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

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

<table>
<thead>
<tr>
<th></th>
<th>Total annual investment needs</th>
<th>Current annual investment</th>
<th>Total investment gap</th>
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<tbody>
<tr>
<td>Investment needs</td>
<td>638</td>
<td>428</td>
<td>210</td>
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</tbody>
</table>

Africa’s Development: Opportunities & Challenges
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

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)

<table>
<thead>
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<th>Cassava</th>
<th>Corn</th>
<th>Rice</th>
<th>Soy</th>
<th>Cocoa</th>
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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

Share of processed products in exports

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

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
Cross Cutting Area: Climate Change

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.

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

Higher Gender Equality 🎈🎈🎈 Lower Gender Equality

- Gender Champions
- Human & Financial Resources
- Training
- Monitoring & Evaluation System
- Institutional Framework for GE
- Gender Responsive Work Environment
- Legal and Property Rights
- Economic Empowerment
- Knowledge Management & Capacity Building

Organizational Requirements

Pillars

Strategy

Affirmative Finance Action For Women In Africa

Further the Bank's own Transformation to make it more Gender-Responsive

Strengthen Gender Mainstreaming in the High 5s
Cross Cutting Area: 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