Dear Clients & Partners

This guide has been prepared to provide clarity on access to information on the private sector operations of the African Development Bank. The term private sector operations encompasses Non-Sovereign Operations (NSO) and private sector support activities. The guide also addresses how to interface with departments within the Bank responsible for private sector operations.

This guide constitutes a first reference point. It presents, in particular, the new organizational structure of the Bank’s private sector operations.

1. The New Organizational Structure for the Bank’s Private Sector Operations

Until 2016, the Non-Sovereign Operation of the African Development Bank were carried out under one private sector umbrella arm, the Private Sector Development Department (PSDD).

Following approval by the Bank’s Board of the new Business Development and Delivery Model (the DBDM), the Non-Sovereign Operation are now performed by 5 different subordinated entities (i.e. complexes and departments) broadly referred to in this document as Non-Sovereign Operation (NSO) complexes and departments. Each Non-Sovereign Operation complex or department is leading one or two of the High Five operational objectives of the Bank, which are:

Eligibility criteria

- An enterprise/project must be located and incorporated in the Regional Member Countries (RMCs) of the Bank, whether promoted by African or non-African investors.
- An enterprise/project must be majority-owned (more than 50 per cent) by private-sector investors, or publicly owned with strong financial standing and proven managerial autonomy.
- Projects for the establishment, expansion, diversification and modernization of productive enterprises (i.e. CAPEX).
- Investment size determined by Single Obligor Limit and other prudential considerations.
- Maximum AfDB participation cannot exceed 33 per cent of total project cost for Greenfield projects; however, it can be higher for projects entailing expansion of existing facilities.
- Evidence of strong integrity, good reputation and adequate financial standing.
2. Private Sector activities

The activities of the Private Sector comprise two categories:
- Lending activities
- Non-lending activities

3. Private Sector Instruments

The Bank strives to provide value addition services and relevant financial instruments to help its clients reach their financial and operational objectives. The existing financial instruments are listed below:

4. Eligibility criteria & application procedure

The Bank’s private sector supports viable projects to the delivery of the Bank’s Ten-Year Strategy, which continues to shape the Bank’s interventions and operations over the planning horizon to 2022.

Please make sure your project corresponds to the following eligibility criteria before submitting.

Preliminary application
- Description of the project and sponsors
- Cost estimates, including foreign exchange requirements
- Financing plan, indicating the amount of IFIs’ financing desired
- Key technical and environmental features
- Feasibility analysis
- Business climate and market prospect
- Implementation plan: Statute of required licenses, permits

Full application review
- Feasibility study
- Business plan
- Environmental and social impact assessment
“Let us stand together, invest together, and work together to light up and power Africa.”

**Bank Vision**

The Bank Group’s goal for the Light Up and Power Africa priority is to achieve universal access to energy for Africa by 2025. This will be realized by expanding grid power by 160 GW, by connecting 130 million people to grid power and an additional 75 million people to off-grid systems, and by providing 150 million households access to clean cooking energy.

The Bank has put in place the New Deal on Energy for Africa (the New Deal), a Public-Private Partnership platform for innovative financing in Africa’s energy sector.

**Energy Operations within the Bank’s Private Sector**

To achieve the goals of the New Deal, the Bank works with governments, the private sector and bilateral and multilateral partners.

The Bank has placed sovereign and non-sovereign operations under one vice presidency or complex dealing with energy and power, to enable effective coordination and the leveraging of public resources to attract more private investments.
The Bank Group has committed to investing about USD 12 billion of its own resources in energy sector between 2016 and 2020 and expects to leverage about USD 45-50 billion through partnerships, especially with the private sector.

The Bank supports various facets of energy sector development, from utility-scale grid-connected projects, to decentralized energy solutions, such as solar home systems and green mini-grids.

Furthermore, with the launch of its $500 million Facility for Energy Inclusion and the scale up of the Sustainable Energy Fund for Africa (SEFA), the Bank will continue supporting the emergence of the next generation of African energy service companies and projects.

**Light-up & Power Africa: The NACHTIGAL HYDRO POWER PROJECT**

The African Development Bank approved a €150 million senior loan to the Nachtigal Hydro Power Project. The project is a greenfield 420 MW run-of-the river hydro facility in the south of Cameroon, located downstream of the Mbakaou and Lom Pangar dams. Over the past years, Cameroon has been experiencing significant load shedding and a pressing demand for power due to low availability of thermal plants and technical losses.

Under the aegis of the New Deal, the project will contribute to provide clean and reliable power at a competitive price, which is expected to reduce tariffs, encourage economic growth and increase employment.

Enquiries and applications should be sent to:
Power, Energy, Climate and Green Growth Complex
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African Development Bank
01 B.P. 1387, Abidjan 01, Côte d’Ivoire
“Cultivating the Seeds for Africa’s Wealth Creation through Agriculture as a Business”

Bank Vision

Agriculture is a major source of income in Africa. However, Africa’s untapped agriculture potential is contributing to chronic poverty and deteriorating food security. Falling commodity prices are creating an increasing need for African nations to diversify their exports and reduce current account deficits. At the same time, increased food demand and changing consumption habits are leading to rapidly rising net food imports. These rising food imports are indicative of a broader opportunity to transform Africa’s agriculture as a business - and not as a development activity or social sector.

In this context, a key vision of African Development Bank’s Agriculture, Finance and Rural Development Department is to work with the private sector to transform value chains, to identify opportunities for long-term investments that address food security and to boost Africa’s economic growth. Leveraging on its catalytic role, The African Development Bank is mobilizing resources and blended finance initiatives to close the financing gap for private sector-led agricultural transformation on the continent.

The African Development Bank is positioned as the leading development finance institution, assisting its Regional Member Countries in eliminating extreme hunger, malnutrition and poverty, as well as increasing prosperity.

Agriculture within the Bank’s Private Sector

The African Development Bank is addressing the unfulfilled potential of agriculture as an imperative for Africa. Under the new African Development Bank’s Development Business and Delivery Model, the Agriculture, Finance and Rural Development Department is helping facilitate private sector operations by developing and generating a robust pipeline of transformational projects. The Department is dedicated to:

- Enhancing the capacity of governments to create a suitable environment for private sector growth and to spur rural development by creating staple crop processing zones.
- Targeting investments in large impact-oriented Agribusiness companies.
- Fostering the emergence of locally-owned agro-processing industries, capable of creating jobs and increasing incomes in rural Africa.
- Leading strategic partnerships with key private sector actors and financial institutions to finance value chain stakeholders along priority agricultural value chains.
The African Development Bank’s agro-industries component promotes industrialization and urban employment. It seeks to break the ‘productivity gap’ of development, reduce food costs and supply uncertainties, as well as improve health conditions.

Between 2006 and 2014, the Bank Group approved investments in 198 operations in agriculture and agribusiness, amounting to USD 6.7 billion, including 181 sovereign (government) operations and 17 non-sovereign (private sector) operations.

**FEED AFRICA: Export Trading Company Group**

Export Trading Company Group (ETG) is a Pan-African, integrated, trading and processing company specialized in end-to-end agricultural supply chain management. ETG has offices across multiple countries - with a significant presence in more than 22 African countries. The company operates a farm-gate procurement distribution model and uses its infrastructure to facilitate trade flows of agricultural products. A seven-year USD 100 million Corporate Loan was structured and made available to support the growth of the ETG Group agriculture value chain through an investment program in Africa. It involves the construction of Agro-processing plants, fertilizer plants and warehouse expansion projects.

This investment program is fully-aligned with the four of The African Development Bank’s High 5 priorities: Feed Africa; Integrate Africa; Industrialize Africa and Improve the quality of life of the people of Africa. The project is a demonstration of the Bank’s commitment to help Africa feed itself by becoming a global food powerhouse, and ultimately a net food exporter. The expected project’ benefits include: value chain development, job creation, increasing domestic value addition, creating market access for local farmers, promoting economic diversification and creating inclusive and green growth.

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“Now Is the Time to Industrialize Africa”

Bank Vision

To industrialize Africa, we, the Bank are committed to mobilising capital, de-risking investments for the private sector, and leveraging capital markets. This is essential for moving African industrial agenda forward and for building an Africa of the twenty-first century that is well positioned to take its place in global value chains.

Industrialization within the Bank’s Private Sector

The Bank plans to place a stronger focus on areas where it can best leverage its experience, capacities and finances to support member countries through six ‘Flagship Programs’, which are at the core of its ‘Industrialize Africa’ priority:

- **Foster successful industrial policies**: by providing policy advice and technical assistance to governments
- **Attract and channel funding into infrastructure and industry projects**: increase and channel funding into infrastructure or industry programs that boost countries’ GDP
- **Grow liquid and effective capital markets**: by advising governments, stock exchanges and regulators on development of liquid capital markets; investing directly in capital markets to increase liquidity
- **Promote and drive enterprise development of large, medium and small business**: by scaling up investments and financing to lend to SMEs through technical assistance provided to SME-focused entities and by establishing linkages of SMEs to domestic projects/companies; by providing training of a strong talent pool
- **Promote strategic partnerships in Africa**: by linking up African enterprises and major projects with potential partners and investors through promotional activities (e.g. the African Investment Forum); by facilitating and managing investor relations (e.g. contract negotiations)
- **Develop efficient industry clusters**: support governments in developing efficient industry clusters across the continent through technical assistance and funding in implementation and monitoring
INDUSTRIALIZE AFRICA: Boke Mine (Guinea)

A USD 1.4 billion project, which will improve Guinea’s position in global markets as an exporter of premium quality bauxite while contributing to the development of core transport infrastructure in the country.

The African Development Bank provided USD 100 million through its private sector window

**Economic effects and benefits**

- Upgrade to the existing multi-user rail system linking Boké to the Port of Kamsar and development of a quay and container terminal have boosted traffic and unlocked trading and agricultural potential in the region
- Boost in job creation in the region during the construction and operation phases

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“Let’s remove barriers that separate us and let’s build a truly integrated Africa”

**Bank Vision**

By promoting the integration of Africa’s markets, supporting industrialization with seamless movements along value chains, and playing a catalytic role in unlocking Africa’s immense agricultural potential, transport infrastructure is critical for the achievement of the High 5s. Transport also contributes to improving the quality of people’s lives through better urban mobility and easier access to socio-economic services and employment opportunities. With the Bank firmly focused on delivering on the High 5s, the transport occupies an important position in the implementation of its targets in the priority areas of regional integration, industrialization, and agriculture development.

**Transport within the Bank’s Private Sector**

With a portfolio over USD 13 billion spread around 47 of the Bank’s 54 regional member countries, the Infrastructure, Cities and Urban Development Department is mandated to rollout the institution’s sovereign and non-sovereign operations in Transport infrastructure. The non-sovereign operations (NSO) focus on providing long-term financing for transport projects aimed at stimulating socio-economic development on the continent by providing safe and efficient movement of goods and people; contributing to regional integration, and promoting national urban-rural as well as international connectivity, while aligned with the Bank’s operational priorities and supporting the twin objectives of green and inclusive growth.

NSO Transport puts an emphasis on:

- Providing long-term financing for large scale transport projects (Roads & Highway corridors, Railways, Ports & Logistics, Air Transport)
- Accelerating regional and integrated Infrastructure development
- Unlocking Private Financing for the Transport Asset Class in Africa
- De-risking large-scale and impactful projects
- Nurturing innovation in project design and delivery
- Promoting innovative financing in the sector
- Mobilizing partnerships
- The financing of regional strategic projects and programs, conducted in close collaboration with NEPAD, the African Union and regional economic communities
- Promoting Public-Private Partnerships
**Integrate Africa: the Nacala example – an innovative regional and integrated project**

The African Development Bank co-arranged the Nacala Corridor Rail and Port Project. It was among the most complex and innovative on the continent in recent years, and was awarded the 2017 Logistics Project Finance Deal of the decade by Project Finance International; as well as the 2017 Africa Transport Deal of the Year by IJGlobal.

The USD 5 billion Nacala Corridor Rail & Port Project is an integrated regional transport infrastructure project that will unlock the western region of Mozambique and landlocked Malawi and significantly facilitate movements of people, goods and services. It includes the construction and operation of a 912-km cape gauge rail line from the Moatize mine in western Mozambique to the Nacala port on the eastern coast of Mozambique through Malawi. The project, which became operational in 2017, also consists of the construction of a deep-sea port and associated terminal infrastructure at Nacala-à-Velha.

In addition to a 14-year senior loan of USD 300 million, the African Development Bank also contributed USD 2 million in technical assistance through the Fund for African Private Sector Assistance (FAPA), a Japan-Austria multi-donor trust fund, to assist in strengthening business linkages and supporting SMEs and cooperatives in Mozambique and developing agribusiness along the corridor in Malawi. Aside from the African Development Bank, the project brought together three other core lenders - the Japanese Bank for International Cooperation (JBIC), the Nippon Export and Investment Insurance (NEXI) and the Export Credit Insurance Corporation of South Africa (ECIC); entrusted to provide senior loans up to USD 2.7 billion.

The project will enable (i) significant reduction in transportation costs; (ii) increase mineral export volumes; (iii) employment opportunities in the region; (iv) reduced prices of goods via additional capacity created in general cargo; (v) reduced travel costs via increased passenger trains availability along the corridor; (vi) enhanced economic opportunities in local economies, notably by increasing agricultural trade in the region.

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“Accelerating Africa’s social and economic transformation”

**Bank Vision**

The Human Capital, Youth and Skills Development Department drives the Bank’s economic transformation agenda forward by: (i) developing and promoting the adoption of relevant policies and strategies; (ii) providing multi-sectoral expertise and technical support to the regional hubs; (iii) developing new financing instruments; and, (iv) fostering strategic partnerships to leverage resources for human and social development.

Human Capital, Youth and Skills Development is part of the African Development Bank’s High 5s: “Feed Africa” and “Improve the Quality of Life for the People of Africa.” The Bank supports human capital development through investments in youth, nutrition, health, skills development, education and social protection.

**Human Development within the Bank’s Private Sector**

**Jobs for Youth Strategy in Africa:** Launched in May 2016 in Lusaka, the strategy supports African countries in scaling up their response to the youth unemployment and underemployment crisis on the continent. Methods include: high-impact and workable solutions aimed at creating employment opportunities through responsive education and training; an emphasis on transformative jobs and creating a business environment conducive to youth entrepreneurial activities.

**Health, Nutrition and Social Protection:** The Bank seeks to support Regional Member Countries (RMCs) to advance Universal Health Coverage (UHC). The Bank aims to accelerate investments in UHC through co-financing projects and providing technical assistance to develop responsive and effective health systems that promote inclusion. AfDB’s strategic interventions will be anchored in three main areas; (i) Inclusive and efficient financing; (ii) Quality service delivery; and (iii) Business development.
The Bank’s Multi-Sectoral Nutrition Action Plan 2018-2025 aims to unlock Africa’s collective brain power – its “grey matter infrastructure” – and the continent’s productive capacity through direct investments in nutrition programs. The Plan also targets nutrition smart investments across a broad range of sectors such as agriculture, water and sanitation and social protection. Such investments are projected to result in a 40 percent reduction in stunting by 2025.

**Education:** The Bank is strengthening Science, Technology, Engineering and Mathematics (STEM) curricula as well as teaching Information and Communications Technologies in schools to prepare youth for the digital economy. The Bank through its targeted support for quality and employment-oriented Technical and Vocational Education and Training, contributes to the increase in skilled middle-level human capital across Africa.

**IMPROVE QUALITY OF LIFE OF THE AFRICAN PEOPLE:** Human Development’s initiatives and programs

- The Youth Entrepreneurship and Innovation Trust Fund supports youth and women-owned businesses
- The Presidential Youth Advisory Group includes young entrepreneurs and innovators from Africa and provides insights and innovative ideas to boost job creation for Africa’s youth
- The African Leaders for Nutrition (ALN) initiative sustains high-level political will and leadership to fight malnutrition and its effects across the continent.
- In partnership with the African Union and the Nelson Mandela Institute, the centers of excellence across Africa develop and build requisite high-level skills in science, technology and innovation.
- The Education for Sustainable Development in Africa initiative aims to fill critical skills gaps in key industries across the continent
- The Japan Africa Dream Scholarship (JADS) program seeks to increase the number of young Africans with advanced skills and competencies in science, technology and innovation.

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