

A close-up portrait of a young African woman with dark skin and her hair styled in many thin braids. She is looking slightly to the right of the camera with a gentle expression. The background is a soft, out-of-focus green. A large, semi-transparent blue circle is overlaid on the left side of the image, containing white text.

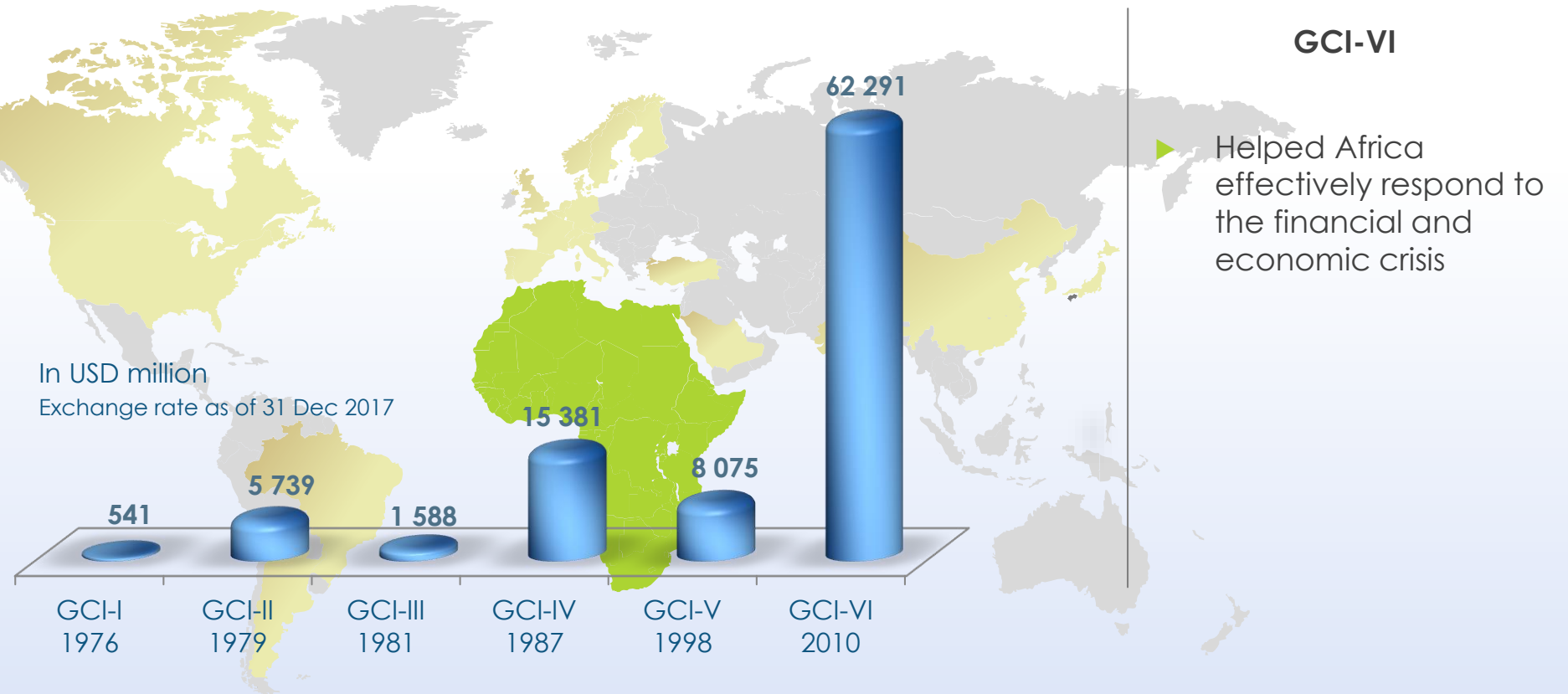
# Resourcing the African Development Bank for effective delivery

Investing in Africa's Future,  
Meeting Global Challenges

# Regular capital increases have supported the Bank's mandate

**1963: Initial capital**  
USD 356 million

**2017: Authorized capital**  
USD 95.38 billion



# Increased demand for African Development Bank resources in an evolving environment

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Graduation from ADF

Amendment to  
credit policy

Challenging operating  
environment

- ▶ Graduation to ADB Cape Verde (2011) Angola (2012), Congo (2014), Nigeria (2014)
- ▶ Graduation to blend Cameroon (2014), Zambia (2014), Kenya (2015), Senegal (2018)

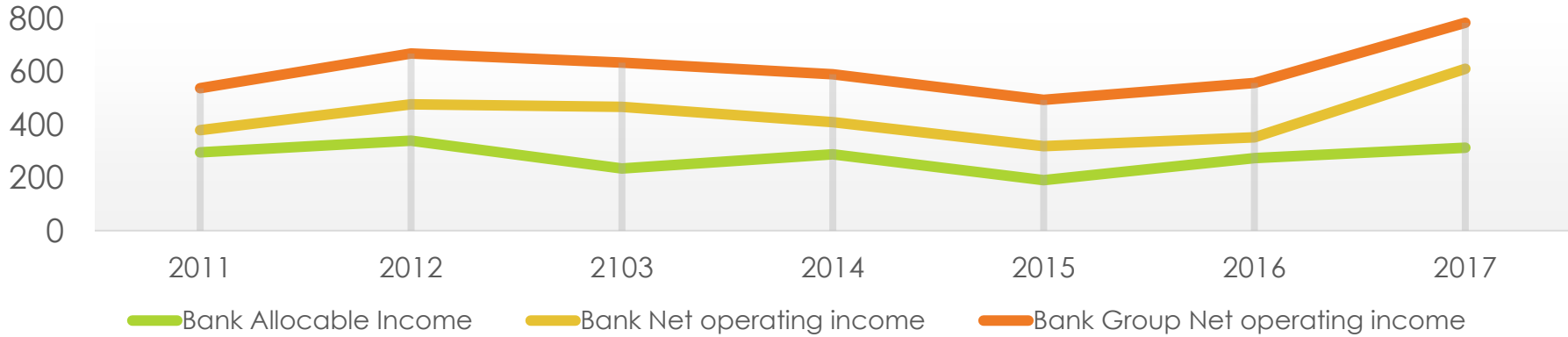
- ▶ Côte d'Ivoire, Ethiopia, Rwanda, Senegal, Tanzania, Uganda
- ▶ Approvals of USD 2.34 billion

- ▶ Arab spring - Downgrades of the Bank's main clients
- ▶ Commodity price slump
- ▶ Depreciation of local currencies

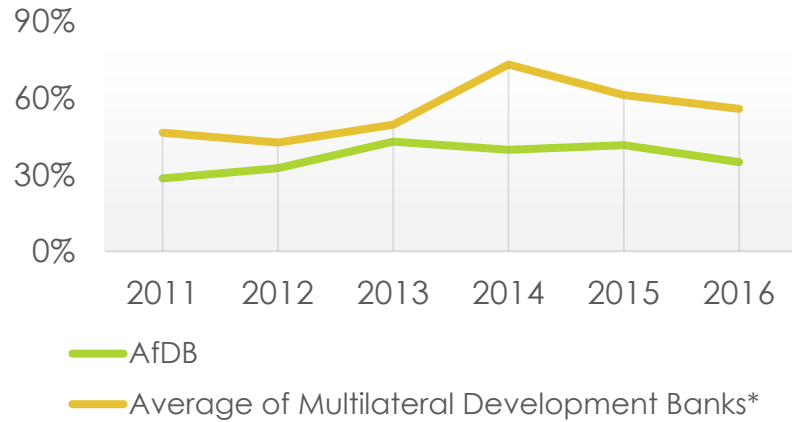
# A solid Bank with a strong performance

In USD million

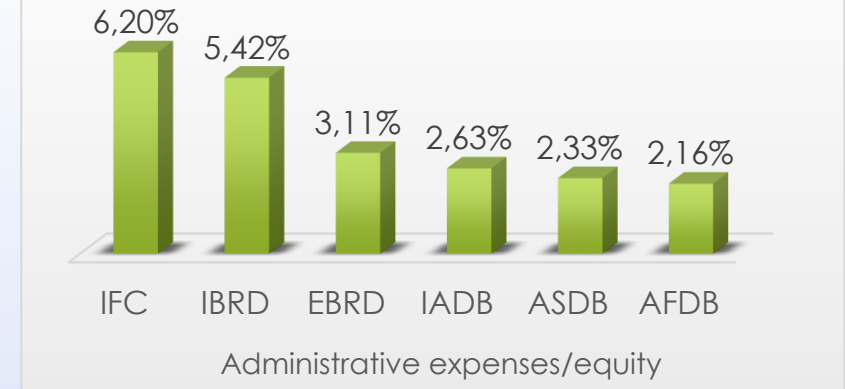
Bank Operating and Allocable income



Cost-to-income Ratio



Cost-to-equity Ratio



Source : S&P Supranational Report 2017

(\*MDBs): IBRD, IFC, AsDB, EBRD and IADB

# A Very strong financial profile

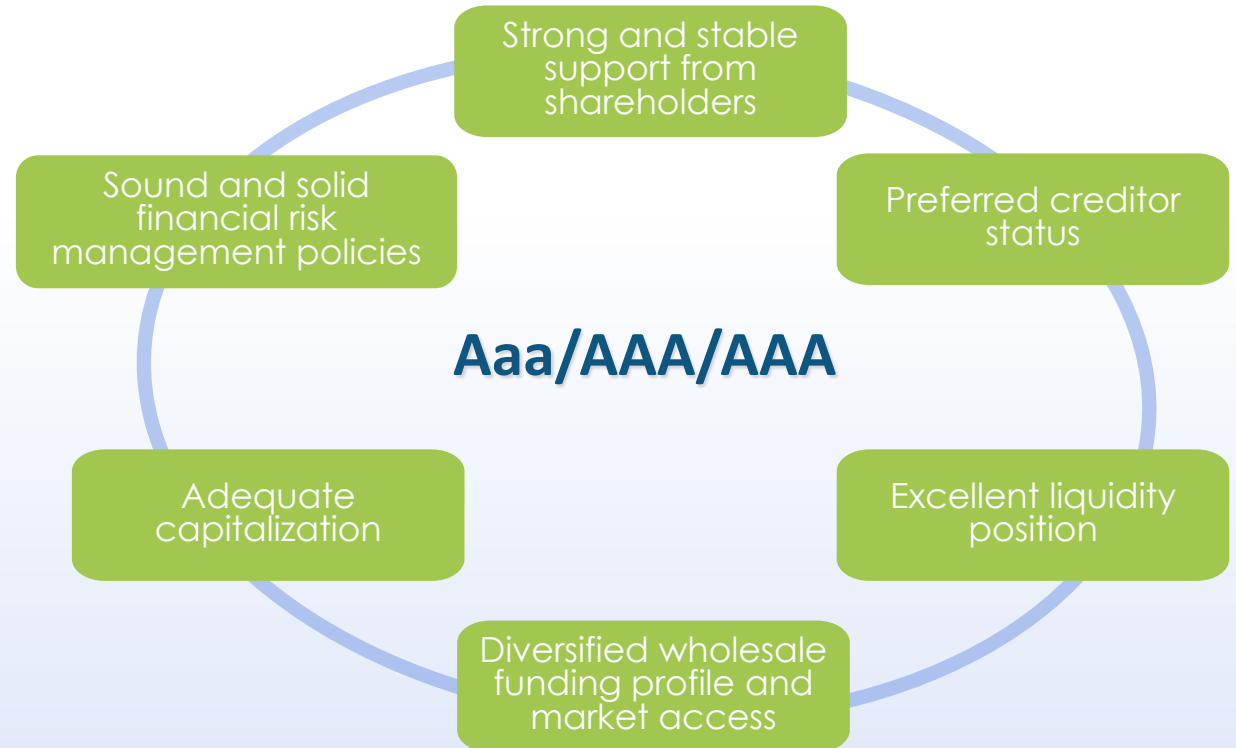
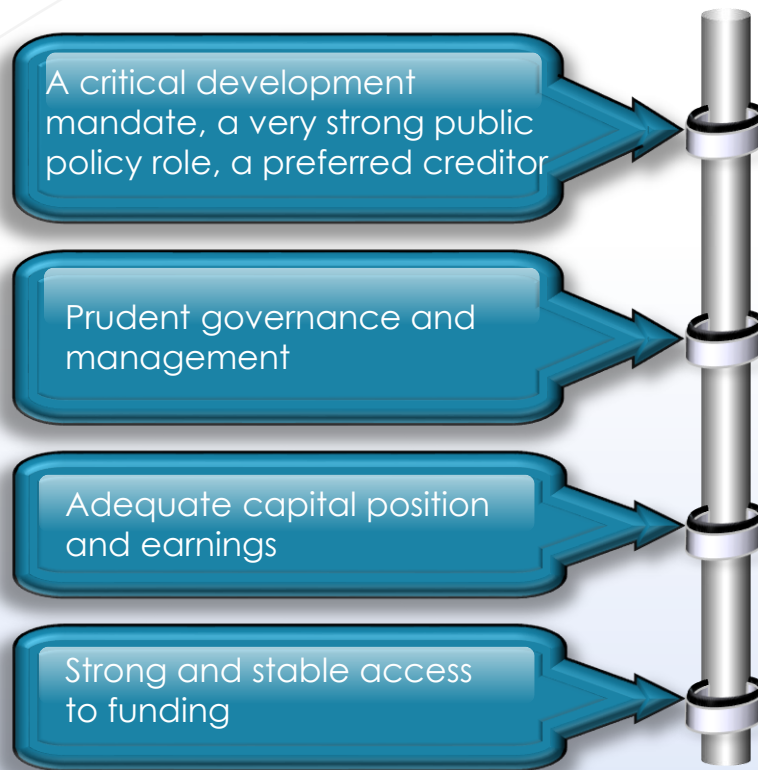
**Fitch**Ratings

**MOODY'S**

**STANDARD  
& POOR'S**

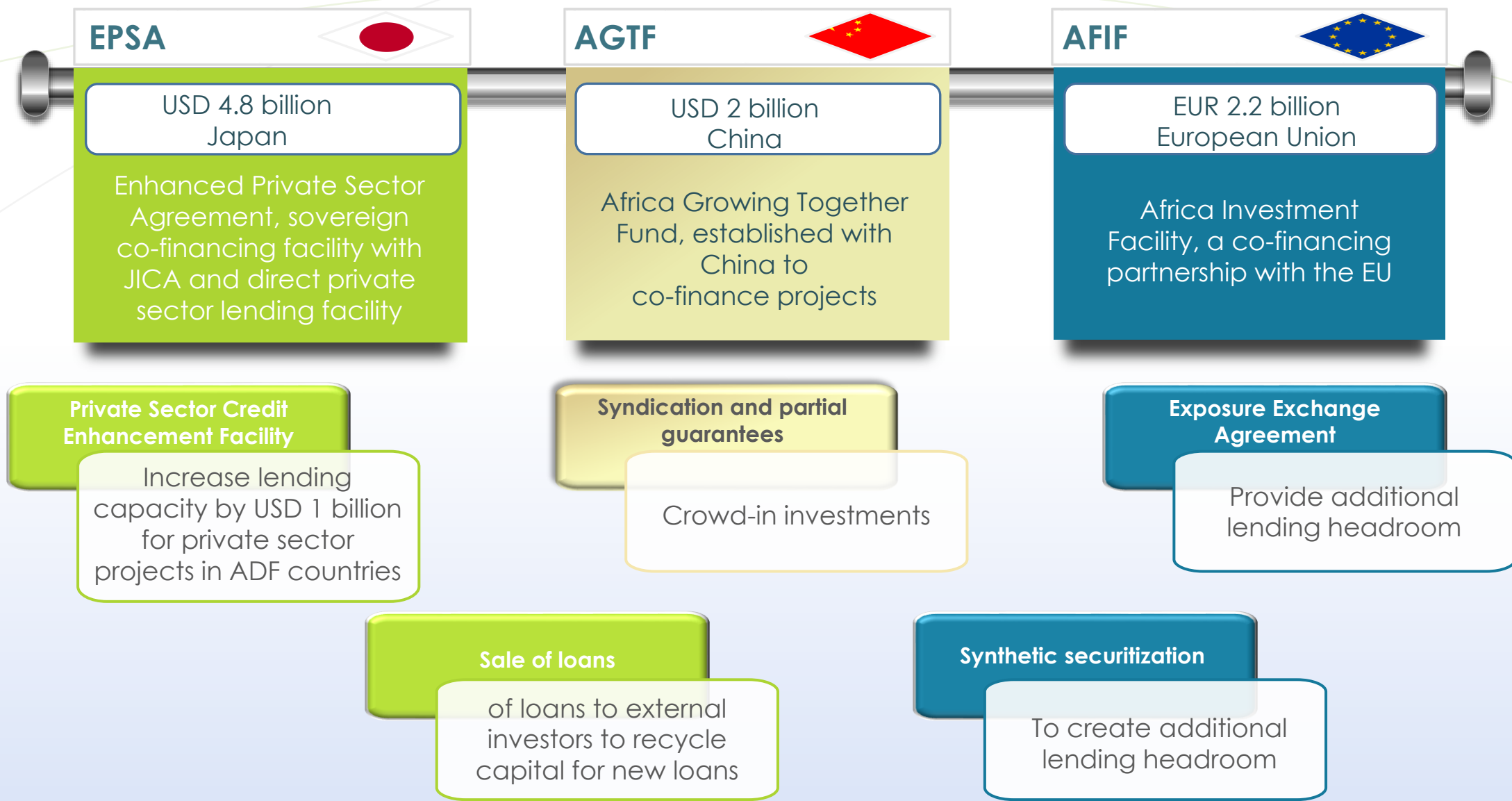


Japan Credit Rating Agency, Ltd.



# Crowding-in resources through co-financing and Balance sheet optimization

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## ESKOM

USD 965 million

### A-Loan

- USD 365m (in ZAR) sovereign loan
- USD 10m private sector loan

### B-Loan

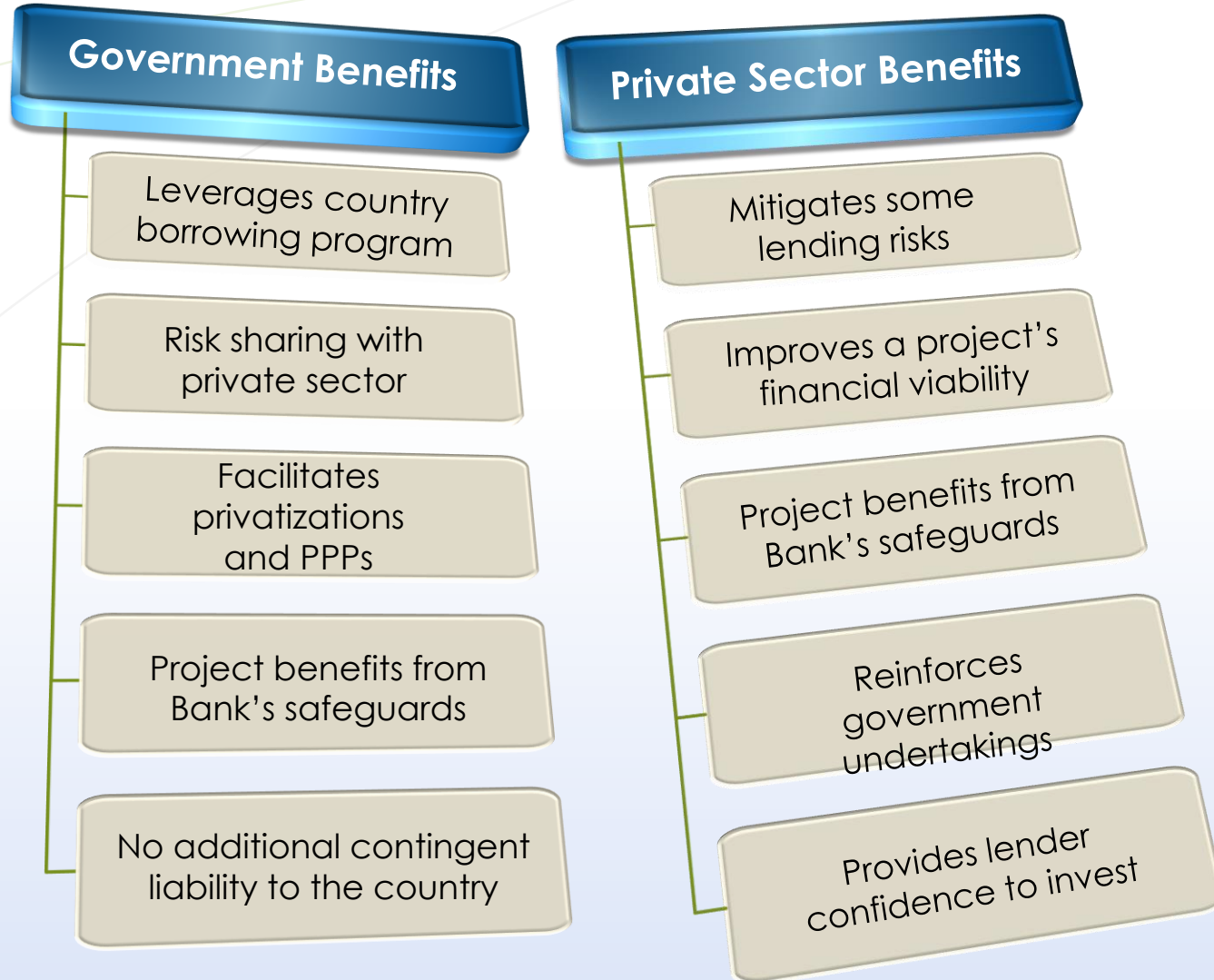
- Bank of China USD 150m
- BTMU USD 150m
- Caixa Bank USD 100m
- Citi USD 50m
- HSBC USD 100m
- JPMorgan USD 115m
- KFW-Ipex Bank USD 100m
- Siemens Financial USD 50m
- Standard Chartered Bank USD 150m

AB/ Loan structures to crowd-in private sector investment

Largest syndicated loan in Africa

Preferred Creditor Status to benefit commercial lenders

# Partial Risk Guarantee, an innovative political risk mitigation instrument



## PRGs extended by the Bank for

Sovereign governments and sovereign-owned entities with the Bank signing a counter-guarantee with the respective governments

## To protect private lenders against...

Inability to repatriate or convert currency earned in the country

Confiscation, expropriation, nationalization and deprivation

Not honoring contractual obligations

Changes in law and force majeure risks



### PCGs extended by AfDB for

- Eligible Regional Member Countries
- Sovereign owned entities
- Private sector project sponsors

that meet the Bank's due diligence criteria for loans

### To protect against

Debt service defaults, including both

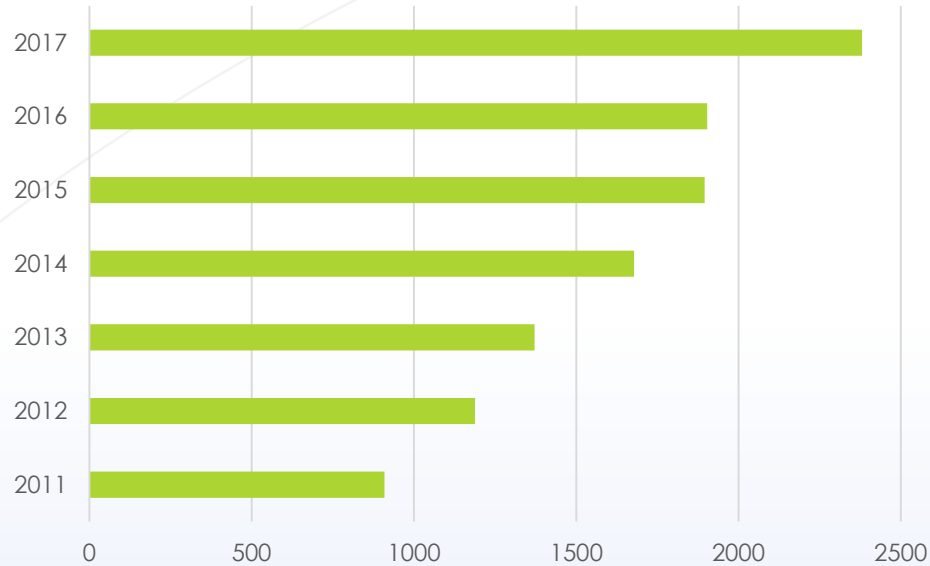
- Political risk
  - Availability of foreign exchange and convertibility into foreign exchange
  - Expropriation and nationalization
  - Contractual obligations
  - Changes in law
- Commercial risks such as demand risk, market risks, etc.

### For the benefit of

- Private lenders to both private sector clients and/or sovereign clients
- Bondholders of both public and corporate debt

# The Bank has been taking a greater role in promoting investment in ADF Countries

## Outstanding Private Sector Portfolio in ADF Countries (USD million) \*



\* Excluding Blend

## Our Private Sector Strategy

1. Improving the investment climate
2. Improving access to social and economic infrastructure
3. Promoting enterprise development including SMEs

## Private Sector Investment in ADF Countries

- More than 458 companies financed
- Results and Impact:
  - Accessibility to social infrastructure
  - Financing of SMEs
  - Government revenues generated
  - Positive environment and social impact
  - Job creation

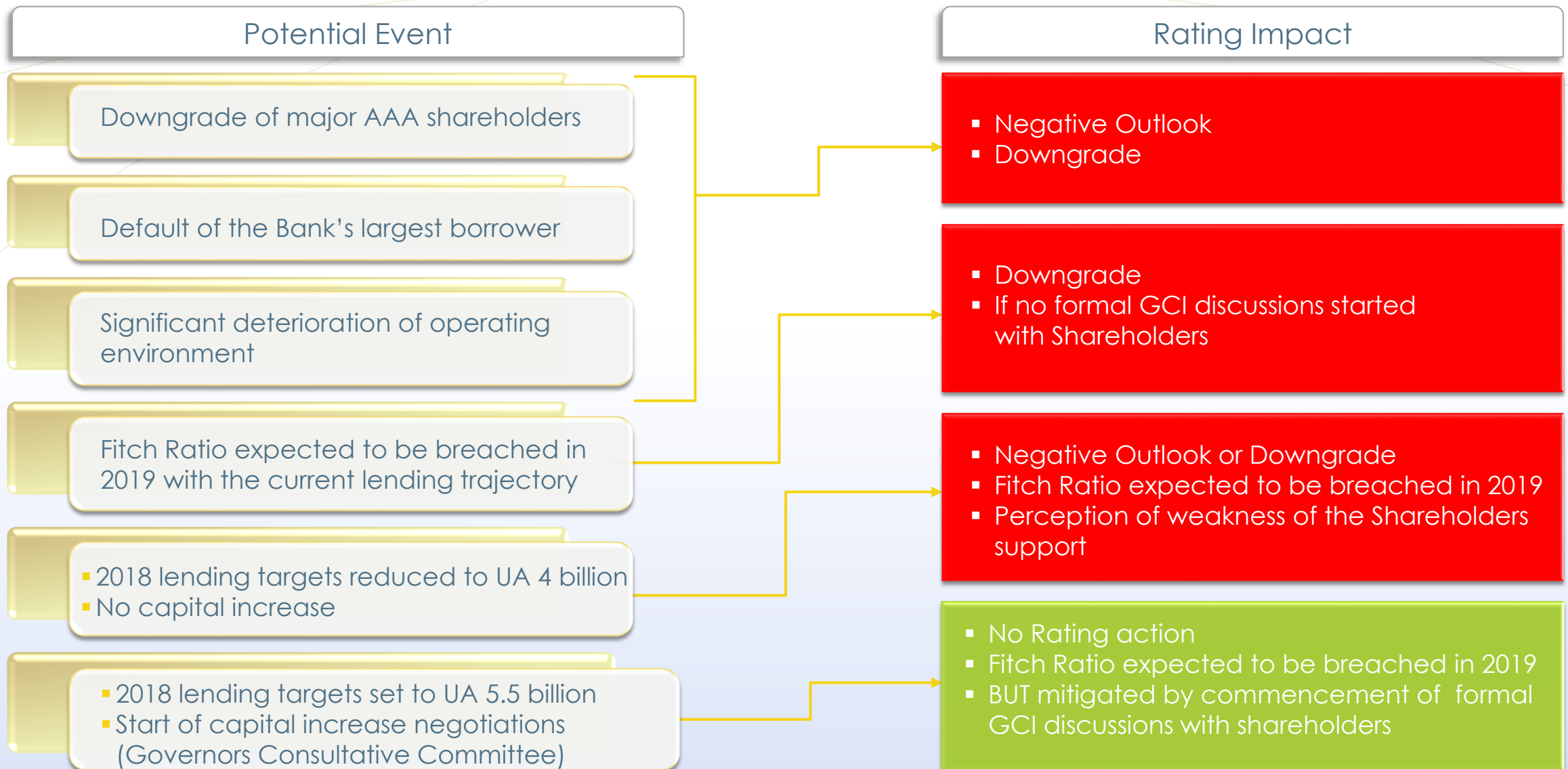
## Challenges

Business and regulatory environment

Access to medium and long term finance

Inadequate infrastructure

# Threats to the bank's rating: no protection today against significant shocks



# GCI-VII affordability will be addressed

## Payment terms

6% Paid-up capital

94% Callable capital

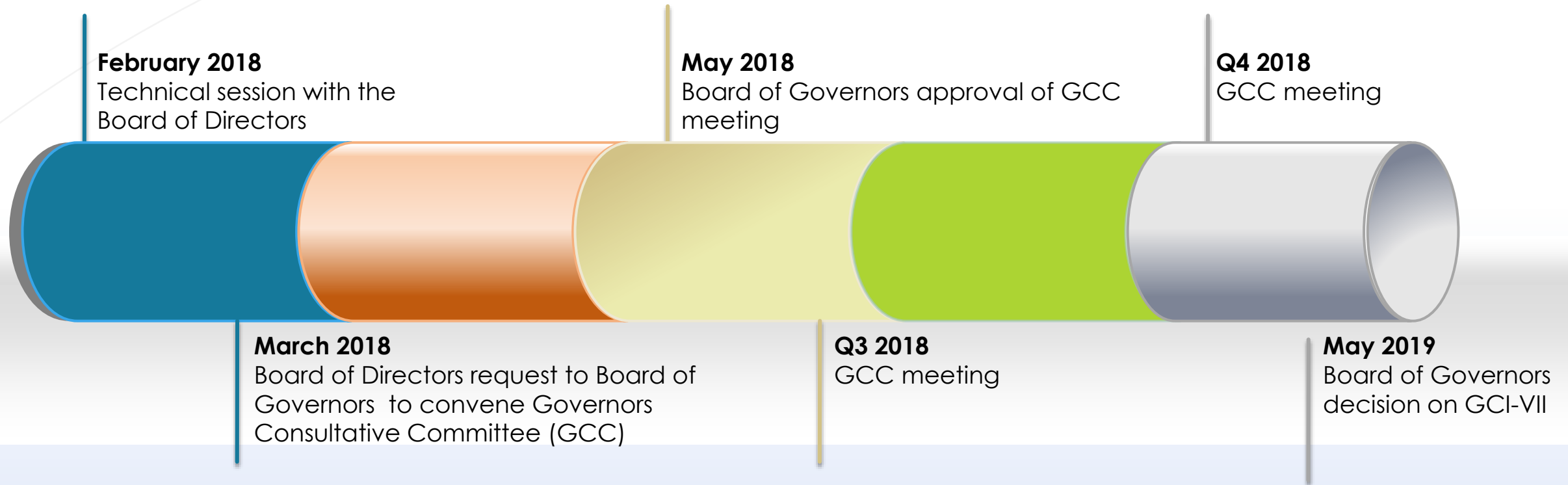
Longer payment period vs GCI-VI to reduce annual payment amounts

- ❑ **12-years** (2019-2020 to 2030) for Middle Income countries and Non-regional shareholders
- ❑ **15-years** (2019-2020 to 2033-2034) for ADF-only countries

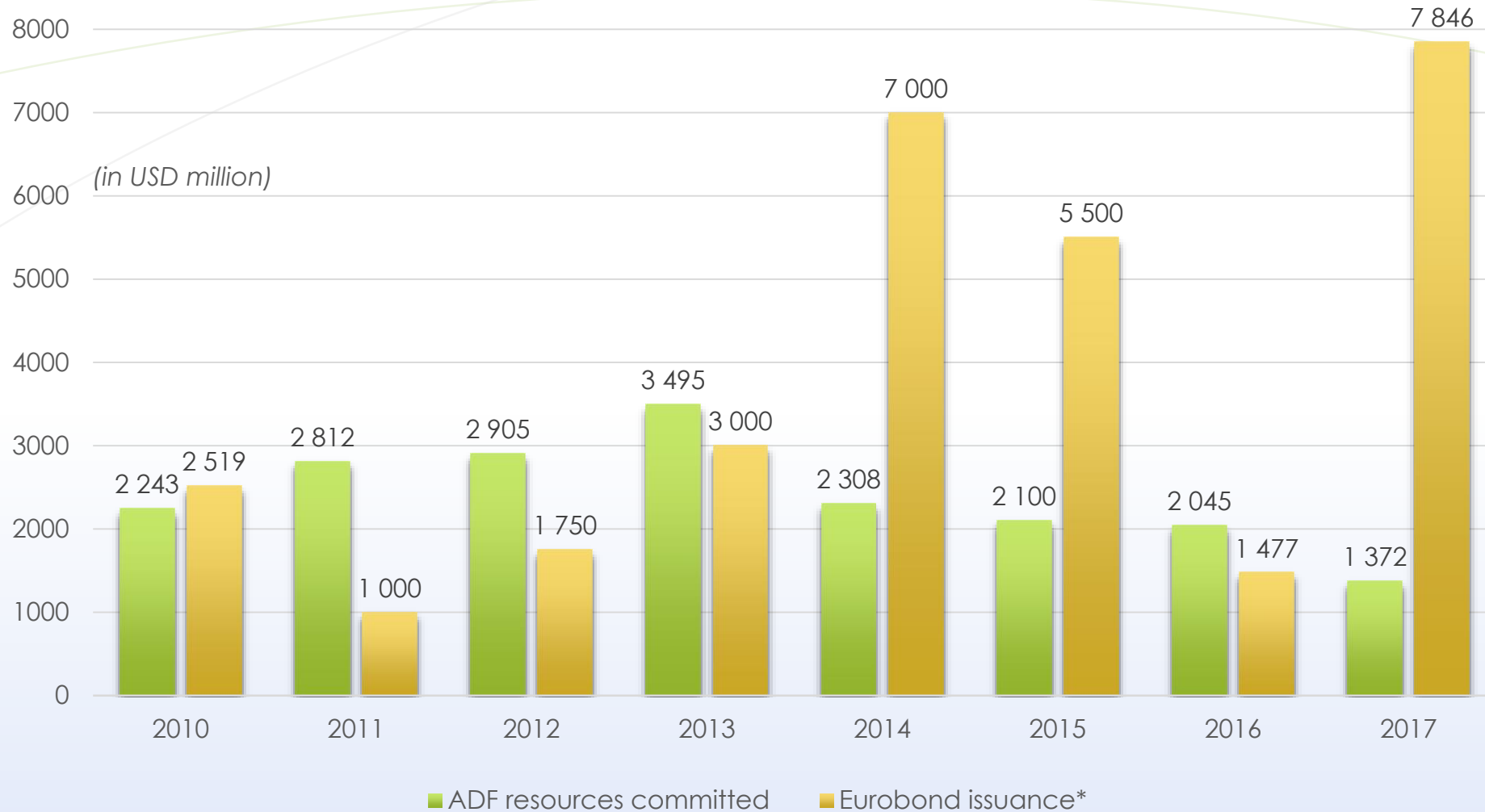
Affordability to ADF countries

- ❑ **Issue:** Overlapping GCI-VI & GCI-VII payments
- ❑ **Solution:** Step up payments for ADF-only countries with **payments effectively starting in 2023-2024**, notwithstanding, 10% of the first instalment will be due during the 2019-2020 period.

## Next steps in GCI-VII conversation

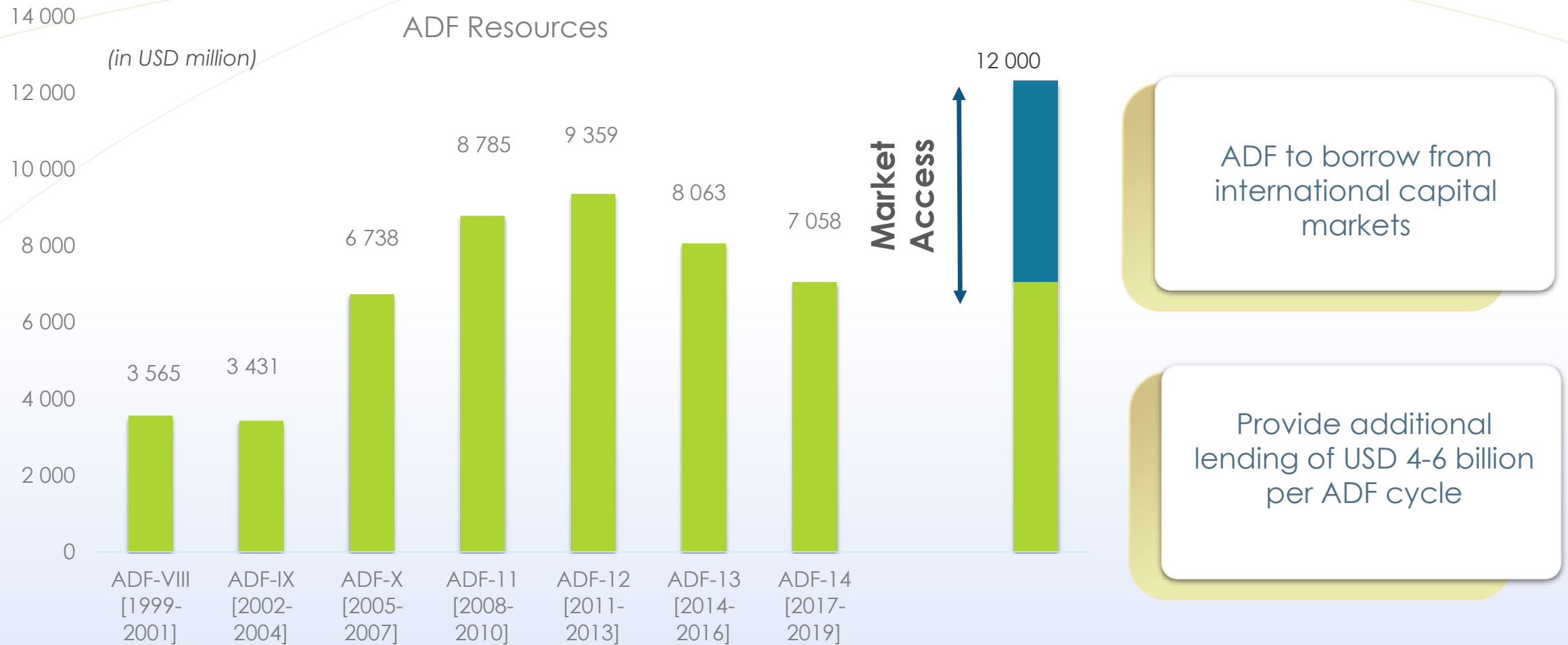


# We need a stronger African Development Fund



\* Eurobond issuance by: Angola, Cameroon, Ethiopia, Ghana, Cote d'Ivoire, Kenya, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Zambia

# Global constraints call for new sources of financing for ADF



# At the service of Africa's development

Strong policy advice and intellectual leadership

Sharpened strategic focus for Africa's transformation

Closer to clients with decentralization



Efficient and effective delivery of services in line with mandate

Continually adapt to meet changing conditions

Catalytic and transformative role for Africa

Strong business model to scale up development support

Fit for purpose for the continent's transformation

Resourcing the African Development Bank for effective delivery



# Africa's premier investment market place

## A totally transactional opportunity for investors

- Bringing together AfDB and global multilateral financial institutions to de-risk investments at scale
- Leverage investments strategically in Africa
- Catalyze investments into projects to help the High 5s agenda
- Scaling up project preparation facilities and tools
- Addressing policy and regulatory issues
- Promoting projects for co-investments and blended finance
- Providing effective risk-mitigation instruments (creation of a co-guarantee platform)

### Investisseurs ciblés

- Global pension funds
- Sovereign Wealth Funds
- Institutional investors

### Principales thématiques à aborder

- Develop and structure deals
- Promote deals
- Close deals and execute deals

**AfDB estimates investment needs for infrastructure in the range of USD 130–170 billion a year**

**November 7-9, 2018  
Johannesburg, South Africa**

- **Private sector:** banks, insurance companies, private equity and venture capital firms, impact investors, pension funds, project developers
- **Government officials:** Heads of State and Government, Ministers of Finance, Central Bank Governors, Sovereign Wealth Funds
- **Multilateral development finance institutions**