



African Development Bank Group

BUSINESS OPPORTUNITY SEMINAR

Strategy and Operational Policies Department (SNSP)

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Abidjan, **Côte d'Ivoire**

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AfDB Headquarters, Auditorium



AFRICAN DEVELOPMENT BANK GROUP

About This Presentation

1. AfDB Overview

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

2. Investment Opportunities & Challenges in Africa

- Encouraging Facts
- Challenges



AfDB Overview

AfDB IN NUMBERS

ADB Shareholders

54

African countries
Regional member countries



+26

Non-African countries
Non-regional member countries

=80

Nations

Mission

To promote sustainable
economic growth
and reduce poverty
in Africa

Capital

as of 31 December 2016 (ADB)
(in UA)

65.49 B

Subscribed Capital

4.90 B

Paid-up Capital

66.98 B

Authorized Capital

60.59 B

Callable Capital

TOTAL RESERVES

2.75 B

Approved operations 2016

(in UA)

Source of financing

ADB

6.34 B

ADF

1.52 B

NTF

18.5 M

SPECIAL FUNDS

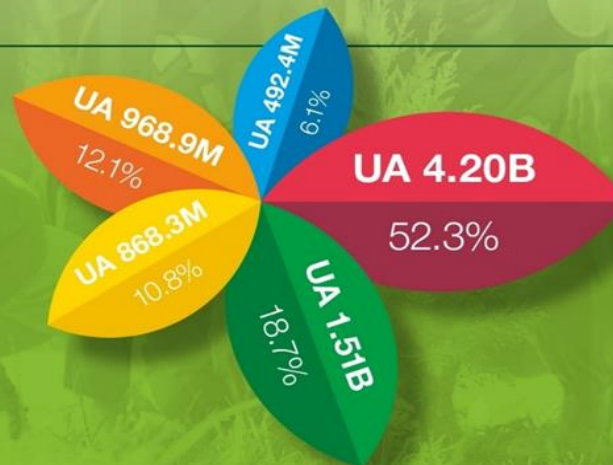
160.3 M

TOTAL
APPROVALS

8.04 B

Total Approvals by High 5 Grouping 2016

- Light Up and Power Africa
- Feed Africa
- Industrialize Africa
- Integrate Africa
- Improve the Quality of Life
for the People of Africa



Total Cumulative Approvals 1967–2016



OPERATIONS

5,279



IN TOTAL

UA 96.10 B

AfDB STRATEGIC FRAMEWORK

UN Sustainable Development Goals (SDGs)



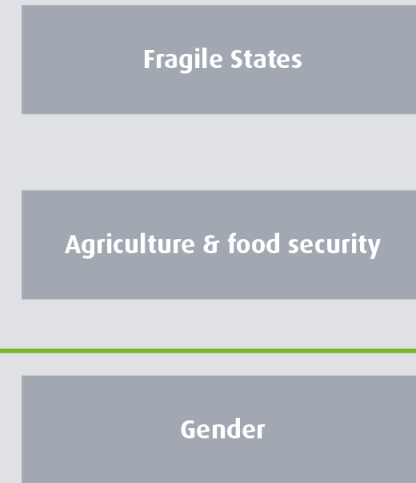
AfDB Ten Year Strategy 2013–2022

Twin objective: inclusive growth and transition to green growth

Operational priorities



Areas of special emphasis



AfDB 'High 5' priority areas



FINANCING NEEDS



Average Annually

USD 65 - 90 billion



USD 32 - 40 billion



USD 40 billion



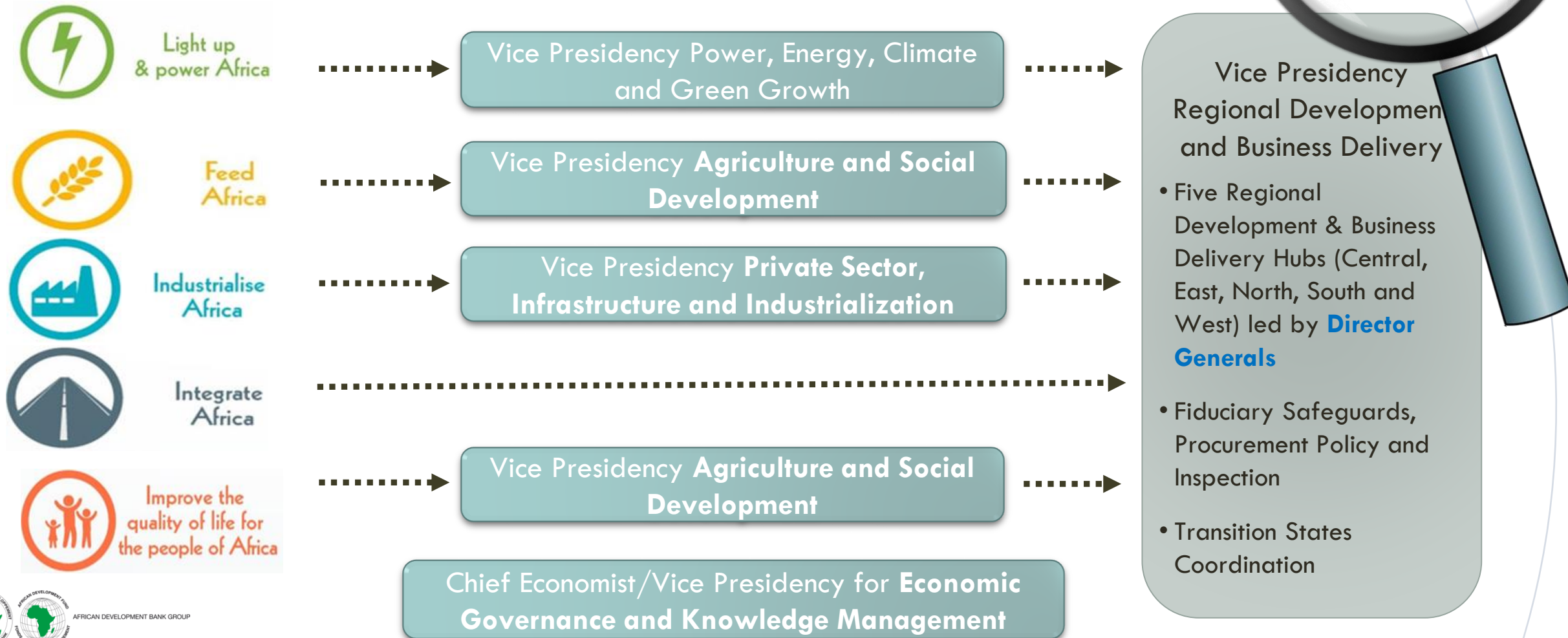
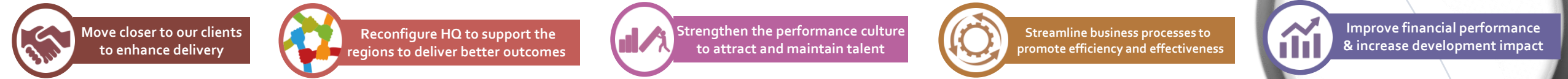
USD 10 billion



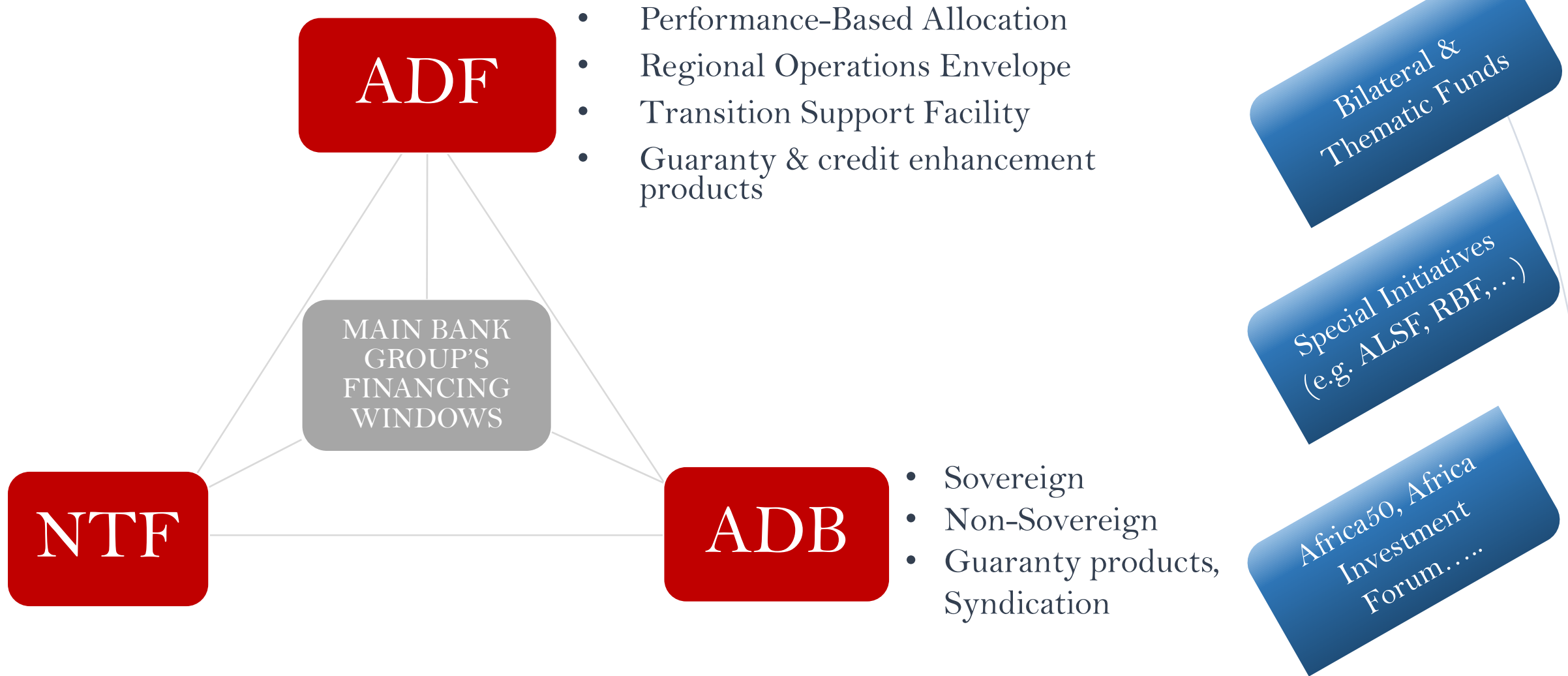
USD 5.5 billion

**approx.
USD 170
billion per
annum**

BUSINESS DELIVERY MODEL



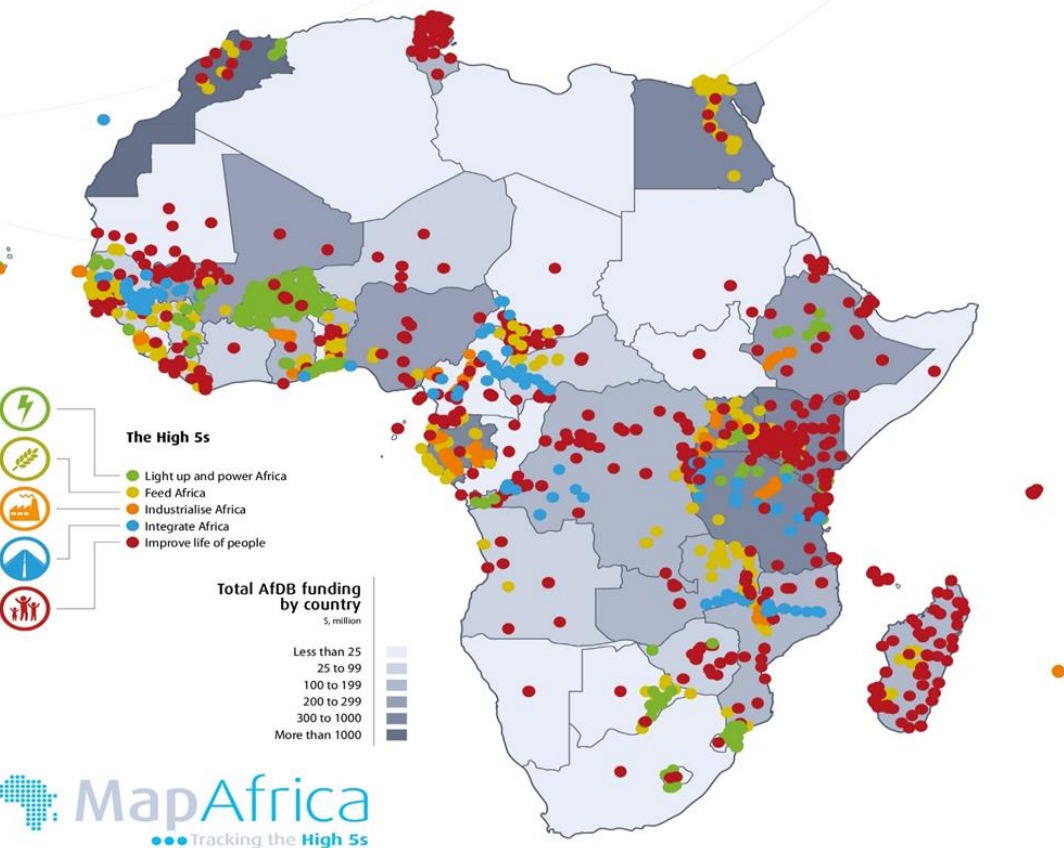
FINANCING INSTRUMENTS & INITIATIVES



KEY DELIVERABLES

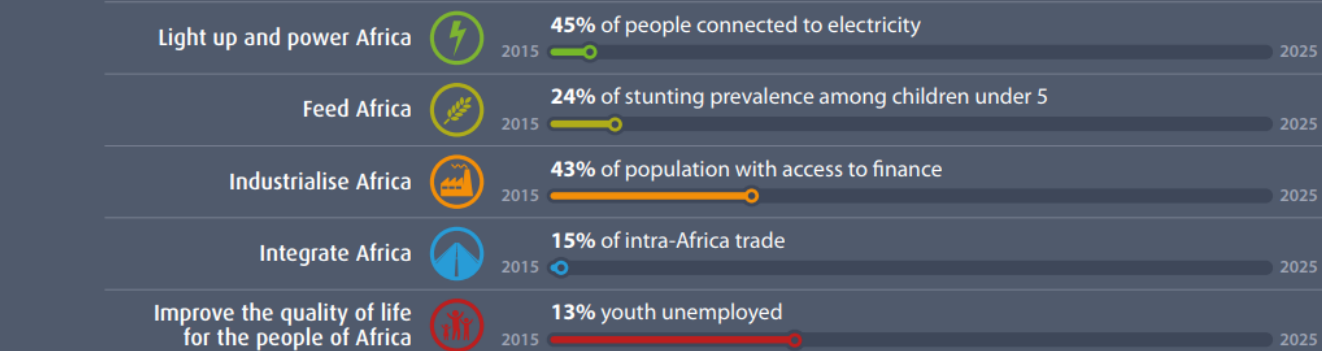
Delivering impact in the Bank's five priority areas

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.



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.

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



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

AfDB's performance: Heading in the right direction



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



- 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

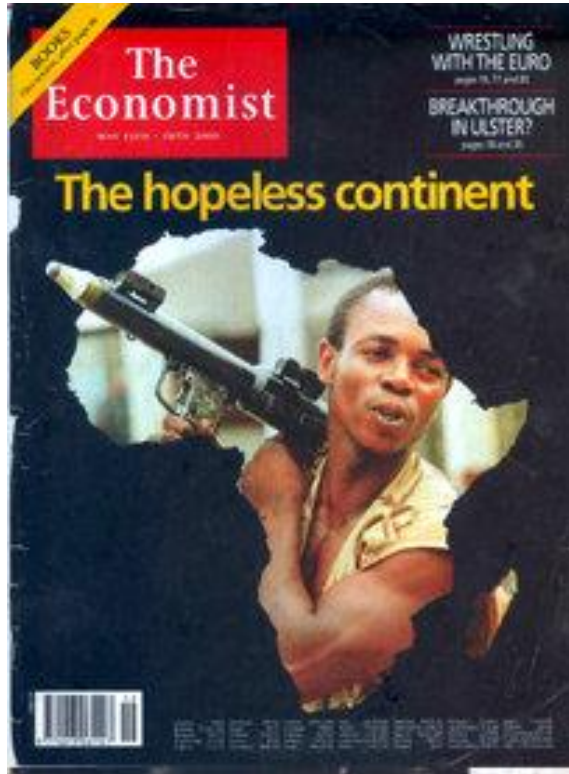


- 45 million people with access to improved health services
- 1.1 million people benefited from better access to education



Investment Opportunities

ENCOURAGING FACTS – A RISING CONTINENT



2000



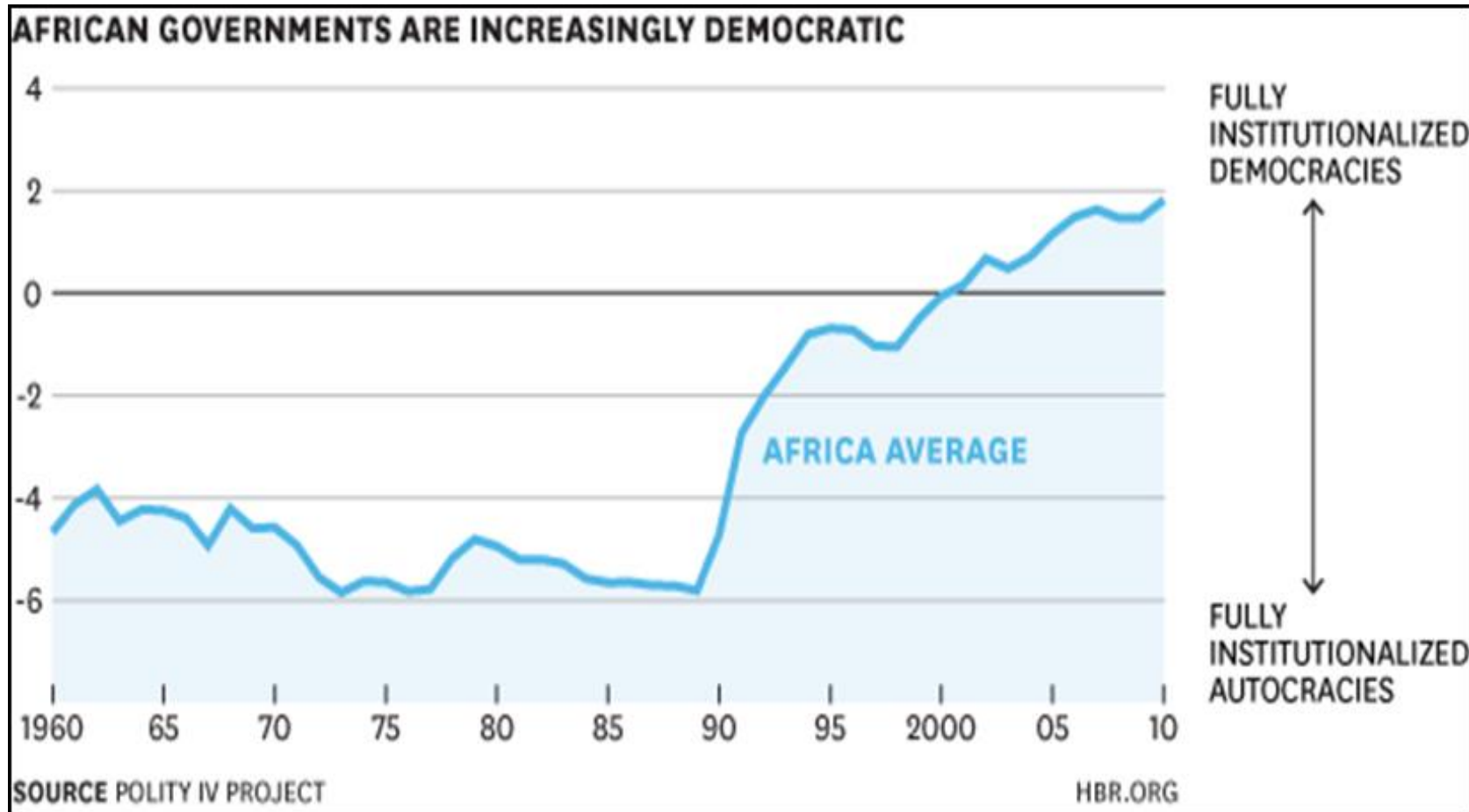
2011



2013...

ENCOURAGING FACTS – DEMOCRACY

85% of population lives in relatively stable countries

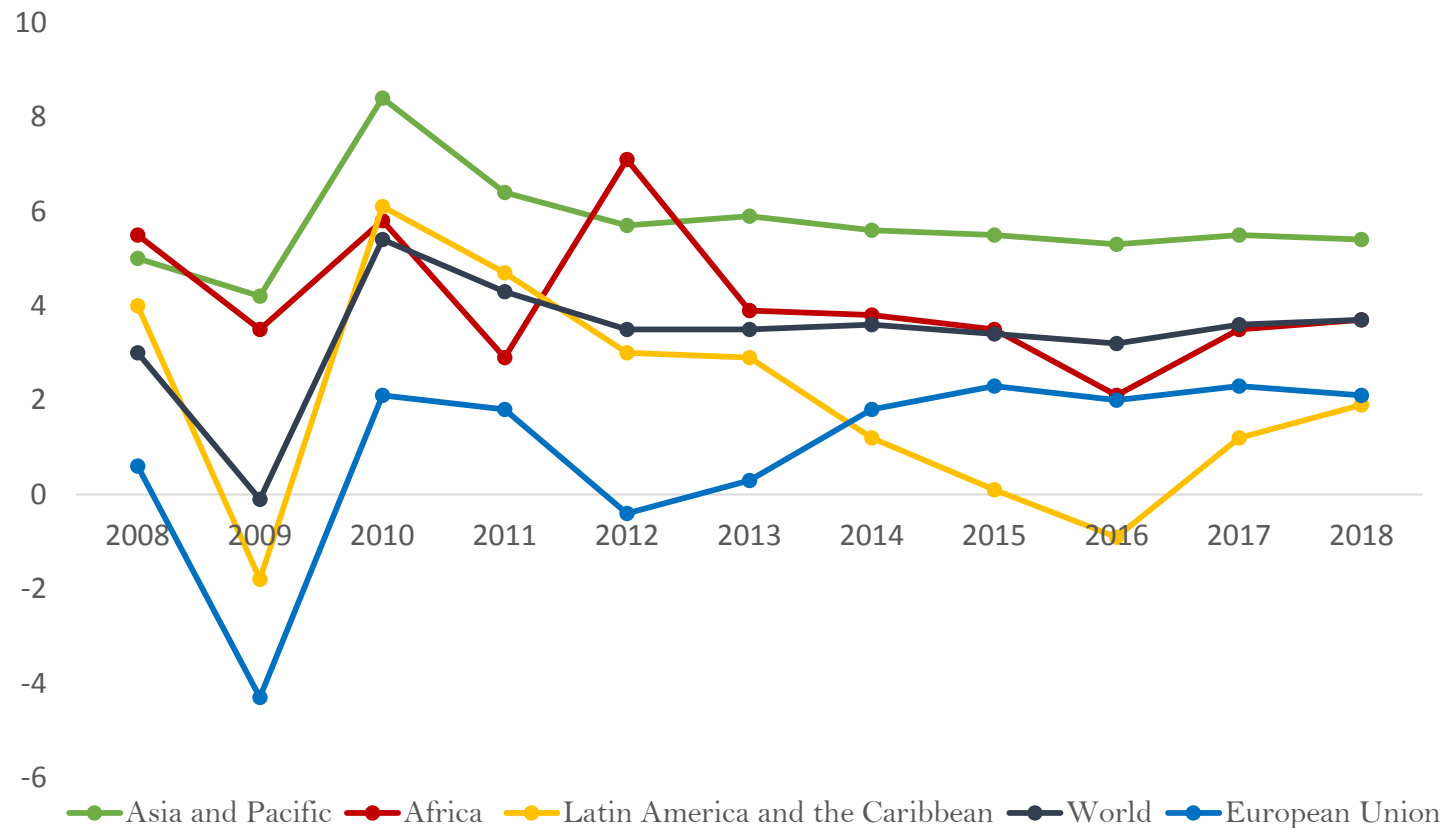


- More than 100 elections in the last 5 years
- Several encouraging democratic transitions; e.g. Burkina Faso, Angola, etc.
- Clear transition from military coup to civilian uprising as a way of enforcing leadership change and expressing dissatisfaction

Source: World Bank, 2017

ENCOURAGING FACTS – SUSTAINED GROWTH

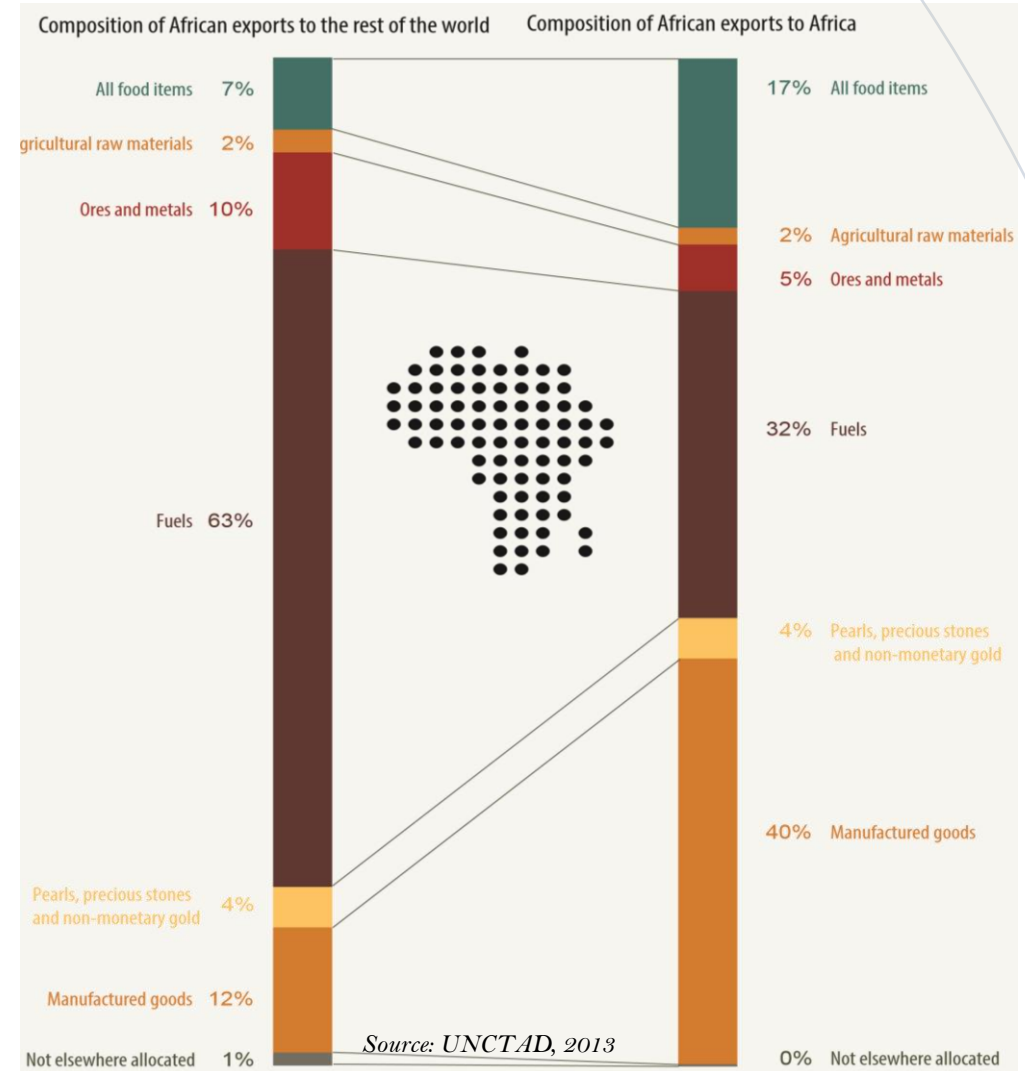
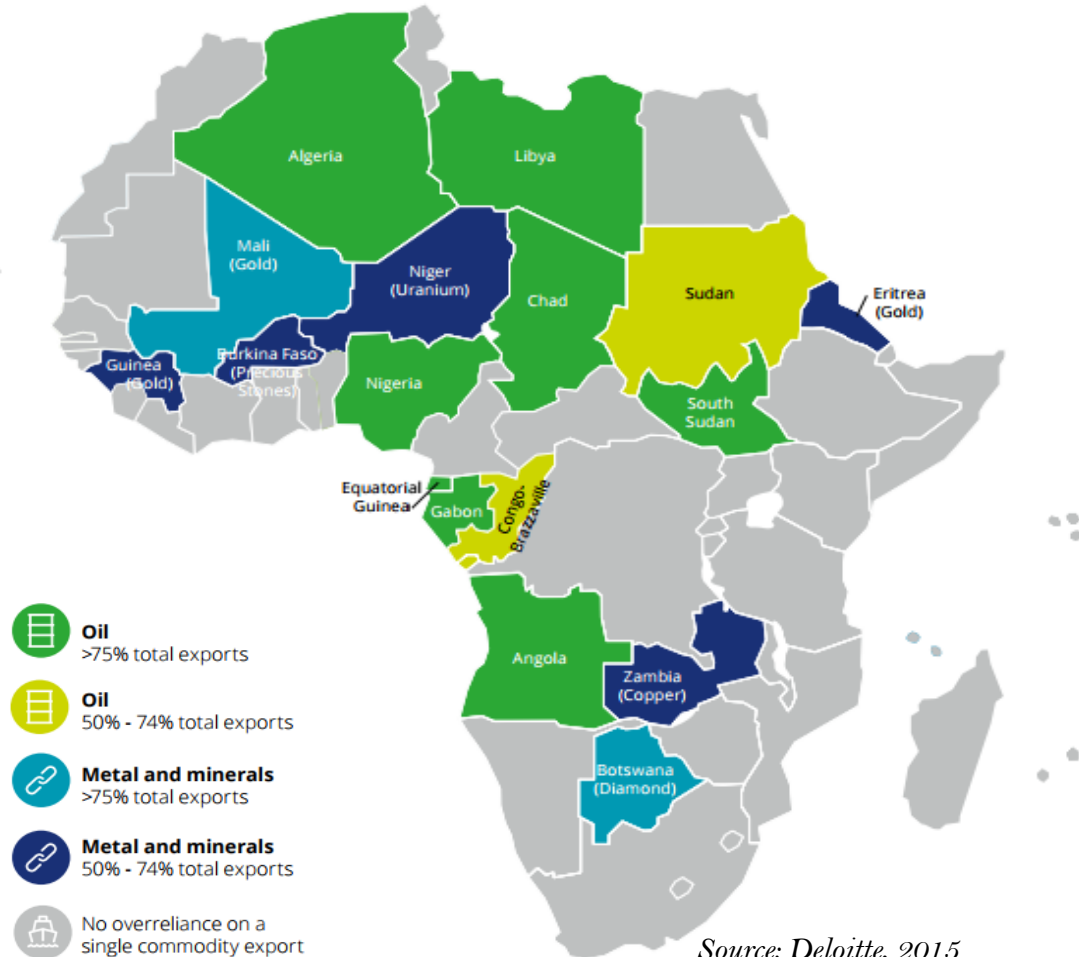
Sustained economic growth in most countries (17 countries with growth rates above 5% in 2017) and sometime outperforming the rest of the world (7 countries among the 20 world's fastest growing economies in the world)



		Real GDP Growth Rate
Rank	Country	
1	Macao SAR	13.4
2	Ethiopia	8.5
3	Côte d'Ivoire	7.6
4	Nepal	7.5
5	Myanmar	7.2
6	Bangladesh	7.1
7	Djibouti	7
8	Cambodia	6.9
9	Lao P.D.R.	6.9
10	China, People's Rep. of	6.8
11	Senegal	6.8
12	Guinea	6.7
13	India	6.7
14	Philippines	6.6
16	Tanzania	6.5
17	Turkmenistan	6.5
19	Burkina Faso	6.4
20	Vietnam	6.3

ENCOURAGING FACTS – EXPORTS & DIVERSIFICATION

Part of this growth due to commodity prices, yet many other performers without oil or other mineral wealth: e.g. Cote d'Ivoire, Ethiopia, Rwanda, Senegal, etc.



Increasing exports flows towards emerging markets (e.g. China, India, Turkey, Brazil...) and within Africa (17% of Africa's total exports in 2015, up from 10% in 1995)

ENCOURAGING FACTS – DEMOGRAPHICS

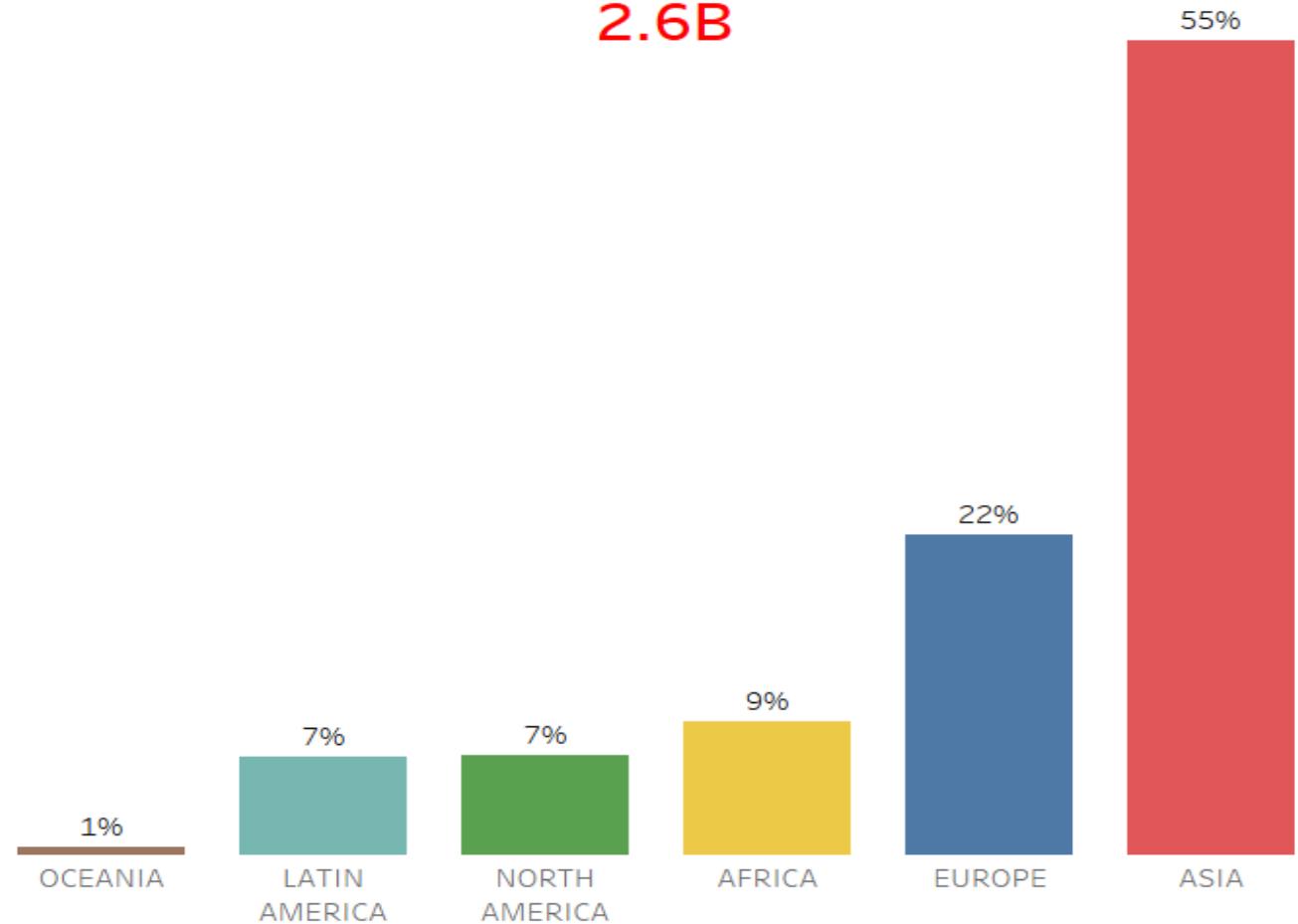
Share of world population by region **1950**

Potential demographic dividend:

- Today: 1 billion youth
- By 2050: close to 2 billion youth
- In the meantime, labor force in others parts of the world will decline
- 2/3 of 2.6 billion Africans will live in urban areas

total population

2.6B

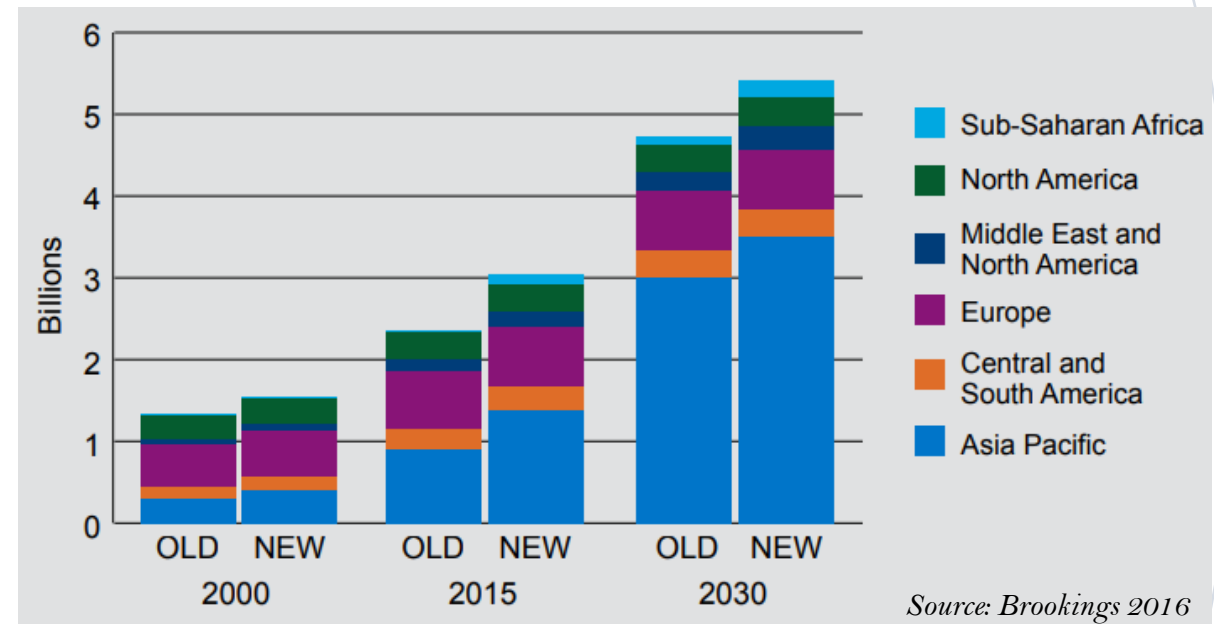
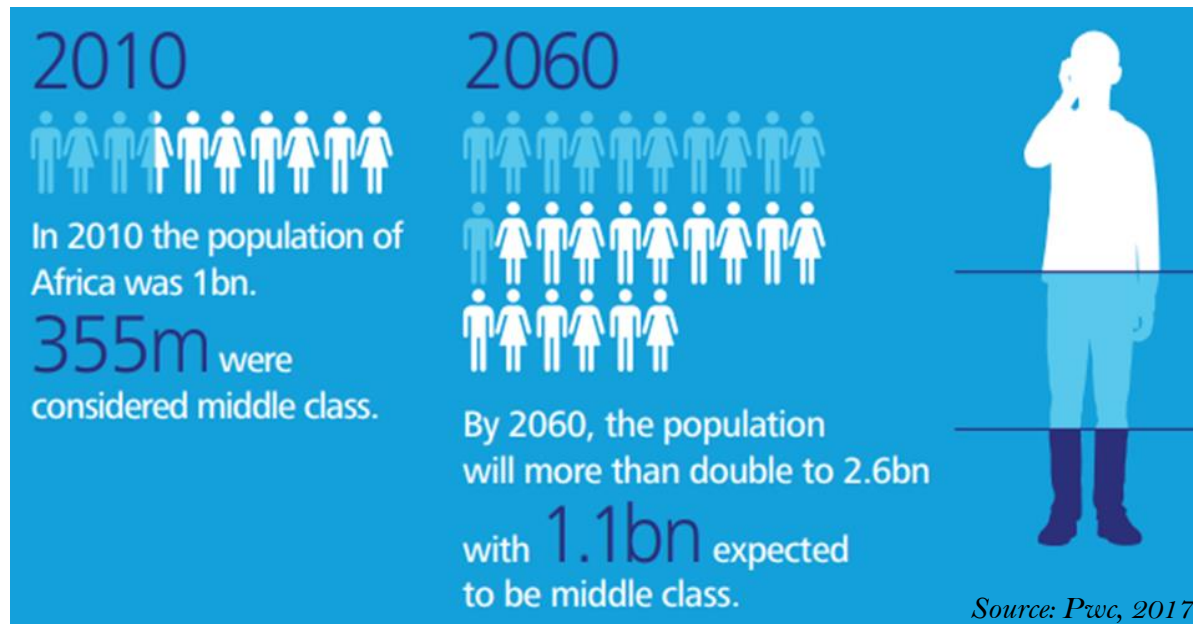


Source: *Visual Capitalist*, 2016

Created by Twitter user [@simongerman600](#) based on data from the UN Population Division

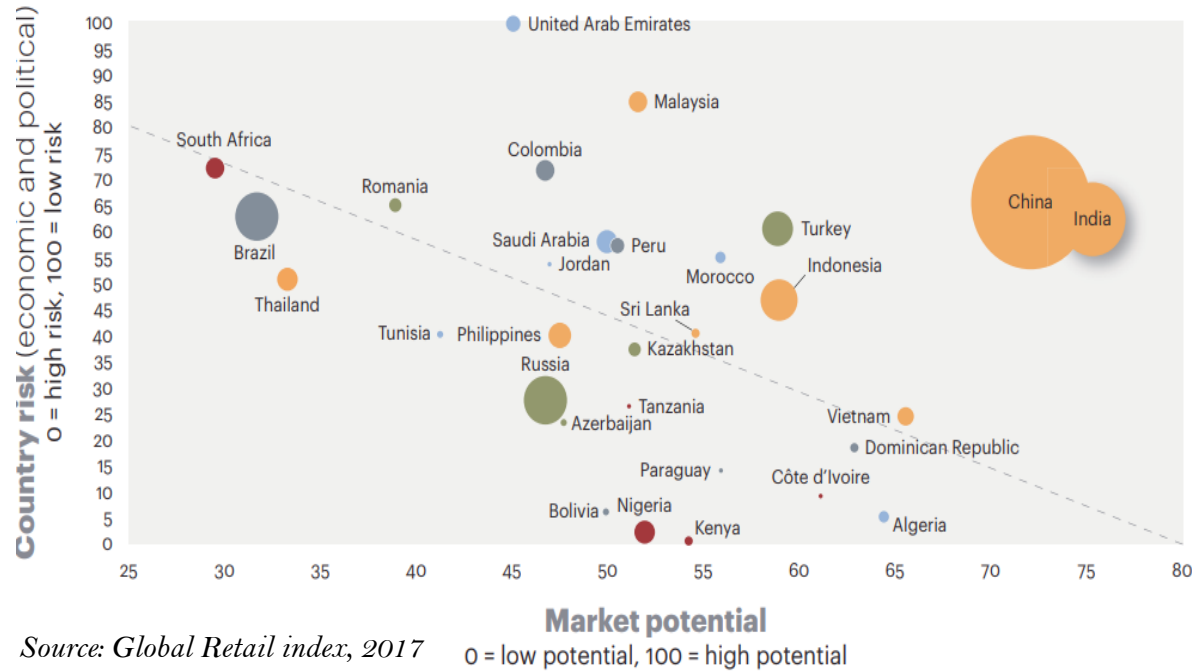
ENCOURAGING FACTS – THE RISE OF THE MIDDLE CLASS

- Average income increased by about 30% over the past 10 years (as compared to 20% of decrease between 1980 and 2000)
- By 2060, 43% of Africans will belong to the middle or upper classes, up from 39.6% in 2013, implying considerably higher demand for goods and services

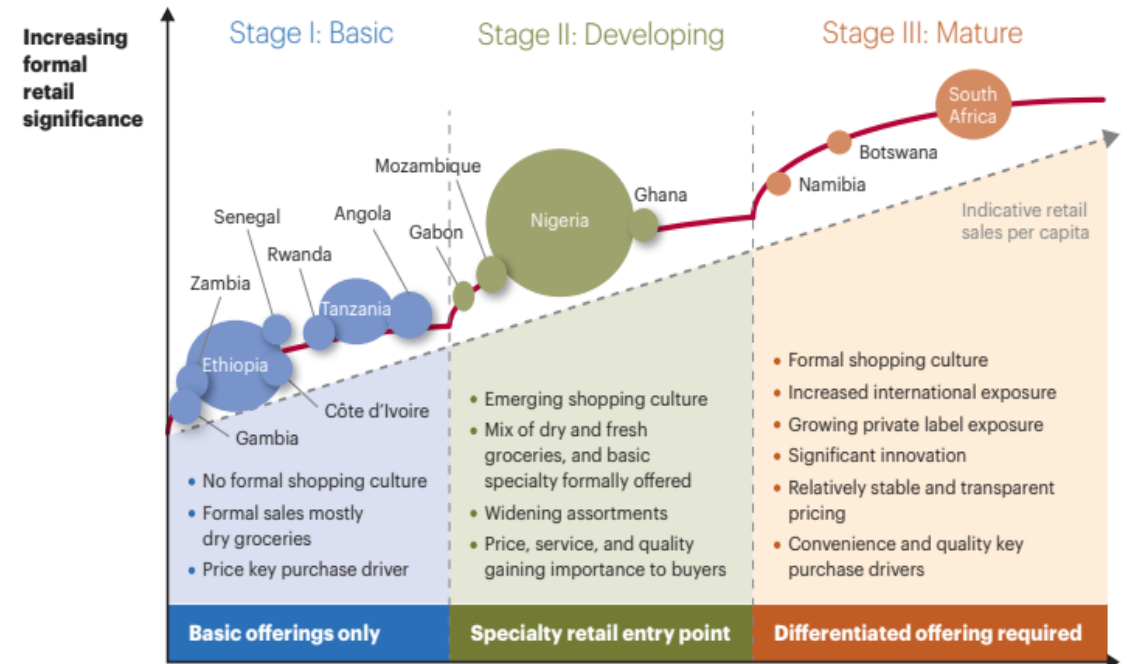


ENCOURAGING FACTS – RETAIL & CONSUMPTION

2017 Global Retail Development Index



African retail value “stages”

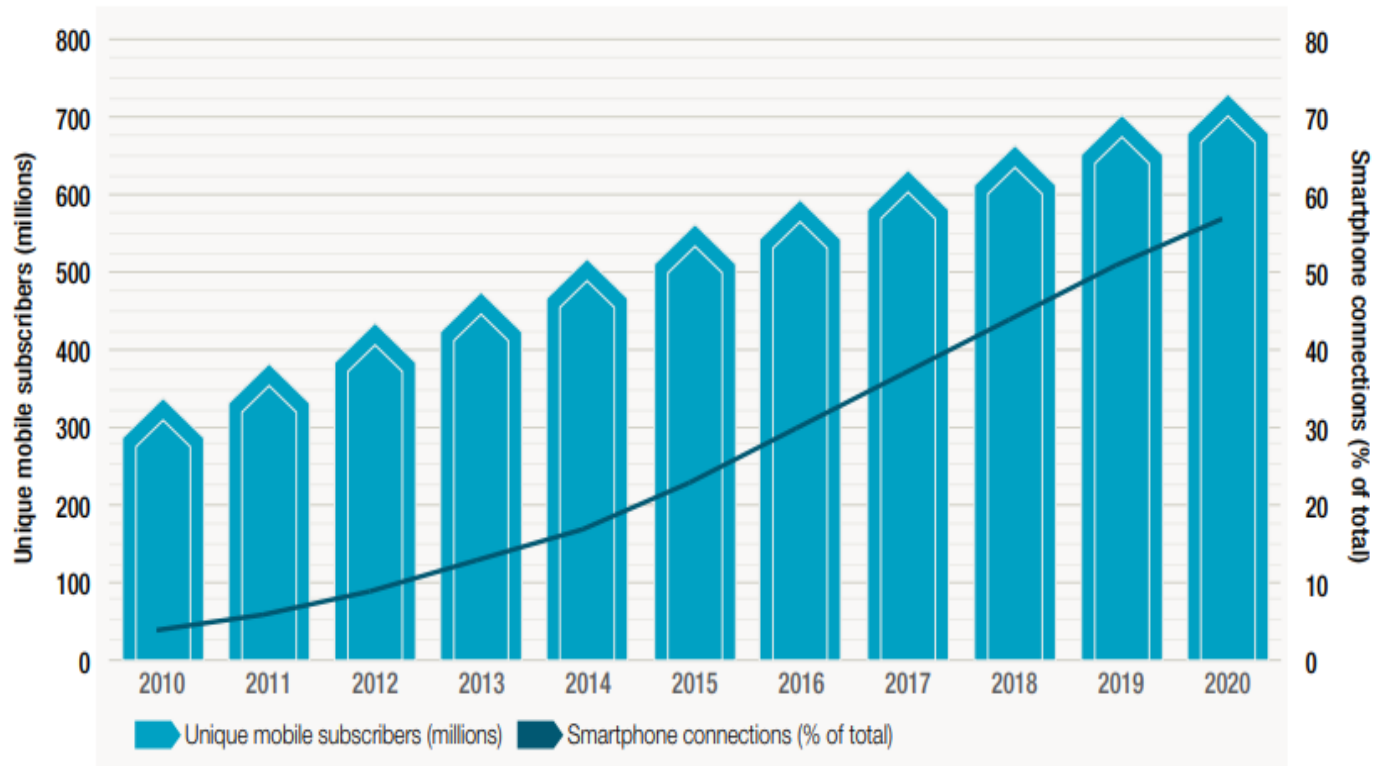


ENCOURAGING FACTS – RETAIL & CONSUMPTION

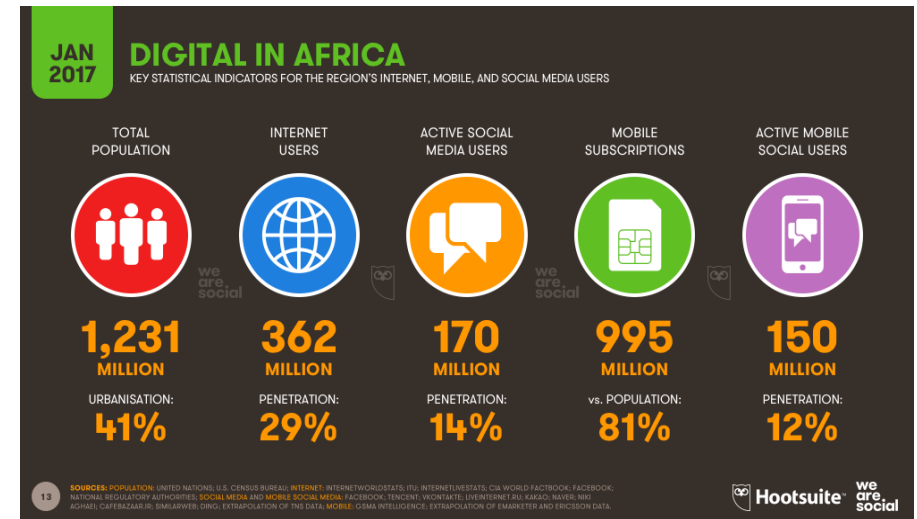
- By 2030, household consumption and African business-to-business spending are expected to reach \$2.5 trillion (\$1.1 trillion in 2015) and \$4.2 trillion (\$1.6 trillion in 2015), respectively.
- All critical economic sectors will experience strong growth and generate value, e.g. food and beverages, education, transportation, housing, hospitality and recreation, health care, financial services, and telecommunications.
- Land availability (60% of the world's unused arable land) and demographics dynamics will boost growth in the agriculture and agricultural processing sectors.
- The recently adopted Continental Free Trade Area, which creates a single market for goods and services, is an important milestone for harnessing the potential of Africa's investment opportunities.

ENCOURAGING FACTS – DIGITAL & MOBILE TECHNOLOGY

Africa Mobile Technology Growth Forecast

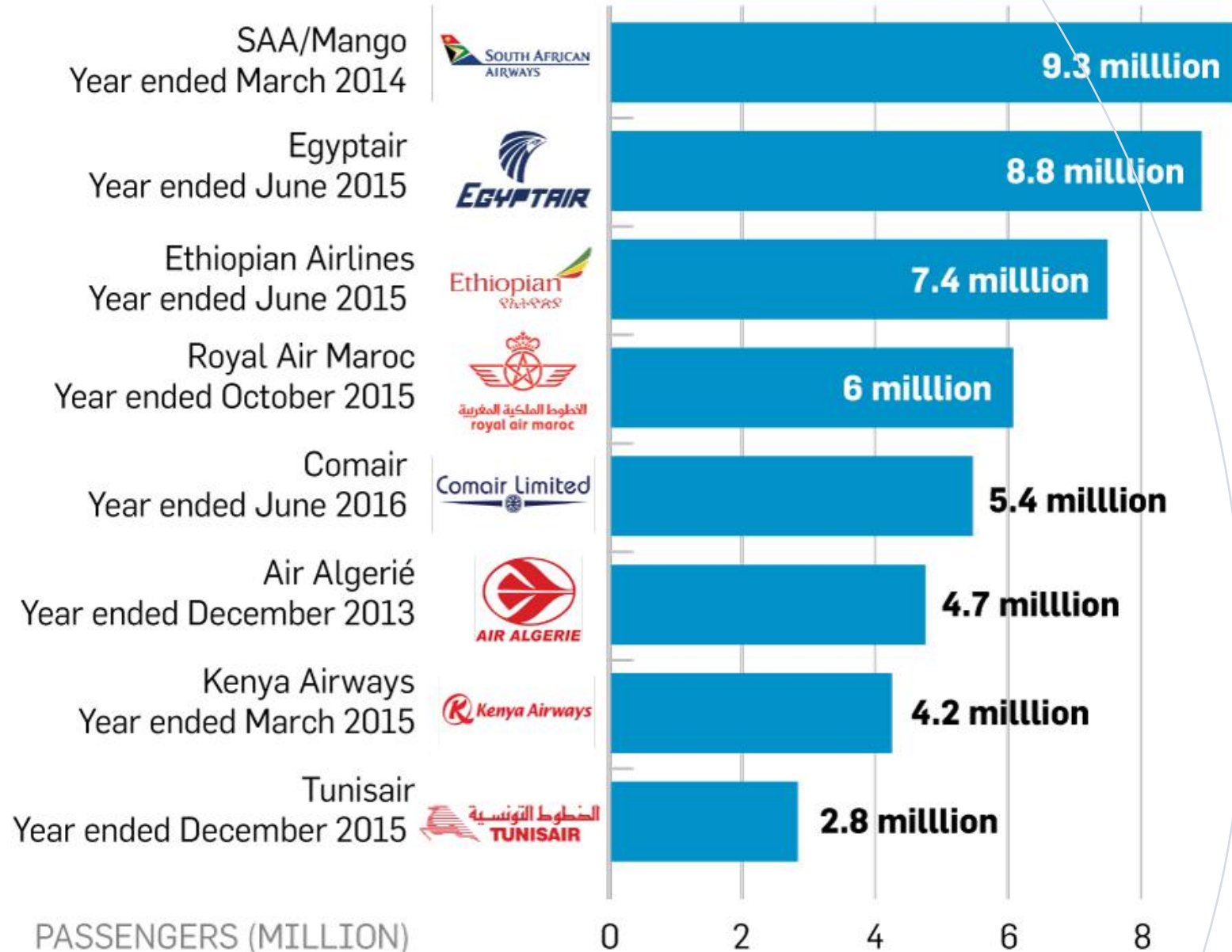


Source: ATKearney, 2015



ENCOURAGING FACTS – AIR TRANSPORTATION TRAFFIC

- African aviation currently supports 6.8 million jobs and contributes \$72.5 billion in GDP
- Over the next 20 years, passenger demand is set to expand by an average of 5.7% annually
- Africa will be a market of 350 million airline passengers by 2035

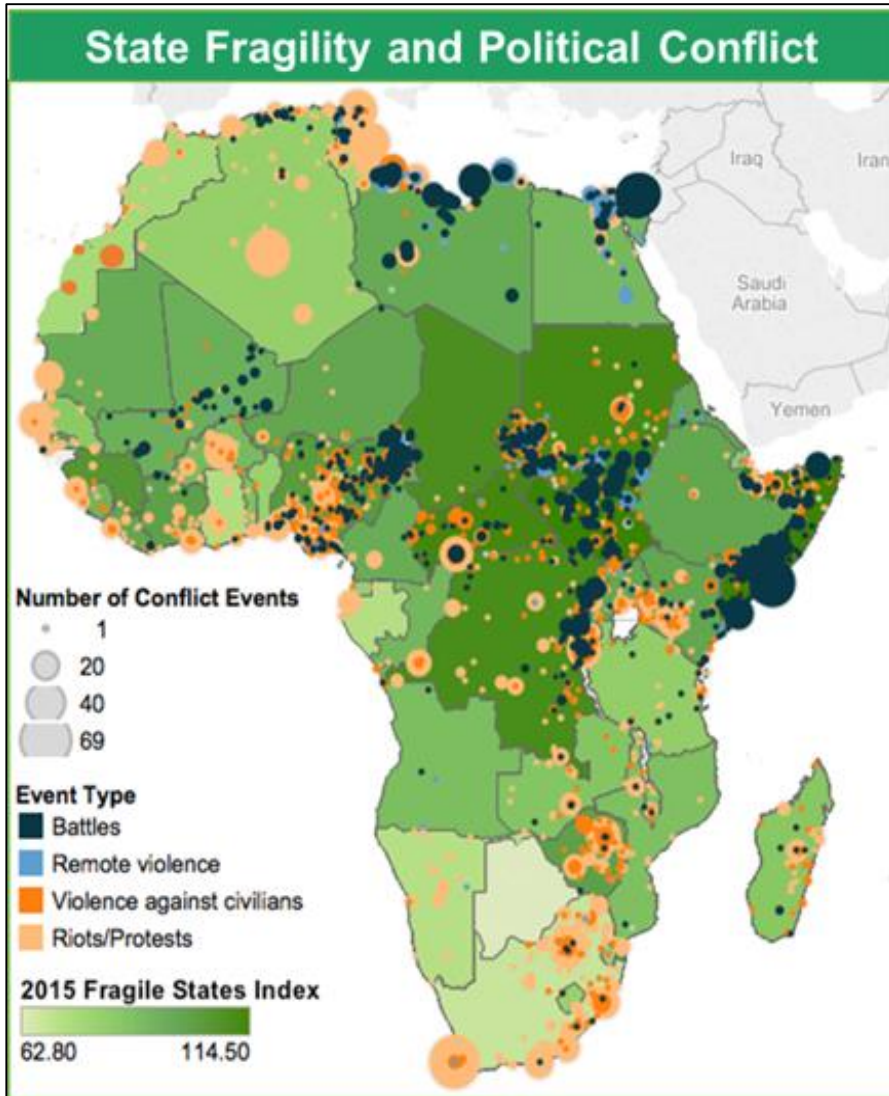


Source: IATA, 2017



Challenges

CHALLENGES – FRAGILITY & VULNERABILITY



People in humanitarian need and displaced

73m

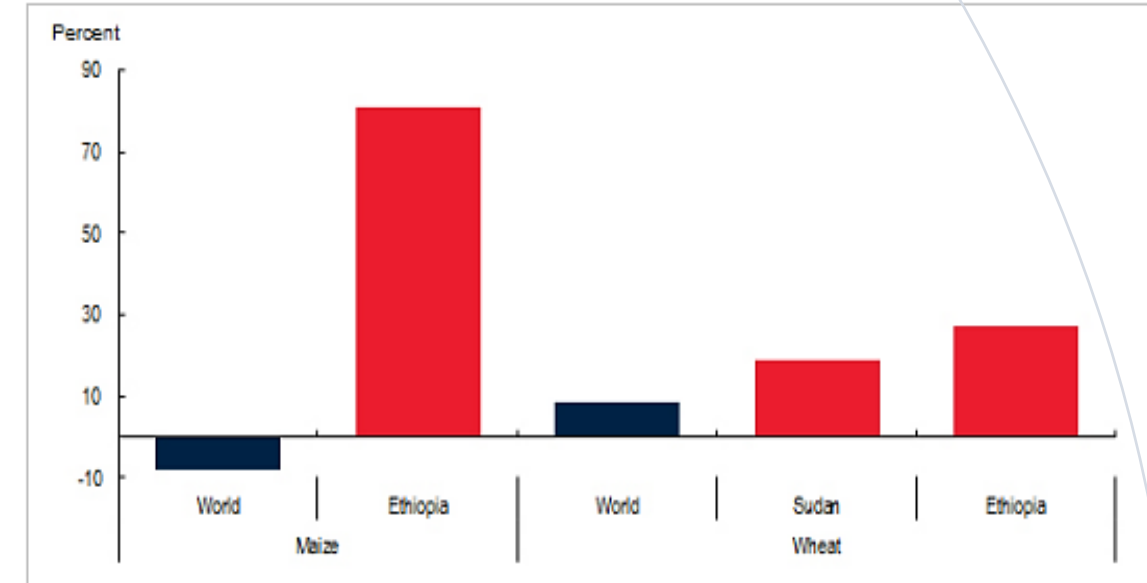
Ebola epidemic (2014/2015)

5 countries hit and \$6bn economic losses for SSA

Terrorism

Killed more than 22000 people across Africa

Despite steady world prices, drought has inflated some local prices.

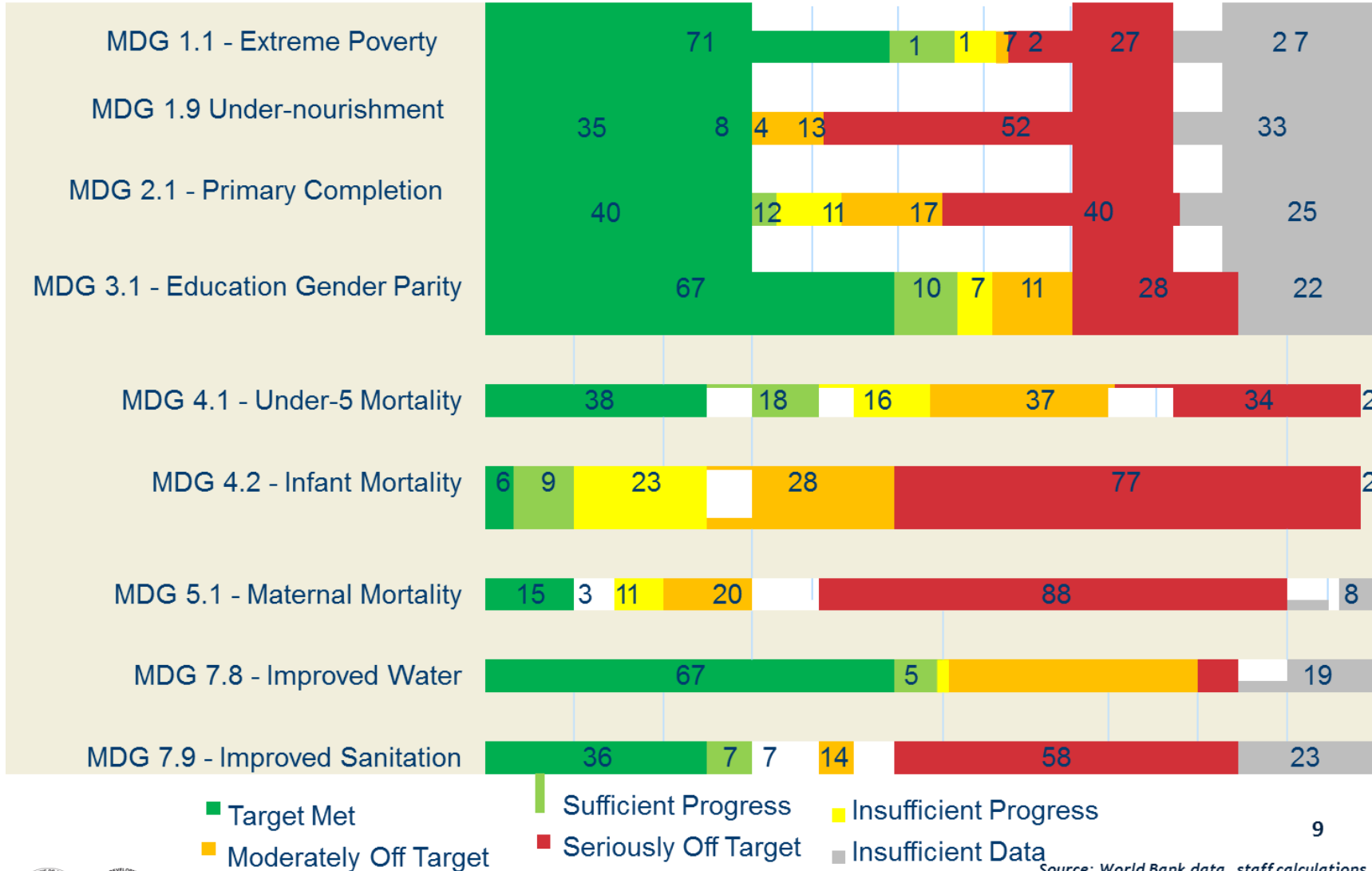


Source: World Bank, 2017

Favorable weather, ample supply, and low prices do not guarantee food availability everywhere:

- Drought conditions have caused crops failures in parts of Ethiopia, Somalia and Kenya and led to severe food shortages
- Conflicts in South Sudan, Yemen and Nigeria have left millions in need of emergency food

CHALLENGES – FRAGILITY & VULNERABILITY



Poverty decreased in relative terms but not in nominal terms, i.e. number of poor in Africa is close to 500M

Sub-Saharan Africa HDI average still low at 0.523; over 60% of African countries have a low HDI

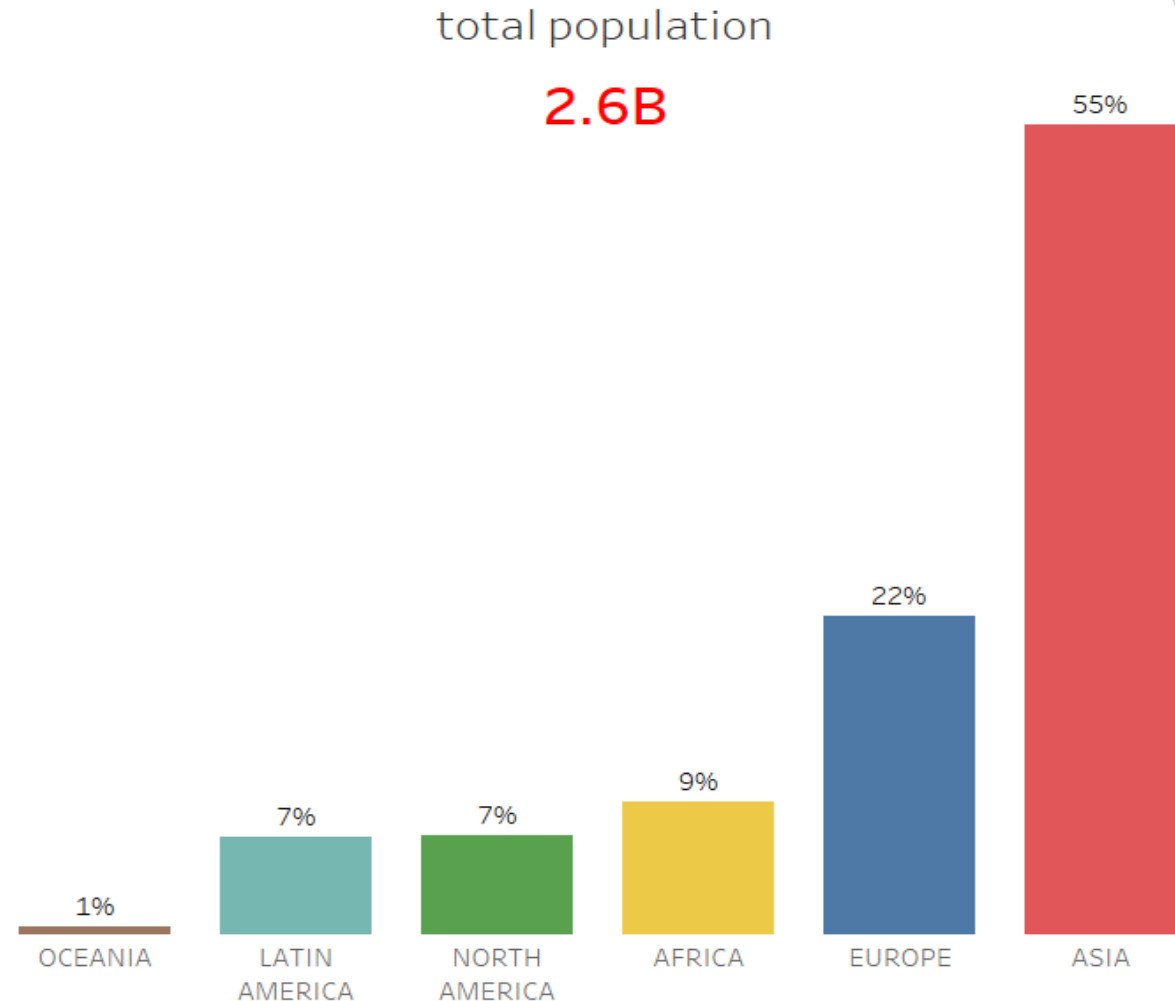
Source: World Bank data, staff calculations

CHALLENGES – BUSINESS ENVIRONMENT

Risk of missing the demographic dividend:

- Between 12-14m youth enter the labor market each year
- Only 75% of those find a formal job
- Professional training and education not properly designed
- Impact of 4.0 Industrial Revolution?

Share of world population by region **1950**



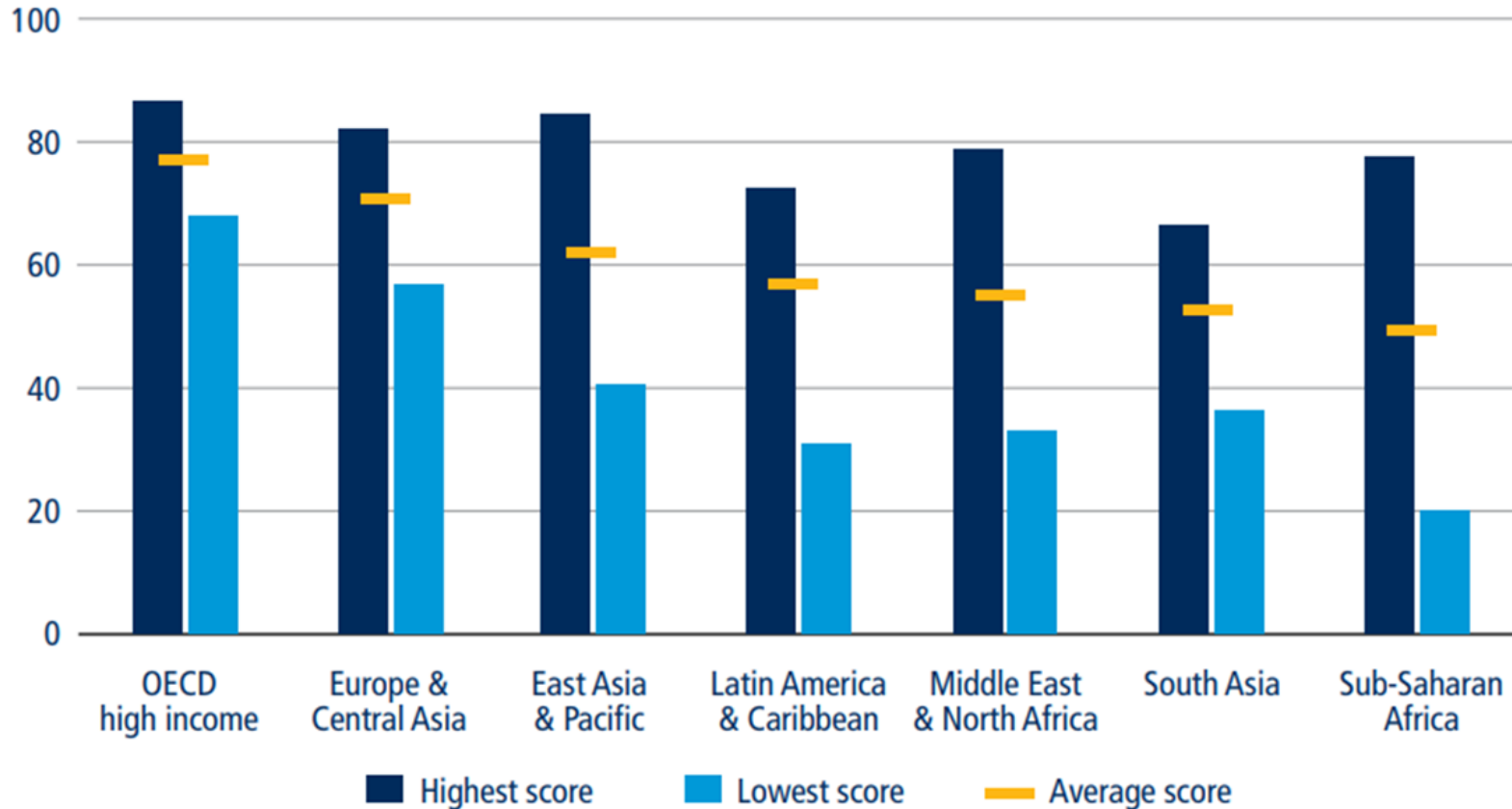
Source: *Visual capitalist*, 2016

Created by Twitter user [@simongerman600](#) based on data from the UN Population Division

CHALLENGES – BUSINESS ENVIRONMENT

Where it is easier to do business and where it is more difficult

Distance to frontier score (0–100)

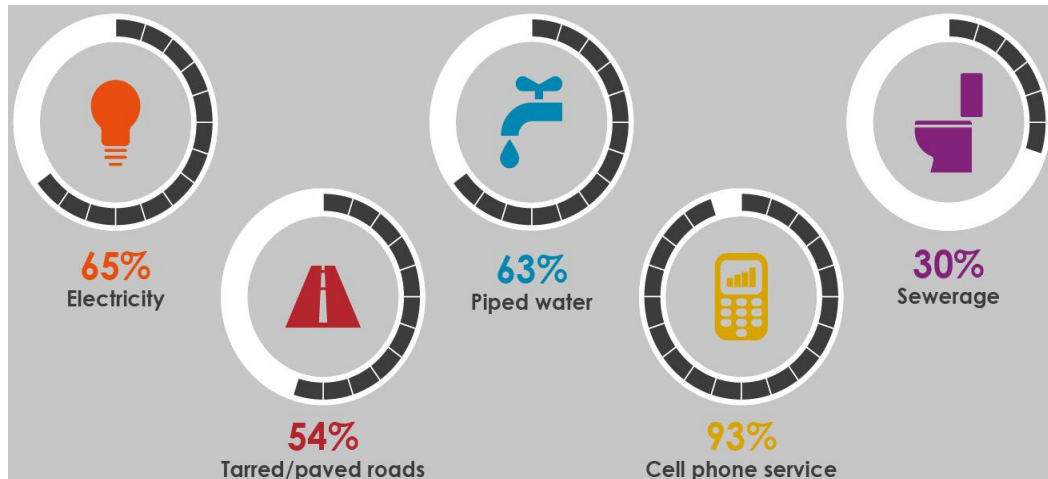


- Progress in overall ease of Doing Business Rankings remains slow
- Power outages among the highest in the world
- Attracting FDI into diversified and higher value-added sectors still a challenge
- African firms are some of the most highly taxed in the world

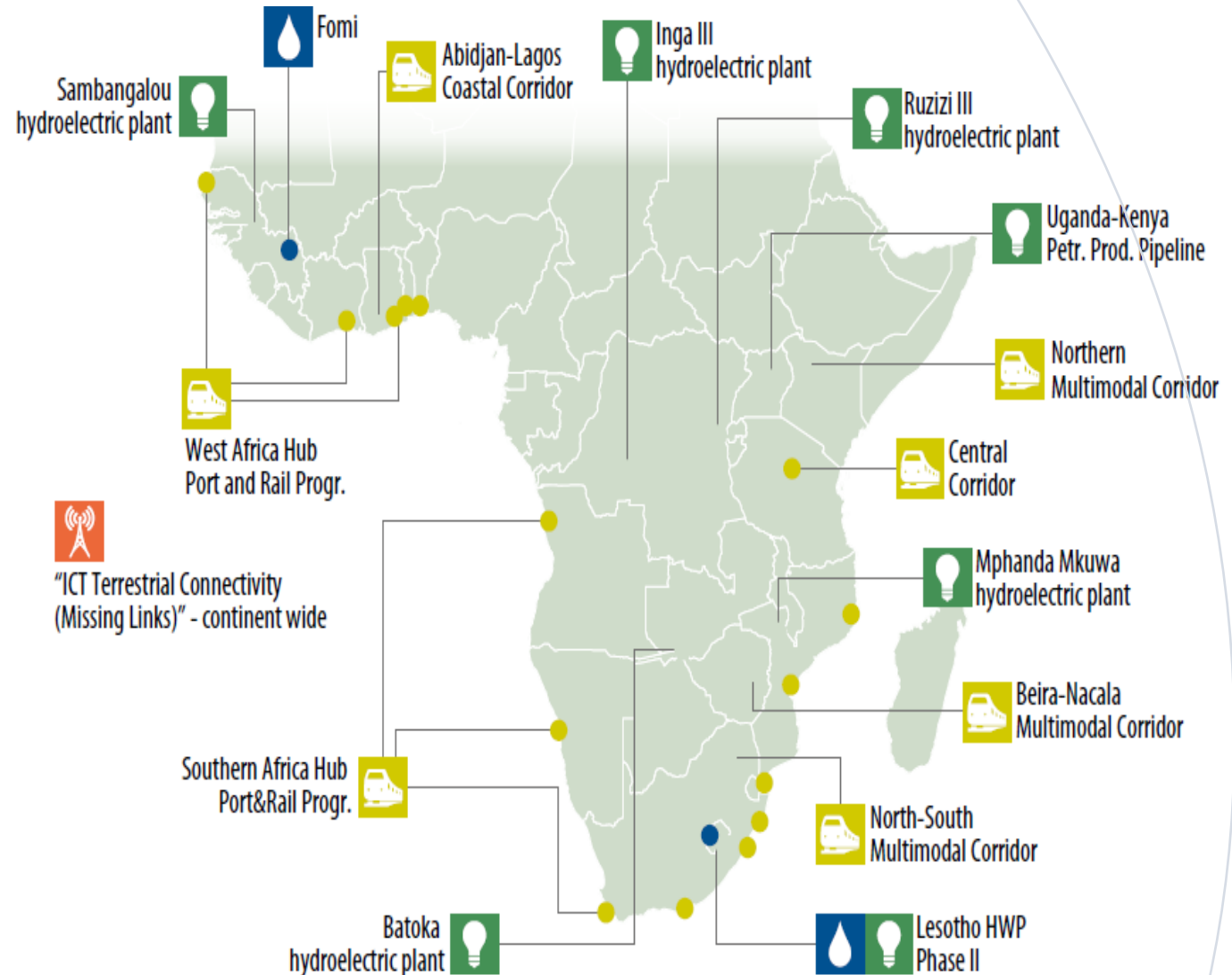
Source: World Bank, 2016

CHALLENGES – ACCESS TO INFRASTRUCTURE

- Still low access to basic infrastructure
- Several critical corridors for regional integration still to be accomplished



Source: Deloitte, 2014



Source: Deloitte, 2014

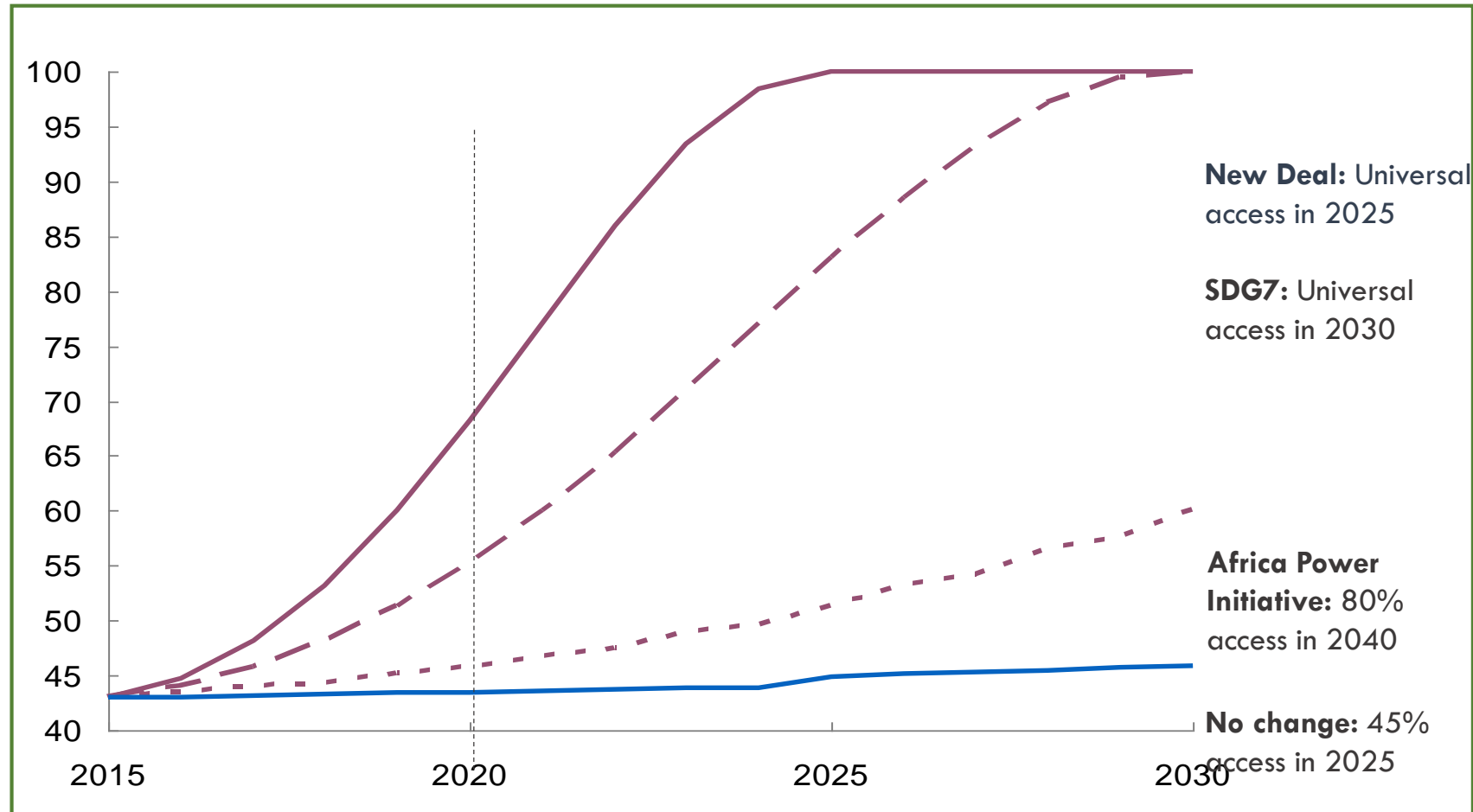
Thank You



Light out and Power Africa



Electricity access in Africa, population %



New Deal on
Energy for
Africa



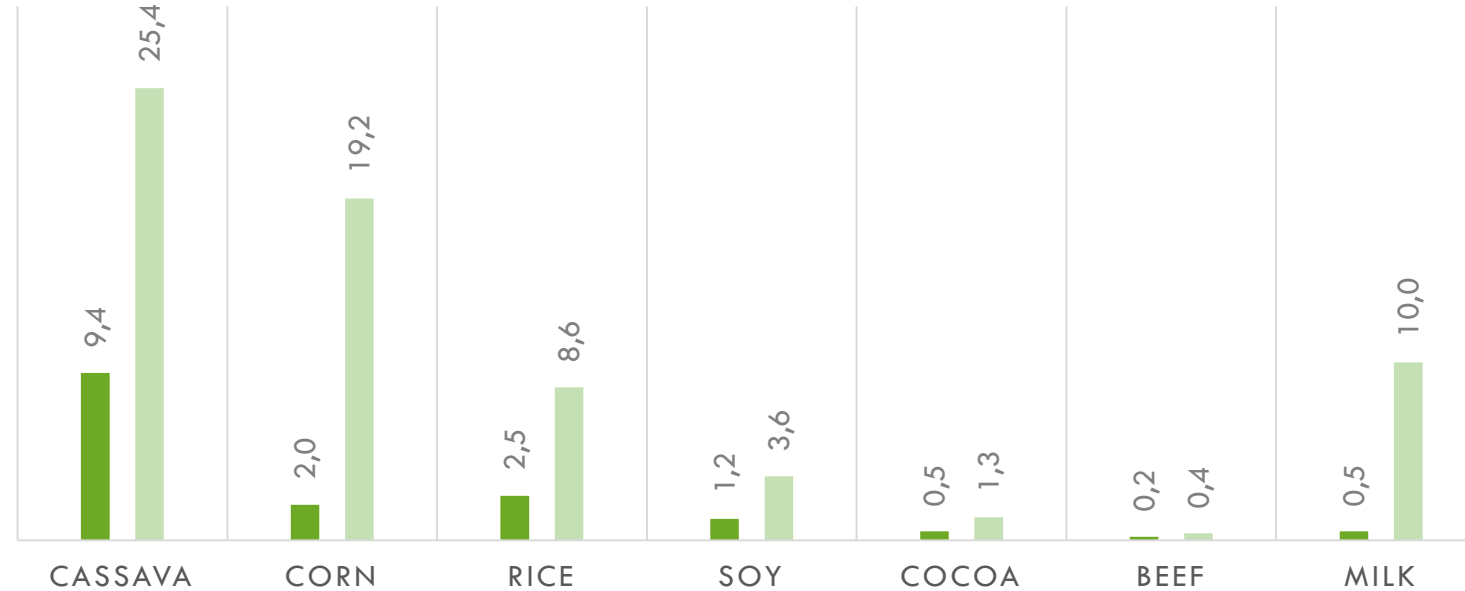
Targets for 2025

- **+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



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%

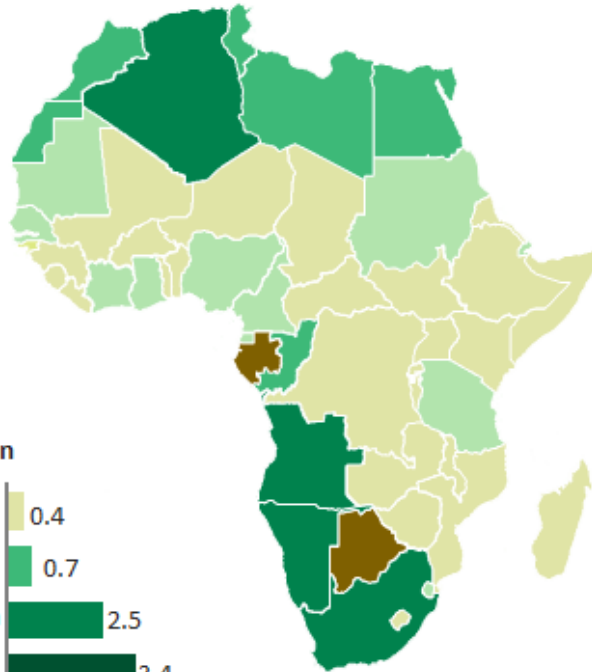
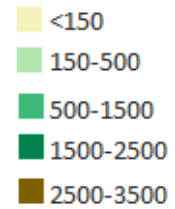


Industrialise Africa

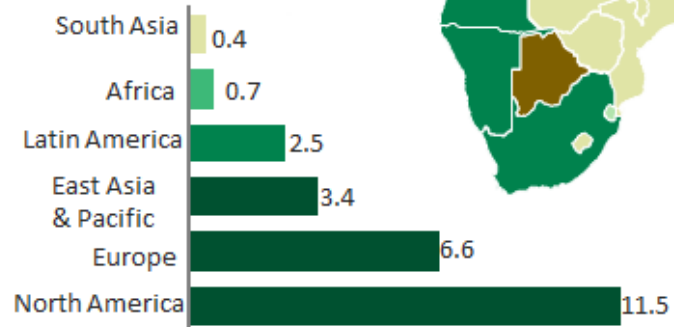


Per capita industrial GDP remains below 1500 USD in ~45 African countries, lower than in most other regions

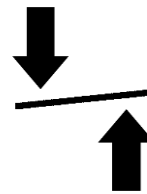
Industrial GDP per capita, USD, 2014



Average by region



Share of the global
manufactured added value



<1.5%

Share of processed
products in exports



<30%



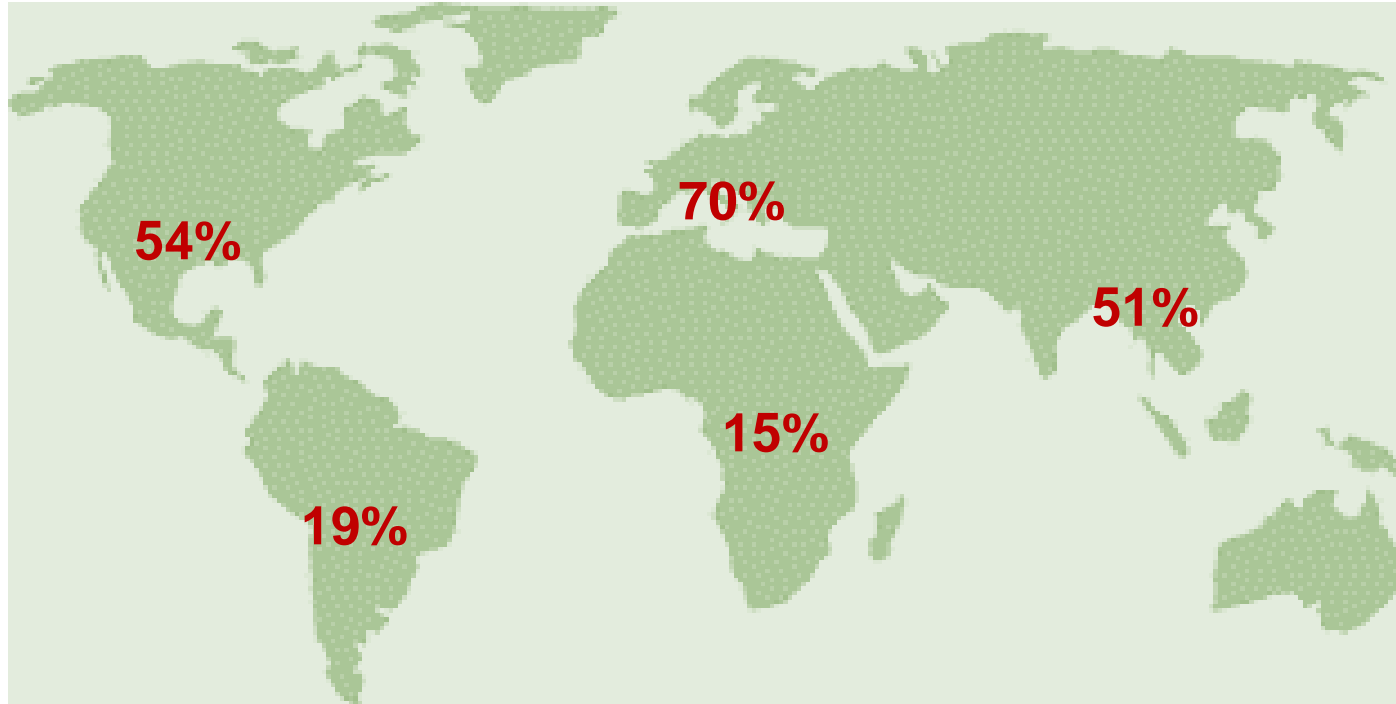
Targets for 2025

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

Integrate Africa



Limited intra-African trade



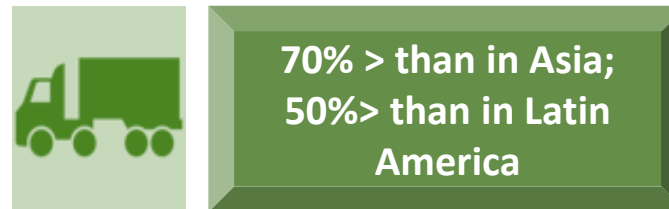
Targets for 2025

- 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)



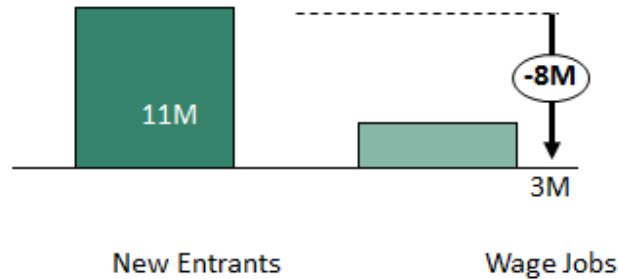
Transportation cost



Improve the quality of life for the people of Africa

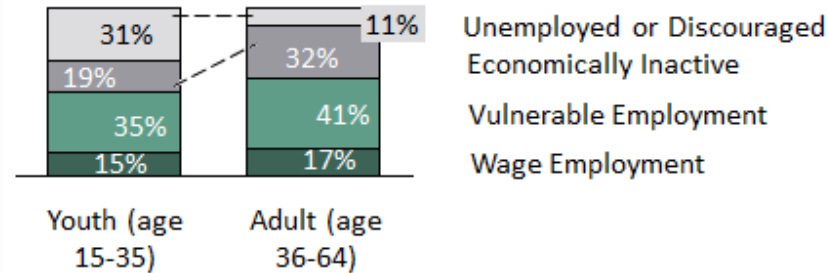
Demand for jobs exceeds supply by 8M jobs each year

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



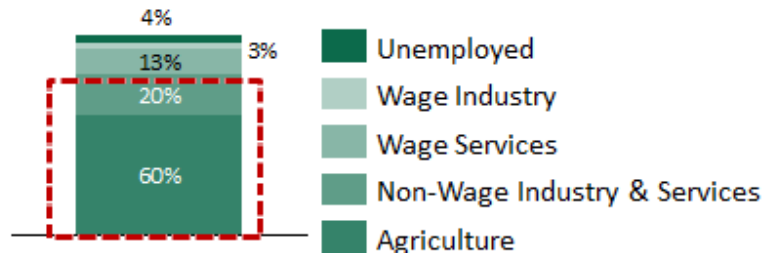
31% of African youth are unemployed or discouraged

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



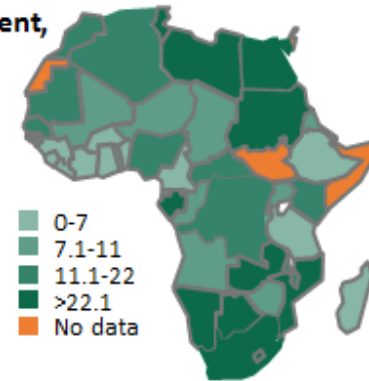
For those employed, 80% are in the informal sector

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



Jobs for Youth
in Africa
initiative



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