

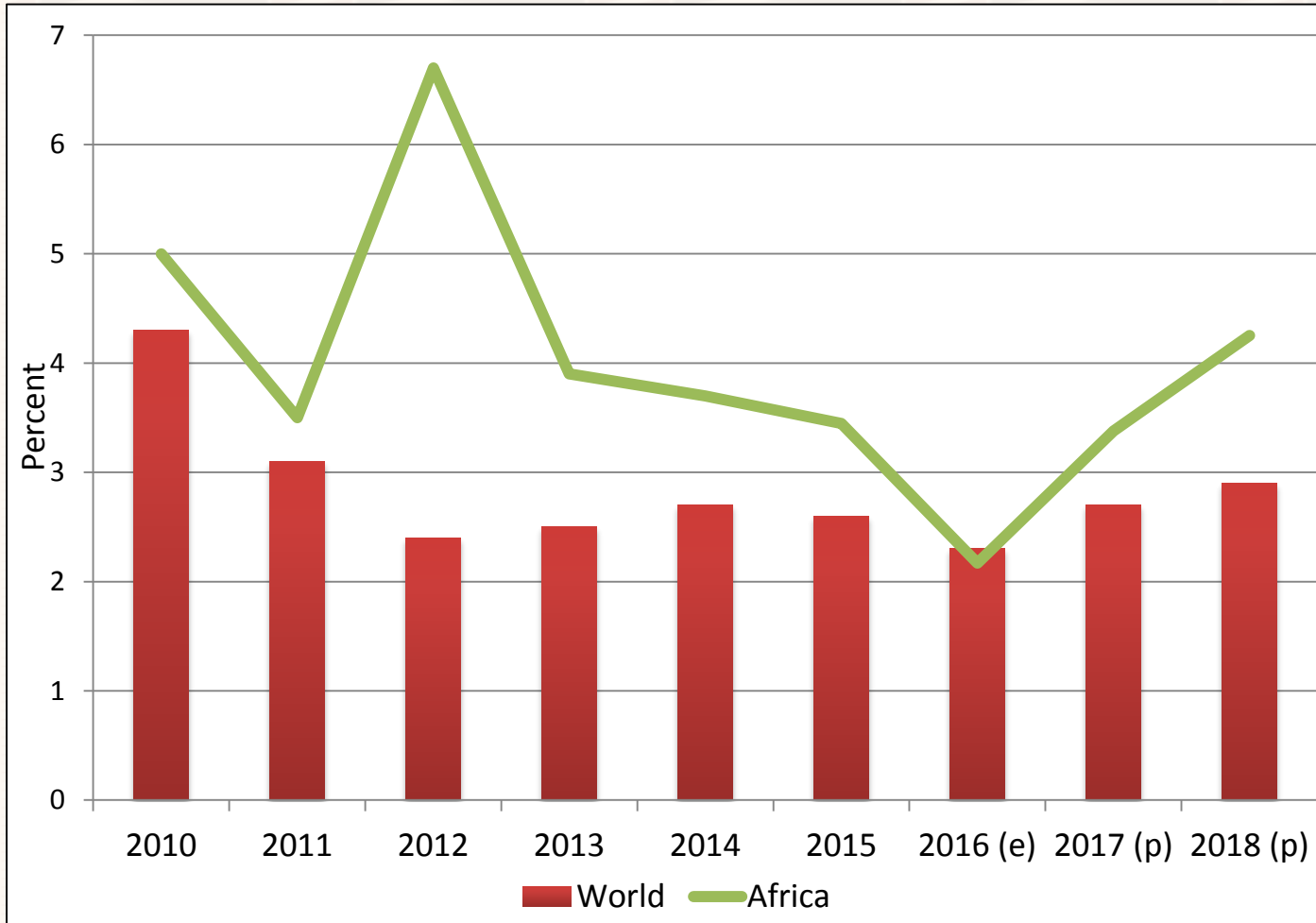
STRATEGIC DIRECTIONS AND PRIORITIES FOR AFRICA'S TRANSFORMATION

Strategy and Operational Policies
Department (SNPS)
African Development Bank



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



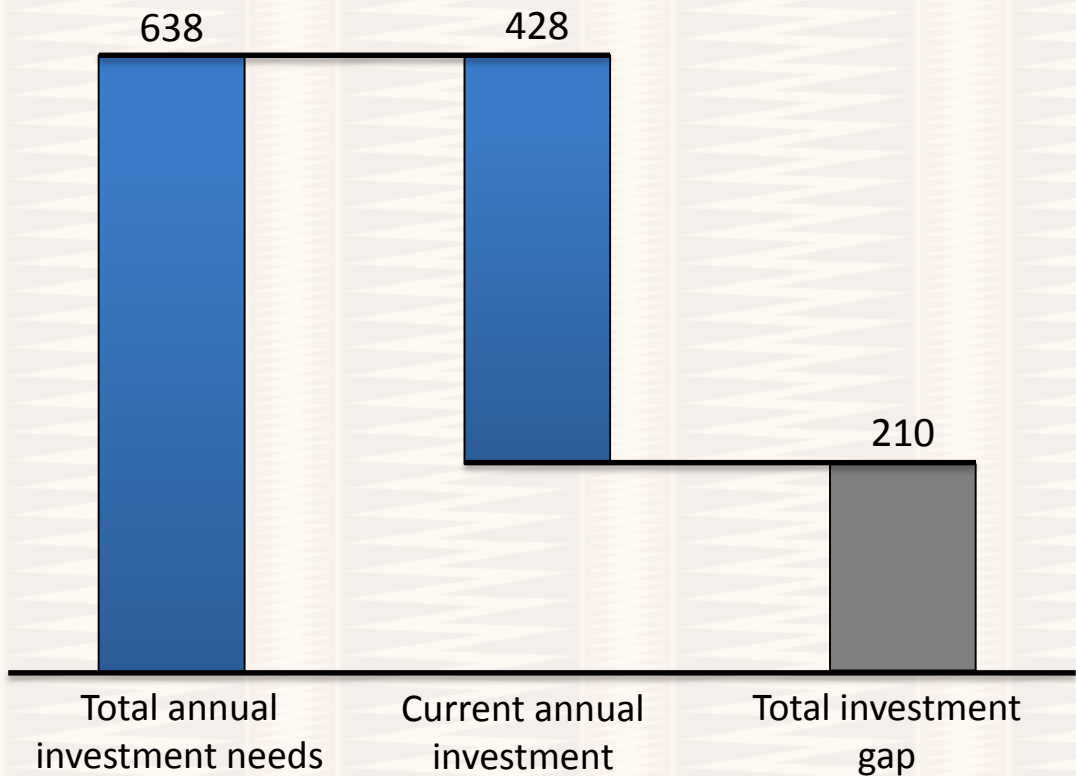
8 of top 20 countries with the highest services growth between 2006 and 2014

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

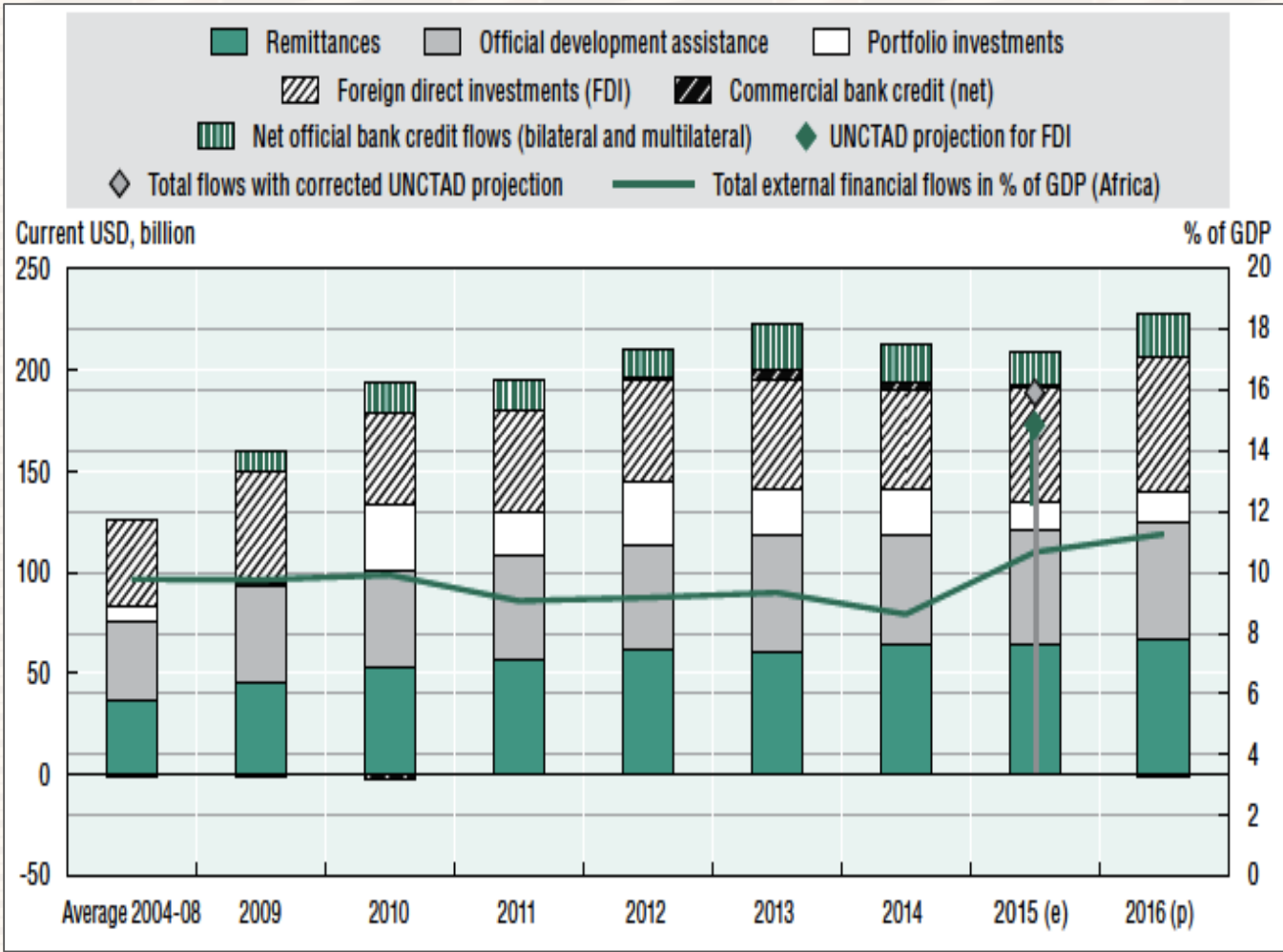
Africa's Development: Opportunities & Challenges

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

Billions of USD, annual average



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

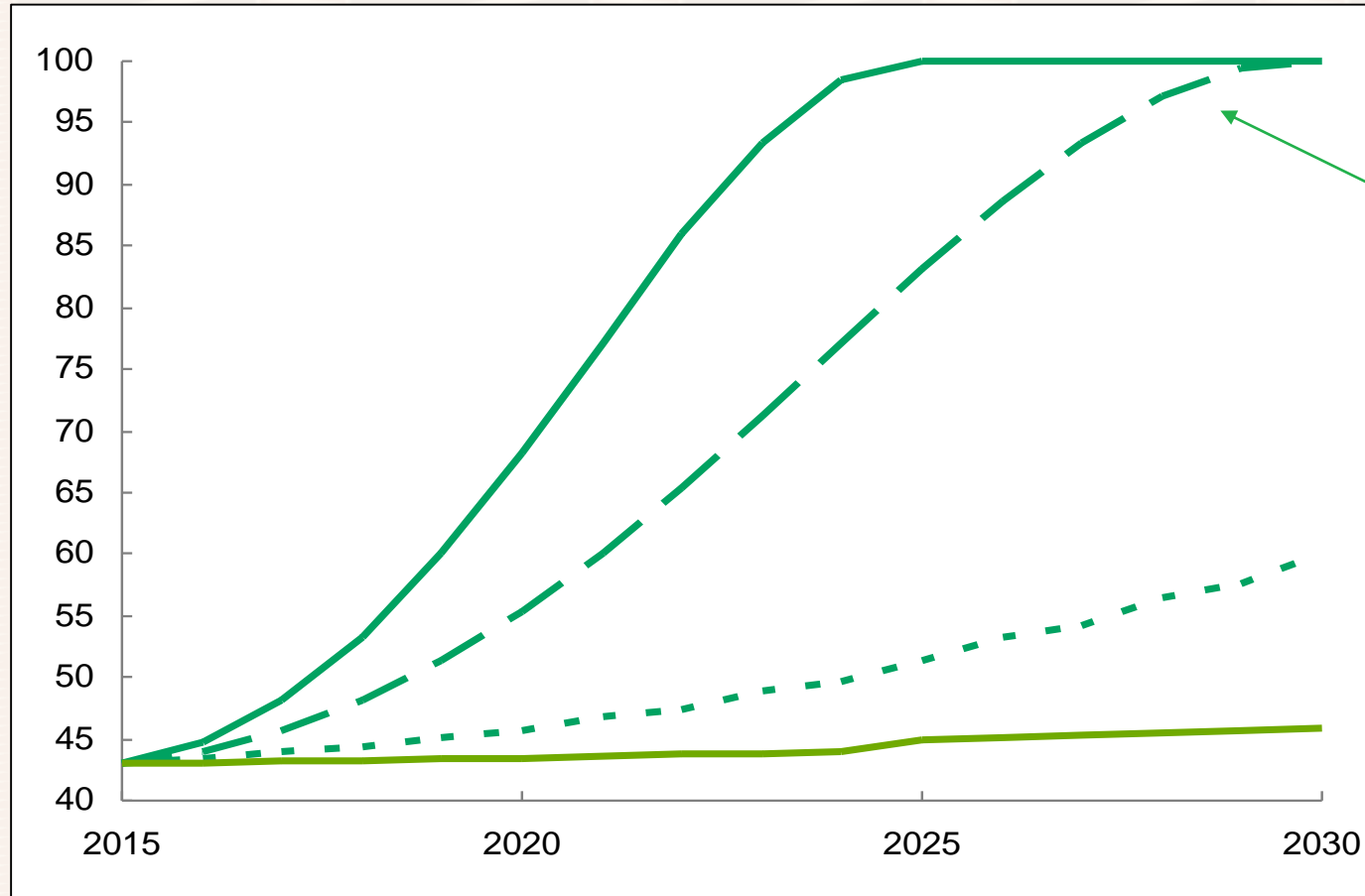
6 9 17

Improve the quality of life for the people of Africa

3 4 5 6 8 10 11

High 5: 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

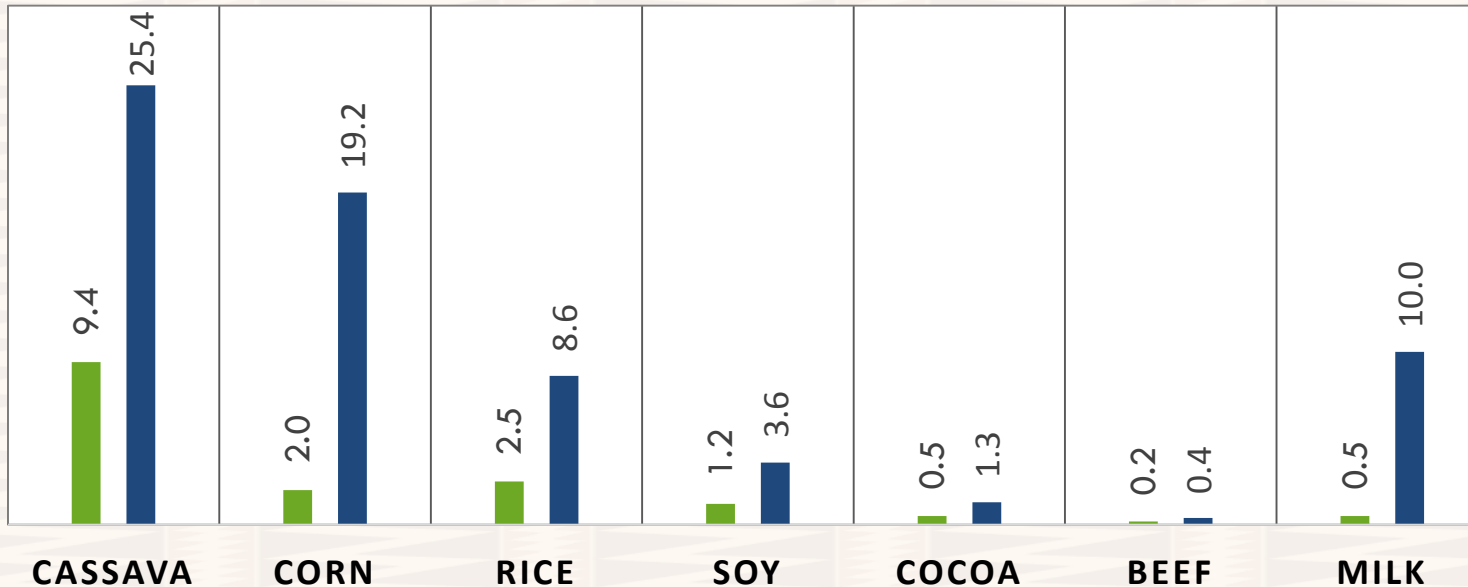


Targets for 2025

- **+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

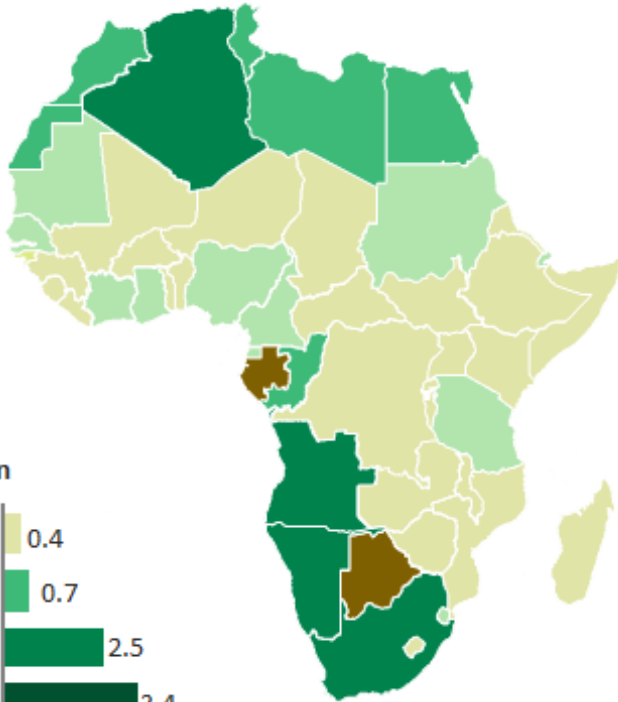
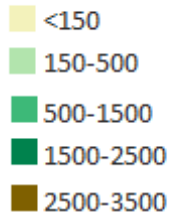


Low value addition to agricultural commodities and primary production

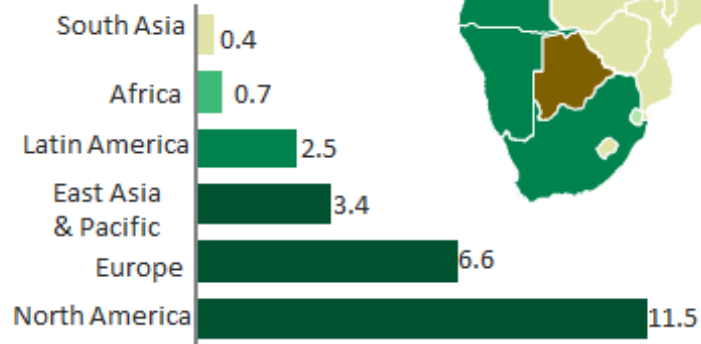
High 5: Industrialize Africa

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

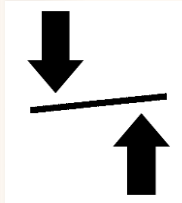
Industrial GDP per capita, USD, 2014



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

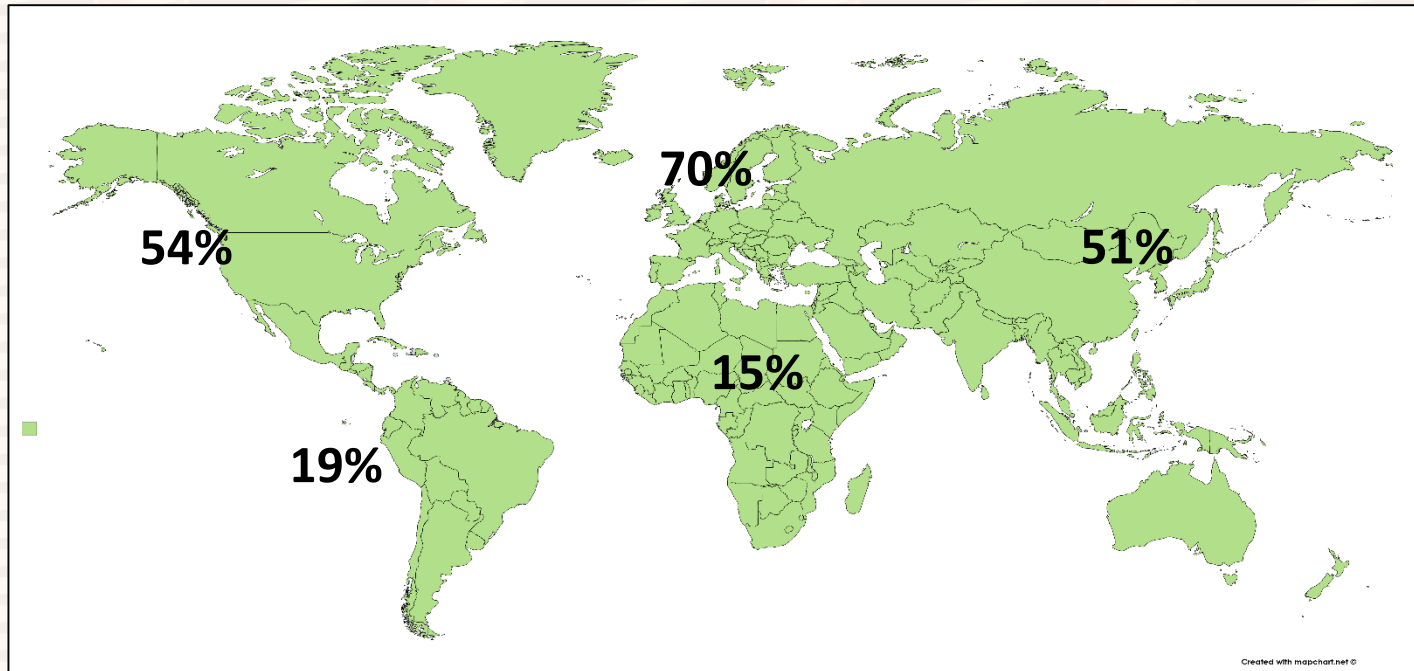


Targets for 2025

- 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



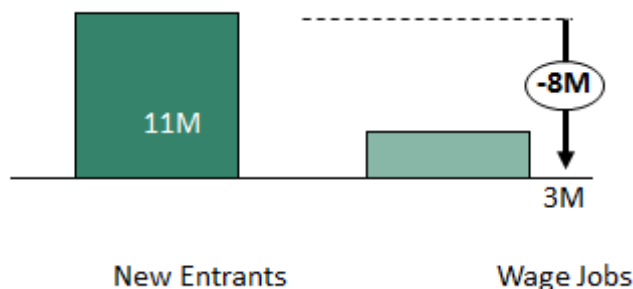
Targets for 2025

- 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

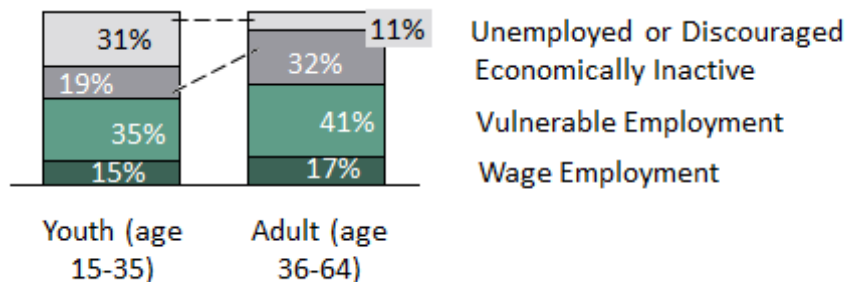
Demand for jobs exceeds supply by 8M jobs each year

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



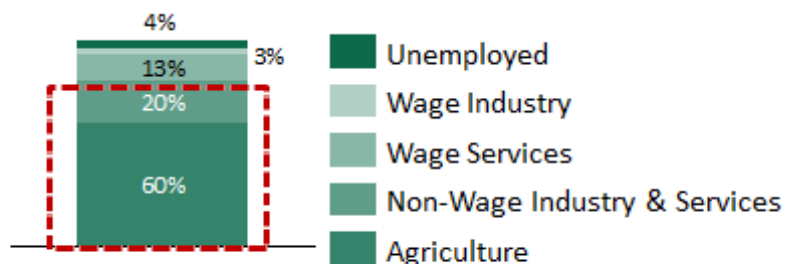
Jobs for Youth
in Africa
Initiative



Targets for 2025

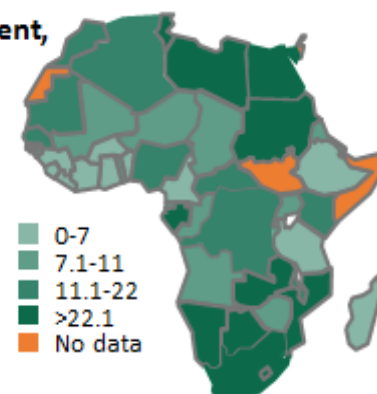
For those employed, 80% are in the informal sector

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



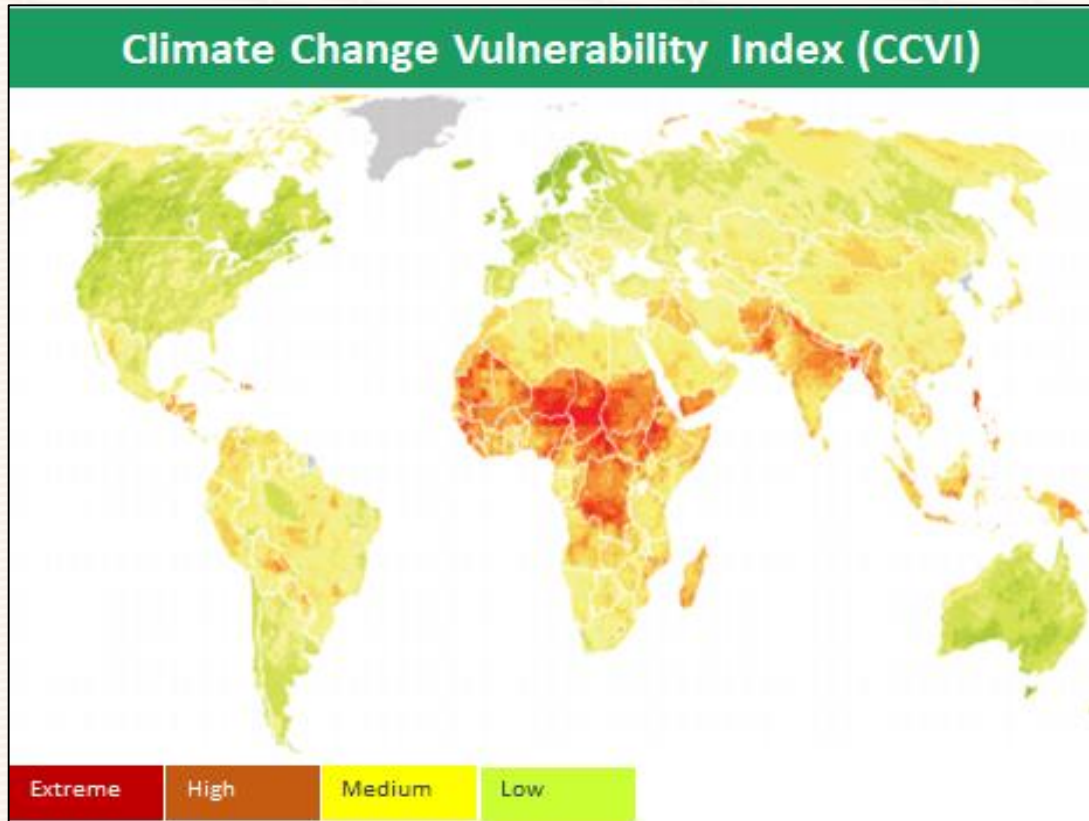
Lack of opportunity affects youth in every country

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



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**

Sustainable Energy Fund for Africa

Inclusive Green Growth Partnership

Developing Climate Change Action Plan 2 (2016-2020)

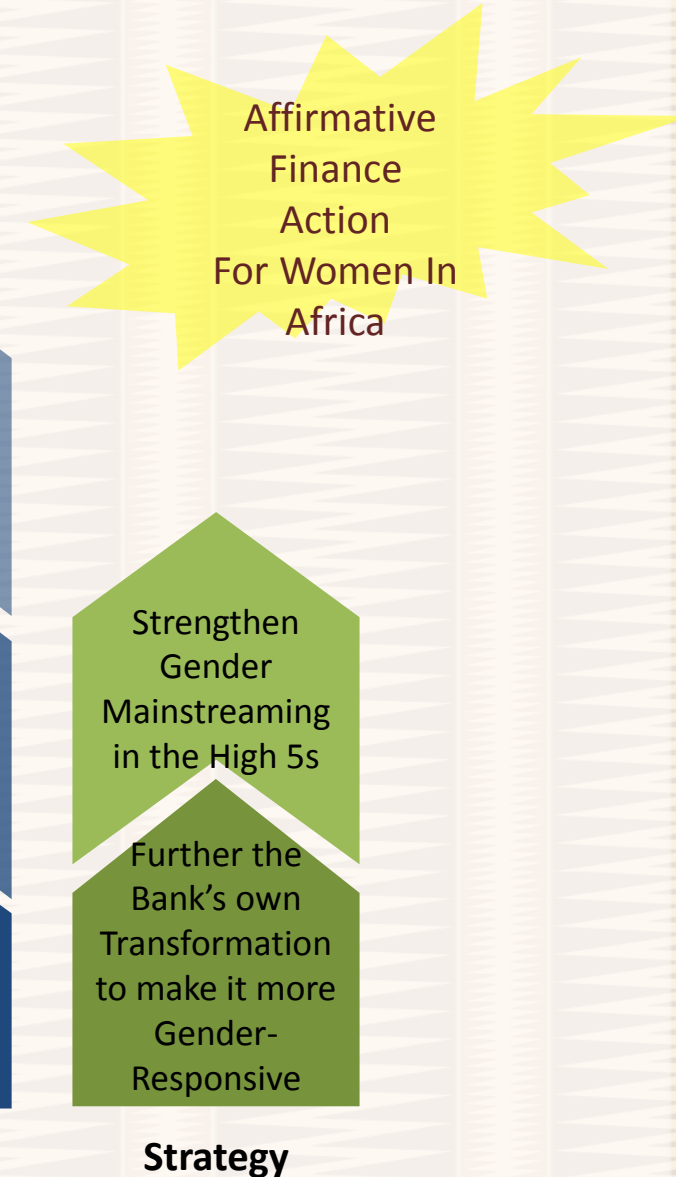
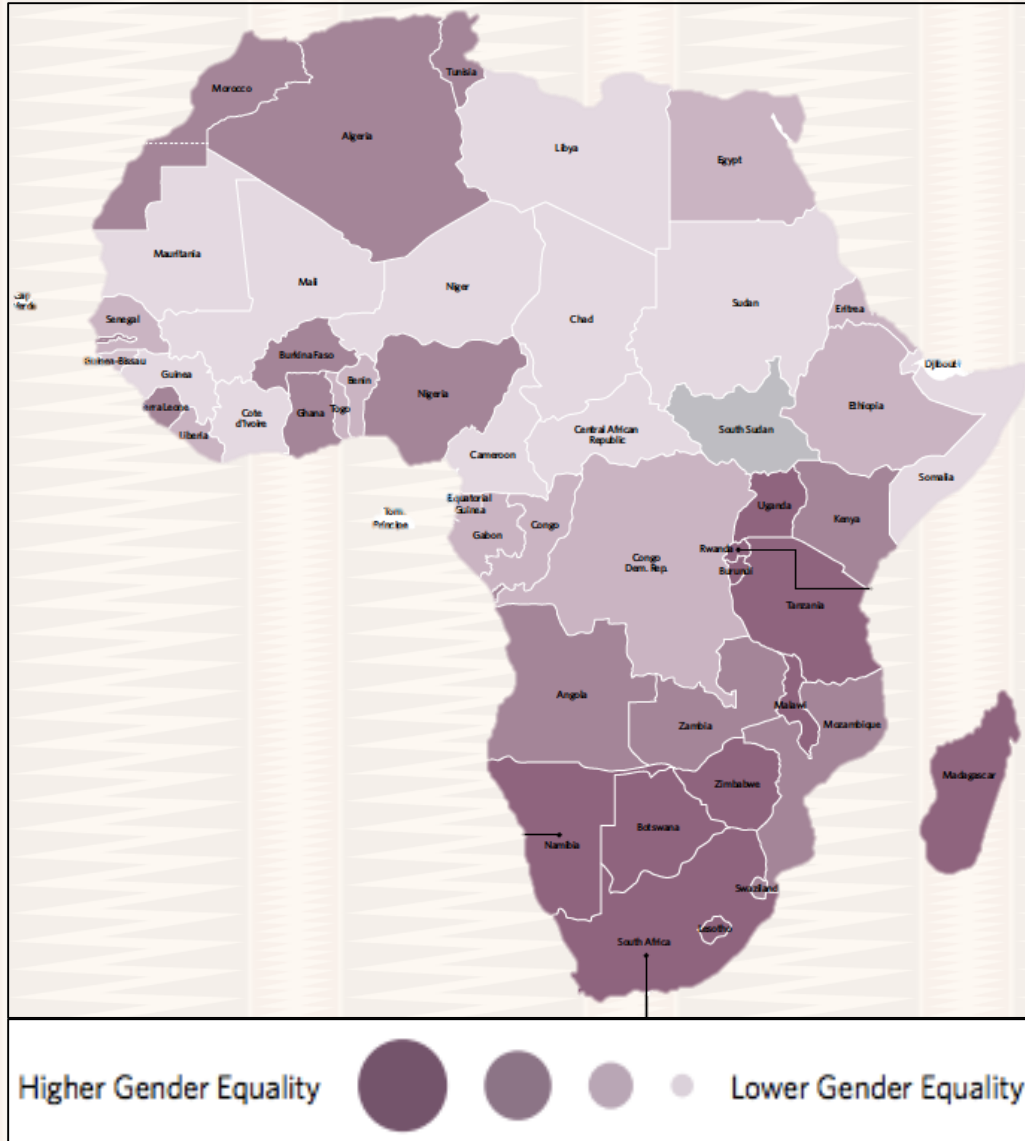


Targets for 2020

- 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

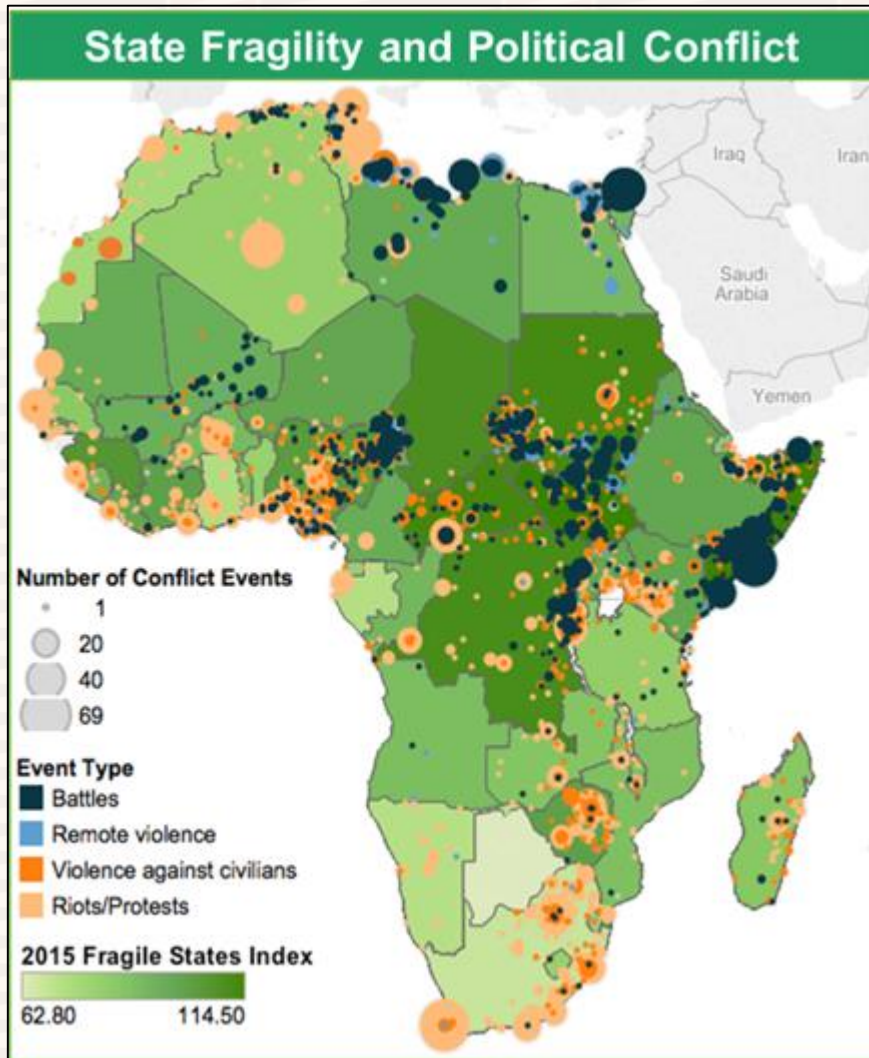
Cross Cutting Area: Gender

Africa: Gender Equality Index



Cross Cutting Area: Fragility

Monitoring Fragility

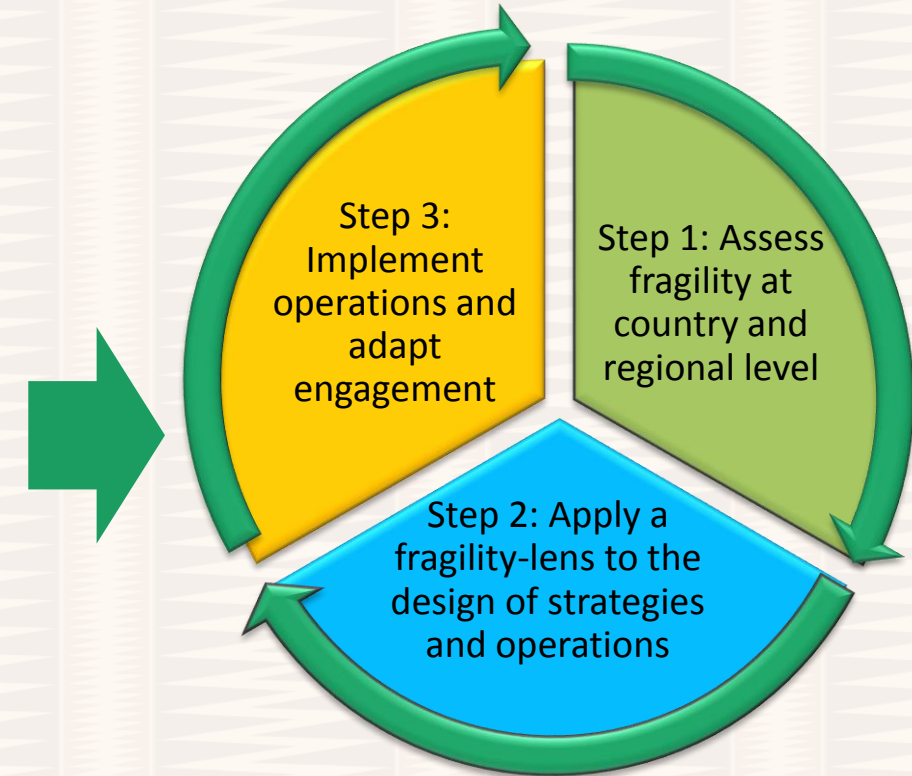


Source: Fund for Peace, 2015

Category 1
High risk in
countries and
regions

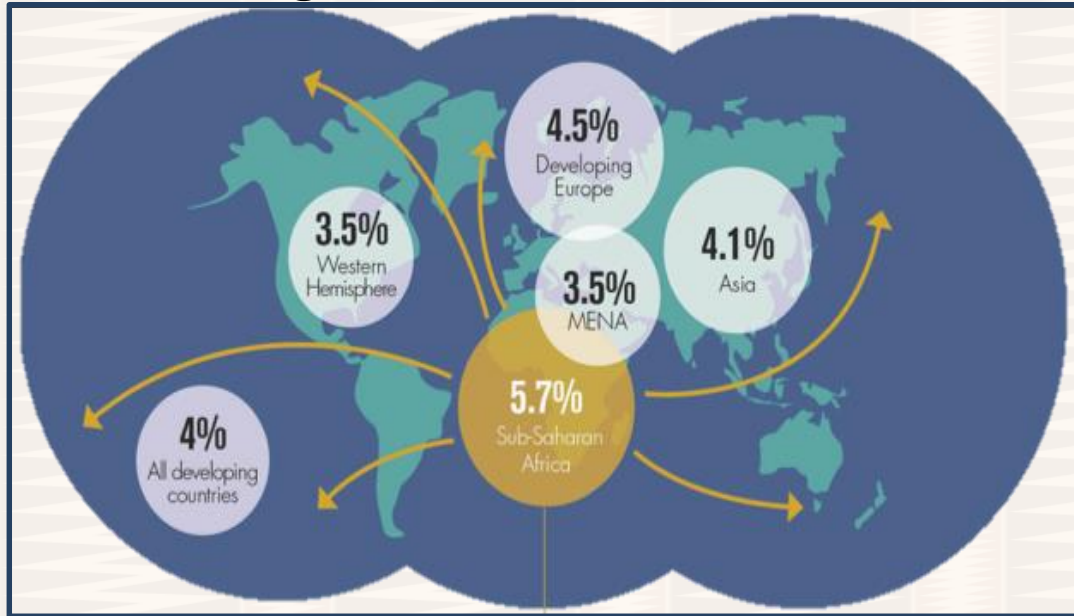
Category 2
Medium risk
through
regional spill-
overs or
national
deterioration

Category 3
Low risk with
stable outlook

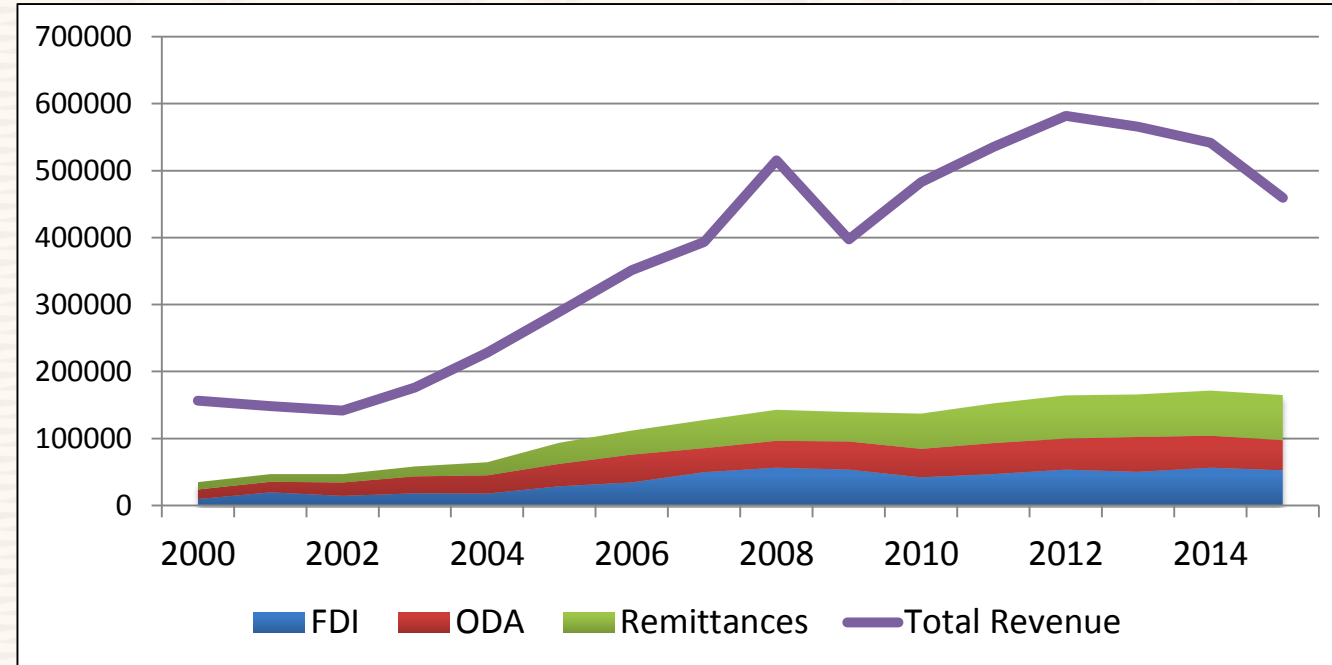


Cross Cutting Area: Governance

Percentage of GDP that regions are losing in Illicit Financial Flows

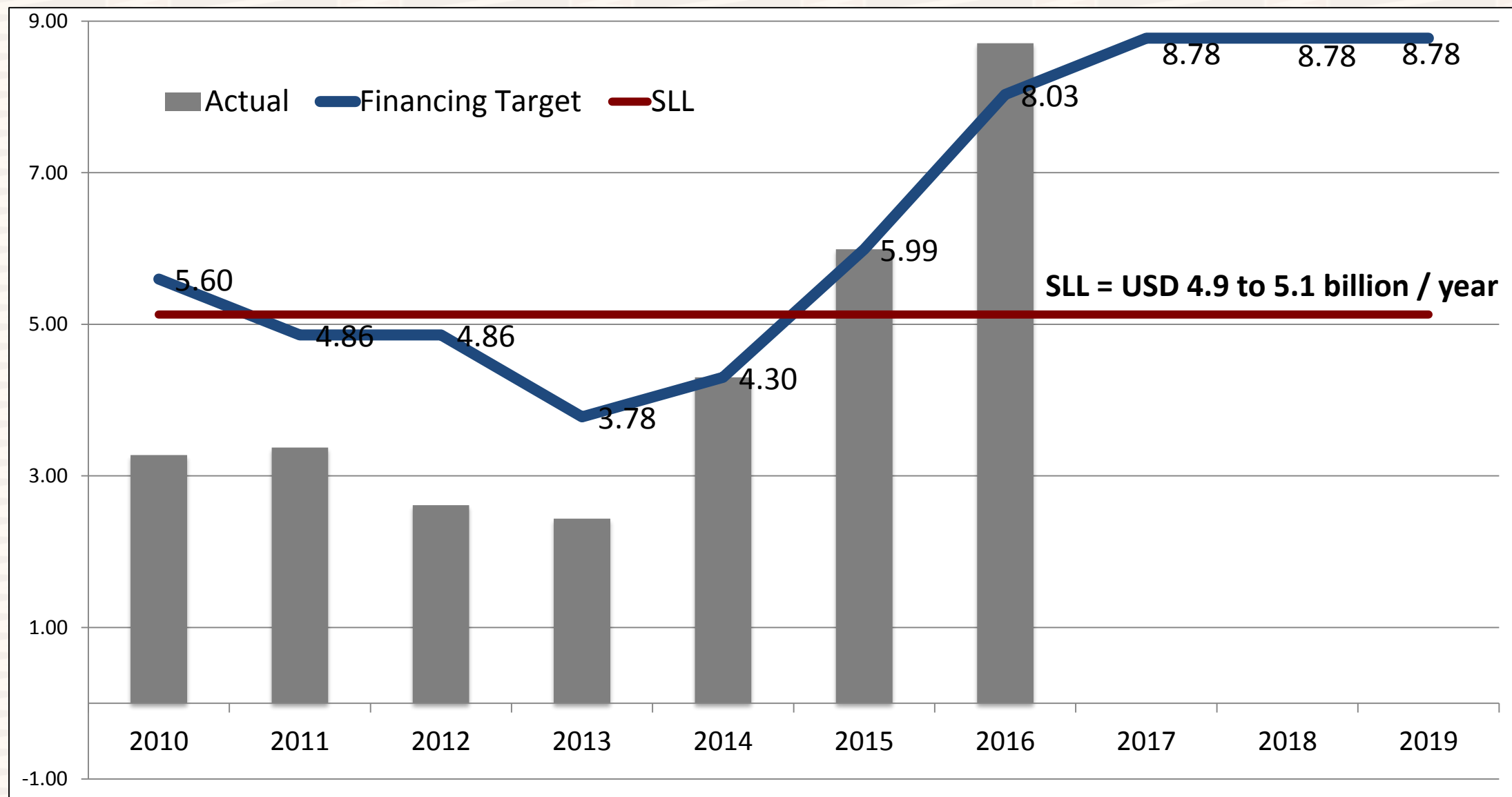


African Resource Mobilization

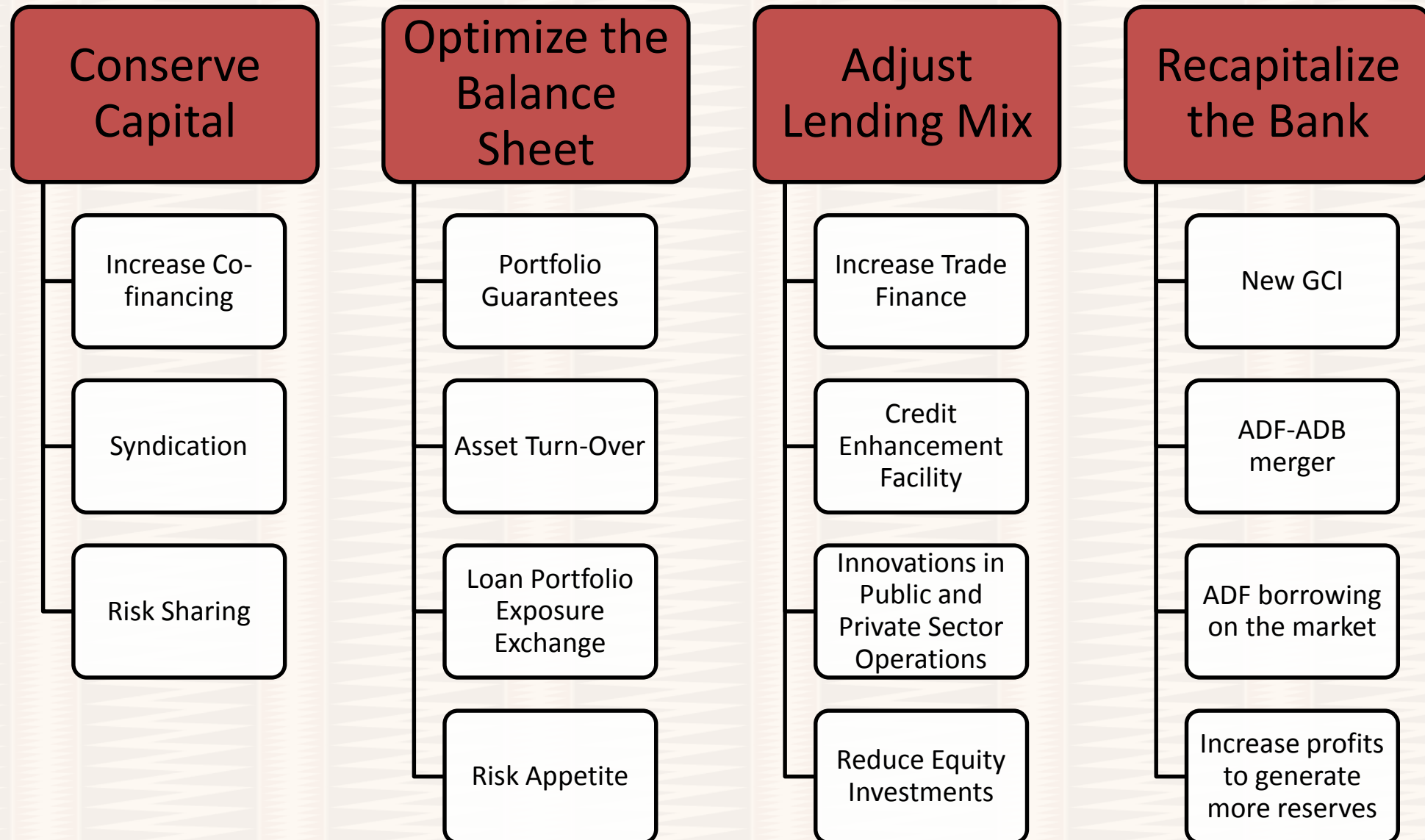


- ➡ Total illicit flows out of Africa = **US\$50 billion every year**, equal to **5.7% of Africa's GDP**
- ➡ **Tax revenues** account for **less than 20% of GDP** in sub-Saharan Africa, compared to over 33% in OECD countries
- ➡  Only **8 African countries** rank in the top 100 of the **Doing Business 2016** Rankings

Lending Trajectory Above Sustainable Lending Limits



AfDB Financing Options





Thank you