

BADEA'S FOURTH FIVE-YEAR PLAN (2000 - 2004)

Since 1983, the Arab Bank for Economic Development in Africa (BADEA) undertook its financing activities within the framework of medium term Five-Year Plans, which take into consideration available resources and their utilization, BADEA's objectives and the needs of beneficiary countries, as well as international and regional trends. Since the beginning of the eighties, BADEA prepared and implemented three Five-Year Plans which achieved high performance rates compared to the targeted objectives.

The high implementation rates in the three past plans were accompanied by a high degree of concessionality in the terms and conditions in BADEA's loans, where the grant element increased from 25.9% to 40.2% and to 43.3%, as a result of policies of continuous concessionality in factors affecting the grant elements, namely interest rate, grace period and amortization period.

Financing planned under the Five-Year Plan and Loan Conditions

- Total financing allocated under the Fourth Five -Year Plan (2000-2004) amounts to US\$ 675 Million including project loans and technical assistance during the coming five years i.e. an increase of 35% from the Third Five- Year plan (1995-1999). Commitments for the first year starts with US\$ 125 Million and increases annually by US\$ 5 Million for the remaining years of the plan.
- It is worth mentioning that resources allocated for financing Arab Exports to African countries will continue to function during the Fourth Five-Year Plan as a revolving fund, besides allocations for project loans and technical assistance, with the objective of enhancing Arab African Trade, bearing in mind the important role played by the new economic and commercial groupings in the new Economic World order.
- Continuation of extending Lines of Credit and financing of social project, at a rate for each of them not exceeding 10% of total annual commitments.

- The ceiling for any loan extended by BADEA is 50% of the estimated total cost of the project, provided that it should not exceed US\$ 15 Million. However BADEA's financing may cover 80% of the estimated total cost of the project, provided that its total cost does not exceed US\$ 12 Million. The Plan provides for extending more than one loan to a country in a year, on condition that the total amount of loans extended in the said year does not exceed US\$ 15 Million. The Plan also provides for some flexibility in financing the local cost.
- Loan terms of the Fourth Five-Year Plan aim at providing more concessionality, are summarized as follows:
 - 1) Interest rate: 1-4% a year.
 - 2) Amortization period: 18-30 years.
 - 3) Grace period: 4-10 years.
- In some cases where the nature of the financed project may so require, BADEA may charge a maximum of 1% as administrative fees instead of obtaining an interest on the Loan.
- A new incentive has been initiated for borrower countries which fulfill their commitments towards BADEA during 30 days from the maturity date. The incentive involves a decrease of 0.25% of the amount of interest, administrative fees and commitment charges.
- Allocation of an amount not exceeding 4% of annual commitments to finance technical assistance operations. However technical assistance aid will continue to be provided as grants.
- The Board of Governors in its meeting of April, 1999, approved an increase of the Bank's capital to US\$ 1500 Million by transferring US\$ 354.2 Million from the General Reserve balance to the capital.