STRATEGIC DIRECTIONS AND PRIORITIES FOR AFRICA’S TRANSFORMATION

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Africa’s Development: Opportunities & Challenges

**World vs. Africa Average Annual GDP growth**

- Source: AfDB Statistics Department and WBG

**Strong Economic Growth**

- 10 of 25 fastest growing economies in the world between 2004 and 2014
- 10 of top 20 countries with the highest growth in industrial output between 2006 and 2014
- 8 of top 20 countries with the highest services growth between 2006 and 2014

Source: Mo Ibrahim Foundation, Africa at a Tipping Point 2017
Africa’s Development: Opportunities & Challenges

Estimated Investment Gap in Africa in Key SDG sectors, 2015-2030
Billions of USD, annual average

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual investment needs</td>
<td>638</td>
</tr>
<tr>
<td>Current annual investment</td>
<td>428</td>
</tr>
<tr>
<td>Total investment gap</td>
<td>210</td>
</tr>
</tbody>
</table>

External Financial Flows to Africa, average 2004-08, 2009-16

- **Remittances**
- **Official development assistance**
- **Portfolio investments**
- **Foreign direct investments (FDI)**
- **Commercial bank credit (net)**
- **Net official bank credit flows (bilateral and multilateral)**
- **UNCTAD projection for FDI**
- **Total flows with corrected UNCTAD projection**
- **Total external financial flows in % of GDP (Africa)**
Strategic Framework

UN Sustainable Development Goals (SDGs)

AfDB Ten Year Strategy 2013–2022
Twin objective: inclusive growth and transition to green growth

Operational priorities

- Infrastructure development
- Regional integration
- Private sector development
- Governance & accountability
- Skills & technology

Areas of special emphasis

- Fragile States
- Agriculture & food security
- Gender

AfDB ‘High 5’ priority areas

- Light up & power Africa
- Feed Africa
- Industrialise Africa
- Integrate Africa
- Improve the quality of life for the people of Africa
High 5 Agenda

What the Bank will deliver

- **Light up & power Africa**
  - +162 GW electricity generated
  - +130 million on-grid connections
  - +75 million off-grid connections

- **Feed Africa**
  - +300m people adequately fed
  - +100m people lifted out of poverty
  - +190m hectares with restored productivity

- **Industrialise Africa**
  - Industrial contribution to GDP increased by 130%
  - 35 industry clusters supported
  - 30 PPPs developed & strengthened

- **Integrate Africa**
  - Building regional infrastructure
  - Boosting intra-African trade & investment
  - Facilitating movement of people across borders

- **Improve the quality of life for the people of Africa**
  - Creating 25 million jobs
  - Building critical skills
  - Improving access to water & sanitation
  - Strengthening health systems

How it will deliver it

- **Move closer to our clients to enhance delivery**
- **Reconfigure HQ to support 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 and increase development impact**
High 5: Light up 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

Targets for 2025
- +162 GW electricity generated
- +130 million on-grid connections
- +75 million off-grid connections
## High 5: Feed Africa

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

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Tons/Hectare or Animals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cassava</td>
<td>9.4</td>
</tr>
<tr>
<td>Corn</td>
<td>2.0</td>
</tr>
<tr>
<td>Rice</td>
<td>2.5</td>
</tr>
<tr>
<td>Soy</td>
<td>1.2</td>
</tr>
<tr>
<td>Cocoa</td>
<td>0.5</td>
</tr>
<tr>
<td>Beef</td>
<td>0.2</td>
</tr>
<tr>
<td>Milk</td>
<td>0.5</td>
</tr>
</tbody>
</table>

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

**Targets for 2025**

- **Zero** hunger and malnutrition
- **Africa’s net trade balance** – **$0 billion**
- **Africa share of market value** for processed commodities increased by 40%
High 5: Industrialize 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
High 5: Integrate Africa

Limited intra-African trade

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

Annual cost for the economy (%GDP)

1% to 1.5%

Transportation cost

70% > than in Asia;
50% > than in Latin America
High 5: Improve the quality of life for the people of Africa

- 25 million jobs created
- US $30 billion in income gains for the African economy
- Improving access to water & sanitation
- Strengthening health care & educational systems
The cost of climate change for the continent is estimated to reach **USD 45-50 billion per year by 2040** and up to **7% of Africa’s annual GDP by 2100**.

**Targets for 2020**

- AfDB will almost triple its annual climate financing to reach **USD 5 billion a year by 2020**
- **40%** of project approvals
- Increase Climate Smart Projects from **80% to 100%**
- Strengthening health care & educational systems
Cross Cutting Area: Gender

Africa: Gender Equality Index

Affirmative Finance Action For Women In Africa
Cross Cutting Area: Fragility

Monitoring Fragility

**Category 1**
High risk in countries and regions

**Category 2**
Medium risk through regional spill-overs or national deterioration

**Category 3**
Low risk with stable outlook

Step 1: Assess fragility at country and regional level

Step 2: Apply a fragility-lens to the design of strategies and operations

Step 3: Implement operations and adapt engagement

Source: Fund for Peace, 2015
Cross Cutting Area: Governance

Percentage of GDP that regions are losing in Illicit Financial Flows

Total illicit flows out of Africa = **US$50 billion every year**, equal to **5.7% of Africa’s GDP**

Tax revenues account for **less than 20% of GDP** in sub-Saharan Africa, compared to over 33% in OECD countries

Only **8 African countries** rank in the top 100 of the **Doing Business 2016** Rankings
Thank you