

African Development Bank Group approves proposal to clear \$413 million arrears

The Boards of Directors of the African Development Bank Group on Friday approved a proposal for the clearance of about \$413 million in arrears on loans owed by Sudan to the institution, marking a major milestone in the country's re-engagement with international financial institutions and the global economy.

The proposal enables the Bank to proceed with clearing Sudan's arrears with the African Development Bank Group, with the support of the United Kingdom and Sweden. The U.K will provide bridge financing to clear Sudan's arrears to the African Development Fund, while Sweden has committed to providing grant financing of about \$4.2 million to meet Sudan's burden-share for the operation.

Upon full clearance of the arrears to the Bank group, sanctions on Sudan will be lifted and a Policy-Based Operation (PBO) will be provided to the country as part of the Bank's full re-engagement, to complement on-going Bank operations.

Clearing of arrears with international financial institutions such as the African Development Bank, the World Bank and the International Monetary Fund, is one of the preconditions for Sudan under the Highly Indebted Poor Countries Initiative.

Raubil Durowoju, the African Development Bank Group's Country Manager for Sudan said that the arrears clearance would allow the African Development Bank to fully re-engage with Sudan, opening up new financing opportunities for projects and programs that add further support to ongoing Bank operations.

"With the expected additional financing flows following the arrears clearance, the Bank is looking forward to a new era of fruitful cooperation with Sudan to realize its peoples' aspiration for prosperity and sustainable development," Durowoju said.

The arrears clearance will also provide the fiscal space for Sudan to embark on a road to sustainable socio-economic development and will complement its efforts to advance its development agenda, which includes consolidating peace, accelerating poverty reduction and generating much-needed financing for transformative and inclusive growth.

The Bank Group's current portfolio in Sudan comprises 18 operations for a total commitment of about \$0.5 billion, covering operations in the agriculture, water and sanitation, social and energy sectors, as well as support for multi-sector capacity building activities and the private sector.