African Development Bank Strategy Presentation
May 3, 2018

A Southern Africa Regional Perspective
About This Presentation

1. AfDB Overview
   - AfDB in Numbers
   - Strategic Framework
   - Financing Needs
   - Business Delivery Model
   - Main Financing Instruments
   - Key Deliverables

2. Southern Africa Perspective
   - SA: A Region with specific dynamics
   - AfDB Support to the Region
   - Distribution of the portfolio and alignment to the High 5s
   - Impact on SA Economy and Social Progress
   - Outlook for the New SA RISP 2018-2022
AfDB Overview
FINANCING NEEDS

Average Annually

- USD 65 - 90 billion
- USD 32 - 40 billion
- USD 40 billion
- USD 10 billion
- USD 5.5 billion

approx. USD 170 billion per annum

Source: AfDB estimations
BUSINESS DELIVERY MODEL

Vice Presidency Power, Energy, Climate and Green Growth

Vice Presidency Agriculture and Social Development

Vice Presidency Private Sector, Infrastructure and Industrialization

Vice Presidency Agriculture and Social Development

Chief Economist/Vice Presidency for Economic Governance and Knowledge Management

Vice Presidency Regional Development and Business Delivery

- Five Regional Development & Business Delivery Hubs (Central, East, North, South and West) led by Director Generals
- Fiduciary Safeguards, Procurement Policy and Inspection
- Transition States Coordination

Move closer to our clients to enhance delivery
Reconfigure HQ to support the regions to deliver better outcomes
Strengthen the performance culture to attract and maintain talent
Streamline business processes to promote efficiency and effectiveness
Improve financial performance & increase development impact
FINANCING INSTRUMENTS & INITIATIVES

**ADF**
- Performance-Based Allocation
- Regional Operations Envelope
- Transition Support Facility
- Guaranty & credit enhancement products

**NTP**

MAIN BANK GROUP’S FINANCING WINDOWS

**ADB**
- Sovereign
- Non-Sovereign
- Guaranty products, Syndication

**Bilateral & Thematic Funds**

Special Initiatives (e.g. ALSF, RBF, ...)

Africa50, Africa Investment Forum
Delivering impact in the Bank’s five priority areas

This map plots the 1300 geographic locations of the 227 Bank operations that were completed between 2014 and 2016 in each of the High 5s.

Africa is making progress towards the High-5 goals and the Sustainable Development Goals*

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target Year</th>
<th>Progress 2015</th>
<th>Progress 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light up and power Africa</td>
<td></td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Feed Africa</td>
<td></td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Industrialise Africa</td>
<td></td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Integrate Africa</td>
<td></td>
<td>15%</td>
<td></td>
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<tr>
<td>Improve the quality of life for the people of Africa</td>
<td></td>
<td>13%</td>
<td></td>
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</tbody>
</table>

*The High-5s are 86% congruent with the SDGs — UNDP

AfDB’s performance: Heading in the right direction

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target Year</th>
<th>Progress 2015</th>
<th>Progress 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance operations’ speed</td>
<td></td>
<td>20 months</td>
<td></td>
</tr>
<tr>
<td>Improve projects’ quality</td>
<td></td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>Manage procurement effectively</td>
<td></td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>Move closer to clients</td>
<td></td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Mobilise resources</td>
<td></td>
<td>$3.8 billion</td>
<td></td>
</tr>
</tbody>
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The Bank remains committed to increase transparency of its operations. MapAfrica, its geocoding tool, has been revamped with a focus on five critical areas of the Ten-Year Strategy: Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa and Improve the quality of life for the people of Africa. Explore our 7000 project locations through the High 5s by visiting mapafrica.afdb.org.
KEY DELIVERABLES

- 4.4 million people with improved access to electricity
- 1,400 MW of new electricity capacity installed, of which 72 MW renewable
- 210,000 small businesses with access to financial services
- 5.7 million beneficiaries from investee projects and microfinance
- 3 million jobs created of which 800,000 for women
- 45 million people with access to improved health services
- 1.1 million people benefited from better access to education
- 14 million Africans with improved access to transport
- 9,000 km of roads built, rehabilitated or maintained
- 8.3 million people with improved access to water and sanitation
- 136,630 ha of land with improved water management
Southern Africa Perspective
Southern Africa: a Region with Specific Development Dynamics

A geographically diverse and economically heterogeneous region...

- Improved governance environment and resilient growth
- Demographic bulge (23% youth) creating expectations
- Massive and diversified natural resources – land, waterways, mining, oil, gas
- A vocation for regional integration: strong political will and geography
- Politically stable

... supported by multiple growth drivers...

- Rising public debt levels
- Youth under- and unemployment
- Low value addition to primary commodities
- Low population density leaves gaps in infrastructure and services access
- Exposure to environmental and climatic shocks

... but facing significant headwinds...

- Significantly lower cost of capital leveraging AAA capital
- Track record in infrastructure development and a mandate for regional integration
- Policy advice and advisory work to match financing
- High 5s Goals directly addressing inclusive and green growth, infrastructure, employment, and value addition challenges

... which the African Development Bank is well placed to mitigate.

- Region’s share of continental GDP
- Population of Southern Africa
- GDP per capita

40% 277 m $1,761

Population of Southern Africa
GDP per capita
Region’s share of continental GDP

$1,761 GDP per capita
We support your **Strategic Vision** for Structural Transformation

**Infrastructure Development**
- Energy
- Water & Sanitation
- Regional Integration
- Support to Industrialization

**Significant resource requirements**
**up to USD 7 billion** p.a. at country level

**Financial needs for regional programmes and projects estimated at USD 68 billion**

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**Angola**  
Vision 2025, Government Programme 2017-2022, Macroeconomic and Stabilization Plan 2017-2018

**Botswana**  
Vision 2036 and NDP11: 2017-2023

**Mozambique**  
ENDE 2035, 5 Year Government Plan (SYGP) 2015-19 and Green Economy Action Plan

**Lesotho**  

**Madagascar**  
NPD 2015-2019

**Malawi**  

**Mauritius**  
Achieving the Second Economic Miracle – Vision 2030 and 2015-19 Government Program

**Sao Tome**  

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**South Africa**  
NDP-Vision for 2030 and Medium-Term Strategic Framework 2014-2019

**Zimbabwe**  

**SADC**  

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**Zambia**  
Vision 2030 and 7th NDP 2017-2021
Distribution of Regional Portfolio and alignment with High 5s

Amount Approved by Sector

- Transport: 37.1%
- Agriculture: 32.4%
- Multi-Sector: 12.4%
- Ind/Mini/Quar: 4.1%
- Finance: 9.2%
- Communications: 0.9%
- Power: 3.6%
- Water Sup/Sanit: 0.3%

Distribution as per High 5s

- Feed Africa: 32.4%
- Integrate Africa: 37.1%
- Industrialize Africa: 23.2%
- Improve Quality of Life: 3.7%
- Light & Power Africa: 3.6%
**POWER AFRICA**

- Access to electricity for on-grid metered customers tripled and made available to over 120,000 homes
- Over 24,000 jobs created

**FEED AFRICA**

- Increased food security for over 350,000 direct beneficiaries
- Over 111,240 jobs created

**INDUSTRIALIZE AFRICA**

- Increased annual tax revenues of over USD 666 m.
- SME and local business development with USD 165 m. turnover from investments
- Over 27,000 jobs created

**INTEGRATE AFRICA**

- Increased value of cross border trade over USD 300 b.
- Improved cross-border connections with operating costs reduction of more than 20%

**IMPROVE THE QUALITY OF LIFE FOR AFRICANS**

- New or improved access to water for over 5.8 million people
- Over 118,000 individuals accessing TVET, education, and advisory services
- Increased income generation for over 12,748 households

**Zambia**

- Itezhi-Tezhi Hydro Power Project
- Power Sector Reform Support Program
- Sere Wind Energy Farm Project

**Namibia**

- Agriculture Mechanism and Seed Improvement Project
- Aqua Culture Enterprise Development Project
- Lower Usuthu Smallholder Irrigation Project Phase II

**South Africa**

- Industrialization IDC Financing
- Swaziland Development Finance Corporation
- Eskom Loan Syndication

**Malawi-Mozambique-Zambia**

- Niassa Provincial Town Water Supply And Sanitation Project
- Projet jeunes entreprises rurales dans le Moyen-Ouest
- Support to Local Economic Development Project
- Education and Training Quality Improvement Project

**Mozambique**

- Nacala Corridor Rail & Port
- Expansion of Walvis Bay Container Terminal

**Angola**

- Power Sector Reform Support Program
OUTLOOK FOR THE NEW SA RISP 2018-2022

• The Bank will support specific businesses/industries engaging in higher value added economic activity and promote regional financial integration at ‘micro’-level (e.g. economic infrastructure, banks and stock exchanges). This will also cover:

  - Support to SADC and COMESA regional value chains development programs;
  - Provision of lines of credit for on-lending to SMEs, youth and women businesses;
  - Innovative financial instruments including PPPs.
  - Technical assistance to domestic private businesses to improve their productivity and technical competencies; Support to technology and skills
Thank You
Light out and Power Africa

Electricity access in Africa, population %

- **New Deal**: Universal access in 2025
- **SDG7**: Universal access in 2030
- **Africa Power Initiative**: 80% access in 2040
- **No change**: 45% access in 2025

- **+162 GW** electricity generated
- **+130 million** on-grid connections
- **+75 million** off-grid connections

Source: WEO 2014; Brighter Africa report
Feed Africa

Low Productivity – Average Yields in Africa vs. Best Practices
(Tons/Hectare or Animals, 2013)

- 36% of African children are stunted
- Staggering food net food import bill of USD 35.4 billion per annum
- Low value addition to agricultural commodities and primary production

Action Plan for African Agriculture Transformation

- Zero hunger and malnutrition
- Africa’s net trade balance – $0 billion
- Africa share of market value for processed commodities increased by 40%
Industrialise Africa

**Share of the global manufactured added value**

<1.5%

**Share of processed products in exports**

<30%

**Targets for 2025**

- Industrial contribution to GDP increased by 130%
- 35 special economic zones supported
- 30 PPPs developed & strengthened
Integrate Africa

Limited intra-African trade

- Limited intra-African trade
- Annual cost for the economy (%GDP): 1% to 1.5%
- Transportation cost: 70% higher than in Asia; 50% higher than in Latin America

Targets for 2025
- Intra-African trade representing 52% of total trade
- US $172 billion saved in transportation cost
- No visa requirements for Africans travelling across Africa
Improve the quality of life for the people of Africa

**Demand for jobs exceeds supply by 8M jobs each year**

- New entrants to the labor market and wage jobs created annually
  - Millions, average per year
  - 11M
  - -8M
  - 3M
  - New Entrants
  - Wage Jobs

**For those employed, 80% are in the informal sector**

- Distribution of employment in sub-Saharan Africa
  - % of total labor force, 2010
  - 4%
  - 13%
  - 3%
  - 50%

**31% of African youth are unemployed or discouraged**

- Employment status in Africa, by age
  - % of age group, 2015
  - Youth (age 15-35)
    - 31%
    - 19%
    - 32%
    - 35%
    - 41%
    - 15%
    - 17%
  - Adult (age 36-64)

**Lack of opportunity affects youth in every country**

- Youth unemployment, by country
  - %, 2015

**Targets for 2025**

- 25 million jobs created
- US $30 billion in income gains for the African economy
- Improving access to water & sanitation
- Strengthening health care & educational systems