

CROSS CUTTING ISSUE

INCREASING DISBURSEMENT RATES IN AFRICA

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Loan Disbursement Rates in Africa (disbursement / commitment ratio)

Examples of two DFIs in operation in Africa

- DFI A

23% (overall rate including all sectors) in 2004

- DFI B

13.4% (overall rate including all sectors) in 2005

14.6% (rate of infrastructure sector) in 2006

Asian Development Bank in operation in Asia & Pacific

21.0% (overall rate) in 2005

Disbursement rates is considered as proxy indicator for physical accomplishment of development project

Contributing Factors to Slow Disbursement (in government side)

Features	Reasons
Delays in loan effectiveness	Lengthy procedures in government
Delays in: Recruitment of consultants; Procurement of goods and civil works; and Disbursement process	Inadequate capacity of Executing Agencies (EA) Lack of familiarity in the government side with procedures and regulations set by donors Inappropriate documentation of payment proof and withdrawal application etc.

Contributing Factors to Slow Disbursement (in donors' side)

Features	Reasons
Inadequate project preparation and appraisal	Inadequate staff & skills mix for project preparation & appraisal
Weak implementation	Heavy staff workload Inadequate administrative support for task managers
Slow disbursement approval	Centralized authority of approval

Disbursement Facilitation Efforts undertaken by government & donors

Category	Objectives
Capacity Building of officials of government and Executing Agency (EA)	Familiarization of concerned officials with loan procedures and administration: <i>Use of consultant / Procurement of goods & Civil Works / Disbursement etc.</i>
Facilitation measures Consultant Advanced Procurement Action (APA)	Provision of hands-on assistance to EA officials Early start of project and facilitation of procurement
Follow up by country offices or Delegation of authority to country offices	Facilitation of procurement / disbursement procedures Strengthened field visits and supervision Early problem solving & effective monitoring
Better coordination and harmonization among donors	Better information sharing and harmonization among donors

For increasing disbursement rates

What can African countries do for facilitation of disbursement ?

- long loan ratification process
- inexperienced project staff; high turnover of staff

What can donors do for improving disbursement rates in Africa ?

- more harmonization & more flexibility in procedures ?
- country focus ? project selectivity ?

Thank you for your attention

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