



AFRICAN DEVELOPMENT
BANK GROUP

AfDB Group Approves over US \$235 Million for five operations in Sierra

Leone, Kenya, DRC and Rwanda

Tunis, 6 May 2009 – Executive Directors of the African Development Bank (AfDB) Group held their regular sessions on Wednesday in Tunis, where they approved over US\$ 235 million to finance operations in Sierra Leone, Kenya, DRC, and Rwanda.

Sierra Leone - The Boards approved 10 million Units of Account (UA*), equivalent to US\$ 15 million, from the AfDB/ADF grant under the Supplemental Support Window of the Fragile States Facility (FSF) to finance the country's economic governance reform programme.

The goal of the Economic Governance Reform Programme (EGRP I) is to improve economic governance through greater efficiency, transparency, and accountability in the use of public resources as laid out in the country's Poverty Reduction Strategy (PRS II) and Integrated Public Financial Management Reform Programme (IPFMRP). The IPFMRP aspires to achieve fiscal discipline; strategic, efficient, and effective allocation and use of funds; value for money; and probity in the use of public funds. These objectives and reforms are in line with a proposed AfDB/World Bank 2009-2012 Joint Assistance Strategy (JAS) for the country.

Kenya - The Boards approved US\$ 77 million for two operations in Kenya. These comprise a 174,800,000 KShs (US\$ 2.2 million) private sector investment K-rep Bank, to promote entrepreneurship and economic growth in the country and UA 50 million ADF loan to finance the Mombasa-Nairobi electricity transmission line project.

K-rep Bank of Kenya is the first microfinance bank in Africa and the first to transform into a full fledged commercial bank. Its primary mission is to provide financial services to low-income households in both urban and rural areas.

The Bank plans to create about 10,000 new jobs by 2011, 55% of which would involve women entrepreneurs. An investment in K-rep will further stimulate product innovations aimed at the poor and maximize outreach and scale by building up a well balanced loan portfolio of US\$ 142 million with more than 296,000 active borrowers and 557 depositors by year 2011.

Kenya - The electricity project comprises the construction of a 450 km 400 kV double-circuit transmission line between Rabai (Mombasa) and Isinya (60 km from Nairobi), the

construction of new transmission lines from Isinya to Embakasi substation in Nairobi, the expansion of the Rabai and Embakasi substations, and the installation of shunt reactors at Rabai. This new infrastructure will allow for the evacuation of power from Mombasa to Nairobi and the interconnected system. The transfer capacity will be 330 MW initially with the possibility of upgrading to 950 MW to meet national demand.

Democratic Republic of Congo – The African Development Fund (ADF) Board approved a UA 65 million budget support grant (US\$ 97.18 million) for the Democratic Republic of Congo to enable the country finance an emergency programme to mitigate the impacts of the financial crisis.

The ultimate goal of the programme is to maintain economic stability as well as social peace and order. The operation involves the facilitation of the supply of essential imported goods and products; and facilitation of the financing of top priority expenditures of the 2009 Budget.

The expected outcomes include strengthening international reserves of the Central Bank of Congo and providing essential imported commodities; establishing some key benchmarks for reaching the enhanced HIPCII debt relief completion point by the end of 2009; implementing the crisis exit emergency plan of the National Railway Corporation of Congo in 2009; more regular payment of the salaries of primary and secondary school teachers in 2009; and more regular payment in 2009 of the water and electricity bills of public entities.

Rwanda – Finally, the Board approved a UA (Unit of Accounts) 30.30 million budget support grant, equivalent to US\$45.38 million, to finance the country's Third Poverty Reduction Strategy Support Programme (PRSSP-III).

Overall, the PRSSP III aims at improving economic growth and poverty reduction in Rwanda in line with the strategic objectives of the country's Economic Development and Poverty Reduction Strategy (EDPRS).

In the medium-term, the programme is expected to support Rwanda's ability to cope with the adverse impacts of the global financial crisis and to sustain its economic growth rate at an average of 6 percent over the 2009-2012 period. Furthermore, because of its focus on outcomes that will benefit the poor, the programme will support Rwanda's EDPRS goal of reducing poverty to 46 percent by 2012, from 56.9 percent in 2006