Eden Island, Seychelles

- BURUNDI
- COMOROS
- DJIBOUTI
- ERITREA
- ETHIOPIA
- KENYA
- RWANDA
- SEYCHELLES
- SOMALIA
- SUDAN
- TANZANIA
- UGANDA

Special Theme: Seychelles - From Economic Transition to Inclusive Growth
The East Africa Quarterly Bulletin is produced by country economists and country program officers of the African Development Bank Group’s (AfDB) East Africa Regional Resource Center (EARC), Nairobi, Kenya. The publication covers thirteen countries including Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, South Sudan1, Sudan, Tanzania, and Uganda. The Bulletin is part of the AfDB’s monitoring of socio-economic developments across the continent and provides summary information on the previous quarter’s major developments across the sub-region for which quarterly data are available on a timely basis.

Each Bulletin also contains a dedicated section on a special theme. This issue looks at Seychelles and its progression from economic transition to inclusive growth.

Each of the Bulletin’s country chapters feature a separate section on results achieved during the quarter under review, including an exposé on a ‘flagship’ project or program that has made a significant contribution to improving the livelihoods of the people in the respective country. A detailed presentation of the results achieved by the Bank’s projects in each country is provided in the Annex.


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1 This Bulletin issue does not include South Sudan due to the unavailability of data.
Economic Performance: Available data indicate that real GDP growth in Eastern Africa countries has been mixed in Q4 of 2013, and continues to be driven by diverse factors. In Comoros, annual real GDP growth improved from 3.0% in 2012 to 3.6% in 2013 mainly driven by political stability and domestic demand including public investment in road infrastructure; in Djibouti annual real GDP growth accelerated increased to 5.4% in 2013 compared to 4.5% in 2012, driven by foreign direct investment (FDI) and increased ports activities. In Eritrea, annual real GDP growth weakened in 2013 to 1.1% mainly due to a fall in remittances, a decline in the price of gold during the second half of 2013 and poor agricultural harvests due to erratic rainfall patterns. The slight decline in Uganda’s real GDP growth for Q3 of 2013 compared with the previous quarter resulted from weak performance in the agriculture and services sectors. In Sudan, GDP growth continues to be modest, supported largely by the resumption in the payment of transit fees, mineral exports and the revitalization of agriculture. Burundi maintained a real GDP growth rate of 4.5% in Q4, which was driven by investments in the telecommunications, hotel, tourism and manufacturing sectors. In Tanzania, strong growth continued to be driven mainly by the telecom, financial services and manufacturing sectors. In Kenya, available data indicate that real GDP grew by 4.4% during Q3 of 2013 due to improved performances in financial intermediation, transport and communications, trade and manufacturing sectors. In Rwanda, the lagged effects of the 2012 aid suspensions, including a reduction in domestic demand due to adjustments in government spending, continued to slow GDP growth. GDP growth for Seychelles improved to 3.5% in Q4 of 2013 from 1.3% in Q3, owing to growth in the tourism sector. The economic outlook for the region during 2014 remains positive in spite of several downside risks, including peace and security in the Great Lakes region, Somalia and South Sudan. Real GDP growth is projected to benefit from sustained investments in infrastructure, improvements in agriculture productivity and strong investment inflows.

Monetary and Fiscal Policy: Monetary policy during Q4 2013 continued to be prudent and focused on macroeconomic stability, supporting economic growth and liquidity, and maintaining low and stable inflation. In Burundi, the central bank reduced the policy rate from 12.6% in Q3 to 11.8% in Q4 to support growth in credit to the private sector. In Sudan, monetary policy also continued to be expansionary. In Kenya, the central bank maintained the central bank rate at 8.5% in Q4 to control inflationary pressures in part resulting from the rise in prices following the implementation of the new VAT Act 2013. A combination of expansionary monetary policy and rising food prices contributed to an increase in inflation rates in some countries such as Kenya, Rwanda, Sudan, and Uganda. Stability in food and fuel prices in Burundi and Seychelles and tight monetary policy in Tanzania were the primary drivers of declining inflation in these countries. The fiscal policy stance was largely aimed at achieving fiscal consolidation through prioritizing public spending and increasing domestic revenue mobilization. For instance, Rwanda pursued its fiscal consolidation strategy to accelerate domestic revenue mobilization and improve expenditure prioritization. Uganda pursued an expansionary fiscal policy stance to support key investment projects in the infrastructure and agriculture sectors. In Tanzania, fiscal policy was aimed at strengthening tax administration and improving expenditure and debt management.

External Sector: Performance in the external sector was mixed and marked by increased trade and current account deficits. In Burundi, a substantial decline in coffee production and exports, coupled with an increase in food and fuel import prices widened the trade deficit in 2013 compared with 2012. In Comoros, the trade deficit surpassed 30% of GDP in 2013 due mainly to huge import bills related to public infrastructure development, although remittances from the diaspora – which were 7 times the export earnings in 2013 – helped to improve the current account position. In Djibouti, the current account deficit reached 13% in 2013 from 12.3% in 2012 due to increased imports of investment goods and petroleum products. In Rwanda, the trade deficit increased by 14% to USD 490 million between Q3 and Q4 2013 due to strong import demand for capital and intermediate goods at a time when export receipts declined; while in Tanzania the current account deficit widened in Q4 of 2013 due to increased oil imports for power generation and declining export receipts compared with 2012. Similarly, in Uganda, the current account deficit increased in 2013 compared with 2012 due to a decline in export earnings following the reduction in international coffee prices. The external account for some of the countries in the region showed improvements. The trade deficit in Eritrea reduced from 6.9% of GDP in 2012 to 6.0% in 2013 as a result of improved gold production and exports; while in Kenya the current account deficit narrowed by 12.4% in 2013 due to strong remittances and other inflows compared with 2012. In Sudan, export earnings increased by 15% in Q3 compared with Q4 of 2013 due to improved exports of gold and agricultural products, leading to a reduction in the trade deficit.
Regional Developments

**Kenya launched a flagship standard gauge railway project:** President U. Kenyatta, on November 28, 2013, launched the construction of a USD 13.8 billion flagship standard gauge railway (SGR) project which he said is a "historic milestone" which is expected to transform Kenya and the entire eastern Africa region through a reduction in transportation costs and increased trade volumes once completed in 2017. The project to be funded by China will replace the dilapidated colonial-era railway with a new SGR. The railway link will run from the port city of Mombasa to Nairobi and is planned to be extended to Rwanda, Rwanda and South Sudan.

**East African Community member states sign monetary union protocol:** The Presidents of Burundi, Kenya, Rwanda, Tanzania and Uganda met in Uganda on 30 November 2013, during the 15th Ordinary Summit of the East African Community Heads of State, and signed the ‘Protocol on the Establishment of the East African Monetary Union’ (EMU). The ratification of this protocol is planned to be completed by July 2014. The signature of this protocol signals the beginning of a ten year process that is expected to culminate in an EAC single currency and EMU. The EAC member states are now expected to harmonize and coordinate their fiscal, monetary and exchange rate policies. A key criterion for joining the EMU is adherence to the macroeconomic convergence criteria for at least three years.

**Ethiopia and Sudan inaugurate electricity line linking the two countries:** The 321km interconnection line with a capacity of transporting 300MW will enable Sudan to purchase power from Ethiopia. This project follows the liberalization of Ethiopia’s energy sector which will allow private investors to generate, transmit, distribute, sell, import or export electricity and potentially attract more investment in the Ethiopian energy sector. Ethiopia and Sudan also pledged to remove all obstacles hindering the movement of people and trade between the two countries. They also emphasized the importance of Ethiopia’s Renaissance Dam as a regional energy solution and mooted the idea of establishing a free trade zone between Sudan and Ethiopia to catalyze economic activity in both countries and deepen regional integration.

**Conflicts in South Sudan and CAR may have significant spillover effects on the growth prospects and stability of the Eastern Africa Region:** Despite the enormous growth potential in the region, these two recent conflicts, particularly if unresolved, will have significant negative regional implications. The spillover effects will affect cross border trade and create diverse challenges including humanitarian crises due to the large movements of refugees with the attendant social and financial costs. Efforts by the International Conference on the Great Lakes Region and the African Union are underway and a lasting solution to the region’s peace and stability is urgently required.

**Selected Results Achieved by Bank Operations in the Region**

The results achieved in Q4 of 2013 continue to demonstrate that the Bank’s operations are contributing significantly to improvements in the livelihoods in eastern Africa. For instance in **Burundi**, the Lake Tanganyika Integrated Regional Development Program (PRODAP) strengthened the capacity of more than 400 fishermen to improve the protection of fishery resources. In **Comoros**, the water and sanitation project funded the construction of 30 latrines out of the targeted 40 and 20 water tanks out of the targeted 40. In **Eritrea**, the support through the Higher Education Project funded capacity building for teaching, research and services at the country’s institutions of higher education, and has resulted in a reduction in the hiring of foreign trainers and lecturers. In **Kenya**, the Bank’s Community Empowerment Project contributed to the Devolution process by training 102 County officers to increase their efficiency in public policy planning for County Governments. In **Rwanda**, rehabilitation of 20km of feeder roads, under the Butare-Kitabi-Ntendezi road project, increased the rural accessibility index in the project area from 50% in 2011 to 57% in 2013. In **Sudan**, the rehabilitation and resuscitation of the schools in Khartoum State, is reported to have motivated the teachers through the provision of functional water and electricity supply, enabling them to spend more hours on school tasks, thus increasing their productivity and student performance. In **Uganda**, 2,040 job opportunities were created through the Rural Income and Employment Enhancement Project, with 48% being occupied by women, while under the Community Infrastructure Improvement Project-2, 313 km of community access roads and 42 km of district feeder roads were completed.

The country profiles presented in the following chapter present in more detail the macroeconomic developments and results achieved by the Bank during Q4 2013.
II | COUNTRY UPDATES
### MACROECONOMIC DEVELOPMENTS

#### Economic Performance

- Real GDP growth in Q4 remained stable at 4.5%. Annual GDP growth is estimated at 4.5% in 2013, up from 4.2% in 2012. Growth in 2013 was driven by investments in the telecommunications, hotel, and tourism sectors and in the manufacturing sector.

- The Economic outlook is positive, with real GDP growth projected at 5% in 2014. The major downside risks are related to uncertainties donor aid and the post-election political tensions in the country in the run-up to the 2015 presidential elections.

#### Fiscal Policy and Public Debt

- Fiscal policy remained consistent with the Government’s fiscal consolidation objectives, in spite of shortfalls in domestic revenues and the delays in the disbursement of budget support.

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**Table 1: Selected Macroeconomic Indicators Q3 - Q4 2013**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2013</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>4.5(p)</td>
<td>4.5(p)</td>
</tr>
<tr>
<td>Inflation</td>
<td>8.2</td>
<td>8.2</td>
</tr>
<tr>
<td>Fiscal Balance</td>
<td>-8.1</td>
<td>-12.1</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>106.1</td>
<td>112.7</td>
</tr>
<tr>
<td>Capital</td>
<td>21.8</td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>98.0</td>
<td>114.0</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>98.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Grants</td>
<td>0.0</td>
<td>26.0</td>
</tr>
<tr>
<td>External current account</td>
<td>-177.5</td>
<td>-</td>
</tr>
<tr>
<td>Imports</td>
<td>101.3</td>
<td>-</td>
</tr>
<tr>
<td>Exports</td>
<td>21.8</td>
<td>-</td>
</tr>
<tr>
<td>Exchange rate (USD/FrBu)</td>
<td>1538.20</td>
<td>1330.00</td>
</tr>
<tr>
<td>International Reserves</td>
<td>2.9 (p)</td>
<td>3.0 (p)</td>
</tr>
<tr>
<td>Total Public debt(stocks)</td>
<td>736.5(p)</td>
<td>733.5(p)</td>
</tr>
<tr>
<td>External</td>
<td>375.0(p)</td>
<td>373.5(p)</td>
</tr>
<tr>
<td>Domestic</td>
<td>375.0(p)</td>
<td>373.5(p)</td>
</tr>
</tbody>
</table>

All figures in million US Dollars unless indicated otherwise. Sources: National Authorities and author computations.

**Fig 1MACROECONOMIC Indicators 2010 - 15**

- Budget balance to GDP
- Current account to GDP
- Real GDP growth
- CPI inflation

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Revenue collection decreased by 8.9% to USD 88.9m in Q4 2013 compared to Q3. On an annual basis, total revenues decreased from 14.6% of GDP in 2012 to 13.4% in 2013. The lower total revenues resulted from, among others, the adoption of a new income tax legislation which exempted incomes below the USD 100/month, transport and housing benefits. Measures to counter this reduction in revenue collections were introduced including the re-introduction of VAT on food and petroleum products and the elimination of exemptions on public sector procurement contracts.

The total debt stock remained unchanged between Q3 and Q4 2013. External debt is estimated at USD 380m, equivalent to 15% of GDP. However, the risk of debt distress remains high due to the low export base and high import demand which jointly contribute to the country’s high vulnerability to external shocks. The disbursement of budget support from the World Bank in December 2013 of around USD 25m contributed to the easing of fiscal pressures and financing of the current account.

In December 2013, the Parliament approved the FY2014 budget, which amounts to FBu 1.411bn (USD 910.3m). This represents a 10% increase in the resource envelope compared to 2013. An estimated 48% of the FY2014 budget will be financed by development partners.

Monetary Policy and Financial Sector

The central bank reduced its policy rate from 12.6% in Q3 to 11.8% in Q4 to support credit expansion. Consequently, credit to the private sector increased by 8.2% to FBu 630.9bn (USD 410m) between Q3 and Q4. Overall, credit to the economy increased by 6.5% in 2013 with the service sector accounting for the largest share.

Headline inflation eased to 9.0% year-over-year in December 2013 down from 9.7% in October due to lower food prices. Inflation is expected to decrease to around 9.0% in 2013 down from 7.9% in 2012 and projections are for further reduction in 2014 due to the projected reductions in food and fuel prices.

The Burundian franc has remained relatively stable against the U.S. dollar, trading at FBu 1559.4, due to measures taken by the central bank to stabilize the exchange rate, including limits on foreign exchange purchases by commercial banks.

External Sector

Imports increased by 16.3% to USD 813.7m in 2013 compared to 2012, driven by fuel and food imports which accounted for 21% and 10% of total imports respectively. Export earnings decreased from USD 125m in 2012 to USD 91m in 2013 due to a 50% reduction in coffee production, the major export. Coffee accounted for 31% of export earnings in 2013 compared to 70% in 2012. The reduction in private and official transfers from 11.7% of GDP in 2012 to 7.1% in 2013 and the rising trade deficit contributed to an increase in the current account deficit from 12.5% of GDP to 14.1% during the same period.

International reserves at end-December 2013 were estimated at 3.8 months of imports and higher than 2.9 months of imports at end-September, reflecting in part a cutback in central bank interventions on the foreign exchange market. Foreign direct investment increased by 10% between 2012 and 2013, but represented less than 5% of GDP in 2013.

OTHER NOTABLE DEVELOPMENTS AND UPDATES

Political Developments

The Government of Burundi announced its commitment to initiate dialogue with political partners over the revision of the country’s Constitution. The first meeting with the main political parties took place in December 2013, but
consensus was not reached on the proposed amendments, particularly the presidential term limits and the ethnic balance in state institutions as suggested by the 2000 Arusha peace accords.

**Donor Relations**

- The second Burundi development partners meeting was held in Bujumbura in October 2013. This meeting covered a wide range of themes, including governance and consolidation of the rule of law, human development, land issues and social protection, and regional integration. The conference resolved to: (i) improve public financial management to lay the foundations for shared growth; (ii) strengthen the macroeconomic framework and create an enabling environment for private sector development; (iii) continue to respect and promote fundamental liberties and guarantees of individual rights; (iv) promote a political climate of openness, inclusiveness, tolerance and dialogue in the perspective of the 2015 elections; and (v) Improve mechanisms for aid coordination.

- The IMF conducted the fourth review under the Extended Credit Facility (ECF) supported program in December 2013. The ECF was approved in January 2012 to support economic and financial reforms. The review noted that the implementation of the ECF was on track in spite of the challenges encountered by the authorities particularly in the area of domestic revenue mobilization. The mission reached an understanding ad referendum with the authorities to address these challenges to allow the IMF’s Executive Board to approve the fourth review of the ECF during Q1 2014.

**RESULTS ACHIEVED**

**Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013**

- Under the Bugesera Agricultural Development Support Project (PAIRB), the completion of the development of 299.5 ha of watershed and 100 ha of marshland led to the creation of jobs and the protection of farmland. A total of 518 cows and 2,100 goats were provided to households increasing food security and enhancing household incomes. The Lake Tanganyika Integrated Regional Development Program (PRODAP) support the strengthening of capacities for more than 400 members of the fishermen committees to improve the protection of fisheries resources in the lake and distributed 720 utilities for drying and smoking fish.

- A detailed presentation of the results achieved by the Bank’s projects in Burundi during the 4th quarter of 2013 is provided in Annex 1, Table A.1

**Flagship Project: Nyamitang-Ruhwa-Ntendezi-Mwityazo Road Project**

- The 50.6km Nyamitang-Ruhwa-Ntendezi-Mwityazo Road Project was approved by the Boards in December 2008. The completion in May 2013 of the rehabilitation of this road and the upgrading of 30km of feeder roads increased the rural access index from 69% to 72%, reduced the travel time from Ruhwa to Nyamitanga by 5 minutes per 10km, increased traffic volumes by 8.7% and reduced the average monthly vehicle maintenance costs from USD 39 to USD 28. Household incomes in the project area have increased from USD 39 to USD 58 per month. Access to basic services such as health centers, schools and markets has also improved.

- The rehabilitation of rural roads under this project has allowed residents in the districts of Cibitoke province to have access to competitive transportation means, which reduces delivery times for food products. The improved transport infrastructure and services has catalyzed the development of new economic activities including a cement plant, tomato-paste manufacturing factory and agri-business cooperatives especially those led by women. Completion of a One Stop Border Post Ruhwa border with Rwanda has reduced the time required to complete the border crossing procedures from 40 minutes to 10 minutes.
MACROECONOMIC DEVELOPMENTS

Economic Performance

- Political stability has created favourable conditions for growth. Annual real GDP growth increased from 3.0% in 2012 to 3.6% in 2013 and is projected to increase further to 4.1% in 2014. GDP growth has been mainly driven by domestic demand, particularly private and public consumption and public investment (road infrastructure) supported by the Economic Citizen Program. Remittances, estimated at USD 147 million in 2013, and agriculture and services have also continued to drive growth in 2013.

- The economic outlook is favourable, but is contingent on sustained funding for key sectors such as energy and transport. Political instability in the run-up to the 2016 general elections presents the major risk to the outlook.

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1 Economic citizenship program (ECP): Comoros and Qatar, in June 2009, signed a bilateral agreement that allows Comoros’ Government sell passports to stateless Qatari families in exchange for strong financial compensation. It was announced 200 $, including 25 million in budget support and $ 175 million for infrastructure development.
Fiscal Policy and Public Debt

- Under the Extended Credit Facility of the IMF (ECF 2009-13), the Government has undertaken several measures to control public expenditure and improve revenue performance, with the AfDB's support, which focused on capacity building for the treasury department, computerization of the Directorate General of Taxation and the installation of new software for the customs service.

- External financing, excluding grants, reached a record level of USD 204.8 million in 2013, up from USD 48.4 million in 2012 due to inflows of USD 200m from the UAE as part of a cooperation agreement. This more than offset the 17% reduction in domestic revenue collection during the same period and contributed to a positive overall fiscal balance of 5.5% in 2013.

- Comoros reached the completion point of the HIPC Initiative in December 2012, and received a debt relief amounting to USD 176m, which represents a reduction of 59% of external debt service over a period of 40 years. The World Bank and AfDB are the main contributors to the debt relief with USD 83m with bilateral and commercial creditors contributing the remaining share. Consequently, annual debt service has declined by 69% from USD 14m to USD 4m following the debt relief. However, the total public debt ratio at 51.7% of GDP remains a major source of external vulnerability.

Monetary Policy and Financial Sector

- Headline inflation decreased from 6.4% in 2012 to 2.5% in 2013, mainly due to higher food production and relative stability of the local currency relative to the US Dollar. Prudent monetary policy also contributed to the reduction in the inflation rate.

External Sector

- The trade deficit continued to increase, exceeding 30% of GDP in 2013, mainly due the strong growth of imports related to investments in public infrastructure. The ratio of exports to imports declined from 40% in 2003 to less 10% in 2013 due to a narrow export base and high import demand. Principal export products include cloves, vanilla, and ylang ylang.

- The external capital position is supported mainly by diaspora remittances, which were double the official development aid and more than 7 times the exports revenues in 2013. The level of international reserves stood at USD 191.1m in 2013, equivalent to 7.1 months of imports.

OTHER NOTABLE DEVELOPMENTS AND UPDATES

Donor Coordination and Aid Effectiveness

- The sixth and final review of the IMF Extended Credit Facility (ECF) was approved in December 2013 and discussions are underway for a successor program. Marked progress was recorded during the concluded ECF including improvements in fiscal policy management and an increase in the share of the investment budget in total expenditure.
RESULTS ACHIEVED
Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

- The Institutional Capacity Building Project (PRCI) supported the installation of debt management software and training of Ministry of Finance staff on the application of the software. The project also supported the development of the procurement code, elaboration of national accounts and price index, and construction of the General Planning Commission headquarters. The water and sanitation project funded the construction of 30 latrines out of the targeted 40 and 20 water tanks out of the targeted 40.

- A detailed presentation of the results achieved by the Bank’s projects in Comoros during the fourth quarter of 2013 is provided in Annex 1, Table A.2
Economic Performance

- Annual real GDP growth continued to accelerate in 2013 reaching 5.4% compared to 4.5% in 2012, driven by foreign direct investment (FDI) and ports activities (goods transit and transshipment). GDP growth is expected to maintain this upward trend in 2014 and 2015 increasing by 6% and 6.5% respectively due to the implementation of a large investment program, especially in the transport and port sectors.

- FDI increased to an all-time high in 2013 at USD 277m, representing 18.6% of GDP, due to the USD 185m investments by China Merchants Holdings International in the capital of Port de Djibouti SA (PDSA).

Fiscal Policy and Public Debt

- Fiscal policy was expansionary in 2013, contributing to a budget deficit of 3.1%. Nevertheless, the deficit masked important improvements in tax collection. Excluding the revenues and privatization-financed expenditures related to...
the privatization of the Port of Djibouti, yields a budget surplus of 1.2% of GDP. Two major public sector loans were acquired for the construction of a railway line and water pipeline between Addis-Ababa and Djibouti. Estimates indicate that this borrowing will increase the country’s external debt by up to 150%.

**Monetary Policy and Financial Sector**

- Inflation reduced to 2.4% in 2013 from 3.7% in 2012. Inflation trends are very sensitive to changes in international prices for the two main imports, food and oil. The Government continued to contain imported inflation by subsidizing the main food staples and oil products and operating farms in Ethiopia and Sudan to produce sunflowers, sorghum and wheat, which are then sold at controlled prices in Djibouti.

- The exchange rate is pegged to the US dollar under the currency-board regime at DJF 177.721 since 1973 and this regime is expected to be maintained over the medium term.

- The non-performing loans ratio increased from 11.4% in 2012 to 13% in 2013 in part due to the liquidation proceedings for one banking institution. The banking sector remains highly concentrated with the two major banks accounting for 85% of the total assets.

**External Sector**

- The current account deficit increased to 13.1% in 2013 up from 12.3% in 2012 due to an increase in imports of investments goods, crude oil and petroleum products. The deficit is expected to further increase in 2014 due to the projected increase in investment goods imports in line with increases in FDI. Export earnings from services, mainly services to foreign military bases located in Djibouti and maritime transport, contributed to averting a sharp deterioration in the current account deficit. The narrow export base remains the major source of trade deficits.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Infrastructure Investment Program**

- A USD 6bn public infrastructure development program was rolled out in 2013. The program aims to strengthen the Country’s regional comparative advantage in maritime trade and also to address energy and water supply constraints. Funding, amounting to 30% of USD 6bn program cost, was raised in 2013 and was used to finance the construction of two specialized ports – respectively dedicated to salt and potash exports, a railway line, a water pipeline, and a water desalination plant. Other projects implemented in 2013 include geothermal drillings and housing units.

- However the success of the program will require robust public finance and debt management. Moreover, revenue mobilization will need improving to cater for the increased recurrent expenditures related to the new infrastructure projects.

**RESULTS ACHIEVED**

**Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013**

- Key outputs from the Bank’s support in 2013 include (i) construction of 14 underground tanks of 200m³ and construction of a micro dam; (ii) completion of a container terminal with 1.5km quay line length and 1.55 million Twenty-foot Equivalent Units; (iii) completion of 2 silos with capacities of 30,000 and 40,000 tons respectively; and (iv) distribution of emergency humanitarian support – food and water to 17,000 and 4,000 families respectively.

- A detailed presentation of the results achieved by the Bank’s projects in Djibouti during 2013 is provided in Annex 1, Table A.3
ERITREA

MACROECONOMIC DEVELOPMENTS

Economic Performance

- Real GDP growth weakened in 2013 due to a drop in production at Bisha mine, a fall in remittances, a decline in the price of gold during the second half of 2013 and poor agricultural harvest due to erratic rainfall patterns. Real GDP growth is projected to increase to 1.9% and 2.2% in 2014 and 2015 respectively on account of increased investments in the mining sector and measures such as the provision of rural irrigation facilities being implemented to increase agriculture productivity.

Fiscal Policy and Public Debt

- Government pursued a fiscal consolidation policy with the aim of increasing domestic revenue receipts and financing a selected set of infrastructure projects to support the mining and fisheries sectors.
Total expenditure and net lending is projected to remain at 27.4% and 27.2% of GDP in 2013 and 2014 respectively, with the largest share being allocated to wages and salaries (9%), followed by goods and services (5.8%). Fiscal deficits are projected to remain high mainly due to the narrow revenue base.

**Monetary Policy and Financial Sector**
- Monetary policy during the quarter under review was largely tailored to financing the budget deficit as money supply was administratively determined on the bases of fiscal needs and demand for foreign exchange. This policy stance contributed to a reduction in credit to the private sector.
- Headline inflation increased from 4.9% year-over-year in September 2013 to 6.3% in December. However, annual headline inflation was estimated at 12.3% in 2013 and is projected to remain high due to scarcity induced food price increases and the continued monetization of the government budget deficit.
- The exchange rate has been fixed at 15.4 Nakfa per USD since 2005. However, due to increased parallel market activity, the parallel exchange rate was 52 Nakfa per USD. The Government’s demand for foreign exchange is a key contributor to the sharply depreciated parallel market exchange rate. A liberalized exchange rate regime to address these bottlenecks was adopted in February 2013.
- The cost of borrowing remained high with the real interest rate at 30% in 2013. The high cost of finance has reduced economic competitiveness and held back private sector growth and development.

**External Sector**
- The current account improved during Q4 2013 following the growth in gold and copper production. Imports reduced slightly from 20.8% of GDP in 2012 to 20.4% of GDP in 2013. Imports for capital goods accounted for the largest share of imports due to increased investments in the mining sector.
- The trade deficit reduced marginally from 6.9% in 2012 to 6.0 in 2013 and is projected to reduce further in 2014 on account of favorable prices and increasing production in the mining sector. The current account balance was estimated at 1.3% of GDP in 2012 and is projected at 0.3% of GDP at end-2014.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Political developments**
- The Eritrea-Sudan relations were boosted by the meeting of the two countries’ presidents to discuss development challenges of the two countries. The two leaders renewed their commitment to improving the historic bilateral relations and implementation of previously concluded agreements.
- Discussions also centered on the 340-km electricity transmission project line connecting Eritrea and Sudan. The Bank is working with the two countries for possible financial support for the project’s feasibility studies. The 220-kV interconnector, once completed, will link Kassala in Sudan to the Eritrean towns of Teseney, Barentu, Agordat and Keren with a possible extension to Asmara.

**RESULTS ACHIEVED**

**Selected outputs and outcomes from the Bank’s portfolio during October-December 2013**
- Bank support through the TVET project funded the rehabilitation and provision of equipment to the technical training institutes, to contribute to increasing student enrolment at technical and vocational training institutions.
The support through the Higher Education Project funded capacity building for teaching, research and services at the country’s institutions of higher education, which has resulted in a reduction in the hiring of foreign trainers and lecturers.

**Flagship Project: Support to the Technical and Vocational Education and Training Project (TVET)**

- Approved by the Boards of Directors on 30th November 2011, the objective of the UA 12.020m ADF grant is to improve equitable access, quality and relevance of Technical Vocational Education and Training in the country.

- The main goal of the project is to increase the supply of high quality middle level technicians needed by the Eritrean economy.

- The programmed target outputs include increasing the number of graduates from existing TVET institutions from 750 in 2011 to 1300 in 2014 and institutionalizing tracer studies to be undertaken by the Department of TVET. These studies will help in measuring the external efficiency of training systems. The key target outputs for 2014 include procurement of equipment for the three existing technical schools, rehabilitation of the existing TVET Schools (Asmara Technical School, Mai Habar Technical School, and Winna Technical School), and training of tutors and school directors. The photo shows Eritrea Institute of Technology under construction.

- A detailed presentation of the results achieved by the Bank’s projects in Eritrea during the fourth quarter is provided in Annex 1 Table A.4.
ETHIOPIA

MACROECONOMIC DEVELOPMENTS

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All figures in million US Dollars unless indicated otherwise
Source: National Authorities and author computations

Note: Q4 2011/12 = April - June 2012; Q3 2012/13 = Jan - March 2013; Q4 2012/13 = April - June 2013

Economic Performance

- Ethiopia’s strong economic performance continued for the tenth consecutive year, with the annual real GDP growth rate estimated at 9.7% in 2012/13. Growth in 2012/13 was driven by the service sector, which accounted for 46.1% of the GDP growth, followed by agriculture and industry, which accounted for 32.1% and 21.8% GDP growth respectively.

- The service sector is estimated to have grown by 9.9% during 2012/13, mainly driven by expansion in wholesale and retail trade (34.4%), transport and communications (17.1%), hotels and tourism (15.4%), and other community services. The continued construction boom, expansion in mining and manufacturing helped the industrial sector to grow by 18.5% during 2012/13.

3 Ethiopia’s fiscal year runs from July 8 to July 7.
This growth momentum is expected to continue in 2013/14 and 2014/15, with double digit growth projected on account of strong growth in the manufacturing and agriculture sectors.

**Fiscal Policy and Public Debt**

- In 2012/13, the government continued to pursue prudent fiscal policy as it improved coordination with monetary policy to combat inflation while maintaining increases in physical and social infrastructure expenditure. Fiscal policy focused on strengthening domestic resource mobilization and reducing central bank borrowing. Tax revenues increased from 11.6% of GDP in 2011/12 to 12.5% 2012/13. Consequently, the fiscal deficit has remained low as it marginally increased from 1.2 % of GDP to 2% during this period.

- The risk of debt stress remains low. However, vulnerabilities remain high due to the increase in the external debt stock from USD 2.8bn in 2007/08 to USD 11.1bn in 2012/13, and projections of continued increases in light of the ambitions national investment plan.

**Monetary Policy and Financial Sector**

- Measures to limit money supply growth were implemented through control of base money supply. The Treasury Bills market was also re-activated to mop up excess liquidity in the banking system and the central bank sold foreign asset holdings to sterilize monetary growth. The tightening of monetary policy contributed to a reduction in headline inflation to 7.9% in January 2014 down from 39.2% in November 2011.

- The financial sector remains shallow as it continues to provide a limited range of services, foreign participation is restricted and capital markets are non-existent. Banking institutions coverage stands at 50,200 people per commercial bank branch and remains concentrated in urban areas. The state-owned Commercial Bank of Ethiopia (CBE) dominates the banking sector, accounting for over 60 per cent of total deposits and loans. This concentration limits competition which presents high systemic financial risks.

**External Sector**

- Merchandise exports posted a 2.5% decline in 2012/13. As a share of GDP, it decreased from 7.5% of GDP in 2011/12 to 6.6% in 2012/13. The reduction in exports has been driven mainly by the decline in world prices for major exports and weak external demand. Coffee is the leading export item as it accounted for 24.2% of the total export receipts followed by gold (18.8%), and oil seeds (14.3%). The leading six export items accounted for close to 80% of export earnings.

- Imports increased by 3.7% between 2011/12 and 2012/13, with capital goods and fuel driving this increase. The trade deficit increased from USD 7.9bn to USD 8.4bn during the same period. However, the overall Balance of Payments position improved from a deficit of USD 972m to a deficit of USD 114m during the same period. The non-factor services trade surplus was driven mainly by increases in private transfers and capital account surplus.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Institutional Reforms**

- In December 2013 the Government, dissolved the Ethiopian Electric Power Corporation (EEPCo) and unbundled it into two institutions, a construction division that will focus on power generation and a utility division that will manage the transmission and distribution of power. These changes are expected to improve efficiency in the energy sector.

- In addition, a new Energy Proclamation was ratified allowing private investors to participate the energy value chain. This is expected to open up competition with the state power utility and attract more investment into the energy sector.
The National Planning Commission (NPC) was set up in 2013 to coordinate economic planning in the country. The NPC’s first major task is to draft the second five-year Growth and Transformation Plan. The Bank is holding discussions with the NPC for possible support in macroeconomic modeling and monitoring and evaluation.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects during the 4th quarter of 2013

- Completion of the Agriculture Sector Support Project increased food security and household incomes. This was particularly the case in the arid and semi-arid drought prone and vulnerable Woredas & Kebeles, which are in the four main regions of Oromia, Amhara, SNNPR and Tigray. The completion of Rural Water Supply and Sanitation Project benefited the community through sensitization, awareness raising, training in water supply and sanitation management, operation and maintenance. This was undertaken in 125 Woreda (districts) and 90,000 households benefited from the training.

Flagship Project:

- The Agriculture Support Project (UA 39 million) was approved by the Boards of Executive Directors on 5 November 2003. The project’s main objectives include (i) improving rural livelihoods and food security; (ii) supporting small scale irrigation development; (iii) development of rain water harvesting techniques and; (iv) crop development and marketing. The project was implemented in the arid and semi-arid drought prone and vulnerable regions of the country.

  - Key outputs include: completion of 69 farming schemes which increased total farming land developed to 10,259 ha; 663 community drinking water ponds built; 2,248 backyard irrigation ponds developed and 296 livestock ponds constructed. About 87 million tree seedlings were planted resulting in 15,152 ha of forest plantation. A total of 142,574 tons of various crops have been produced from the operating schemes, benefiting about 31,667 households. About 150 agro-processing income generating activities were promoted.

  - The major outcomes include: increase in marketable surplus, with 60% of surveyed beneficiaries indicating possession of a diversified crop program associated with increased household incomes; community and farm driven demand for on-farm soil moisture conservation practices and watershed treatment that has improved agricultural productivity and inclusion of women in income generating activities.
Economic Performance

- GDP grew by 4.3% and 4.4% during Q2 and Q3 2013, mainly supported by financial intermediation, transport and communication, trade, and industry. GDP growth is estimated at 4.9% in 2013 compared to 4.6% in 2012, and was mainly driven by increased foreign and domestic investments, tourism and exports. Real GDP growth is project to increase to 5.7% and 5.9% in 2014 and 2015 respectively.

Fiscal Policy and Public Debt

- Total revenue in 2012/13 was estimated at Ksh 932.4bn (USD 10.84bn or 25.3% of GDP) while total government expenditure was Ksh 1,240.7bn (USD 14.43bn or 33.46% of GDP) yielding an overall fiscal deficit excluding grants of Ksh 308.3bn (USD 3.58bn or 8% of GDP). The fiscal deficit was higher than the programmed Ksh 250.3bn (USD 2.9bn or 6.5% of GDP). Including grants, the estimated fiscal deficit was 6.7% of GDP in 2012/13. The higher than programmed fiscal deficit resulted from shortfalls in excise and income taxes and underreporting by line ministries for appropriations-
in-aid. The public sector wage bill continued to be the largest expenditure category, accounting for 50% of total revenues and 12% of GDP.

- Public and publicly guaranteed debt increased from Ksh 2,062.8bn (USD 24.3bn) at end October 2013 to Ksh 2,111.6bn (USD 24.5bn or 50.7% of GDP) at end December 2013. In nominal terms, gross domestic debt increased from Ksh 1,174.7bn (USD 13.80bn) to Ksh 1,189.2bn (USD 13.78bn) while the external debt increased from Ksh 887.99bn (USD 10.43bn) to Ksh 922.37 (USD 10.69bn) during this period. The increased issuance of Treasury bills and bonds and the use of the central bank's overdraft facility was the main driver of the higher domestic debt while disbursements from IDA, France and China contributed to the increase in the external debt. However, as a share of GDP, domestic debt decreased from 30.3% at end October 2013 to 28.6% at end December 2013 with the external debt-to-GDP ratio also decreasing from 22.9% to 22.1% during the same period. About 60.5% of the external debt is owed to multilateral creditors while 26.5% is owed to bilateral creditors. According to the April 2013 Debt Sustainability Assessment, Kenya's debt remains sustainable. The country plans to issue a Eurobond during the first quarter of 2014.

**Monetary Policy and Financial Sector**

- The Central Bank of Kenya (CBK) maintained the central bank rate (CBR) at 8.5% in Q4 2013 to control rising inflationary pressures. Headline inflation increased from 6.99% in Q3 2013 to 7.15% in Q4 as prices continued to increase as a result of the implementation of the new VAT Act 2013.

- The Kenya Shilling exchange rate remained stable during the quarter under review on account of increased short term capital inflows; remittances; disbursements under the IMF Extended Credit Facility (ECF) program; and CBK's interventions in the foreign exchange market.

- Bank credit to the private sector increased by 20.0% in November 2013 compared to 9.1% in the same period in 2012. The banking sector continued to register improved growth in assets in December 2013 driven by growth in deposits, injection of capital and retention of profits. Earnings and capital ratios also increased while the level of non-performing loans reduced compared with a similar period in 2012.

**External Sector**

- The overall Balance of Payments position recorded a surplus of USD 606m in October 2013, lower than the surplus of USD 1,269m in October 2012 due to the buildup in the surplus on the capital and financial account which more than offset the current account deficit. The current account deficit narrowed from 10.6% of GDP in October 2012 to 9.3% of GDP in October 2013. The current account deficit is projected to increase in 2014 due to rising imports on account of the implementation of large infrastructure projects including the Standard Gauge Railway.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Institutional Reforms**

- The central government continued with the transfer of staff to county governments in line with its Devolution Policy. The exercise, which was completed in December 2013, saw the transfer of health, agriculture, water and sanitation and early childhood education functions to the county governments. The rollout of IFMIS and payroll processing software was also completed in all the counties

**Donor Relations**

- In November 2013, the Government and development partners held the Development Partnership Forum, the highest level dialogue which is also chaired by the Deputy President. The Forum received reports on the implementation of the constitution, progress with the rolling out of devolution, implementation of the Medium Term Plan II (2013 – 2017), and reviewed the security situation in the country.
The Executive Board of the IMF approved a 3-year Extended Credit Facility (ECF) program for Kenya on January 31, 2011 in an amount equivalent to SDR 325.68m (USD 508.7m) which was increased to SDR 488.52m (USD 760.63m) on December 9, 2011. The program was aimed at protecting Kenya’s external position while allowing for a gradual fiscal adjustment, including through rationalization of public spending and increase public revenue mobilization. The 6th and final review under the ECF was completed on 11th December 2013 and all structural benchmarks and targets were met. The authorities have indicated interest in a successor program with the IMF, but the program is yet to be agreed.

Infrastructure development

President Uhuru Kenyatta launched the construction of the Chinese-funded USD 13.8bn flagship standard gauge railway (SGR) project aimed at increasing trade and boosting the country’s position as a regional economic powerhouse. Construction of the railway, by the state-owned China Road and Bridge Corporation (CRBC), is expected to be completed by 2017.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects during the 4th quarter of 2013

The Community Empowerment Project contributed to the implementation of the devolution process by supporting the training of 102 County officers to increase their competencies in public policy planning for county Governments. The Menengai Geothermal Development Project supported the drilling of 18 wells. Steam from 8 wells was also tested and discharged with a capacity of 70 MW. Six kilometers of 6km main trunk sewers were completed under the Nairobi River Basin Rehabilitation Project, with an additional 1,000 people benefitting from improved sewerage treatment facility in Nairobi.

A detailed summary of the results achieved during this period is presented in Annex 1, Table A.6.

Flagship Project: The Small-Scale Horticulture Development Project (SHDP)

The objective of the UA 19.76m project is to increase household incomes of small-holder horticultural producers through increased production of horticultural products and enhanced marketing. The project has two components: (i) support to irrigation and infrastructure development; and (ii) farmer support program focusing on horticultural production and marketing; and financial services support. The project has so far rehabilitated 7 out of 9 irrigation schemes with 1,463 ha (out of 2,886 planned) under irrigation compared to from the baseline of 719ha. The total irrigated area is under various horticultural crops and food crops for local and export markets.

A key outcome is the improvement in household incomes by up to Ksh 28,000 (USD 325) per month. The increased cash flow has contributed to (i) pursuit of better education opportunities in private schools and colleges; and (ii) participation in financial services such as M-PESA and Bank agents.

Another outcome is the inclusion of gender and different age groups in the value chain, with men and women being involve in production and the youth in the marketing and transportation activities. Strengthening of Water Users’ Associations has also increased community participation in irrigation management thus ensuring the sustainability of the rehabilitated irrigation schemes.
Economic Performance

- Real GDP growth averaged 5.3% during the first three quarters of 2013 and lower than 7.7% during the same period in 2012; mainly due to the effects of the 2012 aid suspension amounting to 3% of GDP. Industry was the major contributor to GDP growth during the first three quarters of 2013. The aid suspension contributed to a reduction in private sector credit growth, slowing down growth in the service sector. Growth in agriculture was moderate with performance being affected by adverse weather conditions. The Government of Rwanda has implemented several offsetting measures including an accommodative monetary policy to support private sector credit growth and economic growth.

- The economic outlook remains favorable with real GDP growth projected to increase from an estimated 6.6% in 2013 to 7.5% in 2014 and 2015. GDP growth is projected to driven by increased capital spending, continued growth in industry and recovery in services. Reduced government borrowing from the domestic financial sector and stability in donor aid flows is also expected to increase growth in private sector credit and spur domestic demand.
Fiscal Policy and Public Debt

- The Government continues to focus on the implementation of its Fiscal Consolidation Strategy (FCS) which was adopted in June 2010 to increase revenue mobilization, rationalize public spending to priority sectors and minimize borrowing from the domestic financial sector to allow growth in private sector credit.

- In line with the FCS, several revenue enhancing measures were implemented during Q4 2013 including the roll out of electronic billing machines for VAT payers. These measures contributed to an increase in tax/GDP ratio from 3.5% in Q3 to 3.7% in Q4. The tax/GDP ratio is projected to increase to 3.6% in 2014. The GDP share of total expenditure and net lending increased from 6.1% in Q3 to 7.9% in Q4 due to the pick-up in capital spending following the resumption in aid disbursements in March 2013.

- The fiscal balance including grants declined from a surplus of 1.1% of GDP in Q3 to a deficit of 1% of GDP in Q4 and contributed to an annual fiscal deficit of 5% of GDP in 2013 compared to 1.2% in FY 2011/12. However, the fiscal deficit is projected to reduce to 4.5% of GDP in 2014 due to increased public revenue mobilization.

Monetary Policy and Financial Sector

- The monetary policy stance during the quarter under review was aimed at achieving the central bank's twin objectives of low and stable inflation while supporting adequate expansion in private sector credit. In line with these objectives, the central bank’s policy rate (Key Repo Rate, KRR) was maintained at 7%.

- Average headline inflation decreased from 5.1% in September 2013 year-over-year to 3.7% in December 2013 and below 5% medium term target. Average core inflation which excludes food and fuel prices was relatively stable, increasing marginally from 3.3% to 4% during the same period.

- Prudent monetary policy, stability in fuel prices, and a reduction in imported inflation have been the key drivers of the low and stable inflation. Inflation is projected to increase from 4.2% in 2013 to 6.6% in 2014 in part due to rising food prices, but return to the central bank’s 5% medium term target by 2015.

External Sector

- The trade deficit increased by 14% to USD 490 million between Q3 and Q4 2013 due to strong import demand for capital and intermediate goods and decreasing export receipts. The reduction in exports receipts from USD 152 million to USD 130.6 million during this period was primarily due to the 38% reduction in the price of coltan between Q3 and Q4 2013. Coltan accounted for 29% and 17% of the total export receipts in Q3 and Q4 respectively.

- On an annual basis, the trade deficit decreased from 17.8% of GDP in 2012 to 15.1% in 2013 reflecting the strong export performance during the first half of 2013. The current account deficit including official transfers also reduced from 10% of GDP to 7% between 2012 and 2013 and is projected to remain below 10% of GDP in 2014 benefiting from increased export earnings and steady inflows of official transfers including development assistance.

OTHER NOTABLE DEVELOPMENTS AND UPDATES

Donor Relations

- The 3-year IMF Policy Support Instrument was approved in June 2010. The 7th and final review of the PSI was successfully completed in December 2013 and a new 3-year PSI (2014-16) approved. All structural benchmarks and targets under the completed PSI were met. The new PSI program is anchored on four pillars including private sector development, promotion of exports, domestic resource mobilization, and financial sector development. Maintaining macroeconomic stability and strengthening public financial management remain key priorities.
Private sector activity

A local real estate development firm in partnership with a venture capital firm from Kenya, ‘Fusion Capital LTD’ concluded a deal to construct a 16 storied commercial building in the City of Kigali. The estimated USD 34 million project is expected to house a regional supermarket and retail outlets. The project is scheduled to be completed by 2015 and is expected to provide up to 300 jobs.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

Completion of the rehabilitation of 20km of feeder roads under the Butare-Kitabi-Ntendezi road increased the rural accessibility index in the project area from 50% in 2011 to 57% in 2013 and above the 55% target. The Rural Water and Sanitation project funded the construction of 16 water supply systems spanning 433km in 15 districts, enabling over 840,000 people to benefit from new or improved access to water. This has reduced the average travel time to the nearest water point from 1 hour to less than 10 minutes.

A detailed presentation of the results achieved by the Bank’s projects in Rwanda during the fourth quarter of 2013 is provided in Annex 1, Table A.7.

Flagship project: The Rural Water Supply and Sanitation Program II (PNEAR II)

The UA 20.2m PNEAR-II was approved by the Boards of Executive Directors on 1st July 2009. The project’s main objectives include improving drinking water supply services, household and community sanitation services in 15 of the country’s 30 districts.

The outputs include: construction of 16 water supply systems (433km) completed, 1000 springs protected and construction of 100 water harvesting tanks completed. These facilities are serving over 840,000 people; construction of 16,000 individual household sanitation facilities and 130 community public latrines completed; training for 500 masons and 100 school teachers completed to support the implementation of the project; and training for 250 female hygiene outreach workers and 16 water user agency managers completed.

Key outcomes include: reduction in distance travelled to collect water from 2km to 500m leading to a reduction in time spent to collect water from 1 hour to under 10 minutes; reduction in the incidence of water and sanitation borne diseases contributing to a reduction in the under-5 mortality rate; and the training provided by the project contributed to improved management of the water and sanitation infrastructure allowing more resources to be shifted from maintenance to investments in new water supply and sanitation facilities.
Economic Performance

- GDP growth for Q4 2013 at 1.5% was lower than the 1.9% recorded in Q3 2013, mainly due to the seasonal decrease in the contribution of fishing to the economy following the onset of the monsoon season. In 2013, real GDP grew by 3.5%, up from 2.8% in 2012 and was mainly driven by the tourism sector, which grew by 10% in 2013. The diversification of tourist markets contributed to the growth in the sector, with increased arrivals recorded from non-traditional markets particularly Asia. In 2014, real GDP is expected to grow by 4.3%, as hotel investments in the tourism sector come on stream and fishing contribution increases due to the completion of a new fishing quay on Mahe.

Fiscal Policy and Public Debt

- The primary budget surplus target of 5.4% of GDP for the year 2013 which was set in the annual budget was revised to 5.2% in Q4 2013. This revision resulted from higher than programmed capital expenditure following the increased investments in the energy sector. The overall budget balance at 2.4% of GDP in 2013 was slightly lower than the 2.9% in...
2012 due to lower revenue collections. In 2014, the primary and overall budget balances are projected at 4.4% and 0.9% of GDP, largely due to the continued expenditure rationalization which is expected to offset the planned public service wage increase.

- The government in November 2013 approved a new Debt Management Strategy (2014-2016) to support its objective of reducing public debt to 50% of GDP by 2018 remained on track. Public debt in December 2013 stood at 70% of GDP, with external debt at 38% of GDP. Although the total stock of debt at USD 877m was slightly higher than in Q3 2013 due to unplanned borrowing for two parastatals (energy and air transport sectors), the government is on track to attain its medium term objective.

**Monetary Policy and Financial Sector**

- Expansionary monetary policy was implemented in Q4 2013, with the reserve money target set at SCR 2,288 million, SCR 278 million lower than in the previous quarter, in a bid to improve private sector lending. The accommodative policy stance was also in line with the new financial leasing regulation passed in October 2013 to support SME financing. Expansionary monetary policy is expected to be maintained in 2014 and 2015 to support private sector credit growth and due to projections of lower inflationary pressures during this period.

- Headline inflation decreased from 5% to 4.3% year-over-year between Q3 and Q4 2013 as international food and fuel prices eased. Inflation is projected to reduce further during the first half of 2014 as domestic food prices, particularly for fish, decrease due to the annual cyclical fluctuations.

- The Seychelles Rupee (SCR) depreciated against international currencies in Q4 2013, reflective of a seasonal rise in demand ahead of the festive period. The rupee depreciated by 8% against the US dollar at end-2013 relative to its value in June 2013. Overall, the rupee appreciated by 1% in 2013 compared to 2012, due to the central bank’s efforts in containing inflationary pressures especially in the first half of 2013.

**External Sector**

- The current account deficit decreased from 24.7% of GDP in 2012 to 20.5% of GDP in 2013 due to a reduction in imports and exports. Exports decreased from 44% of GDP in 2012 to 42% in 2013, while imports reduced from 86% of GDP to 73%. The appreciation of the rupee in 2013 contributed to the reduction in exports while the lower global food prices led to the decrease in imports.

- Gross international reserves increased from USD 389m (3.8 months of imports) at end-Q3 2013 to USD 425m (4 months imports) at end-Q4 2013. Gross international reserves increased from 3.9 to 4.1 months of imports in 2012 and 2013 respectively and are projected to increase to 4.5 months of imports in 2014.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

- Seychelles held a national conference, on 31, October 2013, to mark 5 years since the commencement of the economic reform program. The conference opened by the President, H.E Mr. James Michel, reviewed the progress the country has made during the economic reform program and the challenges that remain in the short to medium term. Among the key successes noted were debt reduction, reversal of economic decline, exchange rate liberalization, public sector reform, and financial sector and private sector regulatory environment reforms. Challenges identified were the need for policies and actions for more inclusive growth to enable all Seychellois benefit from the reform efforts.

- To support the country’s inclusive growth objectives, the AfDB approved a UA 20m budget support operation - Inclusive Private Sector Development and Competitiveness Program (IPSDCP) - in December 2013 to address key constraints to private sector development and competitiveness in Seychelles, while focusing on inclusiveness, public sector efficiency and SME development.

On December 19, 2013, the IMF approved 8th and final review under the Extended Fund Facility (EFF). The review noted that the program’s key objective of placing the economy firmly on the path to external and fiscal sustainability had been achieved, based on the successful implementation of the debt restructuring, robust fiscal consolidation, and the resumption of growth. However, vulnerabilities remain, particularly from debt levels which are still high in spite of the debt restructuring and low international reserve levels.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

- During the quarter under review, the Government approved a Debt Management Strategy (DMS) 2014-2016, one of the expected outcomes of the Policy Based Partial Credit Guarantee Program (PBPCG), supported by the Bank. The approval of the DMS is in line with the medium term goal to reduce the debt to GDP ratio to 50% by 2018.

- A detailed results achieved by the Bank’s projects in Seychelles during the fourth quarter of 2013 is provided in Annex I, Table A.8
MACROECONOMIC DEVELOPMENTS

Economic Performance

- GDP was estimated at USD 5.8 billion in 2010 with a per capita GDP of USD 600. Agriculture is the mainstay of the economy and livelihoods and accounts for about 60% of the GDP and employs 65% of the workforce. Livestock contributes about 40% to GDP and more than 50% to export earnings. Principal exports include fish, hides and skins and scrap metal. Sugar, sorghum and corn are produced for the domestic market.

- Despite the long conflict, Somalia has a vibrant and dynamic private sector. The financial sector, utilities and other services are provided in areas which are stable. The Somali economy continues to rely on high levels of aid and remittances. Humanitarian and development aid in 2012 was estimated at USD 750m, also the highest globally on a per capita basis. Remittances are estimated at between USD 1-1.5bn and represent the largest contributor to national capital inflows and wealth.

Fiscal Policy and Public Debt

- The high dependence on livestock exports limits the capacity of the country to expand the tax base. Currently, the main sources of revenue for the Federal Government of Somalia (FGS) are the Mogadishu port and airport. The AfDB Economic and Financial Governance Institutional Support Project for Somalia focuses on among other things, supporting improvements in public sector management including fiscal reforms.

- External sovereign debt owed to public creditors is estimated at USD 5.7 billion, of which USD 1.5 billion is due to multilateral creditors (79% in arrears), USD 2.5 billion to Paris Club creditors (most of which is in arrears), and USD 1.6 billion owed to non-Paris Club bilateral creditors.

External Sector

- Available estimates indicate a trade deficit of USD 740 million in 2010. Between 1998 until 2010, the trade deficit averaged USD 371 million, reaching an all-time high of USD 845.6 million in December 2008. The trade deficit largely results from high dependency on imports for food, fuel, construction materials and manufactured goods.
The country’s main trading partners are the United Arab Emirates, Yemen and Oman. Somalia is a longstanding member of COMESA. The country is yet to submit an application for membership to the EAC although discussions have been held with the EAC. Somalia has free trade agreements with several countries including China and Kenya.

OTHER NOTABLE DEVELOPMENTS AND UPDATES

Peace and State Building

- Significant progress has been made in peace and state building and in the implementation of the economic recovery programme. To deliver on its mandate, the FGS initially developed a six pillar policy, involving full stability; economic recovery; peace building; service delivery; international relations; and national unity.

- On 16 September 2013, the Somalia New Deal Compact was endorsed by the Federal Government and the international community. The Compact lays out the critical priorities under five Peace and State Building Goals that were endorsed as part of the New Deal principles for engagement in Fragile States.

Political Developments

- At the request of the President, the Parliament dismissed the Prime Minister (PM) in December 2013. The President appointed another PM and a new government was approved by Parliament on 21 January, 2014. Since coming into office, the FGS has made progress in implementing the federal structure and consolidating national unity. Under the auspices of the Turkish Government, discussions are ongoing between Somaliland and the FGS.

Donor Relations and Coordination

- The international community continues its re-engagement program with Somalia through broad recognition and support for the FGS. The Somali Compact was strongly endorsed in Brussels by the international community, with pledges amounting to EUR 1.8 billion. A new UN Mission to Somalia – UNSOM – was established in June 2013. Countries such as the UK and Turkey have already established Embassies and others have promised to do so and have nominated Ambassadors.

- The main active donors in Somalia operate under the Somalia Development Partners Forum (DPF). A Somalia Technical Working Group (TWG) on external debt was established in 2013 and comprises both bilateral and multilateral creditors. The TWG is co-chaired by the FGS, the IMF and the World Bank.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

- The Bank is currently undertaking a number of Infrastructure Needs Assessments in the energy, transport, ICT, agriculture, and water and sanitation sub-sectors. The ultimate goal will be to develop a Somalia Infrastructure Action Plan, which will feed into the Country’s full PRSP. The Bank has also been working on a Human and Institutional Capacity Building position paper, which may feed into the planned development of a broad Capacity Building Framework that is being driven by the Prime Minister’s Office and supported by UNDP.
Sudan is slowly recovering from the secession of South Sudan in July 2011 as evidenced by the rebound in GDP of 3.6% in 2013 up from 1.4% in 2012. The rebound in GDP growth is due to the resumption of payments in transit fees, gold exports and revitalization of the agricultural sector.

The outlook for the first half of 2014 remains favorable, especially with a promising agricultural season expected this year. However, the high uncertainty in receiving the oil transit fees from South Sudan due to the ongoing conflict presents a serious risk to the country’s economic prospects.

Fiscal Policy and Public Debt

The overall federal government budget deficit in 2013 continued to be high (1.7% of GDP) as a result of the huge fiscal imbalances caused by the secession of South Sudan and the loss of 75% of the country’s oil revenues. The federal
government cumulative budgetary operations for Q4 resulted in a deficit of USD 410m, which is slightly lower than the Q3 deficit.

- Total government revenues collected in Q4 showed a slight decrease (0.3%) compared to revenues collected in Q3. Government expenditures decreased sharply by 24.6% in Q4 of 2013 compared to the previous quarter reflecting the typical end-year reduction in spending to curb borrowing from the Central Bank. Debt levels remain high with the stock of total debt (domestic and external) estimated at USD 47.3bn (71% of GDP) in Q4 of 2013.

**Monetary Policy and Financial Sector**

- Monetary policy in 2013 was largely expansionary to among other things, finance the fiscal deficit. The Central Bank devalued the Sudanese Pound by 29% in order to close the expanding gap between the official and the market exchange rates.

- The drastic devaluation of the local currency coupled with a second round of austerity measures compounded the macroeconomic crisis in Q4 of 2013 with inflation increasing to 47.4% in Q4 up from 25.4% in Q3. This outcome provides evidence that monetary policy drives inflation through the exchange rate and bank lending operations in Sudan.

**External Sector**

- Export earnings increased by 15% to USD 2.3bn in Q4 from USD 2.0bn in Q3 and were driven mainly by gold and agriculture exports. Imports decreased by 6% to USD 2.39bn from USD 2.54bn during the same period. Consequently, the trade deficit decreased from USD 553m in Q3 to USD 94.1m in Q4 leading to a reduction in the current account deficit from USD 1.6bn to USD 920m during the same period.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Political Developments**

- The period under review witnessed remarkable developments in relations with South Sudan, especially in resolving post-secession contentious issues resulting from the implementation of the cooperation agreements. However, the recent and ongoing conflict in South Sudan poses a significant risk to the progress achieved to-date.

- A major cabinet reshuffle was announced affecting almost the entire cabinet, including the First Vice President, Vice President, Speaker of the National Assembly and other federal ministers. Externally, US sanctions continue to pose a serious challenge to the country’s development agenda.

- The political outlook will be shaped by several factors including the internal conflicts in the Blue Nile and South Kordofan regions as well as the conflict in South Sudan. These factors also pose considerable downside risks to the country’s economic outlook.

**Donor Relations**

- Sudan is under sanctions from many development partners (DPs), including the Bank, and thus, very few interventions are currently on-going with weak coordination between DPs. However, this coordination is expected to improve during the preparation of the interim PRSP. The Bank is leading the drafting and processing of the ToR for coordination among development partners and between development partners and the government.

- The Government is working tirelessly to reengage with the international community by meeting the technical requirements for debt relief, including the preparation and implementation of the interim PRSP. Although remarkable progress has been achieved in this area, some political concerns of major creditors and DPs need to be addressed.
RESULTS ACHIEVED

Despite Sudan’s arrears status, the Bank funded the USD 15m Institutional Capacity Building Project for poverty reduction and good governance, which has been credited with producing the national baseline household poverty survey in 2008, the first of its kind in 30 years to highlight the poverty dynamics in Sudan. Also, the Emergency Assistance Operations in 2010 and 2013 have been critical in rebuilding schools for poor children displaced by floods in Khartoum, and schools and health facilities in Blue Nile and White Nile States.

In the Khartoum State, the rehabilitation and resuscitation of the schools is reported to have motivated the teachers through the provision of functional water and electricity supply, enabling them to spend more hours in the school. School attendance among students has also increased and the decline in teacher turnover has resulted in a more stable learning environment. This has increased the productivity of the teachers, improved performance of the students and raising standards in the schools, evident from the rising academic achievement in all schools.

A detailed presentation of the results achieved by the Bank’s projects in Sudan during the fourth quarter of 2013 is provided in Annex 1, Table A.9.
Economic Performance

- The economy continues to perform strongly. Tanzania’s overall real GDP growth in 2013 was 7.1%. This is due to strong sector performance in communications (20.6%), financial services (13.2%), manufacturing (8.2%), mining (7.8%), construction (7.8%) and transport (7.1%). Output growth in 2013 is slightly higher than average growth of the past three years, which is 6.8%.

- The economic outlook remains favorable. With GDP growth projected at 7.2% in 2014 the country is expected to remain one of the fastest growing economies in Africa. Tanzania’s economy continues to attract foreign direct investments, mostly in the natural gas sector and associated industries, such as construction. GDP growth continues to be supported by public investment in infrastructure, as well as the expansion in services and trade.

- However, output growth is below its potential because of infrastructure gaps that undermine private sector activity. Government priorities are to continue to regain financial sustainability of the power sector, fostering inclusive growth.
through infrastructure investments and priority social spending, as well as the effective implementation of the “Big Results Now!” (BRN) agenda. By speeding-up implementation progress, BRN aims to establish a strong and effective system to oversee, monitor and evaluate the implementation of Tanzania’s five-year development plan.

**Fiscal Policy and Public Debt**

- Fiscal policy aims to maintain consolidation by rationalizing public spending, improving tax administration, and debt management. During the July-December 2013 period, revenue collections were 10% lower than the target due to several challenges including national-wide tax-payer resistance on the use of electronic fiscal devices and tax payment delays by some large taxpayers. The Government is expected to make adjustments to the FY 2013/14 budget to among other things, reduce the fiscal deficit from 5.8% of GDP in 2012/13 to 5.2% of GDP in 2013/14.

- Tanzania’s external public debt stock increased by 24% to USD 13.2bn at the end of 2013 compared to the same period in 2012 on account of new loan disbursements and accumulation of interest arrears. Non-concessional borrowing increased from 6% of GDP in 2012 to 8% in 2013 in part to finance infrastructure investments particularly in the energy sector. Total domestic debt increased by about 33% during this period. However, Tanzania’s total public debt at 39% of GDP remains sustainable and the overall risk of debt distress remains low.

**Monetary Policy and Financial Sector**

- Inflationary pressures eased significantly, with headline inflation decreasing from 12.1% in December 2012 to 5.6% in December 2013. Annual average inflation decreased from 16% in 2012 to 7.9% in 2013. Inflation is projected to decrease further to 5% in 2014 due to the stable food prices and the continued tight monetary policy. Money supply growth dropped to 10.3% in November 2013 compared to 12.5% during the same period in 2012 and lower than the 18% target for 2013. Consequently, the Bank of Tanzania maintained its key policy rate at 12%.

- The exchange rate of the Tanzanian Shilling vis-à-vis the US dollar and other major foreign currencies remained stable during the period under review.

**External Sector**

- Tanzania’s current account deficit increased to an estimated 14% of GDP at end-2013 following an increase in oil imports for power generation and a reduction in exports. Tourism earnings continued to outpace gold exports as the country’s top foreign exchange earner, mainly due to higher visitor arrivals, generating USD 1.9bn in December 2013 compared to USD 1.7bn in December 2012. On the other hand, gold exports decreased from USD 2.1bn to USD 1.7bn between 2012 and 2013 due to lower export volumes and international gold prices.

- The overall balance of payments recorded a surplus of USD 540.2m in November 2013 compared to the USD 405m surplus in November 2012 following an increase in net inflows on the capital and financial accounts. As a result, gross official reserves increased to USD 4,538.7m, sufficient to cover 4.4 months of imports.

**OTHER NOTABLE DEVELOPMENTS AND UPDATES**

**Political Developments**

- The Government of Tanzania (GoT) initiated several reforms in the energy sector. Following the challenging financial situation of the power utility TANESCO in 2013, electricity tariffs were increased by an average of 39.1% effective on January 1, 2014. This measure is expected to increase TANESCO’s revenues by an estimated USD 100m in the FY 2013/14. Moreover, the power utility has secured a commercial loan of about USD 150m in extra-financing. The GoT intends to limit the amount of subsidies transferred from the central government to TANESCO during FY 2013/2014 to 2.5% of total expenditures and is also expected to prepare a reform roadmap by mid-2014.
Donor Relations

○ In December 2013, the IMF Executive Board approved a request by the Government to extend the Standard Credit Facility (SCF) until April 30, 2014 to allow time to complete the final review and resolve outstanding issues on energy reform, tax reform, and budget implementation. GoT has indicated interest in further IMF support when the SCF expires through a new Policy Support Instrument (PSI).

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

○ The Support to Maternal Mortality Reduction Project (SMMRP) in Zanzibar has completed the construction of 2 academic blocks with 10 classrooms which would increase the intake of students from 400 to 800. Further, 2 Dormitories were completed, guaranteeing placement and accommodation for students especially from Pemba; construction of several houses for teaching staff was completed; construction of 6 second line dispensaries was completed which is expected to increase the number of mothers delivering at health facilities; and 100 senior primary health care staff were provided with training on emerging public health problems and medical procedures.

○ A detailed presentation of the results achieved by the Bank’s projects in Tanzania during the fourth quarter of 2013 is provided in Annex 1, Table A.10.
MACROECONOMIC DEVELOPMENTS

<table>
<thead>
<tr>
<th>Table 1: Selected Macroeconomic Indicators Q3 - Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
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<tr>
<td>Inflation (CPI, %)</td>
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<tr>
<td>Fiscal Balance (incl. grants)</td>
</tr>
<tr>
<td>Total Expenditure</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
<tr>
<td>Tax revenue</td>
</tr>
<tr>
<td>Grants</td>
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<tr>
<td>External current account</td>
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<tr>
<td>Imports</td>
</tr>
<tr>
<td>Exports</td>
</tr>
<tr>
<td>Exchange rate (USD/UGX)</td>
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<tr>
<td>International Reserves (in months of imports)</td>
</tr>
<tr>
<td>Total Public debt (stock)</td>
</tr>
<tr>
<td>External</td>
</tr>
<tr>
<td>Domestic</td>
</tr>
</tbody>
</table>


Economic Performance

- Real GDP growth decreased by 0.6% in Q3 2013 compared to the 2.1% growth recorded in Q2 2013 due to weak performance in the agriculture and service sectors. The industrial sector grew by 0.1% largely due to the expansion of mining and construction. The economic outlook is positive with real GDP growth projected to increase from the estimated 5.2% in 2013 to 6.6% and 7% in 2014 and 2015 respectively.
Fiscal Policy and Public Debt

- Fiscal policy focused on supporting key infrastructure projects in transport, energy and agriculture. Net revenue collections in Q4 2013 amounted to USD 758.4m, against a target of USD 840.4m. The lower than projected revenue was due to a slowdown in the service sector, particularly banking and telecoms, and reduced economic activity following the conflict in South Sudan. Public spending amounted to USD 614.8m in Q4 2013 compared to USD 719.5m in Q3. The overall fiscal deficit (October and November 2013) including grants narrowed to USD 221m, from USD 246.8m in Q3 2013. The fiscal deficit is projected to increase from 4.1% of GDP in 2012/13 to 7.1% in 2013/14 in part due to the increased infrastructure spending.

- Public debt remains sustainable with a debt-to-GDP ratio of 29% and a low risk of debt distress. However, the debt-to-GDP ratio is projected to increase to 50% by 2017/18 on account of increased non-concessional borrowing to finance infrastructure development.

Monetary Policy and Financial Sector

- An expansionary monetary policy stance was pursued during the quarter under review to support private sector credit growth. The central bank’s key policy rate (Central Bank Rate) was reduced from 12% in October 2013 to 11.5% in November 2013, leading to a reduction in lending rates decrease from 23.1% to 22.7% during the same period. However, headline inflation increased from 6.9% to 7.2% between Q3 and Q4 2013.

- The Uganda Shilling was relatively stable in Q4 2013, appreciating by 2% against the US Dollar in Q4 compared to Q3.

External Sector

- Exports earnings for October and November 2013 amounted to USD 451m compared to USD 470.5m recorded during the corresponding period in 2012. The decline in exports was driven by lower international coffee prices. Imports also decreased from USD 888.1m to USD 814m during the same period. The current account deficit is projected to increase from 10.3% of GDP in 2012/13 to 13.8% in 2013/14 in part due to rising trade deficit and reduced private and official inflows.

- The balance of payments deficit decreased to USD 2.6m in Q3 2013 from USD 31.5m during the previous quarter following strong inflows on the capital and financial account. Gross foreign exchange reserves remained stable at 4.2 and 4.1 months of imports in Q3 and Q4 2013.

OTHER NOTABLE DEVELOPMENTS AND UPDATES

Political Developments

- Uganda received a total of 45,239 refugees from South Sudan during the period 16 to 31 December 2013 following the outbreak of a civil conflict. The impact and cost of the conflict on Uganda’s economy is estimated at between USD 100m and 187m, equivalent to 0.5 - 0.9% of GDP largely due to loss of export revenue. The Government is expected to adopt several measures including increased domestic and external borrowing to caution the economy against the impact of this conflict.

Infrastructure Development and Private Sector Activity

- The construction of the USD 2.3bn 180 MW Isimba hydro power project was commissioned by President Y. Museveni on October 7, 2013. In October 2013, the Government of Uganda issued a request for qualifications to identify a lead investor for the development and operation of the 60,000 barrel per day oil refinery. Projections indicate that additional borrowing will be undertaken during the next 2 to 3 years to finance key infrastructure
project including about USD 2bn for Agago I and II hydro power dam; USD 4bn for railway line construction, and about USD 2bn for the oil refinery. This borrowing is expected to increase the total external debt to between USD 15 and 17bn, equivalent to about 50% of GDP by 2017/18.

○ In a bid to promote financial inclusion and to foster consumer protection of mobile financial services, the Bank of Uganda issued guidelines on mobile money services to service providers, licensed institutions, mobile money agents and other parties involved in the provision of mobile money services in Uganda. The guidelines came into force on October 1, 2013.

RESULTS ACHIEVED

Selected outputs and outcomes from Bank projects generated in the 4th quarter of 2013

○ The Rural Income and Employment Enhancement Project created 2,040 job opportunities, with 48% going to women. Moreover, the number of female loan beneficiaries increased by 48%. Under the Community Infrastructure Improvement Project 2, the construction of 313km of community access roads and 42km of district feeder roads was completed and handed over to the communities.

○ A detailed presentation of the results achieved by the Bank’s projects in Uganda during the fourth quarter of 2013 is provided in Annex I, Table A.11.
SPECIAL THEME
SEYCHELLES – From Economic Transition to Inclusive Growth

On 31st October 2013, Seychelles marked 5 years since the commencement of a comprehensive economic reform program, aimed at transitioning the country from an extensive state interventionist economy to a more private sector led one. On 31st October 2008, President James A. Michel announced a program that curtailed public spending, reviewed the taxation system, liberalized the monetary system, began to reduce the debt burden and reduced the role of the state in the economy. The essence of the reforms was for the country to be “responsible, resilient and realistic to progress to the next stage of its development”. 5 years to the date, President Michel noted that “the reform program implemented, has been one of the most complete and comprehensive macro-economic and structural reform programmes that the world has experienced in recent times.” Seychelles has fundamentally reformed its economy from the abyss of an economic crisis to the brink of economic transition. At this transition point, the country is taking stock of the reform programme; reviewing its successes, challenges and the lessons learnt. The government is keen to focus more on the quality of growth and ensure the promotion of inclusive growth that provides equal opportunities, that reduces inequality, and promotes social justice.

1.0 BACKGROUND AND CONTEXT

Since independence in 1976, Seychelles achieved considerable economic and social progress, underpinned by a top class private tourism industry, extensive welfare systems, high incomes and good infrastructure. To support this expansionary system, the government borrowed steadily on commercial markets. The extensive state system also imposed trade and exchange restrictions to support the small and uncompetitive manufacturing and agricultural sector. While the government made attempts to reform the economy in the 1990s and early 2000s, many of the efforts were incomplete and unsuccessful⁴. The country continued to be state heavy; public expenditure and debt level continued to rise and the country was unable to meet its foreign exchange needs - leading to the development of a thriving black market. Meanwhile, trade reforms that had begun in 2004, as the country commenced its accession to the World Trade Organization (WTO), had led to the decontrol of food prices and trade liberalization. The small domestic market unable to compete was gradually diminished, leaving the country more import dependent than before. Food shortages also began to appear as the government failed to meet foreign exchange needs.

The global financial crisis of 2008, which led to an increase in global oil and food prices, also caused a fall in tourism earnings, by 15% in 2009, as the main market, Europe, was affected. The crisis was made more severe as private international creditors were also undergoing financial stress. As a result, the country’s external deficit widened to 20.3% of GDP, foreign exchange shortages became typical, with reserves falling to less than one month import cover. Growth in GDP declined from 9% in 2007 to -1% in 2008. By late 2008, the Government was unable to honour a debt obligation on a US$230million bond. In October 2008, the government approached external creditors to seek an agreement on a comprehensive debt restructuring package - debt had amounted to 94% of GDP of which 42% was in arrears. This action provided the impetus to undertake the necessary but previously unsuccessful economic reforms.

2.0 ECONOMIC REFORM PROGRAM FROM 2008

On October 31st 2008, President Michel, announced the commencement of far reaching economic reforms. The reforms focused on (i) debt reduction and rescheduling in order to reverse the primary deficits; (ii) liberalization of the foreign exchange market; (iii) implementation of a new market driven monetary policy; (iv) reduction in the state’s role in the economy and move towards a market driven economy; (v) reduction in universal subsidies and (vii) reduction in public expenditure including reducing the size of the public service.

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⁴ An episode of fiscal tightening in 2003 succeeded in reducing domestic debt from 135% of GDP in 2002 to 67% in 2007. However arrears payments accumulated to US$85million by end 2005; of which US$30million was owed to the African Development Bank and US$55million to bilateral creditors. (World Bank, 2013)
Debt restructuring: As part of the restructuring exercise, the International Monetary Fund approved an 18-month stand by arrangement (SBA), equivalent to USD 28 million, with a 70% frontloaded disbursement in November 2008. This provided the basis for other partners to engage in the area. Subsequently, the African Development Bank, provided a budget support loan of USD 20 million in July 2009, followed by a Policy Based Partial Credit Guarantee in December 2009 - the first of its kind used by an international financial institution. In November 2009, the World Bank also provided a budget support loan of USD 18 million. Other countries also provided grants totaling USD 19.9 million that were used to clear domestic arrears. As a result of the international confidence garnered, the Seychelles Government was able to negotiate a debt cancellation and rescheduling deal with its creditors in 2009. The Paris Club creditors agreed to reduction of debt stock by 45% and the rescheduling of the balance over 18 years, with a five year grace period. The government managed to negotiate a comparable deal with non-Paris Club creditors and commercial banks. By end 2009, total debt to GDP was 116% (75% external and 41% domestic) down from 151% (93% external and 58% domestic) by end-2008; and government adopted a medium term debt reduction objective, to reduce debt to GDP to 50% by 2018.

Monetary policy: In November 2008, the Central Bank of Seychelles (CBS) floated the exchange rate and removed exchange controls. The rupee initially appreciated from SCR 19/1USD end 2008 to SCR 10/1USD by September 2009. Eventually the rupee depreciated slightly and held at an average SCR12/1USD for the period 2009-2010. The removal of exchange controls also led to an increase in consumer prices by 63% over the year from 17% the previous year. By end 2009, inflation had been tamed and was virtually 0% (at -2.6% in December 2009). As part of the reform, the CBS used several instruments to manage the monetary market, T-bills, standing credit facilities, repurchase (repo) arrangements and liquidity deposit facilities. In order to anchor financial sector reforms, a new Financial Institutions Act (FIA) was passed in 2010, aimed at improving/modernizing financial services.

Public service restructuring: To reduce public expenditure, government had proposed a reduction in the public service workforce by 17%. By the end of 2009, the number of Government workers had reduced by 15% to 9,316 from 10,945 in 2008. An Administration and Public Sector Reform Program (PAPS) has been on-going since 2009, to re-define the role of the civil service, reduce the size of government, increase efficiency and accountability.

Tax reform: In order to achieve the budgetary surpluses needed to reduce public debt, the government began to undertake a reform of public finances, including tax reform to streamline and reduce exemptions and improve revenue administration. This culminated in the simplification of tax payments, removal of exemptions on some items including fuel, reduction in exemptions and the gradual increase in tax level for certain sectors of the economy, particularly Tourism. These reforms have been on-going and led to the replacement of good and services tax by a Value Added Tax in 2013. Domestic revenue has gradually increased from 32% of GDP in 2008 to 36% in 2013.

Public Financial Management (PFM): To improve public expenditure effectiveness, the government enacted legislation such as the Public Enterprise Monitoring and Control Act (2010) to ensure firmer controls on public enterprises. The government has also reviewed PFM regulations with the new PFM Act 2011 replacing the revised 2010 Act. In order to coordinate the series of reforms required, a PFM Action Plan 2012-2014 is currently being implemented. The results of which led to better budget preparation, increased accountability, improved multi-year planning, improved forecasting and capital expenditure planning and enhanced monitoring authority.

Social Protection: While the government committed to provide extensive benefits to the population including subsidies for essential services like transport and utilities, the reform agenda undertook to review social security benefits and pension contributions. With regard to social security, government is now ensuring better targeting of

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1 The Policy Based Partial Credit Guarantee is an undertaking by the Bank to pay up to US$ 10m in interest payments of instruments tendered by the Government of Seychelles during the debt restructuring exercise. The guarantee will be called in case of non-performance or default by the Seychellois authorities of any interest payment of the new exchanged instruments.

2 The 45% cancellation was applicable in two tranches (22.5% in 2009 and 22.5% in 2010) contingent on good performance under the IMF SBA.
beneficiaries as well as providing incentives (training) to enable the employable beneficiaries’ transition to employment. Pension contributions are also being revised upwards in line with market conditions.

### 2.1 Progress to date

As a result of the reforms, the economy has rebounded towards positive growth levels averaging 3% – similar to other middle income countries in Africa- although not up to the same levels of 9% as pre-crisis. Debt restructuring, which has been one of the most outstanding features of the reform, has resulted in the reduction of debt to GDP from 151% in 2008 (93% external, 53% domestic) to 70% of GDP in 2013 (37% external, 33% domestic). During this period, primary balance levels have been maintained at an average of 5% to ensure the debt management objective. With a more market driven monetary policy, inflation has dropped from high double digits in 2008 (63.3 %) to 4.5% end 2013, while exchange rate has remained stable with the rupee averaging SCR12/USD 1 in 2013 from 17/1USD in 2008. Revenue levels have increased from 32% of GDP in 2008 to 38% in 2012.

Nevertheless, the government recognizes that structural reforms are needed to complement and underpin the gains thus far. This is particularly so with respect to improving the business environment in order to promote private sector participation and enhance growth. Equally important are reforms in the financial sector, to enhance access to finance for private sector, a binding constraint. In addition, reduction in the cost and time of doing business via simplification/streamlining business regulations is also to be pursued.

### 3.0 OPTIONS FOR INCLUSIVE GROWTH

Seychelles’ high socio-economic status is reflected in its high ranks compared to the rest of Africa. The country ranks highest with regard to Human Development indicators and has the second highest GDP per capita (USD 12,300 in 2012), in Africa.

However, its economic base is narrow and largely driven by the services sector, particularly Tourism, which contributed approximately 70% of GDP in 2012, and approximately 25% of employment. With limited natural resources and a small population, options for diversification (job creation) further are limited. Hence, Seychelles’ options for improving inclusive growth while constrained by a limited production base, requires a review of the degree of access to available opportunities.

As the nation took stock of the progress made and challenges that lay ahead, the following areas emerged as crucial; how to sustain the pace of reform and make the growth more inclusive. Analysis into some inclusiveness indicators shows that the pattern of growth has not been broad-based:

- The most recent Labor Force Survey (LFS-2011/12) estimated the employment to population ratio (EPR) at 62% marking a decline from 64% indicated in 2005, while the core EPR declined by 2.4% over this same period (2005 to 2011/2012), indicating a possible decline in the employment of prime age persons.
- While unemployment levels are low and below 2% nationally (2013), youth unemployment rates are three times the national rates, indicating limited opportunities for youth employment and entrepreneurship;
- Statistics show that there were more vacancies than job-seekers in 2012, which indicates issues of skills mismatch;
- The tertiary sector that employs 76% of the working population, a third of whom are involved in tourism, is largely represented by high-end foreign-owned tourist establishments in which most high grade positions are held by expatriates, while the fisheries industry, which is the highest national foreign exchange earner, contributes least to employment at 1%. This shows room for more economic benefits from the two sectors. However, further investment in these sectors is limited by limited land and emerging infrastructure constraints.

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1. Seychelles diversification index was 2.6 in 2011, compared to 4.8 for Africa and 12.5 for Morocco.
2. A national conference under the theme “From Stabilization to Sustained Growth: Five years of Successful Reforms and the Challenges Ahead” was held on 31st October 2013 in Victoria, Seychelles.
3. The employment to population ratio (EPR) assesses the extent to which an economy is providing jobs for persons who are expected to be working. The same indicator computed for the prime working age (25-54 years) population is referred to as the Core EPR.
In this regard, in order to address some of the inclusiveness dimensions, efforts need to be made to:

- Improve the skills set of the population, particularly the young, relevant to the growth prospects available.
- Design/implement policies to enable the continued growth of non-tourism related tertiary sector, potentially financial services and telecommunications, which have experienced positive growth in the last 3 years;
- Deepen diversification within the main growth sectors of tourism and fisheries to support local participation, enhance the value addition and domestic linkages;
- Improve the business environment for entrepreneurship development; and
- Address infrastructure gaps that are critical to sustain and promote the next level of economic growth

4.0 CONCLUSION

Seychelles has achieved remarkable economic evolution since 2008. The country has significantly shifted the role of the state to that of a facilitator, while creating the environment for private sector to thrive. The next level of economic growth will rely on the country’s ability to include and re-skill the youth population and refocus on the main economic sectors. The Bank and other development institutions will remain key partners in this period, by providing the necessary technical and financial assistance. The recently approved Country Strategy Paper (2011-2015) Mid Term Review places the Bank in the right direction to meet these needs with its focus on infrastructure, skills development, access to finance and PFM reform.

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www.imf.org/external/country/SYC/index.htm

IV | RESULTS ANNEX ¹⁰

¹⁰ “N/A” in the following tables means that no results were generated by the ongoing projects during the period under review.
### Table A.1. Burundi: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport</strong></td>
<td></td>
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<tr>
<td>Nyamitang-Ruhwa-Ntendezi-Mwityazo Road Project (50.6 km) (16/12/2008 – 31/12/2013; UA 49.4 m grant)</td>
<td>Rehabilitation of rural roads on 30km</td>
<td>○ Overall progress of works is 70% completed</td>
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<tr>
<td></td>
<td></td>
<td>○ Increase of rural access index by 3%</td>
</tr>
<tr>
<td>Gitèga-Nyangungu-Ngozi Road Development and asphaltling project Phase II (50 km) (29/06/2011 – 30/12/2015; UA 32.0 m grant)</td>
<td>Road Nyangungu – Gitega</td>
<td>NA</td>
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<tr>
<td>Isaka-Kigali Railway Study Phase II (Regional) (17/11/2009 – 31/12/2013; UA 1.7m grant)</td>
<td>○ Technical study completed</td>
<td>NA</td>
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<tr>
<td><strong>Agriculture</strong></td>
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<tr>
<td>Bugesera Agricultural Development Support Project (Regional) (25/09/2009 – 30/12/2015; UA 15.0 m grant)</td>
<td>○ Development of 300 hectares of watersheds by planting of trees and 100 ha of marsh</td>
<td>○ Increased household incomes through jobs created by development works</td>
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<tr>
<td></td>
<td>○ Distribution of 518 cows and 2,100 goats to household</td>
<td>○ Reduction of malnutrition through improved agricultural and dairy production.</td>
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<tr>
<td></td>
<td>○ Completion of works for 80 hectares of marsh</td>
<td></td>
</tr>
<tr>
<td>Project to Support the Lake Tanganyika Integrated Regional Development Program (Regional) (17/11/2004 – 31/12/2013; UA 4.96 m grant)</td>
<td>Construction of 2 primary schools</td>
<td>NA</td>
</tr>
<tr>
<td>Watershed Management And Climate Resilience Improvement Project (PABVARC) (23/04/2013 – 30/06/2018; UA 8,22 m grant)</td>
<td>○ Maintenance of rural roads (60 km)</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>○ Lateralization of rural roads (5 km)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ construction of two water sources</td>
<td></td>
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<tr>
<td></td>
<td>Maintenance of firebreaks for ancient woodland (885 km)</td>
<td></td>
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<tr>
<td><strong>Social Sector</strong></td>
<td></td>
<td></td>
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<tr>
<td>Support Job Creation Project (24/06/2009–30/12/2013; UA 12.0m grant)</td>
<td>Construction of 3 schools and TVT center</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>○ Overall progress of works is 45% completed</td>
<td></td>
</tr>
<tr>
<td><strong>Multi-sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Capacity Building Project: (i) Data collection on labor and social protection, (ii) Promotion of employment and youth entrepreneurship, (iii) Public Financial Management (iv ) Monitoring and evaluation of poverty, and (v) Private Sector Development (28/1/2012 – 31/12/2014; UA 6.3 m grant)</td>
<td>○ Survey of living conditions of households: overall progress is 28.19% completed</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>○ Survey of labor and social protection: overall progress is 60.68% completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ Six studies related to employment completed</td>
<td></td>
</tr>
</tbody>
</table>
### Table A.2. Comoros: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Institutional capacity building Project (15/07/2009–31/12/2014; ADF Grant: UA 5.855m) | • Support for the strengthening of public finances,  
• Support for capacity building in planning and statistics | • Development of Public Financial management in line with international standards.  
• Development of statistical data for better management of economic policy.                                                                                                                                     |
| **Water and Sanitation**                                                      |                                                                                                                                                                                                       |                                                                                                                                                        |
| Drinking water supply and Sanitation Project (17/12/2009–30/06/2015; ADF Grant: UA 9.83m) | • Construction of 38 out of the 80 latrines planned and 20 water tanks out of 40;  
• Conduct of the study on the institutional and strategic framework of the DWSS Programme for the Comorian water and electricity corporation (Ma-Mwe);  
• Strengthening of users’ associations with the procurement of tools and spare parts; | • Design of an institutional, organizational and financial framework for the sector,  
• Development of drinking water supply and sanitation infrastructure in the three islands.                                                                                                                   |
| **Energy**                                                                   |                                                                                                                                                                                                       |                                                                                                                                                        |
| Energy sector support project (11/09/2013–01/03/2018; ADF Grant: UA 13.4m) | • Rehabilitation of the network, restoration of a sound operational structure in the electricity sector, and ensuring sufficient production capacity coupled with a comprehensive distribution network  
• Diversification of the country’s energy mix over the long term through the potential of geothermal and hydropower resources | • Restore and improve operation of the electricity network from electricity production to distribution, and reduce technical and commercial losses in the initial stages and enable the country to focus on the development of renewable energy over the long-term. |
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urban poverty reduction program, phase I</strong></td>
<td>o Elaboration of the national urban policy&lt;br&gt;o Elaboration of 5 regional urban plan&lt;br&gt;o Construction and equipment of 5 micro-credit unit&lt;br&gt;o Training of 52 managing officers and 15 officers (which include 80% of women) on cash management and business plan evaluation&lt;br&gt;o Infrastructure construction: 5 markets, 2 stations, 1 artisanal showcase, 1 stockyard, 400m of cobbled street and 5 development centers&lt;br&gt;o 30 community micro-projects financed&lt;br&gt;o Population sensitization on environmental behavior and on female genital mutilations</td>
<td>N/A</td>
</tr>
<tr>
<td>(17Oct2008-30June2014; ADF Grant: UA 5.82 mn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Urban poverty reduction program, phase II</strong></td>
<td>o Training of 20 statistics assistants and 15 project workers on poverty analysis techniques&lt;br&gt;o 1 household survey on the population living conditions&lt;br&gt;o Construction of a cattle market at Dikhil&lt;br&gt;o 1 survey reports on microfinance</td>
<td>N/A</td>
</tr>
<tr>
<td>(3Jan2011-31Dec2013; ADF Grant: UA 0.80 mn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mobilization of surface water</strong></td>
<td>o Construction of 14 underground tanks of 200 m3&lt;br&gt;o Construction of a water detention structure&lt;br&gt;o Construction of a detour and spreading structure of flood waters for the Sadai river,&lt;br&gt;o Construction of a micro-dam&lt;br&gt;o Training of 17 staff of the Ministry and 1 specific driller training&lt;br&gt;o 1 Water resources inventory study&lt;br&gt;o 1 study updating rainfall and hydrometric data;&lt;br&gt;o Identification of a pipeline of medium capacity water mobilization project</td>
<td>N/A</td>
</tr>
<tr>
<td>(29Jan2008-31Dec2014; FAE Grant:UA1.64mn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Doraleh Container Terminal</strong></td>
<td>Construction of a container terminal with a 1.5 km quayline length and 1.55 million TEUs (twenty-foot equivalent unit) capacity&lt;br&gt;o Dredging the access canal and the turning basin&lt;br&gt;o Installation of terminal equipments&lt;br&gt;o Development of a stacking area</td>
<td>N/A</td>
</tr>
<tr>
<td>(24Sept2008-16Dec2009; ADB Loan: UA 51.63 mn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bulk Terminal</strong></td>
<td>o 2 silos of respective capacity of 30,000 tons (for grains) and 40,000 (for spreaders)&lt;br&gt;o 2 bagging plants with a capacity of 60 tons per hour&lt;br&gt;o 1 quay crane&lt;br&gt;o 2 pneumatic unloaders,&lt;br&gt;o 1 conveyor belt system and the acquisition of various equipment and related replacement parts.</td>
<td>N/A</td>
</tr>
<tr>
<td>(3Dec2012-1June2008; ADB Loan: UA 6.45 mn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Emergency Humanitarian Aid to the population affected by the drought</strong></td>
<td>Distribution of food for 17000 households and water for 4000 households (hh) over two months:&lt;br&gt;o 40kilos of flour, 1.5 k of oil and 4.0k of seeds per hh&lt;br&gt;o Water provision through 1000 water trucks</td>
<td>N/A</td>
</tr>
<tr>
<td>(14Nov2011-3Mar2013; Special Relief Fund UA 0.65 mn)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table A.4. Eritrea: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>
| **Support to Technical and Vocational Education Project** | • Procurement of equipment for the three existing technical schools and (NCVT) has been completed and delivered  
  • Office and Electronic equipment for Occupational Health and Safety Awareness were procured to strengthen capacity of implementing agencies.  
  • Training of tutors and school directors was conducted in September 2013 | N/A      |
| **Education**                                      |                                                                                                                                                                                                    | N/A      |
| **Support to Higher Education Project**            | • 79 students are currently studying abroad, 27 at PhD level, and 52 at Masters level.  
  • Another 4 students are in the process of being enrolled, 1 at PhD level and 3 at Masters’ level.  
  • Expatriate staff 327 will be employed at the 7 IHEs  
  • Improved infrastructure at Eritrea Institute of Technology (EIT) in Mai Nefhi and the Hamelmalo Agriculture College (HAC) in Hamelmalo. | N/A      |
### Table A.5. Ethiopia: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Creation of Sustainable Tsetse and Trypanosomiasis-free areas in Ethiopia    | • 146,273 insecticide impregnated targets have been deployed, over 9.5 million cattle treated with pour-on applications;  
• 268,587 cattle treated with drugs for Trypanosomiasis disease;  
• Over 12,411 sq. km. tsetse infested areas treated with ground spray and 5,000 sq. km. of area delineated as hotspots but inaccessible for ground spray has been treated by Sequential Aerosol Technique (SAT).  
• 6,322 staff (37% female) and over 12,000 Development Agents and Community Leaders (29% female) attended Training of Trainers on various suppression techniques, who in turn trained other farmers and agro-pastoralists in their respective Kebeles. | • Suppression and eradication of Tsetse flies. |
| **Transport**                                                                |                                                                        |                                               |
| Jimma-Mizan Road Project                                                     | Construction of 5.75km completed                                      | N/A                                           |
| Mombasa-Nairobi-Addis Road Corridor-Ageremariam-Yabelo Road Project (Phase II)| Construction of 20.11km completed                                    | N/A                                           |
| Mombasa-Nairobi-Addis Road Corridor-Hawassa-Ageremariam Road Project (Phase III)| Construction of 4.76km completed                                    | N/A                                           |
| Bedele-Metu Road Upgrading                                                    | Construction of 5.98km completed                                      | N/A                                           |
| Modjo-Hawassa Highway y Road Project Phase I                                 | N/A                                                                    | N/A                                           |
| **Public Utility**                                                           |                                                                        |                                               |
| Electric Transmission Systems Improvement Project                            | • Transmission lines construction works                                | • N/A                                         |
| • Substation construction                                                    |                                                                        |                                               |
| Rural Water Supply and Sanitation Project                                    | • 5 national consultants at federal level, 27 Woreda Support Groups (WSG) and 314 Community Facilitation Teams (CFT) gave support for the WaSH in 9 Regions of 125 woredas  
• In 125 ADB woredas Integrated Water Supply, Sanitation and Hygiene coverage was completed as per the WaSH 5 year strategic Plan  
• 11 vehicles, motor cycles, Computers, printers and other office equipment were procured and distributed to Regions, woredas and sector implementing offices  
• Community Awareness training on sanitation and hygiene were given to households | • N/A                                         |
Table A.6. Kenya: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kimira- Oluch Smallholder Farm Improvement Project (3May06-30Sept13; ADF Loan: UA 22.98m, ADF Grant: UA 15m)</td>
<td>N/A</td>
<td>○ Increased average net household incomes from KES 9,500 in the project area to KES 27,760 per month for Kabaa irrigation scheme (214 households) per month through linkages with service providers and other stakeholders with complementary activities</td>
</tr>
</tbody>
</table>
| Small-Scale Horticulture Development Project (05Sep07-31Dec14; ADF Loan: UA17m) | ○ 1 scheme (covering 60 ha) completed bringing to 7 completed out of 9 planned, the number of schemes rehabilitated with 1463 ha under irrigation from 719ha.  
○ The total irrigated area (1463ha) is under various horticultural crops and food crops for local market (Tomatoes, onions, kales, water melons, Asian vegetables, green maize, bananas and African Leafy vegetables) and export market (French beans, chilies).  
○ Increased average net household incomes from KES 9,500 in the project area to KES 27,760 per month for Kabaa irrigation scheme (214 households) per month through linkages with service providers and other stakeholders with complementary activities  | ○ Increased cash flow in the completed schemes has contributed to (i) Pursuit of better education opportunities in private schools and colleges; (ii) Participation in Financial Services (credit, and savings) with an increased number of service providers within the schemes (M-Pesa and Bank agents) |
| Green Zone Dev. Support Project (12Oct05-31Dec13; ADF Loan 25.04m) | ○ Maintenance of 30 km (bringing to cumulative achievement 273km) of access road  
○ Consolidation and maintenance of 934 ha of tea(cumulative achievement : 1684 Ha of tea and 1000 Ha of assorted tree species as well as maintenance and protection of 12000 Ha of rehabilitated forest sites)  
○ Establishment of 1,933 Ha of on-farm woodlot and agro forestry plots  | ○ Improved road network has greatly enhanced forest management and conservation activities as well as facilitate farmers transport their farm produce to the markets and farm inputs to the farms  
○ Sustainable employment opportunities for peri-forest communities (including youth and women).  
○ Support to community Income Generating Activities has led to increase of income by KES 36,000 (USD 420) per month per household. |
| Ewaso Ng’iro North Natural Resources Conservation Project (22Apr05-31Dec13; ADF Loan : UA 13.59m; ADF Grant : UA 2.89m) | Water Points completed within the review period:  
○ Mt. Kenya Region  
○ Water Pans-10 (Doldol, Matangi Karaba, Ex cologne, Ayub Mwangi, Nysamba tatu, Agathi, Cithima Cia Cucu, Kiahiti and Acacia  
○ Boreholes-15 Arge, Merille, Ngurunit, Turbi II, Walda Burat, Machalo, Biliqi, Malkadaka, Laisamis, Qarma botu, Golole, Dadacha Elele Badana Arero  | ○ Competition for pastoralist Resources both Pasture and Water reduced  
○ Improved accessibility to water, that is distances travelled to the nearest Watering Points, reduced from days walking distance to less than 3 hours walking distance  
○ Water that has otherwise been destructible now tamed for useful purposes  
○ Improved livelihoods: there is more time to undertake other productive activities (income generating ones). This in the long run will mean healthier people and reduced levels of poverty. |
| Restoration of Farm Infrastructure and Rural Livelihood Project (RFI&RLP) (4 June 2009-31 Dec 2013; ADF Loan: UA 15m) | N/A                                                                   | ○ N/A                                                                                                                                                                                                   |
| Multinational - Drought Resilience and Sustainable Livelihood (19Dec12-30Jun18; ADF Loan : UA 37.4m) | N/A                                                                   | N/A                                                                                                                                                                                                   |
| **Transport**                                                      |                                                                        |                                                                                                                                                                                                          |
| Timbora - Eldoret Road Project (24Nov10-29Feb16; ADF Loan : UA 35.0m) | N/A                                                                   | N/A                                                                                                                                                                                                   |
| Mombasa-Nairobi-Addis Corridor II (01Jul09-31Dec15 ; ADF Loan : UA 125.0m) | N/A                                                                   | N/A                                                                                                                                                                                                   |

11 Some Photos attached for more information
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arusha-Namanga-Athi River Road Development (13Dec06-31Dec13; ADF Loan: UA 49.24m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Mombasa-Nairobi-Addis Corridor III (30Nov11-31Dec17; ADF Loan: UA 120m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Water and Sanitation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Land &amp; Water Management (27Aug09-30Dec13; AWTF Grant : UA 1.69m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Water Services Boards Support Project (26Nov07-30Dec13; ADF Loan: UA 35.19m; RWSSI Grant: UA 9.78m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Multinational : Lake Victoria Water and Sanitation Programme (17Dec10 - 31Dec15; ADF Grant : UA 10.39m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Nairobi River Basin Restoration (06Dec10 - 31Dec15; ADF Loan : UA 25m)</td>
<td>○ Main trunk sewers installed for 6 Km (cumulative : 18km), compensation 70% complete</td>
<td>1000 additional people benefitting from improved sewerage treatment facilities</td>
</tr>
<tr>
<td>Small Towns Water and Sanitation (03Nov09 - 31Dec14; ADF Loan : UA 70.0m)</td>
<td>○ 17 km of mainline installed at Othaya water supply project ○ 10km of piping installed at Mukurweini water project and 40km of pipeline installed at Kitui masanga water project ○ 20km of pipeline installed at Bondo – Siaya water project</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Human Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Empowerment and Institutional Support Project (17Dec07-31Jul14; ADF Loan: UA 17m)</td>
<td>○ 27 (cumulating to 104) County and sub-county planning offices have been constructed ○ 53 (cumulating to 653) women trained on leadership ○ 100 staff of the Ministry of Devolution and Planning have been sponsored for Master’s degree programs ○ 102 County officers trained on Public Policy planning for county Governments</td>
<td>○ Improved leadership skills for women ○ Increased awareness about devoted funds ○ enhanced capacity of the Ministry of devolution and planning ○ increased effectiveness of county and sub-county planning officials</td>
</tr>
<tr>
<td>Technical Industrial Vocational and Entrepreneurship Training (16Dec08-31Dec12; ADF Loan : UA 25m)</td>
<td>○ Three Engineering workshops completed and handed over to the TTI.</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Education III Project</strong>(30Jun13-ADF loan; ADF Grant)</td>
<td>○ N/A</td>
<td>○ N/A</td>
</tr>
<tr>
<td>Support to Enhancement of Quality and Relevance in HEST (14Nov12-30Jun18; ADF Loan : UA28m)</td>
<td>Twenty one equipment contracts signed and submitted to the Bank.</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Power</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mombasa Nairobi Transmission Line (06May09-31Dec13; ADF Loan: UA50m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Kenya Power Transmission Systems Improvement Project (06Dec10-30Jun15; ADF Loan: UA 46.7m)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Project Title</td>
<td>Outputs</td>
<td>Outcomes</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
</tbody>
</table>
| Menengai Geothermal Development project (10Jul12-31Dec17; ADF Loan: UA 80m, SREP Loan: UA 11.64m, SREP Grant: UA 4.99m) | o 4 (8 in total since project inception) wells have been drilled of which, 3 had been tested in 2013 (8 in total since project inception) and discharged with a capacity of 70 MW resulting into an average output of 8.75 MW per well. Two more wells were under drilling process.  
o 172 staff trained of which 98 are male and 74 female. | N/A      |
| NELSAP - Kenya Component (16Jun10-31Dec14; ADF Loan : UA 39.77m) | N/A                                                                                                                                                                                                    | N/A      |
### Table A.7. Rwanda: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bugesera Agricultural Development Support Project</td>
<td>○ N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(24/07/2006 – 31/12/2013; UA 10m grant)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butare-Kitabi-Ntendezi Road</td>
<td>○ Rehabilitation of 20km of feeder roads</td>
<td>○ The rural accessibility index in the project impact area (an indicator of all-weather access for the road) increased from 50% in 2011 to 57% in 2013, above the 55% target for 2016</td>
</tr>
<tr>
<td><em>(25/03/2009 – 31/12/2013; UA16m grant)</em></td>
<td>○ Retainer wall constructed at kilometer point III to fix landslide on Crete-Ntendezi road</td>
<td></td>
</tr>
<tr>
<td><strong>Water and Sanitation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Water and Sanitation-Phase II</td>
<td>○ Construction of 16 water supply systems (433km) completed, 1000 springs protected and construction of 100 water harvesting tanks completed. These facilities are serving over 840,000 people;</td>
<td>○ Reduction in distance travelled to collect water from 2km to 500m leading to a reduction in time spent to collect water from 1 hour to under 10 minutes. This allowed the beneficiaries, especially women and girls to engage in economic and education activities respectively;</td>
</tr>
<tr>
<td><em>(01/07/2009 – 31/12/2013; UA 16m grant)</em></td>
<td>○ Construction of 16,000 individual household sanitation facilities and 130 community public latrines completed;</td>
<td>○ Reduction in the incidence of water and sanitation borne related diseases contributing to a reduction in under-5 mortality rate;</td>
</tr>
<tr>
<td><strong>Human Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support to Skills Development in Science and Technology</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(11/11/2008 – 31/12/2013; UA 6m grant)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional ICT Center of Excellence (CoE)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(14/12/2010 – 30/07/2016; UA 8.6m loan)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Multi-sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness and Enterprise Development</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(29/12/2008 – 31/05/2013; UA 5m grant)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support for Policy and Strategy Development</td>
<td>○ Rwanda Knowledge Management System <em>(Rwandapedia)</em> operationalized to provide an interactive database of results achieved by the Government of Rwanda, the contributing factors and the available investment and tourism opportunities, among other things</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(18/09/2009 – 30/09/2013; UA 1m grant)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Multinational</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Isaka-Kigali Railway Study Phase II</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><em>(17/11/2009 – 31/12/2013; UA)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Description</td>
<td>Start Date</td>
<td>End Date</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>------------</td>
<td>----------</td>
</tr>
<tr>
<td>Nyamitanga-Ruhwa-Ntendezi-Mwityazo Multinational road project (16/02/2008 – 31/12/2013; UA 50.62m)</td>
<td>16/02/2008</td>
<td>31/12/2013</td>
</tr>
<tr>
<td>NELSAP Interconnection (27/11/2008 – 31/12/2014; UA 30.74m)</td>
<td>27/11/2008</td>
<td>31/12/2014</td>
</tr>
<tr>
<td>Bugesera Multinational Agriculture project (25/09/2009 – 31/12/2017; UA 14.98m)</td>
<td>25/09/2009</td>
<td>31/12/2017</td>
</tr>
<tr>
<td>Rubavu-Gisiza road project (25/07/2012 – 31/12/2017; UA 45.05m)</td>
<td>25/07/2012</td>
<td>31/12/2017</td>
</tr>
<tr>
<td>Sustainable management of woodlands and restoration of natural forests of Rwanda (29/11/2011 – 31/05/2014; UA 4.015m)</td>
<td>29/11/2011</td>
<td>31/05/2014</td>
</tr>
<tr>
<td>Lake Victoria Water and Sanitation Program II (17/02/2010 – 31/12/2015; UA 15.11m)</td>
<td>17/02/2010</td>
<td>31/12/2015</td>
</tr>
</tbody>
</table>
Table A.8. Seychelles: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial governance (Multi-sector)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Based Partial Credit Guarantee Program (PBPCGP) (02/12/2009 - 12/2025; UA 6.4m guarantee)</td>
<td></td>
<td>0 Annual borrowing plan for 2014 approved in September 2013 0 Successful debt restructuring with commercial creditors, comparable to Paris Club agreement by mid-2010 0 Debt Management Strategy, 2014-2016 approved in November 2013</td>
</tr>
<tr>
<td>Inclusive Private Sector Development and Competitiveness Program (IPSDCP) (07/12/13-31/12/2014) UA 20m</td>
<td>0 N/A</td>
<td>0 N/A</td>
</tr>
<tr>
<td>ICT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seychelles Submarine Cable Project (27/04/2011-2024; US$12m senior loan)</td>
<td>0 1,900km undersea cable constructed. (Completed in August 2012)</td>
<td>0 Reduced cost of bandwidth from USD 50/month in 2010 to USD15/month at end-2012 and to USD13/month as of December 2013 (lowest entry level bandwidth)</td>
</tr>
<tr>
<td>Capacity Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statistical Capacity Building program (04/2011; UA0.491m)</td>
<td>0 N/A</td>
<td>0 N/A</td>
</tr>
</tbody>
</table>

12 Project was approved in December 2013 - at the end of Q4. 2013, the project is therefore not yet due for results monitoring.
### Table A.9. Sudan: Selected results achieved during October–December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Institutional capacity building for poverty reduction and good governance</strong></td>
<td>Strengthen the capacity of key national institutions to implement macro-economic for good governance for poverty reduction in Sudan.</td>
<td>Successful conduct of the national baseline survey in 2008</td>
</tr>
<tr>
<td>(ICBPRGG) (2007 – 2013; UA 9.6 m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Darfur Water Project for Conflict Resolution and Peace Building</strong></td>
<td>10% of rehabilitation and construction of water infrastructure complete</td>
<td>Bankable investment plans to leverage USD about 100 m required to meet medium and longer-term water and sanitation needs</td>
</tr>
<tr>
<td>(2012; Euro 3.3 m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capacity Enhancement for Debt Management and Resource Mobilization</strong></td>
<td>10% of strengthening institutional and human capacity of debt management units and knowledge generation and result management has been completed</td>
<td>Build institutional human capacities in debt units in the Ministry of Finance and National Economy (MoFNE)</td>
</tr>
<tr>
<td>(UA 1.05 m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>POLICY DIALOGUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Support to AUHIP</strong></td>
<td>Facilitate mediation between Sudan and South Sudan on post secession issues</td>
<td>The two countries now on track to permanently resolve their differences</td>
</tr>
<tr>
<td><strong>The Donor Pledging Conference for Darfur</strong></td>
<td>Modalities for the implementation and financing mechanisms of the Darfur Development Strategy (DDS)</td>
<td>Successful pledging conference on Darfur resulting in a pledge of USD 1.047 billion</td>
</tr>
<tr>
<td>(2013 – 2019; USD 7.245 b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Assistance on Arrears and Debt Relief</strong></td>
<td>To help the Government prepare a debt relief strategy for its external debt.</td>
<td>Currently providing training on Debt Sustainability Analysis (DSA) to staff drawn from the Central Bank of Sudan and the Ministry of Finance and National Economy</td>
</tr>
<tr>
<td>(02/2013; USD 75 000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STUDIES AND KNOWLEDGE WORK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Assistance to the Mamoun Beheiry Centre</strong> (USD 260,500)</td>
<td>To supplement and improve the quality of policy analysis and policy dialogue</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Capacity Building and Assessment of Options for Increasing Access to Energy in Sudan</strong> (October 2012; USD 340,500)</td>
<td>To identify and map out energy poverty in Sudan, ensuring equitable access to Energy in Sudan</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>University of Nyala Livestock Project</strong> (USD 0.5 m)</td>
<td>To undertake a study on scientific adaptation of livestock breeds to climate change</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### Table A.10. Tanzania: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Road Sector Support Project 1 Section Iringa Dodoma (UA 152m loan 02/12/2009-30/12/2015) | - Lot Iringa Migori 60.2 km upgraded and 63% completed  
- Lot 2 Migori Fufu escarpment 53.3 upgraded  
- Lot 3 Fufu Escapement – Dodoma 67.07 completed | N/A                |
| Arusha Namanga Athi River Road Improvement (TZ) (UA 4.04m loan 28/10/2008-31/12/2014) | - Lot Arusha Namanga 104km  
- Overall progress on the road is 98% completed  
- The One stop Border post is 93% completed  
- Additional drainage structure at 12 locations with a total of 43 openings at 96% completion | N/A                |
| Singida Babati Minjingu Road Upgrading 224km (UA 60m) 08/09/2009-31/12/2014 | - Lot 1 Singida Katesh 65.1 completed  
- Lot 2 katesh Dareda 73.8km completed  
- Lot 3 dareda babati Minjingu 84.6 km completed  
- Correction at 70KM with longitudinal cracks | N/A                |
| **Social Sector**                                                            |                                                                                                                                           |                   |
| Support to Maternal Mortality Reduction Project Zanzibar (UA 40m loan 11/10/2006-30/06/2014) | - Extension of College of Health Sciences provided with 2 blocks:  
- Construction of 2 Dormitories for students at College of Health Sciences  
- 2 staff houses terrace of 4 constructed at the College of Health Sciences  
- Upgrading six (6) 2nd line Dispensaries  
- Upgrading six (6) 2nd line Dispensaries  
- Construction of 40 junior level staff houses  
- Mental Health Unit Constructed in Pemba  
- Erection of three incinerators at 3 health facilities in Pemba  
- Extension of College of Health Sciences provided with 2 blocks:  
- Construction of 2 Dormitories for students at College of Health Sciences  
- 2 staff houses terrace of 4 constructed at the College of Health Sciences  
- Provide training for 100 senior PHC staff  
- 230 PHC staff trained on community participation in health,  
- 42 clinical officers trained  
- 12 Clinical officers upgraded  
- 4 dental therapists upgraded  
- 15 tutors upgraded at various levels | - 2 academic blocks with 10 classrooms constructed thus increase the intake of students within Zanzibar from 400 to 800.  
- 2 Dormitories constructed that guarantee placement and accommodation for qualifying students especially from Pemba  
- All houses constructed that ensure comfortability in teaching and continues availability of tutors for students  
- 6 Second line dispensaries constructed in meeting PHC demands  
- Increased number of mothers delivering at health facilities  
- 100 senior PHC staff provided with training for on emerging public health problems and medical procedures  
- Proper identification of early pregnant problems and provide solutions at PHC level  
- About 30 PHCUs are headed by qualified Clinical officers  
- 12 Assistant Medical Officers graduated to serve in PHC Centers and District hospital  
- All upgraded (dental officers) allocated to serve at 2nd line dispensaries and PHC  
- Increased qualified tutors at College of Health Sciences that facilitate good output of students  
- Improved management and administration at the College of health sciences  
- 10 personnel upgraded on Environmental - Vector control officers  
- Proper utilization of revised curriculum for Environmental Health and Clinical medicine |
Table A.11. Uganda: Selected results achieved during October-December 2013

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Agricultural Infrastructure Improvement Programme – Project 1 (CAIIP-1) (31/01/2013 – 31/12/2013; UA 30 loan)</td>
<td>127Km of Community Access Roads completed and handed over 22 assorted Agro-Processing Facilities installed and are functional</td>
<td>Impact Studies undertaken during 2013 indicate that (i) the proportion of marketed produce has increased by 7.5%; (ii) Farm gate prices have increased by 36%; (iii) Household income increased by 40%; and that (iv) Travel costs have reduced by 63%</td>
</tr>
<tr>
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<tr>
<td>Community Agricultural Infrastructure Improvement Programme – Project 2 (CAIIP-2) (31/09/2008 – 31/12/2014; UA 45m loan)</td>
<td>313Km of Community Access Roads completed and handed over 42Km of District Feeder Roads completed and handed over</td>
<td>No studies have been undertaken to quantify outcomes and impacts of the completed outputs. However, there are clear indications of increased marketing, improved access to farms, and reduced transport costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markets and Agricultural Trade Improvement Project (MATIP-1) (25/03/2009 – 30/09/2015; UA 38m loan)</td>
<td>Construction of 7 main markets is ongoing with works completed up-to 90.5%, on average</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Agricultural Infrastructure Improvement Programme – Project 3 (CAIIP-3) (03/05/2011 – 31/12/2016; UA 40m loan)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Sector Support Project 1 (27/04/2005 – 29/12/2012; UA 28.5m loan)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Road Sector Support Project 2 (17/12/2007 – 31/08/2015; UA 58m loan)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Road Sector Support Project 3 (25/09/2009 – 31/02/2014; UA 80m loan)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Water and Sanitation</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Uganda Water Supply and Sanitation Program** *(16/12/2008 – 31/12/2014; UA 35m loan)*

Construction for an additional three town Water Supply systems has reached 80% completion for Ntwetwe town, 70% for Zirobwe town and 90% for Bweyale town. These will be operational in the 1st quarter of 2014.

Design for 15 town water supply systems has been completed and contract for construction of two of the GFS (Bududa GFS and Lirima GFS) were signed and work has commenced. The third GFS, Bukwo was published on Bank website and in local newspaper.

The initial year target populations benefiting from the 3 towns water supply systems are 8,356; 11,581 & 18,417 respectively.

Target population for Lirima GFS is 90,370 while Bubuda is 62,170. Target population for Bukwo GFS is 11,139 users.

### Social


Training of staff of Microfinance Institutions

- Increase in sensitization for Loan Repayment Rate
- Increase in Number of jobs created
- Enhancement in Number of direct and indirect beneficiaries
- Increase in proportion of women loan beneficiaries

2,013 staff trained and equipped with skills

- 84% rate of recovery achieved
- 2,040 job opportunities created, 48% women
- 670,829 direct and indirect beneficiaries recorded
- 48% increase in proportion of women loan beneficiaries

### Energy

**Bujagali Interconnection Project** *(28/06/2007 – 31/12/2015; UA 1921m loan)*

NA

**NELSAP Transmission Lines** *(27/11/2008 – 31/12/2014; UA 7.59m loan)*

NA

**Mbarara-Nkenda & Tororo-Lira Transmission Lines** *(16/12/2008 – 31/12/2015; UA 13.79m loan)*

NA

### Multinational

**Lake Victoria Water and Sanitation Program (LV WATSAN)** *(17/02/2010 – 31/12/2015; UA 11.13m loan)*

Under the regional LV WATSAN program, town water supply construction for Mayuge town and the accompanying public sanitation are at 50% and 40% respectively.
About the African Development Bank Group

The African Development Bank Group – which comprises the African Development (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF) – aims is to promote the economic development and social progress of its regional member countries. It contributes to improving the living conditions of the populations, as well as creating, expanding and rehabilitating productive and social investments. It finances development and structural adjustment projects and programs, provides advisory services and stimulates investments from other sources of finance. Although the ADF and NTF are legally and financially distinct from the ADB, they share the same staff, and their projects are subject to the same standards.