Financial Presentation
The African Development Bank Group
“Africa is now the new frontier, an important growth pole for the economic recovery and an attractive business destination for capital. The perception gap is closing, and there are serious investors who are seriously interested in Africa. It is now Africa’s time!”

Ngozi Okonjo-Iweala
Finance Minister of Nigeria, 2011

African Economic Outlook
The continent remains on a dynamic growth path

- With GDP growth at 6.6% in 2012, Africa demonstrated strong resilience to regional and external shocks.
- High commodity prices and export volumes, domestic demand and improved macroeconomic management have helped lift GDP.
- During 2002-2012, six of the world’s fifteen fastest-growing economies were in Africa.

*Excludes Australia, Hong Kong, Japan, Korea, New Zealand, Singapore, Taiwan

Source: AfDB and World Economic Outlook April 2013
Better macroeconomic management though disparities remain

Oil-exporting countries grew by 8.7% in 2012 while net oil-importers recorded a growth of 3.9%
Africa’s economic growth is more than a resource boom

“Africa is once again being seen as a continent of opportunity—the last emerging investment frontier. We see this optimism in the number and diversity of businesses and countries flocking to invest in the continent. It is an optimism based on strong economic growth that even the global financial crisis was only able to reverse briefly. And increasingly, this growth is being used to diversify economies and invest in the bedrock of successful societies—in education, in health and in vital infrastructure.”

Kofi Annan
Former Secretary-General of the United Nations, 2011
### Achieve universal primary education
- Tremendous progress in net primary enrolment with average over 80%. 17 among 35 African countries had ratios above 90%.
- Issues of quality of education remain.

### Promote gender equality and empower women
- Good progress at primary level but weak parity at secondary and tertiary levels of education.
- High representation in parliament.
- Women's empowerment shows a dynamic relationship with most other MDGs.

### Ensure environmental sustainability
- Emissions minimal for most countries.
- Most countries reduced usage of ozone-depleting substances by more than 50%.

### Develop a global partnership for development
- ODA is at historic highs but still short of commitments.
- HIPC initiative continued to reduce the debt burden of countries.
- Access to affordable essential drugs still remains a challenge.
- Access to information and communications technology (ICT) is increasing.

### Eradicate extreme poverty and hunger
- Annual poverty declined by only 0.5% compared to 2.3% in East Asia and 1% in South Asia—insufficient rate despite Africa’s rapid economic growth in past decade.

### Reduce child mortality
- Declining, but slowly.
- Of the 26 countries worldwide with under-five mortality rates above 100 deaths per 1,000 live births in 2010, 24 are in Africa. Nevertheless, Africa doubled its average rate of reduction in child mortality in the last decade.

### Combat HIV/AIDS, malaria and other diseases
- HIV/AIDS on the decline, especially due to behavioral change and access to antiretroviral therapy.
- Funding cuts threaten progress on the HIV/AIDS front.

### Improve maternal health
- Improving, but slowly.
- Maternal mortality is a result of a multitude of factors, including too few health services and providers, poor infrastructure and transport, and low empowerment of women.

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**Source:** MDG report 2012

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**946 Days of Action to accelerate momentum**

- **Sep 2000:** UN Millennium Summit
- **29 May 2013:** 2013 MDG Progress Report
- **31 Dec 2015:** 2015 MDG Report

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**OFF TRACK**

**ON TRACK**
Economic prospects remain promising

…but could be constrained by political and economic challenges

Domestic political instability
Postponement of fiscal reforms
Adverse weather conditions
Sluggish global recovery
Protracted industrial disputes

Moderate to high commodity prices
Investments in energy, transport infrastructure, telecom and social services
Expanding domestic demand
Increasing South-South trade & investment
Inflation is expected to remain in single digits
The financial position of the AfDB is very strong. Thanks to its solid capitalization, ample liquidity buffers and prudent risk-management framework the institution has the capacity to absorb potential shocks emanating from the turbulent operating environment. The Bank has substantial headroom in risk-bearing capacity to further expand its lending. Continued financial and operational prudence will remain key.
Africa’s own triple A rated institution

**AAA/Stable/A-1+**

**AAA ratings affirmed under the new rating criteria**

Very strong business profile reflects AfDB’s role and public policy mandate in lending to African governments and to public and private-sector entities in African countries.

11 January 2013

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**Aaa/ Stable/ P-1**

We expect AFDB's liquidity to remain very strong and its high franchise value to increase, given the attention Africa is receiving from the international donor community.

21 September 2012

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**Aaa/Stable**

The ratings mainly reflect the strong support the Bank entails from its regional and non-regional member countries; its solid financial base; its prudent financial and risk management policies; and its status as a "preferred creditor".

6 September 2012

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**AAA/Stable/F1+**

The bank’s equity-to-asset ratio is one of the strongest among regional Multilateral Development Banks.

3 September 2012
Expanded capacity to withstand shocks and assume core business risks

Growing capital base …

- In USD million
- Paid-in capital: 7,179, 7,433, 7,424, 7,494, 8,207
- Reserves: 3,814, 4,002, 4,047, 3,893, 4,100
- 2008: 3,365, 3,431, 3,377, 3,600, 4,108

…allowing for greater support to Africa

- In USD million
- Target rating of 3 to 4 *
- Sovereign Portfolio: 8,896, 12,447, 12,983, 14,947, 17,418
- Non-Sovereign Portfolio: 2,8, 2.6, 2.3, 2.7, 2.7
- Capital usage focused on development activities

- In USD million
- Risk Capital: 8,207
- Sovereign Loan Risk: 1,986
- Non-Sovereign Loan Risk: 1,612
- Equity Risk: 853
- Treasury Risk: 255
- Operational Risk: 65
- Available Risk Capital: 3,436

*Equivalent to Moody’s Ba1 to B2
Safeguarding stakeholders interests

Strong capitalization

Conservative leverage

Prudential Limit (100%)

Risk Capital Utilization Rate

Debt to Usable Capital

Risk Capital Utilization Rate = Σ ((Exposure) x (Risk capital allocation)) / Total risk capital

Usable Capital = Σ (Paid-in capital, Reserves, Callable capital of non-borrowing countries rated A- and above)

Annual paid-in capital from GCI-6 will range from USD 467 million to USD 72 million from 2013 to 2023
**Prudence and performance in the midst of financial turmoil**

**Liquid assets to meet operational needs of the Bank**

- **ABS/MBS**: 4%
- **Corporate**: 3%
- **Banks Gov/Supras/Agencies**: 34%
- **Money Market**: 15%

As at 31st December 2012

**Prudent investment strategy**

- Our investment philosophy: capital preservation, liquidity and reasonable returns
- Investment strategy adapted to market conditions to strengthen credit quality and improve liquidity profile of investment portfolio while limiting volatility of returns
- Strong performance in 2012 both in absolute and relative terms

**Fair value portfolio: USD 5.5 billion**

**Longer term assets to stabilize Net Interest Margin**

- **ABS/MBS**: 7%
- **Corporate**: 4%
- **Banks Gov/Supras/Agencies**: 9%
- **AAA**: 81%

**Defensive asset mix targeting top quality investments**

- **AAA**: 62%
- **AA**: 31%
- **A or lower**: 7%

**Amortized cost portfolio: USD 4.4 billion**

As at 31st December 2012

**Investment portfolio by rating**
Financial policies that mitigate non-core risks

**Minimizing market risk to increase lending capacity**

- All borrowings swapped, mapped and allocated to similar profile assets
- Interest rate risk minimized and currency risk not permitted under the charter
- Ensuring that the Bank holds at all times at least one year’s liquidity to meet cash requirements

**Limiting exposure to counterparty credit risk**

- Conservative policy with minimum rating requirements of A-/A3 for derivative counterparties
- Exposure collateralized by cash and highly rated securities
- Counterparty credit risk managed in line with BIS+ standards

**Notional derivatives exposure**

In USD million

<table>
<thead>
<tr>
<th>Year</th>
<th>Notional amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>21,169</td>
</tr>
<tr>
<td>2010</td>
<td>22,337</td>
</tr>
<tr>
<td>2011</td>
<td>23,632</td>
</tr>
<tr>
<td>2012</td>
<td>22,352</td>
</tr>
</tbody>
</table>

**Effective counterparty derivative risk mitigation**

In USD million

<table>
<thead>
<tr>
<th>Year</th>
<th>Mark-to-Market</th>
<th>Net exposure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>132</td>
<td>451</td>
</tr>
<tr>
<td>2010</td>
<td>1,679</td>
<td>1,128</td>
</tr>
<tr>
<td>2011</td>
<td>1,830</td>
<td>1,382</td>
</tr>
<tr>
<td>2012</td>
<td>1,410</td>
<td>967</td>
</tr>
</tbody>
</table>

* Bank for International Settlements

* After collateral received in cash or securities
Building Africa, maintaining financial strength

Allocating income

Ensuring financial sustainability and resilience to shock

- 52% of allocable income retained in reserves for 2012 against 46% in 2011
- Goal is to maintain risk capital utilization rate below 100% limit over the 10-year planning horizon

Guiding principles of net income allocation

- First priority to reserves
- Distribution to fulfill mandatory commitments: ADF USD 54 million and DRC USD 96 million
- Surplus account with clear criteria for prioritization, use limited to high impact development initiatives

Enhancing support to LICs

- 92% of allocable income after transfer to reserves will benefit low income countries

Building up reserves while supporting development initiatives

Commitments under Special Relief Fund to respond to humanitarian relief requests

- Somalia: Drought relief USD 1 mn
- Comoros: Support to flood victims USD 1 mn
- Mali: Aid for the security and food crisis USD 1 mn
- Gambia: Assistance to severe crop failure USD 0.8 mn
- Mauritania: Help to refugees USD 1 mn

* 2012 income allocation subject to Board of Governors approval

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* 2012 income allocation subject to Board of Governors approval
Funding across the globe to raise resources

**Highlights for 2012**

- Strong following in the US Dollar Global market
- Growing importance of the Australian Kangaroo market
- Strong brand recognition and top notch ratings that draw private placement and Uridashi investors
- Africa’s growth story and strong macro fundamentals drive increase in African currency-linked notes

**Borrowing program in line with growing operations**

- USD 3.8 billion borrowed in 2012 supporting the execution of the business plan
- 2013 borrowing program of USD 5.6 billion of which USD 3.2 billion raised as of April 2013

**Proven access to diverse market segments**

- Uridashi Bonds 6.9%
- African Currency-Linked Notes 1.6%
- African Domestic Issues 0.1%
- Public Domestic Issues 32.7%
- Private Placement Notes 19.4%
- Global Benchmarks 39.3%

2012 borrowings

**All borrowings swapped into the Bank’s lending currencies**

- EUR 40.3%
- ZAR 2.3%
- UGX 0.1%
- USD 57.3%

2012 issuance currencies 2012 after-swap currencies
A consistent presence in the dollar global benchmark market

USD 1.5 billion 1.125% due March 2017

Distribution by investor type

- Central Bank / Ols*: 60%
- Asset Managers: 12%
- Banks: 28%

Distribution by region

- Africa: 19%
- Americas: 17%
- Asia: 30%
- Europe: 14%
- Middle East: 20%

- Priced at 33.25 bps over US Treasuries
- Re-opened at 6.4 bps over the adjusted UST

2013

Distribution by investor type

- Central Bank / Ols*: 67%
- Asset Managers: 7%
- Corporate: 3%
- Banks: 23%

Distribution by region

- Africa: 11%
- Americas: 29%
- Asia: 41%
- Europe: 14%
- Middle East: 5%

- Priced at 20.45 bps over US Treasuries
- Latest re-opening at 12.1 bps over UST

Investor base primarily composed of central banks, official institutions and fund managers

AfDB benchmark bonds offer safety with yield over US Treasuries and catalyze development in Africa

Good participation from African central banks in recent bonds, more engagement to promote the Bank’s strong credit story

*Official Institutions
Diversifying funding sources through multiple markets

AUD 500 million 3.50% due January 2018

AUD 1 billion 5.25% due March 2022

Active player in the Social Responsible Investment market

- USD 20 Million Clean Energy Bond due August 2022
  August 2012

- ZAR 128 Million Education Bond due March 2015
  March 2012

- MXN 800 Million Deep Discount Bond due October 2022
  October 2012

- CLP 39.1 Billion Fixed Rate Note due January 2014
  January 2013

- AUD 63 Million Water Bond due November 2014
  November 2010

- BRL 29 Million Clean Energy Bond due October 2017
  October 2010

- VND 420 Billion Fixed Rate Note due October 2016
  October 2011

- USD 100 Million Fixed Rate Callable Note due December 2015
  December 2012

Responding to investor’s currency needs

*Official Institutions

Asset Managers 26%
Banks 39%
Central Bank / Oils* 35%

Australia 15%
Americas 24%
Asia 52%
Europe 60%
Japan 10%

Jan-18 Mar-22

Asset Managers 60%
Insurance Companies 15%
Central Bank / Oils* 1%

Australia 52%
Americas 28%
Asia 1%
Europe 10%
Japan 60%

Jan-18 Mar-22
A natural issuer of African currency-linked bonds

Key drivers

- Favorable growth story and macroeconomic fundamentals
- Triple-A rating enables the Bank to be an issuer of choice for emerging market investors

Strong strategic interest

- Providing visibility to African countries among international investors
- Investors looking into Africa for opportunities

Selected AfDB African currency-linked transactions

<table>
<thead>
<tr>
<th>Transaction Details</th>
<th>Currency</th>
<th>Maturity Date</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2013</td>
<td>GHS 68.25 Million due March 2018</td>
<td>March 2018</td>
<td>14.0%</td>
</tr>
<tr>
<td>February 2013</td>
<td>GHS 75 Million due August 2015</td>
<td>February 2013</td>
<td>14.0%</td>
</tr>
<tr>
<td>December 2012</td>
<td>UGX 34.892 Billion due Dec 2017</td>
<td>December 2017</td>
<td>10.0%</td>
</tr>
<tr>
<td>November 2012</td>
<td>NGN 2.612 Billion due Nov 2013</td>
<td>November 2013</td>
<td>10.5%</td>
</tr>
<tr>
<td>October 2012</td>
<td>NGN 786.25 Million due October 2013</td>
<td>October 2013</td>
<td>11.5%</td>
</tr>
<tr>
<td>April 2012</td>
<td>NGN 2.36 Billion due April 2014</td>
<td>April 2014</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

Prior transactions in African currencies

Over USD 180 million issued since 2012 in Nigerian Naira, Uganda Shilling and Ghanaian Cedi
Multi-pronged approach to developing African capital markets

Major breakthrough in the capital markets of Uganda

- Ugandan Shilling designated as one of the Bank’s lending currencies in September 2011
- Established a UGX 125 billion Medium Term Note program
- Issued a 10 year, UGX 12.5 billion bond in July 2012, with coupon pegged at 85% of Uganda 2-year Treasury bond yield and to be re-priced at 2-year intervals
- Fully placed domestically with 50% oversubscription
- Bond proceeds kept in local currency to fund a domestic mortgage lender

The success of the Bank’s experience in Uganda sets the stage for further local market issuance in 2013

Expanding the Bank’s African lending currencies

- ISDA\(^*\) Master Agreement signed with the International Finance Corporation to facilitate local currency lending and bond issuance in Africa
- Enables bilateral collaboration on local currency issuance, enhances local currency funding capacity to support development projects

Exploring domestic African capital markets

- Establishing local bond issuance programs
- Targeting selected African capital markets

Partnering with sister institutions

- Ghana
- Kenya
- Nigeria
- Tanzania
- Zambia

\(^*\) International Swaps and Derivatives Association
Strengthening the capital markets infrastructure and database

**African Financial Markets Initiative**

- **African Domestic Bond Fund**
  - Work with partners and African central banks to develop debt markets in the continent
- **Finance enhancement of domestic bond market Infrastructure**
- **Reduce dependency on foreign currency denominated debt & enlarge investor base**

**African Financial Markets Database**

- Improve availability, quality and usefulness of information on African debt markets
- Enhance data collection and management capabilities
- Post regular updates, providing relevant and current information

**Recent Achievements**

- Capacity building of Central Bank Liaison Officers involved in the data collection for the creation of the African Financial Markets Database
- Creation and launch of the African Financial Markets Database, which covers Treasury Bills and Treasury Bonds data of 40 countries
- Creation and launch of the AFMI website – a knowledge management tool to bring visibility and awareness of African debt markets
- Hosting Pan-African Stakeholder Workshop on Local Currency Bond Markets

AFMI website: [www.africanbondmarkets.org](http://www.africanbondmarkets.org)
Single-stop knowledge tool providing information on African debt markets
“The Bank’s overarching goal in the next decade is to support Africa’s ambitions to unlock the continent’s internal potential for a stable, integrated, competitive, diversified and growing economy—in short, to become the next emerging market. This is what Africa wants, and this, I believe, is what Africa will achieve.”

Donald Kaberuka
Key principles for African economies

Growth must be shared, enhance productivity, add value, support innovation and competitiveness, ease pressure on natural assets, while better managing environmental, social and economic risks.

Political leadership

Success comes from leadership that has vision and capacity to implement its program.

Integration and interconnectedness

Logistical and policy impediments to economic integration at the national, sub-regional levels, and by implication into the global economy, must be addressed.

Quality of growth and inclusion

Growth must be shared, enhance productivity, add value, support innovation and competitiveness, ease pressure on natural assets, while better managing environmental, social and economic risks.
Drivers of transformation

**Technology and ICT Innovations**
Investing in ICT for public access to information, spurring a knowledge economy and innovative approaches to micro-finance and the mobilization of rural producers. This is to revolutionize trade on the continent.

**Demographic Dividend**
Take advantage of expanding middle class to create opportunities for investment in consumer goods industry, modern agriculture and service industries, with potential for employment creation.

**Natural Resources**
Continuing strong global demand for energy, minerals and agricultural commodities will offer new opportunities for growth.

**Infrastructure**
Bridging the infrastructure gap could increase Africa’s GDP growth rate an estimated 2% a year.

**Agriculture**
Promoting agriculture will be the most effective way of driving inclusive growth and poverty reduction in Africa while ensuring food security.

**Climate Change**
Climate change as crosscutting issue to limit impact on agricultural productivity, food and water security, disease control, bio-diversity, and land degradation.

**Governance / Investment Climate**
Shifting in trade and capital flows to and from Africa are game-changing, and emerging economies, such as the BRICs, are influencing Africa’s growth.

**Private Sector**
Governments must remove existing obstacles to formal firms, while ameliorating conditions for the informal sector.

**Urbanization**
Urban concentrations of population allow for specialization—via industry clusters and economies of scale—enhancing productivity and export competence.

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Climate change as crosscutting issue to limit impact on agricultural productivity, food and water security, disease control, bio-diversity, and land degradation.

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Bank Group at the heart of Africa’s transformation

Two objectives to support transformation

- Inclusive growth
- Transition to green growth

Five core operational priorities

- Infrastructure development
- Regional integration
- Private sector development
- Governance & accountability
- Skills & technology

Three areas of special emphasis

- Fragile states
  - A ‘continuum’ & regional approach
- Agriculture & food security
  - Supporting value chains
- Gender
  - Economic empowerment
  - Legal & property rights

Two objectives to support transformation

Inclusive growth

Transition to green growth

Five core operational priorities

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- Regional integration
- Private sector development
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- Skills & technology

Three areas of special emphasis

- Fragile states
  - A ‘continuum’ & regional approach
- Agriculture & food security
  - Supporting value chains
- Gender
  - Economic empowerment
  - Legal & property rights
Financing solutions to Africa’s challenges

**Infrastructure** that unlocks the growth and development potential of Africa remains key.

Promoting **social & human development** by focusing on skills development and science & technology for job creation.

**Multisector** operations which broadly cover public sector management and poverty reducing budget support, bear closely on the success of other interventions.

Focusing on interventions aligned to Africa’s priorities:

- **Energy**: 24.7%
- **Transport**: 16.8%
- **Social**: 14.6%
- **Multisector**: 14.0%
- **Finance**: 11.2%
- **Agriculture**: 8.6%
- **Industry**: 2.7%
- **Water Supply & Sanitation**: 7.5%
- **Industry**: 2.7%

Providing resources to financial intermediaries.

Continuing interest in rural development and actions to combat poverty through increased approvals for agriculture and rural development.

Delivering vital resources for scaling up access to safe water and sanitation.

Field presence & streamlined business processes at work: 6% increase in disbursements.

<table>
<thead>
<tr>
<th>Year</th>
<th>ADB Disbursements *</th>
<th>ADF Disbursements **</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,853</td>
<td>1,733</td>
</tr>
<tr>
<td>2009*</td>
<td>6,394</td>
<td>2,707</td>
</tr>
<tr>
<td>2010</td>
<td>3,859</td>
<td>1,795</td>
</tr>
<tr>
<td>2011</td>
<td>4,860</td>
<td>1,991</td>
</tr>
<tr>
<td>2012</td>
<td>5,191</td>
<td>1,798</td>
</tr>
</tbody>
</table>

* A year of exceptional demand for Bank Group resources due to the global financial crisis
** Including loans, grants, equity investments, emergency operations, HIPC debt relief, loan reallocations and guarantee, Fragile States Facility
Powering the infrastructure that drives growth

Africa’s infrastructure needs remain substantial

- Africa’s infrastructure financing requirements, mostly for power and energy, in the USD trillions in the longer term
- About 30 countries affected by chronic power problems
- Transportation costs increase the price of African goods by 75%
- Poor infrastructure depresses productivity in fragile states by an estimated 40%.
- The continent invests only 4% of GDP on infrastructure, compared with 14% in China

Infrastructure development as a key enabler of regional integration

<table>
<thead>
<tr>
<th>Energy</th>
<th>Transport</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1.37 billion</td>
<td>USD 929 million</td>
<td>USD 452 million</td>
</tr>
</tbody>
</table>

USD 2.7 billion

- Promoting regional economic integration
- Reduction in energy costs and increasing access
- Reducing transport costs
- Enhancing water and food security
- Boosting ICT services and connectivity

Transformational infrastructure connecting African roads, railways, oil and gas pipelines, power networks, and ICT

Program for Infrastructure Development in Africa (PIDA) estimated at USD 360 billion by 2040

Africa’s Priority Action Program (2012-2020)

Projects

- 51 immediately actionable programs, including the 40,000 MW Inga power plant in DRC, promoting regional integration

Innovative financing

- Africa Infrastructure Finance Facility will bring additional resources and capacity to the continent
- Green Africa Fund focusing on adaptation to climate change
Designing an innovative solution to the infrastructure challenge

**Africa Infrastructure Finance Facility to assist projects at all stages**

**INVESTOR UNIVERSE**
- International Capital Markets and SWFs*
- African Central Banks/Capital Markets
- African Private-Sector/Financial Institutions
- AFDB and Other Development Partners

**ACTIVITIES/SERVICES**
- CREDIT
- EQUITY
- ADVISORY

**DELIVERY**
- Flexibility and the ability to respond to sponsors in a timely manner
- Political support and influence to move projects forward and overcome political obstacles
- Coordination of African stakeholders:
  - Guidance, sponsorship and a close working relationship with the AfDB
  - Broad support from African nations as participants and/or investors
  - Mobilization of resources from African capital markets and Central Banks
- Provision of substantial financial and technical resources
- Expertise to effectively interact with world class, private sector project developers

* Sovereign Wealth Funds
On the road to interregional mobility and trade

Priority highway connecting WAEMU countries

Lomé-Cinkansé-Ouagadougou CU9 Corridor (USD 270 million)
- Rehabilitation of 150 km of road in Togo and 153 km in Burkina Faso
- Increased transit traffic and trade from 1.56 to 1.91 million tonnes in 2016
- Reduced general transportation costs
- Improved road safety
- Creation of jobs for youths and women

Spatial inclusion in Southern Africa

Nacala Road Corridor Phase III in Mozambique and Lusaka in Zambia through Malawi (USD 60 million)
- Benefit directly around 525,000 people with improved transport links, social facilities, and job opportunities
- Benefit also traders and road users, who transport goods between Zambia, Malawi and Mozambique
- Help Mozambique reduce its infrastructure gap by improving national and regional connectivity

U.S. Treasury Department’s Development Impact Honors Award in June 2012

Bamako-Dakar Corridor Road Improvement and Transport Facilitation Project

Recognizing that an effective transport corridor requires more than just a road
- Construction of a road with a radio communication system
- Scanners to speed border crossing times
- Axle scales along the corridor
- Road safety and disease transmission awareness
- Meeting needs of local communities

34 million people with improved access to transport
Addressing Africa’s water and sanitation needs

USD 452 million approved in 2012 to scale up access to safe water and sanitation, promoting innovative technologies, and supporting knowledge management activities in RMCs

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**Rural Water Supply and Sanitation Initiative**

- Provided water supply to 56 million people and sanitation access to 41 million people since 2003
- Accelerate access to drinking water supply and sanitation in rural Africa to attain the African Water Vision of 2025 and the MDG targets
- 6 projects approved in 2012 for a total amount of USD 83 million across the Gambia, Chad, Liberia, CAR, Djibouti and Mauritania

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**The Africa Water Vision for 2025**

- Equitable and sustainable use and management of water resources
  - Strengthening governance of water resources
  - Improving water wisdom
  - Meeting urgent water needs
  - Strengthening the financial base for the desired water future

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**African Water Facility**

- Initiative of the African Ministers’ Council on Water, administered by the Bank
- Established to help countries achieve the objectives of the Africa Water Vision of 2025
- 75 operations approved amounting to USD 118 million since 2006
- 6 projects approved in 2012 for a total amount of USD 12 million

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USD 4 million grant from the African Water Facility for water provision in the Darfur region
Embracing a lower carbon and green growth path

Access to modern power for at least 1.5 million households across 7 countries made possible through 6 operations totaling USD 1.35 billion in 2012

**MOROCCO**

**Ouarzazate Concentrated Solar Power (CSP) Plant**
- USD 315 million
- 160 MW of CSP capacity
- Curb CO₂ emissions by 240,000 tonnes

**Integrated Wind/Hydro and Rural Electrification Programme**
- USD 572 million
- 750 MW of wind & 520 MW of hydro capacity
- 3 million tonnes of CO₂ emissions avoided each year
- 86,000 new rural households connected

**ETHIOPIA-KENYA**

**Electricity Highway**
- USD 341 million
- 1,000 km of transmission line with capacity of 2,000 MW
- 7 million tonnes of CO₂ avoided each year
- 1,400,000 households will benefit from reliable and affordable electricity by 2022
- Selected by the G20 as an exemplary regional project
- First project of its kind to be registered as a CDM project

**CAR-DRC**

**Interconnection of power grids from the Boali hydro-power system**
- USD 53 million
- 38 MW hydro capacity
- 5,000 new households connected
- Cost of electricity will be reduced by at least 10%

**CONGO**

**Rural Electrification**
- USD 15 million
- 5,100 households connected
- Overall electrification rate up to 50% in 2016 from 16% in 2011

**ZAMBIA**

**Itezhi-Tezhi hydro power and transmission line**
- USD 55 million
- 120 MW hydro capacity
- 360,000 tonnes of CO₂ emissions avoided each year
- 60,000 new households connected

- Additional 1,588 MW of generation capacity
- More than 10 million tonnes of CO₂ emissions avoided each year
Investing in people: one billion opportunities

**Building skills and raising employability more pertinent than ever**

- 20 to 25% unemployment across Africa vs. 9% worldwide
- Youth account for about 60% of the unemployed
- Number of university graduates in Sub-Saharan Africa more than tripled (1999 to 2009) but funding increased more slowly hindering educational quality
- Most of underemployed young are in low productivity household enterprises or the informal economy
- 25% of the 25-34 with higher education is unemployed; one-fifth is employed in the informal sector

**AfDB’s Human Capital Strategy for Africa to transform teaching, learning, & health services for one billion Africans (2013-2017)**

- Job-creating growth
- Skills development
- Development of safety nets to protect against economic and social shocks

**Giving voice to all citizens for improved quality of public services and efficiency of public spending**

**Contributing to Africa’s education over 2010-2012**

- Over 4 million students and scholars reached
- 4,501 classrooms and educational support facilities constructed/rehabilitated
- Over 10 million textbooks and teaching materials supplied
- Over 56,000 teachers and other staff recruited/trained
- Over 656,000 students newly enrolled

AfDB supports universities and regional centers of excellence

USD 807 million approved in 2012 focusing on skills and entrepreneurship in higher education, science and technology, in close partnership with the productive sectors and using modern technologies
Recognizing the primacy of the private sector

AfDB Private Sector Development Strategy: An engine of economic growth and poverty reduction on the Continent in the next decade and beyond

I. Improving Africa’s investment and business climate

Strengthen the laws, policies, tax systems, rights, regulations and procedures that govern business

II. Access to social and economic infrastructure

Finance infrastructure and will significantly leverage its resources to ‘crowd-in’ private investment

III. Enterprise development

Finance small businesses using a variety of channels and ways of lending

To be delivered through sovereign and non-sovereign lending plus analytical and advisory services

Obstacles to growth throw a spanner in the works

Weak government regulation

Poor infrastructure

Severe skill shortages and mismatches

Trade restrictions

Access to medium and long-term finance

The private sector generating African growth and development

70% of investment

75% of economic output

90% of formal and informal employment

One dollar of the Bank’s money brings in a further six
Enabling socially responsive enterprises

Supporting efforts to tackle major developmental challenges

In USD million

2008 2009 2010 2011 2012
1,389 1,815 1,863 1,334 1,157
Loans Equity Investments Guarantees

Incorporating green growth into the private sector agenda

Gabon Fertiliser Company Project (USD 150 million)

- Diversify economy away from oil exports
- Promote industrial development and local processing industries
- Productive use of gas currently being flared into atmosphere
- Increase agricultural output and ensure food security

USD 1,157 million approved in 2012 for 21 new projects and additional financing for two existing operations

Building regional as well as national economies...

- Low Income Countries 19.8%
- Middle Income Countries 45.3%
- Regional 35.0%

... and developing sectors that facilitate trade and investment

- Industry Services 13.1%
- Social Services 0.2%
- Infrastructure 25.9%
- Financial Services 60.9%
Sowing the seeds for productivity and food security

Africa is the only continent where per capita food production has declined over the past 30 years

Agriculture employs 65-70% of the African workforce

Accounts for roughly a third of the continent's GDP

Women make up more than half of Africa’s farmers and produce up to 90% of the continent’s food

Promoting agricultural production a way to drive inclusive growth and reduce poverty

Contributing to Africa’s agriculture sector (2010-2012)

- 4,937 rural facilities constructed/rehabilitated
- Over 1.5 million livestock provided/vaccinated
- Over 2.8 million plants introduced
- 4,581 community-based projects executed

USD 587 million approved in 2012 for 18 operations covering 16 countries

- Rehabilitation of agricultural infrastructure
- Construction of access and feeder roads
- Strengthening capacity for the delivery of agricultural services
- Market infrastructure and storage facilities
- Support to climate change adaptation measures

Drought Resilience and Sustainable Livelihoods Programme in the Horn of Africa

- Food security
- Increased productivity & income for agro-pastoralists
- Development of agro-industry & market infrastructure

First phase in 2013 to focus on Djibouti, Ethiopia, and Kenya

- Improved water control & distribution systems
- Improved road networks
- Enhanced regional cooperation & coordination

Response to the Food Crisis in the Sahel Programme

- Targeting 800,000 small farmers who provide 90% of the food needs in the region
- USD 351 million programme to restore food security covering 12 countries

Livelihood interventions

- Building rural infrastructure
- Disaster risk reduction measures

Climate change adaptation
Strengthening accountability and transparency

USD 750 million approved in 2012 for 42 operations across 22 countries

Strengthening public financial management systems
Promotion of sound macroeconomic management
Sound climate for business and investment
Governance of natural resources

Quality of governance critical to development
Program based operations
Institutional support program
Analytical and advisory services

Sustaining Malawi’s reforms to stabilise the economy

Restoration of Fiscal Stability and Social Protection budget support programme (USD 40 million)
- Alleviating foreign exchange shortages
- Promote fiscal and macro-economic stability
- Protect social spending

Hosted by the AfDB

USD 5.23 million approved in 2012 across 11 projects in Burkina Faso, Djibouti, DRC, Ghana, Guinea, Kenya, Tunisia and Zambia

- Macroeconomic management improved: low budget deficits and realistic and stable exchange rates
- Tax revenue has risen from 10.5% to 14.7% of GDP
- Time to start a business halved & time for contract enforcement fallen by 50 days
- Support to RMCs to improve natural resource governance across value chain, including EITI in 8 countries in 2012
Responding to the needs and challenges of fragile states

80% of fragile states are in Africa

Yet to achieve a single MDG

200 million people, 50% with less than $1.25 a day, 50% higher rates of malnutrition, 20% higher child mortality and 18% lower primary completion rates

AfDB is Liberia’s partner: Results achieved on the ground

Support for public finance management has helped restore fiscal discipline

Helping Liberia become the first African country to comply with the Extractive Industries Transparency Initiative

One of the first partners to provide Liberia with much needed budget support after the end of conflict

- Rehabilitated 130 km of roads, reducing travel time from days to hours and giving access to previously unreachable schools, health centers, and markets
- USD 50 million for further upgrade to an all-weather paved road

Extension of the automated system for customs data to help increase revenue collection at 3 ports from around USD 4 million monthly to USD 10-12 million and reduced clearance of goods at ports from 60 to less than 10 days

Sierra Leone
USD 18 million over 4 years for the Matotoka-Sefadu Road Rehabilitation

Somalia
Capacity Building support through Public Financial Management

Zimbabwe
USD 25 million for the Capacity Building for Public Finance and Economic Management

USD 180 million approved in support of 17 fragile states in 2012
Positioning closer to stakeholders

- Strengthened decision making authority
- Expanded presence in fragile states with the new South Sudan Country Office
- Opening of Customized Liaison Office in Mauritius and Asia External Representation Office in Tokyo
- Plans to establish customized field presence in Congo Brazzaville, Equatorial Guinea, Mauritania, Djibouti, Eritrea, Benin Guinea (Conakry), Niger and Somalia in 2013

- Better integration and oversight
- Proactivity and responsiveness
- Reduced procurement turn-around time
- Better utilization of resources
- Reduced costs of doing business

Demand for field presence is growing

Presence in 34 countries
36% of operations staff work from the field
42% of projects managed by field offices

= Regional Resource Center
The trusted partner for Africa’s development

“Nous sommes confiants que cette institution saura, grâce à la mobilisation de toutes ses compétences, préserver ses acquis et assurer son avenir avec plus d’optimisme et avec davantage de rayonnement à l’échelle continentale et internationale.”
His Majesty Mohammed VI, King of Morocco, 2012

“…the best advocate for Africa in achieving the MDGs.”
Her Excellency Ellen Johnson Sirleaf, President of Liberia, 2013

“AfDB has been Africa’s dependable partner in development since its establishment in 1964.”
His Excellency Jakaya Mrisho Kikwete, President of Tanzania, 2012

“African Development Bank has become the darling of all of us in Africa.”
His Excellency Olusegun Obasanjo, Former President of Nigeria, 2012
For more information

- Financial and Operational Analysis
- Documentation for Debt Programs
- Rating Agency Reports
- Financial Products for Borrowers
- Annual Report

www.afdb.org
afdb@afdb.org
Investor Contact:
FundingDesk@afdb.org

(216) 71 10 39 00
(216) 71 35 19 33
Appendix
**AfDB: Income statement (UA million)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Income and Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Loans</td>
<td>351.16</td>
<td>314.92</td>
<td>293.36</td>
<td>288.24</td>
<td>352.28</td>
</tr>
<tr>
<td>Income from Investments and Related Derivatives</td>
<td>197.65</td>
<td>168.85</td>
<td>219.22</td>
<td>222.96</td>
<td>202.88</td>
</tr>
<tr>
<td>Income from Others Debt Securities</td>
<td>4.83</td>
<td>5.41</td>
<td>6.74</td>
<td>7.68</td>
<td>9.29</td>
</tr>
<tr>
<td>Total Income from Loans and Investments</td>
<td>553.64</td>
<td>489.18</td>
<td>519.32</td>
<td>518.88</td>
<td>564.45</td>
</tr>
<tr>
<td>Interest and Amortized Issuance Costs</td>
<td>(356.41)</td>
<td>(316.82)</td>
<td>(303.04)</td>
<td>(306.32)</td>
<td>(251.83)</td>
</tr>
<tr>
<td>Net Interest on Borrowing-Related Derivatives</td>
<td>139.16</td>
<td>112.16</td>
<td>126.27</td>
<td>73.28</td>
<td>(65.79)</td>
</tr>
<tr>
<td>Unrealized Gains/(Losses) on Fair-Valued Borrowings and Related Derivatives</td>
<td>(30.45)</td>
<td>(13.00)</td>
<td>(27.61)</td>
<td>17.38</td>
<td>12.43</td>
</tr>
<tr>
<td>Unrealized Gains/(Losses) on Non Fair-Valued Borrowings and Others</td>
<td>20.28</td>
<td>9.96</td>
<td>(13.33)</td>
<td>(20.30)</td>
<td>(16.68)</td>
</tr>
<tr>
<td>Provision for Impairment on Loan Principal and Charges Receivable</td>
<td>(29.69)</td>
<td>(17.68)</td>
<td>(26.76)</td>
<td>(11.29)</td>
<td>163.28</td>
</tr>
<tr>
<td>Provision for Impairment on Equity Investments</td>
<td>(0.05)</td>
<td>(0.15)</td>
<td>(0.90)</td>
<td>(2.32)</td>
<td>(18.46)</td>
</tr>
<tr>
<td>Provision for Impairment on Investments</td>
<td>0.29</td>
<td>6.39</td>
<td>18.58</td>
<td>3.39</td>
<td>(38.13)</td>
</tr>
<tr>
<td>Translation (Losses)/Gains</td>
<td>(2.27)</td>
<td>(27.95)</td>
<td>4.87</td>
<td>19.63</td>
<td>(9.17)</td>
</tr>
<tr>
<td>Other Income</td>
<td>15.29</td>
<td>4.46</td>
<td>(1.72)</td>
<td>7.34</td>
<td>18.65</td>
</tr>
<tr>
<td><strong>Net Operational Income</strong></td>
<td>309.79</td>
<td>246.55</td>
<td>295.66</td>
<td>299.67</td>
<td>358.75</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>(104.64)</td>
<td>(79.50)</td>
<td>(75.00)</td>
<td>(63.06)</td>
<td>(46.78)</td>
</tr>
<tr>
<td>Depreciation – Property, Equipment and Intangible Assets</td>
<td>(4.59)</td>
<td>(4.47)</td>
<td>(4.59)</td>
<td>(4.68)</td>
<td>(5.20)</td>
</tr>
<tr>
<td>Sundry (Expenses)/Income</td>
<td>(1.94)</td>
<td>1.93</td>
<td>(2.41)</td>
<td>(0.77)</td>
<td>(2.11)</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td>(111.17)</td>
<td>(82.04)</td>
<td>(82.00)</td>
<td>(68.51)</td>
<td>(54.09)</td>
</tr>
<tr>
<td>Income Before Distributions Approved by the Board of Governors</td>
<td>198.62</td>
<td>164.51</td>
<td>213.66</td>
<td>231.16</td>
<td>304.66</td>
</tr>
<tr>
<td>Distributions of Income Approved by the Board of Governors</td>
<td>(110.00)</td>
<td>(113.00)</td>
<td>(146.37)</td>
<td>(162.68)</td>
<td>(257.30)</td>
</tr>
<tr>
<td><strong>Net Income for the year</strong></td>
<td><strong>88.62</strong></td>
<td><strong>51.51</strong></td>
<td><strong>67.29</strong></td>
<td><strong>68.48</strong></td>
<td><strong>47.36</strong></td>
</tr>
</tbody>
</table>

AfDB: Balance sheet highlights (UA million)

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Banks</td>
<td>881.45</td>
<td>344.16</td>
<td>395.72</td>
<td>318.83</td>
<td>592.64</td>
</tr>
<tr>
<td>Demand Obligations</td>
<td>3.80</td>
<td>3.80</td>
<td>3.80</td>
<td>3.80</td>
<td>3.80</td>
</tr>
<tr>
<td>Treasury Investments</td>
<td>6,487.51</td>
<td>7,590.47</td>
<td>7,433.53</td>
<td>7,412.25</td>
<td>4,575.76</td>
</tr>
<tr>
<td>Derivative Assets</td>
<td>1,558.33</td>
<td>1,696.68</td>
<td>1,421.48</td>
<td>764.00</td>
<td>736.09</td>
</tr>
<tr>
<td>Non-Negotiable Instruments on Account of Capital</td>
<td>1.97</td>
<td>3.04</td>
<td>4.62</td>
<td>8.19</td>
<td>11.86</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>762.67</td>
<td>914.85</td>
<td>1,341.66</td>
<td>924.16</td>
<td>649.01</td>
</tr>
<tr>
<td>Outstanding Loans</td>
<td>11,014.31</td>
<td>9,373.52</td>
<td>8,293.01</td>
<td>7,538.20</td>
<td>5,834.62</td>
</tr>
<tr>
<td>Hedged Loans- Fair Value Adjustment</td>
<td>86.85</td>
<td>49.87</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Provision for Impairment on Loans</td>
<td>(128.51)</td>
<td>(118.03)</td>
<td>(114.21)</td>
<td>(101.92)</td>
<td>(102.64)</td>
</tr>
<tr>
<td>Equity Participations, Net</td>
<td>438.56</td>
<td>309.76</td>
<td>272.24</td>
<td>234.48</td>
<td>188.78</td>
</tr>
<tr>
<td>Other Debt Securities</td>
<td>76.54</td>
<td>79.99</td>
<td>79.75</td>
<td>70.81</td>
<td>68.80</td>
</tr>
<tr>
<td>Other Assets</td>
<td>31.06</td>
<td>13.34</td>
<td>12.69</td>
<td>11.89</td>
<td>12.23</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>21,214.55</strong></td>
<td><strong>20,261.45</strong></td>
<td><strong>19,144.29</strong></td>
<td><strong>17,184.69</strong></td>
<td><strong>12,570.95</strong></td>
</tr>
<tr>
<td><strong>Liabilities, Capital and Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>2,083.07</td>
<td>1,974.68</td>
<td>2,015.04</td>
<td>1,385.68</td>
<td>843.12</td>
</tr>
<tr>
<td>Derivative Liabilities</td>
<td>512.60</td>
<td>502.29</td>
<td>328.30</td>
<td>477.12</td>
<td>360.30</td>
</tr>
<tr>
<td>Borrowings</td>
<td>13,278.80</td>
<td>12,902.96</td>
<td>11,980.56</td>
<td>10,580.64</td>
<td>6,707.28</td>
</tr>
<tr>
<td>Capital Subscriptions Paid</td>
<td>2,839.48</td>
<td>2,505.97</td>
<td>2,355.68</td>
<td>2,350.26</td>
<td>2,345.81</td>
</tr>
<tr>
<td>Cumulative Exchange Adjustment on Subscriptions</td>
<td>(166.83)</td>
<td>(160.63)</td>
<td>(162.57)</td>
<td>(161.97)</td>
<td>(161.03)</td>
</tr>
<tr>
<td>Reserves</td>
<td>2,667.44</td>
<td>2,536.18</td>
<td>2,627.28</td>
<td>2,552.96</td>
<td>2,475.47</td>
</tr>
<tr>
<td><strong>Total Liabilities, Capital and Reserves</strong></td>
<td><strong>21,214.55</strong></td>
<td><strong>20,261.45</strong></td>
<td><strong>19,144.29</strong></td>
<td><strong>17,184.69</strong></td>
<td><strong>12,570.95</strong></td>
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</table>