Resourcing the African Development Bank for effective delivery
A North Africa Regional Perspective
A NORTH AFRICA REGIONAL PERSPECTIVE
THE AFDB’S VISION FOR NORTH AFRICA’S STRUCTURAL TRANSFORMATION

POTENTIAL ENGINE OF GROWTH

• Strategic role in Africa’s transformation
• 187 million inhabitants (14% of the continent)
  • 1/3 of the continent’s GDP
• 1st average Human Development Index
  • 5/6 countries are MICs

AFDB’S OVERALL STRATEGIC RESPONSE

• Social inclusion and employment creation (youth)
• Moving out of the MIC development trap
  • Catalyst role in project finance
  • Mobilize Climate Finance
• Integration (Regional, with Africa, with the World)

KEY DEVELOPMENT ISSUES

• Unemployment (youth & female): 31%
  • Poverty & inequality
• Economic transformation & integration
• Food vulnerability & water scarcity

COUNTRY RESPONSES REQUIRE GROWING RESOURCES

Budget deficits to be filled
Major investment plans across the region

Growing Middle Class - Growing Opportunities for the Private Sector

Resourcing the AfDB for effective delivery
African Development Bank

**Historical engagement**

- Algeria: $2.9 billion
- Egypt: $4.5 billion
- Libya: $0.7 billion
- Morocco: $8.3 billion
- Tunisia: $7.3 billion
- Total: $23.7 billion

**Founding members of the Bank**

- 17.58% of the Bank capital

**Portfolio has doubled in size and value**

- 60.6% of total 2016 disbursement

**At competitive pricing**

- $15 billion in 2010
- $30 billion in 2017

**Leverage on North Africa**

- Algeria: X6
- Egypt: X6
- Libya: X39
- Mauritania: X25
- Morocco: X49
- Tunisia: X20
A NORTH AFRICA REGIONAL PERSPECTIVE

WE HAVE IMPROVED OUR PROCESSES

Establishment of a regional ressource center in Tunis

3 Country Offices – 1 Liaison Office
120 staff
Moving closer to clients and needs

We help you to design the most impactful operations

ESW
ADOA
Country & Regional Strategies
Dialogue
Quality At Entry
Donor Coordination

Development Impact

Accelerated development

Time from concept note to approval (months)

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>8.4</td>
<td>7.8</td>
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Time from Board approval to Signatures

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
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<tr>
<td>5.4</td>
<td>3.3</td>
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Non-performing operations

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>3%</td>
<td>1.5%</td>
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Disbursement performance

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>Egypt</th>
<th>2017</th>
<th>Morocco</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>85%</td>
<td>53%</td>
<td>67%</td>
<td></td>
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-1.5

-1.5

-0.6

-2.1

-1.5

-2.1

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-2.1

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-1.5

-2.1

-1.5

-2.1
A NORTH AFRICA REGIONAL PERSPECTIVE
BEYOND THE FINANCIAL IMPACT: WE ARE A SOLUTION BANK AND A TRUSTED PARTNER

Scale up the impact of the High 5
- Mobilize public & private resources to the countries (x4: 40 billion USD leveraged)
- Spearhead innovation (risk taking & improve financial viability)
- Sustain Reforms & development efforts over time

Complementary instruments
- Support to move away from Natural Resources Dependency
- External and internal Shocks Mitigation
- Support Regional integration

**Power**
- Ouarzazate & Midelt (Morocco)
- Suez, Aïn Sokhna, Abu Qir (Egypt)
- Hasdrubal (Tunisia)

**Feed**
- Green Morocco Plan
- National drainage program (Egypt)
- Integrated agricultural support program (Tunisia)

**Industrialize**
- Competitiveness reform program (Algeria)
- SNIM (Mauritania)

**Integrate**
- Nador port (Morocco)
- Road Development Program (Tunisia)

**Quality of life**
- Access to drinking water & sanitation (across the region)
- Health reform program (Morocco)

**Other Initiatives**
- Green Morocco Plan
- National drainage program (Egypt)
- Integrated agricultural support program (Tunisia)
- Competitiveness reform program (Algeria)
- SNIM (Mauritania)
- Nador port (Morocco)
- Road Development Program (Tunisia)
- Access to drinking water & sanitation (across the region)
- Health reform program (Morocco)
A NORTH AFRICA REGIONAL PERSPECTIVE

WE IMPACT NORTH AFRICAN ECONOMIC AND SOCIAL EMERGENCE

<table>
<thead>
<tr>
<th>Mauritania</th>
<th>Tunisia</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Service water to 1 million inhabitants in Nouakchott</td>
<td>• Modernization of 13,000 km of roads in 20 years</td>
</tr>
<tr>
<td></td>
<td>• Access to water for 350,000 citizens since 2014</td>
</tr>
<tr>
<td></td>
<td>• Impacted 700,000 inhabitants through improved agriculture since 2008</td>
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</table>

<table>
<thead>
<tr>
<th>Morocco</th>
<th>Libya</th>
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<tbody>
<tr>
<td>• 12.7 million rural inhabitants Connected to the grid</td>
<td>• Support to the Libyan Investment Authority</td>
</tr>
<tr>
<td></td>
<td>• Compulsory Medical coverage benefitting 22 million people since 2010</td>
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<tr>
<td></td>
<td>• Capacity building for 2000 civil servants</td>
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<tr>
<td></td>
<td>• Secured access to water &amp; sanitation for 15 million people since 1990s</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Algeria</th>
<th>Egypt</th>
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<tbody>
<tr>
<td>• Enhanced business environment since 2016</td>
<td>• 7 million people connected to the Grid</td>
</tr>
<tr>
<td></td>
<td>• Improved Governance in the Energy Sector since 2016</td>
</tr>
<tr>
<td></td>
<td>• 81,600 sub-loans and creation of 83,000 jobs in rural area since 2012</td>
</tr>
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A NORTH AFRICA REGIONAL PERSPECTIVE
LEVERAGE BEYOND PUBLIC INVESTMENTS: PRIVATE SECTOR DEVELOPMENT

Private sector development through
Non sovereign operations

SNIM
2nd largest exporter of iron ore
6,000 direct jobs
$385 M. injected in the economy

OCP
20,000 direct jobs
Rock extraction x2 and fertilizer production x3 by 2025
Increased export to Sub-Saharan Africa

Egyptian Refining Company
8,000 direct jobs
USD 88 million/year of corporate taxes
import-substitution worth USD 272.2 million

Impacts

Critical Industrial Project Finance
Guarantees
LOC & Private Equity Fund to Support SME
Boost Africa — Souk Atanmia
Africa Investment Forum & Africa 50

Private equity funds
$207 million - Multiplier Effect: 5
Example: Icosnet (Algeria) turnover $201,000 (2008) - $8.5 million (2011)
Stepping up the knowledge agenda

To guide reforms & investment
To mobilize resources
To showcase knowhow & opportunities

Impacts

- Industrial Policies (2017)
- External finance mobilization (2016)
- Innovative Youth Entrepreneurship (2016)
- Guided the Africa Portfolio of the Libyan Investment Authority (2013)
- Growth & Employment Study (2017) PPP (2016)
A NORTH AFRICA REGIONAL PERSPECTIVE

THE FINANCIAL CASE FOR A CAPITAL INCREASE IS STRONG

Important resources needs at regional level
$40-50 billion per annum

Stratégie de croissance accélérée et de prospérité partagée (SCAPP) 2016-2030
Plan d’Accélération Industrielle
Plan Maroc Vert
Nouveau modèle de croissance économique
Plan stratégique de développement
Economic Recovery Strategy
Vision 2030

We have translated with authorities into
A robust pipeline of operations (highlights)

- Economic transformation
- Energy Sector/Mobilization CC resources
- Informal Settlements & youth employment
- Irrigation Improvement & Modernization
- Post conflict reconstruction/Bringing Continent experience
- Support to agricultural transformation
- Agricultural value chain support program
- SME export to SSA
- Fertilizer production
- Support to entrepreneurship

$10 billion 2018-2020 pipeline

Immediate head room constraint
New dynamics

- Regional engines of growth → Private sector increasingly exporting/ investing in SSA
- North African economies are joining larger regional communities (COMESA, ECOWAS, …)
- Morocco became first foreign investor in Côte d’Ivoire in 2016
- Several technical assistance to support this agenda: Sonelgaz (Algeria), Maroc Export (Morocco), COMESA (Egypt)

North Africa development cooperation agenda

- African Development Bank resources to finance ADF replenishment
  - 552 million since 2011
- Spillovers of African Development Bank projects on ADF countries
- Morocco – Renewable Energy Agency Assisting Burkina Faso / ONEE
  - Algeria – Powering Africa

More opportunities for North Africa SMEs

- Increasing access of ADF countries to ADB window
- 1.64 billion allocated since 2011: More opportunities for North Africa SMEs through public procurement
- Non Sovereign operations in ADF countries
- Opportunity for the North African Private sector to develop its activities on the rest of the continent (ex: Afric Invest; Citadel Capital)
Thank you