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**Folder Title:** President Alden W. Clausen Country Records - African Development Bank  
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**Folder ID:** 1774532

**Series:** Country Files

**Dates:** 08/28/1981 - 09/14/1984

**Subfonds:** Records of President A. W. Clausen

**Fonds:** Records of the Office of the President

**ISAD Reference Code:** WB IBRD/IDA EXC-09-3965S

**Digitized:** 02/28/2023

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President Aiden W. Clausen Country Records - African Development Bank -  
Cour Correspondence - Volume 1

BANQUE AFRICAINE DE DÉVELOPPEMENT  
AFRICAN DEVELOPMENT BANK

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OI B. P. N° 1387 ABIDJAN OI  
COTE D'IVOIRE

PRESIDENT

RÉFÉRENCE

DATE: 14 September 1984

Mr. Ernest STERN  
Senior Vice-President, Operations  
IBRD  
WASHINGTON

Dear Mr. Stern,

Thank you very much for your letter of 17 August 1984, and for the copy of the Report on the current economic difficulties facing sub-saharan Africa. I enjoyed reading the Report and will be glad to share my views when I meet Mr. CLAUSEN. I am in the meantime asking our staff to look more deeply into the issues.

We in the African Development Bank welcome the emphasis of the Report on aid coordination and on policy analysis and dialogue. The ADB would be interested in participating in these initiatives. We shall welcome practical steps aimed at ensuring thorough preparations for aid coordination meetings and substantive participation by all parties concerned. We also highly welcome the Report's innovative recommendation that donor support for needs such as health and education be taken as a basic commitment, and that such support shall not vary according to changes in government performance in addressing macro-policy issues. The important practical point, therefore, would be how to ensure that the financing of such basic development programmes is actually not unduly interfered with as a result of possible controversies over policy conditionalities between recipient governments and various levels of the donor community. Given our experience and resources at our disposal, we shall continue to focus on project-related and sectoral rather than on broader macro-economic issues, while continuing with our new initiatives and cooperation with IBRD in the area of non-project lending. We agree with the Report's recommendation that agricultural research deserves an enhanced initiative. This is an activity we ourselves have thought of as deserving greater priority, and have explicitly supported in the past.

As already indicated earlier on our part, we would like closer co-operation in project preparation and appraisal. In October, there will be a meeting in Washington of ADB and IBRD staff to review project work in Africa, and at that time it would be possible to discuss and finalize the

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BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK

PRESIDENT

specifics on closer collaboration that we had earlier discussed with Mr. KNOX. In the meantime, I am pleased to note that the IBRD is agreeable to work more closely with us. I find your suggestions on procedure broadly acceptable and trust that both our staff will consider them in greater detail and provide us with a comprehensive set of proposals to adopt.

Sincerely yours,

  
Wila D. MUNG'OMBA

African Development Bank

Wila Mung'Omba - President

Mr. Gedamu - Director of Research &  
Planning

Mr. Mangua - Deputy Program Director

Mr. Hamaluba - Personal Assistant

From the Bank

Kim Jaycox

Wilfried Thalwitz



1984 ANNUAL MEETING BRIEFING PAPER

African Development Bank

7.21.84  
X

I. Background

1. The African Development Bank Group consists of the African Development Bank (AfDB); its soft loan affiliate, the African Development Fund (AfDF) and the Nigeria Trust Fund (NTF). The Bank was established in 1963 and the AfDB and the NTF made their first loan approvals in 1974 and 1976 respectively. A biographical sketch of the President of the Bank's President, Mr. Mung'Omba, is in Annex I.

2. The AfDB Group's annual lending is now close to \$1 billion. AfDB is planning to raise its share of total ODA to Africa from 2 percent at present to 8 percent by the year 2000. Under this assumption, AfDB's annual lending is expected to reach \$10 billion, or \$3.3 billion in 1984 prices, at the end of the century.

3. The main sectoral emphasis of the Bank has been on agriculture, public utilities and transport which, together, accounted for 85 percent of its commitments in 1983. In the future, AfDB intends to devote the bulk of its resources to agriculture and food production, policy-based lending, rehabilitation financing and population.

4. On the financial side, AfDB has increased its capital from \$2.9 billion in 1981 to \$5.5 billion at present, and has thus laid the ground for expanding its operations in the future. AfDB has successfully negotiated its fourth replenishment this year (see paragraph 12).

5. As a result of decisions taken by the Board in 1982, the financial situation of AfDB has improved. This is also supported by the improved ratings (AAA and AA) the Bank has obtained in 1983. The Bank has increased its lending rate by 200 basic points (from 7 to 9.5%; Annex II provides current comparative lending terms for IDB, ADB, AfDB and IBRD). The institution has still some efforts to make in further reducing loans arrearages, and improving the quality of its investment portfolio. The recent addition of non-African members on the Board of the AfDB will no doubt bring a measure of discipline to bear on the professional work of the institution. Comparative lending terms of the concessional affiliates of the regional development banks and IDA are given in Annex III.

II. Issues for discussion

6. Issues that Mr. Mung'Omba is likely to raise include the following: discussion of the African Report; cofinancing and project work; resource mobilisation for AfDF IV and IDA VII.

(i) The African Report

7. The Report has been sent to Mr. Mung'Omba. Earlier in June, Bank staff consulted with AfDB senior staff on the tentative discussion draft of the Action Program; the consultation has been constructive. The Bank has also benefitted from the report of AfDB/ECA on Africa which stresses the need for policy changes and efficient management of resources.

8. You might compliment Mr. Mung'Omba on the report of AfDB/ECA and stress the commonality of AfDB's and Bank's approach to the economic crisis facing Africa. You might then seek Mr. Mung'Omba's views on the Report, in particular the Action Program. It would be useful if you could stress the need to work closely with AfDB to support the African Government's efforts to introduce the policy changes aimed at revitalizing their economies, and restate the importance of sound sectoral programs as a basis for establishing investment priorities. The increased collaboration envisaged by the AfDF and the Bank at the operational level should aim at reaching these objectives.

(ii) Co-financing and Project work

9. So far, our cofinancing experience with AfDB has been positive. Over the past five years, AfDB's contributions to our cofinancing operations amounted to about \$600 million (Annex IV) and we expect that volume to increase to about \$900 million during the next five years (Annex IV). To date, all cofinancing has been made on the basis of projects appraised by the Bank. AfDB feels that in a spirit of true partnership in our operational cooperation, the World Bank should also cofinance some projects prepared and appraised by the AfDB. We have agreed to undertake an experiment whereby the Bank and the AfDB would identify a specific project of mutual interest to be jointly prepared and appraised under the lead responsibility of AfDB, which would also prepare the appraisal report in close consultation with Bank Staff after agreement on policy and other appropriate conditionalities. To facilitate this experiment we have suggested to select a relatively simple project, for example in the transport sector, and to review carefully the results and draw the lessons of this experience before pursuing further this new form of cooperation between the Bank and AfDB.

(iii) Resource Mobilisation for AfDF IV and IDA VII

10. Our field mission in Abidjan has advised that Mr. Mung'Omba would like to take stock with you of the Association's and the African Development Fund's (AfDF) efforts in mobilizing concessional resources.

11. You may be aware that last May in Tunis, during their Annual Meeting, AfDF has completed a successful fourth replenishment for an amount of F.U.A.

1.5 billion, 1/ equivalent to \$1.35 billion, an increase of 23 percent in nominal terms over the third replenishment (\$1.1 billion).

12. Although Mr. Mung'Omba is already informed of the results of IDA VII, he would like to hear from you whether any further efforts are anticipated to increase or complement IDA VII.

13. You might wish to reiterate how important it is for the two institutions to encourage the efficient use of scarce concessionary resources by our borrowing countries, and to improve aid coordination at the country and sector level.

Cooperation with AfDB

14. For your information, please note the following forms of collaboration we have developed with AfDB:

(a) As regards AfDB staff training, we agreed with their Management that the six-month on-the-job training program in Washington be discontinued but that it be replaced by short visits to IBRD of some of their Division Chiefs or Directors for general policy discussion or for discussions on other specific topics.

(b) AfDB has recognized the importance of the macro perspective and might wish to join in some of our economic or sector missions. While we would welcome such cooperation in principle, it should be carefully organized with special attention given to the selection of the assignments and the individual staff members involved from both the Bank and the AfDB.

Attachments

Annex I	Biographical sketch of Mr. Mung'Omba
Annex II	Comparative lending terms of the Multilateral Development Banks
Annex III	Lending terms of the Concessional Affiliates of the Multilateral Development Banks.
Annex IV	Cofinancing operations with AfDB (FY1979-1984)
Annex V	Copy of a letter addressed by Mr. Stern to Mr. Mung'Omba.

August 31, 1984

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1/ 1 FUA (Fund Unit of Account) = \$0.90



BIOGRAPHICAL SKETCH

Mr. Wila D. Mung'Omba  
President, AfDB

From 1978 until June 1980 when he was elected President of the AfDB, Mr. Mung'Omba (born 1939 in Zambia) was a Senior Executive of Standard Bank Zambia Ltd. He received a B.A., LL.B., Barrister-at-Law from Makerere and London Universities. From 1976-78 Mr. Mung'Omba was an Executive Director of the International Monetary Fund and represented sixteen African countries. From 1971-78 he was a Member of Parliament in Zambia and an Advocate and Legal Practitioner of the High and Supreme Courts in the Republic of Zambia. From 1972-74 he was Chairman of the Public Accounts Committee of Parliament, member of Zambia's United National Independence Party, and a member of the Standing Orders Committee of Parliament.

## COMPARATIVE LENDING TERMS OF THE MULTILATERAL DEVELOPMENT BANKS

(% and years)

	As of July 1, 1984				Preliminary Estimate for January 1, 1985
	<u>IDB</u>	<u>ADB</u>	<u>AfDB</u>	<u>IBRD</u>	<u>IBRD</u>
Current Lending Rate (%)	9.50 <sup>a/</sup>	10.25 <sup>b/</sup>	9.86 <sup>b/</sup>	9.89 <sup>c/</sup>	9.38 <sup>h/</sup>
Commitment Fee (%)	1.25	0.75	1.00	0.75	0.75
Other Service Charge (%)	1.00 <sup>d/</sup>	-	1.00 <sup>e/</sup>	0.25 <sup>f/</sup>	0.25 <sup>f/</sup>
Maturity (years)	15-25	13-27	12-20	15-20	15-20
Grace Period (years)	4-5	3-7	2-7	3-5	3-5
Effective Lending Rate <sup>g/</sup>	11.01	11.05	11.93	10.77	10.26

a/ Applicable for disbursements made during 1984.

b/ Fixed at commitment.

c/ Applicable for the period July 1 to December 31, 1984.

d/ Supervision and inspection fee. The sum is financed out of the loan and is collected in equal quarterly installments over the disbursement period specified in the loan contract (normally 3 to 4 years).

e/ An annual statutory commission of 1% is charged on the amount outstanding of direct loan guarantees.

f/ At the borrower's option, the sum may be capitalized and financed out of the loan, collected in equal half-yearly installments over the period of principal amortization of the loan.

g/ Calculations of effective lending rates for regional banks assume same maturity structure and average disbursement profiles as IBRD

h/ Excludes proxy borrowings. Preliminary forecast subject to change if borrowing costs differ from current assumptions.

Source: FPAFS, World Bank

Lending Terms of the Concessional Affiliates  
of the Multilateral Development Banks

(years and %)

	<u>AsDF</u> <sup>a/</sup>	<u>AfDB</u> <sup>b/</sup>	<u>IaFSO</u> <sup>c/</sup>	<u>IDA</u>
Maturity (years)	40	50	20 to 40	50
of which				
Grace (years)	10	10	5 to 10	10
Service Charge (%)	1.00	0.75	1.00	0.75
Other Charge (%)	-	-	-	0.50 <sup>d/</sup>
Interest Rate (%)	-	-	2.00 <sup>e/</sup> to 4.00	-

<sup>a/</sup> Asian Development Fund.

<sup>b/</sup> African Development Fund.

<sup>c/</sup> Fund for Special Operations of the Inter-American Development Bank.

<sup>d/</sup> Charge levied on undisbursed loans.

<sup>e/</sup> 1.00% interest rate during the grace period and 2% thereafter is charged in some of the countries.

Source: FPAFS, World Bank

COFINANCING WITH  
AFRICAN DEVELOPMENT BANK  
(\$ million)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Total</u>
East Africa	(3) 24.5	(4) 35.0	(4) 30.2	(4) 36.8	(4) 83.5	(7) 121.8	(26) 331.8
West Africa	(6) 27.9	(4) 55.5	(3) 27.4	(5) 55.6	(4) 55.5	(4) 32.4	(26) 254.3
Total	<u>(9) 52.4</u> =====	<u>(8) 90.5</u> =====	<u>(7) 57.6</u> =====	<u>(9) 92.4</u> =====	<u>(8) 139.0</u> =====	<u>(11) 154.2</u> =====	<u>(52) 586.1</u> =====

Source: WAN, EAN

June 1984

August 17, 1984

August

Mr. Wila D. Mung'Omba  
President  
African Development Bank  
01 B.P. 1387  
Abidjan, Ivory Coast

Dear Mr. Mung'Omba,

As you know from the visit of Mr. de la Renaudière in June, the World Bank was asked by our African Governors and the Development Committee, to prepare a comprehensive report on the current economic difficulties facing Sub-Saharan Africa and the prospects for recovery. At the time of Mr. de la Renaudière's visit, the discussions were based on the draft summary. We have now completed the report and I take pleasure in sending you a copy. We benefitted from the discussion, and also in particular from the ECA/AfDB report on Africa.

Mr. Clausen will be very much interested in your views and comments when you meet, as scheduled, on September 21 here in Washington during the Annual Meeting.

One of the major themes of the report concerns aid coordination. In that respect, we would like to work closely together with AfDB to jointly try to give a new impetus to the African Governments' efforts in the introduction of policy changes aimed at revitalizing their economies. The Report emphasizes the importance of sound sector programs as a basis for establishing investment priorities and assistance activities for donors. Such programs will be important tools whether or not there is a Consultative Group for the country. Many of our members will need assistance in formulating such programs and we would hope we can collaborate closely in identifying such needs and in providing the necessary support. The Report also proposes a much expanded effort in supporting agricultural research, at the regional and subregional level and I look forward to your views on relative priorities and on how they might best be organized. The program outlined in the Report poses major challenges for all of us concerned with the future of Africa. I look forward to a close relationship between us so that we can play an effective reinforcing role in the implementation of the action proposals set out in the Report.

While coordination in these and other areas, is vital to success, I would also like to refer to the discussion you had with Mr. Knox last May in Tunis on closer cooperation in project financing, specifically the possibility of preparing and appraising jointly cofinanced projects. We

August 17, 1984

believe improvements in the current system are feasible and, following your suggestion, we would like to identify a specific project of mutual interest so that we can test the procedures. Then staff of the AfDB and the Bank should discuss a common approach to the preparation and appraisal of that project, identify major issues, agree on a common appraisal team, with the Chief of mission being from the AfDB, as well as on the Terms of Reference for each of its members and on a timetable for further work. We should agree on the policy and other conditionalities to be dealt with in the project. While AfDB would have the lead responsibility in the preparation of the appraisal report, staff of the two institutions should consult each other during its drafting and we would appreciate having the opportunity to express our views before it is finalized. To facilitate matters I suggest we start with a relatively simple project, perhaps in the transport sector. After the first operation, we should review the experience and draw lessons from it.

We welcome your views on the above and look forward to discussing these ideas with you in Washington next month. Perhaps at that time too it will be possible to decide on the project which we might cofinance with you.

With best regards,

Sincerely,

Ernest Stern  
Senior Vice President  
Operations

Attachment

SKpognon/HFuchs/EStern/it

Distribution: Messrs. Stern  
Thalwitz (o/r)  
Jaycox (o/r)  
Serageldin  
Alisbah  
Fuchs  
CGué  
Kraske  
O'Brien  
Knotter  
Béguery

*Mr. Southworth*

# OFFICE MEMORANDUM

DATE October 7, 1983  
TO Files  
FROM Paul Knotter, Program Coordinator, WAN  
EXTENSION 76175  
SUBJECT African Development Bank - Meeting with Mr. Mung'Omba

On September 23, Messrs. Clausen, Knox, Wapenhans and de Lattre met with Mr. Mung'Omba, President of the African Development Bank (AfDB) to exchange views on a series of issues of relevance to both institutions. Messrs. Looijen, Mangua, Hamaluba (all AfDB) and Knotter attended.

After Mr. Clausen's welcoming remarks, Mr. Mung'Omba opened the discussion by making a brief reference to the Bank's progress report on Sub-Saharan Africa. He stated AfDB's broad agreement with the report's findings and confirmed that there had been a marked change in the attitude of African governments as indicated in the report.

Mr. Clausen agreed that considerable progress had been made in many areas, a fact that would be stressed in his African Caucus address. Despite these positive steps, however, an overwhelming number of African countries were not creditworthy for Bank lending and would continue to depend heavily on concessional funds. Reflecting the situation, Sub-Saharan Africa had received as much as 37% of IDA's resources last year. Given the need to maximize the developmental impact of scarce resources, Mr. Clausen enquired what AfDB was doing to expand its role and how the Bank could help and combine resources in a mutually compatible approach.

Mr. Mung'Omba replied that AfDB very much appreciated the Bank's support and the existing excellent cooperation. Being aware of the continuing deterioration of Africa's economic situation, AfDB's Board had accepted the need to develop a new lending strategy and drop its insistence on exclusive project lending. Mr. Bihute, AfDB's Vice President, had met with Messrs. Knox and Wapenhans in Washington last April to discuss the Bank's experience in non-project lending. Senior AfDB staff had also greatly benefitted from a two-day seminar on program lending subsequently given by two senior Bank economists in Abidjan. Nevertheless, at least in the foreseeable future AfDB's approach to nonproject lending was likely to be less ambitious than the Bank's SAL operations. In this connection, Mr. Clausen stressed the need -- to which Mr. Mung'Omba agreed -- for closer cooperation between both institutions in the area of policy advice and for having a common position vis-a-vis recipient countries and other donors.

Turning to the availability of concessionary funding for Africa, Mr. Mung'Omba explained that African Development Fund (AfDF) resources were severely restricted at present. In fact, several countries had used up

their allocations entirely this year and were attempting to obtain additional IDA funding. Regarding the IDA VII replenishment, Mr. de Lattre indicated that the Bank hoped to have the discussions completed by the end of 1984, despite recent unfavorable international political developments. This meant that negotiations on IDA VII would most likely be completed when the AfDF IV discussions were entering a crucial stage.

Replying to a question by Mr. Mung'Omba, Mr. Clausen expressed the opinion that the IDA VII negotiations had not been helped very much by the recent recovery in the industrialized world as many countries were attempting to cut their budget deficits and there were also doubts how durable the recovery in the U.S. would be. By necessity, IDA VII would have to be a compromise which was likely to be disappointing for many countries. Under these circumstances, Mr. Clausen referred again to the need for both institutions to be more effective in using scarce resources through closer collaboration in lending and policy advice, mutual reinforcement of actions and cooperation with the IMF next year.

In this connection Mr. Mung'Omba enquired about the Bank's attitude towards countries without sufficient resources to complete ongoing projects. With increasing frequency AfDB had to provide supplemental project financing, e.g., in Tanzania and Ghana. Mr. Clausen explained that the Bank had attempted to address this issue under the Special Action Program; by increasing financing percentages funds were being freed up to complete projects. There remained, however, severe resource limitations for financing new projects.

Turning to specific country situations Mr. Wapenhans presented the Bank's views on Tanzania and the Sudan. Supplemental credits had been made to Tanzania on an exceptional basis to finance cost overruns for power and water supply projects. However, the Bank could not justify any further investments because of existing severe price distortions. A farreaching change in the policy framework was required which would have to be carried out in connection with an IMF agreement. Contrary to Tanzania many of the tough decisions had been taken in the Sudan. Nevertheless, supporting existing investments remained of critical importance, as was the continued availability of concessional funds. The Consultative group provided effective donor coordination and implementation monitoring through a Monitoring Committee. While the aid community had been very responsive there were clear limitations to debt relief. The IMF program was being adhered to and donors had shifted largely to non project financing. While there had been some delays in debt service payments to the Bank, these were due to periodic shortfalls in foreign exchange receipts.

Mr. Mung'Omba felt that both institutions were making strong efforts to convince African Governments of the need for policy change. Adjustments were necessary and countries that were prepared to implement the required policy changes should receive more support. This, however, would depend on the availability of sufficient concessional resources. Mr. Knox added that in order to have a better basis for providing policy advice the Bank had expanded its economic work very significantly.

cc: Messrs. Clausen, Knox, Wapenhans, de Lattre, Alisbah, de la Renaudiere, Fuchs, Takahashi, Hibert



1983 ANNUAL MEETING BRIEFING PAPER

AFRICAN DEVELOPMENT BANK

ISSUES

Meeting  
9-23-83  
A


1. Key issues to be raised by the Bank in our discussions with the AfDB include the following:

- 1/ concessional Funds for Africa;
- 2/ AfDB and Program Lending;
- 3/ Technical Assistance Account;
- 4/ Progress Report on Sub-Sahara Africa; and
- 5/ Bank Collaboration with the AfDB.

2. Concessional Funds for Africa AfDF III covers the three year period 1982-84. AfDF Management is now preparing for the AfDF IV Replenishment for the period 1985-87. We understand that an amount of \$2.1 billion will be sought and that negotiations are expected to start in the fourth quarter of 1983. AfDF IV will be negotiated at the same time as Lome III, due to start on September 1, 1983, and will possibly coincide with negotiations for IDA VII. Both IDA and the AfDF are seeking funds from much the same sources. It would, therefore, be worth asking Mr. Mung'Omba what his plans are for his 4th replenishment and informing him how we see the evolution of IDA VII negotiations.

3. AfDB and Program Lending In his statement at the AfDB Annual Meeting in Nairobi last May, Mr. Mung'Omba stressed that the AfDB will move into program and sector lending. The AfDB five-year lending program currently includes no more than 5 percent of lending for this type of operation. Last April, Mr. Bihute, Vice President of the AfDB, met with Messrs. Knox and Wapenhans in Washington and the Bank's SAL experience and methods were discussed. Subsequently, a two day seminar on program lending was given by two Bank Senior Economists in Abidjan for AfDB senior staff. We believe that the AfDB is thinking of something less ambitious than our SALs. It would be useful to ask Mr. Mung'Omba what his current thinking on this matter is.


4. Technical Assistance Account Mr. Mung'Omba, in his Nairobi address, announced the establishment of a Technical Assistance Account which would consist of 5 percent of the contributions for AfDF III and voluntary donations. The Account would "address institutional and manpower weaknesses which often inhibit the formulation of projects and policies" in member countries. This initiative will involve the AfDB in a new area of activity and we might wish to explore with Mr. Mung'Omba how far he hopes to go in policy advice as opposed to project preparation on which AfDB has tended to concentrate thus far.

5. Progress Report on Sub-Sahara Africa The Report was sent to Mr. Mung'Omba last June for review and to date we have not received his comments. We might wish to mention to Mr. Mung'Omba the African Governments' slow but determined response to the need for policy changes and the historic opportunity given to the donor community to provide increased financial assistance in support of domestic reforms in Africa. Some themes that we have been emphasizing were dealt with in Mr. Mung'Omba's Nairobi address at which time he stressed the dramatic decline in per capita agricultural production, the seriousness of inadequate food production, and the need to bring down the rate of population growth which, if unchecked, could wipe out gains in GDP growth. Mr. Mung'Omba also echoed lessons to be drawn from a number of inappropriate policies "which lie behind the poor record of performance of Africa over the last decade or two". We might wish emphasize how important it is for our two institutions to cooperate closely so as to avoid giving conflicting policy signals to recipient countries. 

6. Bank Collaboration with the AfDB

(i) Training Over the past year, six AfDB staff members have been attached to the Bank for on-the-job training in various areas of activity. The names of these staff members, the dates of training and their assignments are listed in Annex III. As agreed, we have sent to the AfDB evaluations on these staff following each training assignment and we await AfDB's response to our evaluations. In our view, it would be worth mentioning to Mr. Mung'Omba that we attach great importance to the evaluation process so that we can determine whether the content of these training assignments should be changed.

(ii) Co-Financing Over the past five-year period, our co-financing with the AfDB Group amounted to 46 projects for \$461 million or an average of some \$10 million per project. We expect this figure will rise to about \$900 million over the next five years. Bank staff have annual discussions with AfDB working level staff in order to review co-financing opportunities and to discuss operational issues of mutual interest. To date, all co-financing has been made on the basis of projects appraised by the Bank. The staff of the AfDB, but not Mr. Mung'Omba, have questioned this. We have had to reply tactfully, since the problem is that we do not think that AfDB appraisals are up to the standard that we could accept. It is one of the objectives of our training to help the AfDB to get to that point.

(iii) Macroeconomic and Policy Modeling Mr. Mung'Omba recently requested Bank collaboration in developing macroeconomic models which would strengthen the AfDB's capacity to provide policy advise to Sub-Sahara African countries. The development of these models is a joint ECA/AfDB endeavour. In responding to the AfDB request, we commented that the project is a major undertaking which the Bank might be willing to support but that the lack of statistical data for Sub-Sahara African countries is an obstacle. We suggested to Mr. Mung'Omba that he discuss this matter with Mrs. Ann Krueger, Vice President, Economic Research, during her visit to Abidjan in early September. 

Attachments - Annex I - Biographical Data on the President of the AfDB

Annex II - Background Data on the AfDB and AfDF

Annex III - AfDB Trainees at the World Bank in 1983

BIOGRAPHICAL SKETCH

Mr. Wila D. Mung'Omba  
President, AfDB

From 1978 until June 1980 when he was elected President of the AfDB, Mr. Mung'Omba (born 1939 in Zambia) was a Senior Bank Executive of Standard Bank Zambia Ltd. He received a B.A., LL.B., Barrister-at-Law from Makerere and London Universities. From 1976-78 Mr. Mung'Omba was an Executive Director of the International Monetary Fund and represented sixteen African countries. From 1971-78 he was a Member of Parliament in Zambia and an Advocate and Legal Practitioner of the High and Supreme Courts in the Republic of Zambia. From 1972-74 he was Chairman of the Public Accounts Committee of Parliament, member of Zambia's United National Independence Party, and a member of the Standing Orders Committee of Parliament.

Background Data on the African Development Bank (AfDB) and  
the African Development Fund (AfDF)

AfDB- Capital

Authorized capital was \$2.9 billion in 1981 and is now \$6.3 billion. Subscribed capital stands at \$5.5 billion. Total authorized capital is expected to be fully subscribed by the end of 1983.

- Lending

AfDB loaned funds for 336 projects over the ten-year period 1973-82 for a total of \$2 billion and disbursed \$800 million for these projects. Commitments and disbursements for the five year period 1978-82 are as follows:

	<u>'78</u>	<u>'79</u>	<u>'80</u>	<u>'81</u>	<u>'82</u>	<u>Total</u>
Commitments	206	274	297	323	399	1499
Disbursements	93	108	117	99	146	563

Projected commitments and disbursements for the four year period 1983-86 are as follows:

	<u>'83</u>	<u>'84</u>	<u>'85</u>	<u>'86</u>	<u>Total</u>
Commitments	545	694	905	1,178	3322
Disbursements	193	246	311	395	1145

The sectoral distribution of AfDB lending in 1982 was: public utilities 30.6%, agriculture 25.5%, industry and development banks 21.1%, transport 16.8%, and education and health 5.8%..

- Terms of Lending as of July 31, 1983

	<u>AfDB</u>	<u>IBRD</u> (Variable)
Current Lending Rate (%)	9.50 <u>a/</u>	10.47 <u>b/</u>
Commitment Fee (%)	1.00	0.75
Other Service Charge (%)	1.00 <u>c/</u>	0.25 (front end fee)
Maturity (years)	25	15-20
Grace Period (years)	5	3-5

a/ Lines of credit to development banks will carry an interest rate of 10%

b/ For the period July 1 through December 31, 1983

c/ An annual statutory commission of 1% is charged on the amount outstanding for direct loans and guarantees.

AfDB

- Replenishment

Funds available under the Third Replenishment are about \$1.2 billion, but efforts are being made to raise the level of funding to \$1.3 billion.

- Lending

Since its inception in 1974, the AfDF has committed \$1.7 billion for 255 projects. Total disbursements for the projects totalled amount to \$455 million. Actual commitments and disbursements for the five year period 1978-82 and projected commitments and disbursements for the four year period 1983-86 are as follows:

	<u>Actual</u>					Total	<u>Projected</u>				Total
	'78	'79	'80	'81	'82		'83	'84	'85	'86	
Commitments	186	228	272	311	358	1355	400	450	550	700	2100
Disbursements	43	57	96	93	124	413	175	244	324	439	118

The sectoral distribution of AfDF lending in 1982 was: agriculture 30.6%, public utilities 25.0%, education and health 22.4%, transport 19.5%, industry and development banks 2.2%.

- Terms of Lending

The AfDF charges 0.75% on the amount disbursed and outstanding. The repayment period for AfDF lending is 50 years with a 10 years grace period.

Quality of AfDB Operations

The AfDB does not do economic work which, if done, would give a macro perspective to lending operations. The AfDB seemingly recognizes the importance of the macro perspective, however, considering their request to join in some of our economic missions, and the appointment last year of a Chief Economist in the Operations Complex. The AfDB has carried out sectoral studies in cooperation with FAO and has joined the Bank in some of our energy assessments work.

The quality of AfDB's appraisal work has not yet reached the level we could rely on for our lending decisions, as we do with the Asian Development Bank in their work.

Financial Situation

Our assessment of AfDF's financial situation last year was that the condition had deteriorated during the past two years because of inappropriate lending rate policies, poor quality of portfolio and poor liquidity management. We are not now in a position to evaluate the current status of the AfDB's financial strengths. We should note however that the AfDB has taken some corrective measures in an increase in the interest rate from 7 to 9.5 percent, the creation of a position for a Senior Financial Advisor to which Mr. Looijen, a Dutch senior official and former Executive Director of the Bank, has been appointed.

ANNEX III

TRAINEES FROM  
AFRICAN DEVELOPMENT BANK  
1983

<u>Name</u>	<u>Period of Training</u>	<u>Title in AfDB</u>	<u>Assignment in World Bank</u>
A. D. Mtegha	8/02/82 - 1/31/83	Loan Officer	Eastern Africa
V. K. Fudzie J. P. Brassard	4/04/83 - 4/08/83	Operations Adv., CPS	OPD, PAS, WAN, Disbursements
D. J. Johnson	4/25/83 - 10/25/83	Loan Officer	Eastern Africa
P. G. Rwelamira	5/02/83 - 5/09/83	Sr. Economist	Meetings with IFC, OED and IDF
Mr. Matsushima	2/07/83 - 2/18/83	Fin. Analyst, Planning and Research	Meetings with various Bank Units

AFRICAN DEVELOPMENT BANK

The African Development Bank Group is composed of the Bank (AfDB), the Fund (AfDF) and the Nigeria Trust Fund (NTF). The Bank was established in 1963.

1. Comparative Lending Terms (as of September 15, 1983)

	<u>AfDB</u> (Fixed at Commitment)	<u>IBRD</u> (Variable)
Current Lending Rate (%)	9.50 <sup>a/</sup>	10.47 <sup>b/</sup>
Commitment Fee (%)	1.00	0.75
Other Service Charge (%)	1.00 <sup>c/</sup>	0.25
Maturity (years)	25	15-20
Grace Period (years)	5	3-5

a/ Lines of credit to development banks will carry an interest rate of 10%.

b/ For the period July 1 to December 31, 1983.

c/ An annual statutory commission of 1% is charged on the amount outstanding of direct loans and guarantees.

2. Expansion of Ordinary Capital Base. On September 30, 1982, the capital stock of the African Development Bank was opened for membership of non-regional countries and, as a result, the authorized capital stock has increased from about \$2.9 billion in 1981 to about \$5.6 billion at present. Two-thirds of the capital will be subscribed by regional and one-third by non-regional countries. The total amount of the capital stock is expected to be fully subscribed by the end of 1983. The new level of capital will enable the AfDB to finance its operations up to 1986, after which the capital base will have to be increased again.

3. Replenishment of Concessionary Resources. The negotiations for the Third General Replenishment of its concessionary window--the African Development Fund (AfDF)--covering the period 1982-84, were completed in Paris in February 1982, with pledges totaling \$1.0 billion. This level of replenishment fell short of the proposed amount of \$1.8-2 billion deemed necessary for the AfDF to play a significant role in the development efforts of its member countries. As a result, it was agreed that the door should be left open for additional subscriptions by existing or new donors to reach a target of about \$1.2 billion. In this connection, the President of the AfDB has since been seeking ways to increase resources in order to achieve this target. Appeals to donors have yielded some results, bringing in an additional \$114 million over the Paris figure. Efforts are continuing, however it is unlikely that the remaining gap will be closed before the end of the 1982-84 program.

4. The AfDF has faced a number of problems that have affected the timely launching of its third operational program. First, the ratification process has been slow. As a result, the AfDF has taken a longer period to achieve the required trigger level which was fixed at 45 percent of subscriptions and which was reached only in November 1982. Second, the legislation authorizing a \$150 million US contribution to AfDF was submitted to but not enacted by the 97th Congress. This legislation has been resubmitted to the 98th Congress. The House passed the authorizing legislation this August. Senate passage is expected by September 22; Conference on the Hill is expected shortly thereafter. Upon enactment of this legislation, the US can provide its first \$50 million installment under authority of the 1983 Continuing Resolution. The FY84 MDB budget request includes \$50 million for the second installment to AfDF III.

5. This is the second year of AfDF III and the Fund's commitment authority, based on the first installment of other donors (about \$300 million), has been used up. Another \$300 million in loans have been approved by the Board but cannot become effective until the second installment is triggered. Under the replenishment agreement, other donors need not provide their second installment until the United States contributes its first \$50 million installment.

6. The Bank is now working on proposals for the Fourth General Replenishment of the Fund. Based on preliminary indications, the replenishment proposal is likely to be about \$2 billion.

7. Borrowings. The AfDB has applied for a rating with Standard and Poor. In this process, the Bank is being advised by Kidder, Peabody and Co. The Bank would like to borrow in the US market next spring.



Biographical Information

Wila D. MUNG'OMBA  
President  
African Development Bank (AfDB)

Experience

- Since 1980 - President, AfDB.
- 1978-80 - Senior Bank Executive, Standard Bank Zambia Ltd.
- 1976-80 - Executive Director of the IMF representing 16 African countries.
- 1971-78 - Member of the Parliament of Zambia. Also an Advocate and Legal Practitioner of the Higher and Supreme Courts of the Republic of Zambia.
- 1972-74 - Chairman of the Public Accounts Committee of the Parliament; also a member of Zambia's United National Independence Party and of the Standing Orders Committee of the Parliament.

Education

B.A., Ll.B., Barrister-at-Law from Makerere and London Universities.

Personal

Born in 1939 in Zambia.

*44 years old*

September 1983

# THE WORLD BANK

## ROUTING SLIP

Date  
Sept. 28/83

### OFFICE OF THE PRESIDENT

Name

Room No.

Copies: W. Wapenhans/D. Knox/A. Krueger/

J. Baneth

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

Roy Southworth

From

R.1

**BANQUE AFRICAINE DE DÉVELOPPEMENT**  
**AFRICAN DEVELOPMENT BANK**



ADRESSE TÉLÉGRAPHIQUE  
AFDEV ABIDJAN  
TÉLÉPHONE 32-07-11  
TELEX 3717  
- 3498  
3263  
OI B. P. 1387 ABIDJAN OI  
COTE D'IVOIRE

PRESIDENT

833229  
DATE 14 September 1983

1342  
Mr A.W. CLAUSEN  
President  
The World Bank  
Washington D.C. 20433  
U.S.A.

Dear Mr Clausen,

Many thanks for your letter of 5 August 1983 in connection with our request for cooperation in macro-economic and policy modelling. I appreciate your positive response and have instructed my staff to get in touch with Mrs Anne Krueger, Vice-President, Economic Research Staff. Our staff are now working on a program of work with ECA (Economic Commission for Africa) and IDEP (Institute for Development & Economic Planning) and will get in touch with Mrs Krueger before long.

Looking forward to seeing you during the IBRD/IMF Annual Meetings this month.

Sincerely yours,

WILA D. MUNG'OMBA

SECRET

1983 SEP 27 PM 5:15

210

BANQUE AFRICAINE DE DÉVELOPPEMENT  
AFRICAN DEVELOPMENT BANK  
01 B. P. 1387 - ABIDJAN 01  
COTE D'IVOIRE (IVORY COAST)



Mr A.W. CLAUSEN  
President  
The World Bank  
WASHINGTON D.C. 20433  
U.S.A.

PAR AVION  
BY AIR MAIL

RECEIVED

1983 SEP 27 PM 4: 01

INCOMING MAIL UNIT

05  
11

ADB

August 5, 1983

Dear Mr. Mung'omba:

We welcome and encourage your initiative on macro-economic and policy modeling and in-depth analytical studies described in your letter of June 24, 1983.

It is very important for regional institutions such as yours and the Economic Commission for Africa to strengthen their capacity for policy analysis and to help build these capacities in member countries. That is the most effective way to assure a high level of policy analysis in developing countries in these difficult times. We, at the Bank, would be willing to help you in these efforts to the extent our resources permit.

Your modeling project is a major undertaking indeed, and will require a great deal of effort and imagination to complete. Our Economic Research Staff have wide experience in macro-economic modeling and are working on macro models in several African countries. In addition, our country economists regularly develop simple macro-economic models of member countries in Africa which are used in discussions with the governments. As you recognize, the lack of statistical data for Sub-Saharan African countries would hamper the development of country models and their use in policy analysis. Efforts to improve the data will have to accompany any serious modeling exercise.

We will offer what assistance we can. Some staff time can be made available and would be best directed toward sharing our experiences with applied modeling techniques and developing appropriate data. Of course, our primary interest is in seeing that the data and analytic capacity for policy making in member countries is improved. To discuss this cooperation further, I suggest that the Director of your Project contact Mrs. Anne Krueger, Vice President, Economic Research Staff, to explore the most appropriate kind and extent of Bank assistance to your Project.

I wish you every success in this valuable endeavor.

Sincerely,



(A. W. Clausen)

Mr. Wila D Mung'omba  
President  
African Development Bank  
01 B.P. 1387  
Abidjan 01, Ivory Coast

cc: Mrs. Anne Krueger, VPERS  
Messrs. W.A. Wapenhans and R. Gulhati, EANVP;  
A.D. Knox, WANVP; J. Baneth, EPDDR; G. Ingram, DRDDR;  
F. S. O'Brien, WANVP.

JDShillings/RChander/RGulhati:sf/mb

ROUTING SLIP

Date July 21/83

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Benjenk

*Bank  
Riley*

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

Would you please have reply prepared for Mr. Clausen's signature, by August 3.

*called 8/3 requested another day or so.  
Roy Southworth mt!*

From



1006

**BANQUE AFRICAINE DE DÉVELOPPEMENT  
AFRICAN DEVELOPMENT BANK**



ADRESSE TÉLÉGRAPHIQUE  
AFDEV ABIDJAN  
TÉLÉPHONE 32-07-11  
TELEX 3717  
3283  
3488  
01 B. P. 1387 - ABIDJAN 01  
COTE D'IVOIRE

RÉFÉRENCE 832251  
DATE 24 June 1983

Mr. A. W. Clausen  
President  
World Bank  
1818 H Street NW  
WASHINGTON DC 20433  
United States of America.

Dear Mr. Clausen,

The African Development Bank is joining with the Economic Commission for Africa (ECA) and the Institute for Economic Development and Planning (IDEP) in a project to improve our joint capacity to undertake country economic models and in-depth analytical studies in Africa. These are areas in which the World Bank has a good deal of activity and expertise, and I would like to seek ways of coordinating our efforts with those of your institution, both to avoid duplication of efforts and to exchange views and information.

The ECA has already developed some simple macro-economic models, and one objective of the project is to build on them to develop more sophisticated models suited to policy simulation and projections. Eventually, we would like to develop aggregate models for the different sub-regions in Africa. Since the World Bank has acquired considerable experience in country and regional modeling, we would be very interested in having some of your staff members share their experience with us, both at the conceptual level and as regards implementation of models in the countries themselves.

Collaboration on country economic studies is another fruitful area for cooperation. Recently, a mission from ADB to the World Bank discussed ways and means of undertaking joint economic missions. I hope that these efforts will bear fruit, especially within the context of our proposed project.

I enclose a copy of the proposal for the joint ADB-ECA-IDEP project. I would appreciate your reactions to it and to the possibilities for coordinating our efforts in support of it.

Yours sincerely,

Wila D. MUNG'OMBA

President

November 4, 1982

Dear Mr. Mung'Omiba:

Very belatedly, I am writing to thank you on behalf of Mr. Clausen for the album of photographs of his visit to the African Development Bank. The pictures are an excellent memento of his meetings there, and it was very kind of you to send them.

I am sorry for the delay in sending this acknowledgement, but the album was lost in internal channels here at the Bank.

Again, our thanks.

Sincerely,

V. Roy Southworth  
Assistant to the  
President

Mr. Wila D. Mung'Omiba  
President  
African Development Bank  
B. P. 1387  
Abidjan, Ivory Coast

386

RI

# BANQUE AFRICAINE DE DÉVELOPPEMENT AFRICAN DEVELOPMENT BANK

PRESIDENT



ADRESSE TÉLÉGRAPHIQUE  
AFDEV ABIDJAN  
TÉLÉPHONE 32-07-11  
TÉLEX 3717  
- 3498  
3263  
B. P. N° 1387 ABIDJAN  
COTE D'IVOIRE

823438

Dr Ibrahim F.I. SHIHATA  
Director General  
OPEC FUND  
P.O. Box 995  
1011 - VIENNA  
Austria

DATE

7 August, 1982

Dear Dr Shihata,

*It looks like  
the letter  
got into the  
wrong envelope.  
Rog 8/1/82*

I have the pleasure of presenting to you an album of colour photographs taken during your recent visit to the African Development Bank on June 18, 1982.

Unfortunately it was not possible for me to meet you as I was away on mission. I have no doubt however, you had very fruitful discussions with my collaborators. I am looking forward to the IBRD/IMF meetings in Toronto where I hope we can meet to discuss matters of common interest to our two institutions with a view to strengthening more the already existing relations.

I am hoping that the photographs will invoke the memory of an important visit.

With renewed best and personal wishes,

Very Sincerely,

Wila D. MUNG'OMBA

INCOMING MAIL UNIT

1982 AUG 18 PM 3:54

RECEIVED

## OFFICE MEMORANDUM

TO: Files

DATE: June 8, 1982

FROM: Stanislas Kpognon, WANVP *Stann*SUBJECT: AfDB - Mr. Mung'Omba's Meeting with Mr. Clausen

1. On June 4, 1982, Mr. Mung'Omba, President of the African Development Bank (AfDB) met with Mr. Clausen. In attendance were Messrs. Gedamu, Director of Planning and Policy, Hamaluba, Personal Assistant to Mr. Mung'Omba (AfDB); Messrs. Knox, Wapenhans and myself.
2. Mr. Clausen opened the meeting by stating that both the World Bank and the AfDB were short of funds in face of large demand and wondered how the two institutions can join their efforts in coping with such a situation. He stressed that the Bank was going through a process of reprogramming, whereby additional professional staff (18) will be placed in the Eastern and Western Africa regions, for technical assistance and policy advice to sub-Sahara African governments in order for the Bank to be more responsive to Africa's needs. Mr. Mung'Omba said that there was a keen need for technical assistance in the member countries of AfDB and indicated that, because of the continuing institutional decline in Africa, this should be dealt with as a long-term issue. He pointed out that technical assistance will be required for planning, project preparation and implementation. While the need was there, AfDB does not want to give to the countries the impression to impose its will by providing technical assistance. AfDB always waits for the country's request. Both Mr. Knox and Mr. Wapenhans indicated that there was a large request for technical assistance in their regions. Technical assistance for credit implementation, conceived as services to the borrowing countries, has been singled out. Mr. Clausen concluded on this point by stating that technical assistance was needed to deepen dialogue with countries and that he was struck during his visits to Africa by the insistence of high government officials for more technical assistance from the World Bank.
3. The second point of exchange of views was the status of concessional money for IDA and ADF. Concerning IDA 6, Mr. Clausen pointed out that there was a growing number of donors ready to reconsider the formula of burden-sharing. He mentioned the French proposal of Special Account and Japan's intention to release its full amount of the second tranche. While Mr. Clausen mentioned that steps envisaged were pointing to the right direction, he saw FY84 as an uncertain year and expected long overdue negotiation of IDA 7 to start. He stressed that FY83 looks better in terms of commitments (\$3.4 billion). Mr. Mung'Omba informed Mr. Clausen that AfDB management was pursuing every effort to persuade donor countries for supplementary contributions to the present pledges made. Discussions were underway with U.S. while certain countries were willing to release additional contributions. It was not clear in AfDB management's mind whether these contributions will affect further replenishments.

4. The third point discussed was the "graduation policy". Mr. Clausen informed Mr. Mung'Omba that the Board discussed the matter and came up with a benchmark (\$2600) which would trigger discussion with the country concerned. As to IDA, the Association manages to devote 95% of its resources to the poorest countries as classified by the UN. It was mentioned that countries like Cameroon, Congo, have "graduated" from IDA. Mr. Mung'Omba said that AfDB management was taking steps to allocate its soft resources to the poorest among the poor African countries. He was referring also to the UN list of countries which number 36 at present. He indicated that this policy was causing a few political problems within AfDB. Mr. Clausen said there was no need for both institutions to adopt the same "graduation policy" criteria and that there should be variations and not uniformity.

5. As regards the sub-Sahara Africa strategy report, Mr. Mung'Omba made the following remarks: he praised the document as a very good document and that countries should look at it critically. While he pointed out that in different quarters, there were different understandings of the document, the Report has created, he felt, a basis for dialogue with African countries. The Report could help Africa if donors would assist countries shape their policies. Mr. Clausen concurred and said that the Bank's purpose was to focus on sub-Sahara Africa and contribute to the formulation of adequate policies; the association of other institutions to this objective would be highly welcomed. A lack of policies can do more harm than the lack of funds, Mr. Clausen has asserted.

6. Mr. Mung'Omba appreciated the Bank's assistance to AfDB and wanted it to continue. Mr. Clausen said that the Bank was willing to be of help not to intrude in internal affairs. He insisted on a partnership with the AfDB. He urged AfDB that every effort should be made to transfer development successes from one part of Africa to another part of Africa. He singled out Ivory Coast performance as well as Kenya's record. Mr. Clausen concluded the meeting on two points: there is an international malaise which will make the availability of concessional money difficult. But as industrialised countries should understand, it is in their best interest to augment aid to the Third World because of the trade pay off and the jobs created in developed countries. The other remark is about IFC investment in Africa which Mr. Clausen said, can play a significant role. He referred to a global investment code, a GATT-like framework within which investors and borrower countries will discuss and settle their grievances. This instrument would serve to enhance the flow of resources to the Third World. Mr. Clausen stressed again that funds will be forthcoming if the right policies were in place.

cc: Messrs. Stern  
Qureshi  
Knox  
Wapenhans  
Chaufournier  
Lafourcade

Messrs. Alisbah  
de la Renaudière  
Gué  
Kraske  
El Darwish

May 19, 1982

Dear Marc:


I refer to our discussion on the desirability of arranging for a Senior Financial Adviser to the African Development Bank and your interest in playing a role in this process.

The person I have in mind is Mr. Anthony IJ. A. Looijen, who is currently an Executive Director with the World Bank. From the attached curriculum vitae, you will see that Mr. Looijen has extensive national as well as international experience in this field.

I would appreciate hearing your views on this.

Warm regards,

Sincerely,

  
A. W. Clausen



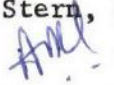
Attachment

Mr. Marc E. Leland  
Assistant Secretary  
International Affairs  
Department of the Treasury  
Washington, D.C. 20220

MJWMPaijmans:gbo

OFFICE MEMORANDUM

1200

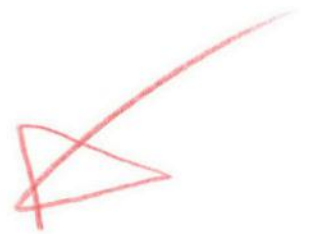
TO: Mr. A. W. Clausen   
Through Mr. Ernest Stern, SVPO   
FROM: A. David Knox, RVP   
SUBJECT: Briefing Paper on the African Development Bank

DATE: June 3, 1982

Attached is a briefing note for your meeting on Friday June 4 at 2:30 pm with Mr. Mung'Omba, President of the African Development Bank.

cc: Mr. Qureshi  
Mr. Wapenhans  
Mr. Chauffournier  
Mr. Paijmans  
Mr. Benjenk

ADKnox/el





From: [illegible]

To: [illegible]  
Subject: [illegible]

[illegible]

Attached is a [illegible] for [illegible]  
[illegible] at [illegible] [illegible] [illegible]

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RECEIVED  
1982 JUN -3 PM 4: 06  
OFFICE OF THE PRESIDENT

BRIEFING PAPER

Meeting with Mr. Willa D. Mung'Omba  
President of the African Development Bank  
June 4, 1982

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Table of Contents

KEY POINTS

BIOGRAPHICAL SKETCH

## BRIEFING PAPER

Your Meeting with Mr. Wila D. Mung'Omba,  
President of the African Development Bank

(June 4, 1982 at 2:30 p.m.)

### KEY POINTS FOR DISCUSSION

Mr. Mung'Omba might wish to brief you on the recent Lusaka meeting, at which African Governors ratified the opening of the AfDB capital stock to the non-African states; he might elaborate on the implications for AfDB of such a decision. He might also discuss the prospects for the African Development Bank Fund (ADF) concessional resources, AfDB five-year lending program and issues related to its implementation such as the need for increased technical assistance in the borrowing countries, co-financing with commercial banks, more attention to supervision work, etc. He will also explore with you how best to strengthen current relations between the AfDB and the World Bank in terms of increased training of AfDB staff by the Bank, co-financing operations, etc.

One problem that the AfDB will have to face is the need to strengthen its financial management. We could offer our help, but given the AfDB's sensitivities, this will have to be handled delicately.

Concerning the critical position that AfDB has taken on the Sub-Sahara Africa Report at the Dakar Meeting last March, you have already discussed this with Mr. Mung'Omba in Helsinki. Mr. Knox has also taken up the matter with him in Lusaka at the AfDB meeting. Therefore, there is no need to raise the matter again with Mr. Mung'Omba.

### The Lusaka Meeting

The Governors of the AfDB met in Lusaka on May 5-8 and ratified an amendment to allow non-African countries - primarily the United States, Japan and the Western European countries - to join the institution. Previously membership had been restricted to the 50 countries of the Organization of African Unity. The new members are expected to increase the AfDB's capital from \$2.8 billion to about \$6.0 billion. Twenty-five percent of the capital will be paid-in over the next five years. Two-thirds of the capital will be held by African states and one-third by non-Africans. The final ratification was not unanimous, Libya and Algeria being the dissenters.

### The AfDB Five-Year Program and Related Issues

On the basis of the enlarged capital, the AfDB envisages a lending program of \$4.46 billion over the next five-year period 1982-86,

which represents a dramatic increase over the \$1.27 billion achieved during 1977-81. The projected program would require AfDB to make some administrative and structural adjustments to increase its capacity to handle a larger volume of operations: in that respect a study is underway financed by US AID, undertaken by Consultants Coopers and Lybrand Management International and Keane Computer Service, with the World Bank providing advisory services in the form of technical assistance.

AfDB's planned lending program will also call for strengthening the absorptive capacity of the borrowing countries through improvement of their capacity to plan, prepare, execute and monitor development projects. In discussing this issue with Mr. Knox in Lusaka, Mr. Mung'Omba had indicated AfDB management's intention to assist African countries in building up their technical and planning capabilities. Since the World Bank is also planning to increase technical assistance to Sub-Sahara African countries, we plan to discuss with the AfDB how we might coordinate our efforts.

Mr. Mung'Omba is also planning to devote a larger part of staff time to supervision and portfolio review.

The Third Replenishment of the African Development Fund - ADF - (only \$1.1 billion) over the 3-year period 1982-84 is causing concern to the AfDB management. This amount is substantially lower than the original ADF proposal of \$2 billion. ADF will seek increased co-financing to achieve its planned lending program on concessional terms and may also seek to "graduate" some threshold countries from ADF in order to free concessional resources for the poorest countries. Mr. Mung'Omba feels that such a "graduation policy" might cause political difficulties among AfDB members. In terms of a modest incremental resource, AfDB expects the Nigeria Trust Fund to provide some \$83 million for the second replenishment of the Fund.

AfDB is also planning to co-finance projects with commercial banks. In Lusaka, a symposium on co-financing was organized in which no less than 60 commercial banks participated and AfDB is discussing with potential co-lenders mechanisms to increase co-financing with commercial banks. AfDB is interested in the World Bank's "A" and "B" loan proposals.

#### Financial Situation

While the opening of capital to non-African members will permit an important expansion of the AfDB's operations, we believe that a strengthening of its financial management will also be necessary.

The financial condition of the AfDB has deteriorated sharply over the last two years. Difficulties arise mainly from inappropriate lending rate policies, poor quality of portfolio and poor liquidity management. The 1981 financial statements paint a bleak picture. Some highlights are as follows: net income for 1981 is reported as SDR 5.2 million.

Included in net income were interest arrearages of SDR 13.2 million. Principal arrearages were SDR 11.3 million. Of the SDR 24 million arrearages, fifty percent are more than 12 months overdue. Nevertheless, the Bank continues to make new loans to countries in arrears. It is noteworthy that the recipients themselves appear to treat their obligations to the AfDB differently from their obligations to IBRD. The problem then appears to be managerial as well as financial.

Undisbursed loan balances exceed SDR 800 million and are expected to yield, when disbursed, only about 7.5%. Against this must be set funding costs, i.e., marginal borrowing costs, currently in the 18-19 percent region. Net disbursements were funded last year from paid-in capital and a run-down in liquidity, enabling the Bank to avoid any new borrowings.

The problem has been compounded by a poor performance in the Bank's investment account, where the costs of "reaching for yield" are now showing up. The AfDB's holdings of CDs in Bank Handlowy (Poland) are now in arrears for both interest and principal. Forty-three percent of the investment account is managed by first line names, such as Chase, Merrill Lynch, Credit Suisse and Amex Bank, with the remainder managed by the Bank itself. The Bank's own holdings are placed overwhelmingly with lesser-grade institutions, including three Yugoslav banks, two Mexican, a Brazilian, and several Middle Eastern banks.

#### Remedial Action

Fortunately, in the 1982-86 operational program, Bank Management acknowledged the difficult financial future facing the Bank and proposed some remedial action including raising the lending rate to 9.5%. While the higher rate, approved by AfDB's Board last week, provides a good first step in the right direction, it still leaves the lending rate some 2% points below the present average cost of 11.5%

Also, the Bank intends to revamp its investment policy and restrict 85% of Bank funds to Government-guaranteed paper and paper issued by prime banks. No more than 15% of the liquid holdings can be placed with second-tier banks and maturities should not exceed 12 months on average.

As and when the paid-in contributions are made from the capital increase discussed above, they will ameliorate the income problems.

#### Recommendation

The issue for us is what, if anything, we might do to help. Aside from expressing our support for the recent positive moves taken by the Management and the Board to cut back on arrearages, we could offer to share our recent experience (and the analysis of lag risk) with the AfDB if they would find it helpful for us to do so. In addition you might sound Mr. Mung'Omba on the idea of his establishing in the AfDB a position

of Senior Financial Advisor for, say, two or three years. We believe that this would help to strengthen not only the AfDB's financial management but also the support of such important potential contributors to its capital as the United States, France, Germany and the Netherlands. As you know, Mr. Looijen, a Senior Treasury official, experienced international negotiator, and Executive Director of the World Bank, would be suitable. But it must be stressed that these various suggestions on strengthening financial management must be handled very carefully in view of the sensitivities of the members of the AfDB to outside "interference" and of the internal political differences which have hamstrung the AfDB in the past. In particular, it might be prudent not to mention Mr. Looijen's name for the moment.

#### Cooperation between the AfDB and the World Bank

##### - Co-financing

A major area of cooperation is the co-financing of projects. In 1979, we co-financed eleven projects for \$66 million; in 1980, six projects for \$55.5 million; in 1981, five projects for \$37 million. We expect co-financing with the AfDB to grow in the future partly because of the expected removal of the lending limit (\$8 to \$10 million) that AfDB imposes on each project it finances as a matter of operational policy.

We hold annual consultations meetings on co-financing which have proven useful and we should continue to hold them. These meetings should also be the opportunity for policy and strategy discussions on countries of the same coverage.

##### - Training Program for AfDB staff

The World Bank provides on-the-job training for AfDB staff. This program appears to be working smoothly and there are no issues to discuss.

The Training Center of AfDB has a cooperative program with the Economic Development Institute of the World Bank, through which regional training programs in rural development and development banking have been organized for nationals of member countries. While the Director of the Training Center is excellent, he has not received the support from AfDB Management for the recruitment of competent lecturers. The strengthening of the Training Center would go a long way in enhancing cooperation with EDI. You may wish to draw Mr. Mung'Omba's attention to this point.

\*

\* \*

Attached is a biographical sketch of Mr. Mung'Omba.

## BIOGRAPHICAL SKETCH

Mr. Wila D. Mung'Omba

From 1978 until June 1980 when he was elected President of the AfDB, Mr. Mung'Omba (born 1939 in Zambia) was a Senior Bank Executive of the Standard Bank Zambia Ltd. He received a B.A., LL.B, Barrister-at-Law from Makerere and London Universities. From 1976-78 Mr. Mung'Omba was an Executive Director of the International Monetary Fund representing sixteen African countries. During 1971-78 he was a Member of Parliament of Zambia and an Advocate and Legal Practitioner of the High and Supreme Courts of the Republic of Zambia. From 1972-74 he was also Chairman of the Public Accounts Committee of Parliament, member of Zambia's United National Independence Party, and a member of the Standing Orders Committee of Parliament.

ROUTING SLIP

Date

Nov. 5, 1981

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Clausen

cc: Messrs. Stern, Knox,

Wapenhans, Benjenk

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

XX Information

Signature

Initial

Send On

Remarks

Olivier Lafourcade

From



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BANQUE AFRICAINE DE DÉVELOPPEMENT  
AFRICAN DEVELOPMENT BANK



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AFDEV ABIDJAN  
TÉLÉPHONE 32-07-11  
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COTE D'IVOIRE

PRESIDENT

DATE 23 October 1981

Mr. A. W. Clausen  
President  
World Bank  
Washington, D.C.

Dear Mr. Clausen,

I write to thank you for receiving me in your office during my recent visit to Washington.

Our exchange of views were very useful particularly on the World Bank Report on Sub-Saharan Africa. As I mentioned during our discussion, we need time to study the report and I will send you my reaction in writing. I must, however, say the report is a very important document and wish to commend the Bank on its preparation.

I wish also to note that our bilateral relations continue to be good. I look forward to a closer cooperation between our two Institutions.

Sincerely yours,

Wila D. Mung'omba

RECEIVED

AFRICAN DEVELOPMENT BANK

ABIDJAN

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1981 NOV -3 AM 9: 44

OFFICE OF THE PRESIDENT

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

February 22, 1982

Dear Mr. Fordwor:

Thank you for your letter and comments concerning some of the problems of the African Development Bank. Thank you also for sending a copy of your article and calling our attention to the publication of your book on the same subject. I am certain that both will provide useful insights for a number of my associates and will help in furthering our understanding of some of the specific issues confronting the African continent.

I share your views that excessive politicization of the international development institutions jeopardizes their effectiveness in achieving what they were created for. I believe that all parties concerned, including the shareholders of these institutions, should be educated as to the risks inherent to such politicization. Your writings, based on your personal experiences, hopefully will contribute to this education process.

Thank you again for sending your views on this important subject.

Sincerely,



Mr. Kwame D. Fordwor  
160 Golders Green Road  
Golders Green  
London, N.W. 11 8 HE  
England

**Cleared w/ and cc: Mr. Benjenk (w/mc.)**  
**OLafourcade:tk**

FC logged

Afr. D. B

160 GOLDERS GREEN RD.  
GOLDERS GREEN  
LONDON NW 11 8 HE

4th February, 1982

2606  
Mr. A.W. Clausen,  
President,  
World Bank,  
1818 H. St. N.W.,  
WASHINGTON, D.C. 20433,  
U.S.A.

Dear Mr. Clausen,

As President of the World's leading development agency and one interested in international co-operative effort, I am sure you will be interested to take a quick look at the enclosed article: Some Unresolved Problems of the ADB which has just appeared in World Development.

As a former President of the ADB/ADF Group, I have thought it expedient to jot down some of the key areas that, I believe, should engage the attention of jurists as well as development planners when formulating statutes for development banks. It is my view that the ADB Group would be able to operate more effectively if the ambiguities regarding the hierarchy of the institution's organs, their methods of operation and the various controls to which they should be subject, could be reviewed.

In this connection, I am sure you will be pleased to know that, apart from the enclosed article, my book on the Bank entitled "The African Development Bank: Problems of International Co-operation" is out. The 337 page book, in hard cover, was published by Pergamon Press, Fairview Park, Elmsford, N.Y. 10523, U.S.A. as one of their policy studies on international development. I am informed by reviewers that the book is not only of interest to scholars of development banking and finance, international law and organisation, and international politics, but also of great interest to all who have something to do with Africa.

I know your time may not permit you to read the book yourself. Let me, however, recommend it strongly to your organisation, since it will prove invaluable to those officers and staff of yours who deal with the Continent of Africa.

Yours sincerely,



KWAME D. FORDWOR

Ernie -

This is the cable from AFSS.

Please advise if any action necessary -

Please keep in file

Oliny

8/28

TELEX  
969-3533

AUGUST 28, 1981  
72004

INTBAFRAD

ABIDJAN, IVORY COAST

FOR GUETTA. CLAUSEN TODAY RECEIVED FOLLOWING TELEX.  
QUOTE. AS YOU KNOW, THE AFRICAN DEVELOPMENT BANK HAS NOT  
BEEN INVITED TO THIS YEAR'S IBRD/IMF MEETINGS, AND THIS IS  
CAUSING DIFFICULTY IN ACCEPTING APPOINTMENTS FOR THAT  
PERIOD IN WASHINGTON, D.C. IF, FOR ANY OTHER REASON, IT  
SHOULD BE POSSIBLE FOR ME TO BE IN WASHINGTON, D.C.,  
DURING THAT TIME, I WILL BE GLAD TO MEET AND DISCUSS WITH  
YOU ON THE PROPOSED DATE. SIGNED, WILA D. MUNG'OMBA,  
PRESIDENT, AFRICAN DEVELOPMENT BANK. UNQUOTE.  
THIS IS IN DIRECT CONTRADICTION TO YOUR TELEX NUMBER  
321 OF AUGUST 19; AND MORE ESPECIALLY IN VIEW OF THE  
FACT THAT HE HAS ACCEPTED INVITATION TO ATTEND MEETING OF  
REGIONAL DEVELOPMENT BANKS HOSTED BY INTERAMERICAN  
DEVELOPMENT BANK HERE IN D.C. ON SEPTEMBER 27, AND HAS  
BEEN INVITED TO ATTEND AS OBSERVER MEETING OF DEVELOPMENT  
COMMITTEE ON SEPTEMBER 28. PLEASE CLARIFY AND LET US  
KNOW. REGARDS, ERNEST STERN.

cc: Mr. Lafourcade ✓

LSunderland

E. Stern

SVPOP

AUGUST -19, 1981

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INTBAFRAD WASHINGTON

INTBAFRAD ABIDJAN

NO 821

FOR WEATHERFORD - OFFICE OF SVPOP

THANKS YRTEL 975. MR MUNG'OMBA PRESIDENT OF AFRICAN DEVELOPMENT  
BANK WILL BE PLEASED TO ATTEND PROPOSED MEETING WITH MR CLAUSEN  
ON SEPTEMBER 24 AT 16030.

REGARDS

GUETTA

248423 WORLDBANK

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WORLD BANK  
WASHINGTON DC

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DD11140 - FOR MR. A.W. CLAUSEN, PRESIDENT, WORLD BANK -  
AS YOU KNOW, THE AFRICAN DEVELOPMENT BANK HAS NOT BEEN INVITED  
TO THIS YEAR'S IBRD/IMF MEETINGS, AND THIS IS CAUSING DIFFICULTY  
IN ACCEPTING APPOINTMENTS FOR THAT PERIOD IN WASHINGTON D.C. IF,  
FOR ANY OTHER REASON, IT SHOULD BE POSSIBLE FOR ME TO BE IN WASHIN-  
TON D.C. DURING THAT TIME, I WILL BE GLAD TO MEET AND DISCUSS WITH  
YOU ON THE PROPOSED DATE

WILA D. MUNG'OMBA  
PRESIDENT  
AFDEV - ABIDJAN

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WILA D. MUNG'OMBA  
PRESIDENT  
AFDEV - ABIDJAN

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## AFRICAN DEVELOPMENT BANK GROUP

President (Acting) - Mr. Goodall Gondwe

Vice Presidents - Mr. Francis O. O. Segunro  
Mr. Augustin F. Kodock  
Mr. Chawki K. Kerdoudi



### I. Background Information

A. Functions. The African Development Bank Group is composed of the African Development Bank (AfDB), the African Development Fund (AfDF) and the Nigeria Trust fund (NTF).

The agreement establishing the AfDB adopted in 1963, came into force on September 10th 1964. The AfDB's function is to contribute to the economic and social development of its members 1/, and to the promotion of cooperation, including regional and sub-regional cooperation, and increased international trade, particularly among its members.

The AfDF was formally inaugurated at the Ninth Annual Meeting of the AfDB in 1973. The AfDF provides finance on concessional terms and has the same functions as the AfDB. The Governors and Alternate Governors of the Bank are ex officio governors and Alternate Governors of the Fund.

The Nigerian Trust Fund is a fund administered by AfDB. It is a source of concessional funds.

The capital base of the African Development Bank Group is \$1.4 billion. Discussions are underway concerning two methods of increasing the capital: (i) a third replenishment; (ii) opening AfDB group capital stock to non-regional states.

B. Volume and Range of Operations. In 1979, lending by AfDB group exceeded \$516 million. AfDB accounted for \$272 million (53% of the total) while AfDF lent \$227 million (44%) and the NTF lent \$17.5% (3%).

For the period 1964-1979, the AfDB group has made loans and credits totaling about \$0.9 billion for 396 projects. 2/

The AfDB group operation have included:

- project loans;
- technical assistance;
- equity participation.

1/ The 48 member countries of the African Development Bank are: Algeria, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central Africa Republic, Chad, Comores, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zaire, Zambia.

## II. Operational Policies

A. Terms and Conditions of Financing. AfDB. The maximum amount extended for a single project is UA8 million (\$9.7 million equivalent). Loans carry a maturity of 25 years with a 5 year grace period. Interest rates reflect market rates. The commission charge is 1% per annum and there is a 0.5% commitment charge starting 90 days after the loan is signed.

AfDF. Loans carry a maturity of 40 years with a 10 year grace period. The principal is normally repayable from the 11th to 20th year at the rate of 1% per annum and thereafter at the rate of 3% per annum. A service charge of 0.75% per annum is applied to all loans.

NTF. Loans carry a maturity of 25 years with a five year grace period. The interest rate on loans is normally below that charged by AfDB.

All AfDB group loans are denominated in unit of account (UA)<sup>3/</sup>. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the group or at the option of the group, in such other freely convertible currency determined by the group. The amount repayable in each currency shall be the equivalent of the value of the currency or currencies disbursed expressed in UA, determined as of the respective dates of disbursement.

B. Procurement Procedures. Procurement procedures for goods and services are subject to international competitive bidding from suppliers of member countries and state participants.<sup>4/</sup>

C. Local Costs. AfDB group assistance finances both local and foreign exchange costs.

D. Technical Assistance. AfDB extends technical assistance; in particular project feasibility and pre-feasibility assistance.

E. Sectoral Distribution. One of the policy objective of the 1977-81 Action Program is a continued emphasis in favor of agricultural lending (see table 1.2, attached). The other priority sectors are transportation and public utilities.

F. Regional and Country Distributions. AfDB group activities, particularly AfDF and NTF assistance, favored low income member countries. The countries with per capita incomes of below \$280 accounted for about 63% of total group bank lending in 1979.

In 1979, Eastern Africa was the major recipient accounting for 41.2% of the loans, followed by West Africa (28.5%). Central Africa (17.1%) and North Africa (13.22%). This trend contributes a combination of the pattern established since 1967 (refer to table 1.2 attached). For a detail account of each member country's borrowing refer to table 1.3 (attached).

## III. Cooperation between AfDB Group and the Bank.

A. Volume of Co-financing. For the period FY73-81, AfDB has contributed a total of \$265.4 million for 38 projects in 20 countries.

As of July 1981, AfDF has contributed a total of \$106.9 million for 12 projects in 12 countries.

<sup>2/</sup> Refer to Table 1.1

<sup>3/</sup> 1UA = 1SDR

<sup>4/</sup> For a list of members countries see footnote 1. There are 22 state participants: Argentina, Belgium, Brazil, Canada, Denmark, Finland, Federal Republic of Germany, France, Italy, Japan, Korea, Kuwait, Netherlands, Norway, Saudi Arabia, Spain, Sweden, Switzerland, U.A.E., U.K., U.S.A., Yugoslavia.

Table 1.1

Summary of Bank Group Activities (1968—1979)  
(in millions of \$) <sup>(1)</sup>

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<b>Operational activities</b>												
Group total												
<b>Loan</b>												
Number .....	2	5	7	12	17	13	42	51	44	60	70	68
Amount .....	2.98	7.92	11.15	24.69	27.38	43.13	135.28	196.62	179.40	325.59	423.47	520.01
Disbursements .....	0.14	0.76	2.30	6.30	13.46	20.27	23.89	51.89	62.03	99.46	141.89	172.09
<b>ADB Loans</b>												
Number .....	2	5	7	12	17	13	25	28	25	30	33	35
Amount .....	2.98	7.92	11.15	24.69	27.38	43.13	88.51	103.64	97.05	154.00	205.72	273.95
Disbursements .....	0.4	0.76	2.30	6.30	13.46	20.27	23.89	48.01	51.39	73.06	92.80	107.65
<b>ADF Loans</b>												
Number .....	—	—	—	—	—	—	17	23	18	24	31	30
Amount .....	—	—	—	—	—	—	46.67	92.98 <sup>1</sup>	79.94	141.63	186.07	228.36
Disbursements .....	—	—	—	—	—	—	—	3.88	10.64	26.40	43.71	56.97
<b>NTF Loans</b>												
Number .....	—	—	—	—	—	—	—	—	1	6	6	3
Amount .....	—	—	—	—	—	—	—	—	2.41	29.91	31.68	17.70
Disbursements .....	—	—	—	—	—	—	—	—	—	—	5.38	7.47
<b>Resources and Finance</b>												
(at year end)												
<b>ADB</b>												
Authorized capital ..	250.00	250.00	250.00	250.00	276.20	386.00	482.54	506.67	965.08	971.76	1,042.23	1,607.66
Subscribed capital ..	217.30	217.30	218.80	220.40	276.20	309.30	447.75	465.48	746.89	862.25	1,029.80	1,582.51
Paid-up portion ..	88.38	105.08	106.86	108.50	126.48	150.40	171.10	232.74	309.91	339.91	391.14	395.63
Callable portion ..	129.42	112.72	111.94	111.90	149.72	193.01	276.65	232.74	436.98	522.34	638.67	1,186.88
Borrowing (gross) ..	—	—	—	—	—	—	—	43.38	133.27	301.93	425.35	741.26
Outstanding debt ..	—	—	—	—	—	—	—	23.38	104.90	161.90	199.64	509.85
Reserves .....	2.84	6.02	4.17	2.08	3.42	17.42	26.97	39.40	51.67	73.94	98.85	107.50
Gross income .....	3.49	5.57	6.45	5.07	5.07	8.94	14.50	16.45	18.00	24.63	37.45	53.37
Net income .....	1.92	3.47	3.53	0.075	1.00	2.71	8.38	11.52	10.93	12.11	10.00	5.28
<b>ADF</b>												
Subscriptions .....	—	—	—	—	—	—	89.62	147.67	339.89	443.25	500.29	1,153.05
Other Resources <sup>(2)</sup> ..	—	—	—	—	—	—	0.37	1.23	4.56	10.79	20.48	35.90
<b>NTF</b>												
Resources (gross) ..	—	—	—	—	—	—	—	—	40.83	84.28	90.84	100.61

(1) The conversion rates of the ADB unit of account to the US dollar for the various years are as follows:

1967 to 1971	1 UA = 1	US dollar
1972	1 UA = 1.08571	US dollars
1973 to 1976	1 UA = 1.20335	US dollars
1977	1 UA = 1.21471	US dollars
1978	1 UA = 1.30279	US dollars
1979	1 UA = 1.31775	US dollars

The conversion rates of the ADF unit of account are as follows:

for 1974—1977	1 FUA = 1.11111	US dollars
1978	1 FUA = 1.199937	US dollars
1979	1 FUA = 1.213716	US dollars

(2) Other Resources = Accumulated net income + Net income for the year + Miscellaneous.

Note: For the purpose of this report \$ means US \$.

Source: Annual Report, 1979.

Table 1.2

Bank Group Lending (4) by Sector and by Region  
(in thousands of \$)

	1967- 1976	% Share	1977	% Share	1978	% Share	1979	% Share	Total	( )	% Share
<b>By Sector</b>											
Total	630,938	100.00	325,960	100.00	423,483	100.00	520,014	100.00	1,900,395	(396)(5)	100.00
Agriculture	117,413	18.61	66,378	20.36	117,215	27.58	177,623	34.16	478,629	(93)	25.19
Transport	178,176	28.24	100,050	30.70	104,790	24.74	114,773	22.07	497,789	(103)	26.19
Public Utilities	203,392	33.19	91,083	27.94	113,648	26.84	132,239	25.43	546,362	(117)	28.75
Industry and Banks	86,968	13.78	38,486	11.81	43,122	10.18	66,995	12.88	235,512	(58)	12.40
Social	38,989	6.18	29,963	9.19	44,708	10.56	28,384	5.46	142,044	(25)	7.47
<b>By Region</b>											
Total	630,938	100.00	325,960	100.00	423,483	100.00	520,014	100.00	1,900,395	(396)	100.00
Central Africa	131,821	20.89	35,758	10.97	89,495	21.13	83,986	17.11	346,060	(72)	18.21
East Africa	166,372	26.37	139,372	42.76	106,797	25.22	214,046	41.16	626,587	(122)	32.97
North Africa	111,034	17.60	23,653	7.26	75,436	17.81	68,482	13.17	278,605	(55)	14.66
West Africa	221,711	35.14	127,177	39.01	151,755	35.84	148,500	28.56	649,143	(147)	34.16

(4) Figures in this table indicate gross lending.

(5) Includes 16 supplementary and 5 cancelled loans in ADB lending up to 1978.

( ) Number of projects.

Source: Annual Report, 1979.

Table 1.3

STATEMENT OF APPROVED LOANS							
Countries	Number of Loans	Amounts Approved	Unsigned Loans	Loans Signed	Disbursements	Repayments	Balance
Benin	7	36,192,310	--	36,192,310	6,075,930	72,600	6,003,330
Botswana	3	11,918,500	--	11,918,500	5,725,198	4,375	5,720,823
Burundi	5	24,647,700	9,680,000	14,967,700	4,160,610	--	4,161,610
Cape Verde	3	69,575,000	--	69,575,000	75,724	--	75,724
Central African Republic	6	36,215,300	--	36,215,300	9,318,041	--	9,318,041
Chad	6	32,718,400	--	32,718,400	13,870,078	1,656,227	12,213,850
Comoros	3	17,363,500	5,445,000	11,918,500	682,062	--	682,062
Djibouti	1	3,146,000	--	3,146,000	--	--	--
Egypt	2	19,360,000	9,680,000	9,680,000	--	--	--
Ethiopia	6	43,802,000	8,460,000	35,332,000	9,098,822	--	9,098,822
Gambia	2	8,470,000	--	8,470,000	1,689,318	--	1,689,318
Guinea	2	11,132,000	--	11,132,000	--	--	--
Guinea Bissau	4	24,684,000	--	24,684,000	1,360,030	--	1,360,030
Kenya	1	9,680,000	--	9,680,000	--	--	--
Lesotho	6	30,915,500	--	30,915,500	3,798,047	355,416	3,442,631
Madagascar	3	17,908,000	--	17,908,000	738,100	--	738,100
Malawi	5	28,192,583	--	28,192,583	4,394,885	36,258	4,358,627
Mali	10	48,109,600	--	48,109,600	18,653,076	2,626,839	16,026,237
Mauritania	7	24,814,680	121,000	24,780,800	4,193,124	33,898	4,159,226
Mozambique	4	29,645,000	9,680,000	19,965,000	1,305,994	--	1,305,994
Niger	3	12,142,350	--	12,142,350	2,361,572	80,011	2,281,560
Rwanda	7	28,689,100	--	28,689,100	14,756,382	53,757	14,702,625
Sao Tome	1	9,438,000	--	9,438,000	--	--	--
Senegal	3	13,491,500	--	13,491,500	5,333,046	--	5,333,046
Seychelles	1	3,025,000	--	3,025,000	104,778	--	104,778
Sierra Leone	4	22,082,500	--	22,082,500	85,524	--	85,524
Somalia	9	53,905,500	19,360,000	34,545,500	6,111,768	38,659	6,073,109
Sudan	3	19,360,000	--	19,360,000	3,771,666	--	3,771,666
Swaziland	2	10,103,500	--	10,103,500	369,851	122,003	247,848
Tanzania	6	46,222,000	9,680,000	36,542,000	6,877,392	--	6,877,392
Togo	5	28,374,500	--	28,374,500	11,122,047	14,101	11,107,945
Upper Volta	8	50,094,000	--	50,094,000	9,400,111	1,496,792	7,903,319
Zaire	3	21,176,000	4,840,000	16,335,000	--	--	--
Zambia	1	9,680,000	--	9,680,000	--	--	--
Multinational (Mali, Mauritania, And Senegal)	1	14,520,000	14,520,000	--	--	--	--
<b>TOTAL</b>	<b>143</b>	<b>870,793,023</b>	<b>91,476,000</b>	<b>451,427,865</b>	<b>145,433,176</b>	<b>6,590,936</b>	<b>138,843,237</b>

Source: Annual Report, 1979.

SUMMARY OF OPERATIONS WITH AFDB BY FISCAL YEAR  
FY73-81

<u>FY</u>	<u>NO.</u>	<u>AMOUNT</u>
74	1	4.8
75	2	7.7
76	8	54.0
77	10	61.3
78	3	10.7
79	5	38.9
80	5	49.3
81	4	38.7
TOTAL	38	265.4

SUMMARY OF OPERATIONS WITH AFDB BY SECTOR  
FY73-81

<u>SECTOR</u>	<u>NO.</u>	<u>AMOUNT</u>
AGRICULTURE & RURAL DEVT	12	75.3
TELECOMMUNICATIONS	1	5.2
IDF	1	2.5
EDUCATION	2	21.2
INDUSTRY	3	12.0
POWER	2	14.2
TOURISM	1	2.1
TRANSPORTATION	11	107.1
WATER SUPPLY & SEWERAGE	5	25.8
TOTAL	38	265.4



SUMMARY OF OPERATIONS WITH AFDB BY COUNTRY  
FY73-81

<u>COUNTRY</u>	<u>NO.</u>	<u>AMOUNT</u>
ETHIOPIA	1	5.5
KENYA	3	19.0
MALAWI	2	12.0
SOMALIA	3	12.7
SUDAN	2	20.0
SWAZILAND	2	13.6
ZAIRE	3	31.4
ZAMBIA	2	14.9
BENIN, PEOPLES REPUBLIC	1	3.0
CAMEROON	1	12.4
CHAD	2	9.6
CONGO	2	26.0
GAMBIA	1	2.1
GHANA	3	21.8
GUINEA	1	6.0
IVORY COAST	2	23.5
LIBERIA	3	11.4
MALI	2	11.0
TOGO	1	4.0
UPPER VOLTA	1	5.5
TOTAL	38	265.4

SUMMARY OF OPERATIONS WITH ADF BY FISCAL YEAR  
FY73-81

<u>FY</u>	<u>NO.</u>	<u>AMOUNT</u>
74	1	3.9
76	3	14.1
77	1	6.0
78	1	6.1
79	5	31.2
80	3	21.2
81	3	24.4
TOTAL	17	106.9

SUMMARY OF OPERATIONS WITH ADF BY SECTOR  
FY73-81

<u>SECTOR</u>	<u>NO.</u>	<u>AMOUNT</u>
AGRICULTURE & RURAL DEVT	11	71.0
EDUCATION	2	16.3
TRANSPORTATION	4	19.6
TOTAL	17	106.9

SUMMARY OF OPERATIONS WITH ADF BY COUNTRY  
FY73-81

COUNTRY -----	NO. ---	AMOUNT -----
COMOROS	1	4.5
ETHIOPIA	1	5.5
SOMALIA	2	17.8
ZAIRE	1	6.1
CENTRAL AFRICAN REPUBLIC	2	8.9
CHAD	2	8.9
GUINEA	1	4.9
MALI	1	6.0
NIGER	1	3.6
SIERRA LEONE	2	14.4
UPPER VOLTA	1	7.4
EGYPT, ARAB REPUBLIC OF	2	18.9
TOTAL	17	106.9