CONSOLIDATING AFRICA’S PROGRESS

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Economic Agglomeration
Data
Transformation, Value Chains & Jobs
Macroeconomic Discipline
Managing Disruptive Forces
Opportunities on China vs. Africa Wage Differential
Three I’s (Infrastructure, Integration, Institutions)
Taking a Long Term View
Good progress since the new millennium, but nothing pre-ordained

**If current trends continue**
- doubling incomes
- eliminating absolute poverty possible in 2 decades

**But, not everywhere**

**Ethiopia**
- not mineral rich
- doubling digit growth
- poverty down by half to 30%, 1995-2014
The Economics of Agglomeration

Top 19 African Cities - Population and GDP

City population (2014) in million
City Gross Domestic Product * in billions US$
"In God we trust, everyone else bring data."

Michael Bloomberg
"On ne mange pas la croissance."
Huge Variations

- Landlocked Countries
- Middle Income Countries
- Fragile States
- Island States
- Resource Rich Countries
Mercator Projection?

Source: The Economist
AfDB OPEN DATA FOR AFRICA

The continent’s 1st “One-Stop Centre” for development data
Macroeconomic Discipline

Good times tend to lead to bad policies
Managing Disruptive Forces

TECHNOLOGY

CLIMATE CHANGE

NATURAL RESOURCES

URBANIZATION/SLUMS

YOUTH/UNEMPLOYMENT
Where do we need to go?

Transformation

Value Chains

Jobs
Opportunities: Wage Differential

However...

Energy Costs

Logistics

Clusters
Energy Tariffs (Industrial) in Africa (Comparing to China)

- Ethiopia: 6.42
- Mauritius: 8.03
- Kenya: 8.45
- Burundi: 11.79
- Sudan: 12.25
- Rwanda: 13.99
- Uganda: 25.5

China: 7.5-10.7
Clusters
The Missing Middle

Doctor

Trained Nurses & Paramedics

Junior Medical Workers

Engineer

Technicians

Builders/ Workers
The Three I’s

INFRASTRUCTURE

INTEGRATION

INSTITUTIONS
Reduce costs of doing business: Build Infrastructure
Reduce costs of doing business: Remove Non-Tariff Barriers
Reduce costs of doing business: Maintain Infrastructure
Infrastructure: From a Challenge to Investment Opportunity

A GAP: $42bn
Raise $50bn

ODA
China
Sovereign Bonds

Natural Resource Backed Infrastructure
Domestic Taxation

Well Project Preparation
De-risk Projects
Attract Private Capital

Attract Private Capital

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This is what we are doing:

- **Senegal**
  - Dakar Diamniadio Toll Road

- **Kenya**
  - 50 km Nairobi-Thika superhighway

- **Tunisia**
  - Modernization of railways

- **Uganda-Kenya**
  - Refurbishment and expansion of a railway across Kenya and Uganda
AfDB financed EUR 185m directly, facilitating EUR 1.3 billion in investment.
Côte d'Ivoire

1.9 km HKB Toll Bridge, Abidjan

AfDB financed EUR 58m directly, facilitating EUR 270m in investment
Incorporated Africa 50

Mobilize Africa’s Savings
Mobilize Global Pools of Savings
De-risking projects
Leveraging more bankable projects
What is Africa50?

A “One-Stop-Shop” Approach

Project Development
Providing steady deal flow of well-structured Projects

Project Finance
Sound investments generating commercial returns

Africa50 will operate across the project life cycle with two main business lines
Africa’s Single Market

Spaghetti Bowl

Source: The World Bank Group
Could this be the new model?

Airbus’ dispersed and ‘integrative’ manufacturing – A380

Source: Airbus & Acha Leke
75% of Airbus components are manufactured in different countries in Europe

Ireland
- Equipment and systems

Germany
- Wing/Pylon
- Fuselage and Cabin
- Empennage/Aft Fuselage

Italy
- Material parts
- Aerostructures

France
- Wing/Pylon
- Fuselage and Cabin
- Aerostructures and Industrial Processes

UK
- Wing/Pylon
- Engine

Spain
- Empennage/Aft Fuselage

Switzerland
- Material parts
- Cabin and cargo

Czech Republic
- Aerostructure

Denmark
- Supply chain and spares logistics

Belgium
- Aerostructures
- Cabin and cargo
- Equipment and systems

Austria
- Wings
- Material parts
- Aerostructures
- Machines and tooling

Netherlands
- Cabin and cargo equipment
- Aerostructures

Source: Airbus & Acha Leke
From the Airbus to the Minibus

The Ubiquitous Minibus: Matatu, Daladala, Trotro, etc.
Even he needs multiple visas...
The AfDB- Connecting Countries & People

Source: The AfDB
AfDB in Kenya: $180 Million Thika Superhighway

A Masterpiece for East Africa “A National Pride” – President of Kenya, Mwai Kibaki

Source: The AfDB
Power Pools

Source: The AfDB
Institutions

- Shared Vision
- Fairness
- Managing diversity

- Clean Government
- Service Delivery
- Accountability

- Sound & Predictable
- Regulatory Environment
- Win-Win Long Term
- Business/Govt Relationship
AfDB’s African Legal Support Facility

“The Go-To Facility for African countries”

- Legal Expertise
- Debt Management
- Natural Resource Management
- Investment Agreements
Taking the long-term view...

Poor Governance

Corruption

Poverty

Which Country is it?
The Magic of Consumer Power
Opportunity for All
AfDB’s Strategy 2013-2022

- Governance and Accountability
- Private Sector Development
- Inclusive Growth
- Green Growth
- Infrastructure Development
- Skills and Technology
- Regional Integration