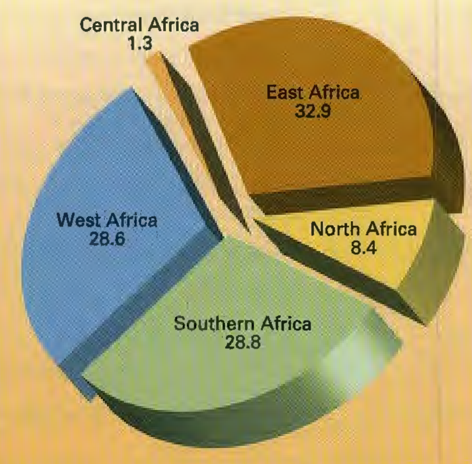
Member countries in the East Africa region received UA 1,797.83 million, representing 22.3 per cent of ADF cumulative loan and grant approvals at the end of 1996. The agricultural sector received the largest share at 34 per cent; transport, 22.8 per cent; public utilities, 17.9 per cent; the social sector, 11.4 per cent; the multisector category and the industrial sector, 9.5 and 4.4 per cent, respectively.

At the end of 1996, UA 1,770.97 million or 21.9 per cent of ADF cumulative loan and grant approvals were made to countries in the Southern region. Within the region, the sectoral distribution was as follows: agriculture, 28.2 per cent; transport, 23.6 per cent; public utilities, 19.7 per cent; the social sector, 13.5 per cent; the multisector category, 10.4 per cent; and industry 4.6 per cent.

For the Central Africa region countries, ADF cumulative loan and grant approvals amounted to UA 1,389.45 million or 17.2 per cent. The sectoral distribution for this region was as follows: agriculture, 29.2 per cent; transport, 21 per cent; social sector, 19 per cent; public utilities, 18.1 per cent; the multisector category, 10 per cent; and industry, 2.7 per cent.

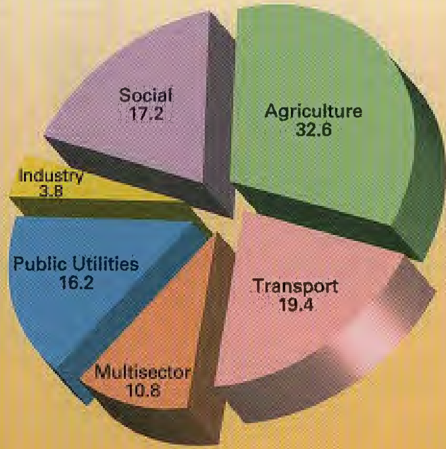
The share of member countries in the North Africa region in ADF cumulative loan and grant approvals at the end of 1996 amounted to UA 642.42 million, representing 8 per cent. The sectoral distribution was as follows: agriculture, 40 per cent; the social sector, 26 per cent; public utilities, 14.6 per cent; transport, 7.5 per cent; multisector category and industry sector 6.3 and 5.6 per cent, respectively.

Chart 8
ADF Loan and Grant Approvals by Region in 1996 (in percentage)



Cumulative multiregional loan and grant approvals amounted to UA 34. 89 million, representing 0.4 per cent. The sectoral distribution of these grants and loans was as follows: public utilities, 37.3 per cent; the multisector category 29.6 per cent; agriculture, 28.8 per cent; and the social sector, 4.3 per cent.

Chart 9
Cumulative ADF Loan and Grant Approvals by Sector as at 31 December, 1996 (in percentage)



Disbursements of Loans and Grants in 1996

Disbursements of loans and grants increased from UA 414.34 million in 1995 to UA 435.65 million in 1996, representing an increase of 5.14 per cent. Cumulative disbursements totalled UA 5,145.43 million at the end of 1996. As at 31 December 1996, a total of 398 loans and grants were fully disbursed for a total amount of UA 2,085.25 million, representing 40.53 per cent of cumulative disbursements. The number of active loans and grants stood at 1,063 for a total amount of UA 6,855.39 million. The number of fully repaid loans was 17 for a total amount of UA 10.08 million at the end of the year.

Table 19
Cumulative ADF Loan and Grant Approvals by Sector, 1974–96[a]
(in millions of UA)

Sector	1974–93	1974–94	1974–95	1974–96	Number[b]
Agriculture, including Agricultural Lines of Credit	2,591.20	2,591.20	2,591.20	2,636.30	382
	(32.9)	(32.9)	(32.9)	(32.6)	
Transport	1,522.21	1,522.21	1,522.21	1,566.14	217
	(19.3)	(19.3)	(19.3)	(19.4)	
Public Utilities	1,235.64	1,235.64	1,235.64	1,311.24	217
	(15.7)	(15.7)	(15.7)	(16.2)	
Industry, including Industrial Lines of Credit	299.93	299.93	299.93	304.93	58
	(3.8)	(3.8)	(3.8)	(3.8)	
Social[c]	1,364.59	1,364.59	1,364.59	1,386.30	223
	(17.3)	(17.3)	(17.3)	(17.2)	
Multisector[d]	866.23	866.23	866.23	874.03	86
	(11.0)	(11.0)	(11.0)	(10.8)	
Total	7,879.80	7,879.80	7,879.80	8,078.94	1,183

[a] Figures in brackets indicate percentages.
[b] Number of loans and grants approved.
[c] Comprising education, health and other related sub-sectors.
[d] Including poverty reduction loans and grants beside policy-based loans.

Table 20
Cumulative ADF Loan and Grant Approvals by Region and by Sector, 1974–96[a]
(in millions of UA)

Sector	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Multi-regional[b]	All regions
Agriculture, including Agricultural Lines of Credit	405.14	610.87	256.91	500.34	852.99	10.05	2,636.30
	(29.2)	(34.0)	(40.0)	(28.2)	(34.9)	(28.8)	(32.6)
Transport	291.67	410.78	48.23	418.05	397.42	–	1,566.14
	(21.0)	(22.8)	(7.5)	(23.6)	(16.3)	–	(19.4)
Public Utilities	251.23	321.64	94.01	348.87	282.47	13.02	1,311.24
	(18.1)	(17.9)	(14.6)	(19.7)	(11.5)	(37.3)	(16.2)
Industry, including Industrial Lines of Credit	37.50	78.86	35.68	80.74	72.15	–	304.93
	(2.7)	(4.4)	(5.6)	(4.6)	(3.0)	–	(3.8)
Social[c]	264.53	205.28	167.10	238.54	509.35	1.51	1,386.30
	(19.0)	(11.4)	(26.0)	(13.5)	(20.8)	(4.3)	(17.2)
Multisector[d]	139.38	170.39	40.50	184.43	329.00	10.32	874.02
	(10.0)	(9.5)	(6.3)	(10.4)	(13.5)	(29.6)	(10.8)
Total	**1,389.45**	**1,797.83**	**642.42**	**1,770.97**	**2,443.38**	**34.89**	**8,078.94**
% Share	(17.2)	(22.3)	(8.0)	(21.9)	(30.2)	(0.4)	(100.0)

[a] Figures in brackets indicate percentages.
[b] Covering more than one region.
[c] Comprising education and health and other related sub-sectors.
[d] Including poverty reduction loans and grants beside policy-based loans.

Chart 10
Cumulative ADF Loan and Grant Approvals by Region and Sector as at 31 December, 1996
(in percentage)

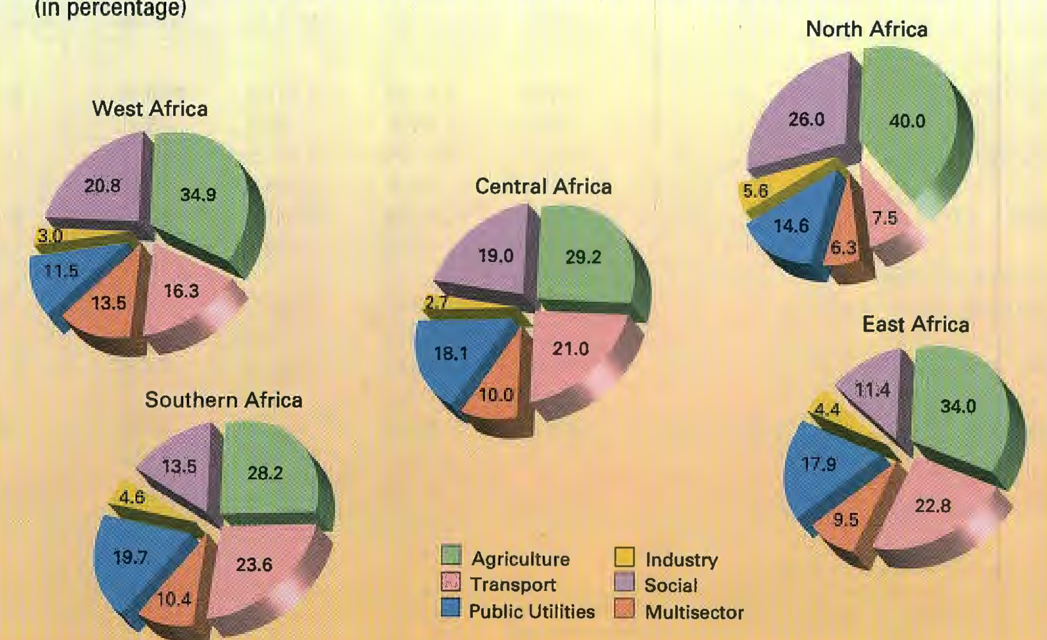
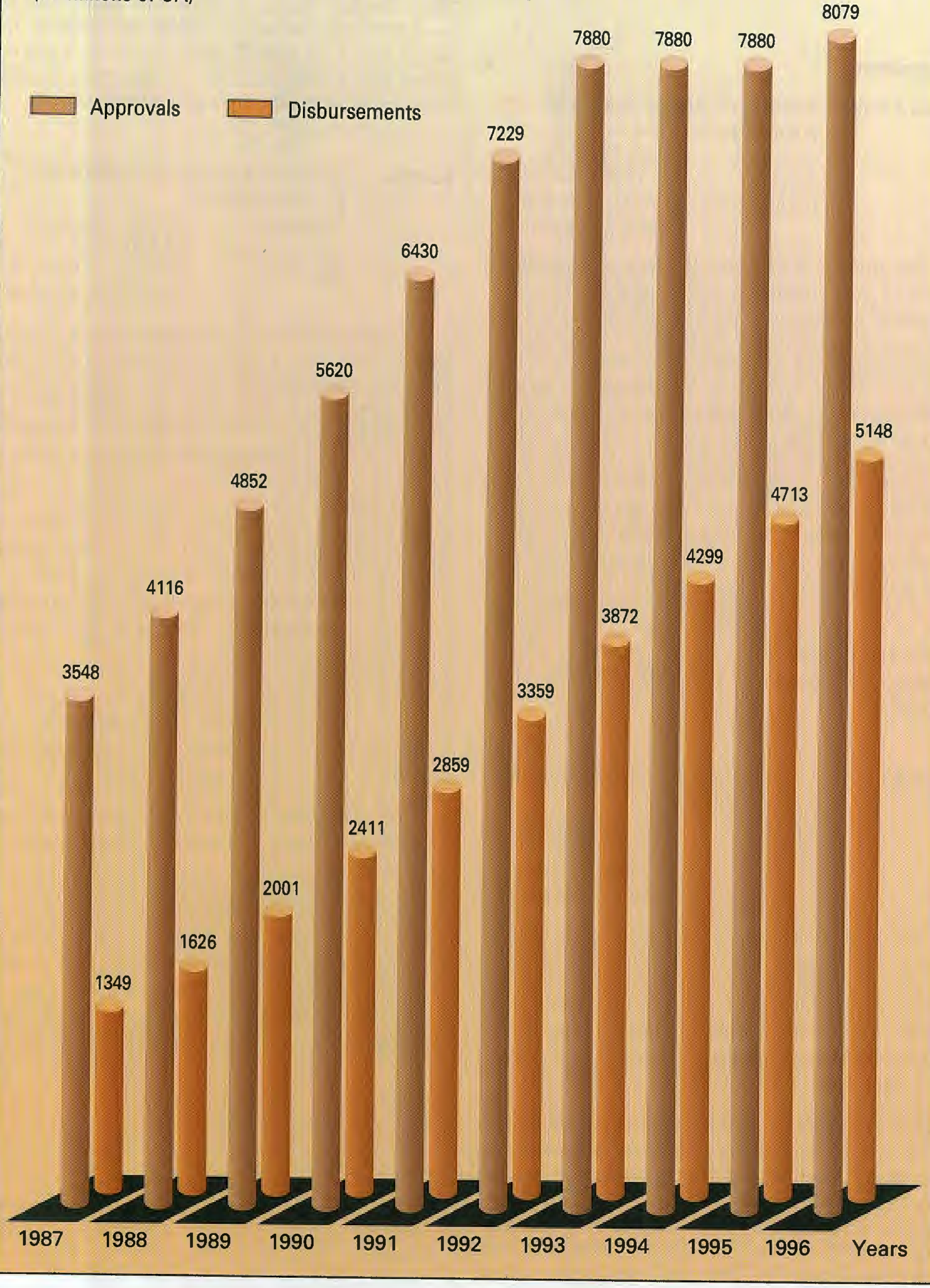


Chart 11
Cumulative ADF Loan and Grant Approvals and Disbursements, 1987 – 96
(in Millions of UA)



Project and Program Loans Approved During the Year

Agriculture

Côte d'Ivoire Agricultural Sector Adjustment Program, Phase II (ASAP II)

Total cost:	UA 175.99 million
Amount:	UA 15.00 million
Duration:	50 years, including a 10-year grace period

The program is expected to improve competitiveness of local production, and to optimize the contribution of agriculture to the economy and balance of payments equilibrium. It, therefore, aims at the development and diversification of agricultural production, while increasing the farmers' share of export earnings. ASAP II will focus on reforming the tax policies of the coffee, cocoa, and rice sectors; eliminating tariff and non-tariff barriers and price controls; privatizing the agro-industry; promoting young farmers, and making better use of agricultural produce through local agro-industrial processing of coffee, cocoa, and rice. The program is supported by IDA (UA 104.31 millions), CFD (UA 41.73 million) and KFW (UA 14.95). The ADF contribution represents 8.5 per cent of total financing. The loan is intended to finance the foreign exchange cost of some imports during the 1995-1997 action plan of the ASAP II.

Eritrea Central Highlands Irrigated Horticulture Development Project

Total Cost:	UA 9.43 million
Amount:	UA 8.50 million
Duration:	50 years, including a 10-year grace period.

The major objectives of the project are to improve food security and increase foreign exchange earnings, by enhancing domestic food production and income of small-scale farmers in the Central Highlands of Eritrea. These objectives would be achieved through agricultural intensification based on small irrigation development and the expansion and improvement of horticultural production. The project is expected to contribute to poverty reduction. It will create self-contained irrigation schemes for horticultural production through the construction of 15 small dams; installation of 400 pumped and gravity irrigation schemes; and catchment protection for 3,573 ha. It will also ensure quality extension services, access to improved and high yielding varieties of horticultural crops, and better crop protection. Incremental production of horticultural crops (potatoes, tomatoes, onions, and hot pepper) will reach approximatively 16,000 tons by the year 2001. The ADF financing represents 90 per cent of the total cost, and will cover 100 per cent of the foreign exchange cost, 35 per cent of project coordination and monitoring, and 100 per cent of local costs for irrigation and agricultural development.

Gambia Lowlands Agricultural Development Project (LADEP)

Total Cost:	UA 8.05 million
Amount:	UA 4.00 million
Duration:	50 years, including a 10-year grace period

The main objective of the project is to improve food security in the area by increasing total rice harvest in the traditional rice production systems of the lowland on a sustainable basis, using a community-based demand-driven developmental approach. The target is to achieve an annual increase of about 12,500 tons in rice production by the year 2004 (the end of the project implementation period). The project will create a nation-wide sustainable rice development program based on low technology proven in the field, and on a response to beneficiary demand where the beneficiaries will contribute their labor. The program will establish a Management Information System (MIS) and Guidelines for the future development of the lowland, within the framework of environmental standards for the use of resources. About 3,735 ha will be developed and 1,640 ha of existing swamps will be upgraded, benefiting about 14,000 smallholder farmers. The program will also develop 2,700 ha of tidal swamp schemes, thereby benefiting an additional 7,560 smallholder farmers. It is estimated that about 90 per cent of the beneficiary rice growers will be women. Training workshops at the community level and within the context of Participatory Rural Appraisal will be conducted. The ADF loan will be used to finance 49.7 per cent of the total cost of the project. IFAD will finance 43.7 per cent, and the rest will be covered by the Gambian Government. The ADF loan will finance the total cost of civil engineering works.

Sao Tome and Principe Livestock Development Support Project
Total Cost: UA 2.90 million
Amount: UA 2.60 million
Duration: 50 years, including a 10-year grace period.

The aim of the project is to meet the national demand for livestock products, with a view to improving the country's food security by increasing the productivity of pigs, goats, sheep and poultry farming. Levels of livestock productivity will be increased by at least 30 per cent by 2001. Also by the year 2001, livestock mortality is expected to decrease, on average, from 20 per cent to 7 per cent for small ruminants; from 50 per cent to 15 per cent for poultry; and from 30 per cent to 8 per cent for pigs. The project will increase farmers' income and will have a positive impact on the living standard of women by facilitating their access to cooperative credit, training and extension programs. The project provides for the establishment of an epidemiological monitoring unit, the strengthening of the veterinary laboratory, the training of middle management, technicians and extension workers, and the promotion of livestock activities. The ADF loan will cover 90 per cent of the total cost of the program, and will be used in financing the entire foreign exchange cost and 67 per cent of the local currency costs.

Zambia Agricultural Sector Investment Program
Total Cost: UA 27.19 million
Amount: UA 15.00 million
Duration: 50 years, including a 10-year grace period

The aim of the Agricultural Sector Investment program (ASIP) is to contribute to GDP growth and poverty reduction by increasing the income and living standards of 364,285 households. This is to be achieved by supporting income-generating micro projects, while monitoring sustainable environmental conditions and promoting sound principles of entrepreneurship and private initiatives. The program is part of assistance provided by the donor community in support of ASIP. While other donor funds were used for other regions, the ADF loan is for the Eastern Province and provides support for income and employment-generation activities. The program specifically aims at enhancing the productive capacity of smallholders through improved research, extension services and credit. This is expected to result in increased production by 115,120 tons of maize, 428 tons of beans, and 428 tons of sorghum and other crops by the year 2005/2006. It will also contribute to improved cattle health and marketing services. Consequently, livestock production is expected to increase by 26,000 tons during the same period.

The program consists of developing 1000 ha of agro-forestry, training 15,000 households on the basics of the environment, and establishing 9 seed multiplication units. The components of the program include: support for research and extension training, establishment of such infrastructure as buildings, access roads and water supply; and the establishment of rural financing mechanisms such as rural investment and agricultural credit funds. The program will construct one multi-purpose training center and rehabilitate 7 farm training centers, 5 cattle market centers, 5 quarantine stations, and 480 crush pens. In addition, 800 ha of land will be padlocked at the artificial insemination station. Sanitary facilities comprising 109 wells/bores fitted with pumps and 361 sanitary blairs will be provided. Also, 257 communal storage facilities and 257 camp offices will be established. A total of 400 km of farm access roads together with 10 culverts will be built; 92 small fish ponds will be constructed, and 6 small irrigation schemes rehabilitated. By the year 2005/2006, about 1,000 ha will be under vegetable gardening. About 300 women's groups will be positioned to benefit from credit. The ADF loan will cover 55 per cent of the program's total cost and will fund the entire foreign exchange cost. The ADF will co-operate in the field with Sida and Belgium Aid, which are pursuing the same objectives in the region.

Transport

Benin Cotonou-Porto-Novo Road Rehabilitation Project
Total Cost: UA 61.01 million
Amount: UA 10.00 million
Duration: 50 years, including a 10-year grace period

The aim of the project is to improve the traffic flow within Cotonou town, as well as to promote trade among the country's southern provinces and regional trade along the Accra-Lome-Lagos Trans-West African axis. The project will also contribute to a reduction in traffic accidents around Cotonou's eastern suburbs along the Cotonou-Porto-Novo road, and generate financial resources for maintaining the road. It will develop an 18.3 km two-pavement (two lanes on each pavement) trunk road between Cotonou and Seme — including the development and equipping of a weigh bridge/toll gate — and develop an existing 9.4 km two-lane road between Seme and Porto-Novo. The project is jointly

Bilango-Fada-Ngourma Road Project in Burkina Faso: opening up Gourma and Gnagna Provinces, and promoting regional economic integration with adjoining countries.

financed with NTF (UA 6.0 million), BOAD (UA 6.61 million), EDF (UA 17.34 million), and KFW (UA 18.97 million). The ADF loan will finance 16 per cent of the total project cost.

Eritrea Rehabilitation and Recovery Program (Roads Component)

Total Cost:	UA 19.78 million
Amount:	UA 5.53 million
Duration:	50 years, including a 10-year grace period.

The aim of the project is to contribute to the reactivation of economic activities, by rehabilitating the damaged and deteriorated road infrastructure by 1998, in order to sustain the expected increase in traffic load. The project involves procurement of road maintenance equipment for the repair and rehabilitation of the Asmara-Tesseinei road. The equipment is needed to clear the huge backlog of periodic maintenance and repair works on the road. The equipment would be deployed for two categories of operations : i) the Asmara-Keren Aderde (130 km) asphalt paved road; and ii) the Aderde - Tessenei (256 km) of gravel road. The equipment is required for earth work, rolling, spreading, and paving operations. It includes graders, excavators, tractors, loaders rollers, water pumps, generators, and more. The ADF loan will be used to finance 28 per cent of the total cost. The roads component of the program will be jointly financed by the IDA (UA 3.46 million), the European Union (UA 7.51 million), and Italy (UA 1.58 million). The Government of the State of Eritrea (GSE) will finance the rest.

Ethiopia Addis Ababa International Airport Development Project

Total Cost:	UA 49.55 million
Amount:	UA 19.50 million
Duration:	50 years, including a 10-year grace period.

The major aim of the project is to improve the efficiency of the transport sector by providing additional capacity at Addis Ababa International Airport. This will be done by upgrading the existing infrastructural facilities at the airport, and improving the communications and navigational safety equipment to meet present and future traffic demand. By the year 2000, construction of a new 3800m runway (with a five-exit taxiway), airfield drainage and top soiling, new apron security fencing and a perimeter road will be completed. The project also includes the supply, installation and commissioning of Airside equipment, Airfield lighting and Navaid communication systems, and the construction works for strengthening the existing pavements (overlays). The ADF loan will finance 39 per cent of the total project cost, which represents 54.55 per cent of the foreign exchange cost. The project will be co-financed by the EIB (UA 10.28 million or 20.75 per cent), UNDP (UA 0.34 million or 0.65 per cent), and OPEC Fund (UA 4.63 million or 9.35 per cent). The government of Ethiopia will provide UA 14.8 million or 29.9 per cent. The ADF loan will be used to partly finance civil works and consultancy services.

Mauritania Trans-Maghreb Road: Construction of the Akjoujt-Atar Section

Total Cost:	UA 18.15 million
Amount:	UA 8.90 million
Duration:	50 years, including a 10-year grace period

The project will contribute to the opening up of the North-East region of the country in relation to Nouakchott, and to improving the standard of living of the beneficiary population, by facilitating their access to health centers, food stuff and essential goods, trading companies, and administrative services. It will help improve inter-Mauritanian trade and enhance the construction of a permanent link between the Mauritanian road network and that of other countries of the Arab Maghreb Union (AMU). It will contribute to the gradual construction of the Trans-Maghreb line, and to reducing user-costs, as well as improving user safety. It will consist of development of the Akjoujt-Atar trunk (177 km) into a paved road, divided into two separate batches corresponding to the Akjoujt - PK76 and PK76 - Atar road sections, respectively. The project will be co-financed by the IsDB (UA 5.13 million or 28.3 per cent) and AFESD (UA 1.11 million or 6.1 per cent). The Government of Mauritania will provide UA 3.01 million or 16.6 per cent. The ADF loan will finance 49 per cent of the total cost and will be used for works, services and audit components of the project.

Public Utilities

Côte d'Ivoire Rural Water Supply Project

Total Cost:	UA 15.94 million
Amount:	UA 14.00 million
Duration:	50 years, including a 10-year grace period

The primary objective of the project is to make up for the short-fall in the drinking water supply of the rural population of Divo, Gagnoa, Issia, Lakota, Man, Sassandra, San-Pedro, Soubre and Tabou, through the creation of 950 water points equipped with 1,100 pumps; development of 10 springs; and establishment of 20 improved village water supply systems to satisfy the drinking water requirements of about 400,000 people. The project would help to maintain the population on the fertile farmlands, improve their productivity, and help to reduce the incidence of water-borne diseases among the population. The project involves provision of pump-equipped boreholes; development of springs; and training, sensitization and education of the local population. The loan will cover 88 per cent of the total project cost, i.e. the entire foreign exchange cost and 48 per cent of the local currency cost. The Government of Côte d'Ivoire and the beneficiaries will contribute, respectively, 11.5 per cent and 0.6 per cent of the total cost.

Kenya Nairobi Third Water Supply (Supplementary Loan)

Total Cost:	UA 23.70 million
Amount:	UA 13.95 million
Duration:	50 years, including a 10-year grace period

The objectives of the project are to i) provide Nairobi with an adequate drinking water supply up to the year 2010; ii) rehabilitate and expand the Dandora sewage works and provide for the treatment of increased flow of waste water; and iii) provide support facilities to strengthen the Water and Sewerage Department of the Nairobi City Commission. The project involves the construction of 4.7 km long-raw water transmission tunnels of 2.5m diameter, and access roads to tunnel portals; construction of an earthfill embankment dam on the Thika river; construction of raw water and treated water transmission mains of 44 km length and 700-1400 mm diameter; extension of the capacity of the existing Ngethu water treatment plant by 260,000 m3 /day; construction of one 2400 m3 and two 1100 m3 capacity reinforced concrete reservoirs, and a booster pumping station at Gigiri, Nairobi; provision of instrumentation for telemetric information and control for the Nairobi water supply system; extension of the Dandora sewage treatment works; and construction of staff housing and offices and service roads, among other components of the project. The ADF loan will cover the additional financing requirement (due to cost overruns) for the completion of the dam component already financed by the Bank Group. The loan will finance 59 per cent of the total cost.

Mozambique Electricity II Project

Total cost:	UA 19.69 million
Amount:	UA 16.65 million
Duration:	50 years, including a 10-year grace period

The objective of the project is to make available sufficient energy at economic cost, and to promote efficient use/conservation of energy by consumers. Specifically, the project intends to provide the least-cost, reliable hydropower supply to the new rural centers to improve the quality of life of the population. By the year 2000, the project would provide a 66 kv sub-transmission line (covering 64 km); 110/33 kv, 10 MVA substation (1 unit); 66/33 kv, 10 MVA substation (4 units); 33 kv medium voltage line (360 km); 33/0.4 kv distribution transformer stations (50 units of aggregate capacity of 6250 KVA); and low voltage lines (105 km). The project will also provide connections to 3000 new consumers. The ADF loan will be used to finance 85 per cent of the total project cost. This covers the total foreign exchange cost of the project. Electricidade de Mozambique (EDM), the executing agency and beneficiary, will provide 15 per cent of the cost.

Uganda Urban Power Rehabilitation Project

Total Cost:	UA 21.49 million
Amount:	UA 18.00 million
Duration:	50 years, including a 10-year grace period.

The objective of the project is to ensure an adequate energy supply by increasing current energy production. This will be achieved by reducing power losses in the urban distribution system by about 15 MW, through the rehabilitation of the distribution systems of the Kampala, Jinja, Tororo and Masindi areas. The electricity saved through more efficient use of energy resources would be utilized to connect about 9,900 new consumers in the four towns and surrounding areas. By 2001, the project would provide a new 130 km 33 kv distribution line between Apac and Masindi towns, 37 km of new 11 kv lines in Kampala, and rehabilitate the 11 kv and low voltage distribution networks in Kampala, Jinja and Tororo districts. Simultaneously, 9,900 new service lines will also be procured from the project funds. The ADF loan will finance 84 per cent of the total project cost. The Uganda Electricity Board will provide 16 per cent of the total cost.

Zimbabwe Rural Water Supply and Sanitation II Project

Total Cost:	UA 15.98 million
Amount:	UA 13.00 million
Duration:	50 years, including a 10-year grace period.

The project aims at providing adequate water to an estimated population of 95,000 people in 19 Rural Service Centers for a period of 15 years, as well as improving sanitation in two of the centers and ensuring availability of ground water in 10 other service centers. The project will comprise construction of simple water supply schemes in the selected centers, including: source works of one sand abstraction system; 11 river intakes; and two dams constructed by the year 2000; 15 raw and clear water pumping stations constructed by the year 2000; 15 treatment plants with an average total capacity of 13,832 m3/d; and chlorinisation facilities constructed by the year 2000. The project also involves the laying of a total of 206 km of pipes of diameters varying from 350 mm to 15 mm and a total reservoir capacity of 14,500 m3 constructed by 2000. The existing waste water treatment facilities in both Glendale and Concession will be augmented by approximately 4,500 m3/d and a total number of 52 boreholes sited, drilled and test pumped as appropriate. Two of the schemes will involve construction of small earth-fill dams to ensure adequate raw water sources. The sanitation schemes will involve extension of existing stabilization ponds in two of the project centers, while ground water surveys will be carried out for the other ten centers. All the centers of this project are part of the selected delivery points of the government's services to the less developed rural areas of Zimbabwe. Improved water supply and sanitation will be provided under the project as part of the infrastructure provided by the government to these centers. The ADF loan will be used to finance 82 per cent of the total cost of the project, consisting of all the foreign exchange costs and 54 per cent of the local costs. The balance of 18 per cent will be financed by the Government of Zimbabwe.

Industry

Malawi Line of Credit to the Investment and Development Bank (INDEBANK)

Amount:	UA 5.00 million
Duration:	50 years, including a 10-year grace period.

The objective of the line of credit put in place for three years is to provide financial support to INDEBANK to enable it to extend term lending to private sector enterprises and to create a fund that will be used to allocate resources to intermediaries that promote micro-enterprises. The line of credit is intended to support new small and medium-scale enterprises, to modernize and expand existing manufacturing, agro-industry, tourism and related services, as well as to support export-oriented enterprises which produce goods for COMESA and SADC countries as well as the European Union. The line of credit will support the small and medium-scale enterprises (SMSE) development project by increasing the capacity utilization of beneficiary industries, the quantity and quality of exportable goods, and creating new production capacities.

Social Sectors

Benin Promotion of Women's Activities in Oueme Province

Total Cost:	UA 2.22 million
Amount:	UA 2.00 million
Duration:	50 years, including a 10-year grace period.

The aim of the project is to increase women's participation in socio-economic development by promoting income-generating activities for women in Oueme Province and raising literacy levels. The project would establish mechanisms for informing and sensitizing women on the possibilities for economic activities in the province; creation of a credit fund for women; the strengthening of local financial institutions; and development of functional literacy and post-illiteracy programs and skills acquisition through the use of micro/small enterprise management techniques. Through the project, 124,000 women will be covered by the literacy programs while some 450,000 women and men will benefit from the IEC (Information, Education and Communication) program. In addition, 620 girls and 620 adult women will attend skill development programs. The ADF loan will finance 90 per cent of the total cost. The Government of the Republic of Benin will provide the remaining 10 per cent. The project will be implemented over a period of four years, starting in June 1997.

Mozambique Beira Corridor Health project

Total Cost:	UA 8.57 million
Amount:	UA 7.71 million
Duration:	50 years, including a 10-year grace period

The overall objective of the project is to improve the delivery of health care in Mozambique. By the year 2001, health care coverage will be increased from 30 per cent to 50 per cent, and the maternal mortality rate will be reduced from 300 to 200 per 100,000 live births. The project will restore and strengthen the capacity of existing primary-level health facilities in the project area through: the rehabilitation and reconstruction of 17 health centers along the Beira Corridor; construction, furnishing and equipping of 7 type III health centers; rehabilitation, furnishing and equipping of 10 type I health centers; construction of 52 staff houses and a new health training center with appropriate materials; provision of 12 fellowships; and in-service training for health personnel which would include one seminar, six workshops, and refresher courses. The project will improve both coverage and quality of health services. The ADF loan will be used to finance 90 per cent of the total cost of the project while the remaining 10 per cent will be provided by the Government of Mozambique.

Rwanda Rehabilitation of Secondary Education and of the Busogo Agronomy and Livestock Institute (Reallocation)

Total Cost:	UA 10.00 million
Amount:	UA 9.00 million
Duration:	50 years, including a 10-year grace period

The aim of the project is to strengthen national reconciliation, social rehabilitation and economic recovery by training personnel for various sectors of the economy, as well as through the rehabilitation of secondary education and of the Institut Supérieur d'Agronomie et d'Elevage (Agronomy and Livestock Institute, ISAE). By the year 1999, 31 secondary schools would be rehabilitated, equipped and furnished; production and distribution of textbooks to 116 public schools and 168 grant-aided schools would be achieved; four training sessions for 2,350 secondary school teachers would be conducted; 350 training agricultural engineers at ISAE carried out; and renovation and equipment of the Agronomy and Livestock Institute and training of its teaching staff undertaken. The ADF will finance 90 per cent of the total project cost through reallocation of previous loans.

Rwanda Rehabilitation of Health Infrastructure in Rwanda (Reallocation)

Total Cost:	UA 5.28 million
Amount:	UA 4.76 million
Duration:	50 years, including a 10-year grace period

The aim of the project is to ensure the socio-economic well-being of the population and the health of the returnees by providing access to quality health care for communities in the Kibuye, Gisenyi and

A maternity/health center: one of the components of the Health Project for urban areas of Conakry (Guinea), aimed at improving basic mother and child health care.

Kibungo health regions. The project provides for: the renovation and reequipping of 6 district hospitals, 32 health centers and 8 dispensaries in 24 months; and the assignment of 3 medical assistants, 2 laboratory technicians and 2 public health officers to each of the rehabilitated health facilities six months before their opening. With the implementation of the project, the morbidity and mortality rates of the five main causes of death should fall by 25 per cent in the vulnerable groups covered by the rehabilitated facilities before the year 2000. The project will further ensure that the rate of utilization of the rehabilitated district hospitals and health centers will increase by 50 per cent in the 36 months following their commissioning, while 75 per cent of the health care staff assigned to the rehabilitated facilities will be trained and upgraded before the end of the rehabilitation exercise. There will also be two short-term local training sessions for 10 trainers in the areas of public health, drug management and laboratory techniques. The rehabilitation, equipping and staffing of the health infrastructure will help to meet the expectations of potential returnees. Thus, the project would contribute to improving health conditions for the population and increased productivity in the regions concerned. In addition, the project will contribute to the establishment of a new decentralized health care system to assist the beneficiary communities in improving their living standard. The ADF is financing 91 per cent of the total cost of the project through reallocation of previous loans.

Senegal	Education Project II	
	Total Cost:	UA 13.94 million
	Amount:	UA 12.00 million
	Duration:	50 years, including a 10-year grace period

The aim of the project is to improve access to primary education and enhance the quality and efficiency of basic, scientific and technical education. In this regard, by the year 2001, 410 classrooms will have been built, and 400 existing classrooms rehabilitated and equipped in the Saint Louis and Kolda regions. Provision has also been made to ensure: the supply of 5,600 table-benches to local authorities with the highest number of girls enrolled; the construction of 34 science blocks, 23 preparatory blocks, five administrative blocks and ancillary buildings; the training of 120 science teachers and 30 laboratory attendants; the rehabilitation and extension of four provincial education inspectorates in Saint Louis and Kolda; the equipping of academic and provincial inspectorates, and the training of 80 officers at the provincial level and 1110 officers in schools and parent associations to oversee the preventive maintenance of school infrastructure, furniture and equipment. The ADF loan will be used to finance 86 per cent of the total project cost.

Multisector

Mauritania Public Resource Management and Capacity Building Program

Total Cost: UA 272.60 million
Amount: UA 7.80 million
Duration: 50 years, including a 10-year grace period

The program falls within the context of economic reforms undertaken with the support of the Bretton Woods Institutions. It aims at increasing domestic savings through internal resource mobilization and improved allocation and management of public expenditure. In that regard, a series of institutional reforms will be implemented starting in 1997 and ending in the year 2000. These would include the extension of the fiscal base, improvement of the fiscal administration quality, and review of direct and indirect taxation. These reforms will be accompanied by the preparation of a three-year rolling public expenditure program and the reallocation of public expenditures to basic infrastructure and programs. The program is expected to achieve an increase in the budgetary balance excluding grants, from -0.8 per cent of GDP in 1995 to 2.5 per cent in 1998; an increase in domestic savings from 11.2 per cent of GDP in 1995 to 17.1 per cent in 1998; and an increase in budgetary receipts from 24 per cent of GDP in 1995 to 26 per cent in 1998. Other components of the program include: a decrease in total public expenditure from 24.8 per cent of GDP in 1995 to 3.5 per cent in 1998; a public expenditure program (PEP) in keeping with the macroeconomic framework elaborated and implemented each year from 1997; core public investment three-year rolling program (CPIP) in line with the macroeconomic framework elaborated and implemented from 1997; and financing of public poverty reduction programs from 300 million Mauritania Ouguiya (MU) in 1995 to 600 MU in 1998. There will also be: creation of a central filing system assigning to each tax payer an individual identification number; cross checking between customs and tax; implementation of the tax exemption reform on contracts and public projects; adoption of new regulations on corporate income tax; and adoption of new regulations on the income tax of physical entities. The program is supported by the IBRD (UA 13.90 million) and the European Union (UA 11.6 million). The ADF loan will be used to finance 3 per cent of the total project cost.

Financial Management

Subscriptions

As at end of 1996, total ADF-VI subscriptions, excluding a special contribution of UA 18.79 million, was at UA 2, 356.23 million. This amount represents 98.90 per cent of the total amount pledged of UA 2,382.50 million. Italy, whose total pledge to ADF-VI amounted to UA 230.26 million (excluding a special contribution of UA 36.84 million) or 9.66 per cent of the total amount pledged, deposited its instrument of subscription for a partial payment of UA 204 million of its ordinary contribution.

The total amount subscribed, as at 31 December 1996, under the ordinary contribution of ADF-VII, amounted to UA 652,47 million, or 61.27 per cent of the total amount pledged of UA 1,064.96 million. An amount of UA 189.47 million was also subscribed under the special contribution, or 67.82 per cent of the total pledged of 279.38 million.

As at 31 December 1996, total payments on subscriptions to the Fund amounted to UA 7,988.43 million, excluding an amount of 7.02 million which was in arrears.

To finance its operations during the year, the Fund encashed promissory notes in the amount of UA 381.31 million (before adjustment for exchange rate movements).

As at 31 December 1996, the Fund's gross cumulative financial resources, which comprise the accumulated net losses from its operations and subscriptions received from State participants, adjusted for losses and gains resulting from exchange rate fluctuations, amounted to UA 7,616.81, compared with UA 7,502.27 million the previous year, as restated. The detailed statement of subscriptions to the Fund is attached as Annex III-6 to the financial statements.

Loans

Loans approved, less cancellations as at 31 December 1996, amounted to UA 6,852.01 million, as compared with UA 7,100.10 million in 1995; a decline of 3.49 per cent, compared with a decline of 1.52 per cent in 1995.

In 1996, disbursements of ADF loans amounted to UA 391.88 million, as against 375.88 million in 1995. Cumulative disbursements totalled UA 4,910.05 million at the end of the year (1995: UA 4,518.17 million).

Investments

The ADF investment portfolio and current account balances were UA 205.05 million as at December 31, 1996. These balances are lower than the 1995 balances of UA 241.33 million. The average liquidity in 1996 was UA 175.46 million, compared to UA 379.01 million in 1995.

Investment income in 1996 fell to UA 8.54 million from UA 22.41 million in 1995, due primarily to the much lower liquidity level. The simple average return on liquid funds for 1996 was 3.83 per cent, compared to 6.84 percent in 1995. The lower money market rates for most major currencies in 1996 account for the lower return of the portfolio, compared to the return in 1995.

Income, Expenditure and Resources

The African Development Fund (the Fund) incurred a net loss for the year of UA 11.67 million, compared to a net loss of UA 12.80 million for 1995. Gross income, generated from loans and investments, totalled UA 36.99 million in 1996 compared to UA 52.72 million for 1995. Income from loans amounted to UA 28.45 million in 1996 as against UA 30.31 million in 1995. The decrease of UA 1.86 million is attributable to a reduction in 1996 in the period of arrears after which loans are placed in non-accrual status from twelve to six months. Income from investments amounted to UA 8.54 million in 1996, compared to UA 22.41 in 1995, a decrease of UA 13.87 million or 61.9 per cent largely because of low liquidity during the year.

According to the Fund's non-accrual policy, service charges on loans made to or guaranteed by a member country are excluded from loan income if principal repayment and service charges on any such loans are in arrears for six months or more. As a result of the application of the non-accrual policy, UA 4.90 million has been excluded from loan income in 1996 compared to an amount of 0.55 million in 1995. Since loans are not treated as net development resources in the new presentation of the special purpose financial statements, no provision for loan losses is required.

Total expenditure, which includes management fees paid to the African Development Bank amounted to UA 48.66 million in 1996 as compared to UA 65.52 million for 1995. Included under management fees is an amount of UA 3.12 million in 1996 and UA 13.69 million in 1995, being the Fund's share of the restructuring costs incurred by the Bank Group.

The audited financial statements for 1996 together with the report of the External Auditors, are presented as Annex III to this report.

African Development Fund

Special Purpose Financial Statements and Report of the External Auditors for the years ended 31 December, 1996 and 1995

ANNEX III

AFRICAN DEVELOPMENT FUND **ANNEX III-1**

Statement of Net Development Resources
as at 31 December, 1966 and 1995
(Expressed in Units of Account – Note B)

	1996		1995
	UA		UA
Development resources			
Due from Banks (Note J)		12 056 977	27 834 763
Demand Obligations (Note D)		2 523 498 935	2 722 127 591
Investments (Note C)		192 995 545	213 500 707
Receivables			
Accrued Income on Loans and Investments	13 176 179		12 907 279
Other	2 960 247		4 688 804
		16 136 426	17 596 083
Liabilities		(11 200 498)	(17 346 997)
Net Development Resources		2 733 487 385	2 963 712 147
Funding of Development Resources			
Subscriptions (Annex III–6 & Note F)			
Allocated to projects	8 139 083 620		7 162 477 367
Allocated to technical assistance (Note E)	608 894 864		539 559 494
Total subscribed	8 747 978 484		7 702 036 861
Less: Instalments not yet payable	752 532 663		–
	7 995 445 821		7 702 036 861
Less: Instalments in arrears	7 018 416		7 018 416
	7 988 427 405		7 695 018 445
Accumulated exchange adjustment on subscriptions (Note B)	(228 990 705)		(171 547 512)
		7 759 436 700	7 523 470 933
Grants (Note J)		5 957 364	5 532 628
Other Resources (Note G)		12 970 522	12 970 522
Reserves (Note I)		57 302 149	68 969 793
Accumulated translation adjustment (Note B)		(218 854 373)	(108 670 075)
		7 616 812 362	7 502 273 801
Allocation of Development Resources			
Technical assistance grants disbursed (Note E)		(235 378 630)	(194 600 587)
Loans (Annex III–5 & Note E)			
Project loans approved less cancellations	(6 765 776 460)		(7 006 676 131)
Technical assistance loans	(86 231 704)		(93 419 121)
Total loans approved less cancellations	(6 852 008 164)		(7 100 095 252)
Less: Loans unsigned	64 052 080		36 842 080
Loans signed	(6 787 956 084)		(7 063 253 172)
Less: Undisbursed	1 877 904 617		2 545 083 292
Loans disbursed	(4 910 051 467)		(4 518 169 880)
Less: Repayments	160 451 436		136 078 427
	(4 749 600 031)		(4 382 091 453)
Translation adjustment	101 653 684		38 130 386
		(4 647 946 347)	(4 343 961 067)
Net Development Resources		2 733 487 385	2 963 712 147

The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AFRICAN DEVELOPMENT FUND **ANNEX III-2**

Statement of Income and Expenditure and other Changes in Development Resources for the years ended 31 December, 1996 and 1995
(Expressed in Units of Account – Note B)

	1996	1995
	UA	UA
INCOME AND EXPENDITURE		
Service charges on loans	28 451 168	30 312 025
Income on investments	8 542 345	22 410 219
Management fees (Note K)	(47 749 316)	(63 925 455)
Direct expenses	(53 939)	(68 770)
Financial charges	(165 964)	(182 053)
Loss on exchange	(691 938)	(1 350 202)
Deficit	(11 667 644)	(12 804 236)
CHANGE IN DEVELOPMENT RESOURCES FUNDING		
Increase/(Decrease) in paid–up subscriptions	293 408 960	(7 018 416)
Changes in accumulated exchange adjustment on subscriptions	(57 443 193)	(2 057 586)
Changes in accumulated translation adjustment	(110 184 298)	89 905 367
Increase in grants (net)	424 736	882 970
	126 206 205	81 712 335
CHANGE IN DEVELOPMENT RESOURCES ALLOCATION		
Disbursement of Technical Assistance Grants	(43 767 114)	(38 461 909)
Disbursement of Loans	(391 881 587)	(375 878 377)
Repayment of Loans	24 373 009	27 951 650
Translation adjustment on Loans and Technical Assistance Grants	66 512 369	(32 695 834)
	(344 763 323)	(419 084 470)
Change in Net Development Resources	(230 224 762)	(350 176 371)
Net Development Resources, at beginning of the year	2 963 712 147	3 313 888 518
Net Development Resources, at end of the year	2 733 487 385	2 963 712 147

The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AFRICAN DEVELOPMENT FUND **ANNEX III-3**

Statement of Cash Flows for the years ended 31 December, 1996 and 1995
(Expressed in Units of Account – Note B)

	1996	1995
	UA	UA
Cash flows from:		
Lending and development activities:		
Disbursements of loans	(391 881 587)	(375 878 377)
Repayments of loans	24 373 009	27 951 650
Technical Assistance grants	(43 767 114)	(38 461 909)
Increase in grants (net)	424 736	882 970
Net cash used in lending and development activities	(410 850 956)	(385 505 666)
Operating activities:		
Deficit	(11 667 644)	(12 804 236)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued income on loans and investments	(268 900)	(1 406 793)
Changes in net current assets	(3 653 164)	11 819 411
Net cash used in operating activities	(15 589 708)	(2 391 618)
Financing activities:		
Net cash from Participants' Demand Obligation	381 313 059	199 901 230
Effect of exchange rate changes on cash and liquid investments	8 844 657	13 690 031
Net decrease in cash and liquid investments	(36 282 948)	(174 306 023)
Cash and liquid investments at beginning of the year	241 335 470	415 641 493
Cash and liquid investments at end of the year	205 052 522	241 335 470
Composed of:		
Cash	12 056 977	27 834 763
Investments	192 995 545	213 500 707
	205 052 522	241 335 470
Supplementary disclosure:		
(Decrease)/increase resulting from exchange rate fluctuations on:		
Loans and Technical Assistance Grants	(66 512 369)	32 695 834
Subscriptions	(57 443 195)	(2 057 586)

The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AFRICAN DEVELOPMENT FUND **ANNEX III-4**

Notes to the special purpose financial statements for the years ended 31 December, 1996 and 1995

Note A – Operations

The African Development Fund (the Fund) was established as an international institution to assist the African Development Bank (the Bank) in contributing to the economic and social development of the Bank's regional members, to promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes.

Note B – Summary of Significant Accounting Policies

Due to the nature and organisation of the Fund, these special purpose financial statements have been 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 Accounting Standards. These special purpose financial statements have been prepared to comply with Article 35(1) and (2) 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.

In prior years the statement of net development resources was presented in balance sheet format. Loans were reflected at their carrying value and a provision for possible loan losses was maintained. During the current year it was decided to change the basis of presentation as stated above to reflect more fairly the nature of the Fund's activities. The statement of Net Development Resources differs from a balance sheet in accordance with International Accounting Standards in that outstanding loans are treated as a reduction of Net Development Resources. The effect of this change in basis of presentation is set out more fully in note L to these special purpose financial statements.

The significant accounting policies used in the preparation of the Fund's financial statements are as follows:

Monetary basis of special purpose financial statements

The special purpose financial statements are expressed in Units of Account. Article 1 of the Agreement Establishing the Fund (the Agreement) defined a Unit of Account as having a value of 0.81851265 gramme of fine gold.

On 1 April, 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 from that date made on the basis of the Special Drawing Right 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 1Unit of Account equal to SDR 0.921052.

Subsequently, on 16 November, 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 Unit of Account of the African Development Bank (the Bank) which is for the time being defined as equivalent to the Special Drawing Right of the IMF. In compliance with this Resolution, the Board of Directors on 22 June, 1993, adopted 1 January, 1993, as the date for the entry into effect of the Resolution, and the Fund's Unit of Account has since then been defined as equal to the Bank's Unit of Account.

The Fund conducts its operations in the currencies of its State participants detailed hereunder.

The Income and Expenditure Accounts in currencies have been converted into Units of Account at the rate prevailing on the last day of the month preceding the date of transaction.

Assets and liabilities other than those denominated in Units of Account are translated into Units of Account at rates prevailing at balance sheet dates. Translation differences are debited or credited to the Accumulated Translation Adjustment.

Conversion gains and losses on subscriptions received are credited or debited to the Accumulated Exchange Adjustment on Subscriptions. Where currencies are converted into any other currency, the resulting gain or loss is included in the determination of income.

The rates used for translating currencies into Units of Account at 31 December, 1996, and 1995 are as follows:

		1996	1995
1 unit of account =	Argentinan Peso	1.443900	1.486150
	Austrian Schilling	15.721200	14.995700
	Belgian Franc	46.021900	43.725100
	Brazilian Real	1.492600	1.437100
	Canadian Dollar	1.969430	2.029360
	Danish Krone	8.547950	8.244070
	Deutsche Mark	2.231450	2.130880
	Finnish Markka	6.677740	6.479020
	French Franc	7.530600	7.283800
	Indian Rupee	51.665900	52.294700
	Italian Lira	2 200.900000	2 355.670000
	Japanese Yen	166.483000	152.856000
	Korean Won	1 213.930000	1 149.350000
	Kuwaiti Dinar	0.431230	0.444614
	Netherlands Guilder	2.507230	2.384920
	Norwegian Krone	9.264060	9.393130
	Portuguese Escudo	224.875000	222.101000
	Pound Sterling	0.846855	0.959026
	Spanish Peseta	188.356000	180.460000
	Swedish Krona	9.861260	9.897350
	Swiss Franc	1.936070	1.710210
	United States Dollar	1.437960	1.486490

No representation is made that any currency held by the Fund can be, could be or could have been converted into any other currency at the cross-rates resulting from the rates indicated above.

Maintenance of value of currency holdings

Prior to second general replenishment, subscriptions were denominated in Units of Accounts 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 Unit of Account 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 which was paid into the Fund by that participant and which has 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.

Following Board of Governors' Resolutions 9-78, 9-82, 4-84, 01-88, 91-05 and 96-04 that Article 13 shall not apply to the second, third, fourth, fifth, sixth and seventh 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 the Fund's Unit of Account, are applied against subscriptions.

Investments

The Fund's investments, primarily government and agency obligations and time deposits, are carried at market value. Government and agency obligations include marketable bonds, notes and other obligations. Time deposits include certificates of deposits and other obligations issued or unconditionally guaranteed by banks and other financial institutions.

Income from investments includes realized and unrealized gains and losses and interest earned.

Due to the nature of investments held by the Fund and its policies governing the use of such investments, the Fund classifies its investments portfolio as liquidity in the statement of cash flows.

Loans

The Fund follows a policy of not participating in debt rescheduling or renegotiations and does not grant new loans for the servicing or repayment of outstanding loans. It is the policy of the Fund to place in non-accrual status all loans to borrowers if the principal instalments or service charges with respect to any such loans are overdue by six months or more, unless the Fund's Management determines that the overdue amount will be collected in the immediate future. Service charges on loans in non-accrual status are included in income only to the extent that payment has actually been received by the Fund.

The Fund provides concessional funding for development purposes to the least developed countries in Africa. In accordance with the change in basis of presentation described in Note L, outstanding loans are not included in Net Development Resources, and, accordingly, no provision for possible loan losses is required

Reclassification

Certain reclassifications of prior year amounts have been made to conform with the current period's presentation.

A provision for possible losses on account of balances held at a failed financial institution has been reclassified from «other liabilities» to a reduction of «other amounts receivable».

Note C – Investments

The cost of investments as at 31 December, 1996, amounted to UA 192,894,922 (1995: UA 212,663,947). Details of the market value as at 31 December, 1996 and 1995 are as follows:

	1996 UA	1995 UA
Time deposits	144 729 953	130 584 718
Government and agency obligations	48 265 592	82 915 989
	192 995 545	213 500 707

The currency composition of investments at 31 December, 1996 and 1995, expressed in millions of Units of Account (Note B) is as follows:

	1996	1995
	UA	UA
Canadian dollar	11.04	–
Danish krone	2.92	–
Deutshe Mark	8.84	61.96
French Franc	0.47	74.03
Finnish Markka	1.35	–
Italian lira	–	4.67
Netherlands Guilder	4.67	–
Portuguese Escudo	0.64	–
Pounds Sterling	105.46	72.84
Spanish peseta	1.54	–
Swedish Krona	9.04	–
Swiss Franc	2.07	–
United States Dollar	44.96	–
	193.00	213.50

Note D – Demand Obligations

These 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 have agreed that the encashment of these notes will be governed by the Fund's disbursement requirements.

Note E – Loans

Total loan commitments are limited to the amounts subscribed.

The Fund's loan regulations require that loans be expressed in Units of Account and repaid in the currency disbursed.

Project loans

Loans are generally granted under conditions which allow for repayment between forty and fifty years, after a ten-year grace period commencing from the date of the loan agreement. The principal is repayable from the eleventh to the twentieth year at the rate of 1% per annum and thereafter at a rate of 3% per annum. A service charge at the rate of three-quarters of one percent per annum on the principal amount disbursed and outstanding is payable by the borrower semi-annually. In March 1996 the Board of Directors of the Fund approved the introduction of 0.5% commitment charge per annum on the undisbursed portion of the loan and commencing to accrue 90 days after the date of signature of the loan agreement. This would be applied to commitments extended under the seventh replenishment of the resources of the Fund.

Prior to the establishment of the Technical Assistance Account, loans for pre-investment studies were normally granted for a period of ten years, including a grace period of three years, with repayments in equal instalments over seven years.

Lines of credit

The repayment period for lines of credit to national development banks and similar national finance institutions is generally up to twenty years, including a five-year grace period. The service charge rate on utilised lines of credit is the same as for project loans.

Technical assistance activities

Under the Fund's lending policy, five percent of the resources available under the Third and Fourth General Replenishments, ten percent under the Fifth and Sixth General Replenishments and seven and half percent under the seventh General Replenishment have been allocated to a Technical Assistance Account to provide assistance for the identification and preparation of development projects or programmes in specified member countries. Under the Fifth, Sixth and Seventh General Replenishments, such support to Technical Assistance Activities will consist essentially of grant Funds. At 31 December, 1996, loans amounting to UA 86,231,704 (1995: UA 93,419,121), and grants amounting to UA 387,189,193 (1995: UA 418,268,848) had been approved under Technical Assistance Activities.

Technical Assistance loans are granted under conditions which allow for repayment in fifty years, including a ten-year grace period, from the date of the loan agreement. However, the following categories of loans have different terms:

i) where a loan is granted for the preparation of a pre-investment study and the study proves that the project is not possible, the grace period is extended to forty-five years with a repayment period of five 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 programmes, the grace period is forty-five years with a repayment period of five years thereafter.

Technical Assistance loans do not carry a service charge.

Under an agreement with the Government of Norway, certain selected projects will be jointly financed with the Norwegian Government. Loan repayments of UA 160,451,436 (1995 : UA 136,078,427) include UA 8,851,393 (1995: UA 8,851,393) received from the Government of Norway as its participation in the financing of selected approved projects on which the Fund has already made advances. In addition to this participation, the Government of Norway has, through grants administered by the African Development Bank, shared in the financing of projects administered by the African Development Fund for an amount of NOK 123,709,083 - UA 13,353,657 (1995: NOK 123,709,083 - UA 13,170,166).

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 31 December, 1996, the Fund has issued irrevocable reimbursement guarantees to commercial banks for amounts totalling UA 26,269,758 (1995: UA 28,048,991).

As at 31 December, 1996, loans made to or guaranteed by certain borrowers with an aggregate principal balance outstanding of UA 830,453,268 (1995: UA 772,472,982) of which UA 26,584,475 (1995: UA 19,478,383) was overdue, were in non-accrual status. If these loans had not been in non-accrual status, income from loans for the year ended 31 December, 1996, would have been higher by UA 6,218,333 (1995: UA 6,486,152).

Note F – Subscriptions

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 seven General Replenishments. Details of these movements are shown in Annex III-6.

Negotiations for the Seventh Replenishment of the Fund for an amount of UA 1.3 billion were concluded on 21 May, 1996, and came into effect on 12 December 1996 when State participants deposited with the Fund Instruments of Subscription representing an aggregate amount equivalent to forty-one percent (41%) of the total intended subscriptions. In addition, State participants pledged an amount totalling UA 500 million as a special subscription.

Gains or losses arising from translation into Units of Account of subscriptions received are credited and debited to the accumulated exchange adjustment on subscriptions.

Note G – Other Resources

In conformity with the findings of the UN General Assembly, the Board of Directors agreed that the former Socialist Federal Republic of Yugoslavia does not exist anymore and hence no longer forms part of the Bank Group. Pending a final decision of the Board of Directors on the disposal of the subscriptions of this former member of the Fund, its total subscriptions less the unpaid portion have been frozen and reported in these accounts as Other Resources.

Note H – Disclosures about fair value of Financial Instruments

Investments: Since the Fund carries its 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 Fund loans 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% of the disbursed and outstanding balance is charged, to cover the cost of administering the loans and a commitment charge of 0.5% on the undisbursed balance. Due to the concessional nature of these loans, it is not meaningful to calculate fair values for outstanding loans.

Note I – Reserves

	1996 UA	1995 UA
Balance at 1 January	68 969 793	81 774 029
Net deficit for the year	(11 667 644)	(12 804 236)
Balance at 31 December	57 302 149	68 969 793

Note J – Grants

In accordance with the Agreement Establishing the Fund, the Fund has available resources arising from contributions entrusted to it under Article 8 which empowers the Fund to receive other resources including grants from member-countries, non-participating countries, and from any public or private body or bodies.

The amounts shown in the balance sheet under the caption «Grants» represents such undisbursed resources received from Japan of UA 5,957,364 (1995:UA 5,532,628).

These funds are represented in the balance sheet under «Due from banks». Therefore the funds in «Due from banks» are restricted to that extent.

Note K – Management Fees

By virtue of Article 31 of the Agreement, the Fund reimburses to the African Development Bank a fair value for its use of the latter's offices, staff, organization, services and facilities. The amount of UA 47,749,316 charged for the year (1995: UA 63,925,455) represents the expenses reimbursed by the Fund to the Bank and includes UA 3,117,234 (1995: UA 13,695,840) being the Fund's share of the restructuring costs incurred by the Bank Group.

Note L – Financial Statements Presentation

As stated in Note B, the special purpose financial statements have been restated to reflect more fairly the nature of the Fund's activities. Since loans are not treated as assets in the new presentation, no provision for loan losses is required. The effect of this prior year adjustment has been to restate reserves, loss for the year and accumulated translation adjustment at 31 December, 1995 as follows:

	Presented for 1995 in these Special Purpose statements	Reported in 1995 financial statements
	UA	UA
Retained income / (accumulated loss)	81 774 029	(9 505 363)
Loss for the year	(12 804 236)	(35 144 458)
Retained income / (accumulated loss) at 31 December, 1995	68 969 793	(44 649 821)
Accumulated translation adjustment	108 670 075	109 829 814

AFRICAN DEVELOPMENT FUND

ANNEX III-5

Summary Statement of Loans as at 31 December, 1996

(Expressed in Units of Account – Note B)

Country	No. of Loans	Amounts Approved Less Cancellations	No. of Unsigned Loans	Amount of Unsigned Loans	Balance of Loans Signed	Undisbursed Balance	Outstanding Balance
1. Algeria	1	607 894	–	–	607 894	607 894	–
2. Angola	6	24 436 214	–	–	24 436 214	331 463	22 621 443
3. Benin	28	188 205 893	–	–	188 205 893	27 863 954	154 595 287
4. Botswana	14	79 085 750	–	–	79 085 750	10 025 568	59 882 758
5. Burkina Faso	24	204 516 739	–	–	204 516 739	57 678 226	141 430 503
6. Burundi	30	194 795 947	–	–	194 795 947	41 927 988	144 155 147
7. Cameroon	9	49 856 545	–	–	49 856 545	19 944 675	28 882 101
8. Cape Verde	17	70 862 351	–	–	70 862 351	23 640 034	44 144 893
9. Central African Republic	19	115 157 596	–	–	115 157 596	10 201 222	104 379 297
10. Chad	24	200 756 473	–	–	200 756 473	55 467 088	139 668 991
11. Comoros	8	30 502 038	–	–	30 502 038	1	29 840 540
12. Congo	2	8 692 923	–	–	8 692 923	–	8 665 903
13. Côte d'Ivoire	6	56 771 450	–	–	56 771 450	29 607 779	26 828 545
14. Djibouti	11	65 939 536	–	–	65 939 536	13 304 428	50 583 171
15. Egypt	12	135 145 408	–	–	135 145 408	65 245 338	68 597 410
16. Equatorial Guinea	10	37 460 808	–	–	37 460 808	15 473 667	21 824 709
17. Eritrea	1	5 530 000	–	–	5 530 000	5 530 000	–
18. Ethiopia	37	567 438 865	1	19 500 000	547 938 865	103 730 151	420 460 888
19. Gabon	3	3 214 472	–	–	3 214 472	977 377	2 172 841
20. Gambia	18	101 649 253	–	–	101 649 253	22 945 572	73 395 914
21. Ghana	17	230 547 240	–	–	230 547 240	68 782 461	144 715 972
22. Guinea	22	177 072 543	–	–	177 072 543	26 916 503	146 414 885
23. Guinea Bissau	21	116 963 251	–	–	116 963 251	33 205 169	77 331 885
24. Kenya	20	256 421 753	–	–	256 421 753	91 623 125	154 599 585
25. Lesotho	24	128 454 277	–	–	128 454 277	9 668 208	106 302 361
26. Liberia	3	19 284 408	–	–	19 284 408	–	16 479 044
27. Madagascar	27	213 727 512	–	–	213 727 512	72 687 937	136 449 682
28. Malawi	31	267 752 886	–	–	267 752 886	93 456 501	162 530 801
29. Mali	41	297 724 045	–	–	297 724 045	48 099 492	245 249 927
30. Mauritania	23	148 910 011	–	–	148 910 011	39 215 958	99 629 294
31. Mauritius	3	4 712 729	–	–	4 712 729	477 708	3 258 228
32. Morocco	6	57 817 467	–	–	57 817 467	44 543 079	13 191 691
33. Mozambique	27	347 007 206	1	7 710 000	339 297 206	143 827 649	187 800 766
34. Namibia	2	17 499 988	–	–	17 499 988	10 182 400	7 257 459
35. Niger	20	121 622 950	–	–	121 622 950	50 692 310	67 915 782
36. Nigeria	9	160 741 994	1	36 842 080	123 899 914	78 380 365	44 875 673
37. Rwanda	32	193 960 733	–	–	193 960 733	44 141 179	135 774 735
38. Sao Tome & Principe	14	75 622 534	–	–	75 622 534	15 066 141	58 190 909
39. Senegal	19	144 431 616	–	–	144 431 616	12 052 212	131 297 686
40. Seychelles	3	10 767 152	–	–	10 767 152	86 104	9 578 324
41. Sierra Leone	13	117 274 247	–	–	117 274 247	29 791 297	81 450 592
42. Somalia	19	78 366 840	–	–	78 366 840	(17 117)	73 162 100
43. Sudan	15	227 209 466	–	–	227 209 466	36 444 845	176 511 421
44. Swaziland	9	44 869 202		–	44 869 202	14 092 679	27 226 032
45. Tanzania	32	381 605 702	–	–	381 605 702	122 766 394	245 082 607
46. Togo	11	82 246 033	–	–	82 246 033	22 294 661	57 905 552
47. Uganda	25	289 677 068	–	–	289 677 068	114 881 150	166 930 904
48. Zaire	26	162 214 147	–	–	162 214 147	13 372 921	144 473 960
49. Zambia	21	181 433 077	–	–	181 433 077	52 123 158	121 844 756
50. Zimbabwe	8	52 251 031	–	–	52 251 031	35 030 209	14 871 785
Multinational	17	103 192 905	–	–	103 192 905	49 517 495	47 511 607
Total	840	6 852 008 164	3	64 052 080	6 787 956 084	1 877 904 617	4 647 946 347

The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AFRICAN DEVELOPMENT FUND **ANNEX III-5 (a)**

Maturity of Outstanding Loans as at 31 December, 1996
(Expressed in millions of Units of Account-Note B)

Period	UA
1 January, 1997 to 31 December, 1997	99.12
1 January, 1998 to 31 December, 1998	55.97
1 January, 1999 to 31 December, 1999	59.54
1 January, 2000 to 31 December, 2000	62.57
1 January, 2001 to 31 December, 2005	377.11
1 January, 2006 to 31 December, 2010	500.75
1 January, 2011 to 31 December, 2015	654.25
1 January, 2016 to 31 December, 2020	679.16
1 January, 2021 to 31 December, 2025	676.60
1 January, 2026 to 31 December, 2030	635.51
1 January, 2031 to 31 December, 2035	519.89
1 January, 2036 and thereafter	327.48
Total	4 647.95

Currency Composition of Outstanding Loans as at 31 December
(Expressed in millions of Units of Account-Note B)

Currency	1996 UA	1995 UA
Deutsche mark	513.90	441.96
French franc	408.67	356.77
Japanese yen	805.63	821.60
Italian lira	91.75	86.09
Norwegian kroner	146.95	145.67
Swiss franc	193.65	206.12
United States dollar	2 039.49	1 830.07
Others	447.91	455.68
Total	4 647.95	4 343.96

The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AFRICAN DEVELOPMENT FUND — ANNEX III-6

Statement of Subscriptions and Voting Powers as at 31 December, 1996

(Expressed in Units of Account-Note B)

PARTICIPANTS	Subscriptions							Payment Positions			Voting Powers	
	INITIAL	Special Increase	1st, 2nd, 3rd, 4th and 5th General Replenishments	6th General Replenishment	7th General Replenishment[3] Ordinary	7th General Replenishment[3] Special	TOTAL	Instalments paid	Instalments due	Instalments not yet payable	Number of votes	%
1 ADB	4 605 260	1 381 578	105 753 840	–	–	–	111 740 678	111 740 678	–	–	1 000.00	50.000
2 Argentina	1 842 104	–	7 018 416 *	–	–	–	8 860 520	1 842 104	7 018 416	–	0.23	0.012
3 Austria	13 815 780	–	54 733 055	30 509 848	–	–	99 058 683	99 058 683	–	–	12.61	0.630
4 Belgium	2 763 156	–	90 953 885	40 272 999	–	–	133 990 040	133 990 040	–	–	17.05	0.853
5 Brazil	1 842 104	921 052	65 358 771	30 070 506	6 909 665	2 600 000	107 702 098	98 192 433	–	9 509 665	12.50	0.625
6 Canada	13 815 780	6 907 890	525 668 771	201 364 895	59 795 182	–	807 552 518	747 757 336	–	59 795 182	95.16	4.758
7 China	13 815 780	–	57 058 037	40 082 617	21 818 597	–	132 775 031	110 956 434	–	21 818 597	14.12	0.706
8 Denmark	4 605 260	1 842 104	165 466 991	73 223 634	–	–	245 137 989	245 137 989	–	–	31.20	1.560
9 Finland	1 842 104	–	70 478 900	34 171 029	18 602 945	7 000 000	132 094 978	120 718 630	–	11 376 349	15.36	0.768
10 France	8 809 213	–	414 536 251	230 263 000	125 357 276	47 170 000	826 135 740	695 394 223	–	130 741 518	88.50	4.425
11 Germany	6 859 654	6 956 125	489 539 141	219 670 902	119 590 363	27 500 000	870 116 185	723 025 822	–	147 090 363	92.01	4.600
12 India	5 526 312	–	31 698 004	7 739 351	4 212 238	–	49 175 905	44 963 667	–	4 212 238	5.72	0.286
13 Italy	9 210 520	–	416 545 767	203 999 889	–	–	629 756 176	629 756 176	–	–	80.14	4.007
14 Japan	13 815 780	–	769 634 733	333 167 534	126 234 272	47 500 000	1 290 352 319	1 116 618 047	–	173 734 272	142.10	7.105
15 Korea	9 210 520	–	36 371 883	16 987 883	–	–	62 570 286	62 570 286	–	–	7.96	0.398
16 Kuwait	4 973 681	–	47 846 781	71 330 427	16 609 773	–	140 760 662	124 150 889	–	16 609 773	15.80	0.790
17 Netherlands	3 684 208	1 842 104	132 692 418	77 874 947 [1]	–	–	216 093 677	216 093 677	–	–	25.98	1.299
18 Norway	4 605 260	2 302 630	196 838 025	93 219 673 [2]	47 038 876	17 700 000	361 704 464	312 645 213	–	49 059 251	38.92	1.946
19 Portugal	7 368 416	–	31 016 426	15 669 858	–	–	54 054 700	54 054 700	–	–	6.88	0.344
20 Saudi Arabia	8 289 468	–	128 896 941	36 613 908	–	–	173 800 317	173 800 317	–	–	22.12	1.106
21 Spain	1 842 104	921 052	83 454 910	39 540 762	–	–	125 758 828	125 758 828	–	–	16.00	0.800
22 Sweden	4 605 260	3 684 208	264 977 447	109 835 451	53 151 273	20 000 000	456 253 639	400 819 457	–	55 434 183	51.01	2.550
23 Switzerland	2 763 156	2 938 294	217 902 464	82 894 680	–	–	306 498 594	306 498 594	–	–	39.01	1.950
24 United Arab Emirates	4 144 734	–	4 144 734	–	–	–	8 289 468	8 289 468	–	–	1.05	0.053
25 United Kingdom	4 799 989	3 073 288	195 689 280	97 631 512	53 151 273	20 000 000	374 345 342	301 194 069	–	73 151 273	38.33	1.917
26 United States of America	12 434 202	8 289 468	713 787 747	288 888 229	–	–	1 023 399 646	1 023 399 646	–	–	130.24	6.512
Total	171 889 805	41 059 793	5 318 063 618	2 375 023 534	652 471 735	189 470 000	8 747 978 484	7 988 427 405	7 018 416	752 532 663	2 000.00	100.000

[1] Includes a Special Contribution of UA 11 973 676.
[2] Includes a Special Contribution of UA 6 815 785.
[3] Represents countries which have deposited their instruments of Subscriptions by end of the year.
* Represents contribution to ADF-III, but remains unpaid.
Notes: These numbers may not tally, due to rounding.
The accompanying notes to the special purpose financial statements (Annex III-4) form part of this statement.

AKINTOLA WILLIAMS & HASSAN INC.
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01 BP 4114, Abidjan 01
Côte d'Ivoire

DELOITTE & TOUCHE LLP
Two World Financial Center
New York, NY 10281
United States of America

REPORT OF THE EXTERNAL AUDITORS TO THE BOARD OF GOVERNORS OF THE AFRICAN DEVELOPMENT FUND

We have audited the accompanying special purpose financial statements (Annex III-1 to III-6) of the African Development Fund (the Fund). These financial statements are the responsibility of management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note B to the special purpose financial statements, these financial statements were prepared for the purpose of reflecting the net development resources of the Fund, which is a comprehensive basis of accounting other than international accounting standards. The financial statements for 1995 have been restated to reflect the basis of presentation adopted in 1996.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the African Development Fund as of 31 December 1996 and 1995, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note B, and comply with the Agreement establishing the Fund.

Akintola Williams & Hassan Inc.
AKINTOLA WILLIAMS & HASSAN INC.

Deloitte & Touche LLP
DELOITTE & TOUCHE LLP

Abidjan, Côte d'Ivoire
26 March 1997

AFRICAN DEVELOPMENT FUND

ANNEX IV

Administrative Budget for Financial Year 1997
(Expressed in Thousands of Units of Account)

Description	1997 Budget
PART I – **Management fees***	48,630
TOTAL – PART I	48,630
PART II – **Direct Expenses**	
Section I – ADF (VII)	50
TOTAL – PART II	50
TOTAL – PARTS I & II	48,680

* The amount represents the African Development Fund's share of the fair value of the Bank's expenses in respect of offices, staff, organization, services and facilities based on a formula approved by the Fund's Board.

African Development Fund – Appendices

Page

APPENDIX A

Resolutions Adopted by the Board of Governors in 1996

Number	Subject	Date of Approval
F / BG / 96 / 01	By-election of a Director of the African Development Fund	23 / 05 / 96
F / BG / 96 / 02	Adoption of the Annual Report and Audited Statement of Accounts for the Financial Year ended 31 December, 1995	23 / 05 / 96
F / BG / 96 / 03	Appointment of External Auditors for the Financial Years 1997 through 2001	23 / 05 / 96
F / BG / 96 / 04	Additions to the Resources of the Fund: Seventh General Replenishment	23 / 05 / 96
F / BG / 96 / 05	Settlement of Arrears by Borrowing Member States	23 / 05 / 96
F / BG / 96 / 06	Vote of Thanks of the Board of Governors to His Excellency, Henri Konan BEDIE, the President of the Republic of Côte d'Ivoire	23 / 05 / 96
F / BG / 96 / 07	Vote of Thanks of the Board of Governors to the Chairman, Bureau and Joint Steering Commitee of the Boards of Governors	23 / 05 / 96
F / BG / 96 / 08	Date and venue of the Twenty-Fourth Annual Meeting of the Board of Governors of the African Development Fund (1997)	23 / 05 / 96
F / BG / 96 / 09*	Amending Resolution F / BG / 96 / 04 and authorizing special subscriptions under the Seventh General Replenishment of the Resources of the Fund	30 / 09 / 96

* adopted by Postal Vote

APPENDIX B

Board of Governors and Voting Power of State Participants and the ADB as at 31 December 1996

Country	Governor	Alternate Governor	Voting Power	Percent-age
1. African Development Bank:			1,000.00	50.000
2. Argentina	ROQUE BENJAMIN FERNANDEZ	PEDRO POU	0.23	0.012
3. Austria	VIKTOR KLIMA	HANS DIETMAR SCHWEISGUT	12.61	0.630
4. Belgium	PILIPPE MAYSTADT	GINO ALZETTA	17.05	0.853
5. Brazil	ANTONIO KANDIR	GUSTAVO J. LABOISSIERRE LOYOLA	12.50	0.625
6. Canada	LLOYD AXWORTHY	THOMAS A. BERNES	95.16	4.758
7. China	DAI XIANGLONG	CHEN YUAN	14.12	0.706
8. Denmark	ELLEN MARGRETHE LOEJ (Ms)	PETER BRUCKNER	31.20	1.560
9. Finland	KIRSTI LINTONEN (Ms)	RITVA JOLKKONEN (Ms)	15.36	0.768
10. France	JEAN LEMIERRE	FRANCIS MAYER	88.50	4.425
11. Germany	KLAUS-JÜRGEN HEDRICH	MICHAEL RÖSKAU	92.01	4.600
12. India	P. CHIDAMBARAM	MONTEK SINGH AHLUWALIA	5.72	0.286
13. Italy	CARLO AZEGLIO CIAMPI	MARIO DRAGHI	80.14	4.007
14. Japan	HIROSHI MITSUZUKA	YASUO MATSUSHITA	142.10	7.105
15. Korea	SEUN-SOO HAN	KYUNG SHIK LEE	7.96	0.398
16. Kuwait	NASER AL-ROUDAN	HISHAM AL-WOQAYAN	15.80	0.790
17. Netherlands	GERRIT ZALM	JAN P. PRONK	25.98	1.299
18. Norway	ASBJOERN MATHISEN	KNUT VOLLEBAEK	38.92	1.946
19. Portugal	ANTONIO DE SOUSA FRANCO	FERNANDO TEIXEIRA DOS SANTOS	6.88	0.344
20. Saudi Arabia	YOUSEF AL-BASSAM	ABDUL RAHMAN SEHAIBANI	22.12	1.106
21. Spain	JOSE MANUEL F. NORNIELLA	ALVARO RENGIFO ABBAD	16.00	0.800
22. Sweden	MATS KARLSSON	LENNART BAAGE	51.01	2.550
23. Switzerland	NICOLAS IMBODEN	HENRI PHILIPPE CART	39.01	1.950
24. United Arab Emirates	MOHAMED KHALIFA AL YOUSEF	ABDULLAH HUSSAIN DAWOOD	1.05	0.053
25. United Kingdom	BARONESS CHALKER OF WALLASEY	N.B. HUDSON	38.33	1.917
26. United States of America	ROBERT E. RUBIN	JOAN E. SPERO (Ms)	130.24	6.512
Total			2,000.00	100.000

APPENDIX C

Board of Directors – Voting Power and Countries Represented as at 31 December 1996

Directors[1]	For		Voting Power (Percentage)
K. ASSAMOI G. NGUEMA ELA (Alternate)	ADB	8.333	
P. AYISI-OKYERE (Ms) S.M.M. SANNEH (Alternate)	ADB	8.333	
A. EL OUADRHIRI M. BOUALLAGUI (Alternate)	ADB	8.333	
S. FERRAT G. RAJAONSON (Alternate)	ADB	8.333	
S. F. OWORI N.N. KITOMARI (Alternate)	ADB	8.333	
A.M.A. TRAINA M.R.C. BOUNENA (Alternate)	ADB	8.333	50.00
I. BJORK-KLEVBY (Ms)	Sweden	2.550	
J.M.A. ERIKSEN (Alternate)	Denmark	1.560	
	Finland	0.768	
	India	0.286	
	Norway	1.946	
	Switzerland	1.950	9.06
A.M. DEAR (Ms) S. HERRLING (Ms) (Alternate)	United States of America	6.512	6.51
C. DI VEGLIA	Italy	4.007	
E.R. PERRIN (Alternate)	France	4.425	
	Belgium	0.853	9.29
K. NARITA	Japan	7.105	
A. AL-SUBALI (Alternate)	Saudi Arabia	1.106	
	Austria	0.630	
	Argentina	0.012	
	Brazil	0.625	9.48
M.A. POWER	United Kingdom	1.917	
J.F. VAN DUNNE (Alternate)	Netherlands	1.299	
	Germany	4.600	
	Portugal	0.344	8.16
S. D. SCRIMSHAW (Ms)	Canada	4.758	
A. AL-HASHEM[2] (Alternate)	Kuwait	0.790	
	Spain	0.800	
	China	0.706	
	Korea	0.398	7.45
	United Arab Emirate	0.053	0.05
Total			100.00

[1] Mr. A.M. EL-DERSH and Mr. D.G. TEMBE represented ADB on the ADF Board during 20 - 31 March and 1 Jan. - 31 March 1996, respectively.
[2] Since 1 November 1996; and A. AL-ABDUL-RAZZAQ (Kuwait) before that.

APPENDIX D

Subscriptions of State Participants and the ADB as at 31 December 1996

Participant	Contribution UA
1. African Development Bank	111,740,678
2. Argentina	8,860,520
3. Austria	99,058,683
4. Belgium	133,990,040
5. Brazil	107,702,098
6. Canada	807,552,518
7. China	132,775,031
8. Denmark	245,137,989
9. Finland	132,094,978
10. France	826,135,740
11. Germany	870,116,185
12. India	49,175,905
13. Italy	629,756,176
14. Japan	1,290,352,319
15. Korea (Rep. of)	62,570,286
16. Kuwait	140,760,662
17. Netherlands	216,093,677
18. Norway	361,704,464
19. Portugal	54,054,700
20. Saudi Arabia	173,800,317
21. Spain	125,758,828
22. Sweden	456,253,639
23. Switzerland	306,498,594
24. United Arab Emirates	8,289,468
25. United Kingdom	374,345,342
26. United States of America	1,023,399,646
Total	8,747,978,484

NIGERIA TRUST FUND

NTF Loan Approvals and Disbursements

NTF Loan Approvals as at end-1996

In 1996, one loan amounting to UA 6.00 million was approved in favor of one project in the transport sector.

The cumulative approvals, as at 31 December 1996, amounted to UA 247.07 million, as against UA 241.07 million in 1995. The sectoral breakdown of the cumulative approvals was as follows: 34.8 per cent to transport; 21.4 per cent to public utilities; 17 per cent to the social sectors; 14.3 per cent to agriculture; and 12.5 per cent to industry (Table 21).

Chart 12
NTF Cumulative Loan Approvals by Sector as at 31 December, 1996 (in percentage)

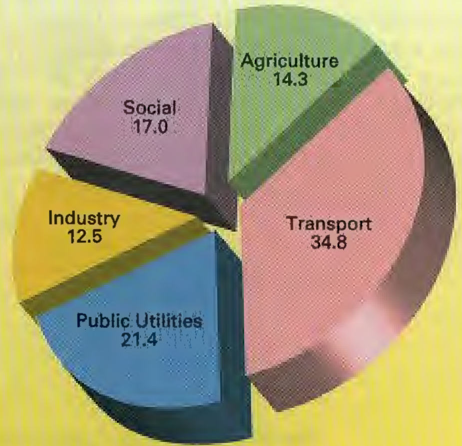

Table 21
Cumulative NTF Loan Approvals by Sector, 1976–96
(in millions of UA)

	Agriculture	Transport	Public Utilities	Industry	Social[a]	Total
Amount of Loans	35.40	85.87	52.91	30.93	41.96	247.07
% share	(14.3)	(34.8)	(21.4)	(12.5)	(17.0)	(100.0)

Notes:
[a] Comprising education, health and other related sub-sectors.

Disbursements of Loans and Grants in 1996

Disbursements of NTF loans increased from UA 2.49 million in 1995 to UA 4.99 million in 1996, representing an increase of 100.4 per cent. Cumulative disbursements totalled UA 158.17 million at the end of the year. As at 31 December 1996, a total of 35 loans were fully disbursed for a total amount of UA 128.11 million, representing 81 per cent of cumulative disbursements. The number of active loans stood at 48 for a total amount of UA 185.36 million. One loan was fully repaid for a total amount of UA 1.90 million at the end of the year.

Project and Program loans Approved During the Year

Benin Cotonou-Porto-Novo Road Rehabilitation Project

Total Cost:	UA 61.01 million
Amount:	UA 6.00 million
Duration:	50 years, including a 10-year grace period

The aim of the project is to improve the traffic flow within Cotonou town, and to promote trade among the country's southern provinces and regional trade along the Accra-Lome-Lagos Trans-West African axis. The project will also contribute to reducing traffic accidents around Cotonou's eastern suburbs along the Cotonou-Porto-Novo road, and generate financial resources for maintaining the road. It will develop an 18.3 km two-pavement (two lanes on each pavement) trunk road between Cotonou and Seme, a weigh bridge/toll gate equipment, and an existing 9.4 km two-lane road between Seme and Porto-Novo. The NTF loan will finance 10 per cent of the total project cost. The project is jointly financed with ADF (UA 10.00 million), BOAD (UA 6.61 million), EDF (UA 17.34 million) and KFW (UA 18.97 million).

Financial Management

Investments

In 1996, investment income for the NTF was UA 11.93 million compared with UA 11.79 million in 1995. The simple average return on liquid funds for 1996 was 5.45 per cent, as opposed to 5.79 in 1995.

The portfolio, which is solely invested in US dollars, had a lower return in 1996 than in 1995. This is due to the fact that on the average, money market interest rates in the US were lower than in 1995.

Loans

Loans approved, less cancellations, as at 31 December 1996, amounted to UA 219.67 million, compared with UA 229.67 million in 1995; a decrease of 4.4 per cent, compared with an increase of 1.80 per cent in 1995.

Disbursements of the NTF in 1996 amounted to UA 4.99 million, compared with UA 2.49 million in 1995. Cumulative disbursements totalled UA 158.17 million as at 31 December 1996.

African Development Bank
Nigeria Trust Fund

Financial Statements and Report of the External Auditors for the years ended 31 December, 1996 and 1995

ANNEX V

AFRICAN

Nigeria
Balance Sheet as at
(Expressed in Units

ASSETS		1996	1995
		UA	UA
Due from Banks		1 096 014	3 296 488
Investments (Notes A & B)		228 442 896	205 202 986
Accounts receivable			
Interest and Charges Receivable on Loans	173 746		31 962
Accrued Interest on Loans and Investments	1 936 068		1 917 697
Other Accounts Receivable	695 637		541 012
		2 805 451	2 490 671
Loans (Annex V-5 & Note C)			
Approved signed loans	219 667 898		223 672 669
Less: Undisbursed Balance	(61 492 922)		(70 491 363)
Loans disbursed	158 174 976		153 181 306
Less: Repayments	(56 028 995)		(50 385 914)
	102 145 981		102 795 392
Less: Cumulative Translation Adjustment (Note A)	(15 213 864)		(18 062 055)
	86 932 117		84 733 337
Less: Accumulated provision for loan losses	(19 023 544)		(15 672 278)
		67 908 573	69 061 059
Total		300 252 934	280 051 204

The accompanying notes to the financial statements (Annex V-4) form part of this statement.

DEVELOPMENT BANK **ANNEX V-1**

Trust Fund
31 December, 1996 and 1995
of Account – Note A)

LIABILITIES, RESERVES AND CAPITAL	1996		1995
	UA		UA
Accounts payable (Note E)		1 507 625	1 039 907
Reserves			
Accumulated Net Income	250 794 824		239 815 350
Net income for the year	10 210 668		10 979 474
	261 005 492		250 794 824
Accumulated Currency Translation Adjustment (Note A)	(90 847 147)		(100 370 491)
		170 158 345	150 424 333
Fund Capital (Note D)			
Initial contribution			
First Instalment	32 730 034		32 730 034
Second instalment	32 730 034		32 730 034
	65 460 068		65 460 068
First general increase			
First Instalment	45 687 140		45 687 140
Second Instalment	10 042 473		10 042 473
Third Instalment	7 397 283		7 397 283
	63 126 896		63 126 896
		128 586 964	128 586 964
Total		300 252 934	280 051 204

AFRICAN DEVELOPMENT BANK **ANNEX V-2**

Nigeria Trust Fund
Statement of Income and Expenditure for the Years ended 31 December, 1996 and 1995
(Expressed in Units of Account – Note A)

	1996	1995
	UA	UA
INCOME		
Interest and charges on loans	3 240 691	3 220 804
Investment income	11 933 043	11 794 343
Total income	15 173 734	15 015 147
EXPENDITURE		
Management fees paid to the African Development Bank (Note F)	2 147 890	2 344 324
Financial charges	22 148	4 696
Exchange loss	–	15
Total expenditure	2 170 038	2 349 035
Provision for loan losses (Note C)	2 793 028	1 686 638
Total expenditure and provision for loan losses	4 963 066	4 035 673
NET INCOME FOR THE YEAR	10 210 668	10 979 474

The accompanying notes to the financial statements (Annex V-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX V-3**

Nigeria Trust Fund
Statement of Cash Flows for the years ended 31 December, 1996 and 1995
(Expressed in Units of Account – Note A)

	1996	1995
	UA	UA
Cash flows from:		
Lending and development activities:		
Disbursements of loans	(4 993 670)	(2 486 610)
Repayments of loans	5 643 081	5 700 953
Net cash provided by lending and development activities	649 411	3 214 343
Operating activities:		
Net Income	10 210 668	10 979 474
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	2 793 028	1 686 638
Accrued income on loans and investments	18 371	73 999
Changes in net current assets	192 632	327 714
Net cash provided by operating activities	13 214 699	13 067 825
Effect of exchange rate changes on cash and liquid investments	7 175 326	(3 281 752)
Net increase in cash and liquid investments	21 039 436	13 000 416
Cash and liquid investments at beginning of the year	208 499 474	195 499 058
Cash and liquid investments at end of the year	229 538 910	208 499 474
Composed of:		
Investments	228 442 896	205 202 986
Due from banks	1 096 014	3 296 488
	229 538 910	208 499 474
Supplementary disclosure:		
Increase resulting from exchange rate fluctuations – loans outstanding	2 848 191	1 632 894

The accompanying notes to the financial statements (Annex V-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX V-4**

NIGERIA TRUST FUND

Notes to the financial statements for the years ended 31 December, 1996 and 1995

Note A – Summary of Significant Accounting Policies

The accounting policies employed by the Fund are consistent with International Accounting Standards promulgated by the International Accounting Standards Committee. The more significant accounting policies are summarized below:

Monetary basis of financial statements

The financial statements are expressed in Units of Account (UA) as defined by the Agreement establishing the African Development Bank. The Unit of Account is presently deemed and understood to be equivalent to one Special Drawing Right (SDR) of the International Monetary Fund. At 31 December, 1996, 1 UA was equivalent to 1.43796 United States Dollars (1995: 1.48649).

Income and Expenditure transactions in US Dollars have been translated into Units of Account at the rate of exchange prevailing on the last day of the month preceding the date of the transaction.

Assets and liabilities other than those denominated in Units of Account are translated into Units of Account at the rates of exchange ruling at the balance sheet date. Translation differences are debited or credited to «Accumulated Currency Translation Adjustment». Where currencies are converted into any other currency the resulting gain or loss is included in the determination of net income.

Investments

The Fund's investments, primarily in government and agency obligations and time deposits, are carried at market value. Government and agency obligations include marketable bonds, notes and other obligations. Time deposits include certificates of deposits and other obligations issued or unconditionally guaranteed by banks and other financial institutions.

Income from investments includes realized and unrealized gains and losses and interest earned.

Due to the nature of investments held by the Fund and policies governing the use of such investments, the Bank classifies its investments portfolio as liquidity in the statement of cash flows.

Loans

It is the policy of the Fund to place in non-accrual status all loans to borrowers if the principal instalments, interest or other charges related to such loans, are overdue by six months or more, unless the Fund's management determines that the overdue amount will be collected in the immediate future. Interest and other charges on loans in non-accrual status are included in income only to the extent that payment has actually been received by the Fund.

In addition, the Fund has a policy of creating provisions against loans where full repayment is in doubt. Currently, the Fund implements this policy by reviewing loans in arrears for two years or more with a view to creating possible provisions.

Prior year items and reclassification

Certain reclassifications of prior year amounts have been made to conform with the current period's presentation.

In prior years, accumulated provision for possible loan losses was recorded as a liability. This amount has been reclassified as a reduction of loans. This reclassification does not reflect a change in the provisioning policy, but has been made to conform with generally accepted accounting practice. Similarly, a provision for possible losses on account of balances held at a failed financial institution have been reclassified from «other accounts payable» to a reduction of «other accounts receivable».

Note B – Investments

The acquisition cost of investments as at 31 December, 1996, was UA 227,335,347 (1995: UA 204,063,732). The market value of investments as at 31 December, 1996 and 1995, is set out below:

	1996	1995
	UA	UA
Time deposits	56 044 675	21 056 314
Government and agency obligations	172 398 221	184 146 672
	228 442 896	205 202 986

Note C – Loans

Loans generally carry an interest rate of 4% on the outstanding balance and 3/4 of 1% commission is payable on undisbursed balances commencing 120 days after the effective date 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 Units of Account and repaid in the currency disbursed.

During the year ended 31 December, 1996, the Fund made a specific provision for losses amounting to UA 2,793,028 (1995: UA 1,686,638) on loans made to or guaranteed by certain regional member countries who are in arrears for two years or more.

An analysis of the movement in the accumulated provision for possible loan losses at 31 December, 1996 and 1995, is as follows:

	1996	1995
	UA	UA
Balance at 1 January	15 672 278	14 196 445
Provision for loan losses for the year	2 793 028	1 686 638
Translation adjustment	558 238	(210 805)
Balance at 31 December	19 023 544	15 672 278

At 31 December, 1996, loans made to or guaranteed by certain regional member countries, with an aggregate, principal balance outstanding of UA 27,937,178 (1995: UA 29,980,715) of which UA 4,572,262 (1995: UA 2,999,750) was overdue, were in non-accrual status (including those subject to provisioning). If these loans had not been in non-accrual status, income from loans for the year ended 31 December, 1996, would have been higher by UA 1,061,910 (1995: UA 1,307,477).

Note D – Fund Capital

The Fund was established under an agreement signed on 26 February, 1976, between the African Development Bank and the Federal Republic of Nigeria. The initial capital of the Fund was Naira 50,000,000 which was payable in two equal instalments of Naira 25,000,000 each, in freely convertible currencies. The first instalment equivalent to US$ 39,900,000 was received by the Bank on 14 July, 1976, and payment of the second instalment equivalent to US$ 39,615,000 was made on 1 February, 1977.

During May 1981, the Federal Republic of Nigeria announced the replenishment of the Fund with Naira 50,000,000. The first instalment of Naira 35,000,000 (US$ 52,295,000) was paid on 7 October, 1981. The second instalment of Naira 8,000,000 equivalent to US$ 10,867,200 was received on 4 May, 1984. The payment of the third instalment of Naira 7,000,000 equivalent to US$ 7,384,582 was made on 13 September, 1985.

Note E – Accounts Payable

The amount shown under this item includes:

	1996	1995
	UA	UA
Amount payable to borrowers	545 082	232 484
Management fee payable to ADB	922 812	807 423
Others	39 731	–
	1 507 625	1 039 907

Note F – Management Fees

According to the Agreement Establishing the Fund, 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.

b) Indirect costs incurred by the Bank in the management of the Fund.

Management Fees include UA 124,839 (1995: UA 502,264) being the Fund's share of the restructuring costs incurred by the Bank Group.

However, the annual payment for the aforementioned expenses of the Bank shall not exceed the total of 20% of the gross income of the Fund during the course of each year.

The formula set out in these sections may be reviewed from time to time by mutual agreement.

AFRICAN DEVELOPMENT BANK — ANNEX V-5

Nigeria Trust Fund
Summary Statement of Loans as at 31 December, 1996
(Expressed in Units of Account – Note A)

Country	Total No. of Loans	Total Amounts of loans approved	No. of loans unsigned	Amount of loans unsigned	Total Amount of loans signed	Undisbursed balance	Outstanding balance
1. Benin	3	15 409 499	–	–	15 409 499	7 188 896	6 312 356
2. Botswana	2	7 798 706	–	–	7 798 706	603 754	4 024 552
3. Burundi	2	2 253 155	–	–	2 253 155	–	126 572
4. Cape Verde	2	7 600 000	–	–	7 600 000	6 000 000	259 518
5. Côte d'Ivoire	1	2 872 358	–	–	2 872 358	–	249 602
6. Djibouti	1	4 000 000	–	–	4 000 000	4 000 000	–
7. Ethiopia	1	4 996 204	–	–	4 996 204	–	635 565
8. Gambia	2	6 482 196	–	–	6 482 196	785 408	2 798 841
9. Ghana	1	2 269 559	–	–	2 269 559	–	605 526
10. Guinea	2	6 388 134	–	–	6 388 134	–	5 207 381
11. Guinea Bisau	1	2 577 236	–	–	2 577 236	–	758 895
12. Lesotho	4	14 601 349	–	–	14 601 349	9 748 456	2 194 191
13. Liberia	4	26 920 694	–	–	26 920 694	–	23 474 028
14. Madagascar	2	11 870 681	–	–	11 870 681	5 947 707	1 840 285
15. Mali	1	4 512 464	–	–	4 512 464	–	3 013 065
16. Mauritius	2	5 300 000	–	–	5 300 000	2 418 016	893 804
17. Mozambique	2	6 890 000	–	–	6 890 000	1 088 508	1 546 142
18. Namibia	1	3 860 000	–	–	3 860 000	3 860 000	–
19. Niger	1	5 220 000	–	–	5 220 000	–	378 366
20. Rwanda	1	6 000 000	–	–	6 000 000	–	4 497 230
21. Sao Tome and Principe	1	1 000 000	–	–	1 000 000	–	329 693
22. Senegal	2	11 000 000	–	–	11 000 000	470 087	9 397 541
23. Seychelles	4	11 972 993	–	–	11 972 993	3 825 900	4 781 727
24. Somalia	1	903 873	–	–	903 873	–	809 097
25. Swaziland	1	1 729 350	–	–	1 729 350	–	931 304
26. Tanzania	3	13 593 324	–	–	13 593 324	5 663 653	4 786 598
27. Togo	2	10 453 889	–	–	10 453 889	6 000 000	1 107 755
28. Uganda	1	5 000 000	–	–	5 000 000	3 883 768	1 139 743
Multinational	5	16 192 235	–	–	16 192 235	8 769	4 832 740
Total	56	219 667 898	–	–	219 667 898	61 492 922	86 932 117

The accompanying notes to the financial statements (Annex V-4) form part of this statement.

AFRICAN DEVELOPMENT BANK **ANNEX V-5 (a)**

Nigeria Trust Fund
Maturity of Outstanding Loans as at 31 December, 1996
(Expressed in millions of Units of Account-Note A)

Period	UA
1 January 1997 to 31 December 1997	15.38
1 January 1998 to 31 December 1998	6.95
1 January 1999 to 31 December 1999	6.02
1 January 2000 to 31 December 2000	6.04
1 January 2001 to 31 December 2005	25.56
1 January 2006 to 31 December 2010	17.21
1 January 2011 to 31 December 2014	9.50
1 January 2015 to 31 December 2019	0.27
Total	86.93

The accompanying notes to the financial statements (Annex V-4) form part of this statement.

AKINTOLA WILLIAMS & HASSAN INC.
Immeuble Alpha 2000, 14e Etage
01 BP 4114 Abidjan 01
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DELOITTE & TOUCHE LLP
Two World Financial Center
New York, NY 10281
United States of America

REPORT OF THE EXTERNAL AUDITORS TO THE BOARD OF GOVERNORS OF THE NIGERIA TRUST FUND

We have audited the accompanying financial statements (Annex V-1 to V-5(a)) of the Nigeria Trust Fund (the Fund) in accordance with International Standards on Auditing. These financial statements are the responsibility of management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Nigeria Trust Fund as of 31 December 1996 and 1995, and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards, and comply with the Agreement establishing the Fund.

Akintola Williams & Hassan Inc.

AKINTOLA WILLIAMS & HASSAN INC.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Abidjan, Côte d'Ivoire
26 March 1997

ANNEX VI

ANNEX VI

ANNEX VI-1

Classification of Regional Member Countries in Bank Group Operations

A. Countries Eligible to ADF Resources Only*

- Angola
- Benin
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Republic
- Chad
- Comoros
- Congo
- Côte d'Ivoire
- Djibouti
- Equatorial Guinea
- Eritrea
- Ethiopia
- Gambia
- Ghana
- Guinea
- Guinea Bissau
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Mozambique
- Niger
- Rwanda
- Sao Tome and Principe
- Senegal
- Sierra Leone
- Somalia
- Sudan
- Tanzania
- Togo
- Uganda
- Zaire
- Zambia

B. Countries Eligible to a Blend of ADB and ADF Resources

- Egypt
- Nigeria
- Zimbabwe

C. Countries Eligible to ADB Resources Only

- Algéria
- Botswana
- Gabon
- Libya**
- Mauritius
- Morocco
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tunisia

* Except for limited ADB lending for enclave and private sector projects.
** Libya is not a Borrowing Member Country.

ANNEX VI-2

Classification of Countries by Country Departments

Central

Burundi
Cameroon
Central African Republic
Chad
Congo
Equatorial Guinea
Gabon
Rwanda
Sao Tome and Principe
Zaire

North

Algeria
Egypt
Libya
Mauritania
Morocco
Sudan
Tunisia

West

Benin
Burkina Faso
Cape Verde
Côte d'Ivoire
Gambia
Ghana
Guinea
Guinea Bissau
Liberia
Mali
Niger
Nigeria
Senegal
Sierra Leone
Togo

East

Comoros
Djibouti
Eritrea
Ethiopia
Kenya
Madagascar
Mauritius
Seychelles
Somalia
Tanzania
Uganda

South

Angola
Botswana
Lesotho
Malawi
Mozambique
Namibia
South Africa
Swaziland
Zambia
Zimbabwe

STATISTICAL ANNEXES

ANNEX VII

ANNEX VII-1

Bank Group Transfer of Resources to ADB Regional Member Countries, 1967–96[a]
(in millions of dollars)

Year	Gross Disbursements	Repayments of Principal	Net Disbursements	Interests and Charges	Net Transfers	Net Transfers as % of Gross Disbursements
1967	–	–	–	–	–	–
1968	0.1	–	0.1	–	0.1	100.00
1969	0.6	–	0.6	–	0.6	100.00
1970	2.4	–	2.4	0.2	2.2	91.7
1971	6.3	–	6.3	0.4	5.9	93.7
1972	13.5	0.1	13.4	1.3	12.1	89.6
1973	20.2	0.4	19.8	2.8	17.0	84.2
1974	24.0	0.6	23.4	4.5	18.9	78.8
1975	51.9	2.8	49.1	7.3	41.8	80.5
1976	62.0	7.6	54.4	10.7	43.7	70.5
1977	99.5	7.3	92.2	14.7	77.5	77.9
1978	141.9	14.0	127.9	23.3	104.6	73.7
1979	172.0	17.4	154.6	31.3	123.3	71.7
1980	220.1	20.3	199.8	40.0	159.8	72.6
1981	200.1	31.6	168.5	45.2	123.3	61.6
1982	280.2	34.1	246.1	53.5	192.6	68.7
1983	353.0	46.5	306.5	64.8	241.7	68.5
1984	288.6	59.8	228.8	75.8	153.0	53.0
1985	531.1	72.8	458.3	107.9	350.4	66.0
1986	672.3	106.6	565.7	150.7	415.0	61.7
1987	945.1	135.5	809.6	220.6	589.0	62.3
1988	1,166.9	171.3	995.6	245.7	749.9	64.3
1989	1,503.4	195.8	1,307.6	338.5	969.1	64.5
1990	1,874.4	265.6	1,608.8	414.0	1,194.8	63.7
1991	2,127.5	277.6	1,849.7	466.1	1,383.6	65.0
1992	2,164.1	315.8	1,848.3	586.4	1,262.0	58.3
1993	2,149.5	392.8	1,756.8	639.4	1,117.3	52.0
1994	2,089.6	583.2	1,506.5	836.3	670.2	32.1
1995	1,678.0	637.2	1,048.8	795.4	245.4	14.6
1996	1,641.6	760.1	881.5	843.1	38.4	2.3
Total	20,479.8	4,156.7	16,323.1	6,019.8	10,303.2	50.3

Source: ADB, Statistics Division.
[a] Data up to 1973 are only for ADB; for 1974–75 they are for ADB and ADF. From 1976 onwards they comprise ADB, ADF as well as NTF.

ANNEX VII-2

Bank Group Transfer of Concessional Resources to ADB Regional Member Countries, 1974–96[a]
(in millions of dollars)

Year	Gross Disbursements	Repayments of Principal	Net Disbursements	Interests and Charges	Net Transfers	Net Transfers as % of Gross Disbursements
1974	–	–	–	–	–	–
1975	3.9	–	3.9	–	3.9	100.00
1976	10.6	–	10.6	0.1	10.5	99.1
1977	26.4	0.1	26.3	0.2	26.1	98.9
1978	49.1	4.5	44.6	0.7	43.9	89.4
1979	64.4	1.9	62.5	1.5	61.0	94.7
1980	103.1	0.7	102.4	2.4	100.0	97.0
1981	100.7	2.3	98.4	3.1	95.3	94.6
1982	133.8	2.6	131.2	4.1	127.1	95.0
1983	163.4	2.2	161.2	5.2	156.0	95.5
1984	120.9	2.3	118.6	6.0	112.6	93.1
1985	229.1	5.9	223.2	8.4	214.8	93.8
1986	291.6	7.6	284.0	11.5	272.5	93.4
1987	404.8	11.1	393.7	16.4	377.3	93.2
1988	382.8	11.9	370.9	18.1	352.8	92.2
1989	506.7	14.1	492.6	21.3	471.3	93.0
1990	624.7	17.3	607.4	28.0	579.4	92.7
1991	653.4	24.7	628.7	25.1	603.6	92.4
1992	704.1	26.0	678.1	28.4	649.7	92.3
1993	715.2	32.4	682.8	37.5	645.3	90.2
1994	629.4	39.9	589.4	32.2	557.3	88.5
1995	619.6	50.0	569.6	49.8	519.7	83.9
1996	633.6	43.2	590.5	45.6	544.9	86.0
Total	7,171.4	300.8	6,870.6	345.6	6,525.0	91.0

Source: ADB, Statistics Division.
[a] Bank Group transfer of concessional resources refers to ADF and NTF.

ANNEX VII-3A

ADB Group Payments to Supplying Countries for Foreign Procurement, by Origin of Supply[1] 1995–96
(in thousands of UA)

Country[2]	1995 Amount	1995 %	1996 Amount	1996 %
Regionals				
Algeria	1,457	0.13	1,706	0.15
Benin	1,653	0.15	1,702	0.15
Botswana	2,352	0.21	1,973	0.17
Burkina Faso	4,881	0.43	8,906	0.78
Burundi	812	0.07	2,751	0.24
Cameroon	727	0.06	1,836	0.16
Cape Verde	1,613	0.14	2,924	0.26
Central African Republic	–	–	64	0.01
Chad	4,241	0.37	7,225	0.63
Congo	60	0.01	276	0.02
Côte d'Ivoire	18,037	1.59	19,184	1.68
Djibouti	435	0.04	455	0.04
Egypt	4,334	0.38	10,194	0.89
Equatorial Guinea	–	–	71	0.01
Ethiopia	5,240	0.46	7,142	0.63
Gabon	11,701	1.03	21,725	1.90
Gambia	116	0.01	708	0.06
Ghana	2,278	0.20	5,062	0.44
Guinea	2,252	0.20	3,286	0.29
Guinea Bissau	–	–	2,800	0.25
Kenya	14.521	1.28	21,714	1.90
Lesotho	3,971	0.35	1,745	0.15
Madagascar	10	0.00	168	0.01
Malawi	2,613	0.23	2,855	0.25
Mali	9,626	0.85	7,528	0.66
Mauritania	1,225	0.11	4,039	0.35
Mauritius	694	0.06	427	0.04
Morocco	49,514	4.37	45.193	3.96
Mozambique	7,334	0.65	764	0.07
Namibia	357	0.03	832	0.07
Nigeria	8,399	0.74	7,423	0.65
Sao Tome and Principe	889	0.08	1,155	0.10
Senegal	5,764	0.51	10,274	0.90
Seychelles	1,965	0.17	2,703	0.24
Sierra Leone	130	0.01	884	0.08
South Africa	–	–	2,023	0.18
Sudan	3,989	0.35	1,478	0.13
Swaziland	516	0.05	4,158	0.36
Tanzania	104	0.01	2,657	0.23
Togo	457	0.04	847	0.07
Tunisia	115,659	10.22	56,748	4.97
Uganda	910	0.08	8,177	0.72
Zaïre	–	–	43	0.00
Zambia	309	0.03	1,310	0.11
Zimbabwe	1,068	0.09	1,613	0.14
Sub-Total	292.213	25.82	286,748	25.13

ANNEX VII-3A

ADB Group Payments to Supplying Countries for Foreign Procurement by Origin of Supply[1], 1995–96
(in thousands of UA)

Country[2]	1995 Amount	1995 %	1996 Amount	1996 %
Non-Regionals				
Austria	2,023	0.18	1,629	0.14
Belgium	17,623	1.56	10,203	0.89
Brazil	8,790	0.78	9,628	0.84
Canada	12,119	1.07	43,509	3.81
China	27,100	2.39	16,403	1.44
Croatia	3,571	0.32	54	0.00
Denmark	7,187	0.63	21,700	1.90
Finland	1,385	0.12	4,596	0.40
France	127,557	11.27	111,951	9.81
Germany	53,606	4.74	45,632	4.00
India	17,491	1,55	16,314	1.43
Italy	68,115	6.02	93,691	8.21
Japan	37,748	3.34	24,385	2.14
Korea	8,505	0.75	12,083	1.06
Kuwait	–	–	8,003	0.70
Netherlands	14,697	1.30	16,435	1.44
Norway	15,334	1.35	4,110	0.36
Portugal	4,085	0.36	4,373	0.38
Saudi Arabia	–	–	136	0.01
Spain	12,305	1.09	23,196	2.03
Sweden	1,977	0.17	4,441	0.39
Switzerland	11,608	1.03	16,595	1.45
United Arab Emirates	4,152	0.37	51	0.00
United Kingdom	78,390	6.93	76,190	6.68
USA	50,255	4.44	73,755	6.46
Ex-Yugoslavia	321	0.03	125	0.01
Sub-Total	585,944	51.77	639,188	56.01
Advance Disbursements	105,717	9.34	28,708	2.52
Disbursements for Policy - based Loans[3]	147,932	13.07	186,492	16.34
Total	1,131,805	100.00	1,141,136	100.00

[1] Represent payments to suppliers or primary contractors according to origin of supplies, regardless of location of supplier.
[2] Member countries without payments for procurement do not appear in the table.
[3] Breakdown of disbursements for policy – based loans is not provided.
Due to rounding some totals may not add up.

ANNEX VII-3B

ADB Group Payments to Supplying Countries for Foreign Procurement, by Source of Supply[1], 1995–96
(in thousands of UA)

Country	1995 Amount	1995 %	1996 Amount	1996 %
Regionals				
Algeria	1,501	0.13	1,706	0.15
Benin	8,160	0.72	6,511	0.57
Botswana	1,579	0.14	4,428	0.39
Burkina Faso	6,281	0.55	10,776	0.94
Burundi	5,766	0.51	9,200	0.81
Cameroon	5,671	0.50	7,415	0.65
Cape Verde	2,426	0.21	3,086	0,27
Chad	6,420	0.57	10,632	0.93
Comoros	–	–	–410	–0.04
Congo	190	0.02	347	0.03
Côte d'Ivoire	28,427	2.51	35,658	3.12
Djibouti	3,775	0.33	5,094	0.45
Egypt	2,772	0.24	7,647	0.67
Equatorial Guinea	15	0.00	131	0.01
Ethiopia	6,305	0.56	8,141	0.71
Gabon	39,342	3.48	30,364	2.66
Gambia	1,082	0.10	1,084	0.09
Ghana	10,280	0.91	7,760	0.68
Guinea	10,217	0.90	7,289	0.64
Guinea Bissau	812	0.07	4,511	0.40
Kenya	25,302	2.24	33,088	2.90
Lesotho	6,357	0.56	5,836	0.51
Madagascar	517	0.05	1,259	0.11
Malawi	6,329	0.56	8,324	0.73
Mali	30,568	2.70	9,462	0.83
Mauritania	2,148	0.19	4,441	0.39
Mauritius	736	0.07	656	0.06
Morocco	40,302	3.56	49,668	4.35
Mozambique	13,309	1.18	3,539	0.31
Namibia	2,002	0.18	1,857	0.16
Niger	193	0.02	532	0.05
Nigeria	28,051	2.48	10,329	0.91
Rwanda	813	0.07	–	–
Sao Tome and Principe	1,811	0.16	1,473	0.13
Senegal	7,860	0.69	12,348	1.08
Seychelles	3,051	0.27	3,336	0.29
Sierra Leone	2,098	0.19	1,350	0.12
Somalia	–	–	2,025	0.18
Sudan	19,433	1.72	1,360	0.12
Swaziland	926	0.08	5,441	0.48
Tanzania	4,737	0.42	10,818	0.95
Togo	1,105	0.10	1,058	0.09
Tunisia	119,363	10.55	67,962	5.96
Uganda	10,823	0.96	12,757	1.12
Zambia	4,288	0.38	6,341	0.56
Zimbabwe	3,049	0.27	8,534	0.75
Sub-Total	476,191	42.07	425,164	37.26

ANNEX VII-3B

ADB Group Payments to Supplying Countries for Foreign Procurement by Source of Supply[1], 1995–96
(in thousands of UA)

Country[2]	1995 Amount	1995 %	1996 Amount	1996 %
Non-Regionals				
Argentina	–	–	9	0.00
Austria	1,902	0.17	1,754	0.15
Belgium	16,950	1.50	9,582	0.84
Brazil	936	0.08	170	0.01
Canada	11,093	0.98	15,620	1.37
China	4,223	0.37	1,224	0.11
Croatia	3,526	0.31	–	–
Denmark	6,728	0.59	20,197	1.77
Finland	1,059	0.09	4,596	0.40
France	63,446	5.61	83,447	7.31
Germany	42,237	3.73	34,019	2.98
India	16,603	1.47	14,801	1.30
Italy	43,168	3.81	61,902	5.42
Japan	34,444	3.04	13,782	1.21
Korea	3,763	0.33	9,472	0.83
Kuwait	–	–	4,132	0.36
Netherlands	13,329	1.18	11,406	1.00
Norway	15,302	1.35	1,980	0.17
Portugal	3,749	0.33	2,506	0.22
Spain	11,236	0.99	22,452	1.97
Sweden	1,860	0.16	3,533	0.31
Switzerland	12,131	1.07	15,674	1.37
United Arab Emirates	4,152	0.37	587	0.05
United Kingdom	57,379	5.07	67,088	5.88
USA	30,150	2.66	75,413	6.61
Sub-Total	399,367	35.29	475,349	41.66
Advance Disbursements	108,316	9.57	48,254	4.23
Disbursements for Policy – based Loans[3]	147,932	13.07	192,369	16.86
Total	1,131,805	100.00	1,141,136	100.00

[1] Represent payments to suppliers or primary contractors according to country of location, regardless of origin of supplies.
[2] Member Countries without payments for procurement do not appear in the table.
[3] Breakdown of disbursements for policy – based loans is not provided.
Due to rounding some totals may not add up.

ANNEX VII-4

Net Disbursements of Bilateral ODA from DAC Countries to ADB Regional Member Countries, 1991–95

(in millions of dollars)

Country	1991	1992	1993	1994	1995
Algeria	306.9	375.5	265.1	373.5	289.8
Angola	158.9	194.6	155.5	225.9	247.7
Benin	160.0	171.2	147.7	142.0	177.2
Botswana	104.2	93.4	80.1	56.7	54.3
Burkina Faso	270.1	267.6	254.7	264.6	251.2
Burundi	122.9	148.8	125.7	108.5	107.4
Cameroon	377.1	579.0	528.0	397.0	345.3
Cape Verde	80.5	82.0	83.0	81.7	71.5
Central African Republic	98.1	106.7	116.8	94.2	122.4
Chad	137.6	148.4	145.7	103.5	126.8
Comoros	30.5	23.1	28.8	17.8	21.5
Congo	117.7	101.7	116.3	252.9	105.0
Côte d'Ivoire	434.7	527.4	708.5	820.2	726.5
Djibouti	82.9	92.0	94.0	94.0	79.6
Egypt	4,157.0	2,996.2	1,823.8	2,310.7	1,689.4
Equatorial Guinea	35.2	35.9	27.7	16.5	21.6
Eritrea	...	...	48.1	95.7	94.5
Ethiopia	464.4	457.0	417.1	566.9	525.2
Gabon	140.5	64.8	97.5	161.2	135.6
Gambia	55.0	50.4	49.9	38.2	25.1
Ghana	448.6	332.7	312.4	331.8	358.5
Guinea	173.3	233.5	184.6	186.3	219.8
Guinea Bissau	64.9	59.2	58.3	125.4	79.1
Kenya	608.4	519.7	426.5	400.5	458.7
Lesotho	74.1	69.0	73.8	45.5	61.6
Liberia	56.7	26.1	24.6	35.5	31.1
Libya	3.0	1.5	2.0	1.8	3.2
Madagascar	274.2	215.5	227.8	189.9	194.9
Malawi	208.7	207.9	158.6	251.1	220.5
Mali	279.7	239.1	221.0	243.0	284.5
Mauritania	110.3	116.4	196.0	128.1	126.3
Mauritius	61.5	34.7	26.8	7.7	9.7
Morocco	610.8	733.7	422.0	317.9	347.4
Mozambique	771.6	1,010.1	817.3	733.4	701.5
Namibia	95.1	97.9	122.8	112.5	144.1
Niger	264.4	262.0	254.0	261.5	189.6
Nigeria	171.6	137.7	71.0	47.3	72.4
Rwanda	232.9	187.5	201.3	487.4	338.1
Sao Tome and Principe	25.1	27.0	28.8	27.1	55.9
Senegal	421.4	454.0	363.8	475.1	397.0
Seychelles	16.8	15.4	6.8	7.3	11.0
Sierra Leone	67.9	74.1	105.7	53.8	59.6
Somalia	116.0	497.3	687.9	437.6	119.2
South Africa	...	...	183.3	214.4	318.4
Sudan	368.8	187.5	164.1	174.5	130.1
Swaziland	31.1	26.7	33.4	27.5	37.7
Tanzania	763.8	816.2	650.1	570.3	586.6
Togo	124.5	134.9	77.2	63.5	114.9
Tunisia	263.9	298.2	126.8	72.7	51.4
Uganda	285.3	254.8	347.8	344.5	422.1
Zaire	342.7	162.7	99.1	97.3	117.1
Zambia	582.8	699.0	510.6	434.0	439.4
Zimbabwe	359.2	535.8	310.1	280.3	347.7
Unallocated	5.2	5.5	3.0	7.4	23.6
Total	15,618.5	15,189.0	12,813.3	13,415.6	12,290.3

Source: OECD, *Reporting System Division*, January 1997.

ANNEX VII-5

Net Disbursements of Total ODA from all sources to ADB Regional Member Countries, 1991–95
(in millions of dollars)

Country	1991	1992	1993	1994	1995
Algeria	340.4	406.2	348.6	419.6	312.2
Angola	279.7	351.1	298.0	453.0	424.4
Benin	268.4	269.1	289.5	257.2	281.6
Botswana	136.0	113.6	133.5	88.9	92.2
Burkina Faso	423.7	438.2	470.1	435.9	486.6
Burundi	259.1	310.9	218.3	313.0	287.9
Cameroon	518.5	715.0	545.4	730.7	444.1
Cape Verde	107.3	124.2	119.5	121.6	111.5
Central African Republic	174.7	177.3	173.3	166.4	167.6
Chad	265.8	240.8	227.5	214.7	239.2
Comoros	64.9	48.6	50.2	40.0	43.3
Congo	133.7	112.3	123.2	362.1	125.4
Côte d'Ivoire	632.7	757.7	765.1	1,594.1	1,212.3
Djibouti	108.3	113.0	133.9	129.2	106.3
Egypt	5,024.7	3,601.7	2,400.8	2,694.9	2,021.9
Equatorial Guinea	63.1	62.0	53.2	30.3	33.8
Eritrea	...	...	68.1	158.3	149.9
Ethiopia	1,097.3	1,179.9	1,093.7	1,074.5	887.6
Gabon	143.4	69.4	102.4	181.9	144.7
Gambia	102.7	109.9	86.5	70.9	47.7
Ghana	882.1	612.3	618.2	546.4	653.3
Guinea	382.0	449.8	409.8	360.0	415.8
Guinea Bissau	118.1	107.4	97.4	177.3	118.7
Kenya	921.2	885.8	910.7	676.5	731.7
Lesotho	126.2	144.3	142.9	116.6	114.8
Liberia	158.0	118.9	122.9	63.5	123.1
Libya	26.4	6.4	6.0	6.8	8.4
Madagascar	455.9	361.8	363.1	289.4	303.2
Malawi	524.6	569.8	497.7	469.7	434.0
Mali	457.7	434.2	366.0	442.6	544.9
Mauritania	219.9	202.1	328.0	269.1	231.0
Mauritius	67.5	45.3	25.9	14.2	22.3
Morocco	1,232.3	945.8	712.6	631.1	495.8
Mozambique	1,072.6	1,470.6	1,187.6	1,231.6	1,104.5
Namibia	184.4	143.4	154.7	137.9	189.1
Niger	377.0	369.9	347.0	377.4	270.2
Nigeria	262.6	258.4	279.0	190.3	212.3
Rwanda	363.6	353.0	358.2	714.6	710.9
Sao Tome and Principe	52.7	57.8	47.4	50.9	78.6
Senegal	639.0	675.4	504.4	645.0	668.9
Seychelles	23.0	19.2	19.4	12.8	13.0
Sierra Leone	104.9	134.2	208.7	276.5	206.6
Somalia	186.2	652.6	890.4	537.8	191.3
South Africa	...	...	275.3	294.6	385.8
Sudan	880.9	547.4	457.9	413.0	235.8
Swaziland	53.9	52.6	53.0	56.0	55.5
Tanzania	1,080.7	1,343.1	953.2	968.5	881.8
Togo	202.2	223.4	97.6	125.9	189.9
Tunisia	357.2	389.3	227.6	106.7	71.4
Uganda	666.8	727.2	612.4	753.3	829.7
Zaire	476.2	268.1	178.2	245.5	195.1
Zambia	883.3	1,034.8	871.9	718.6	2,034.9
Zimbabwe	393.3	792.6	500.1	561.7	492.7
Unallocated	5.5	13.1	41.7	49.3	70.7
Total	23,981.9	23,610.9	20,567.7	22,068.3	20,905.9

Source: OECD, *Reporting System Division*, Paris, January 1997.

ANNEX VII-6

Total Recorded Net Flows of Resources from all sources to Regional Member Countries, 1991–95
(in millions of dollars)

Country	1991	1992	1993	1994	1995
Algeria	1,880.9	-801.7	-17.7	739.8	659.7
Angola	605.9	557.7	218.7	672.0	474.2
Benin	270.9	277.5	317.0	258.0	279.6
Botswana	215.8	168.1	107.5	62.2	33.2
Burkina Faso	415.0	438.9	454.6	427.3	483.3
Burundi	255.0	307.3	211.6	306.0	280.2
Cameroon	656.9	818.3	612.1	774.3	395.6
Cape Verde	94.7	127.5	118.4	119.0	137.1
Central African Republic	207.4	154.8	174.2	159.0	167.9
Chad	267.6	254.7	258.7	229.1	286.2
Comoros	61.6	47.4	50.2	42.2	42.3
Congo	312.5	248.0	387.6	367.7	155.0
Côte d'Ivoire	555.0	957.0	901.2	1,611.8	1,110.9
Djibouti	108.4	113.2	139.7	122.5	104.7
Egypt	4,235.8	1,655.6	2,666.7	3,187.1	2,585.5
Equatorial Guinea	60.2	48.4	53.8	32.1	32.8
Eritrea	...	...	53.3	158.3	149.8
Ethiopia	1070.6	1,173.7	1,123.6	1,011.2	854.3
Gabon	123.1	139.3	272.4	814.9	443.2
Gambia	102.4	110.0	82.2	70.8	44.9
Ghana	996.8	745.1	762.6	667.0	571.5
Guinea	378.7	414.0	469.1	369.8	430.0
Guinea Bissau	100.8	116.0	95.6	108.3	116.5
Kenya	1,082.3	955.4	760.2	439.6	497.2
Lesotho	128.1	322.3	231.3	228.2	183.2
Liberia	-60.6	441.1	473.4	-56.0	5.7
Libya	192.3	69.6	-24.3	-6.7	92.7
Madagascar	469.6	342.7	364.9	264.8	250.0
Malawi	532.8	562.9	491.2	464.1	417.3
Mali	462.9	436.1	405.4	459.8	597.7
Mauritania	206.7	219.9	326.5	246.6	218.0
Mauritius	76.8	54.0	28.7	83.5	4.5
Morocco	1,889.6	1,175.6	744.0	769.6	430.0
Mozambique	1,003.3	1,261.5	1,123.9	1,302.4	1,111.5
Namibia	189.1	150.2	153.2	217.0	191.8
Niger	311.9	395.3	350.4	375.9	200.5
Nigeria	1,026.6	11.8	1,159.1	52.8	29.5
Rwanda	366.4	351.5	352.0	709.6	658.3
Sao Tome and Principe	50.1	57.3	46.7	52.3	52.4
Senegal	576.1	719.8	577.9	694.9	655.2
Seychelles	30.9	31.9	30.1	124.4	15.1
Sierra Leone	126.3	143.7	223.7	260.3	202.1
Somalia	181.2	625.2	886.5	536.8	191.8
South Africa	...	...	318.6	-53.5	1,878.6
Sudan	870.4	501.4	492.8	401.5	282.3
Swaziland	56.6	40.4	41.7	53.7	54.6
Tanzania	1,073.6	1,292.2	951.1	930.1	861.7
Togo	201.0	214.9	99.2	115.9	190.9
Tunisia	333.5	697.7	719.0	704.9	1,491.0
Uganda	646.0	713.2	592.6	887.0	811.6
Zaire	457.4	273.6	167.8	213.3	243.2
Zambia	751.2	991.6	824.4	631.8	1,971.8
Zimbabwe	827.9	1,239.1	801.7	587.2	241.3
Unallocated	-56.8	73.6	39.5	26.2	92.8
Total	26,979.2	22,436.3	23,266.3	24,028.4	23,962.7

Source: OECD, *Reporting System Division*, January 1997.

ANNEX VII-7

Total External Debt of ADB Regional Member Countries, 1994–95[a]

(in millions of dollars)

Country	Debt Outstanding Disbursed only		Debt Service		Service Payments[b] as % of Exports	
	1994	1995	1994	1995	1994	1995
Algeria	29,898.2	32,609.6	5,364.1	4,379.6	55.0	40.5
Angola	10,608.3	11,482.1	73.8	458.3	2.4	12.6
Benin	1,619.5	1,646,2	40.9	48.8	9.9	9.8
Botswana	690.8	698.9	92.5	92.2	4.5	4.2
Burkina Faso	1,125.6	1,267.3	44.3	48.3	16.7	14.4
Burundi	1,125.5	1,156.9	41.1	38.6	29.8	29.2
Cameroon	7,274.5	9,350.1	373.8	423.1	21.6	20.5
Cape Verde	170.0	216.3	6.4	5.8	11.3	8.4
Central African Republic	890.6	943.9	23.3	15.8	11.5	6.9
Chad	816.5	908.4	14.8	15.7	8.1	5.7
Comoros	188.8	203.3	2.6	1.0	6.2	2.0
Congo	5,275.3	6,031.6	555.1	180.9	49.8	13.5
Côte d'Ivoire	18,451.6	18,951.8	1,273.6	1,045.9	38.0	23.3
Djibouti	246.9	260.2	9.4	10.3	4.4	5.3
Egypt	33,357.5	34,116.4	2,279.6	2,395.0	17.1	16.0
Equatorial Guinea	290.7	293.0	2.0	2.1	2.9	2.2
Eritrea	...	...	...	...	...	...
Ethiopia	5,058.4	5,221.3	92.5	154.6	16.6	19.2
Gabon	3,967.2	4,492.2	251.4	442.1	9.8	15.0
Gambia	419.3	425.6	31.0	25.3	15.2	16.1
Ghana	5,388.8	5,874.1	343.2	369.9	25.0	23.4
Guinea	3,104.0	3,241.7	96.5	181.0	14.4	23.4
Guinea Bissau	816.4	894.0	6.8	16.1	15.0	44.2
Kenya	7,273.0	7,381.0	888.1	765.4	33.6	25.9
Lesotho	600.1	659.0	30.4	40.1	18.3	20.6
Liberia	2,056.1	2,127.0	14.8	1.7	1.9	0.2
Libya	...	3,562.0	...	175.0	...	...
Madagascar	4,133.7	4,301.6	60.5	70.0	9.3	9.4
Malawi	2,014.7	2,140.3	67.2	108.3	17.3	25.1
Mali	2,781.2	3,065.7	129.7	80.4	32.9	7.1
Mauritania	2,326.0	2,467.0	104.8	115.7	24.1	23.8
Mauritius	1,355.0	1,800.8	144.9	215.8	7.6	9.9
Morocco	22,512.5	22,146.8	2,919.6	2,541.1	44.3	34.4
Mozambique	5,490.9	5,781.1	91.0	173.0	26.7	42.0
Namibia	54.5	63.0	...	2.0	...	0.1
Niger	1,569.4	1,633.4	66.3	57.8	25.7	20.2
Nigeria	33,485.0	35,005.3	1,916.1	1,571.3	19.9	14.7
Rwanda	954.4	1007.7	6.5	19.8	14.7	25.2
Sao Tome and Principe	252.0	277.3	2.7	2.1	22.0	22.4
Senegal	3,678.4	3,845.3	196.6	298.4	14.7	18.5
Seychelles	170.1	164.4	18.3	20.7	6.9	7.2
Sierra Leone	1,391.6	1,226.4	145.9	82.7	87.8	75.8
Somalia	2,616.3	2,678.0	0.0	0.7	0.0	0.5
South Africa	20,000.7	22,167.0	...	2,661.0	...	8.5
Sudan	17,709.8	17,623.2	0.5	22.6	...	...
Swaziland	237.2	251.4	24.5	22.6	2.8	2.3
Tanzania	7,441.5	7,333.2	174.0	217.8	20.4	20.3
Togo	1,455.0	1,486.3	24.2	30.4	7.8	7.7
Tunisia	9,253.7	9,937.9	1,423.4	1,490.2	20.7	18.5
Uganda	3,473.3	3,563.6	151.7	136.8	25.0	25.6
Zaire	12,336.6	13,137.0	65.7	25.0	5.0	1.6
Zambia	6,572.7	6,582.6	369.3	2,616.1	31.5	206.8
Zimbabwe	4,367.7	4,885.4	608.3	650.5	25.8	23.7
Total	308,347.5	328,855.7	20,663.7	24,565.4	17.0	17.7

Source: World Bank, February 1997.

[a] Excluding debt contracted by multinational organisations.

[b] Debt service ratios are based on debt service actually paid and not on contractual service due.

ANNEX VII-8

International Reserves of ADB Regional Member Countries (end of period), 1991–96
(in millions of dollars)

Country	1991	1992	1993	1994	1995	1996
Algeria	1,765.4	1,725.7	1,743.1	2,959.0	2,995.0	4,271.0
Angola	246.0	473.0	217.0	...	...	...
Benin	195.6	249.1	248.1	262.3	202.2	181.4
Botswana	3,772.4	3,844.6	4,153.1	4,462.4	4,764.4	4,972.1
Burkina Faso	350.0	345.2	386.4	241.3	351.7	355.4
Burundi	147.8	180.0	169.6	211.3	216.1	188.5
Cameroon	53.6	30.3	14.4	13.6	15.4	13.0
Cape Verde	65.1	75.8	72.4	42.1	57.3	38.8
Central African Republic	106.9	103.8	116.4	214.2	237.9	246.9
Chad	123.7	84.2	43.4	76.0	142.5	176.3
Comoros	29.4	27.3	33.2	44.3	44.7	55.5
Congo	8.7	7.7	5.8	54.6	63.6	72.2
Côte d'Ivoire	29.2	22.4	18.9	220.9	546.1	662.9
Djibouti	100.00	83.4	75.1	73.8	72.2	70.6
Egypt	5,981.3	11,425.8	13,520.1	14,175.0	16,885.0	17,340.0
Equatorial Guinea	9.5	13.4	0.5	0.5	0.4	0.2
Eritrea	...	...	...	...	...	...
Ethiopia	69.6	243.8	467.2	555.6	782.9	732.9
Gabon	332.0	75.5	5.9	180.0	153.0	161.6
Gambia	67.6	94.0	104.4	98.0	106.2	104.3
Ghana	624.2	398.0	486.9	661.1	774.9	733.3
Guinea	80.1	87.0	132.1	87.9	86.8	90.0
Guinea Bissau	14.6	17.8	14.2	18.4	20.3	24.4
Kenya	132.0	65.2	419.9	572.8	368.8	749.8
Lesotho	115.0	157.5	252.7	372.6	456.7	434.7
Liberia	1.3	1.0	2.4	5.1	3.8	...
Libya	5,847.0	6,334.3	5,886.3	...	...	...
Madagascar	88.9	89.7	...	71.6	109.0	177.8
Malawi	153.7	40.5	57.4	43.3	110.6	194.3
Mali	326.0	314.4	339.5	228.4	330.3	427.6
Mauritania	71,8	65,0	49,0	44,0	89,9	93,5
Mauritius	898.1	824.3	760.9	751.6	867.4	871.4
Morocco	3,115.5	3,597.8	3,857.0	4,570.0	3,831.0	4,094.0
Mozambique	239.7	...	...	...	...	...
Namibia	...	49.7	133.7	202.6	221.0	195.3
Niger	206.7	228.8	196.2	114.4	99.0	67.8
Nigeria	4,437.0	968.1	1,372.9	1,387.0	1,444.0	2,707.0
Rwanda	110.1	78.7	39.0	32.0	125.8	142.3
Sao Tome and Principe	...	...	...	...	...	...
Senegal	23.5	22.4	14.2	190.4	283.0	191.0
Seychelles	27.7	31.2	35.6	30.2	27.1	20.4
Sierra Leone	9.6	20.6	32.8	49.7	34.6	23.7
Somalia	...	...	...	...	...	...
South Africa	2,973.1	2,984.1	2,678.0	3,130.0	4,301.0	2,219.0
Sudan	7.6	27.5	37.7	78.2	99.9	...
Swaziland	171.9	309.1	264.3	297.0	298.2	297.6
Tanzania	203.9	327.3	203.3	332.1	270.2	320.6
Togo	369.3	276.8	161.0	99.1	135.2	199.2
Tunisia	794.9	856.6	858.0	1,465.9	1,610.1	1,782.7
Uganda	58.9	94.4	146.4	321.4	458.9	476.9
Zaire	193.1	166.1	54.8	131.4	157.4	65.4
Zambia	184.6	156.7	192.3	...	...	...
Zimbabwe	217.5	310.3	511.1	495.0	735.2	774.1
Total	35,151.4	38,005.8	40,584.4	39,667.9	44,286.6	47,017.1

Sources: IMF, *International Financial Statistics*, 1997.

ANNEX VII-9

Export-Import Ratios of ADB Regional Member Countries, 1991–95
(in percentage)

Country	1991	1992	1993	1994	1995
Algeria	166.8	129.8	131.7	94.8	99.9
Angola	253.4	186.9	192.2	178.2	195.2
Benin	8.8	14.3	29.6	33.1	27.4
Botswana	95.0	93.6	100.5	112.6	112.4
Burkina Faso	159.0	164.6	144.0	89.5	97.6
Burundi	36.3	32.6	33.3	48.2	45.3
Cameroon	156.4	158.2	170.9	137.2	164.4
Cape Verde	4.2	2.7	2.5	2.4	3.6
Central African Republic	50.4	73.6	87.4	108.6	98.3
Chad	77.4	75.0	65.6	83.6	114.5
Comoros	42.9	32.2	38.2	22.1	19.0
Congo	173.4	261.4	183.6	151.0	175.1
Côte d'Ivoire	127.7	116.3	110.6	139.0	126.6
Djibouti	7.9	7.3	8.2	8.7	8.6
Egypt	46.5	37.0	27.4	34.0	29.3
Equatorial Guinea	55.2	89.3	95.0	167.6	172.0
Eritrea	...	...	17.8	18.3	18.9
Ethiopia	40.0	21.2	25.3	36.0	33.9
Gabon	268.8	297.6	271.5	310.8	307.6
Gambia	18.9	26.9	21.4	15.3	11.4
Ghana	75.7	67.7	61.6	77.7	84.1
Guinea	59.2	61.6	56.7	55.7	60.0
Guinea Bissau	30.5	7.7	25.8	189.9	33.4
Kenya	61.6	78.2	78.1	74.6	63.7
Lesotho	8.3	12.1	15.4	17.0	16.2
Liberia	147.8	145.8	86.1	86.1	85.9
Libya	209.6	186.0	118.7	181.6	178.5
Madagascar	67.7	61.9	55.7	95.0	73.0
Malawi	67.1	53.3	58.6	66.2	74.0
Mali	67.8	56.4	61.6	63.5	62.6
Mauritania	79.3	67.4	75.1	73.1	89.6
Mauritius	75.8	79.6	75.7	69.8	78.5
Morocco	62.8	54.2	59.0	55.8	56.1
Mozambique	18.0	16.3	13.8	14.7	21.6
Namibia	105.6	104.6	108.5	110.5	98.6
Niger	86.4	85.6	73.0	69.1	76.6
Nigeria	135.8	146.4	132.1	143.9	111.0
Rwanda	30.2	23.0	23.2	7.9	19.3
Sao Tome and Principe	19.4	18.6	20.0	20.5	19.4
Senegal	59.7	65.1	47.2	48.3	49.5
Seychelles	28.4	25.0	21.5	25.1	25.7
Sierra Leone	89.0	102.1	80.3	76.2	18.5
Somalia	197.7	193.8	194.2	200.2	206.3
South Africa	123.7	118.5	121.2	106.8	91.2
Sudan	34.3	38.9	44.1	45.1	46.9
Swaziland	82.9	73.8	77.2	80.4	78.5
Tanzania	22.3	27.5	30.1	34.5	39.5
Togo	57.0	69.6	76.0	73.0	53.9
Tunisia	71.3	62.5	61.2	70.8	69.3
Uganda	102.0	32.3	34.7	48.7	43.6
Zaire	116.8	101.5	98.9	109.7	110.3
Zambia	78.6	79.2	118.5	81.5	73.1
Zimbabwe	74.5	65.6	86.2	84.1	85.5
Africa	107.8	99.9	94.4	91.8	87.0

Source: IMF, *International Financial Statistics*, CD-ROM January 1997.

ANNEX VII-10

Consumer Price Index, 1992–96 (1990 = 100)

Country	1992	1993	1994[r]	1995[p]	1996[e]
Algeria	166	200	258	335	391
Angola*	399	...	...	...	...
Benin	103	106	134	145	152
Botswana	130	148	164	181	200
Burkina Faso	101	101	131	136	141
Burundi	114	125	143	171	207
Cameroon	100	97	131	149	156
Cape Verde	113	120	126	138	152
Central African Republic	97	94	122	139	159
Chad	101	94	132	144	156
Comoros	107	112	128	140	153
Congo	111	114	159	182	208
Côte d'Ivoire	106	108	137	156	163
Djibouti	114	120	125	129	134
Egypt	136	153	165	191	205
Equatorial Guinea	90	94	132	156	185
Eritrea	...	...	...	...	...
Ethiopia	150	155	167	184	185
Gabon	100	91	124	137	144
Gambia	119	127	129	138	142
Ghana	130	162	203	353	548
Guinea	140	149	156	164	173
Guinea Bissau	267	396	456	663	977
Kenya	155	226	292	294	320
Lesotho	138	156	169	185	203
Liberia	118	126	139	153	169
Libya	127	...	...	...	...
Madagascar	124	137	190	283	346
Malawi	138	165	223	404	733
Mali	95	95	117	130	143
Mauritania	116	127	132	140	147
Mauritius	112	124	133	141	153
Morocco	114	120	126	134	141
Mozambique	193	275	449	693	1,040
Namibia	132	143	158	174	182
Niger	88	87	118	131	137
Nigeria	163	257	403	697	941
Rwanda	131	147	152	293	337
Sao Tome and Principe	172	209	287	...	...
Senegal	98	98	129	139	144
Seychelles	105	107	109	108	107
Sierra Leone	336	410	509	642	799
Somalia	211	263	312	363	415
South Africa	131	144	157	171	183
Sudan	487	980	1,970	3,122	5,775
Swaziland	120	140	160	184	201
Tanzania	157	196	263	336	420
Togo	102	101	139	160	169
Tunisia	115	119	125	133	139
Uganda	195	207	227	247	259
Zaire	...	...	...	...	...
Zambia	573	1,655	2,521	3,381	4,514
Zimbabwe	175	224	273	335	402

Sources: IMF, *International Financial Statistics*, 1997, ILO, *Bulletin of Labour Statistics* 4th Quarter 1996 and National Statistical Offices, 1996.

r = Revised p = Provisional e = estimates * 1991 = 100.

ANNEX VII-11

Exchange Rates of African Currencies (end of period), 1991–96
(national currency per dollar)

Country	Currency	1991	1992	1993	1994	1995	1996
Algeria	Dinar	21.39	22.78	24.12	42.89	52.18	55.84
Angola	New Kwanza	180.00	550.00	6,500.00	509,262.00	1,585,610.13	. . .
Benin	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Botswana	Pula	2.07	2.26	2.56	2.72	2.82	3.58
Burkina Faso	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Burundi	Franc	191.10	236.55	264.38	246.94	277.92	286.14
Cameroon	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Cape Verde	Escudo	66.47	73.09	85.99	81.14	77.46	82.86
Central African Republic	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Chad	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Comoros	Franc	259.00	275.32	294.77	400.95	367.50	391.13
Congo	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Côte d'Ivoire	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Djibouti	Franc	177.72	177.72	177.72	177.72	177.72	177.72
Egypt	Pound	3.33	3.34	3.37	3.39	3.39	3.39
Equatorial Guinea	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Eritrea	Birr	2.07	5.00	5.00	5.95	6.32	6.34
Ethiopia	Birr	2.07	5.00	5.00	5.95	6.32	6.34
Gabon	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Gambia	Dalasi	8.96	9.22	9.53	9.58	9.64	9.81
Ghana	Cedi	390.63	520.83	819.67	1,052.63	1,449.28	1,694.92
Guinea	Franc	802.95	922.41	972.41	981.02	998.00	1,000.20
Guinea Bissau	Peso	4,959.15	8,655.56	11,463.80	15,369.30	21,928.77	23,418.00
Kenya	Shilling	28.07	36,22	68,16	44,84	55,94	55,40
Lesotho	Maloti	2.74	3.05	3.40	3.54	3.65	4.60
Liberia	Dollar	1.00	1.00	1.00	1.00	1.00	1.00
Libya	Dinar	0.27	0.30	0.33	0.36	0.35	0.36
Madagascar	Franc	1,832.66	1,910.17	1,962.67	3,871.08	3,422.97	3,999.40
Malawi	Kwacha	2.66	4.40	4.49	15.30	15.30	15.30
Mali	CFA Franc	259.00	275.32	294.77	534.60	490.00	521.50
Mauritania	Ouguiya	77.82	115.10	124.16	128.37	137.11	141.76
Mauritius	Rupee	14.79	17.00	18.66	17.86	17.66	17.87
Morocco	Dirham	8.15	9.05	9.65	8.96	8.47	8.76
Mozambique	Metical	1,845.37	2,951.40	5,343.16	6,651.00	10,890.00	11,478.00
Namibia	Dollar	2.74	3.05	3.40	3.54	3.65	4.60
Niger	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Nigeria	Naira	9.86	19.65	21.88	22.00	21.89	20.12
Rwanda	Franc	119.79	146.27	201.30	138.33	299.81	309.89
Sao Tome and Principe	Dobra	280.02	375.54	516.70	185.31	1,299.60	. . .
Senegal	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Seychelles	Rupee	5.06	5.25	5.26	4.97	4.86	4.99
Sierra Leone	Leone	434.78	526.32	577.63	613.01	943.40	934.06
Somalia	Shilling	2,670.00	5,500.00	4,000.00	. . .	. . .	. . .
South Africa	Rand	2.76	2.85	3.27	3.55	3.65	4.60
Sudan	Pound	14.99	135.14	217.39	400.00	526.32	. . .
Swaziland	Emalangeni	2.74	3.05	3.40	3.54	3.65	4.60
Tanzania	Shilling	233.90	335.00	479.87	523.45	550.36	597.09
Togo	CFA Franc	259.00	275.33	294.78	534.60	490.00	521.50
Tunisia	Dinar	0.86	0.95	1.05	0.99	0.95	0.99
Uganda	Shilling	915.00	1,217.15	1,130.15	926.77	1,009.45	1,088.90
Zaire	New Zaïre	0.02	0.66	35.00	3,250.00	14,831.00	66,610.00
Zambia	Kwacha	88.97	359.71	500.00	680.27	1,000.00	1,250.00
Zimbabwe	Dollar	5.05	5.48	6.94	8.39	9.31	10.76

Source: IMF, *International Financial Statistics*, 1997.

PRINCIPAL OFFICERS OF THE BANK

Principal Officers of the Bank as at 31 December 1996

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O. KABBAJ	President
J.M. GHARBI	Head of Cabinet, Office of the President
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D. G. RWEGASIRA	Senior Advisor
C.I. FALL	Secretary-General
G.M.B. KARIISA	Director, Operations Evaluation Office
K. LEHMER	Acting Director, Internal Audit Department
K. KOUAME	Acting Head, Communications Unit

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J. MOSSOP	Director, Human Resources Department
A.D. MTEGHA	Director, Administration Department
B. SIDIBE	Acting Director, Information Management & Methods Department

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L.A. LONDON	Director, Budgeting & Financial Policy Planning Department
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O. KANE	Head, Procurement Monitoring & Consulting Services Unit
T. TURNER	Head, Risk Management Unit

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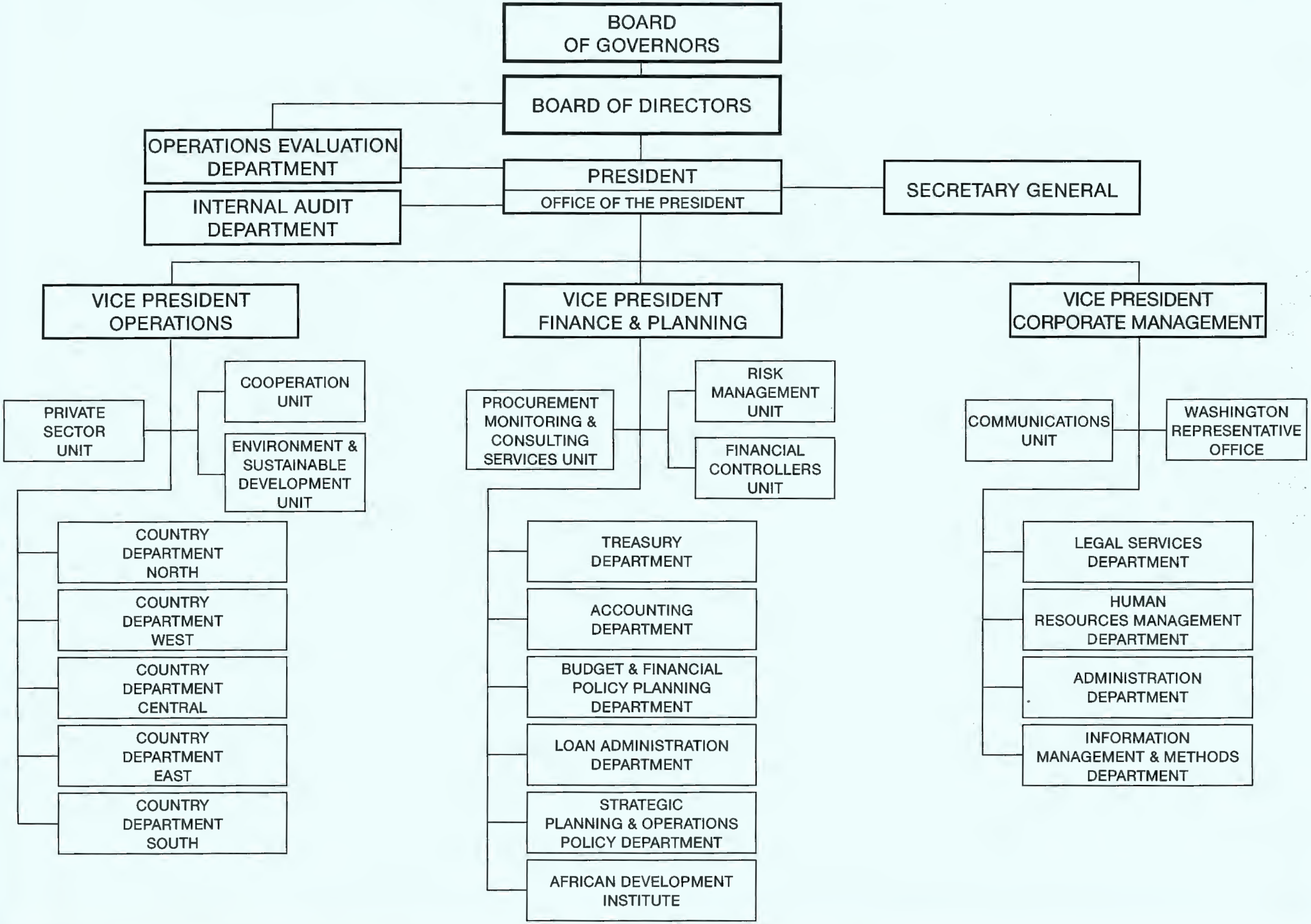
A. AWL	Director, Country Programs Department, South
M.R. NGOSSO	Acting Director, Country Programs Department, East
L.. CHAKROUN	Director, Country Programs Department, Central
D.P. MUTALEMWA	Head, Cooperation Unit
N. LOBE NDOUMBE	Head, Private Sector Unit
O. AW	Acting Head, Environment & Sustainable Development Unit

ORGANIZATIONAL CHART OF THE BANK



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AFRICAN DEVELOPMENT FUND

FONDS AFRICAIN DE DÉVELOPPEMENT

1996

Report by the Boards of Directors of the African Development Bank African Development Fund covering the period of 1 January to 31 December, 1996

African development fund

African Development Fund