



## **Islamic Development Bank Group**

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### **Update on the Special Programme for the Development of Africa April 2013**

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**29<sup>th</sup> Meeting of the Follow-up Committee of the COMCEC**

**14-15 May 2013  
Ankara, Turkey**

## I. INTRODUCTION

1. This is an update on the implementation of the Special Program for the Development of Africa (SPDA). It is presented in four sections including this introduction which is followed by the status of implementation in section two, expected outputs in section three and conclusion in section four. The expected outputs, extracted from a comprehensive list of RRP, offer a glimpse of the projects that have been approved for SPDA over the last five years and therefore give an indication of what can be expected from the approvals if the projects are fully and effectively implemented.
2. The SPDA which had a five-year implementation timeframe (2008-2012G) was aimed at scaling up IDB Group's interventions in Africa, particularly in the least developed member countries (LDMCs), to support their poverty reduction and economic growth endeavours. The 2013 Progress Report demonstrates that this objective has been met, of course in collaboration with other development partners and member country Governments. The SPDA had an ambitious total financing package, US\$ 12 billion. Out of this amount, the IDB Group earmarked US\$ 4 billion as direct financing to Africa and committed to assist in mobilizing the remaining US\$ 8 billion from development partners. After five years of implementation IDB Group approvals exceeded the earmarked target by US \$ 1 billion. Cumulatively, total approvals by the IDB Group amounted to US\$5.01 billion for 480 operations. These approvals represent an **"achievement rate" of 125 %** of the earmarked allocations under SPDA.

## II. STATUS OF IMPLEMENTATION

3. In the following sections, a detailed presentation of the IDB Group intervention is made followed by an overview of the interventions of each of the entities that comprise the IDB Group: IDB/ISFD, ITFC, ICIEC and ICD.

### I. Approvals in 1433H

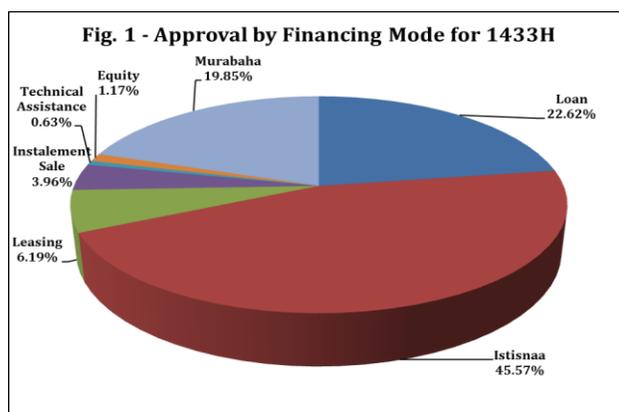
4. In 1433H, the IDB Group approved 116 operations amounting to US\$ 1.14 billion for projects and trade financing. Of the total approvals, US\$ 875.3 million (77%) was approved for project financing of which almost a third (US\$ 265.8 million) was concessional and the remaining was on ordinary financing terms. Additional IDB Group project financing amounting to US\$ 40.8 million was undertaken by the ICD. With regards to **trade financing**, UIF financed 2 operations valued at US\$ 9 million, while ITFC financed 12 operations amounting to US\$ 217.9 million. There were no **Waqf operation** approvals during the period. (See Table 1).

Table 1 - Gross Approvals for SPDA (1433H)

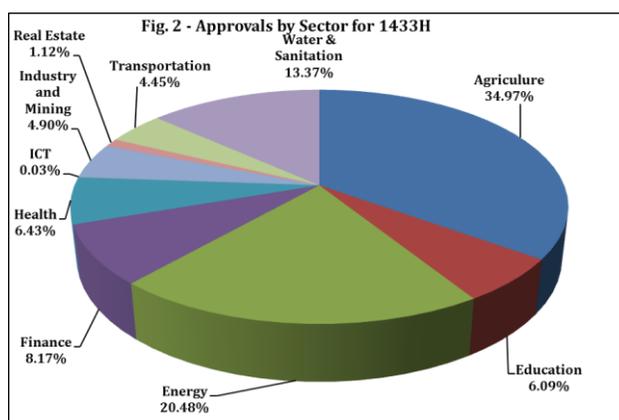
	No.	1433 ID	US\$
<b>(i) OCR Project5 Financing</b>	<b>100</b>	<b>572.7</b>	<b>875.3</b>
Concessional Financing (Loan & TA)	64	172.3	265.8
Ordinary Financing	36	400.4	609.6
<b>(ii) Other Project Financing (Funds &amp; Financing)</b>	<b>2</b>	<b>26.7</b>	<b>40.8</b>
UIF	0	0.0	0.0
APIF	1	8.4	12.8
ICD	1	18.3	28.0
Treasury Operations	0	0.0	0.0
<b>(iii) Trade Financing</b>	<b>14</b>	<b>147.3</b>	<b>226.9</b>
UIF	2	6.0	9.0
ICD	0	0.0	0.0
Treasury Operations	0	0.0	0.0
ITFC	12	141.4	217.9
<b>(iv) Waqf Fund Financing</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>
SAO	0	0.0	0.0
<b>Total</b>	<b>116</b>	<b>746.7</b>	<b>1,142.9</b>

Source: Economic Research and Policy Department, IDB.

5. **Istisna'a continued to be the most predominant mode of financing.** During the year, Istisna'a financing amounted to US\$ 520 million for 23 operations. Approvals under Loan financing amounted to US\$ 259 million for 141 operations, whereas US\$ 227 million for 14 operations were approved under Murabaha terms, US\$ 71 million for two operation under Leasing, and US\$ 45 million for ten operations under Instalment sale. The IsDB Group had equity in 3 operations valued at US\$13.39 million and spent US\$ 7 million for 24 Technical Assistance operations since the start of the program. (See Fig. 1).



6. **Infrastructure still received the most approvals.** In 1433H, most of the project approvals were made for infrastructure followed by Agriculture and human development. The Infrastructure approvals comprised of 9 energy operations valued at US\$ 234 million, 6 Water and Sanitation projects valued at US\$ 153 million and 4 Transport operations valued at US\$ 51 million. Fifty six operations valued at US\$ 400 million were approved for Agriculture while 9 Education operations valued at US\$ 70 million and 18 Health operations valued at US\$ 74 million were approved for human development. In addition, three Industrial operations were approved for US\$ 56 million. (See Fig. 2).



7. **Nigeria received the most approvals during 1433H.** During the year, the top five recipients were Nigeria, Senegal, Mauritania, Sudan, Uganda and Niger (see Table 2). Nigeria received US\$ 225 million for 11 operations, representing 20% of all approvals for the year; Senegal received US\$ 116 million for 3 operations, while Mauritania, Sudan and Uganda received US\$105 million, US\$92 million and US\$ 85 million respectively.

**Table 2 - Approvals by country for 1433H**

Country	No. of Operations	US\$ M	%
Nigeria	11.00	224.80	19.67
Senegal	3.00	115.80	10.13
Mauritania	9.00	104.90	9.18
Sudan	7.00	92.10	8.06
Mali	12.00	87.50	7.66
Uganda	7.00	85.50	7.48
Niger	13.00	85.10	7.45
Gambia	8.00	71.20	6.23
Togo	3.00	52.00	4.55
Cote d'Ivoire	6.00	45.80	4.01
Sierra Leone	4.00	40.60	3.55
Chad	6.00	39.20	3.43
Burkina Faso	7.00	29.60	2.59
Cameroon	5.00	23.40	2.05
Guinea	3.00	14.10	1.23
Benin	4.00	13.40	1.17
Mozambique	3.00	9.10	0.80
Djibouti	4.00	8.60	0.75
Guinea Bissau	1.00	0.30	0.03
<b>Total</b>	<b>116.00</b>	<b>1,143.00</b>	<b>100.00</b>

Source: ERPD

## II. Cumulative approvals (1429H-1433H)

### 8. IDB Group cumulative approvals exceeded the programmed target by the end of 1433H.

Cumulatively, total approvals by the IDB Group from 1429H to the end of 1433H amounted to US\$5.01 billion for 480 operations (for projects, trade and Waqf) (See Table 4). These approvals represent an “achievement rate” of 125 % of the earmarked allocations. Cumulatively, total OCR project financing for SPDA countries stood at US\$ 3.65 billion. Of this, US\$ 1.27 billion was given on concessionary financing terms and the remaining US\$ 2.38 billion was on ordinary financing terms. Other project financing, from the IDB Group private sector window, amounted to US\$ 286.2 million which means that a total of US\$ 3.94 billion was approved for project financing bringing the share to 78.6%. With regards to trade financing, the cumulative total is US\$ 1.07 billion of which ITFC approved US\$ 1.04 billion for 53 operations, while the total ICD-approvals amounted to US\$ 198.1. Even though there were no **Waqf approvals** in 1433H, cumulative Waqf operations stood at US 5.3 million for 13 operations.

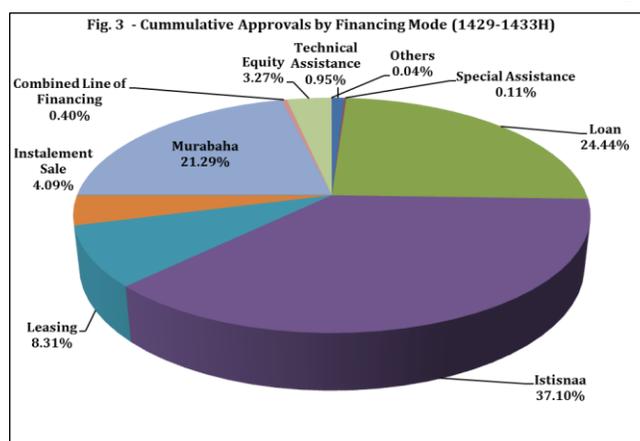
Table 3 - Gross Approvals for SPDA (1396H-1433H)<sup>1</sup> (Amounts in Millions)

	1429			1430			1431			1432			1433			1429-1433H		
	No.	ID	US\$	No.	ID	US\$	No.	ID	US\$	No.	ID	US\$	No.	ID	US\$	No.	ID	US\$
<b>(i) OCR Project Financing</b>	64	342.6	537.4	65	371.8	577.6	73	515.2	788.7	75	556.7	870.4	100	572.7	875.3	377	2,358.9	3,649.3
Concessional Financing (Loan & TA)	56	133.5	208.5	51	150.6	233.0	56	187.5	285.0	55	181.0	279.0	64	172.3	265.8	282	824.9	1,271.4
Ordinary Financing	8	209.1	328.8	14	221.2	344.6	17	327.7	503.6	20	375.7	591.4	36	400.4	609.6	95	1,534.1	2,378.0
<b>(ii) Other Project Financing (Funds &amp; Financing)</b>	12	60.5	93.5	5	9.1	14.3	10	61.2	94.3	2	27.9	43.4	2	26.7	40.8	31	185.5	286.2
UIF	0	0.0	0.0	1	3.2	5.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1	3.2	5.0
APIF	2	11.7	18.0	0	0.0	0.0	5	32.7	50.3	0	0.0	0.0	1	8.4	12.8	8	52.7	81.1
ICD	10	48.9	75.5	4	5.9	9.3	4	27.3	42.0	2	27.9	43.4	1	18.3	28.0	21	128.3	198.1
Treasury Operations	0	0.0	0.0	0	0.0	0.0	1	1.3	2.0	0	0.0	0.0	0	0.0	0.0	1	1.3	2.0
<b>(iii) Trade Financing</b>	16	197.6	317.6	8	83.2	129.5	10	138.7	212.2	11	114.7	179.9	14	147.3	226.9	59	681.5	1,066.0
UIF	2	4.9	7.5	1	6.4	10.0	0	0.0	0.0	1	2.7	4.0	2	6.0	9.0	6	19.9	30.5
ICD	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Treasury Operations	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
ITFC	14	192.7	310.1	7	76.9	119.5	10	138.7	212.2	10	112.0	175.9	12	141.4	217.9	53	661.6	1,035.5
<b>(iv) Waqf Fund Financing</b>	3	0.5	0.8	3	0.7	1.1	3	0.5	0.8	4	1.7	2.7	0	0.0	0.0	13	3.5	5.3
SAO	3	0.5	0.8	3	0.7	1.1	3	0.5	0.8	4	1.7	2.7	0	0.0	0.0	13	3.5	5.3
<b>Total</b>	95	601.2	949.2	81	464.8	722.5	96	715.6	1,095.9	92	701.0	1,096.3	116	746.7	1,142.9	480	3,229.3	5,006.9

Source: Economic Research and Policy Department, IDB.

### 9. Cumulatively from 1429H, Istisna'a also remained the most dominant mode of financing.

A total of US\$ 1.63 billion was approved through this financing mode while US\$ 1.1 billion was financed through Loans, US\$ 966 million through Murabaha, US\$ 477 million through Leasing, US\$ 176 million through Instalment sale, US 141 million through equity financing, US\$ 51.3 million for Technical Assistance and US\$ 20 million each for Combined line of financing and Technical assistance. (See Fig. 3).



10. Perhaps reflecting the acknowledgement of infrastructure deficits as one of the most binding constraints to economic development for many of these SPDA countries, Infrastructure remained the most popular sector. With respect to sectors, cumulatively from 1429H, infrastructure

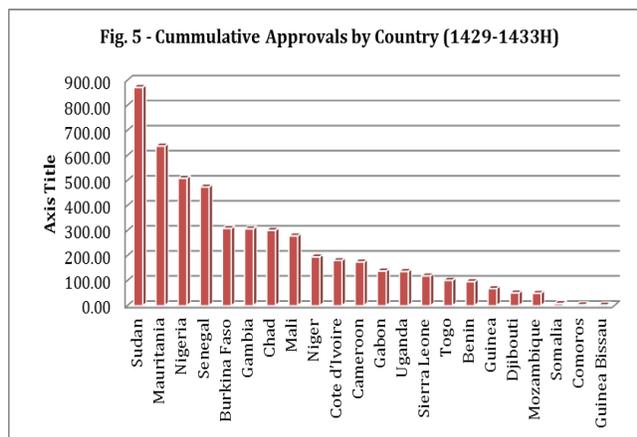
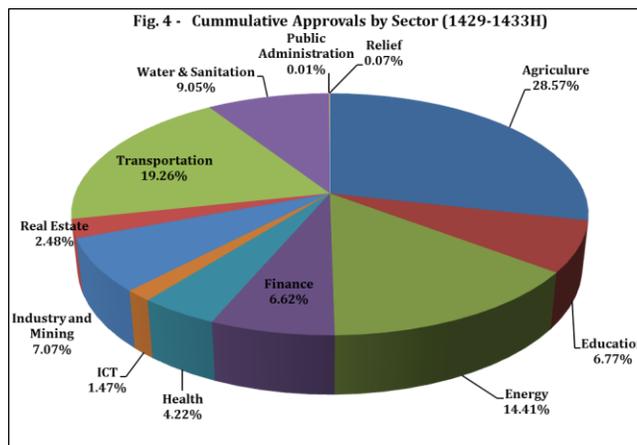
(transport, energy, ICT and water and sanitation) was the most popular sector for the SPDA member countries (See Fig. 4). Together they accounted for 44% of all approvals which amounted to US\$ 2.2 billion. Of this, US\$ 964 million was approved for transport, US\$ 722 million for energy and US\$ 453 million for water and sanitation. Agriculture followed with total approvals of US\$ 1.4 billion, followed by Industry (US\$ 453 million), Education (US\$ 339 million), finance (US\$ 332 million) and health (US\$ 221 million). Together the human development sectors represented 20% of all approvals.

**11. Sudan still remains the country with the most approvals since the start of the Program, followed by Mauritania.**

Since 1429H, Sudan has received US\$ 873 million for 48 operations, and Mauritania has received US\$ US\$ 596 million for 39 operations. Together they received almost one third of all approvals so far. (See Table 4). Nigeria and Senegal follow with about 9% each amounting to US\$ 423 million for 26 operations and US\$ 400 million also for 26 operations respectively. Guinea Bissau, Comoros, Somalia, Djibouti and Mozambique received the least so far reflecting in some cases their fragile state.

In effect 50% of all approvals went to four member countries, and the bottom 10 member countries received 12% of all approvals. (See Fig. 5).

**12. Cumulative IDB Group disbursements for the program amounted to US\$ 1.3 billion or 32 percent of total approvals of US\$ 5.007 billion.** Of these US\$ 578 million was disbursed by IDB for project financing. Meanwhile, ICD disbursed US\$ 135 million of its US\$ 233 million approvals while ITFC disbursed US\$ 384 million of the US\$ 1.04 billion approvals it made for the program. By the mid-November 2012, APIF had disbursed 16 percent of all their approvals of US\$ 81 million (Table 4).



**Table 4 - Disbursements (1429-1433H)**

Entity	Approval	Disbursement	%
IDB	3,654.67	578.00	15.82
ICD	235.63	135.22	57.39
<i>UIF</i>		39.16	
<i>DIFD</i>		29.15	
<i>Other ICD</i>		66.91	
ITFC	1,035.51	384.00	37.08
APIF	81.05	13.20	16.29
<b>Total</b>	<b>5,006.86</b>	<b>1,245.64</b>	<b>31.64</b>

Source: DRSD, OPSD, Entities, Departments

13. **The SPDA member countries are increasingly using ordinary resources to finance projects.** In 2012 (1433H), 75% of the total Group approvals was on ordinary terms. Between 2009 (1429H) and 2012 (1433H) the IDB Group's ordinary financing increased by 28% while concessional financing remained stable (around USD 268 million). With regards to IDB financing (without the entities), the share of non-concessional financing exceeded the share of concessional financings from 1427, and reached 68 % of total approvals in 1433. This utilization of non-concessional financing enabled the IDB to finance more projects (both in quantity and size) in SPDA countries and thereby increase the average project size of SPDA lending. The average size of IDB projects in SSA increased by three fold in 10 years from US\$ 6.2 million to US\$ 21 million in 2012 (1433H). The average project size now stands at US\$ 23 million, while approvals exceeding US\$ 100 million had been made in 2011 (1432H) for Chad, Mauritania and Sudan.
14. **With respect to co-financing, an amount of US\$ 3.9 billion was mobilized for the US\$ 1.8 billion OCR project financing by IDB.** This means that for every US\$ 1 of project financing approved by IDB, US\$ 2.2 were mobilized. The major co-financing partners were Arab Fund for Economic and Social Development, African Development Bank, Saudi Fund for Development, Kuwait Fund for Arab Economic Development, Abu Dhabi Fund for Development, OPEC Fund for International Development, West African Development Bank and the Arab Bank for Economic Development in Africa.

### III. EXPECTED OUTPUTS

15. When all the approved projects have been effectively and successfully implemented, SPDA would contribute the following **expected outputs**: over 2,500 KM of roads constructed or upgraded in addition to two new national airports; more than 900MW of electricity produced in six countries; broadband subscriptions and internet users in two countries increased 13-fold and 6-fold respectively; over 200,000 cubic meters of clean water a day made accessible to over 50,000 households in an area of 800 square KM; more than 420 new primary and secondary schools (including 120 new madrassas) built resulting in over 1400 classrooms; three technical colleges and eight university faculties built and equipped; over 10 new hospitals and over 120 clinics, health centers and primary health care centers built or upgraded; about 10 strategic grain reserves and about 5 soil and or seed research laboratories built; and over 800,000 hectares of land developed and cultivated including marginal lands.

### IV. CONCLUSION

16. The end of the approval phase of SPDA has heralded in noticeable achievements: a cumulative approval that exceeded its programmed target by 25%; an impressive disbursement rate (32%) that also exceeds the average rate expected for 5-year implementation projects (20%); a co-financing rate for project financing (1:2.2) that also exceeded its target of 1:2; approvals made for all member countries; and significant approvals levels for critical sectors of infrastructure, agriculture and human development.
17. An action plan is being formulated to ensure the full disbursement of all the approvals and to facilitate the effective implementation of the projects. Meanwhile an independent assessment of the program is being undertaken to draw lessons for future IDB programs.