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8. ESTIMATED FY OF PROJECT COMPLETION FY 82		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY 78 B. QUARTER 4 C. FINAL FY 82 (Enter 1, 2, 3 or 4)	

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L C	D. TOTAL	E. FX	F. L C	G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	1,000		1,000	6,600		6,600
(LOAN)						
OTHER U.S.						
MOST COUNTRY (AFDB)						
OTHER DONOR(S)						
TOTALS	1,000		1,000	6,600		6,600

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 78		H. 2ND FY 79		K. 3RD FY 80	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) SDA	SC			1,000		1,400		1,700	
(2)									
(3)									
(4)									
TOTALS				1,000		1,400		1,700	

A. APPROPRIATION	N. 4TH FY 81		O. 5TH FY 82		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULE C
	P. GRANT	Q. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) SDA	1,200		1,300		6,600		MM YY 03 80
(2)							
(3)							
(4)							
TOTALS	1,200		1,300		6,600		

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID / FACESHEET DATA. BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA. BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 1 = NO
2 = YES

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AFRICAN DEVELOPMENT BANK PROJECT

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PART I. PROJECT SUMMARY AND RECOMMENDATIONS

A. Recommendations

1. Authorization of development grant assistance to the African Development Bank of \$6,600,000 over the life of this project (five years from FY 1978 - FY 1982).

2. Authorization of first-year tranche of \$1,000,000 for FY 1978.

3. Authorization of following waivers:

a. Local Procurement of Technical Services.

Approve a source and origin waiver of the provisions of AID-PR 7-6.5101 which sets forth geographic source requirements for service contracting from the order of preference stated in paragraph III.A, to permit subcontracting of certain provisional technical services (such as soil testing, test borings, laboratory tests, topographic surveys, photogrammetric work, etc.) through subcontracting by the AFDB with local and geographic code 941 African firms, institutions and individuals in equal preference with U.S. firms or individuals, U.S. controlled local firms or joint ventures of African firms and U.S. controlled firms.

b. Local Training

Approve a waiver of U.S. source and origin to permit training of AFDB staff in Code 941 countries, where required to support the AFDB's in-service training program at other qualified regional and national development institutions.

B. Project Description and Summary

This project is a continuation and implementation of the 1968 AID decision to strengthen the institutional capacity of the Bank in order to enable it to respond more effectively to the social and economic goals of its member states. The purpose of this project is to provide funding for pre-investment studies, technical services, training and related commodities over a five-year period, thereby helping the Bank to improve its ability to identify, appraise and monitor projects identified for financing. In summary the project inputs are:

1. Financing pre-investment studies for 13 projects identified for possible financing over a five-year period. The total estimated cost of such studies is around \$1,695,000.

2. Financing in-service training for Bank staff at other regional development or national development banks at an estimated cost of around \$245,000. (IADB, ADB, Caribbean, etc.)

3. Installing a modern financial management system at an estimated cost of about \$385,000.

4. Financing technical services at an estimated cost of \$1,275,000.

C. Summary Findings

The agreement establishing the African Development Bank cites the following objectives of its organization: (1) strengthen African solidarity by means of economic cooperation between African states, (2) accelerate the development of extensive human and material resources of Africa in order to stimulate economic development and social progress in the region, and (3) coordinate national plans of economic and social development for the promotion of harmonious growth of African economies and for the expansion of African trade and, in particular, inter-African trade.

The Bank's annual report for 1976 states the economic and financial problems plaguing the majority of African countries since the Bank's establishment in 1964 have lost very little or none of their intensity. Indeed, for many of these countries, the situation worsened during the period. Thus, despite individual and isolated cases of success, the adverse effects of international inflation were aggravated by the persistence of the recession in the industrial countries.

The persistence of inflation in the industrialized, as well as in the African countries, has impeded the transfer of real resources to the latter and for the efficient use of these resources. Further, international inflation is reducing the value, in real terms, of aid flows to these countries.

Assessment of the economic performance of the individual member countries in Africa still remains a difficult task. However, there are indications that most of them, 1977 is proving to be another difficult year. There are exceptions such as Algeria, Gabon, Libya and Nigeria which benefit from larger oil/gas revenues. Botswana is an example of a country able to sustain growth through mining. Morocco, and Tunisia, owing to their ability to raise funds from capital markets, succeeded in maintaining a steady level of imports coupled with expanded active domestic investment. Then, too, there is the unique case of the Ivory Coast whose heavy investment in modernization of the culture of cash crops such as cocoa and coffee is paying off in buoyant exports at high prices of these commodities.

The shortage of adequate foreign exchange suffered by most African countries led to inputs and equipment shortages in the agricultural sector, and to raw materials and intermediate goods shortages in the manufacturing industry. In some cases industrial production also suffered because of shortage of spare parts.

D. Summary of Possible Project Issues

There are no current project issues requiring resolution.

There has been discussion, however, among AID, State, Treasury and The Congress (The Senate Appropriations Sub-Committee in particular) over determining the best way for the USG to participate in development lending institutions. In March, 1975, the report of the Committee, concluded that we should provide our support to the AFDB through capital subscriptions in the same manner as we do for all other international lending institutions, i.e., the World Bank, Asian Development Bank and the Inter-American Development Bank. Because of that position, only \$300,000 was obligated in FY 1975 under a continuing resolution. Subsequently, AID explained to Congress that AID development grant assistance was the only method by which the USG could then support the Bank, since a capital subscription could only be made if the U.S. were a member of the Bank and that was not possible under the Bank's charter which limited membership to African countries. The Senate Appropriations Committee report of March, 1976 voiced no objection to development grant assistance to the Bank and further discussion with its staff by AID's Office of Legislative Affairs confirmed this view. AID then executed an amendment adding \$1.0 million in FY 1976 to the existing grant agreement.

In FY 1976 Congress authorized a U.S. participation of up to \$25 million in the African Development Fund, the soft loan window of the AFDB. On November 18, 1976, the USG formally joined the AID and paid in \$15 million. The remaining \$10 million is being paid in FY 1978. In light of this, it is entirely possible that the Senate Appropriations Sub-Committee may assert again the position AID should discontinue its assistance to the Bank.

There are good arguments why we should continue assistance to the Bank. One is that thirteen other donors provide technical staff experts to the Bank to help it manage its business. The U.S. has been a supporter of the Bank since its inception in its example in providing technical assistance has undoubtedly been a catalyst to others to do so. Pre-investment studies which constitutes the heart of our assistance, are expensive and their financing would strain the very slim resources of the Bank. Thus, AID assistance provides critically needed funds required for proper decision-making by the Bank.

There is one other issue which has been resolved but needs to be quickly summarized regarding the role of the Bank in the shelter sector. AID's Housing Office has sent an expert to take a preliminary look at whether the Bank can or should get involved in shelter policy. His report concluded that the shelter sector is a very complex one, especially in Africa, and that the Bank should look at it much more thoroughly before making a policy determination. The Africa Bureau, while not downplaying the importance of this sector in the overall African development framework, concurs with this view, primarily because "it believes AID should first help the Bank accomplish our mutual objectives of building the Bank into a first rate international lending institution and continue to conduct assessment in the priority areas of concentration outlined in our Congressional Submission".

PART II - BACKGROUND AND DETAILED PROJECT DESCRIPTION

A. Background

1. Historical Events Leading up to Founding of AFDB

The idea for an African Development Bank (AFDB) can be traced back to the late 1950's when the proposal for a Special United Nations Fund for Economic Development (SUNFED) was deflected by the creation of the International Development Association (IDA). For the African nations, the failure of SUNFED was a major disappointment. They had looked to the U.N., with its principle of equal voting rights for all members irrespective of size of contributions, as the forum in which Africans could enter the international development debate on more or less equal terms.

At the All-African People's Conference held in Tunis in January 1960, a special African development fund was proposed. The proposal was taken up by the U.N. Economic Commission for Africa (ECA) in February 1961 and thoroughly studied by ECA's secretariat. In 1962 the ECA experts recommended that the Commission attempt to establish a bank.

In July 1963 African finance ministers met in Khartoum to draw up the Charter of the AFDB. The Bank came into being on September 10, 1964 when 33 independent African states formally ratified its Charter. The Bank opened its doors for business on July 1, 1966. The Bank is a broadly-based organization. Nearly all independent African states have joined or are in the process of joining. In 1977, there are now 49 members.

2. Unique Character of the AFDB

The AFDB is a truly African institution grappling with the issues of African development. While the Asian Development Bank and the Inter-American Development Bank receive initial support from the developed countries, the AFDB has been shaped almost exclusively by African perceptions

of African problems and needs. Unlike those other banks there are no non-regional members of the AFDB. This has indeed been a liability in some ways, but the African states have recognized the probable costs and accepted the risks. The result has been positive. There is clearly more communication of a higher quality when Africans speak to Africans on African problems than when non-Africans attempt to communicate with Africans on the same subject. It has also loosened the ties of dependence which all African nations still sense, and has resulted in a viable institution which is clearly African in ownership, in outlook, and in professional staffing. The issue of non-regional membership is still an active one. Given the poverty of the Bank as against the Fund, which is heavily dependent on non-regional members, there are pressures within the Bank management on members to open up membership to outsiders.

3. AFDB Growth/Justification for AID Grant Assistance

Past Commitments

Although the Bank was established in 1964, it did not commence its lending operations until July, 1966. In spite of this, as can be seen in Table I of Annex D, the level of operations during the first 5 years was so low that by the end of 1970 only 11 loans had been granted to member countries, amounting to 24 million Units of Account (UA) (or \$28 million). This period can best be described as a "learning phase", when the Bank, still inexperienced, was attempting to establish an acceptable pattern of operation.

With experience the Bank's lending operations began to gather momentum. Loan commitments averaged about UA 28 million during the next three years, but the period 1974 - 1976 witnessed an even larger expansion of the Bank's lending activities, resulting in an average commitment of 50 million UA annually. Thus, as of the end of December, 1976, the Bank had approved a total of 338.8 million UA (the equivalent of \$406 million) covering 119 projects to 34 member countries.

Coupled with its own expansion and growth, the Bank's staff also took on the job of administering a special Nigeria Trust Fund and the African Development Fund. The latter provides financing on concessional terms (repayment in 40 years at 1 percent interest ratio annually after a 10 year grace period with a 3/4 of 1 percent service charge) to those members (principally the poorer members of Africa) requiring it. As of the end of 1976, the ADF had approved a total of 197.2 million UA (the equivalent of \$217 million) for 47 projects.

Cumulative sectoral distribution of both the Bank and Fund commitments at the end of 1976, which includes supplementary studies as well as new approved projects, shown in Table I, Annex D, shows that the

bulk of the projects financed (58 percent) is in the public utilities and transport sectors. Agriculture is next representing 21 percent, while the remainder has gone to the industrial and social sectors. 38 percent of the projects are for West Africa, 27 percent in East and Southern Africa, 21 percent in Central Africa with the remainder in North Africa.

Review of Staff and Organizational Capability

Under the leadership of the Bank's president elected in 1976, Dr. Kwame Fordwor of Ghana, the Bank has reviewed and overhauled its management and administration structure.

The major changes consist of:

- creation of a new Projects Department to improve the technical quality of project identification, preparation, appraisal and supervision.
- Restructuring of the Operations Department to (i) establish a background of knowledge and expertise on operational activities; (ii) be knowledgeable about administrative practices as well as economic and political problems of each member country; (iii) be responsible for administration of overall (AFDB/ADB) operational activities in member countries.
- Establishment of a Policy Planning and Development Department to assess economic conditions in member countries; obtain information on development financing requirements; and be responsible for long term planning and lending activities for each country.
- Creation of a new Loan Division within the Department of Finance to improve the rate of loan disbursement.
- Streamlining of supporting departments of General Administration and Personnel and the General Secretariat.

Progress During 1977

This new structure was put in place in May, 1977. The objectives are to (i) enable the Bank in Fund to approve over 70 projects annually; and (ii) improve loan administration with particular attention to rates of disbursement. Thus, the AFDB/ADB plan to commit \$600 million annually. These goals, as well as the Bank Group's required pre-investment studies, planned recruitment program/strengthening of existing staff and justification/rationale for AID assistance to achieve them in a progressive manner over the period 1977-1981 as shown in Annex D.2. The above mentioned efforts already

appear to have yielded positive results. For the first ten months of 1977, the number and total value of loans presented to the ADB and AIF Boards of Directors have shown an increase of almost 50 percent over the same period in 1976, or a doubling of those for the corresponding period during the preceding three years. The rate of disbursement has also increased as indicated in Annex D.2. - in fact doubling over the correspondence period in 1976.

4. Multilateral and Bilateral Assistance to AFDB

(a) Multilateral

The Bank acts as a catalyst for mobilizing assistance from the World Bank and a number of U.N. specialized agencies (IBRD, FAO, UNDP, WHO, and UNESCO) with which the Bank has co-operative agreements. The Bank has also cooperated with the Organization For Africa Unity (OAU) and ECA to further the cause of African development by sending representatives to conferences and summit meetings and by working jointly on matters relating to African economic issues. The larger co-operative agreement is with the World Bank which provides for technical cooperation and the exchange of information between the two banks, involving joint missions, joint financing of projects, harmonization of procedures and methods and training of AFDB staff. The cooperative IBRD/AFDB program for 1977 includes 17 projects to be approved and financed jointly, two joint supervision missions as well as consultative group meetings. An IBRD officer actively participated on the TOR drafting team for the AID-financed Landsat study for which the AFDB is executing agency. In addition to the IBRD, the UNDP has contributed substantial assistance (close to \$5 million alone for pre-investment studies, as of September 30, 1977), while FAO, UNESCO and others have also been very active.

(b) Bilateral

Other Donors

The Bank has served as an intermediary for channeling bilateral assistance to its member states through technical and financial assistance agreements with thirteen developed countries, including USAID. The twelve other countries with which the Bank has agreements to finance technical assistance, studies and training programs, are Belgium, Canada, Finland, Germany, Italy, Japan, The Netherlands, Norway, Switzerland, Sweden, U.K., and Yugoslavia. The Bank has maintained close contacts with six of them (Belgium, Canada, Germany, Netherlands, Norway and Sweden) through cooperative agreements for technical and financial assistance. By September 30, 1977 these six had provided more than \$5 million for financing various pre-investment studies, (See Table 9 in Annex D) not to mention experts and short term consultants.

The studies financed were mostly in the transport sector (51 percent), followed by Public Utilities (36 percent), Agriculture (10 percent) and Education and Health (3 percent). There were indications at the last Bank annual meeting that the Bank will place greater emphasis on the agricultural, health and education sectors in the future.

The geographical distribution of studies showed 43 percent in West Africa, 13 percent in Central Africa, 12 percent in East Africa, and 3 percent in North Africa. Studies for multinational projects accounted for 29 percent of the total.

Negotiations are underway with all six of these donors as well as all of the others for additional financial and technical assistance so as to enable the Bank to cope with the ever increasing demand for project preparation work.

(c) U.S. Technical Assistance to AFDB

A proposed \$10,000,000 development loan to the Bank in FY 73 was not approved because of objections by the Senate Appropriations Sub-Committee. A second loan proposal, submitted in June 1974, also recommending authorization of \$10,000,000 to the Bank for the same purpose, met with a similar fate.

AID's grant program with the Bank was started in 1968 on the basis of action memoranda signed by the Assistant Administrator for the Bureau for Africa. These memoranda served as the basis for authorizing, obligating and increasing funding under both Technical Assistance and special Grants (Special Sahel/Landsat).

AID has three active grants: (1) The Technical Assistance ("Regular") Grant, project No. 698-11-920-127 for \$6,085,000; (2) the Special Sahel Grant, project No. 625-11-995-909 for \$3,000,000; and the Regional Onchocerciasis Area Land Satellite (LANDSAT) Related Study Grant, project No. 625-11-190-912 for \$1,415,000. These grants are all for technical assistance and as of December 1976, constituted 68 percent of the total technical assistance received from all donors. Total cumulative AID technical assistance package amounts to \$10,500,000.

All three grants finance feasibility studies and provisions are made in the Technical Assistance and Sahel Grants to finance technical experts and training of AFDB staff. All of the study funds have gone to American consulting firms to conduct pre-investment studies in 15 member states.

Regular Grant

AID executed the first technical assistance agreement for \$1,415,000 on July 27, 1968, providing funds for U.S. advisory technical

assistance and for feasibility studies. All goods and services purchased under the agreement were to be of U.S. source and origin.

Initially the grant financed one AID direct-hire loan officer who was seconded to the Bank for 2½ years and one feasibility study of a road linking Sierra Leone and Liberia. Eight amendments to replenish the grant have been made since 1968, the last one being for \$1.0 million in June 1976 resulting in a total of \$6,085,000.

A total of five American experts have been provided to the Bank under this grant, three loan officers to assist the Bank in project administration and one transport economist and one agricultural economist to work with AFDB counterparts in the project identification, monitoring and appraisal process. Four of these experts were U.S. Government direct-hire personnel seconded to the Bank and the fifth was retained by the Bank directly under contract.

The Bank is presently in the process of recruiting two additional experts, a sanitary engineer and an agricultural economist; under this grant.

Seventeen pre-investment feasibility studies primarily for projects in the transportation, power and telecommunications sectors have been financed under this grant, utilizing around 70 percent of the total of \$6,085,000 available under the grant as of September, 1977. Two more are in the preparatory stage: sub-(i) a study of the area of influence of a road in Chad from the towns of Djermaya to Djimitilo, which will be underway shortly. Sub-(ii) a study is to identify appropriate integrated economic development activities in a rural area in Tahoua, Niger which is in the final stages of contractor negotiation.

Training activities are underway. Five AFDB staff members are attending specialized translation and interpreter courses designed to improve certain skills in French/english translation.

Special Sahel Grant

AID executed an agreement with the Bank on November 12, 1971, for \$2,000,000 to assist the Sahelian countries in the tasks of recovery and rehabilitation. The purpose of the grant is to finance economic feasibility, preliminary engineering and final design studies for medium to long term economic and social development projects in the Sahel region.

The Bank has utilized the Sahel Grant to finance three studies. The first involves the feasibility and final design of a road link connecting Ibré, Upper Volta to Niamey, Niger. The second calls for the preparation of detailed plans and specifications for four earth dams

which will provide water for the rural population to the highland area of Upper Volta in the Sahel region. The third study is an assessment of ground water resources in Mali.

An additional \$1.0 million was added to the Sahel Grant in June 1977. The terms of the additional grant were expanded to allow use for studies or analyses of regional or sectoral development strategies, to identify and design projects for financing under the auspices of the Club and to address special problems in the implementation of the Sahel development programs. This first amendment brings the cumulative amount available to the Bank for Sahel development assistance to \$3,000,000.

Three additional feasibility studies have already been identified for financing from the additional funds: sub-a. a feasibility and engineering study for 64 wells in Mauritania; sub-b. an integrated rural development study for Cane Verde; sub-c. a regional development study of the Senegal - Gambia road's area of influence.

Landsat Grant

The Bank agreed to act as executing agency for a study in Benin, Ghana and Upper Volta using land satellite information by an agreement signed in June 1976. The initial grant provided \$1.0 million to finance the study, 10 percent of which would go to the Bank to defray administrative costs. An amendment in September added another \$415,000. An additional \$285,000 is required and is to be provided during this fiscal year. A contractor has been selected. Except as AID otherwise agrees in writing, the procurement of goods and services financed from this grant also must have their source and origin in the U.S. Subcontracting up to \$225,000 is allowed for services from Code 935 countries.

This study which has come to be known as the "Landsat Study" is part of a larger international program of coordinated activities in the countries affected by onchocerciasis. The larger program is described in the Regional Onchocerciasis Area Planning PP, AID project No. 625-11-190-912. The AFDR-executed LANDSAT study will consist of an information gathering and data collection activity to be carried out in Benin, Ghana and Upper Volta for the purpose of augmenting and making readily available basic information on land use, land suitability, climate, surface and ground water in those countries. The contractor will assume the responsibility and training counterparts in order to make them efficient in the day to day use of basic technical documents for development planning and implementation of development programs.

B. Detailed Project Description

The broader objective of the project is to strengthen the Bank's institutional capability to respond to member state requests for support of their social and economic development goals. To accomplish this, this project endeavors to strengthen the Bank's capability to identify, appraise and monitor projects. The project will finance the following inputs: (1) pre-investment studies; (2) technical experts to work in critical areas of need at the AFDB headquarters; (3) training for AFDB staff members; and (4) modernization of the Bank's financial management. At the end of the five year project, there should be thirteen completed pre-investment studies; up to 95 AFDB staff members trained for upgraded skills; and a modernized system of financial management adequate to meet the Bank's expanded needs. The detailed project inputs are the following:

J. Pre-investment Studies

As indicated earlier, the \$6,085,000 granted to the Bank for the regular program since 1968 (the main focus of our efforts) resulted in 17 completed studies and three more in various stages of preparation as noted in Annex I. Of those that have been completed, eight have been approved and have served as the basis for AFDB/AIF loans totalling \$33,640,000. Another eight projects growing out of these studies are under consideration and, if approved, would represent an additional \$45-\$50 million in project loans. Only one study has been dropped but the reason was not related to the study but to a policy question between the Bank and member state.

Although the Bank has experienced some difficulty working with AID legislative and U.S. contracting procedures/ requirements, all the funds allotted under the first regular Grant have been or are expected to be committed during FY 1978. However, because of these delays, RENGO did not propose additional funding during FY 1977. The Bank in turn is making efforts to improve its performance.

In terms of its projected lending program over the next five years and corresponding increase in demand for project preparation work (shown in Annex D.2), the bank has identified thirteen pre-investment studies to be financed under the proposed AID grant over the life of the project. Nine of the thirteen studies now contemplated are in the agricultural sector, reflecting the importance the Bank places on this sector in future lending activities. Of the remaining studies, three are in the health sector and one deals with sewerage systems. They are in accord with the "new directions" of the United States Foreign Assistance Act of 1973.

Geographically, twelve African nations would be represented, including three East African countries and the islands of Sao Tome and Madagascar. The average cost per study is \$250,000, with the lowest estimated at \$120,000 and the highest at \$500,000. Allowing for possible future additions and cost increases, the estimated total cost of these studies is \$4.150 million. (A list of proposed studies, brief descriptions and costs as well as their proposal implementation is in Annex J).

All goods and professional services for these studies will be from the United States with the exception of certain secured technical services. A source/origin waiver is being requested for geographic 941 African firms, provided that the total cost of these services does not exceed 25 percent of any single contract.

Each study financed under the proposed grant amendment should include as one of contractor's tasks the establishment of a training program for local African staff.

Contractors are to work with African counterparts and at the end of the training, prepare an assessment report indicating the skills or expertise which in the contractor's opinion have been acquired. Copies of this report will be left with the host government and the AFDB in Abidjan. The Bank will then index the reports in the Operations Department for future reference and referrals. New contractors will be encouraged to consult this list when looking for expertise in a particular area. This may also provide some continuity between the feasibility study and implementation stages of the project.

2. Technical Experts

Since the initial Regular Grant in 1968, AID has provided the services of five professionals, two economists (one agricultural economist, one transport economist) and three loan officers.

As indicated in Table III of Annex D, the total number of approved projects for the Bank and the Fund are projected to increase from 221 in 1977 to approximately 464 in 1981. To carry out such an expanded lending program will require over 100 professional staff who will be purely concerned with project operations activities. Table VI of Annex D indicates the present as well as required staff requirements among the various departments to meet the Bank Group's lending targets.

In order to meet these staff requirements, the Bank has asked AID to provide funding for the following professional positions:

1. Senior Project Advisor (4 py)

2. Agriculture Economist (2 py)
3. Financial Analyst (3 py)
4. Health Economist: (3 py)
5. Systems Analyst (3 py)

In all, approximately 15 person years of expert services are required for a total estimated cost of \$1,275,000.

These professionals would work in the Projects Operations Departments and Administrative Departments as technical experts to assist the Bank to improve overall quality of Bank work: i.e., reviewing TOR's consultants' reports and loan paper. One of their most important responsibilities would be to identify areas in which in-service training could be beneficial to Bank staff in order to assist them to improve the quality and quantity of their daily project assignments. At the same time, they would provide in-service training themselves to their Bank counterparts.

The Senior Advisor to the President should be a highly experienced senior economist with a background in development banking. He will work as the professional advisor to the President and his primary responsibility will be to review loan proposals critically (i.e., identify technical, economic or financial weaknesses and make specific recommendations for their correction) before they are sent to the Board for a decision. If necessary, he will send the proposals back to the technical staff with specific recommendations or revisions.

3. Financial Management Program

At the present time the Bank Group has 408 employees and is administering 221 loans valued at \$900 million (approx.). An informal review by the Treasurer of the Bank indicates that the Bank handles 2,000 monthly transactions and that this number is increasing faster than the Finance Division's capability of handling them in a timely manner. The 45 employees in the Finance Department rely on manually-operated adding machines and calculators to do much of the sophisticated computations involved in analysis of loan portfolios and for routine financial transactions of the Bank. Automated equipment is limited to an NCR 399 accounting machine. Due to the workload of the Treasury Department, the Bank recognizes that it must carry out an analysis of its internal procedures to ascertain what steps should be introduced to speed up the handling of all financial transactions while at the same time improving the individual skills of its employees. It may be that the present accounting equipment is not sufficient to handle the present and projected workload of the Bank, but this requires further evaluation.

Recognizing this problem, the Bank has asked AID to finance a study leading to the modernization of the Bank financial management program. To assist the Bank in this area, the following approach has been suggested:

1. Preparation of terms of reference by short-term contractor specializing in financial management. This contractor, using a systems approach, will prepare a detailed description of the analyses needed to complete a study of the existing financial management methods by the Bank for publication in the Commerce Business Daily (CBC) requesting proposals on the modernization of financial management and data processing system within the Bank.

2. Execution of a contract with a supplier of "soft-ware", i.e., systems analysis, who can carry out actual design of a system applicable to Bank needs (with sufficient flexibility to permit it to be used for purposes of other departments within the Bank), handle the selection and training of personnel, the adaptation of existing systems and records to the new system, and the introduction of demonstration equipment.

3. Once the demonstration equipment is installed, there is an additional period of time for testing and adaptation followed by a step-by-step transfer of information from the present system to the new system.

The whole program can take as little as 18 months. To move ahead it is essential that the Bank appoint a high-level coordinator, presumably with the rank of Vice-President, to assure that the different departments of the Bank provide the necessary substantive inputs required to design the system.

4. Training

The Bank has an active recruitment program to identify and hire Africans from its member countries. Since 1972 Bank staff has increased from 222 to 408 of which 114 are professionals representing 31 countries. During the next three years the Bank forecasts increasing African staff annually by 16 persons or 4 percent per annum.

Unlike the IBRD or other Regional banks, the AFDB, at present, is wholly-owned by its regional members and, therefore, unlike the IBRD and the other regional banks, it does not seek experienced and qualified professional permanent staff outside Africa.

The existing supply of qualified and experienced African personnel in all professional categories is extremely limited. Therefore the Bank is starting a program of short-term in-service training to give its African professional staff the opportunity to broaden their experience at other national and regional development banks outside the African continent.

The Bank has requested AID assistance and financing (transportation per diem based on host institution rate and miscellaneous expenses) for five professionals a year to be seconded for 3-4 months each to other regional

development or national development banks with substantial experience. The training would consist of the African staff member working along-side his professional counterpart and performing typical daily work assignments such as project identification; evaluation of proposals; project appraisals; preparation of loan proposals and board documents; working on loan administration matters; and eventually being involved in post-project evaluation. The training would be conducted at such institutions as the Asian Development Bank, the Inter-American Development Bank, the Caribbean Development Bank, the national development banks of Ceylon, India, Pakistan, Philippines and other countries where geographical and developmental problems are similar to those of Africa. To satisfy any third country training need, a source/origin waiver will be requested.

PART III - PROJECT ANALYSES

A. Technical Analysis Including Environmental Assessment

An attempt has been made here to examine the overall technical soundness or appropriateness of the proposed project. To accomplish this, we have conducted a review of the Bank's operational performance and discussed justification for the project as well.

1. Operational Performances

Ultimately the Bank's success depends on their ability to identify, prepare, appraise and finance sound project proposals. If the approved projects are responsive to the needs of member states and economically productive, they will benefit both the soundness of the Bank and the economies of its member states.

Four general areas or indicators studied to assess improvement in the operational and administrative efficiency of the Bank/Fund in carrying out the above functions were: (1) organization/management; (2) staffing, (3) quality of end product (number, composition, time lag between loan application and approval disbursement rate), and (4) management/utilization of AID funds.

a. Organization/Management

Recognizing the nature/extent of the contribution that an efficiently run organization can make (taking into consideration increased demands being placed upon it as well), the Bank has undertaken a comprehensive review of its organizational/administrative structure. The result of this review has been a carefully defined but major reallocation of responsibilities and needed organization changes among the principal departments involved in carrying out these functions. Closely patterned after the World Bank's structure, the Projects Department is now charged with the identification, preparation and appraisal of project proposals while the Operations Department will handle all operational lending activities. Finance in turn will be responsible for actual loan administration. While Bank personnel are aware that further administrative improvements are needed in overall operations/processes, etc, as a result of both their own as well as commissioned independent reviews by Price Waterhouse Associates and others (the

latter of which has just been completed) these guidelines and their resulting organizational structure express the desire of the Bank to strengthen its organization and management of the entire project formulation/implementation cycle. While it is somewhat premature to judge the results (the new structure was only introduced in May, 1977), the number of project proposals processed and presented to the various Boards of Directors as well as disbursement rates have already shown "a positive upward trend."

b. Staffing

In addition to the overall organizational structure, the availability and quality of human resources are central to the success of the Bank's program as well as our own. One of the scarcest African resources has been qualified and experienced Africans, particularly among professional staff. Shortages of professional or the differences between budgeted positions and vacancies have been continuous - representing around a third of all budgeted positions (40) in the Projects Department at the present time. In addition, as can be seen on the attached Table, while there has been a rapid expansion of Bank group lending activities during the past three years (i.e., increase in ADB's own activities as well as the establishment of the African Development Fund) - reaching a 250% increase in the number of approved loans, the total number of professional staff has only increased by a third. While such performance is ample evidence of the Bank's ability to carry out its functions, i.e., administer a program of feasibility studies and technical assistance, etc., in order to fill vacant positions and cope adequately with expanded activities it would appear to be an appropriate time for the Bank to reassess its human resources situation and, where necessary, strengthen it - particularly in the professional staff of the projects, operations and finance departments.

In response to the above situation and to meet the Bank's group's objective to process 70 projects annually for the next five years (1977-1981), on the administrative side the Bank has carried out an in-depth reassessment particularly with regard to the projects, operations, finance and legal departments. This has been done and the basis for the manpower required for various activities of the Bank group in terms of the "project cycle" is shown in Annex D. 2 (Tables III and V through VII). In summary, to carry out the future lending program effectively will require over 100 professional staff personnel or an increase of 35 positions for all departments by 1979, (19 alone by the end of 1978). Most of the needs represent technical positions within the Projects Department and will have to be filled by qualified specialists outside Africa (due to shortage of qualified African personnel). The Bank has already contacted bilateral and multilateral donors to fill these positions and AID has agreed to provide six of them as indicated in this project paper. Recruitment and assistance from other donors to fill the remaining positions appears to be progressing well and its estimated that most of existing vacancies will be filled by the first half of 1978,

and that additional professional staff required for 1978 and 1979 will be recruited or obtained from other sources in time to bring the total staff complement up to the required numbers, i.e., 93 for 1978 and 108 for 1979. It should be noted from the tabular data presented in Annex D.2 that no mention has been made of need for additional manpower requirements in 1980 and 1981. The reason for this is that the Bank feels they will already have the necessary capability to administer the Bank group's 1980-1981 lending program as the projected growth during this period is similar to the planned growth between 1978 and 1979. Moreover, likely available support in project identification and preparation from the U.N. specialized agencies should meet any anticipated shortfall.

While the Bank is concerned with strengthening its professional human resources capability through the filling of vacancies and newly budgeted positions (by means of recruitment or other means), it is also interested in up-grading the qualifications of its existing professional levels. And while its planning to eventually establish a five year training plan/program to accomplish this (which should describe the types of training required, level of competency expected of trainees, duration and location, as well as relationship to other programs in which it presently participates), its immediate needs include in-service training programs for some of its professional staff at other regional and national development lending institutions (similar to its current program with the World Bank) in order to broaden their experience base. While waiting for additional information, AID will attempt to respond to these and other related requests in order to assist the Bank in upgrading the qualifications of its professional staff.

In addition to the above recruitment/training actions, Bank has taken other steps to be in a position to attract and retain the most qualified people. It has carried out several improvements in the financial situation of employees (revision of salary scales, availability of allowances, etc.), studied proposals for the establishment of a permanent career service for its employees (currently all employees have 2-3 years contracts, renewable on the basis of satisfactory performance), and has sought assistance from an international firm (the Standard Charter Bank of the U.K.) to assist them in establishing a pension scheme as a first step in restructuring its tenure system. On the basis of these actions and others, there is a general consensus that the Bank will have the ability to retain qualified staff to meet the institution's needs in spite of limited market and competition from other organizations.

c. Quality of the End Product

The identification appraisal and even financing of projects in Africa is difficult. The Bank itself must compete with other established donor institutions in Africa to identify projects with a good return. African countries may also have sources of aid which can be secured on better terms. Despite these and other constraints, the Bank has not only successfully identified good projects but has rapidly expanded its level of commitments as well, most of which are in the infrastructure field.

The number of loans, their composition, etc. are noted in other parts of this paper and have been summarized in Tables I and II, Annex D.2. Through December 31, 1976, the Bank itself had authorized \$406 million in loans for 119 projects and it looks like it will increase by another third in 1977 alone. The Bank's loans have been concentrated mostly in field of transportation and public utilities, each of which has been the leading sector at times, but during the 1977-1981 period the Bank plans to give priority to agriculture and to related agricultural infrastructure projects. Furthermore, while most of the approved projects have been mostly in West Africa followed by East Africa, during the 1977-81 period the Bank plans to make it a major policy objective to ensure a more balanced regional distribution of the financing.

Other than the numbers of commitments two other indicators of the Bank's general operational performance in this area are the time lag between receiving a loan application and actual board approval and the rate of loan disbursements. On the first one, the time lag between receiving a loan application and Board approval of a loan varies quite a bit. In the early years of the Bank's operation, a five to eight month span between those two critical points depending on project, complexity, was set as the target. The actual time lapse at AFDB suggests, however, that twice or three times the targeted time is often needed to ready a project for execution and multi-donor or multi-national projects take more time as does working in the newer sectors.

On the second, that of the rate of loan disbursement, a 1973 AID study indicated that the Bank's "six-year disbursement record is consistent with the record of both AID and IBRD." The Bank was estimated in 1973 to reach a cumulative disbursement performance of 90% for an average loan in its sixth year. Bank figures from 1967 through 1976 show that cumulative loan commitments rose from 13.5 million to 338.8 with a steady rise in the disbursement rate of 5.6% to 41.6%. As of October 31, 1977 cumulative disbursements represented 45% of total effective loans.

Aside from the above indications, to assess the ability of the Bank to identify projects, screen them to dispose of those not meeting their basic criteria for further consideration, and carry them through to final financing, an analysis of a random sample of projects would indicate that the Bank does have a system for maintaining projects under continual review and assessment and that they do not become part of the Bank's portfolio unless the Bank is interested in funding them or obtaining financing from another source. A more exhaustive study would have to be carried out, however, to determine the nature/extent of the effectiveness of this system.

In terms of their ability to prepare and appraise a project for financing this may represent one of the most technically demanding tasks that the Bank has to perform. Until a more thorough study can be carried out, it is not known what level or stage of development the Bank has reached in terms of conceptual understanding and practical experience, particularly regarding the quality of their appraisals. The quality of appraisal improves immeasurably with the existence of a pre-investment study, and this more than anything else underlies the importance of this project paper for the continuation of AID-financed pre-investment studies as well as U.S. technical expertise made available to the Projects Department to strengthen the Bank's capability to carry out these critical functions. To demonstrate the effectiveness of the manner in which the Bank has used past AID assistance, can be seen in following result of 17 AID-funded studies undertaken to date: 8 projects valued at close to \$34 million have been undertaken or approved, and financing amounting to approximately \$40 million is reasonably certain for all the remaining ones.

d. Management/Utilization of AID Funds

Finally, if performance is judged by how quickly study proposals are translated into actual study execution, the Bank's performance has been uneven, depending on the nature of the study under consideration. A review of the 17 AID-financed studies already completed or underway was carried out to determine how long the process has taken for each study from submission of terms of reference to contractor selection. The average period was around $1\frac{1}{2}$ - 2 years and even longer until the initial disbursement indicating that the study was underway.

All in all there are 21 separate steps in the contracting procedure that must be specifically approved by REDSO, each of which require staff review. This requirement also contributes to the lengthy contracting time required for completion of pre-investment studies. As a result of such delays the rate of disbursement of AID Grant monies is relatively slow as can be seen on Annex I.

The Bank's management of AID grants has been complicated by the fact that each of the three Grants, although similar in the types of activities they finance, have different objectives, study criteria and, in the case of the Landsat Grant, different contractor selection procedures. For example, studies financed under the Regular Grant must be in the "New Direction" priority sectors of (a) food production, rural development and nutrition; (b) population planning and health; and (c) education, public administration and human resources development. Studies financed under the Special Sahel Grant on the other hand must reflect criteria which are somewhat more restrictive, but overlap with those of the Regular Grant.

The recent Landsat Study Grant, because of its special technical nature, has been managed so far largely by AID with the Bank clearing on actions for which it has primary responsibility in the case of the other two grants. These various study criteria, procurement regulations, sectoral instructions coupled with AID's own evolving monitoring role and lack of continuity of backstopping officers, have contributed to the Bank's management difficulty of AID programs.

AFDB and REDSO representatives primarily hold regular monthly review meetings. However, improvement is still needed particularly in the areas of communication and organization on both sides. Since the program has grown in size, there was an increased need to have one full time program management officer for the AFDB. Not only has this individual been recruited, but a new management unit assigned responsibility for all AFDB matters has been established recently within REDSO/WA.

As mentioned previously, one of the major purposes of the new AID grant is to strengthen the AFDB's capacity to expand its development programs in Africa. The technical experts and training assistance are expressly intended to improve AFDB performance by upgrading the Bank staff and streamlining its operations. As AFDB capacity improves, it can be expected to undertake a greater volume of pre-investment studies which is another major thrust of AID's assistance package. Thus, the proposed allocations in that area start at the present level of AFDB operating effectiveness and gradually build up over a five-year period in line with the Bank's emerging capacity. In this way, the institutional support portion of the grant complements and reinforces the program portion by AID's assistance.

2. Environmental Assessment

Under AID's guidelines regarding the applicability of environmental procedures, grants to intermediate credit institutions and regional development banks, involving third party actions such as pre-investment studies, training, etc., representing no adverse affect on the environment.

B. Financial Analysis and Plan

This section will briefly describe the project's overall financial viability including the effects on the project beneficiary (in this case the Bank); a financial/budget analysis of the implementing agency; and the financial plan with budget tables.

1. Financial Viability

While the Bank's growth has been somewhat slower as a development finance institution than other regional development banks, this has been due to its dependence on some of the poorest countries of the world. This problem has now disappeared as in 1976 alone, the Bank committed close to \$100 million in 19 approved loans (not to mention an estimated additional increase of 30% in 1977). The Bank has also identified and developed a substantial list of projects sufficient to maintain a high level of commitment over the next 3-5 years, if they are successful in mobilizing sufficient capital in their new lending program during 1977-1981. Their ability to carry out such a program is due to their institutional capability, and AID's program of grant funded pre-investment studies and technical expertise have contributed to this increased institutional capability, and assisted the Bank in becoming more effective in carrying out its mandate to respond effectively to the social and economic development needs of its Member States. In addition to strengthening the Bank's own ability to identify, prepare, appraise and finance sound projects, AID's program enabled the U.S. to multiply the effect of their assistance by assisting in the preparation of sound projects. With a small amount of money, it has encouraged the commitment of very large sums; the commitment of \$5 million under this program has already produced 16 projects valued at \$75 million which have been approved or are under consideration for approval. Adding this to the 13 projects which could be financed with the \$4.695 million proposed under this new grant--they both represent a significant contribution to the development of the Member States of the Bank and the fund.

2. Budget/Financial Analysis of the Implementing Agency

A comprehensive analysis of the Bank Group's past and current financial position has been enclosed as an attachment in Annex D. It covers the capital structure/position, borrowings, loan commitments and current income.

Furthermore, only general information has been provided on the Bank Group's lending program in Annex D (for the period 1977-1981). To undertake such a lending program (the African Development Fund alone will need approximately \$1 billion to finance projects now identified, approved or under study in the pipeline for the years 1979-1981) depends on the Bank Group's success in raising the necessary capital. Major initiatives (second replenishment) are underway now as the Fund's current available capital for loan commitments will be used up by 1978.

3. Financial Plan/Budget Tables

In the attached Table I a description has been provided of how AID funds will be used, gearing inputs to outputs. Table II shows the breakdown of foreign exchange and local currency costs while Table III shows specific costs of each component and breaks these down by fiscal year and/or fiscal quarters for purposes of expected disbursements.

As indicated in Table III, the total project cost for 5 years is estimated at \$6,600,000. However, inflation and contingency factors may increase the totals for all project items. Approximately \$1,000,000 will be needed in the first project year to finance three pre-investment studies, the costs of five technical assistance personnel, the costs of participant training and the start-up costs for the modernization of the Bank's Financial Management system. In the last two years, \$2,270,000 will be used to cover the remaining pre-investment studies, the costs of technical assistance personnel and some residual costs for participant training.

At the time of this draft, the Bank had not provided us with an estimate of their contribution. Once this is available, it will be added to the above charts.

C. Social/Economic Analysis

Regarding the Social Analysis, since the Bank is the direct beneficiary of our assistance, this section will represent a rather summarized analysis of how the proposed project will further the AID "New Directions" mandate as required by the U.S. Congress in the Foreign Assistance Act. A review of all of the proposed pre-investment studies of the Bank (see Annex J) indicates the following:

- All of them (with the exception of one) are going to the poorest African countries and two-thirds of them are aimed at those priority beneficiary countries in need of the most help;
- All but one of them will be for the rural poor (small farmers, etc.);
- Nine of them are in the area of food production and/or integrated rural development where major improvements in agricultural and related agricultural infrastructure projects should be realized;
- The remaining four are in the area of public health; i.e. establishment of health delivery systems, etc.

Thus the proposed project pre-investment studies appear to meet more than adequately the criteria established by the U.S. Congress.

Concerning Economic Analysis, the traditional economic analysis can't be done because this is a technical assistance grant. However, as illustrated above, by providing assistance to the Bank, AID will be furthering the economic development of Africa. This is reflected in the projects the Bank has proposed for feasibility studies, in that all of them can demonstrate the improvement of the social and economic well-being of the relatively least developed populations of the African countries.

TABLE I

PROJECT ANALYSIS/FINANCIAL ANALYSIS AND PLAN

SUBJECT: Summary of Financial Analyses and Plan

COSTING OF PROJECT OUTPUTS/INPUTS
(in \$1,000 or equivalent)

<u>Project Inputs</u>	<u>Technical Assistance Provided</u>	<u>Project Outputs</u>			<u>Total</u>
		<u>Training Completed</u>	<u>Completed Preinvestment Surveys</u>	<u>Modernize Fin. Mgmt System</u>	
I. a) -AID Appropriated Technical Experts	\$1,275,000				\$1,275,000
-Funding for pre-investment studies			\$4,095,000		4,695,000
-Participant Trng.		\$245,000			245,000
-Equip., Trng. of personnel, short term consultant services for implementation of Fin. Mgmt System				\$385,000	385,000
b) Other US*	--	--	--		--
II. a) AFDB/Host Country	(Estimate not available at this time)				
-Personnel (staff salaries) operating costs					
b) Other Donors*					
III. Total	\$1,275,000	\$245,000	\$4,695,000	\$285,000	\$6,600,000

*Availability depends on other resources regarding information.

TABLE II

PROJECT ANALYSES/FINANCIAL ANALYSIS AND PLAN

SUBJECT: Summary of Financial Analysis and Plan

SUMMARY COST ESTIMATE AND FINANCIAL PLANS
(US - \$1,000)

<u>Source</u>	<u>AID</u>		<u>ADB/ Host Country</u>		<u>Other</u>		<u>Total</u>	
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>
Pre-Invest- ment Studies	\$4,695	--	(Estimate not available at this time)		--	--	\$4,695	--
Technical Assistance	\$1,275	--			--	--	\$1,275	--
Modernization of Financial Management	\$ 385	--			--	--	\$ 385	--
Training	<u>\$ 245</u>	--			--	--	<u>\$ 245</u>	--
Inflation Factor (unknown) Contingency (unknown)								
Total	<u><u>\$6,600</u></u>						<u><u>\$6,600</u></u>	

PROJECT ANALYSES/FINANCIAL ANALYSIS AND PLAN

Table III

SUBJECT: SUMMARY OF FINANCIAL ANALYSIS AND PLAN

Revised: 11/25/77: JFH

SUMMARY COST ESTIMATE AND FINANCIAL PLAN BY PROJECT YEAR

	Project Year (\$000)					Total
	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	
I. U.S. CONTRIBUTION						
A. <u>PRE-INVESTMENT STUDIES</u> ^{1/} (No Cost)	510	830	1,085	1,030	1,240	4,695
B. <u>TECHNICAL ASSISTANCE</u>	390	385	380	(120)	(-)	1,275
i) Systems analyst (3 p/yr)	(130)	(85)	(40)	(-)	(-)	(255)
ii) Project Advisor (4 p/yr)	(130)	(85)	(85)	(40)	(-)	(340)
iii) Financial Analyst (3 p/yr)	(130)	(85)	(40)	(-)	(-)	(255)
iv) Agro-Economist (2 p/yr) ^{2/}	(-)	(-)	(130)	(40)	(-)	(170)
v) Health Economist (3 p/yr)	(-)	(130)	(85)	(40)	(-)	(255)
C. MODERNIZATION OF FINANCIAL MANAGEMENT	50	160	155	10	10	385
D. TRAINING (short term) ^{3/} , ^{4/}	50	25	80	40	50	245
Total	1,000	1,400	1,700	1,200	1,300	6,600
II. ADB/HOST COUNTRY CONTRIBUTION						
A. PERSONNEL						
B. OPERATING COSTS						
			(estimates unavailable at this time)			
III. TOTAL US/ADB CONTRIBUTION	1,000	1,400	1,700	1,200	1,300	6,600

or a total of 5 studies during FY 78

- ^{1/} The balance of \$500,000 or the current Regular Grant to be obligated during FY 78 for two studies/
- ^{2/} The balance of \$340,000 on the Current Regular Grant, to be allocated for 2 person years each of an Ag. Economist and Sanitary Engineer to be recruited in FY 78.
- ^{3/} The balance of \$12,500 in the current Regular Grant will also be available for this item.
- ^{4/} In-service short term training (2-6 months) in project appraisal, financial analysis, etc. at other national/regional development lending institutes.

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PART IV. IMPLEMENTATION ARRANGEMENTS

A. Administrative Arrangements

The Bank be responsible for most of the implementation of this project. The Implementation Plan and schedule of the project are shown in the PPT network (Annex E).

Technical Experts

The Bank will recruit all Americans not employed by the U.S. Government. They will include five experts in the technical areas of the Bank's needs. Although this approach does not represent a change from the former procedure where AID assumed responsibility only for AID direct hire Americans loaned to the Bank, the shift to the use of more outside experts will call for more effort by the AFDB in identifying experts, interviewing and contracting. To aid the Bank with this additional responsibility, AID may finance the services of an American recruitment agency, arrange contacts for the Bank with relevant organizations and advise the Bank informally of any appropriate candidates that come to AID's attention. Otherwise, AID's responsibilities will include only approval of the executed contract and disbursement to the Bank on a three-month advance basis for the experts.

Feasibility Studies

The Bank will continue to identify projects, procure technical services and monitor contractor progress and have primary responsibility for responding to the day-to-day inquiries of contractors. The procedures are essentially the same as those outlined in the first implementation letter to the Bank under the Regular Grant. More specifically, the AFDB will solicit from AID agreement in principle on the studies to be carried out; draft the Terms of Reference which details the contractor's scope of work; select the contractor in accordance with AID selection criteria; draft the contract, negotiate with the contending firms in question; execute the contract and follow up on contractor field performance. In cases where its staff does not have the necessary expertise to draft the Terms of Reference for a study, the Bank will contract out for these services.

Financial Management Modernization Program

Modernizing the Bank's Financial Management System will require a joint AFDB/AID collaborative effort. The first step would be the appointment of a high level Project Coordinator/Manager who would work directly with the AFDB Director of Finance and other qualified persons (under contract) to

to prepare a description of the desired program as well as Terms of Reference; supervise the selection of a qualified contractor to survey the Bank's needs; and design and implement the system/equipment and train the personnel.

Training

For the purpose of in-service training at other international development lending institutions as well as attendance of specialized courses where required, the Bank will take the initiative in identifying trainee candidates, making them available for the required length of time and seeing them off to the country for training. The Bank will handle all details with the institution providing the training following REDSO's approval of the individual program.

Effective December 1, 1977, the Bank will have a Training Division, the Director of which has already been designated.

B. Evaluation Plan

The first evaluation of AID's assistance to the Bank was performed in March 1977 by the Program Evaluation Officer of REDSO/WA. While the report did not offer comprehensive coverage of all Bank activities, it did focus on the Bank's administration of AID grants. (See Annex K).

In order to continue to evaluate the efficiency, effectiveness and significance of the contribution of project inputs to the accomplishment of the project objectives, an annual project evaluation study (PES) will be undertaken of project activities and accomplishments, problems encountered, proposed solutions and plans for the next year. The first PES will be scheduled during November, 1978 and conducted jointly by the AFDB and REDSO. Such an evaluation should provide the data necessary to demonstrate progress toward the project purpose and the status of inputs and outputs necessary to achieve the project purpose. The March 1977 evaluation report treated all three AID grants to the Bank as a single program (Regular Special Sahel and Landsat). The same will be done in the future.

A more in-depth evaluation of the project should be undertaken during the second quarter of FY 1980 (i.e., January-March 1980).

A third annual evaluation should be undertaken by AFDB/AID during May, 1981 similar to the manner in which the first PES in November, 1978 will be conducted. At least six months following completion of the project, an intensive end of project appraisal evaluation effort will be undertaken.

c. Covenants in the Project Agreement

The African Development Bank will covenant that any necessary budgetary resources to assure their contribution to the project will be forthcoming and that adequate facilities, office space and transportation for project personnel will be provided.

TELEGRAM

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INDICATE
COLLECT
CHANGE TO USAID

FROM	CLASSIFICATION
AMEMBASSY ABIDJAN	UNCLASSIFIED

E.O. 11652:

TAGS:

SUBJECT:

ACTION: SECSTATE WASHDC

UNCLASSIFIED ABIDJAN 10032

R 130934Z OCT 77

ACTION:

AIDAC

AID

E.O. 11652 N/A

DCM
ECON
CHRN

SUBJ: AFDB PROJECT PAPER NO. 698-0127

REFS: STATE 215690

1. REDSO APPRECIATES AFR/RA ENDORSEMENT OF REDSO'S PROPOSED ASSISTANCE PACKAGE FY 1978-82 TO STRENGTHEN AFDB'S INSTITUTIONAL CAPACITY TO CONTRIBUTE TO THE INDIVIDUAL AND JOINT SOCIAL/ECONOMIC DEVELOPMENT OF ITS MEMBER COUNTRIES.
2. IN CONNECTION WITH THE ABOVE-STATED OVERALL PURPOSE, AND AS THE BANK IS THE ONLY REGIONAL FINANCIAL DEVELOPMENT INSTITUTION WHOLLY-OWNED AND MANAGED BY AFRICAN COUNTRIES, THE PRESIDENT OF AFDB THINKS THAT THE BANK SHOULD PLAY A MUCH MORE EFFECTIVE ROLE IN AFRICA IN THE FUTURE. THIS IS EVIDENCED BY THE BANK'S CURRENT PLAN OF ACTION OVER THE NEXT FEW YEARS TO EXPAND THE LEVEL OF ITS LENDING ACTIVITIES AS WELL AS SERVING AS AN INSTRUMENT IN CHANNELING RESOURCES FOR THE PURPOSE OF REGIONAL DEVELOPMENT, I.E. SAHEL.

DRAFTED BY:

CGordon:TKellerman:fb

DRAFTING DATE

10/12/77

TEL. EXT.

COMMENTS AND CLASSIFICATION APPROVED BY:

JGWedeman, Dir:REDSO/WA

LEARANCES:

DFMiller

3. ONE INDICATION OF BANK'S GROWING MATURITY AS AN INSTITUTION IS ITS AWARENESS OF ITS ADMINISTRATIVE AND MANAGEMENT CONSTRAINTS AND THE NEED TO SEEK AID ASSISTANCE (AND THAT OF OTHER DONORS) IN RESOLVING THEM.

4. REDSO CONCURS WITH AFR/RA FOR THE NEED TO INCLUDE IN THE PP A DETAILED ANALYSES OF BANK'S ASSISTANCE REQUIREMENTS RELATIVE TO SCOPE, LEVEL, ~~HHKX~~ DURATION AND AREAS OF THE PROPOSED ASSISTANCE. TO THE EXTENT THAT FACTUAL INFORMATION IS AVAILABLE FOR SUCH ANALYSIS, IT WILL BE INCLUDED IN THE PP INCLUDING RELATION OF AID ASSISTANCE TO THAT OF OTHER DONORS. RECOGNIZING THAT THE PROPOSED AID PACKAGE CAN PROVIDE ONLY A PART OF TOTAL BANK NEEDS, THE FOUR PROJECT ELEMENTS PROPOSED FOR AID SUPPORT WILL BE TAILORED DIRECTLY TO THE EXPRESSED NEEDS OF THE BANK AND TO ITS ABSORPTIVE CAPACITY NOW AND AS IT MAY EVOLVE OVER TIME.

5. WE THINK IT WOULD BE COUNTERPRODUCTIVE TO REQUIRE THE BANK TO PREPARE DETAILED PLANS FOR TRAINING OR OTHER ACTIVITIES AS A CP PRIOR TO DISBURSEMENTS AS IT COULD HAVE JUST THE OPPOSITE EFFECT, I.E., BANK SUBMITTING PROPOSALS THAT DO NOT REFLECT ITS REQUIREMENTS OR ARE NOT APPROPRIATE IN TERMS OF WHAT REDSO/AID ARE PREPARED TO SUPPORT.

6. REDSO'S INTENTION IS THAT PP WILL BE SUPPORTED BY AS MUCH SPECIFICITY AND ANALYSIS AS FEASIBLE AND PRACTICAL WITHIN THE APPROACH OUTLINED ABOVE AND IT WILL BE SUBMITTED TO AID/W BY MID-NOVEMBER. UNCLASSIFIED

ANNAMV TAA512ESC3
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TO AMEMBASSY ABIDJAN 3575
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AEDAC REDS/W/A FOR MILES MEDENAW

A. S. 11652: W/A

TASS:

ACTION: REMSO
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1380

SUBJECT: 698-3127 PROJECT PAPER - AFDB

REF: (A) ABIDJAN 7079, (B) MEDENAW/CONR BY TELECON 9/1/77

1. DRAFT AFDB PROJECT PAPER REVIEWED BY AFR/RA 8/30/77. AFR/RA STRONGLY ENDORSES PROJECT OBJECTIVE TO STRENGTHEN LONG TERM INSTITUTIONAL CAPABILITY OF AFDB. WE PARTICULARLY BELIEVE CAREER SYSTEM DEVELOPMENT, PERSONNEL TRAINING AND DATA PROCESSING ACTIVITIES ADDRESS THIS OBJECTIVE DIRECTLY.

2. AFR/RA AGREES WITH INCREASE OF U.S. TECHNICAL ASSISTANCE TO BANK. IT COULD NOT, HOWEVER, FROM PP DETERMINE WHETHER THE SCOPE, LEVEL, DURATION, AND AREAS OF PROPOSED ASSISTANCE ARE ADEQUATE. ALSO TO WHAT EXTENT U.S. ASSISTANCE WILL COMPLEMENT OR INCREASE THE EFFECTIVENESS OF OTHER DONOR ACTIVITIES. FROM USG POINT OF VIEW, TOTAL BANK NEEDS SHOULD BE PINPOINTED. THIS SHOULD BE DONE ON THE BASIS OF AFDB'S SHORT MEDIUM AND LONG TERM GOALS AND AN APPRAISAL OF BANK'S CAPABILITY TO ACHIEVE THEM, TAKING INTO ACCOUNT PRESENT AND PLANNED INPUTS OF TECHNICAL ASSISTANCE FROM OTHER DONORS. FOR INSTANCE A FIVE YEAR CAPABILITY GOAL SHOULD SPECIFY DISTINCT DEPARTMENTS AND AREAS FOR ASSIS-

Fig 1003

TANCE EFFORT. ALSO NECESSARY TO ADDRESS ISSUE OF USG INVOLVEMENT AFTER THE LIFE OF THIS PROJECT, AS WELL AS CAPACITY OF AFDB TO ASSUME RECURRENT ADDITIONAL COSTS.

3. AN EXAMPLE OF CONCERN IS OUR BELIEF THAT PROPOSED TRAINING WILL NOT BE ADEQUATE TO UPGRADE THE PROFESSIONAL QUALIFICATIONS OF BANK'S STAFF. MOST REPORTS IDENTIFY BANK MANAGEMENT OF LOAN IMPLEMENTATION AND ITS CAPACITY TO ESTABLISH MANAGEMENT SYSTEMS AS CRUCIAL TO FULFILLING ITS PROPER ROLE IN AFRICAN DEVELOPMENT. YET, THE PAPER PROVIDES ONLY DOLS 275,000 FOR TRAINING DURING LIFE OF PROJECT. WHILE PP MENTIONS OTHER DONORS ARE INVOLVED IN TRAINING, NOT EVIDENT TO WHAT EXTENT AND IN WHAT AREAS. BUREAU UNDERSTANDS YOUR CONCERN ABOUT BANK'S UNDERSTAFFING PROBLEM AND THE TRAINING IMPACT. HOWEVER, WE BELIEVE THAT LONG TERM DEVELOPMENT MUST BE BANK'S MAIN CONCERN. ESTABLISHING PRIORITY TARGETS, IF ANY COMMITMENT FROM USG OR OTHER DONORS TO THE PROJECT IS SOUGHT. ALSO IT IS NOT CLEAR WHETHER BANK'S MANAGEMENT HAS DEVELOPED PERSONNEL POLICIES AND TRAINING PLANS, THOUGH SUCH PLANS HAVE BEEN CRUCIAL TO ALL STAFF DISCUSSIONS WITH BANK DELEGATIONS.

WHICH WILL HAVE IMPACT ON TYPE TRAINING REQUIRED AND SELECTION OF DONOR TO PROVIDE IT. HOWEVER, BELIEVE US? SUPPORT SHOULD INCLUDE SUBSTANTIVE TRAINING IN FIELDS OUTLINED PAGE 34 OF PAPER, E.G., PROJECT PREPARATION, PROJECT APPRAISAL, TECHNIQUE OF REPORT WRITING, FINANCIAL ANALYSIS, PROCUREMENT, CONTRACTING, ETC. IF TRAINING PLAN FOR AT LEAST FY '73 FUNDING CANNOT BE DEVELOPED FOR INCLUSION IN PAPER, REDECO/WA MAY WISH CONSIDER WHETHER CONDITIONS PRECEDENT ON DISBURSEMENT OF ALL OR PORTION OF FY '72 FUNDING IS IN ORDER. THIS WOULD HOPEFULLY FOCUS BANK ATTENTION ON IMPORTANCE OF SUCH A PLAN. WITHOUT CAREER DEVELOPMENT SYSTEM, MOST TRAINING AND EVEN OTHER EFFORTS PROPOSED MAY NOT BEAR DESIRED INSTITUTIONAL UPGRADING IMPACT.

5. PAPER DOES NOT PROVIDE SUFFICIENT INFORMATION ON TOTAL FEASIBILITY STUDY REQUIREMENTS FOR FY 72 AND WHICH DONOR WILL PROBABLY FUND EACH SO THAT US-FUNDED PORTIONS CAN BE ESTIMATED. ALSO WERE YOUR ASSESSMENT OF INCREASED DEMAND BY AFDC GRANTEES FOR SOCIAL SECURITY FUNDS AS A RESULT OF US? SELECTION OF FEASIBILITY CRITERIA FOCUSED ON HEALTH, LIFE CULTURE, EDUCATION, ETC. WHAT IS YOUR ASSESSMENT OF OTHER DONOR FUNDING? LIFEWISE, OTHER COMPONENTS; TECHNICAL ADVISORS, TRAINING AND INTRODUCTION OF COMPUTERIZATION. NEED TO BE SPELLED OUT TOTALLY SO THAT SIMILAR RELATION OF

USG PORTION TO BIRTH TOTAL NEEDS CAN BE MADE. WITH START ALREADY MADE, THIS SHOULD NOT BE DIFFICULT. AFR/WA BELIEVES BOTH LINE IS, AND SHOULD BE, HOW DOES THE PROPOSED U.S. SUPPORT IMPACT ON TOTAL REQUIREMENTS OF AFDC. THE ABOVE POINTS MUST BE ADDRESSED IN THE PROJECT PAPER.

6. RE OTHER PORTIONS OF PAPER, JIM KEYES PREPARED IMPLEMENTATION PLAN AND PPT NETWORK WHICH POUNDED REDECO/WA AUGUST 30, 1977. REQUEST REVIEW OF PLAN WITH VIEW OF DETERMINATION OF ANY CONDITIONS AND COVENANTS REQUIRED OR DESIRED.

7. PER TELEPHONE REF. B, PLEASE ADVISE ESTIMATED DATE OF SUBMISSION FINAL PP. VANCE
BT

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DEPARTMENT OF STATE

TELEGRAM

IN CASE OF EMERGENCY
CALL TO

AMEMBASSY ABIDJAN

CLASSIFICATION
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11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECRETATE WASHDC PRIORITY RUEHC P 271635Z JUL 7
UNCLASSIFIED ABIDJAN 7426

REDSO
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AIDAC
FOR J. HILL AND E. LAMBA, AFR/PA
E.O. 11652: N/A
SUBJECT: AFDP Second Regular Grant PP
REF: Addition 7279

1. AFDP request for financing regular grant contained in letter from G.E. Gondwe, Vice-President, dated July 16. Request for \$6.465 million over the period FY 76 through 82. Changes outlined in report reducing this amount to \$6.035 million discussed with Gondwe and agreed to by him on behalf of AF Bank. Therefore, you have all information required to complete PP in AID/W.

gll
COOKE

DRAFTED BY: MGWedeman:lb	DRAFTING DATE 7/27/77	CONTENTS AND CLASSIFICATION APPROVED BY: <i>gll</i> MGWedeman, Director, REDSO/WA
CLEARANCES:		

7279

TELEGRAM

INDICATE
COLLECT
X CHARGE TO USAID

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

FROM AMEMBASSY ABIDJAN CLASSIFICATION UNCLASSIFIED

P 221615Z Jul 77

ACTION: SECSTATE WASHDC - PRIORITY

UNCLASSIFIED ABIDJAN 7279

AIDAC

SECSTATE FOR J. HILL AND R. LARYEA-TDY, AFR/RA

E.O. 11652 N/A

REDSO
DCM
ECON
CHRN

SUBJ: AFDB Second Regular Grant PP

1. IN FINAL REVIEW OF SUBJECT PROJECT BY REDSO AND CONROY AFR/RA, FOLLOWING MODIFICATIONS WERE AGREED UPON WHICH SHOULD BE MADE IN DRAFT PP HANDCARRIED BY LARYEA. REFERENCES (IN THOUSANDS OF DOLLARS) ARE PRIMARILY TO ANNEX I OF GONDWE LETTER OF 16 JULY. CHANGES HAVE THE EFFECT OF REDUCING AFDB GRANT REQUEST FROM \$8.465 MILLION TO \$6.635 MILLION CONTAINED IN ABS.

2. PRE-INVESTMENT STUDIES: VIEW AFDB'S MIXED RECORD IN RECENT YEARS OF PLACING STUDIES UNDER CONTRACT, AND AVAILABILITY OTHER FUNDS EG. SPECIAL ~~LE~~ SAHEL GRANT, HAVE SCALED DOWN AMOUNTS ALLOCATED FOR STUDIES TO \$500, \$800, \$800, \$800 and \$1,100 RESPECTIVELY FOR FY 78, 79, 80, 81 and 82 OR A TOTAL OF \$4 MILLION. AT AVERAGE CURRENT COST OF

DRAFTED BY DMiller/GRV... DRAFTING DATE 7/22/77 CONTENTS AND CLASSIFICATION APPROVED BY REDSO/WA:Wiedeman, Dir

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Jul 77

\$250,000 PER STUDY, THESE AMOUNTS WOULD PERMIT AFDB TO CONTRACT FOR TWO STUDIES IN THE FIRST YEAR, THREE STUDIES IN EACH OF THE NEXT THREE YEARS AND FOUR STUDIES IN THE LAST YEAR, OR A TOTAL OF ABOUT 15 STUDIES. THIS COMPARES TO 13 STUDIES WHICH ARE ALREADY TENTATIVELY IDENTIFIED AND INCLUDED IN THE BANK'S ILLUSTRATIVE LIST, ATTACHED TO THE GONDWE LETTER.

2. TA - EXPERTS: HAVE ELIMINATED 3 PERSON YEARS FOR TELECOM ENGINEERS WHICH WE FEEL BANK SHOULD FUND FROM OWN OR THIRD SOURCE. ALSO DELETED ~~THE~~ FIRST TWO YEARS OF AGRO-ECONOMIST, WHICH FUNDED UNDER FIRST REGULAR GRANT, BUT HAVE ADDED ONE PERSON YEAR FOR THE SAME POSITION IN FY 81. THIS CHANGES TOTAL FOR THIS CATEGORY FROM \$1,870 TO \$1,530.

3. COMPUTER PROGRAM: (a) NO CHANGE IN ANNEX I AS TO EQUIPMENT PURCHASE, MAINTENANCE AND SUPPLIES; (b) ADJUST DOWNWARD BANK'S LINE ITEM FOR THE SYSTEMS MANAGER TO 2 PERSON YEARS AT \$85,000 PER PERSON YEAR; (c) and (d) MERGE THESE TWO ITEMS FROM ANNEX I INTO ONE LINE ITEM FOR CONSULTANT SERVICES (WHICH INCLUDES THE SYSTEMS ANALYSTS) AS IN REDSO LOG FRAME, SHOWING \$130, \$260 and \$130 RESPECTIVELY IN FY 78, 79 and 80 AND (e) REVERT TO REDSO'S LOG FRAME SHOWING \$10 FOR TRAINING OF COMPUTER PERSONNEL EACH IN FY 79, 80, 81 AND 82. REVISED TOTAL FOR COMPUTER PROGRAM IS \$830.

4. TRAINING: THIS CATEGORY, AS REVISED, NOW SHOWS (a) INTERNAL SHORT TERM COURSES AND SEMINARS IN SAME AMOUNTS AS SHOWN IN ANNEX I; (b) OUTSIDE SHORT TERM TRAINING, MEANING PRIMARILY SECONDMENTS TO OTHER INTERNATIONAL BANKING INSTITUTIONS (IBRD, XXXX ASIAN DEVELOPMENT BANK, INTER AMERICAN DEVELOPMENT BANK) IN AN AMOUNT FOR \$10 FOR EACH OF ~~3~~ THE FIVE YEARS OF THE PROGRAM; AND (c) TRANSLATOR TRAINING, AT \$30 FOR EACH OF THE FIRST TWO YEARS OF THE PROGRAM (FY 78 AND 79). THE REVISED TOTAL FOR THIS CATEGORY IS \$275.
5. THESE CHANGES WILL BE CONVEYED AND DISCUSSED WITH THE BANK EARLY NEXT WEEK BUT IN MEANTIME YOU SHOULD PROCEED TO AMEND AND COMPLETE PP IN AID/W.
6. WITH ABOVE EDITING, ONLY SUBSTANTIAL PART OF PP TO TAKEN BY LARYEA STILL/BE DONE IS ANALYSIS OF GRANTEE SECTION (PART III). IN DOING THIS, SUGGEST YOU ~~DO NOT~~ REFER TO SPECIFIC DISCUSSIONS IN RECENT REDSO EVALUATION REPORT ON BANK PERSONNEL AND GENERAL MANAGEMENT. IT SHOULD BE INDICATED THAT ONE OF MAJOR PURPOSES OF NEW AID GRANT IS TO STRENGTHEN AFDB CAPACITY TO EXPAND ITS DEVELOPMENT PROGRAMS IN AFRICA. THIS HEIGHTENED INTEREST IN AFDB INSTITUTIONAL CAPACITY REFLECTED IN OUR PROPOSED TA AND TRAINING ASSISTANCE WHICH INTENDED TO IMPROVE AFDB PERFORMANCE BY UP-GRADING BANK STAFF AND STREAM-LINING ITS OPERATIONS. AS AFDB CAPACITY IMPROVES,]

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IT CAN BE EXPECTED UNDERTAKE GREATER VOLUME OF PRE-
INVESTMENT STUDIES WHICH IS OTHER MAJOR THRUST AID
ASSISTANCE. THUS, OUR PROPOSED ALLOCATIONS IN THAT
AREA START AT PRESENT LEVEL OF AFDB OPERATING EFFECT-
IVENESS AND GRADUALLY BUILD UP OVER FIVE-YEAR PERIOD
IN LINE WITH AFDB'S EMERGING CAPACITY. IN THIS WAY,
THE INSTITUTIONAL SUPPORT PORTION OF THE AID GRANT
TENDS TO COMPLEMENT AND REINFORCE THE PROGRAM PORTION
OF OUR ASSISTANCE.

COOKE

TE

REPUBLIQUE AFRICAINE DE DEVELOPPEMENT
AFRICAN DEVELOPMENT BANK

UNION POSTALE
BOITE 1818
N° 1200
N° 1200



The Director
REDSC/NA (L.F.A.D.B.)
BICICI Building

18 JUN 1977
NA

ABIDJAN - COAST

Dear Sir,

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RE : URAC/ADB COOPERATIVE PROGRAMME
PROPOSED REGULAR REGULAR GRANT

With reference to our recent discussions and correspondence on the subject, I hereby submit to you the Bank's proposals for the utilization of the second regular grant currently under consideration by our Government. As shown in Annex I and as discussed during our discussions, the grant will cover the following items over a period of five years (1977-1982).

7/2

	15 7 300
(i) Pre-investment studies	8,000
(ii) Technical Assistance Experts	1,870
(iii) Proposed ADB Computer Programme	1,120
(iv) Training of ADB Personnel	475
	<u>12,465</u>

The list of proposed pre-investment studies is contained in Annex II. Nine of the thirteen studies we are proposing, so no financed out of the grant resources, are in the Agricultural Sector. This reflects on the importance of this sector in the Bank's future development activities. The estimated total cost of grant studies is about 15.04 million allowing for possible future additions and/or likely increases in the costs.

Regarding experts, we have noted that Dr. Warrar's services as Water Engineer will no longer be available to

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the Bank. This team, therefore, in addition to the seven experts we are requesting under the new grant, are two additional experts (i.e. a Water Engineer and a Agro-Economist) yet to be recruited under the current regular grant. In this connection and as far as recruitment is concerned, we have also noted that one of the above experts (i.e. Career Development Officer and a Technical Advisor) will be recruited directly by USAID and the other two will be identified and directly recruited by the Bank.

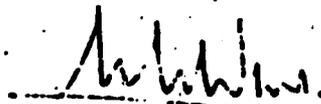
On the training side and as also noted, we have worked out a new training programme which is to be implemented after the new quarters building project August next year. We are, therefore, requesting that special consideration be given to this item which will consist of a series of in-service training courses, of duration between two to four weeks for the staff in all the Bank's Departments as well as for selected numbers of development officers from other States. It has also been envisaged that the training of cadres from other African Development Financing Institutions could be covered under this item. These courses will take the form of seminars to be conducted by consultants hired under proposed grant.

Since it is realized that it would be impossible for us to cover internally all the required training for our staff, it is also envisaged that need will arise for us to send some of our staff members outside Addis Ababa for specialized training as indicated in items IV (i) and (iii) of Annex I.

Annex III shows the status of the utilization of USAID's current grants to the Bank as of June 30, 1977. With respect to the LANDSAT Survey, I am pleased to inform you that we accept USAID's offer to provide an expert, to be hired under the survey grant, for supervising the execution of the contract which we expect to negotiate in August 1977.

We trust the information we have given you will be sufficient for you to process our proposals to their early conclusion and implementation and we look forward to your continued support in this matter.

Sincerely yours,


G. E. SOWME

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Africa Regional
Project Title: African Development Bank
Funding: \$6,600,000
Life of Project: 5 years (FY 1978-1982)
IEE Prepared by: J. E. Hill, AFR/RA

Environmental Action Recommended:

Negative Determination

Miles G. Wedeman
Director, REDSO/WA
Abidjan, Ivory Coast

Date: November 1977

Assistant Administrator Decision:

APPROVED: _____

DISAPPROVED: _____

DATE: _____

A. Description of Project:

The African Development Bank project represents a continuation of a 1968 decision of AID to support the Bank in its effort to promote economic development among its member states.

This project is of 5 years duration and its purpose is to strengthen the Bank's capability to identify, appraise and monitor projects by: (1) providing financing for pre-investment studies; (2) providing technical advisory services; (3) upgrading the skills of the Bank's African professional staff; and (4) modernizing Bank's financial management system.

B. Identification and Evaluation of Environmental Impacts:

Under AID's guidelines, grants to intermediate credit institutions and regional development banks, where the third party actions are unknown, nonspecific or lack significance in terms of their environmental impact, should not require the preparation of either an Environmental Assessment or an Environmental Impact Statement. Furthermore, since the major project elements consist of pre-investment studies and technical experts, it is considered that there will be no negative effects on the environment from this project.

I. Examination of Nature, Scope, and Magnitude of Environment Impacts:

II. Recommended Environmental Action:

Since the project will not have a negative effect on the environment, it is recommended that a Negative Determination be made.

Current Financial Position of AFDB

A. African Development Bank

1. Capital Structure

The African Development Bank's ordinary capital has been raised entirely from its 49 Member States. The capital structure is very similar to that of the IBRD and other lending institutions. (See Tab A for a listing of AFDB members and their capital shares.) Each member is assessed a capital share in relation to its ability to pay using a formula based on population, gross national product, foreign trade and government revenue. Thus, a small country such as Cape Verde contributes 0.16 percent of the total capital while Nigeria provides 15.99 percent.

The capital stock of the AFDB was originally divided into 25,000 shares with a par value of 10,000 Units of Account each.^{1/} Half of these shares was in the form of shares called for payment, and the other half was subject to call when required by the Bank. Paid in shares are payable wholly in gold or convertible currency. This is in contrast to the IBRD, Asian Development Bank and Inter-American Development Bank which permit payment of a portion of each subscription in the currency of the member country. The authorized capital of the Bank is UA 800 million

^{1/} The AFDB uses a Unit of Account (UA) as its bookkeeping currency. A Unit of Account is defined as 0.28367083 gram of fine gold. One Unit of Account is equal to \$1.20635 as of December 31, 1976.

(965 million). Of this amount, UA 305 million (\$368 million) represents "paid-up" or called capital and UA 495 million (\$597 million) is callable UA 619.3 million of the authorized UA 800 million has been covered by subscriptions.

The uncalled capital also serves as backing for any ordinary capital loans the AFDB might secure on the international money market.

2. Capital Position

At the end of CY 1976, the AFDB had paid-in capital of UA 165,581,521 or \$199,749,260. This represents an increase of \$23,098,510 over CY 1975. Called capital totaled \$309,908,290 of which \$81,287,080 was called capital for which payment was not yet due. Called capital due for payment totaled \$228,621,210, of which \$199,749,260 has been paid, leaving \$28,871,950 due and payable in arrears. Table I shows the comparative capital positions of the Bank for the years 1973-1976.

While the AFDB's paid-in capital has continually grown, arrearages have constantly grown, they have constituted a major financial problem for the Bank throughout its history. The reasons for the arrearages have differed in each case, and the Bank's early inability to commit the funds it had did not present a persuasive argument to those members in arrears. In 1969, arrearages totaled 40 percent of called capital. This percentage

has steadily declined over the years and stood at 9.3 percent of called capital in 1976 and 12.6 percent of the called capital due for payment. This level could prove to be a financial embarrassment to the Bank as it attempts to raise additional capital from the international money markets in the future. At the end of 1976 four countries (Egypt, Ethiopia, Libya and Zaire) account for 91.3 percent of total arrearages. Three of these countries' "delinquencies" can be traced to the economic difficulties they have faced in recent years, two have made sincere efforts to reduce their amounts in arrears. The resolution of this persistent problem will go far toward establishing the Bank's integrity as a financial institution.

3. Borrowings

At the end of CY 1976 the AFDB had borrowings totaling \$133,270,750. These borrowings ranged in terms from a loan of 50 years at no interest and a 10 year grace period from the Government of Sweden, to a 2-year AFDB bond issue at 6.25 percent interest payable to Member State central banks, to 3 Euro-credits with floating interest rates and varying periods of repayment. Approximately \$25.0 million of the borrowing is earmarked for the construction of the Bank's headquarters building, leaving approximately \$108.3 million to apply to the ordinary capital resources of the Bank. Tab B shows the status of borrowings as of December 31, 1976.

4. Loan Commitments

At the end of 1976, the AFDB had approved a total of 119 loans for a loan commitment of \$406.4 million. Nineteen loans

were approved in 1976 for a total of \$90.1 million. Cumulative disbursements increased by \$51.4 million to total 170.0 million. Table 2 shows the recent AFDB loans status.

TABLE 2 - STATUS OF AFDB LOANS 1971-1976
(\$000)

<u>Year</u>	<u>Net Loan Commitment</u>	<u>Cumulative Disbursements</u>	<u>Undisbursed Balance</u>	<u>Repayment</u>	<u>Outstanding Balance</u>
1971	58,800	11,500	47,300	100	14,400
1972	89,300	26,400	62,800	200	26,200
1973	128,600	46,700	81,900	700	46,000
1974	213,000	70,600	142,500	1,300	69,300
1975	318,100	118,600	199,500	4,200	114,400
1976	406,400	170,000	236,400	11,800	158,200

As can be seen from Table 2, cumulative loan commitments and disbursements are rapidly expanding. Loan repayments are also expanding though, due to the volume of loan commitments and long maturities and grace periods attached to the Bank's lending activities, repayments will not form a significant component of the Bank's ordinary resources in the near future.

5. Current Income

A Statement of Income and Expenditure for the years 1976 and 1975 is attached as Tab C. The principal sources of income were interest collections on loan disbursements and short term investments of liquid assets. In 1975 these two items accounted for 87 percent of gross income and 84 percent in 1976. The level of interest collections on loans reflects the growing disbursements of authorized loans, while interest earned on

liquid assets reflects the fact that these disbursements are still at an early state. Net income decreased in 1976 from its 1975 level of \$11,515,539 to \$10,924,716. This decrease can be attributed entirely to the almost five-fold increase in financial charges, a reflection of the relatively high level of borrowing on the international money market (\$81.5 million in 1976).

Operating expenses amounted to 26.3 percent of total income during 1976 after deducting African Development Fund and Nigerian Trust Fund management fees. This compares with 25.9 percent in 1975. The increase is accounted for by a 57 percent increase in maintaining the resident working Board of Directors in Abidjan. Disaggregating the expenditures for the Board results in a 1.6 percent decrease in the operating expenses to gross income ratio.

6. Special Capital Resources

The Bank's Charter makes a clear distinction between ordinary capital which is raised from the Member States and private capital markets, and special capital resources which are governed by the agreements signed by the Bank to acquire them. Borrowings for these resources are not backed by the callable capital of the Bank. These resources may not be used to satisfy liabilities of the Bank incurred in its ordinary capital operations and they must be secured by special provisions in the agreement between the Bank and the creditor.

As of December 1976, the Bank was managing four special funds in the capital resources category: (1) the Nigerian Trust Fund; (2) a Staff Provident Fund; (3) a Special Relief Fund and the Arab Oil Fund.

(a) Nigeria Trust Fund

The Nigeria Trust Fund is by far the largest and most important of the special capital resources. The agreement establishing the Fund was signed February 26, 1976 by the Bank and the Federal Military Government of Nigeria. The purpose of the Fund is to enable Nigeria to contribute effectively toward the economic development and social progress of those member countries which are relatively less developed, have been seriously affected by unpredictable natural catastrophes, and whose economies have been severely affected by harsh international economic events.

In administering the Fund, the Bank is required to pay particular attention to projects likely to strengthen intra-African economic cooperation and promote regional integration. The Bank is required to abide by the same principles and criteria as those governing loans and investments made from AFDB ordinary resources, and to obtain from the Fund's operations such guarantees as it may seek for its own. The supervision of the Nigerian Trust Fund is the sole responsibility of the Bank which holds the Fund's resources and manages them as a completely separate and independent entity.

Nigeria has pledged the initial resources of the Fund at 50 million Naira (\$80,000,000), payable in freely convertible currencies. The resources, including any additional amounts contributed by Nigeria, as well as the repayment of loans and the net income thereof are to be added to the Fund for further use. As of December 31, 1976, Nigeria had paid in N 24,937,500 (\$39,900,000) of its N 50.0 million pledge. Funds generated from investments totaled N 587,500 (\$940,000) to bring the Fund's total resources to N 25,525,000 (\$40,840,000). The first Nigerian Trust Fund loan had been approved for \$2,412,700 (2.0 million Units of Account) to finance part of the foreign exchange costs for the expansion and development of the Yundom Airport in the Gambia.

(b) Arab Oil Fund and Special Relief Fund

The Arab Oil Fund and the Special Relief Fund were both established in 1974. The former was established in association with oil-exporting Arab countries with a view to attenuating the effects of the rise in oil prices on the economies of Organization of African Unity member states. The AFDB administers the Fund on behalf of the OAU. As of December 31, 1976 the Arab Oil Fund accounted for \$14,450,000 of which \$14,180,000 represented disbursed loans.

The Special Relief Fund was established to provide special assistance to countries affected by drought. It replaced a "Special Fund for African Countries Afflicted by Unpredictable

Disasters". Member Countries of the Bank and other governments and organizations were invited to contribute to the Special Relief Fund. At the end of 1976, contributions totaled approximately \$1,062,000, additional generated funds totaled \$111,300 and relief grants had been issued in the amount of \$987,300. \$186,100 remained for disbursement.

B. The African Development Fund

The African Development Fund (ADF) has emerged as an important institutional development in the AFDB's growth and expansion. Its importance lies in its ability to mobilize capital in significant amounts from industrialized countries at no cost for relending to the Bank's member states. The terms of ADF loans are concessional and therefore more beneficial to the poorer countries of Africa than loans from the Bank's ordinary capital resources.

The ADF was officially established on November 29, 1972 when 16 industrialized countries met in Abidjan to pledge support for the creation of the new Fund. The first ADF Board of Governors meeting took place in July 1973 and the first Fund loan was approved by the ADF Board of Directors in January 1974. Since that time (as of December 31, 1976) 58 loans in 21 countries have been approved with a total value of approximately \$219,589,000.

At the end of CY 1976, seventeen countries and the AFDB had subscribed to 305,901,570 Fund Units of Account (FUA)* or

*The ADF uses a different Unit of Account than the AFDB. One FUA is defined as 0.8185,265 gram of fine gold and is equal to \$1.11111.

\$339,890,290. FUA 191,134,113 (\$212,371,000) was paid in with FUA. 114,767,457 (\$127,519,290) in installments not yet due. (See Tab D for list of subscribing members and subscriptions.)

1. Structure of the Fund

African Development Fund policy is set by the ADF Board of Governors, representing donor countries, and is implemented through a separate ADF Board of Directors which meets periodically in Abidjan to consider loans and policy matters. The Board of Directors is composed of 12 Directors, six of whom are elected from the donor countries and six from the Board of Directors of the AFDB. Day-to-day operations of the ADF are carried out by the Management of the AFDB, and AFDB staff appraise projects for ADF financing. The AFDB is reimbursed for the staff costs for such services by the ADF

2. Current Operations

The African Development Fund has, within the short period of its existence, demonstrated its project financing capacity. In 1974, the ADF management set a commitment level of approximately \$198.0 million by the end of 1976. As was previously stated, at the end of 1976 commitments were standing at approximately \$219.6 million. Disbursements have just begun on most projects and stood at approximately \$14.5 million dollars as of December 31, 1976 (6.6 percent of loan commitments). During 1976 the Fund committed approximately \$79.34

million in loans or 36.4 percent of total loan commitments. These commitments were for 18 projects in 12 countries.

Tab E lists loan commitments by country and disbursements.

From a management point of view, the AFDB and the ADF are one and the same organization. The Fund utilizes the officers, staff, organization and facilities of the Bank to carry out its tasks. The costs for the provision of these shared services are allocated by the Board of Directors of the Bank. In 1976 these costs amounted to approximately \$3,945,000. Tab F shows actual expenditures for 1976 and the budget for 1977.

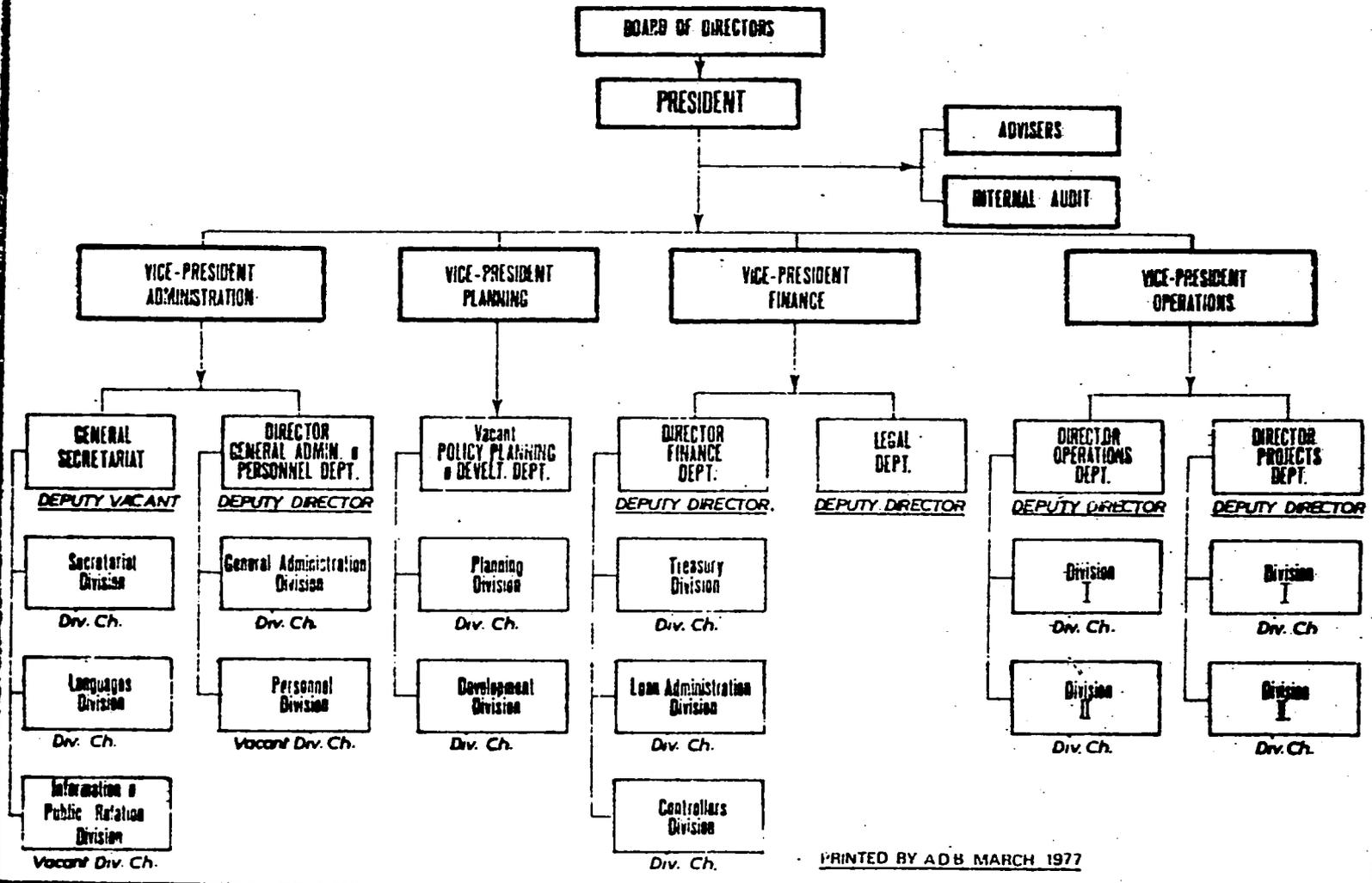
3. Current Income and Expenditures

A statement of Income and Expenditure for the ADF is attached as Tab G. As with the Bank, the ADF primary source of income comes from short-term investments of liquid assets. This item accounted for FUA 6.45 (approximately \$7.2 million) or 97.8 percent of total income. This is a reflection of the early state of the disbursement of authorized loans. Net income increased from FUA 605,347 (\$672,600) in 1975, to FUA 3,132,986 (\$3,481,000) in 1976, an increase of 518 percent.

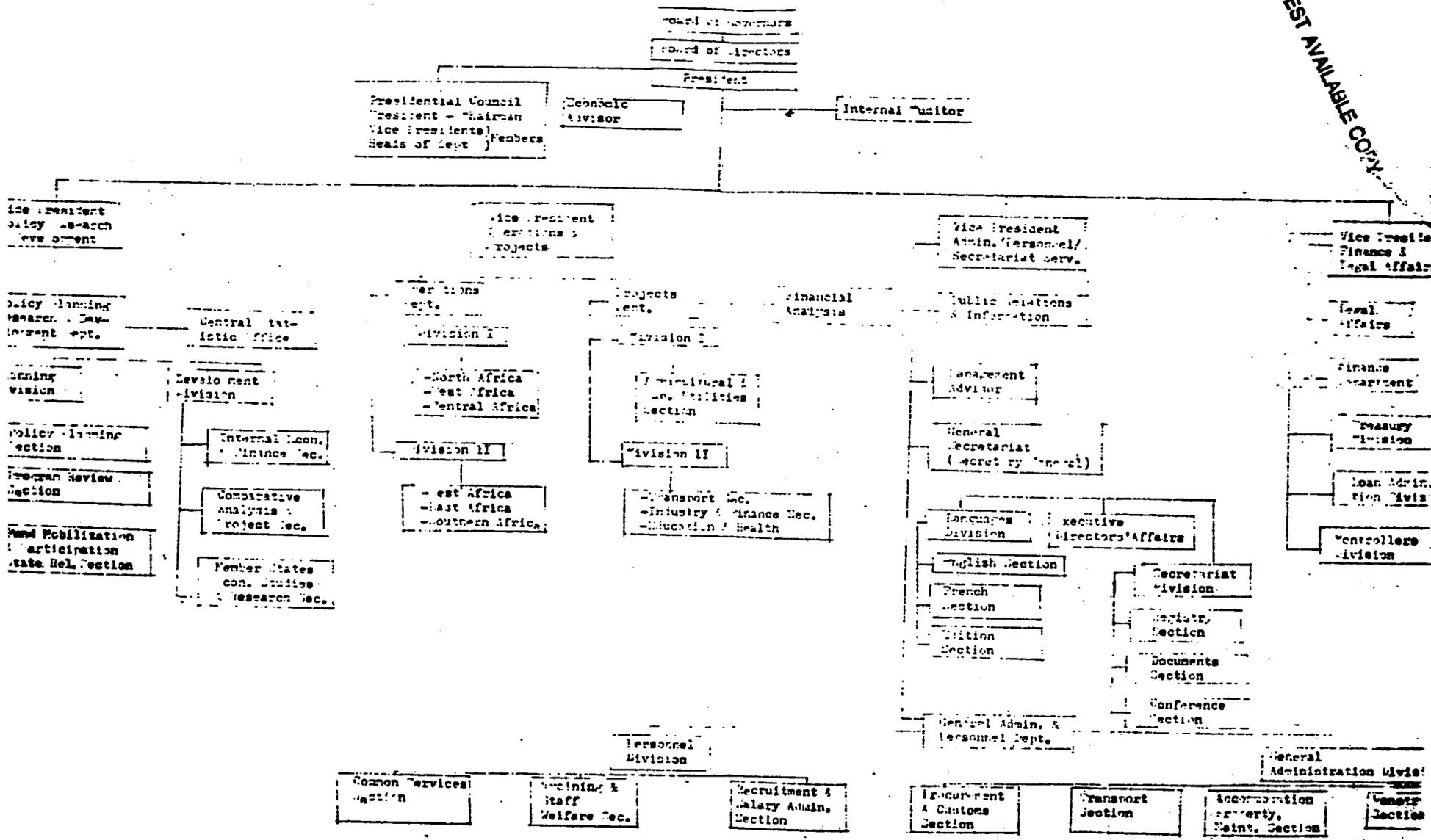
Operating expenses in 1976 amounted to 52.5 percent of total income compared with 81.4 percent in 1975. This change is more a result of the increased income from investments than a result of a dramatic improvement in management operations. However, a valid assessment of fund operations in terms of cost cannot yet be made since the Fund has only been in operation a short time.

ORGANIZATIONAL CHART OF A.D.B.

ANNEX D.1.e



BEST AVAILABLE COPY



AFRICAN DEVELOPMENT BANK

Statement of Subscriptions to the Capital Stock and Voting Powers as at 31 December 1976

Members	Old Shares	New Shares	Total of shares	% of Total
1 Algeria	3,950	3,870	7,820	12.63
2 Benin	140	137	277	0.45
3 Botswana	160	—	160	0.26
4 Burundi	240	118	358	0.58
5 Cameroon	950	931	1,881	3.04
6 Cape Verde	100	—	100	0.16
7 C.A.R.	100	98	198	0.32
8 Chad	160	157	317	0.51
9 Comoro Islands	100	—	100	0.16
10 Congo	350	343	693	1.12
11 Egypt	3,000	—	3,000	4.85
12 Equatorial Guinea	100	—	100	0.16
13 Ethiopia	1,030	1,009	2,039	3.29
14 Gabon	500	490	990	1.60
15 Gambia	100	98	198	0.32
16 Ghana	1,580	1,548	3,128	5.05
17 Guinea	330	323	653	1.06
18 Guinea Bissau	100	98	198	0.32
19 Ivory Coast	950	—	950	1.53
20 Kenya	950	—	950	1.53
21 Lesotho	110	108	218	0.35
22 Liberia	360	353	713	1.15
23 Libya	5,000	—	5,000	8.08
24 Madagascar	700	—	700	1.13
25 Malawi	260	255	515	0.83
26 Mali	230	—	230	0.37
27 Mauritania	170	166	336	0.54
28 Mauritius	400	392	792	1.28
29 Morocco	1,862	—	1,862	3.01
30 Mozambique	1,000	—	1,000	1.62
31 Niger	360	353	713	1.15
32 Nigeria	5,000	4,898	9,898	15.99
33 Rwanda	120	118	238	0.39
34 Sao Tome and Principe	100	—	100	0.16
35 Senegal	750	—	750	1.21
36 Sierra Leone	310	—	310	0.50
37 Somalia	272	256	528	0.87
38 Sudan	1,262	—	1,262	2.04
39 Swaziland	240	235	475	0.77
40 Tanzania	950	—	950	1.53
41 Togo	200	196	396	0.64
42 Tunisia	1,010	—	1,010	1.63
43 Uganda	560	—	560	0.90
44 Upper Volta	130	—	130	0.21
45 Zaire	3,000	2,939	5,939	9.59
46 Zambia	1,600	1,568	3,168	5.12
Total	40,846	21,067	61,913	100.00

The accompanying Notes to the Financial Statements (Annex I-5) form part of this Statement.

ORDINARY CAPITAL RESOURCES

(In units of account of 0.69867088 gramme of fine gold)

Paid up shares	Amount due	Amount Paid in	Amount Unpaid	No. of Votes	% of Votes
29,435,000	19,750,000	19,750,000	—	4,575	6.86
1,042,500	700,000	700,000	—	765	1.15
800,000	550,000	550,000	—	785	1.18
1,495,000	1,000,000	1,000,000	—	825	1.24
7,077,500	4,312,500	4,312,500	—	1,487	2.23
500,000	25,000	25,000	—	725	1.09
745,000	500,000	500,000	—	725	1.09
1,192,500	800,000	785,554	14,446	785	1.18
500,000	25,000	25,000	—	725	1.09
2,607,500	1,750,000	1,250,000	500,000	875	1.31
15,000,000	15,000,000	4,500,000	10,500,000	3,625	5.44
500,000	125,000	25,000	100,000	725	1.09
7,672,500	5,150,000	4,150,000	1,000,000	1,655	2.48
3,725,000	2,275,000	2,249,246	25,754	1,120	1.68
745,000	175,000	175,000	—	725	1.09
11,770,000	7,600,000	7,600,000	—	2,145	3.22
2,457,500	1,650,000	1,583,349	66,660	942	1.41
745,000	200,000	200,000	—	725	1.09
4,750,000	4,750,000	4,750,000	—	1,575	2.36
4,750,000	4,750,000	4,750,000	—	1,575	2.36
820,000	225,000	225,000	—	735	1.10
2,682,500	1,800,000	1,800,000	—	985	1.48
25,000,000	25,000,000	21,000,000	4,000,000	4,825	7.24
3,500,000	175,000	175,000	—	1,325	1.99
1,937,500	1,300,000	1,300,000	—	885	1.33
1,150,000	1,150,000	1,150,000	—	855	1.28
1,265,000	850,000	730,000	120,000	771	1.15
2,980,000	1,008,334	1,008,334	—	991	1.48
9,310,000	9,310,000	9,310,000	—	2,487	3.73
5,000,000	250,000	250,000	—	1,625	2.44
2,682,500	1,800,000	1,800,000	—	985	1.48
37,245,000	25,000,000	25,000,000	—	5,625	8.44
895,000	600,000	600,000	—	745	1.12
500,000	25,000	25,000	—	725	1.09
3,750,000	3,750,000	3,250,000	500,000	1,275	1.91
1,550,000	1,550,000	1,380,639	169,361	901	1.35
2,025,000	1,360,000	1,360,000	—	897	1.34
6,310,000	5,890,000	5,470,000	420,000	1,719	2.58
1,787,500	920,000	920,000	—	865	1.30
4,750,000	4,750,000	4,750,000	—	1,575	2.36
1,490,000	1,000,000	1,000,000	—	825	1.24
5,050,000	4,450,000	4,450,000	—	1,515	2.27
2,800,000	2,634,000	2,467,000	167,000	1,118	1.67
650,000	650,000	650,000	—	755	1.13
22,347,500	15,000,000	8,649,908	6,350,092	2,355	3.53
11,920,000	7,980,000	7,980,000	—	2,221	3.33
256,897,500	189,514,834	165,581,521	23,933,313	66,669	100.00

AFRICAN DEVELOPMENT BANK

Statement of Borrowings

(Expressed in units of accounts of

Description	Date of Agreement
Government of Canada (1)	3. 7.73
Government of Sweden (2)	14.11.74
Government of Sweden (3)	16.11.76
Government of Austria (4)	7. 4.75
ADB 2-year Bonds due 1977 with Members' Central Banks	1. 8.75
Euro-Credit No. I (5)	22. 9.75
Euro-Credit No. II (6)	2.12.75
Euro-Credit No. III (7)	22.5.76
Total	

- (1) Repayable in 80 equal semi-annual instalments starting 30.6.1983 and ending on 31.12.2013.
- (2) Repayable in equal semi-annual instalments starting on 31.12.1984 and ending on 30.6.2024.
- (3) Repayable in equal semi-annual instalments starting on 31.12.1986 and ending on 30.6.2026.
- (4) Repayment is in 21 years including grace period of 3 years from signature of loan Agreement.
- (5) The loan is for the construction of the Bank's Headquarters building and it is at a floating interest rate. Repayment is in 4 equal annual instalments commencing 24 months after effective date (22.9.75).
- (6) At a floating interest rate. Repayment is in 7 equal semi-annual instalments commencing 24 months after 2.12.75.
- (7) At a floating interest rate. Repayment is in instalments of US\$ 3,000,000 on 2 May and 2 November each year starting 2/5.76 and ending 2/5/83. The repayment of remaining \$ 10 million will be due on 2/5. 1983 if majority syndicate Banks do not agree for extension of further 3 years.

The accompanying Notes to the Financial Statements (Annex I-5) form part of this Statement.

ORDINARY CAPITAL RESOURCES

as at 31 December 1976

0 00007080 gramme of fine gold -- Note A-1)

Amount in Currency	Principal	Amount Drawn	Undrawn Balance	Interest Rate at 31 Dec. 1976
Can.\$ 5,000,000	4,625,004	1,176,039	3,448,965	—
SwKr. 25,000,000	4,544,678	4,544,678	—	0.75
SwKr. 10,000,000	1,817,871	—	1,817,871	—
A.Schs 38,000,000	1,671,086	—	1,671,086	3.00
US\$ 13,000,000	10,776,309	10,776,309	—	6.25
US\$ 25,000,000	20,723,671	20,723,671	—	7.52
US\$ 40,000,000	33,157,873	33,157,873	—	6.75
US\$ 40,000,000	33,157,873	16,578,936	16,578,937	7.00
	110,474,365	86,957,506	23,516,859	

AFRICAN DEVELOPMENT BANK
Income Statement 1976 and 1975
(U.S. Dollars)

<u>INCOME</u>	<u>1976</u>	<u>1975</u>	
From Loans:			
Interest	8,028,088	5,448,880	
Commitment Charges	1,758,060	925,389	
Statutory Commission	<u>1,338,952</u>	<u>914,782</u>	7,327,010
From Investments	7,060,405		8,850,559
From Other Sources	<u>314,792</u>		<u>275,979</u>
Gross Income	18,000,306		16,453,548
Less Statutory Commission	<u>-1,338,952</u>		<u>- 914,781</u>
Gross Income Less Reserve Deduction	16,661,354		15,538,767
 <u>EXPENDITURES</u>			
Board of Governors	305,506	737,326	
Board of Directors	1,037,260	660,021	
Personnel Services	4,460,533	3,736,777	
General Administrative Expense	2,427,093	2,004,492	
Technical Assistance to Member Countries	<u>180,952</u>	<u>387,322</u>	
Total Expenditures	8,311,344	7,023,140	
Less Management Fees	<u>-3,936,938</u>	<u>-2,479,622</u>	
	4,374,406	4,031,848	
Add: Financial Charges	<u>+1,994,350</u>	<u>+ 410,407</u>	4,442,255
	10,292,598		11,096,512
Add: Net gain on Current Transactions		<u>+ 632,118</u>	<u>419,027</u>
<u>NET INCOME</u>	10,924,716		11,515,539

Source: AFDB Annual Report for 1976

Statements of Subscriptions and Voting Power as at 31 December 1976

(Expressed in units of account of 0.81851265 gramme of fine gold - Note A-1)

Participants	Subscriptions				Payments position		Voting power	
	Initial	Special General Increase	First General Replen- ishment	Total	Instalments not yet due	Instal- ments paid-in	Number of Votes	%
1 ADB	5,000,000	1,500,000	—	6,500,000	1,000,000	5,500,000	1,000.00	50.000
2 Belgium	3,000,000	—	—	3,000,000	—	3,000,000	10.02	0.501
3 Brazil	2,000,000	1,000,000	3,000,000	6,000,000	2,666,667	3,333,333	20.04	1.002
4 Canada	15,000,000	7,500,000	45,000,000	67,500,000	30,000,000	37,500,000	225.45	11.273
5 Denmark	5,000,000	2,000,000	10,000,000	17,000,000	8,000,000	9,000,000	56.78	2.839
6 Finland	2,000,000	—	4,000,000	6,000,000	3,000,000	3,000,000	20.04	1.002
7 Germany	7,447,630	7,552,370	22,500,000	37,500,000	17,517,457	19,982,543	125.25	6.263
8 Italy	10,000,000	—	—	10,000,000	—	10,000,000	33.41	1.570
9 Japan	15,000,000	—	30,000,000	45,000,000	20,000,000	25,000,000	150.29	7.515
10 Nether- lands	4,000,000	2,000,000	12,000,000	18,000,000	8,000,000	10,000,000	60.12	3.006
11 Norway	5,000,000	2,500,000	15,000,000	22,500,000	11,250,000	11,250,000	75.15	3.757
12 Saudi Arabia	9,000,000	—	—	9,000,000	—	9,000,000	30.06	1.503
13 Spain	2,000,000	1,000,000	—	3,000,000	666,667	2,333,333	10.02	0.501
14 Sweden	5,000,000	4,000,000	18,000,000	27,000,000	12,000,000	15,000,000	90.18	4.509
15 Switzer- land	3,000,000	3,190,150	—	6,190,150	—	6,190,150	20.68	1.034
16 United Kingdom	5,211,420	—	—	5,211,420	—	5,211,420	17.11	0.870
17 USA	13,500,000	—	—	13,500,000	—	13,500,000	45.09	2.254
18 Yugoslavia	2,000,000	1,000,000	—	3,000,000	666,666	2,333,334	10.02	0.501
	113,159,050	33,242,520	159,500,000	305,901,570	114,767,457	191,134,113	2,000.00	100.000

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

Statement of Approved Loans as at 31 December 1976

(Expressed in units of account of 0.81351265 gramme of fine gold -- Note A-1)

Countries	No. of Loans	Amounts Approved	Unsigned Loans	Loans Signed	Disbursements	Undisbursed balances
1. Benin	2	3,660,000	—	3,660,000	374,472	3,285,528
2. Botswana	3	9,850,000	—	9,850,000	—	9,850,000
3. Burundi	3	11,500,000	—	11,500,000	48,978	11,451,022
4. Central African Emp.	2	10,000,000	—	10,000,000	102,148	9,897,852
5. Chad	5	21,790,000	—	21,790,000	1,826,835	19,963,165
6. Ethiopia	2	10,000,000	—	10,000,000	1,246,384	8,753,616
7. Gambia	1	2,000,000	—	2,000,000	571,983	1,428,017
8. Guinea Bissau	2	9,200,000	—	9,200,000	—	9,200,000
9. Lesotho	3	8,400,000	—	8,400,000	421,700	7,978,300
10. Malawi	3	10,680,000	5,000,000	5,680,000	269,055	5,410,945
11. Mali	6	19,660,000	—	19,660,000	3,651,121	16,008,879
12. Mauritania	5	10,280,000	1,000,000	9,280,000	—	9,280,000
13. Niger	2	7,300,000	—	7,300,000	—	7,300,000
14. Rwanda	4	12,310,000	2,560,000	9,750,000	1,287,016	8,462,084
15. Senegal	2	9,000,000	—	9,000,000	—	9,000,000
16. Somalia	3	8,500,000	—	8,500,000	1,839,085	6,660,915
17. Sudan	2	9,000,000	—	9,000,000	1,004,714	7,995,286
18. Swaziland	1	350,000	—	350,000	155,677	194,323
19. Tanzania	2	10,000,000	—	10,000,000	—	10,000,000
20. Togo	2	4,750,000	—	4,750,000	—	4,750,000
21. Upper Volta	3	9,400,000	—	9,400,000	272,343	9,127,657
Total	58	197,630,000	8,560,000	189,070,000	13,072,411	175,997,589

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

Administrative Budget

for the Period 1 January to 31 December 1976

Description	Actual Expenditure for 1976	Budget for 1977
Board of Governors	253,248	285,000
Board of Directors	850,833	727,000
Personnel Expenses	3,614,650	4,725,000
General Administrative Expenses	1,862,224	2,475,000
Capital Expenditure	151,550	162,000
Representative Offices	—	—
Assistance to Member States	150,000 (1)	200,000 (1)
Total	6,891,505	8,574,000
Less: Management Fees	3,263,512 (2)	4,000,000 (2)
Total	3,627,993	4,574,000

(1) This figure includes U.A. 150,000 representing the Bank's contribution to the Onchocerciasis Fund for the year 1977.

(2) The amounts shown comprise:

	1976 U.A.	1977 U.A.
- African Development Fund share of the fair value the Bank's expenses in respect of officers, staff, organization, services and facilities based on a formula approved by the Fund's Board	3,148,408	3,500,000
- Expenses incurred by the Bank in the management of the Nigeria Trust Fund	115,104	500,000
Total	3,263,512	4,000,000

**Statement of Income and Expenditure
for the years ended 31 December 1978 and 1975**

(Expressed in units of account of 0.81851265 gramme of fine gold – Note A-1)

	<u>1976</u>	<u>1975</u>
	U.A.	U.A.
INCOME		
From Loans:		
Service charges	54,754	11,595
From investments:		
Interest on short-term investments	6,450,346	3,324,485
Net gain on exchange	88,328	—
Total Income	<u>6,593,428</u>	<u>3,336,080</u>
 EXPENDITURE		
Management fees paid to the African Development Bank – Note E	3,418,277	2,692,166
Professional fees	41,497	24,714
Bank charges	668	2,679
Net loss on exchange	—	11,174
Total Expenditure	<u>3,460,442</u>	<u>2,730,733</u>
NET INCOME FOR THE YEAR	U.A. <u>3,132,986</u>	<u>605,347</u>

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

TABLE I

PAST/PRESENT TRENDS OF APPROVED ADB/ADF LOANS AND
AVAILABLE MANPOWER
(AS OF OCTOBER, 1977)

Annex D.2.
(Rev. 11/15/77)

Year	Bank Staff		ADB/ITF			ADF			ADB/ADF Total	
	(Prof)	Expat	Cum Total No. of Approved Loans	Total Cum Amt Approved Loans	Per Cent Disburs.	Annual Total No. of Approved Loans 1/	Total Cum Amt Approved Loans	Per Cent Disburs.	Cum No. of Approved Loans	Total Cum Amt Approved Loans
1967- 1969	-	-	7	13.51	5.6	-	-	-		
1970	-	-	12	24.0	12.9	-	-	-		
1971	-	-	23	48.7	19.5	-	-	-		
1972	72	15	44	74.0	29.6	-	-	-		
1973	83	13	53	106.6	36.3					
1974	85	15	78	176.6	33.1	11	-	-	89	216.6
1975	87	18	100	263.7	37.3	29	125.6	8.62	129	389.3
1976	105	14	119	338.8	41.6	47	197.15	11.86	166	535.23
(Est) 1977	114	14	150	455.8	45 (est)	71	301.46	20.36	221	757.26

Table II

**CUMULATIVE SECTORAL/REGIONAL DISTRIBUTION OF ADB/ADF COMMITMENTS/
LENDING OPERATIONS (In US Millions) from 1967 to Dec., 1976**

Annex D.2

REGION

<u>Sector</u>	<u>Central Africa</u>	<u>Eastern Africa</u> 3/	<u>Northern Africa</u>	<u>Western Africa</u>	<u>Total</u>	<u>% of Total</u>
Agriculture	30.70 (6)	28.65 (10)	17.73 (8)	39.54 (15)	116.62 (39)	21
Health 1/	-	12.00 (3)	1.30 (1)	13.70 (3)	27.00 (7)	5
Education 1/	4.3 (1)	-	-	9.00 (2)	13.30 (3)	3
Transport	29.65 (12)	40.25 (16)	22.60 (7)	52.11 (20)	144.61 (55)	26
Public Utilities	42.41 (12)	45.86 (16)	44.70 (12)	41.08 (15)	174.05 (55)	32
Industry/2/ Development Banks	7.25 (2)	19.50 (9)	10.00 (3)	32.49 (18)	69.24 (32)	13
Grand Total	114.31 (33)	146.26 (54)	96.33 (31)	187.92 (73)	544.82 (191)	
% of Total	21	27	18	34		

1/ AFDB only

2/ ADB only

3/ Includes Southern Africa also

Figures in brackets relate to number of projects, eleven of which were for pre-investment studies by ADF, and total of 14 supplementary loans to existing projects.

TABLE III PLANNED BANK GROUP NUMBER OF PROJECTS BY SECTOR DURING 1978-1981

Sector	1978		1979		1980		1981	
	ADF	ADB/NTF	ADF	ADB/NTF	ADF	ADB/NTF	ADF	ADB/NTF
Agriculture	-							
w/o irrigation			12	2	16	2	20	2
with irrigation ^{1/}	Breakdown		4	2	4	2	4	3
	for							
	Sectors							
Transport	in		5	12	7	16	8	20
	1978							
	not							
Public Utilities	Available		5	16	5	20	6	25
Social Sector (Health, Education)	-		6	-	8	-	10	-
Industry and Finance	-		-	8	-	10	-	10
Total No.	25	60	32	40	40	50	48	60
(Cum Total) from 1977	(96)	(210)	(128)	(250)	((168)	(300)	(215)	(360)

^{1/} Projects requiring engineers.

PIPELINE OF PRE-INVESTMENT STUDIES UNDER CONSIDERATION
BY AFDB AND ADF

COUNTRY	DESCRIPTION	(Donor)	COST UA	STATUS OF STUDY
Benin	Bodjecalì Ranch in Northern Area		150,000	No TOR
"	Implementation of Training center of enterprise personnel		2,730,000	To draft TOR
Botswana	Gaborone International Airport (Canada)		500,000	To draft TOR
"	Francistown hospital (USAID)		420,000	"
Burundi	Girtega rural dev. (USAID)		170,000	"
"	Nogozi-Kobera engineering studies 70 km (Germany) I		33,434	TOR awaited
Cape Verde	Health sector survey (USAID)		110,000	To draft TOR
"	Rural development (USAID)		125,000	TOR under examination
"	Prara Port Phase III (Norway)		250,000	To draft TOR
CAE	Bangui sewerage (Germany)		150,000	Consultant ORGATEC selected to draft
CAE	TOR of Bangui sewerage (Sweden)		7,356	TOR under Swedish TA
CAE	Bossembelle-Baoro-Garonaboulaje road Transafrican highway (Belgium)		400,000	to draft TOR
CAE	Bossongoa rural dev. (USAID)		250,000	To contact FAO
Chad	Development of two ranches		100,000	To draft TOR
Chad	Cattle water point (USAID)		125,000	To draft TOR
Chad	Djemaya-Djintilo road (USAID)		338,000	In progress
Comoro	Fishery development (Norway)		100,000	To draft TOR
Ethiopia	Development of milk collection and processing		100,000	ADB/FAO to draft TOR
Gambia	Eastern region rural Dev.(USAID)		125,000	To draft TOR

Annex

D.2

COUNTRY	DESCRIPTION (Donor)	COST UA	STATUS OF STUDY
Gambia	Small dams for rural water (Sweden)	250,000	To draft TOR
Gambia	Agricultural credit to farmers on the West IBRD project	80,000	To draft TOR
Guinea	Conakry sewerage (USAID)	375,000	To draft TOR
Guinea	Small scale fisheries (Norway)	250,000	To draft TOR
Guinea Bissau	TOR for health services (Sweden)	4,234	WHO to draft TOR
Guinea Bissau	Develop. of health services (USAID)	125,000	TOR awaited
Guinea Bissau	Corebral hydro-electric dam (Belgium)	130,000	TOR awaited
Guinea Bissau	Corebral hydro-electric dam I. (Norway)	300,000	TOR awaited
Liberia	Dairy milk development	12,000	Draft TOR discussed with Consultant Hassen
Liberia	Rural Development (USAID)	208,000	To draft TOR
Liberia	Dev. of livestock (Holland)	130,000	To submit request
Madagascar	Meat/milk production	100,000	To draft TOR
Mali	Water supply in San	300,000	Project appraised
Mali	Ground water (USAID)	675,000	In progress
Mali	Afforestation (Sweden)	100,000	Submit TOR to Sweden
Mauritania	64 wells (USAID)	292,000	To submit TOR to USAID
Mauritius	Cattle feedmill	150,000	To draft TOR
Mauritius	Port Louis-Beau Bassin road (Japan)	N.A.	To get TOR
Madagascar	Flood control and irrigation of 10,000 ha (USAID)	334,000	To get TOR

Annex

D.2.

COUNTRY	DESCRIPTION (Donor)	COST UA	STATUS OF STUDY
Mozambique	Pequenos Water (Canada)	500,000	To get TOR
Niger	Teheua rural Dev. (USAID)	291,000	In progress
Niger	Development of Koumandougou Valley (Germany)	300,000	To submit TOR to Germany
Niger	Feeder roads (Sweden)	400,000	To draft TOR
Ruanda	Butare Univ. Medical School (Germany)	100,000	To draft TOR
Senegal	Hydro-agricultural development of Djourbel Valley Phase II	300,000	
Senegal	Seed production	100,000	To draft TOR
Senegal	Tamba Coumde-Malene road (Sweden)	250,000	To draft TOR
Sao Tome	Coprah oil extraction (Belgium)	90,000	To draft TOR
Sao Tome	International airport (Belgium)	500,000	To draft TOR
Sao Tome	Food crop diversification (USAID)	170,000	To draft TOR
Sao Tome	Fishing port (Norway)	150,000	To draft TOR
Sierra Leone	Freetown sewerage (USAID)	404,000	In progress
Sierra Leone	Moyamba integrated rural develop. (Belgium)	80,000	In progress
Somalia	Mogadishu sewerage (Holland)	300,000	To request fund
Sudan	Kosti-Um Ruaba road (Norway)	183,000	In progress
Sudan	El obcid-Um Ruaba (Japan)	N.A.	In progress
Tanzania	Hydro electric study Phase III	300,000	No documents
Tanzania	Arushe-Dodome-Iringa Road	250,000	To draft TOR
Tanzania	Mandibira rice and flood protection Rufiji River (USAID)	250,000	To draft TOR
Tanzania	Engineering studies 10 bridges (Norway)	300,000	TOR awaited

Annex D.2.

COUNTRY	DESCRIPTION (Donor)	COST UA	STATUS OF STUDY
Togo	Railway modernization (Canada)	278,000	TOR finalized
Uganda	Lwiyi-Parkwach Um Rua Araba section of Transafrican Highway	250,000	To draft TOR
Uganda	Sugar production	100,000	No TOR
Uganda	Integrated livestock develop.	150,000	To draft TOR
Uganda	Kampala-Lugazi road (Sweden)	82,521	In progress
Upper Volta	Ouagadougou Sewerage	250,000	No documents
Upper Volta	Dori-Scbba-Gorom Gorom Road	500,000	TOR final, available in Bank
Upper Volta	Earth dams (USAID)	396,000	In progress
Upper Volta	Fada-Bogande-Taparko Rd. Phase I (Belgium)	200,000	TOR finalized
Upper Volta	Dori-Scbba-Gorom Rd (140 km.) (Germany)	400,000	To draft TOR
Upper Volta	Development of Diarkelé Valley Phase I (Canada)	200,000	To draft TOR
Zambia	Water leakage Lusaka and Kitwe (Canada)	400,000	In progress
Regional	Morocco-Mauritania road link	400,000	To draft TOR for feasibility study as Phase I
Regional	Ghana/Ivory Coast Power Interconnection (Belgium)	121,160	In progress
Regional	Pedagogical industry for Portuguese speaking countries (USAID)	134,000	to draft TOR
Regional	Liberia-Ivory Coast, Cavalla River hydro-electric dam (Belgium)	718,000	To draft TOR

Annex D.2

<u>COUNTRY</u>	<u>DESCRIPTION (Donor)</u>	<u>COST UA</u>	<u>STATUS OF STUDY</u>
Regional	Liptako, Dori-Tera-Niamey Road development (USAID)	373,350	In progress
Regional	Gambia-Senegal development of road areas of influence (USAID)	334,000	To draft TOR
Regional	Benin-Nigeria road (Sweden)	120,000	To draft TOR
Regional	Nigeria-Benin-Togo power inter-connection (Belgium)	200,000	To draft TOR
Regional	Pharmaceutical industry in Africa (Sweden)	200,000	TOR finalized
Sao Tome	Circular road 108 km (Sweden)	170,000	To draft TOR
Sao Tome	Cocoa Rehabilitation (USAID)	125,000	do

Table 5

**Estimated Manpower Requirements Per Project
by Category of Profession
(in man-days)**

	Fin. Ana- lyst	Econo- mist	Agro- nomist	Engi- neer	Loan Offi- cer	Fin- ance Offi- cer	Legal Offi- cer	Lang. Staff etc.
(a) Identification Preparation		30 21	30	30 (21)	30	-	-	-
(b) Appraisal	30 (21)	30 (21)	30	30 (21)	-	-	-	-
(c) Report Drafting	14	21	21	21	-	-	-	7
(d) Pre-Board Prep. Work	7	14	14	14	21	2	7	7
(e) Loan Adminis- tration	-	-	-	-	10	2	2	1
(f) Technical Supervision & Project Follow-Up	-	10	10	10	10	10	-	-

Note: Figures in items (a) and (b) relate to an agricultural project, while those in brackets relate to a non-agricultural project. Items (c) to (f) are for all projects.

These estimates are based upon the experience of the Bank in the processing of projects, and compare favourably with information from other institutions on the cost of project-processing throughout a project cycle. The man-days relating to identification, preparation and appraisal include an average of seven days' travel time from and to Abidjan.

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Table 6

Estimated Manpower Requirement for the 1978 Lending Programs (1)

Activities	Fin. Analyst	Sect. Economist	Agre-nomist	Engineer	Loan Officer	Legal Officer	Fin. Officer	Linguistic
<u>Agric. Projects:</u>								
Identification/Preparation)		600	600	160				
Appraisal	600	600	600	160				
Report Drafting	260	420	420	120				
Pre-Board Work	140	280	280	80	220	140	40	10
<u>Other Projects:</u>								
Identification/Preparation)		651		1092				
Appraisal	645 ⁽²⁾	651		1092				
Report Drafting	644	651		1092				354
Pre-Board Work	322	434		738	1092	364	104	364
<u>All Projects:</u>								
Loan Proj. Admin. Supervision		306	306	306	3060	612	612	306
Miscellaneous	281	459	221	468	1119	112	306	117
(a) 10% of total man-days for non-Loan Off.							106	
(b) 20% of total man-days for Loan Off.								
TOTAL	3247	3152	2417	5368	5710	1229	1361	1201
<u>Staff Available:</u>								
1977	8	9	7	16	20	5	3	1 (74)
1978	10	1	9	20	25	5	5	5 (60)
<u>Staff Required for 1978 Programs</u>								
	13	16	10	20	27		5	6 (100)

- Figures based upon 20 agricultural and 62 non-agricultural projects.
- Sectoral Economists assumed do not take part in Public Utilities project work, the little they do in this respect is under Miscellaneous. This is true of financial Analysts as regards Health and Education Projects.
- Calculation of staff requirements based upon 247 days per year, taking into account staff leave allowances and sick leave.

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List of TA Experts required by Projects Department of the Bank
(12 September 1977)
for 1978-1981

<u>Position</u>	<u>Number</u>
Agronomist	2
Agro-economist	2
Highway Engineer	2
Transport Economist	3
Sanitary Engineer	1
Power Engineer	1
Telecomm. Engineer	1
Industrial Engineer	1
Health Expert	1
Education Expert	1
Irrigation Engineer	1
Financial Analyst	2
Airport Engineer	1
Agric. Storage Expert	1
Railway Engineer	1
	<hr/>
Total experts required	21

Table 1 above summarizes the number of man-days which will be required for each profession to execute the 1979 lending programme. It is based upon the manpower requirement per project, as estimated in table 2, and the planned sectoral distribution of projects as shown in table 3. As far as manpower requirements for 1979 are concerned, however, staff projections for identification and preparation are somewhat over-estimated since it is assumed that the Bank Group's staff will prepare all the projects. But as mentioned above, in the majority of cases, project preparation is done by external consultants or personnel from specialized UN Agencies such as FAO, WHO, and UNESCO. Although the Bank staff will still supervise their work, the manpower required in such instances is not as much as would be the case if the Bank staff had to do all the work themselves.

Under supervision, it has been estimated that the Project staff, consisting of Engineers, Economists, and Finance Officers, will each supervise approximately one-tenth of the total number of approved projects per year. However, to the extent that each of these professions may cover different projects, it is possible that more than half of on-going projects will be supervised. It is also estimated that Loan Officers will cover one-third of the on-going projects.

The "Miscellaneous" item thus applies to the manpower requirement for a number of unidentifiable tasks, including those mentioned in the comments on table 2.

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TABLE VII

OVERALL PROJECT OPERATIONAL STAFF REQUIREMENTS TO CARRY OUT
 PLANNED BANK GROUP PROJECTS DURING 1978 - 1/

<u>Staff Requirements</u>	<u>Projects Department ^{2/}</u>				<u>Sub Total</u>	<u>Operations Dept.</u>	<u>Finance Dept.</u>	<u>Legal Dept.</u>	<u>Gen Sect.</u>	<u>Total</u>
	<u>Econ-omists</u>	<u>Agrono-mists</u>	<u>Finan Analysts</u>	<u>Engi-neers</u>		<u>Loan Officers</u>	<u>Finance Officer</u>	<u>Legal Officer</u>	<u>Lan-guage</u>	
Present	9 <u>2/</u>	7	8	16 <u>2/</u>	40	20	3	5	6	74
Estimated for 1978	14	8	10	20	52	25	5	5	6	93
Estimated for 1979	20	10	15	22	65	27	5	5	6	108

1/ Based on planned projects as shown in Table III and estimated number of man-days required per profession shown in Table IV and Table V.

2/ Resulting detailed list of vacant positions used by Bank to request AID assistance can be seen on the Attachment.

Table #8

Present Bank Group Staffing Position

	Oper- tions	Projects	Finance	Policy Plan- ning	Adminis- tration & General Secreta- riat	Legal	Presi- dency	TOTAL
Supervisory	4	4	5	2	6	1	-	22
Professional	20	40 ⁽³⁾	7	10	29 ⁽²⁾	5	3	114
Professional Staff re- quired for								
1978	(25)	(52)	(15)	18	(20)	(5)	-	144
1979	(27)	(65)	(15)	20	(29)	(5)	-	161
Sub- Professional	1	2	3	1	10	1	-	18
General(1) Services	7	16	30	6	64	3	11	157
Manual Labour	-	-	-	-	97	-	-	97
TOTAL	32	62	45	29	226	10	14	408

(1) Includes Secretaries, Typists and Clerks. Sub-Professional status to Administrative Assistants.

(2) The staff of the General Secretariat includes Translators/Interpreters, Public Relations, and Information and Documentation staff. The General Secretariat has a professional staff of 21.

(3) Of which 14 are technical assistance staff.

(4) Figures in brackets represent manpower increases up to 1979.

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AFRICAN DEVELOPMENT BANK

GRANT FUNDS FOR PRE-IMPLEMENTATION STAFFS

POSITION AS AT 30 SEPTEMBER 1977

(AMOUNT IN U.S.A.)

Table 9

DONOR COUNTRY	Total Grant	Amount spent on completed contracts		Allocation of Balance			
		(1)	(2)	Balance	On-going contracts	Contracts under negotiations	Unobligated Funds
				(3)=(1)-(2)			
1. BELGIUM	1 517 059	37 319	1 479 740	944 317	270 519	329 914	
2. CANADA	647 500	14 440	631 060	444 000	167 060	-0-	
3. GERMANY	155 290	51 976	103 314	69 860	-0-	33 454	
4. NETHERLANDS	627 703	376 155	251 548	-0-	-0-	251 548	
5. NORWAY	666 832	14 899	651 933	371 599	151 712	198 422	
6. SWEDEN	454 468	115 560	338 898	148 504	64 474	50 920	
7. US-AID (REGULAR GRANT)	5 044 141	3 377 691	1 666 450	931 560	140 921	593 969	
8. US-AID (SAMEL GRANT)	2 486 840	19 252	2 467 588	1 419 986	-0-	1 047 602	
SUB-TOTAL	11 599 833	4 009 322	7 590 501	4 230 046	614 666	2 545 769	
9. U.N.D.P.	4 142 929	4 033 258	109 671	109 681	-0-	-0-	
<u>GRAND TOTAL</u>	<u>15 742 772</u>	<u>8 042 580</u>	<u>7 700 192</u>	<u>4 339 727</u>	<u>614 666</u>	<u>2 545 769</u>	

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LOGICAL FRAMEWORK
FOR
SUMMARIZING PROJECT DESIGN

ANNEX E

From FY 78 to FY 82
Est. Project Completion Date 1982
Date of this Summary November 1977
Total US Funding \$6,600,000
Life of Project Five Years

Project Title: African Development Bank Assistance Program No. 69R-11-920-127

DEVELOPMENT HYPOTHESES
If Purpose, Then Goal
If Purpose, Then Purpose
If Outputs, Then Output
If Inputs, Then Output

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																																																																								
<p>Program Goal: The broader objective to which this project contributes:</p> <p>Strengthen APDB's institutional capability to respond affirmatively to member states' requests for support for their social and economic development goals.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> Increased number of project proposals from member states consistent with their economic development programs and qualifying for APDB financial support. Decreased amount of time required for complete preparation of member states' project proposals. 	<ol style="list-style-type: none"> Number of "new starts" of pre-investment studies. An analysis of the time-span from project identification to loan approval. Bank's annual reports and Bank's reports to AID and Board members. 	<p>Concerning long term value of program/project:</p> <ol style="list-style-type: none"> Member states continue to support the Bank as agreed in accordance with the Bank's Charter. US continues to support. APDB is able to identify and mobilize necessary resources for an increasing number of pre-investment studies and programs. 																																																																								
<p>Project Purpose:</p> <p>To strengthen the Bank's capability to identify and appraise effectively loan projects for member states, and to monitor them during implementation phase.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status. A relative increase in the number of directly recruited, qualified and experienced professional staff to fill vacant posts; and a corresponding decrease in technical experts required from bilateral/multilateral sources.</p> <ol style="list-style-type: none"> A modernized financial management system in place, operated and maintained by Bank staff. Increased number of pre-investment studies approved for loan financing. 	<ol style="list-style-type: none"> Bank's annual reports, Board reports if available. Expert evaluation of financial business practices, operations (planning, record automation, etc.) Evaluation of project documentation (appraisal, reports, number of loans made.) In-depth evaluation by March 1980. 	<p>Affecting purpose-to-goal link:</p> <ul style="list-style-type: none"> APDB is willing and able to recruit, train, effectively utilize and retain African personnel. APDB is able to compete with other international financial institutions in attracting qualified African personnel. 																																																																								
<p>Outputs:</p> <ol style="list-style-type: none"> Completed pre-investment studies. APDB staff trained in various areas of need, i.e., project appraisal, financial analysis, etc. Modernization of Bank's financial management system. Technical assistance provided. 	<p>Magnitude of Outputs necessary and sufficient to achieve purpose.</p> <ol style="list-style-type: none"> Thirteen pre-investment studies, financed by AID, completed by 1982. Up to 9 staff members completed training within/outside APDB, by 1982, resulting in increased experience of staff. Implementation of financial management system by 1982. Eighteen person-years of technical assistance completed over life of project according to target completion dates shown below in implementation plan. 	<ol style="list-style-type: none"> Bank's annual reports as well as quarterly/semi-annual pipeline/other reports issued by APDB. Data provided by Bank Training Division and by US funded advisors. Bank staff trained in 3rd countries at AID expense. Final reports by AID-funded contractor for financial management system. AIDSO disbursement records, end-of-year reports. 	<p>Affecting output-to-purpose link:</p> <ul style="list-style-type: none"> APDB will utilize US technical experts efficiently. Contractors and APDB each meet individual responsibilities (possess necessary qualifications etc.) APDB staff members will learn from in-service/foreign training and they will be able to apply skills, experience etc. in positions for which they have been trained. 																																																																								
<p>Inputs: Activities and Types of Resources (AID) see p. 25</p> <ol style="list-style-type: none"> Pre-Investment studies (no./cost-\$000) Technical Assistance <ol style="list-style-type: none"> Systems Analyst (3 py) Project Advisor (4 py) Financial Analyst (3 py) Agro-Economist (2 py) Health Economist (3 py) Modernization of Financial Management Training <p>APDB/Host Country Contribution (not avail. 12/5/77)</p> <ol style="list-style-type: none"> Personnel Operating Costs <p>Total U.S. ADB/Host Country Contribution</p>	<p>Level of Effort/Expenditure for each activity A.I.D.</p> <table border="1"> <thead> <tr> <th></th> <th>FY 78</th> <th>FY 79</th> <th>FY 80</th> <th>FY 81</th> <th>FY 82</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>2/510</td> <td>3/830</td> <td>3/1085</td> <td>3/1030</td> <td>4/1240</td> </tr> <tr> <td>2.</td> <td>390</td> <td>385</td> <td>380</td> <td>120</td> <td>-</td> </tr> <tr> <td>3.1)</td> <td>130</td> <td>85</td> <td>40</td> <td>-</td> <td>-</td> </tr> <tr> <td>ii)</td> <td>130</td> <td>85</td> <td>85</td> <td>40</td> <td>-</td> </tr> <tr> <td>iii)</td> <td>130</td> <td>85</td> <td>40</td> <td>-</td> <td>-</td> </tr> <tr> <td>iv)</td> <td>-</td> <td>-</td> <td>130</td> <td>40</td> <td>-</td> </tr> <tr> <td>v)</td> <td>-</td> <td>130</td> <td>85</td> <td>40</td> <td>-</td> </tr> <tr> <td>3.</td> <td>50</td> <td>160</td> <td>155</td> <td>10</td> <td>10</td> </tr> <tr> <td>4.</td> <td>50</td> <td>25</td> <td>80</td> <td>40</td> <td>50</td> </tr> <tr> <td colspan="6">--(estimates not available)</td> </tr> <tr> <td>Total</td> <td>1,000</td> <td>1,400</td> <td>1,700</td> <td>1,200</td> <td>1,300</td> </tr> </tbody> </table>		FY 78	FY 79	FY 80	FY 81	FY 82	1.	2/510	3/830	3/1085	3/1030	4/1240	2.	390	385	380	120	-	3.1)	130	85	40	-	-	ii)	130	85	85	40	-	iii)	130	85	40	-	-	iv)	-	-	130	40	-	v)	-	130	85	40	-	3.	50	160	155	10	10	4.	50	25	80	40	50	--(estimates not available)						Total	1,000	1,400	1,700	1,200	1,300	<ol style="list-style-type: none"> Grant Agreement signed. AID monitoring of project, (examination of reports on contractors). Project Appraisal Reports (AIS) 	<p>Affecting input-to-output link:</p> <ul style="list-style-type: none"> AID/APDB and member states agree in principle on pre-investment studies to be carried out. AID funds and US technical experts be available on time as scheduled in P.T. Contracting for pre-investment studies can be carried out with minimum delay. Competent candidates for in-service training will be identified on time without reducing APDB effectiveness.
	FY 78	FY 79	FY 80	FY 81	FY 82																																																																						
1.	2/510	3/830	3/1085	3/1030	4/1240																																																																						
2.	390	385	380	120	-																																																																						
3.1)	130	85	40	-	-																																																																						
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iii)	130	85	40	-	-																																																																						
iv)	-	-	130	40	-																																																																						
v)	-	130	85	40	-																																																																						
3.	50	160	155	10	10																																																																						
4.	50	25	80	40	50																																																																						
--(estimates not available)																																																																											
Total	1,000	1,400	1,700	1,200	1,300																																																																						

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Project PurposeSPI Description (responsible organ)

1. January, 1978, Grant Agreement signed (AID).
 2. February, 1978, Selection of recruiting agency to acquire technical experts.
 3. AID approves TORs for first two feasibility studies - February, 1978.
 4. March, 1978, Financial Management System coordinator appointed (AFDB/AID).
 5. April, 1978, AID approval of executed contracts for consultants - (AID).
 6. June, 1978, contractor selected for modernization Fin. Mgmt. System - (AFDB/AID).
 7. July, 1978, all consultants on site (Project Advisor, Transport Economist, Health Economist, Systems Analyst, Ag. Economist, Fin. Analyst, and Sanitary Engr. (AFDB)
 8. August, 1978, commence implementation program for new Fin. Mgmt. System - (AFDB).
 9. August, 1978, bank completes selection of contractor for first feasibility studies - (AFDB).
 10. September, 1978, contract signed for first two feasibility studies after AID approval (AFDB/AID)
 11. November, 1978, PES completed (AFDB/AID).
 12. December, 1978, training program for Bank staff designed - (AFDB-AID).
 13. April, 1979, selection of demonstration data processing equipment - (AFDB).
 14. May, 1979, initiation of Financial Mgmt. training - (AFDB-consultants).
 15. March, 1980, in-depth appraisal completed (AFDB/AID).
 16. September, 1980, modernized AFDB Financial Management System established - (AFDB/consultants).
 17. May, 1981, PES completed (AFDB/AID).
 18. September, 1981, completion of both on-the-job and off-site training (AFDB/consultants)
 19. September, 1982, last pre-investment feasibility study (13th) completed (AFDB).
 20. September, 1983, end-of-project appraisal (AID/AFDB).
- 1/ Training for PPT network is subject to both authorization and approval of grant agreement by AFDB.

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6C(1) - COUNTRY CHECKLIST

Listed below are, first, statutory criteria applicable generally to FAA funds, and then criteria applicable to individual fund sources: Development Assistance and Security Supporting Assistance funds.

A. GENERAL CRITERIA FOR COUNTRY

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. <u>FAA Sec. 116.</u> Can it be demonstrated that contemplated assistance will directly benefit the needy? If not, has the Department of State determined that this government has engaged in consistent pattern of gross violations of internationally recognized human rights? 2. <u>FAA Sec. 481.</u> Has it been determined that the government of recipient country has failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? 3. <u>FAA Sec. 620(a).</u> Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba? 4. <u>FAA Sec. 620(b).</u> If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement? 5. <u>FAA Sec. 620(c).</u> If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government? 6. <u>FAA Sec. 620(e) (1).</u> If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? | <ol style="list-style-type: none"> 1. Yes, this project is designed to assist the African Development Bank, a regional development lending institution to strengthen its institutional capability to respond more effectively to its social and economic development requests of its member states. Furthermore, 16 of the world's poorest countries are served by the Bank. 2. N.A. Bank is regional development lending institution. 3. No. The Bank provides assistance to only its member states. 4. Assistance is to a regional development lending institution comprising many African states and not one single government. 5. N.A. Assistance is not to a government. 6. N.A. Assistance is not to a government. |
|---|--|

7. FAA Sec. 620(f); App. Sec. 10B. Is recipient country a Communist country? Will assistance be provided to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia or Laos? **Recipient is a regional African lending institution which provides assistance to its member states only**
8. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression? **No.**
9. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property? **N/A**
10. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason? **N/A**
11. FAA Sec. 620(o); Fishermen's Protective Act, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,
- a. has any deduction required by Fishermen's Protective Act been made?
- b. has complete denial of assistance been considered by AID Administrator?
12. FAA Sec. 620(q); App. Sec. 504. (a) Is the government of the recipient country in default on interest or principal of any AID loan to the country? (b) Is country in default exceeding one year on interest or principal on U.S. loan under program for which App. Act appropriates funds, unless debt was earlier disputed, or appropriate steps taken to cure default? **No. Recipient is a regional African institution which has received no A.I.D. loan.**
13. FAA Sec. 620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).) **N/A**

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- A
14. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? N/A
15. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? N/A
16. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism? N/A
17. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA? N/A
18. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements on safeguards, etc.? N/A
19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate? N/A

3. FUNDING CRITERIA FOR COUNTRY

1. Development Assistance Country Criteria

a. FAA Sec. 102(c), (d). Have criteria been established, and taken into account, to assess commitment and progress of country in effectively involving the poor in development, on such indexes as: (1) small-farm labor intensive agriculture, (2) reduced infant mortality, (3) population growth, (4) equality of income distribution, and (5) unemployment.

Recipient is a regional African lending institution which provides its member states with assistance to respond to their social and economic development needs.

b. FAA Sec. 201(b)(5), (7) & (8); Sec. 208; 211(e)(4), (7). Describe extent to which country is:

Bank is placing increasing emphasis on identifying, appraising and financing the implementation of projects to increase food production

(1) Making appropriate efforts to increase food production and improve means for food storage and distribution.

(2) Creating a favorable climate for foreign and domestic private enterprise and investment.

Most of the Bank's member states have a liberal policy for promotion of private enterprise and are encouraging foreign investors and national entrepreneurs.

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- (3) Increasing the public's role in the developmental process.
- (4) (a) Allocating available budgetary resources to development.

(b) Diverting such resources for unnecessary military expenditure and intervention in affairs of other free and independent nations.
- (5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.
- (6) Otherwise responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.

c. FIA Sec. 201(b), 211(a). Is the country among the 40 countries in which development assistance loans may be made in this fiscal year, or among the 40 in which development assistance grants (other than self-help projects) may be made?

d. FIA Sec. 115. Will country be furnished, in some fiscal year, either security supporting assistance, or Middle East peace funds? If so, is assistance for sports or programs, humanitarian aid through international organizations, or regional programs?

2. Security and Human Rights Assistance Country Criteria

- a. FIA Sec. 531. Is the country engaged in a consistent pattern of gross violations of internationally recognized human rights? Is program in accordance with policy of this Section?
- b. FIA Sec. 531. Is the assistance to be furnished to a friendly country, organization, or body eligible to receive assistance?
- c. FIA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

(3) Done through loans to Bank member states. Member states appear to be cognizant of necessity to mobilize mass of people in overall development programs. As a result considerable efforts are being made in a variety of rural development projects at the village level.

(4) The AFDB is a lending institution chartered to address African development needs.

The Bank does not provide military assistance and information on level of expenditures in member states is not available.

(5) Only insofar as Bank financed projects are being carried out by member states to train people to productively assist in economic development. Member states of course have own programs and private enterprise is

encouraged for both national entrepreneur and foreign investors.

(6) The Bank is an African established and controlled institution. As such it promotes continent-wide self-help measures.

Member states through various means are attempting to bring about resources for improvement of living standards.

- c. N/A
- d. N/A
- 2. a. N/A
- 2.b. N/A
- 2.c. N/A

6C(2) - PROJECT CHECKLIST

Listed below are, first, statutory criteria applicable generally to projects with FAA funds, and then project criteria applicable to individual fund sources: Development Assistance (with a sub-category for criteria applicable only to loans); and Security Supporting Assistance funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? IDENTIFY. HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

I. GENERAL CRITERIA FOR PROJECT.1. App. Unnumbered; FAA Sec. 653(b)

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project;
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure plus 10%)?

Project is in FY 1978 Congressional Presentation p.269. However, because FY 78 obligation and total project cost will be greater than that presented, letters of notification will be sent to the Committees on Appropriations of the Senate and House of Representatives.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes for (a) and (b). Project is for technical assistance and the provision of funds for pre-investment feasibility studies.

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

No further legislative action is required by the member states of the AFDB.

4. FAA Sec. 611(b); Ann. Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per Memorandum of the President dated Sept. 5, 1973 (replaces Memorandum of May 15, 1962; see Fed. Register, Vol 38, No. 174, Part III, Sept. 10, 1973)?

N/A

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

N/A. Project is for technical assistance and pre-investment feasibility studies.

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| <p>6. <u>FAA Sec. 209, 619.</u> Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multi-lateral organizations or plans to the maximum extent appropriate?</p> | <p>Project is assistance to a regional lending institution.</p> |
| <p>7. <u>FAA Sec. 601(a); (and Sec. 201(f) for development loans).</u> Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.</p> | <p>Project is providing assistance to a regional lending institution which will be private U.S. consulting firms for pre-investment feasibility studies.</p> |
| <p>8. <u>FAA Sec. 601(b).</u> Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).</p> | <p>Private U.S. consulting firms and citizens will be utilized.</p> |
| <p>9. <u>FAA Sec. 612(b); Sec. 636(h).</u> Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.</p> | <p>N/A. Project is providing assistance to a regional lending institution.</p> |
| <p>10. <u>FAA Sec. 612(d).</u> Does the U.S. own excess foreign currency and, if so, what arrangements have been made for its release?</p> | <p>N/A</p> |

B. FUNDING CRITERIA FOR PROJECT

- | | |
|--|---|
| <p>1. <u>Development Assistance Project Criteria</u></p> <p>a. <u>FAA Sec. 102(c); Sec. 111; Sec. 281a.</u> Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?</p> | <p>Only insofar as project improves the AFDB ability to provide assistance to its member states priority areas.</p> |
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b. FAA Sec. 105, 106, 107. Is assistance being made available: [include only applicable paragraph -- e.g., a, b, etc. -- which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.]

Yes

- (1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers;
- (2) [104] for population planning or health; if so, extent to which activity extends low-cost, integrated delivery systems to provide health and family planning services, especially to rural areas and poor;
- (3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;
- (4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:
 - (a) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;
 - (b) to help alleviate energy problem;
 - (c) research into, and evaluation of, economic development processes and techniques;
 - (d) reconstruction after natural or manmade disaster;
 - (e) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;
 - (f) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

The project is providing technical and financial assistance to the AFDB which is a regional lending institution. The project will improve the Bank's ability to respond to the priority development needs of its member states in most of these areas.

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(5) [107] by grants for coordinated private effort to develop and disseminate intermediate technologies appropriate for developing countries.

c. FAA Sec. 110(a); Sec. 202(e). Is the recipient country willing to contribute funds to the project, and in what manner has or will it provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

N/A

d. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing?

Project is for technical assistance and funding of pre-investment feasibility studies.

e. FAA Sec. 207; Sec. 113. Extent to which assistance reflects appropriate emphasis on; (1) encouraging development of democratic, economic, political, and social institutions; (2) self-help in meeting the country's food needs; (3) improving availability of trained worker-power in the country; (4) programs designed to meet the country's health needs; (5) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (6) integrating women into the recipient country's national economy.

The project is aimed at assisting the Bank to contribute to social and economic development of member states. Bank resources will be allocated to all of these areas.

f. FAA Sec. 281(t). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project reflects the assistance needs of the African Development Bank which was established and is wholly owned and controlled by African Member States.

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(1)

g. FAA Sec. 201(b)(2)-(4) and -(8); Sec. 201(e); Sec. 211(a)(1)-(3) and -(6). Does the activity give reasonable promise of contributing to the development: of economic resources, or to the increase of productive capacities and self-sustaining economic growth; or of educational or other institutions directed toward social progress? Is it related to and consistent with other development activities, and will it contribute to realizable long-range objectives? And does project paper provide information and conclusion on an activity's economic and technical soundness?

By providing assistance to an African regional lending and development assistance organization, the project is promoting its mobilization of African development resources for economic and social growth.

h. FAA Sec. 201(b)(6); Sec. 211(a)(5), (6) Information and conclusion on possible effects of the assistance on U.S. economy, with special reference to areas of substantial labor surplus, and extent to which U.S. commodities and assistance are furnished in a manner consistent with improving or safeguarding the U.S. balance-of-payments position.

The project will have little adverse effect on the U.S. balance of payments position. U.S. private contractors and individuals will be used for pre-investment studies and as technical consultants.

2. Development Assistance Project Criteria (Loans only)

a. FAA Sec. 201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within U.S.

Not applicable

b. FAA Sec. 201(b)(2); 201(d). Information and conclusion on (1) capacity of the country to repay the loan, including reasonableness of repayment prospects, and (2) reasonableness and loyalty (under laws of country and U.S.) of lending and relending terms of the loan.

c. FAA Sec. 201(e). If loan is not made pursuant to a multilateral plan, and the amount of the loan exceeds \$100,000, has country submitted to AID an application for such funds together with assurances to indicate that funds will be used in an economically and technically sound manner?

d. FAA Sec. 201(f). Does project paper describe how project will promote the country's economic development taking into account the country's human and material resources requirements and relationship between ultimate objectives of the project and overall economic development?

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e. FAA Sec. 202(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources?

f. FAA Sec. 620(a). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

3. Project Criteria Solely for Security Supporting Assistance

FAA Sec. 531. How will this assistance support promote economic or political stability?

Not applicable

4. Additional Criteria for Alliance for Progress

[Note: Alliance for Progress projects should add the following two items to a project checklist.]

Not applicable

a. FAA Sec. 251(b)(1), -(8). Does assistance take into account principles of the Act of Bogota and the Charter of Punta del Este; and to what extent will the activity contribute to the economic or political integration of Latin America?

b. FAA Sec. 251(b)(8); 251(h). For loans, has there been taken into account the effort made by recipient nation to repatriate capital invested in other countries by their own citizens? Is loan consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress (now "CEPCIES," the Permanent Executive Committee of the OAS) in its annual review of national development activities?

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BEST AVAILABLE COPY 6C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by exclusion (as where certain uses of funds are permitted, but other uses not).

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

Any U.S. procurement will be done in accordance with A.I.D. regulations.

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed? **Yes**
2. FAA Sec. 603(e). Will all commodity procurement financed be from the U.S. except as otherwise determined by the President or under delegation from him? **Yes**
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed? **Yes**
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? **Yes**
5. FAA Sec. 605(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? **Yes**
6. MMA Sec. 901(f). (a) Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. **Yes**
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, **Yes. Private U.S. consulting firms and individuals will be used for pre-investment feasibility studies and as technical consultants.**

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are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. Fair Competitive Practices Act, 1974

If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available?

Yes.

6. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest?

Project is a technical assistance project. This section is therefore not applicable.

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

3. FAA Sec. 620(v). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million?

N/A

C. Other Restrictions

1. FAA Sec. 201(d). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?

N/A

2. FAA Sec. 301(n). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

Yes.

3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-Bloc countries, contrary to the best interests of the U.S.?

Yes.

4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S. or guaranty of such transaction?

Yes. A.I.D. regulations on vehicle procurement will be applied.

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5. Will arrangements preclude use of financing:
- a. FAA Sec. 114. to pay for performance of abortions or to motivate or coerce persons to practice abortions? **Yes**
 - b. FAA Sec. 620(g). to compensate owners for expropriated nationalized property? **Yes**
 - c. FAA Sec. 660. to finance police training or other law enforcement assistance, except for narcotics programs? **Yes**
 - d. FAA Sec. 662. for CIA activities? **Yes**
 - e. App. Sec. 103. to pay pensions, etc., for military personnel? **Yes**
 - f. App. Sec. 106. to pay U.N. assessments? **Yes. N/A**
 - g. App. Sec. 107. to carry out provisions of FAA Sections 209(d) and 251(h)? (Transfer to multilateral organization for lending). **Yes**
 - h. App. Sec. 501. to be used for publicity or propaganda purposes within U.S. not authorized by Congress? **Yes**

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STATUS OF AID FINANCED PRE-INVESTMENT STUDIES UNDER THE REGULAR GRANT WITH AFRICAN DEVELOPMENT BANK:
COST, SITUATION AND INVESTMENT GENERATED

STATUS OF PROJECT FOR LOAN FINANCING

<u>Country</u>	<u>Title of Pre-Investment Study</u>	<u>Cost</u>	<u>Study Completed</u>	<u>Project Under Consideration</u>	<u>Date Approved</u>	<u>Other</u>	<u>Total Cost</u> ^{1/}	<u>ADB/ADF Part</u> ^{2/}	<u>Disbursed</u>
Benin	Cotonou Bridge/Dam	\$ 458,068	Begin 1975	-	1/75	-	\$5.68	\$4.8	\$1.8
Chad	N'Djamena Sewerage	\$ 327,000	4th Qtr 1975	-	4/76 ^{2/}	-	\$7.07	\$5.74 (ADF)	\$.2
Liberia	Tubman Bridge Bozi Hills Rd.	\$ 262,400	end 1976	-	8/77	-	\$7.62	\$6.0	None
Senegal	Diosdane - Fimela Ndargane Road	\$ 38,595	1972	-	1/73 ^{2/}	-	\$1.72	\$1.32	Project Complete Loan disb.
Senegal	Ziguinchor-Cap Skirring Rd.	\$ 224,462	end 1975 begin 1976	-	2/77 ^{2/}	-	\$8.16	\$6.0	None
Sierra Leone/ Liberia	Road Link (Mano River Bridge & Access Roads)	\$ 123,829	1972/1973	-	9/73 ^{2/} (suppl. 3/ 3/75)	-	\$2.73	\$2.28	\$2.17 (e)
Tanzania	New Oil Delivery Pipeline	\$ 10,566	2nd Qtr 1971	-	5/71 (signed 3/72)	-	\$3.2	\$3.2	Project Complete Loan Dis- bursed
Zaire	Kwango-Wamba Bridges	\$ 165,095	1st Qtr. 1973	-	3/73 (suppl. 5/76) ^{3/}	-	\$4.38 \$ 40.56	\$4.32 \$ 33.64	\$4.1 \$ 12.79
	<u>Sub Total</u>	\$ 1,610,015							

^{1/} in million \$

^{2/} Date Loans signed generally 3-5 months later

^{3/} Supplementary Loans approved also.

Country	Title of Pre-Investment Study	Cost	Study Completed	Project Under Consideration	Date Approved	Other	Total ^{1/} Cost	ADB/ADF ^{2/} Part.
Cameroon	Bamenda-Manfa-Ekok Road	\$ 419,469	End 1976	Phase I - feasibility and pre-engrg study is completed, ADB is now considering financing of detailed engrg. studies at \$1.2 mil. in 1978. After its completion/acceptance, Bank will consider loan financing of road construction in 1979.			To be determined	To be determined
Ghana/ Ivory Coast	Accra-Abidjen Highway Phase I Phase II	\$ 130,616 \$ 622,125	End 1976	Project appraisal scheduled for Nov. 1977 and loan financing in 1978.			\$ 54.0	\$12.0
Ivory Coast	Ouangoledougou Mali Border Rd.	\$ 258,313	3rd qtr. 1975	Host Gov't felt water was greater priority. Appraisal mission now scheduled 1978 and loan financing planned 1978.			\$ 7.2	\$ 3.6
Mali	Markala-Niono Road	\$ 233,200	2nd qtr. 1976	Appraisal mission delayed, scheduled 1978. Loan financing planned 1978.			\$ 14.4	\$ 6.0 (ADF)
Sierra Leone	Freetown Sewerage	\$ 485,000	4th qtr. 1977	Study just completed. Bank needs to carry out related oceanographic survey expected to be completed 1978. Project appraisal and loan financing planned 1979.			Unknown at this time	\$ 6.0
Swazi-land	Manzini-Mahamba Rd.	\$ 285,600	3rd qtr. 1976	Appraisal mission scheduled Dec. 1977. Loan financing planned 1978. Additional financing required/IBRD interested.			\$ 36.0	\$ 6.0
Zaire	Bukavu-Kindu Rd.	\$ 150,310	7/74	On basis of feasibility study, Zaire requested a detailed engrg. study be financed by ADB(\$1.5 mil). Latest IBRD Economic Review Meeting with Zaire concluded this project does not represent priority to Host Gov't and latter will notify ADB of new schedule 1st Qtr. 1978.			\$ 9.0	\$ 6.0
	Sub-Total	\$2,564,333					\$120.6	\$39.6
Ghana/ Upper Volta	Telecom Link	\$ 10,000	1973			Although consultants concluded project feasible, ADB decided on policy grounds, not related to study, to drop project.		
GRAND TOTAL		\$4,204,343					\$161.16	\$73.24
1/ in million \$								

STATUS OF AID APPROVED REGULAR GRANT FUNDS PROVIDED TO AND MANAGED
BY THE AFRICAN DEVELOPMENT BANK

<u>Total Amount Provided Under Regular Grants</u> (Project No. 698-11-920-127)		\$6,085,000	<u>Total Grant %</u>
<u>Total Amount Subobligated</u> (authorized for Disbursement)			
Completed Pre-Investment Studies (17)	\$1,204,348 ^{1/}		
Technical Experts	480,676		
Training and Related Expenses	<u>44,100</u>	\$4,729,124	78%
<u>Commitments to be Formalized First Qtr FY78</u>			
Pre-Investment Studies (3)	925,000 ^{1/}		
Planned Experts (2)	340,000		
Planned Training	12,500		
Contingency	<u>78,366</u>	\$1,355,876	22%

Total Expenditures/Amounts Disbursed Represent Following:

- 75% of Total Grant Funds
- 95% of Total Subobligations

1/ 80% of Total Studies have been subobligated thus far and are expected to reach 97% during 1st Qtr. of FY1978

2/ As of September 30, 1977.

ILLUSTRATIVE LIST OF PROPOSED PRE-INVESTMENT STUDIES

ADD/USAID COOPERATIVE PROGRAMME - 1978/1982

PROJECT PROPOSALS FOR FINANCING OUT THE PROPOSED SECOND REGULAR GRANT

COUNTRY	ST	SECTOR	EST. COST	PROGRAMME YEAR	REMARKS
1. Botswana	Francist Hospital feasibility engineering studies)	Health	500,000	1979/80	There is an urgent need to rebuild and extend the hospital. Before that is done however, it will be necessary to study the overall health situation of the country including primary health delivery systems in order to establish the exact needs. This should be followed by the preparation of detailed engineering studies and tender documents for the hospital buildings.
2. Burundi	Gitega Rural Development (feasibility study)	Agriculture	200,000	1978/79	There is an FAO technical assistance team assisting farmers to increase food and poultry production in the Gitega area. The study will aim at the expansion of this scheme and based on existing information, it should establish the components of an integrated crop and livestock development programme.
3. Cape Verde	Health Sector Study	Health	130,000	1979/80	It is necessary to study the general health situation including hospitals, health centres, dispensaries, health posts etc. in order to establish a suitable health delivery system for the country. The study is also expected to determine priorities within the sector and to identify suitable projects for financing by the Bank Group.

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COUNTRY	STUDY	SECTOR	EST. COST	PROGRAMME YEAR	REMARKS
4. Central Africa	Bassongoo Integrated Rural Development (feasibility studies)	Agriculture	300,000	1979/80	The study in the Bassongoo region will determine the project components e.g. feeder roads, health centres, crop production inputs of fertilizers insecticides, seeds etc. storage, water supply, livestock development etc. as well as project organization.
5. Chad	Cattle Water Points (feasibility studies)	Agriculture	150,000	1978/79	Cattle are driven to the markets on-the-hoof and this means travelling long distances without water, food and health care. The study will identify market routes and determine the project elements e.g. wells, holding grounds, dips etc.
6. Gambia	Integrated Rural Development in the Eastern Region (feasibility studies)	Agriculture	150,000	1979/80	The project, to be located in the Eastern region will be an extension of the IBRD financed Western region project. The study will establish the project components.
Guinea	Conakry Sewerage Master Plan Study	Public Utilities	450,000	1978/79	The Conakry Water Supply System was financed by the Bank in 1974. The Government has since requested the Bank to finance studies for the sewerage system of the city.
8. Guinea Bissau	Development of Health Services (feasibility studies)	Health	150,000	1979/80	WHO will prepare the TOR for the studies of the general health situation of the country including hospitals, health centres, dispensaries, health posts etc in order to establish a suitable health delivery system. The study will also establish priorities within the sector and identify projects for financing by the Bank Group.

Annex 5 (Contd)

COUNTRY	STUDY	SECTION	EST. COST	PROGRAMME YEAR	REMARKS
9. Liberia	Rural Development Study	Agriculture	250,000	1979/80	The study will identify the area as well as project components.
10. Madagascar	Flood control and irrigation of 10,000 ha (feasibility and detailed engineering studies)	Agriculture	400,000	1978/80	The study will determine the flood control works, dykes, drainage as well as irrigation works for small farmer rice production.
11. Sao Tome	Food crop diversification (feasibility studies)	Agriculture	190,000	1978/79	The study will identify crop production areas for the production of food crops for local consumption and for diversification away from traditional tree crop plantation development (cocoa, oil palm, coconuts).
12. Sao Tome	Cocoa Rehabilitation Phase II (feasibility studies)	Agriculture	150,000	1978/80	Phase I of the cocoa rehabilitation will be financed by the ADF. The latter includes equipment purchase as well as the programme for replanting. The proposed study will assist in determining the extent of the cocoa rehabilitation programme for phase II including equipment for transport, processing and plantation re-planting.
13. Tanzania	Madibira Rice and Flood Protection along Rufiji River (feasibility and detailed engineering studies)	Agriculture	300,000	1978/79	The study will involve flood protection works for the Rufiji River, including "river training" dykes, drainage and irrigation works for small farmer rice production.
			3,320,000		

SUMMARY OF RECOMMENDATIONS IN
EVALUATION REPORT ON U.S. AID ASSISTANCE TO THE
AFRICAN DEVELOPMENT BANK
(MARCH, 1977)

- That the Bank be encouraged to develop a plan to fill its vacant but authorized positions between now and 1980.
- That the Bank's plans for a career system for its staff be supported including appropriate AID backing in the event it is asked to assist.
- That all long-term experts paid for by U.S. funds should provide an end-of-contract report to both the Bank and to AID.
- That the tradition of AID financing long-term U.S. technical assistance to the Bank now become the exception rather than the rule. Future grants for this purpose should require demonstration both that there is no practical alternative and that a plan has been developed to phase out the need for that particular assistance.
- That the Bank be encouraged to prepare a long-range personnel development and training plan both for use in budgeting and scheduling its training needs for any desired approaching of donors for training assistance.
- That as the Bank builds up its own resources of staff, training capacity, and centralized facilities in the next few years, it also be encouraged to increasingly take a leadership role in enriching the available pool of managerial, economic, and financial talent urgently needed for African self-development.
- That REDSO periodically review the steps of its monitoring process with the Bank in order to simplify project execution to the maximum. The first such review should occur.
- That the Bank and REDSO discuss the geographical distribution of USG grant funds so that a broader distribution of these resources among the African regions can be fostered.
- That for subsequent U.S. grants for study funds AID take whatever steps are necessary to restore some sectoral flexibility in the use of its resources.
- That particular stress be placed in the Landsat study

on the maximum involvement of host country personnel, and especially on employing a well-financed, multi-faceted training program.

- That the Bank keep reasonably close control of its total overhead costs for administering the Landsat project and report them to REDSO after project completion.
- That the Bank be encouraged to analyze its need for staff expertise in the field of management and development administration.
- That the Bank be encouraged to determine the most fruitful areas in which it could conduct meaningful basic research appropriate to its key role with its associated African development financial institutions.
- That the next special evaluation of these AID grants should particularly include the field investigations of a sample of loan studies and of some resulting loan implementations.
- That while an open discussion/review of this present evaluation report and its recommendations should be held by REDSO to assist in its project design and monitoring functions as well as for the usual review purposes, the initiative for parallel or overlapping review by AID/W and the AFDB should be left to their own discretion, although encouraged and supported by REDSO/WA.