

# AfDB BUSINESS OPPORTUNITIES SEMINAR



## STRATEGIC DIRECTIONS AND PRIORITIES FOR AFRICA'S TRANSFORMATION

Strategy and Operational  
Policies Department (SNPS)

**June 20 - 21, 2017**

**African Development Bank**  
**Headquarters' Building Auditorium**  
**Abidjan, Côte d'Ivoire**



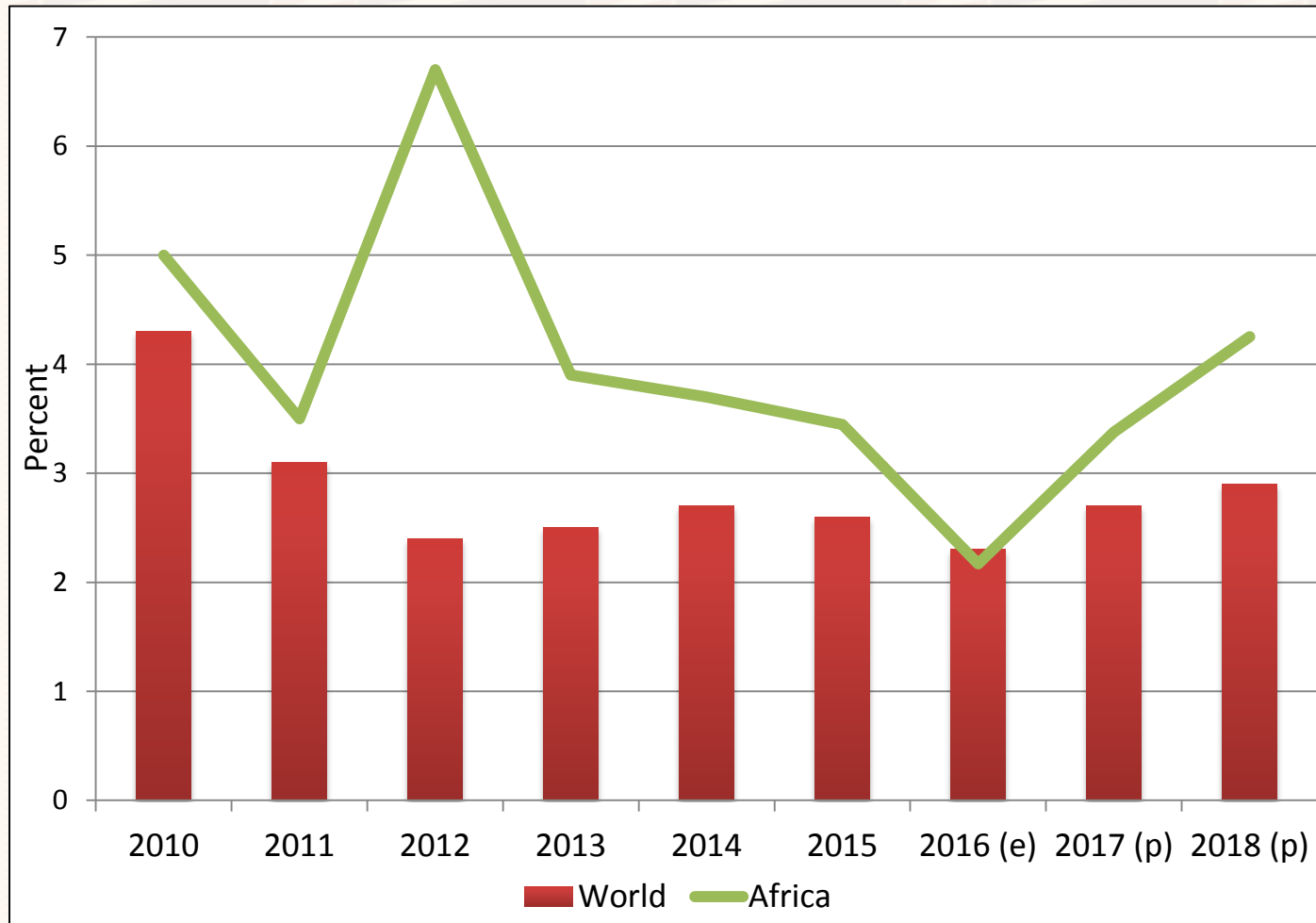
**AfDB BOS**



AFRICAN DEVELOPMENT BANK GROUP

# 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



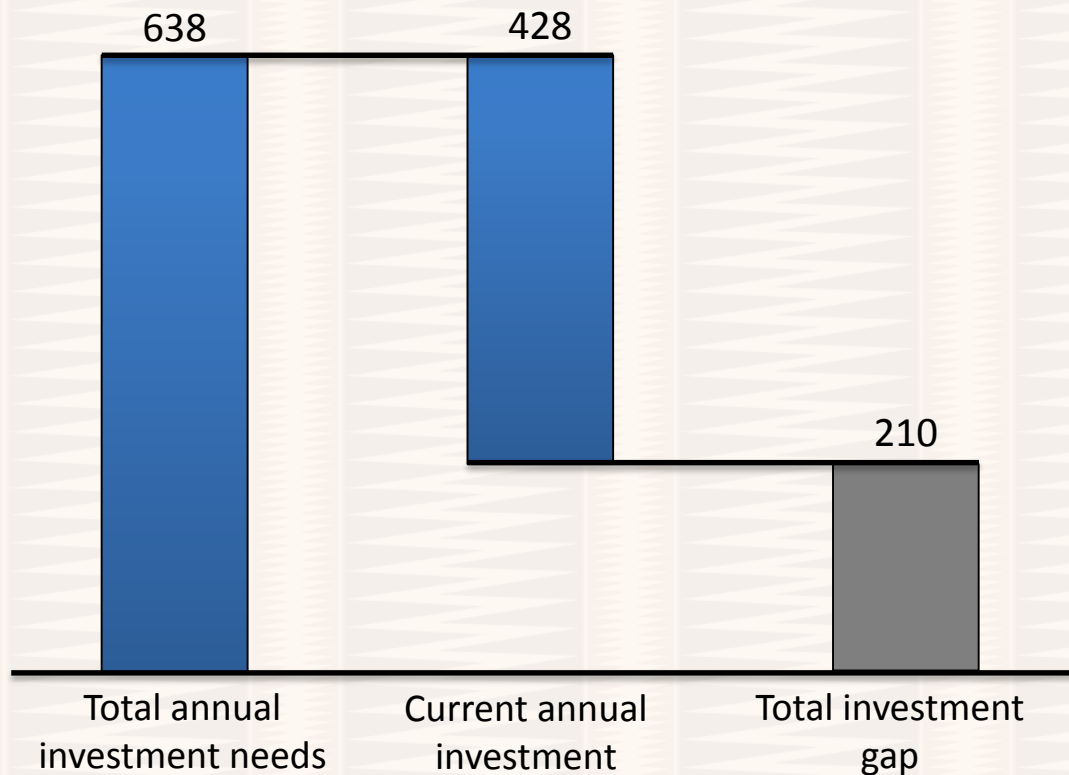
8 of top 20 countries with the highest services growth between 2006 and 2014

Source: Mo Ibrahim Foundation, Africa at a Tipping Point 2017 1

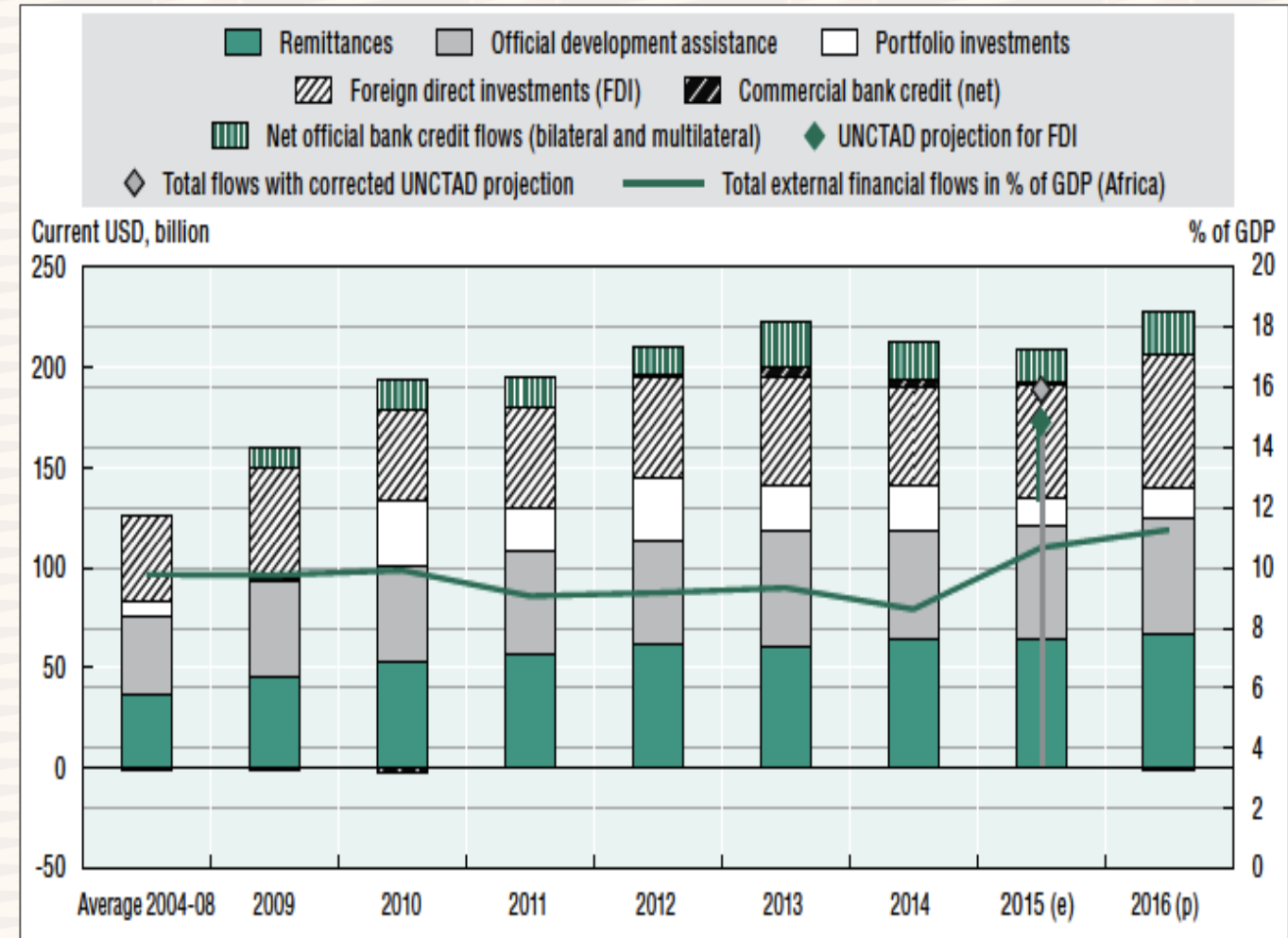
# Africa's Development: Opportunities & Challenges

## Estimated Investment Gap in Africa in Key SDG sectors, 2015-2030

Billions of USD, annual average



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



# 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

3 4 5 6 7 9 10

Regional integration

6 9 16 17

Private sector development

5 8 17

Governance & accountability

5 7 8 9 16

Skills & technology

4 5 9 10 17

### Areas of special emphasis

Fragile States

Agriculture & food security

Gender

## AfDB 'High 5' priority areas

Light up & power Africa

3 4 5 7 9 13

Feed Africa

2 5 13

Industrialise Africa

5 7 8 9 12

Integrate Africa

6 9 17

Improve the quality of life for the people of Africa

3 4 5 6 8 10 11

# 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**



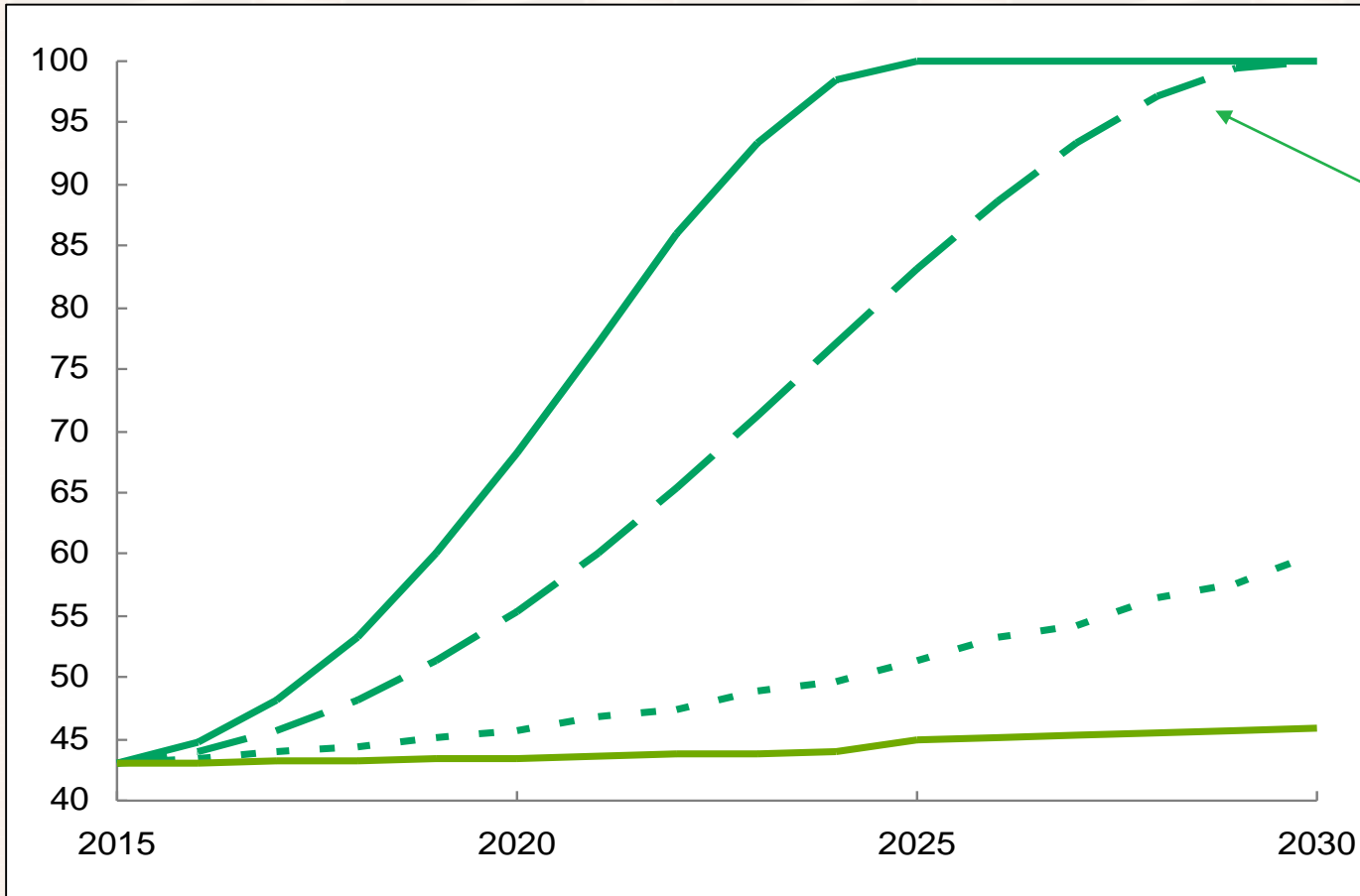
**Streamline business processes to  
promote efficiency and effectiveness**



**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

New Deal on  
Energy for  
Africa

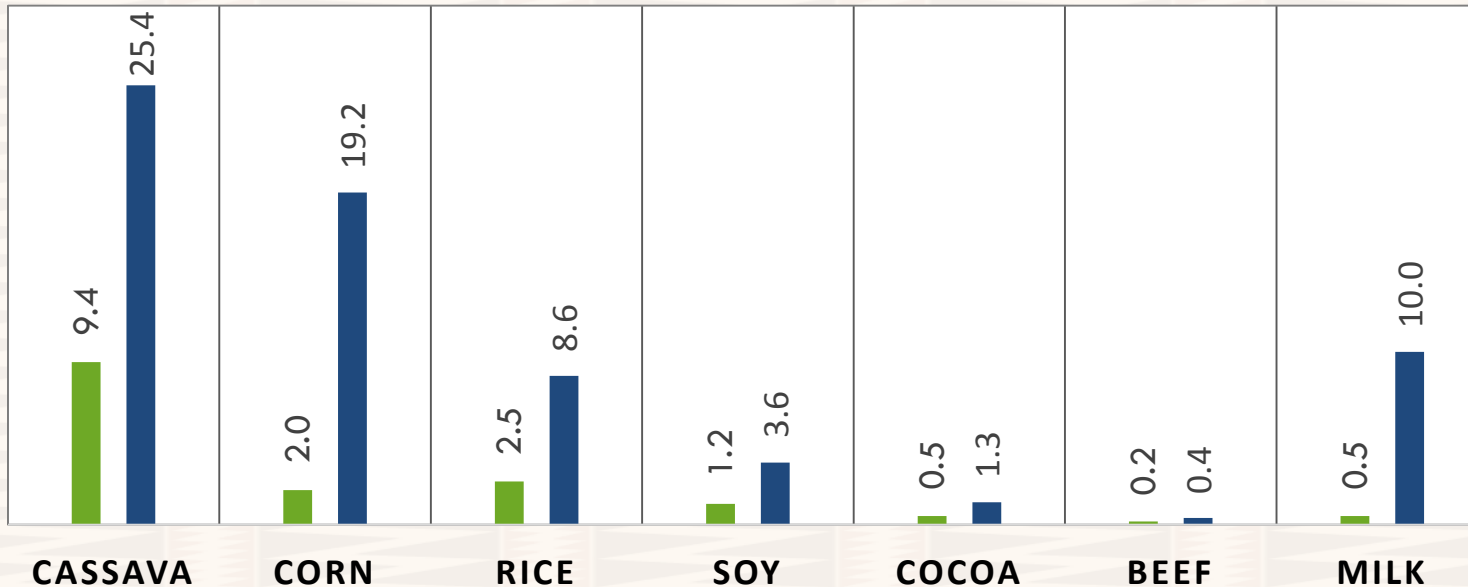


Targets for 2025

- **+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)



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%



**36%** of African children are stunted



Staggering food net food import bill of **USD 35.4 billion** per annum

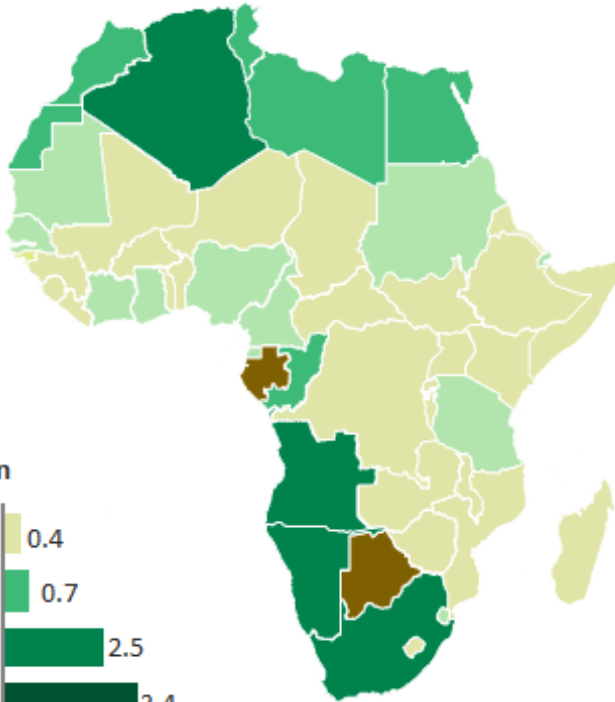
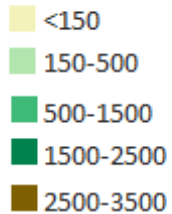


**Low value** addition to agricultural commodities and primary production

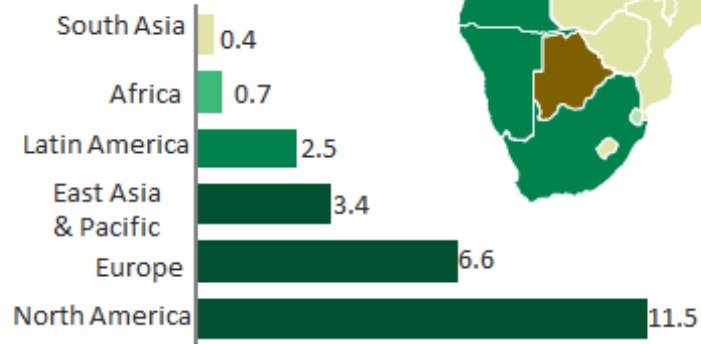
# High 5: Industrialize Africa

Per capita industrial GDP remains below 1500 USD in ~45 African countries, lower than in most other regions

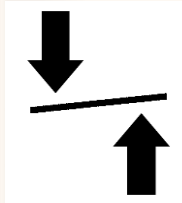
Industrial GDP per capita, USD, 2014



Average by region



Share of the global manufactured added value



<1.5%

Share of processed products in exports



<30%

Industrialization Strategy For Africa 2016-2025

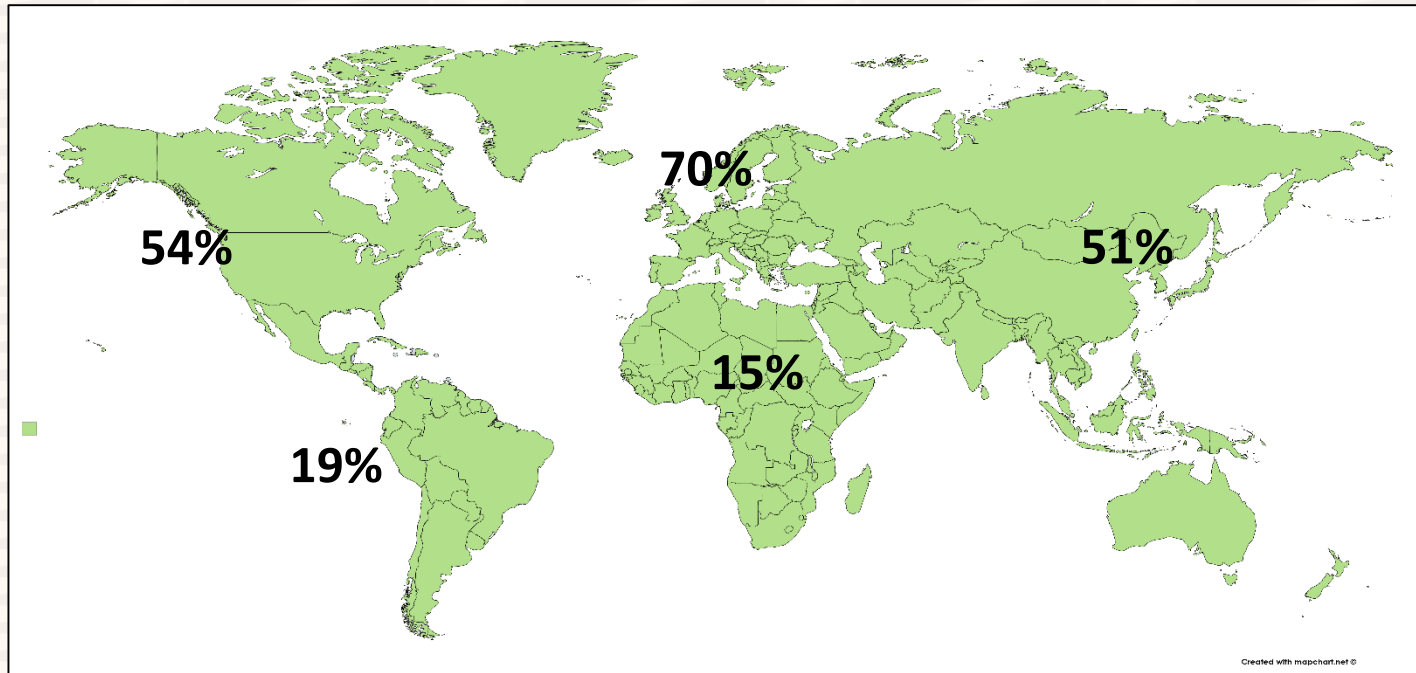


Targets for 2025

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

# High 5: Integrate Africa

## Limited intra-African trade



### Annual cost for the economy (%GDP)



1% to 1.5%

### Transportation cost



70% > than in Asia;  
50% > than in Latin  
America

Regional  
Integration Policy  
and  
Strategy  
2014–2023



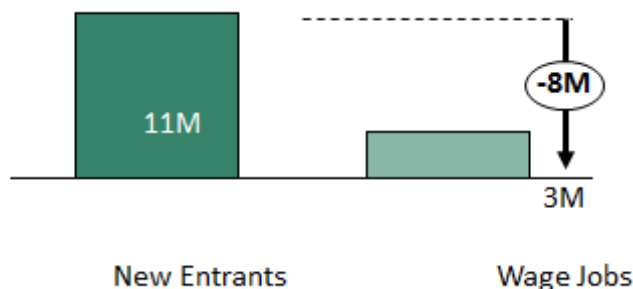
### Targets for 2025

- Intra-African trade representing **52%** of total trade
- **US \$172 billion** saved in transportation cost
- **No visa** requirements for Africans travelling across Africa

# High 5: Improve the quality of life for the people of Africa

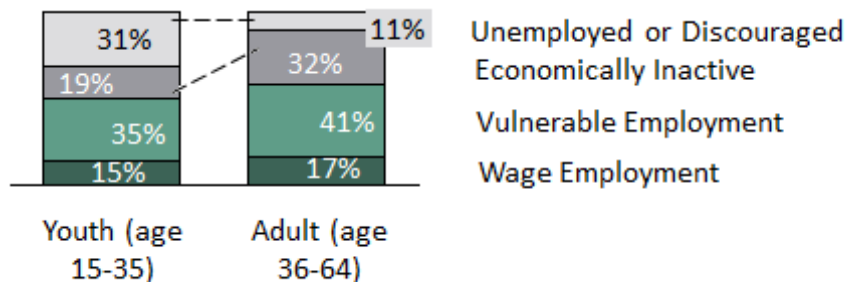
## Demand for jobs exceeds supply by 8M jobs each year

New entrants to the labor market and wage jobs created annually  
Millions, average per year



## 31% of African youth are unemployed or discouraged

Employment status in Africa, by age  
% of age group, 2015



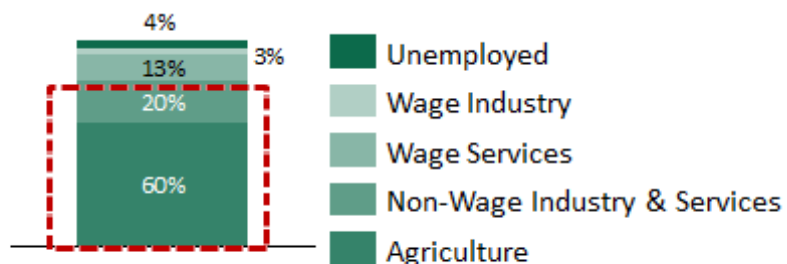
Jobs for Youth  
in Africa  
Initiative



Targets for 2025

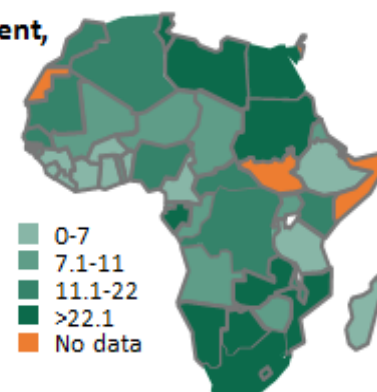
## For those employed, 80% are in the informal sector

Distribution of employment in sub-Saharan Africa  
% of total labor force, 2010



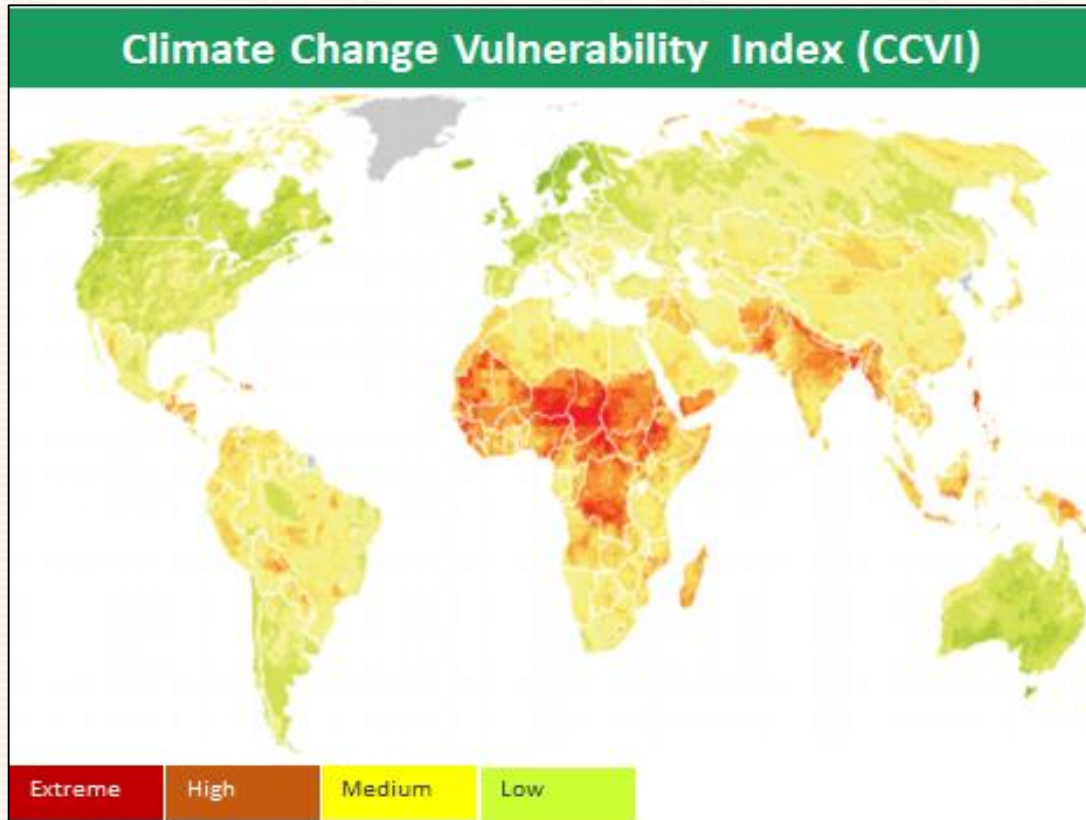
## Lack of opportunity affects youth in every country

Youth unemployment,  
by country  
%, 2015



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

# Cross Cutting Area: Climate Change



## Targets for 2020

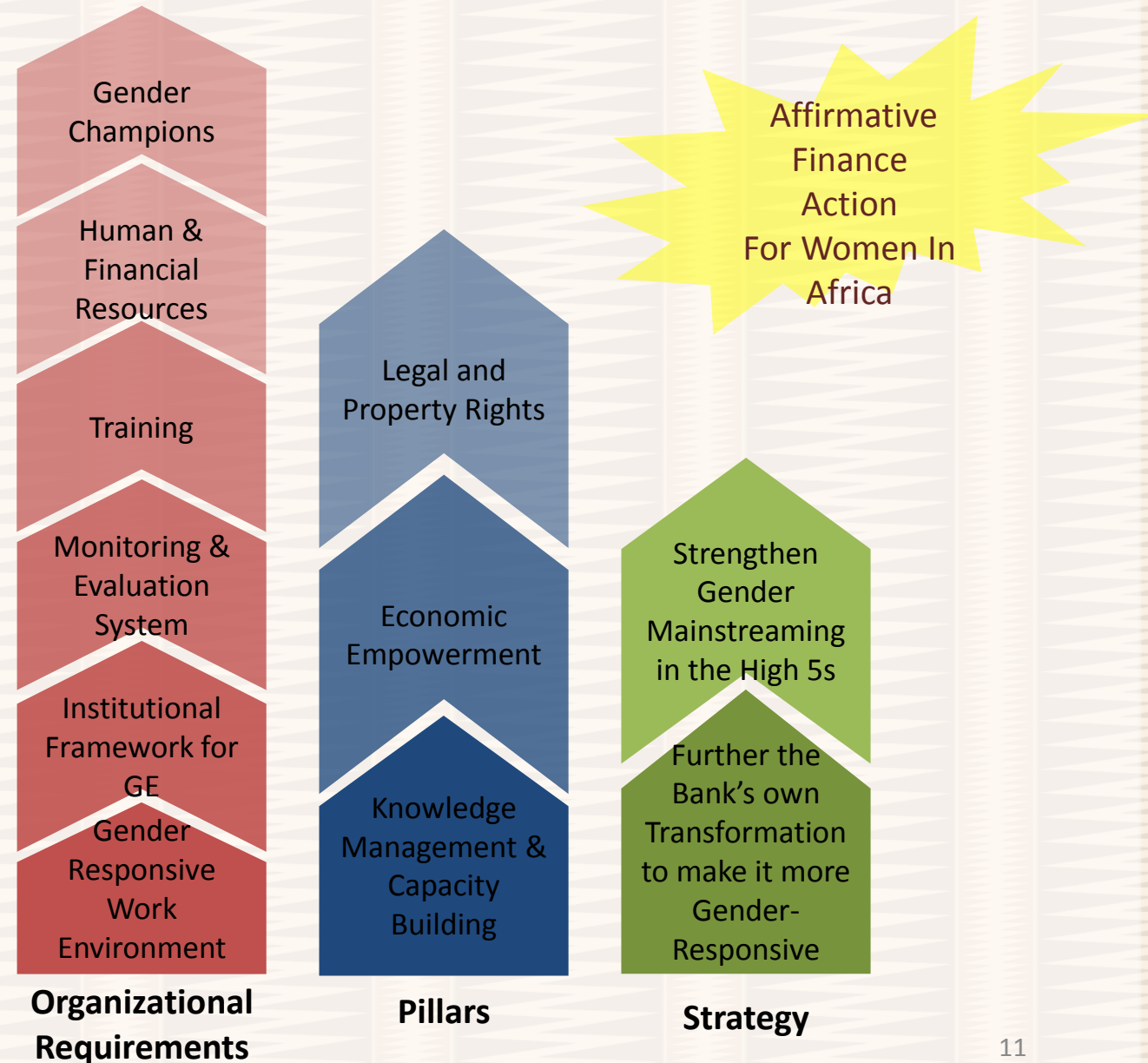
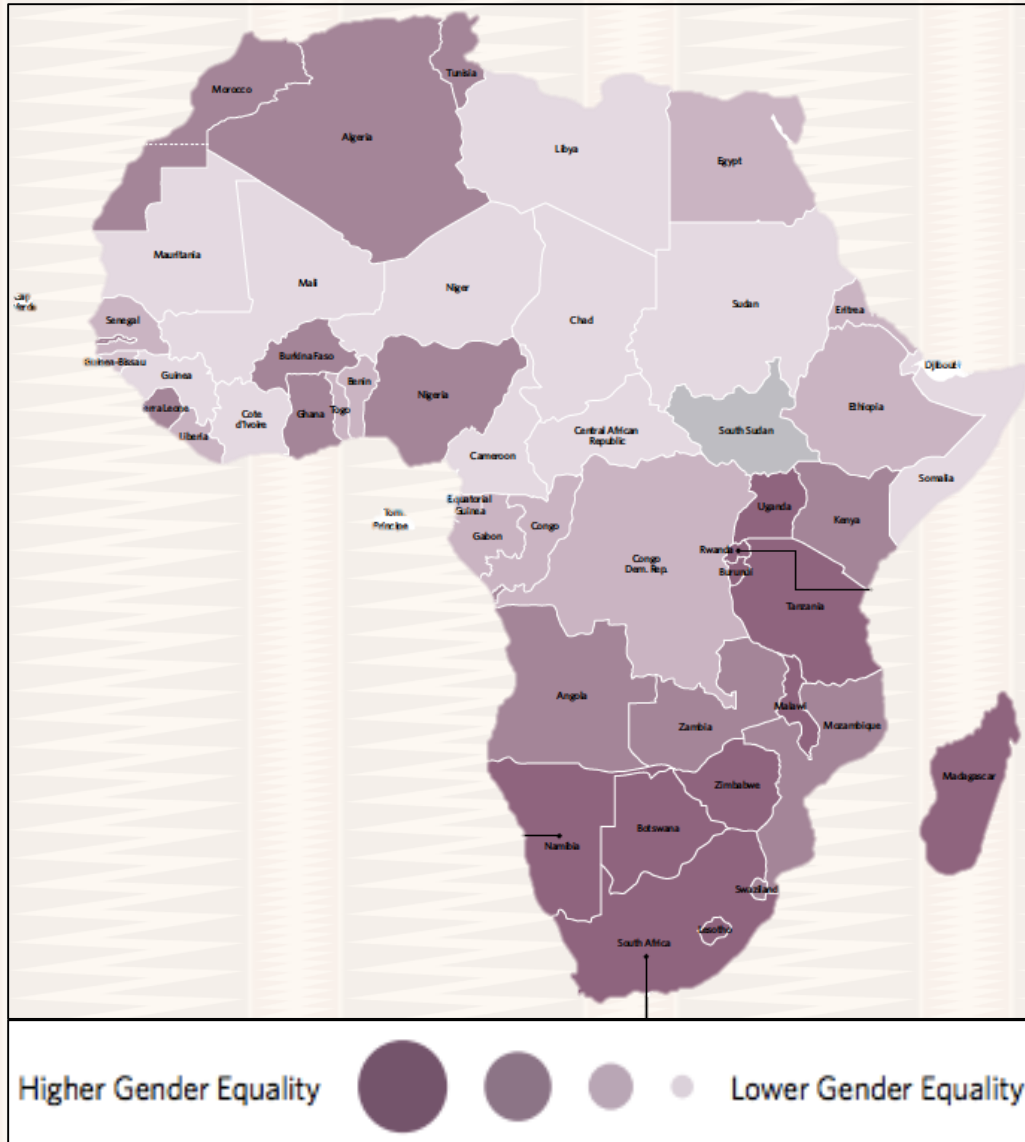
- AfDB will almost triple its annual climate financing to reach **USD 5 billion a year by 2020**
- **40%** of project approvals
- Increase Climate Smart Projects from **80% to 100%**
- Strengthening health care & educational systems



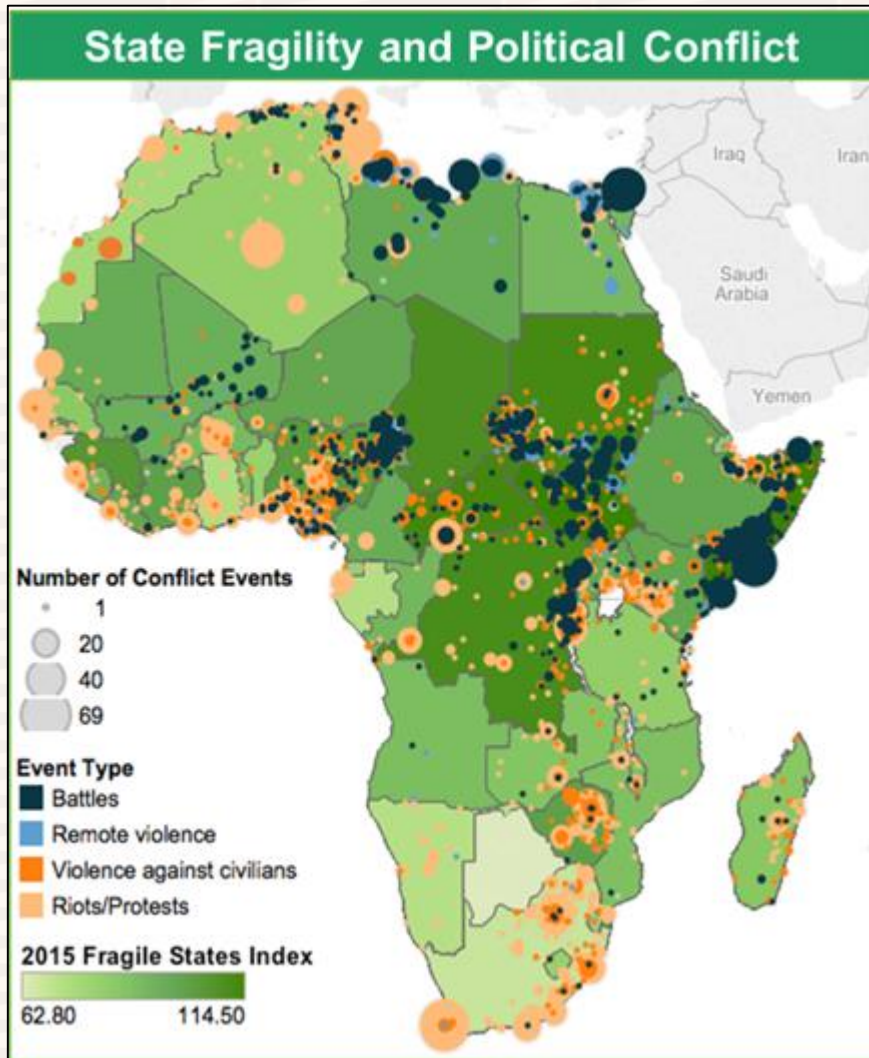
The cost of climate change for the continent is estimated to reach **USD 45-50 billion per year by 2040** and up to **7% of Africa's annual GDP by 2100**

# Cross Cutting Area: Gender

Africa: Gender Equality Index



# Cross Cutting Area: Fragility



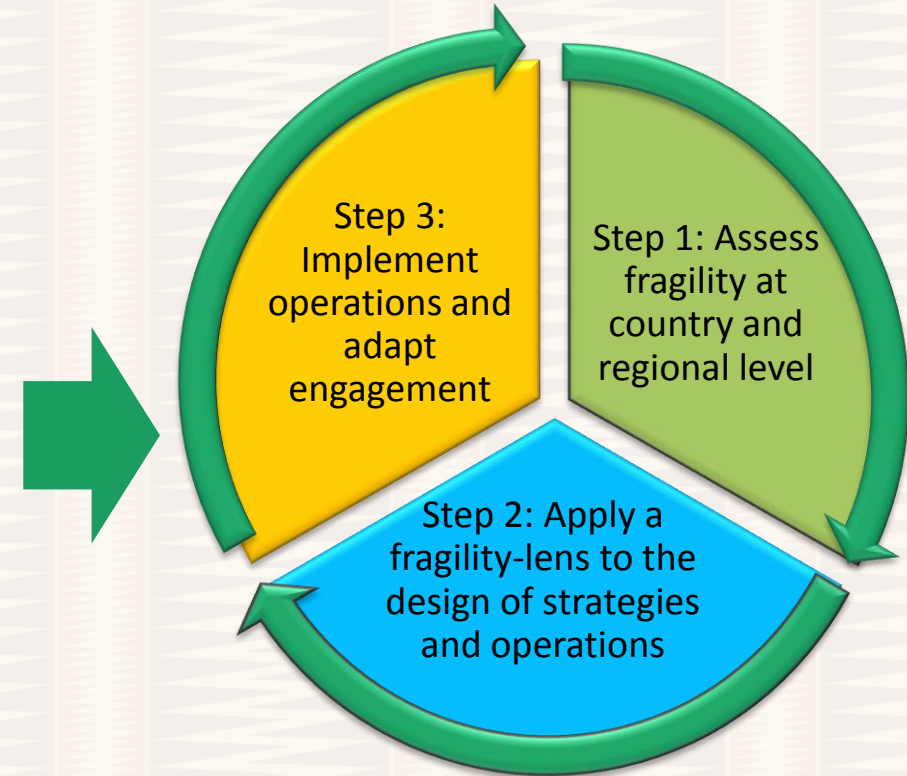
Source: Fund for Peace, 2015

## Monitoring Fragility

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

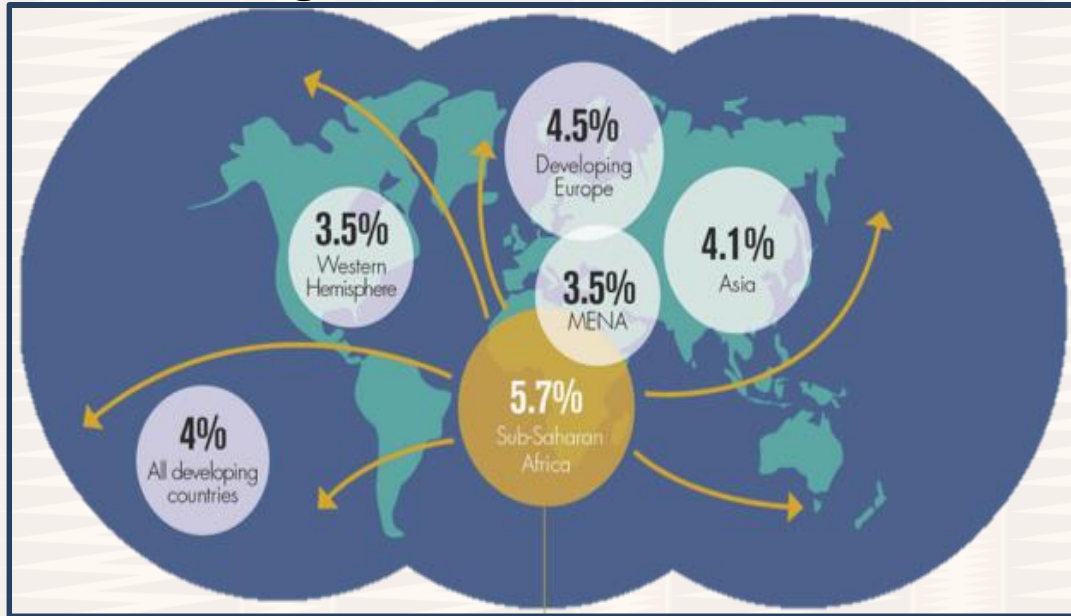
**Category 2**  
Medium risk  
through  
regional spill-  
overs or  
national  
deterioration

**Category 3**  
Low risk with  
stable outlook

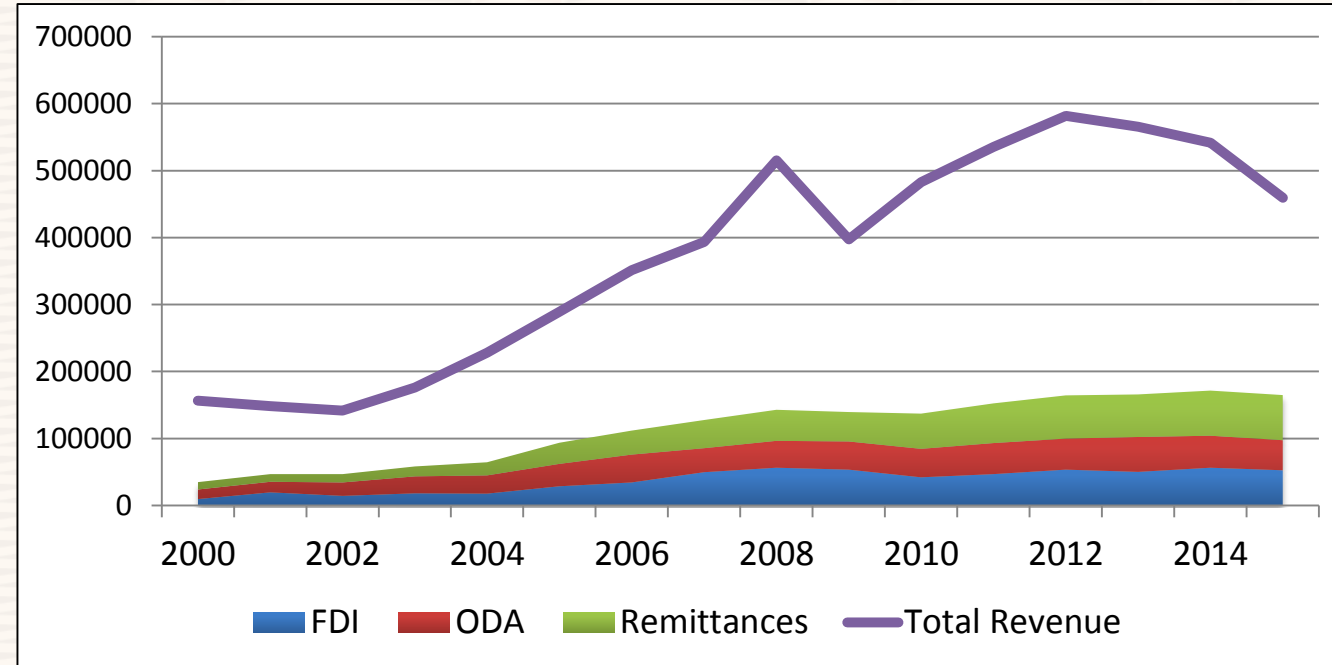



# Cross Cutting Area: Governance

Percentage of GDP that regions are losing in Illicit Financial Flows



African Resource Mobilization



- ➡ 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