

## **Summary: The African Development Bank Group**

### **African Development Bank (AfDB)**

**Request: \$5.6 M**

Established in 1964, the AfDB is the non-concessional lending window of the African Development Bank Group. It lends at market-based rates to creditworthy, middle-income African countries to finance key poverty reduction programs and economic policy reforms. The AfDB currently earns net income of more than \$200 million annually. Its lending operations are financed by bond issues on international financial markets (on the basis of its recently upgraded AAA credit rating), its international investment portfolio, and internally generated funds.

For FY2006, the Administration is requesting \$5.0 million for the seventh of eight annual U.S. payments under the Bank's fifth general capital increase (GCI-5) and \$0.6 million to clear U.S. arrears to the AfDB. This U.S. payment leverages, other donors' commitments under GCI-5 of more than \$900 million per year.

### **African Development Fund (AfDF)**

**Request: \$135.7 M**

The AfDF began operations in 1973 as the concessional lending affiliate of the African Development Bank Group. It provides loans on concessional terms (40–50 years maturity, including 10-year grace period; 0% interest, 0.75% service charge and 0.50% commitment fee) to Africa's poorest countries. Its credits and grants finance priority investments in health, education, agriculture, sanitation, and infrastructure needed for poverty reduction, and promote basic economic policy and institutional reforms needed for sustainable economic growth and development. AfDF operations are financed primarily by periodic financial infusions from donor countries (replenishments), as well as repayment inflows and annual contributions from the net income of the AfDB.

For FY2006 the Administration is requesting \$135.7 million for the first installment of a three-year commitment under the agreement of the tenth replenishment of the AfDF (AfDF-10). The total AfDF-10 replenishment makes available approximately \$1 billion per year for grant and lending operations. Treasury will be closely working with the AfDF to ensure that the performance and other reform commitments agreed to in the replenishment negotiations are implemented in a timely and effective manner.

#### Notes:

- The Bank Group is comprised of the AfDB, the AfDF, and the Nigerian Trust Fund (NTF). As the U.S. does not contribute to the NTF, only the AfDB and AfDF are treated here.
- AfDB Fiscal Year: January 1 - December 31
- Exchange Rate: UA 1 = \$1.55 as of December 31, 2004
- Internet Website: [www.afdb.org](http://www.afdb.org)