UPDATE ON THE

SPECIAL PROGRAMME FOR THE DEVELOPMENT OF AFRICA (SPDA)

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The IDB Group earmarked US$4.0 billion over the five-year period (1429H-1433H/2008-2012) to finance the Special Programme for the Development of Africa (SPDA), with an additional US$8.0 billion to be leveraged from other development partners. The program has been supported by all entities of the IDB Group namely: the IDB itself, the Islamic Solidarity Fund for Development (ISFD); the International Islamic Trade Finance Corporation (ITFC), the Islamic Corporation for the Development of the Private Sector (ICD) and the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC). About 37 % of the total financing is from IDB's ordinary resources, a further 27 % from ITFC for trade-related operations, and 3 % from the ICD. ICIEC, which has no specific target allocation, provides insurance cover to ITFC and ICD operations.

Approvals and Disbursements

IDB Group approvals exceeded the programmed target by the end of 1433H (14 Nov 2012). Cumulatively, total approvals by the IDB Group from 2008 (1429H) amounted to US$5.01 billion for 480 operations (project financing, trade and Waqf operations). These approvals represent an **"achievement rate" of 125 %** of the earmarked allocations. Cumulatively, total project financing for SPDA countries now stands at US$ 3.65 billion. Of this, US$ 1.27 billion was concessionary financing (representing 25% of total approvals) and the remaining US$ 2.38 billion was on ordinary financing. Other project financing amounts to US$ 286.2 million which means that a total of US$ 3.94 billion was approved for project financing since the start of the program which brings the share to about 79% of all approvals. With regards to trade financing, the cumulative total is US$ 1.07 billion of which ITFC financed US$ 1.04 billion for 53 operations, while the total ICD-financing amounted to US$ 198.1 million. Even though there were no Waqf approvals in 1433H, cumulative Waqf operations stand at US 5.3 million for 13 operations.

Cumulatively from 2008 (1429H) Istisna'a remained the most dominant mode of financing with approvals amounting to US$ 1.63 billion, while US$ 1.1 billion was through Loan financing, 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 on Technical Assistance and US$ 20 million each for Combined Line of Financing and Technical Assistance. Perhaps reflecting the acknowledgement of infrastructure deficits as one of the most binding constraints to economic development for many of these SPDA countries, Infrastructure (transport, energy, ICT and water and sanitation) remained the most popular sector. Together they accounted for 42% 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 was second with total approvals of US$ 1.4 billion, followed by Industry (US$ 453 million), Education (US$ 339 million), financial industry (US$ 332 million) and health (US$ 221 million). Together, the human development sectors represent 20% of all approvals. Sudan still had the most approvals since the start of the Program, followed by Mauritania. Altogether Sudan received US$ 873 million for 48 operations, and Mauritania received US$ US$ 596 million for 39 operations. Together they received almost one third of all approvals. Nigeria and Senegal follow with US$ 423 million and US$ 400 million respectively (26 operations apiece). Guinea Bissau, Comoros, Somalia, Djibouti and Mozambique received the least reflecting in some cases, economic fragility. In effect, 50% of all approvals went to four member countries, and the bottom 10 member countries received 12% of all approvals.

The IDB Group also played a catalytic role by attracting additional financial flows from both public and private sources, including its traditional allies, the Coordination Group (CG) Members. In addition, the IDB partnered with sister multilateral development banks (MDBs), UN Agencies and financial institutions such as major Islamic banks and investment houses. The amount co-financed by other development agencies and member countries themselves since the commencement of the SPDA reached US$3.16 billion. This corresponds to an actual leveraging ratio of US$ 2.2 for every US$ 1 approved by IDB which is also above the target of 1:2 set at the start of the Program. The report highlights some of the flagship projects that are being implemented in several SSA countries under the SPDA framework. Disbursement by the IDB Group as at mid-November 2012 was US$ 1.3 billion representing about 32% of approvals.

Expected Outcomes of SPDA

It is hoped that when all the approved projects have been effectively and successfully implemented, the SPDA would have contributed to relaxing some of the binding constraints that African member countries faced including infrastructure deficits, sub-optimal agricultural production and inadequate social sector services. These expected outputs include the following. In **infrastructure**: over 2,500 KM of roads would have been either constructed or upgraded in 13 member countries in addition to two new airports approved for Senegal and Sudan; more than 900MW of electricity would have been produced in six countries with increased access to over 40,000 households (about a quarter million people – taking the average household size of six) and almost 700 KM of power lines would have been laid; through the ECOWAN project, Gambia and Sierra Leone would see their broadband subscriptions increase 13-fold, while the number of internet users would increase 6-fold, and about 1,500 KM of fiber optic cable laid; and support to water and sanitation will bring over 200,000 cubic meters of water a day to over 50,000 households.

Meanwhile in **human development**, more than 325 new primary and secondary schools and over 1000 classrooms would have been built and equipped. This will be in addition to three technical colleges and 8 university faculties also built or equipped; to help address youth unemployment and improve the quality of education, over 400 new classrooms in 120 new madrassas serving over 5000 students, mainly girls and students from poor backgrounds, will be built in Niger, Gambia, Senegal and Nigeria; over 10 new hospitals and over 120 clinics, health centers and primary healthcare centers would have been built resulting in an increase in bed-capacity of about 1200; almost a million LLINs would have been provided to combat malaria; and over 20 medical doctors and over 500 cardiology students, medical technicians and ophthalmologists would have been trained to strengthen the capacity for improved health care delivery. In addition, medical equipment for cardiology and surgical centers and medical laboratories would have been provided.

While in **agriculture, o**ver 800,000 hectares of land would have been developed and cultivated including marginal lands. This is in addition to 8-10 strategic grain reserves that would have been built to support the alleviation of food insecurity and about 5-6 soil and/or seed research laboratories built, refurbished or upgraded to encourage agricultural research.

Alongside the SPDA, the IDB Group has been implementing complementary initiatives for better and wider impact such as the Bilingual Education Program (BEP), the Roll Back Malaria Quick Win Program, Blindness Control and the Jeddah Declaration on Food Security. The outcome of these programs has been commendable; ranging from increasing the proportion of girls in total enrolments in Chad and Niger under the BEP to restoring the sight of nearly 9,000 patients through cataract operations in 8 member countries (Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger). The Jeddah Declaration has targeted agricultural development and food production to avert recurrent food shortages afflicting member countries in Africa. The Declaration addressed critical constraints in the agricultural sector, including deficiencies of public investments and services.
