Private Sector Operations in 2020

A key player in the development of the private sector in Africa
Who we are

Established in 1964, the African Development Bank is Africa’s premier multilateral development finance institution.

With an authorized capital of over $200 billion, the African Development Bank is subscribed by 81 member countries comprising 54 African states known as regional members, and 27 non-regional members (in Asia, Europe and North America).

The Bank leverages its AAA rating to provide funding for the continent's economic development through its public and private sector financing windows. Private sector development is one of the Bank’s operational priorities, as it is a key driver of sustainable economic growth and social progress in Africa. Through its non-sovereign operations (NSOs), the Bank supports the African private sector and eligible public sector enterprises to unlock the continent’s economic potential. NSOs are investment operations that are not guaranteed by any state and given on non-concessional financial terms. These operations stimulate capital accumulation, job creation, innovation, and productivity in Africa.

About the Bank’s private sector window

The African private sector accounts for 90% of jobs, 70% of GDP, and 70% of all investments. It is the best engine for job creation and inclusive green growth. The African Development Bank, therefore, identifies private sector development as one of its fundamental areas of focus to reduce poverty and support sustainable growth in Africa. The African Development Bank’s non-sovereign operations window aims to implement the Bank’s vision for private sector development by improving the business environment, developing quality socio-economic infrastructure and supporting private companies, particularly for implementing transformative projects and those with a strong positive impact on youth and women. The Bank’s private sector window also helps improve access to finance for SMEs through lines of credit to financial intermediaries, promotes regional integration, and creates a demonstration effect that attracts resources from other donors, particularly in transition states.

What do we do?

- Finance private sector and eligible public sector companies, financial institutions, and projects in strategic sectors
- Mobilize third-party capital through guarantees, syndications and mobilizing donor funds for technical assistance
- Invest in private equity funds and regional financial institutions
- Actively manage our portfolio to ensure financial performance, development impact, and compliance with our environmental, social, fiduciary and governance standards
- Encourage and support initiatives that improve the investment and business climate in Africa
Our solutions

**Lending instruments** that provide long-term, flexible debt to finance non-sovereign operations

**Guarantees** to mitigate the risks attached to investments in Africa

**Equity and quasi-equity investments** that bring scarce risk capital to transformative projects

**Risk management** products to allow borrowers to hedge and manage their risks responsibly

**Trade finance** to bridge the gap in trade financing in Africa

**Technical assistance funds** to finance the completion of feasibility studies, training and project preparation

**Affiliated partners** to leverage partnerships with catalytic financial intermediaries. These include Africa50, Africa Guarantee Fund and AfreximBank

Our sector focus

- **Industry & services**
- **Agribusiness**
- **Energy and green growth**
- **Financial institutions**
- **Transport**
Our guiding principles for private sector investment

<table>
<thead>
<tr>
<th></th>
<th>Ownership</th>
<th>Ensure full ownership by public and private sector stakeholders at the country level. Projects we support will be aligned with our country strategy papers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Selectivity</td>
<td>Prioritize private sector development operations based on the Bank’s comparative advantages, country strategy operational priorities, and the interventions of other multilateral development banks.</td>
</tr>
<tr>
<td>3</td>
<td>Flexibility</td>
<td>Embed enough flexibility to accommodate evolutions in the business environment as well as the private sector landscape and operating environment.</td>
</tr>
<tr>
<td>4</td>
<td>Customization</td>
<td>Tailor our private sector development operational programs to regional member countries (RMCs) to reflect their level of development.</td>
</tr>
<tr>
<td>5</td>
<td>Integrity</td>
<td>Support private sector operations that do not compromise the African Development Bank’s financial integrity or reputation.</td>
</tr>
<tr>
<td>6</td>
<td>Partnerships</td>
<td>Continue to strengthen our partnerships and alliances with all key stakeholders involved in developing the private sector, making the best use of our relationships with other development finance institutions, and forging new, stronger partnerships in order to design and apply innovative solutions to the most challenging situations faced by regional member countries, particularly transition states. The African Development Bank will work with its partners to develop a platform for co-financing, risk-sharing, and the joint development of a project pipeline.</td>
</tr>
</tbody>
</table>

Our operations in 2020: Facts and figures

Approvals in 2020 (in USD)

In 2020, the African Development Bank provided $537 million in financial support to 9 private sector operations in regional member countries. Non-Sovereign Operations (NSOs) were subordinated to the primary focus of helping countries provide effective public health care and economic recovery responses through the Covid-19 Response Facility (CRF).

1Conditions apply. Our grants for feasibility studies are usually limited to $1 million.
90% of approved amounts allocated to regional projects, in line with our High5 “Integrate Africa”.

The African Development Bank undertook a wide range of knowledge activities in 2020, including the development of a framework for the Adoption of a Fragility Lens for non-sovereign operations.

The Affirmative Finance Action for Women in Africa (AFAWA) Risk-Sharing Mechanism is the largest project approved in 2020. It is an innovative financial instrument, which will provide partial credit guarantees of up to $750 million to implement partners’ lending to women-empowered businesses, enhancing their risk profile with banks, and supporting them to grow and thrive as entrepreneurs.

Approved amounts by sector

- Financial: 3%
- Agriculture & Social: 97%

Approved amounts by instrument

- Equities: 6%
- Loans: 63%
- Lines Of Credit: 6%
- Guarantees: 83%
- Multinational: 90%

Approved amounts by region

- North: 7%
- South: 93%
- Multinational: 90%

Approved amounts by type of country

- LIC: 1%
- Multinational: 99%

Approved amounts by client category

- Private Companies: 52%
- Development Finance Institutions: 48%

Climate finance approvals

- NBO non-climate financing: 81%
- Climate financing: 19%
- Mitigation finance: 17%
- Adaptation finance: 2%
## Examples of approvals in 2020

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Approval Date</th>
<th>Sector</th>
<th>Location</th>
<th>Currency</th>
<th>Approved Amount (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans (3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Corporate Leasing Company (CORPLEASE)</td>
<td>29-Jan-20</td>
<td>Finance</td>
<td>Egypt</td>
<td>USD</td>
<td>15</td>
</tr>
<tr>
<td>*WAEMU Regional Mortgage Refinancing Company (CRRH)</td>
<td>18-Mar-20</td>
<td>Finance</td>
<td>Multinational</td>
<td>EUR</td>
<td>10</td>
</tr>
<tr>
<td>*Olivine Industries Limited</td>
<td>25-Mar-20</td>
<td>Agriculture &amp; Social</td>
<td>Zimbabwe</td>
<td>USD</td>
<td>8</td>
</tr>
<tr>
<td>Line Of Credit (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Banco Millennium Atlantico SA</td>
<td>15-Apr-20</td>
<td>Finance</td>
<td>Angola</td>
<td>USD</td>
<td>32</td>
</tr>
<tr>
<td>Guarantee (3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*AFAWA Risk Sharing Mechanism</td>
<td>31-Mar-20</td>
<td>Finance</td>
<td>Multinational</td>
<td>USD</td>
<td>250</td>
</tr>
<tr>
<td>Equity (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Razorite Healthcare Africa Fund I</td>
<td>26-Feb-20</td>
<td>Agriculture &amp; Social</td>
<td>Multinational</td>
<td>USD</td>
<td>10</td>
</tr>
<tr>
<td>*Yeelen - Equity Investment - Financial Sector in French-Speaking West Africa</td>
<td>11-Mar-20</td>
<td>Finance</td>
<td>Multinational</td>
<td>EUR</td>
<td>12</td>
</tr>
</tbody>
</table>
Transforming Sudan’s food and agriculture sector

Sudan – DAL Group

- Approval date: 13 Dec 2018
- Commitment date: 5 March 2020
- Sector: Agriculture and rural development
- African Development Bank committed amount: $75 million

The proposed facility is a multi-currency loan equivalent to $75 million to DAL Group Co. Ltd – one of Sudan’s largest food and agriculture business groups. This is the African Development Bank’s first private sector loan in Sudan. The investment complements other non-lending interventions of the African Development Bank Group in Sudan. By partnering with DAL Group, the Bank will leverage Sudan’s high agricultural potential as well as the experience and resilience of a private enterprise with a proven track record and deep knowledge of the country’s unique business environment. By strengthening its integrated value chain model, adopting the latest technologies, and expanding its food processing and packaging capacity, the DAL Group will enhance its ability to source and produce raw material locally and increase the range of its product offering. This is in line with its vision to provide affordable basic staple food to Sudan and the rest of Africa.

The transaction aims to contribute to broad-based economic growth, build resilience, address food security and promote private sector-led economic diversification by bringing to scale an existing and successful private sector initiative. The DAL Group employs over 8,200 people, and with the new support from the African Development Bank, the Group will create over 2,000 additional jobs over 8 years. The financing will also support DAL Group initiatives that strive to create a conducive work environment for women and promote equal employment opportunity, such as up-skilling and training, creating an adapted industrial working environment that accommodates women’s cultural needs well as family-friendly work schedules and social benefits.

The Bank-DAL Group agreement aligns with the priority development objectives of the African Development Bank Group and is consistent with the Bank’s action plan for African agricultural transformation, also known as Feed Africa. The Bank’s Feed Africa strategy focuses on transforming African agriculture into a globally competitive, inclusive, and business-oriented sector that creates wealth, generates employment, and improves the quality of life.
Enhancing the transport sector in South Africa

SA Commuter Taxi

- Approval date: 18 Oct 2018
- Commitment date: 16 March 2020
- Sector: Transport
- Committed amount: $100 million

The African Development Bank and SA Taxi Development Finance Proprietary Limited, a wholly-owned subsidiary of SA Taxi Holdings Proprietary Limited (SA Taxi), signed a $100 million loan agreement to support the firm’s growing strategy to empower taxi operators with access to finance from traditional financiers.

The project entails funding SA Taxi Development Finance Proprietary Limited, a South African mass transit financial solutions provider that on-lends to small and medium enterprises that may otherwise not be able to access financing. The financial package comprises a senior loan of $10 million and an associated facility of ZAR 1.4 billion (about $97 million). The Bank’s facility is expected to contribute significantly to SA Taxi’s funding requirement over the next three years. It will provide a powerful boost to industrialization through improved urban mobility for working-class South Africans. This makes the loan consistent with two of the Bank’s High 5 priorities: Industrialize Africa and Improve the Quality of Life for the People of Africa.

SA Taxi is a vertically integrated minibus taxi platform utilizing specialist capabilities, enriched proprietary data and technology, to provide developmental finance, insurance and other services to empower small and medium enterprises, thus enabling the sustainability of the minibus taxi industry.

Approximately 80% of SA Taxi clients are unbanked and may not ordinarily qualify for the formal banking sector. Under the Bank’s financing arrangement, about 25% of direct beneficiaries will continue to be women and approximately 22% will be youth under 35 years old. SA Taxi’s business model can be scaled up to other African countries facing significant urban public transportation challenges.

The African Development Bank’s funding will ultimately support SA Taxi’s continued investment in the taxi industry and its strategy of enabling operators to replace old vehicles with newer, safer and lower-emission minibus taxis.
Supporting Nigeria’s agricultural sector and economic diversification

Nigeria – Indorama Eleme Fertilizer Project II – additional loan

- Approval date: 18 Dec 2019
- Commitment date: 30 June 2020
- Sector: Industry & Services
- Committed amount: $30 million

The additional loan follows previous loans extended to Indorama Fertilizer in 2013 and 2018.

The project entails expanding the existing Indorama Eleme Fertilizer and Chemicals Limited fertilizer complex in Port Harcourt, Nigeria, from 1.4 to 2.8 million tonnes per annum by adding a new and identical train to the existing fertilizer plant. The new plant (Line II) will consist of (i) an ammonia unit with a single train of 2,300 metric tons per day; (ii) a urea granulation unit with a single train of 4,000 metric tons per day design capacity; (iii) an additional small urea granulation unit of 800 metric tons per day design capacity and (v) inside boundary infrastructure, utilities and storage facilities.

The African Development Bank participated in this additional loan as a senior lender with a long-term loan of up to $30 million.

The Indorama Fertilizer Project addresses the problem of inadequate fertilizer utilization, which is considered one of the principal constraints to agricultural growth and development in Nigeria, and the entire African continent. It provides Nigerian farmers with larger quantities of world-class fertilizer at competitive prices, is close to international markets, and contributes to climate change abatement by reducing flared gas. The additional loan will help create 1,000 full-time jobs, of which 75% are for locals.

The completion and exploitation of the plant in 2016 helped turn Nigeria from a net fertilizer importer to a self-sufficient producer and now a net exporter of fertilizer. The country exported 700,000 tons of urea to West Africa and North and South American markets in 2017. Production from the new plant will predominantly target export markets.

The project supports the medium-term economic recovery and growth plan of the government of Nigeria and the Bank’s strategy to make the continent self-sufficient in food, and link regional markets in West Africa. Around 20% of urea exports will ship to South Africa, Côte d’Ivoire and Senegal. Regional integration will further strengthen due to the export of increased agriculture production in Nigeria.

The Indorama Eleme Complex has been a success story of public-private partnerships in Nigeria. It has produced several benefits, including import substitution of raw materials to hundreds of downstream industries; increased crop yields of over 30%; training 200,000 farmers on the proper use of fertilizers, expected to reach 2 million by 2021; creating thousands of jobs, and an important contribution to Nigeria’s GDP.

“Since farmers started using Indorama fertilizer, there’s been about a 50% increase in yields, compared to other years. That’s why we are in the business of bringing the product from Port Harcourt to our local farmers.” Nura Dogo, agro dealer, Kaduna State

“Indorama has helped me pay my house rent and take care of my family. The project introduced new production technologies and changed the lives of many people in Nigeria.” Sampson Nwuko, Instrumentation Engineer at the Indorama Eleme Fertilizer Plant.
Supporting SMEs and cross-border trade and investment

Multinational: Attijariwafa Bank partnership for trade development in Africa

- Approval date: 17 July 2019
- Commitment date: 2 June 2020
- Sector: Finance
- Committed amount: €100 million

The €100 million risk participation agreement between the African Development Bank and Attijariwafa Bank will help boost cross-border trade and investment in Africa and support the continent’s SMEs. The project consists of a partnership that aims to develop trade in Africa in an unfunded risk participation agreement under which both banks agree to share the default risk on a portfolio of eligible trade transactions initiated by African issuing banks. This risk-sharing program, intended to cover a portfolio of transactions of up to €200 million, supports commercial transactions with a cumulative value of more than €1 billion, spread over the next three years. By supporting the development of trade on the continent, this new operation strives to give a solid impetus for industrialization and regional integration.

Regional integration is a strategic priority of the African Development Bank. This partnership agreement with Attijariwafa Bank will strengthen trade between Morocco and sub-Saharan Africa. It will also support African commercial banks and SMEs across the continent by guaranteeing better financing access for their external trade operations.

The risk participation agreement will help meet the growing demand from African markets for trade finance in vital economic sectors, such as agribusiness, health, services, and industry. In addition, it will foster productive diversification, generating jobs and additional tax revenues for several African states.

The mechanism operates in a context where most African banks have low capitalization, which limits their ability to obtain credit lines from international banks. This difficulty was accentuated by the tightening of the regulatory requirements in terms of capital and compliance, which led these international banks to reduce their commitments as well as the number of their correspondents in Africa.

The beneficiaries of this partnership are issuing banks in Africa experiencing a sharp decline in their trade finance activities due to insufficient confirmation facilities placed at their disposal by international confirming banks. The final beneficiaries are SMEs and local businesses in 18 African countries, which rely on 130 issuing banks, 51 of them in low-income countries and 21 in transition states, to honor their trade finance commitments.
### Our projects signed in 2020

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans (11)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUCDEN CI Cocoa Pre-export and Value Chain Trade Finance Support Facility –</td>
<td>Côte d'Ivoire</td>
<td>Finance</td>
</tr>
<tr>
<td>Sucre &amp; Denrées</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATINKOU 390 MW Gas Power Project (CIPREL V)</td>
<td>Côte d'Ivoire</td>
<td>Energy</td>
</tr>
<tr>
<td>Equity Group Holdings Plc Subordinated Debt</td>
<td>Kenya</td>
<td>Finance</td>
</tr>
<tr>
<td>Mozambique LNG Area 1</td>
<td>Mozambique</td>
<td>Industry</td>
</tr>
<tr>
<td>Indorama Eleme Fertilizer Project II</td>
<td>Nigeria</td>
<td>Industry</td>
</tr>
<tr>
<td>Infrastructure Credit Guarantee Company Ltd (InfraCredit)</td>
<td>Nigeria</td>
<td>Finance</td>
</tr>
<tr>
<td>SA Commuter Taxi [2]</td>
<td>South Africa</td>
<td>Transport</td>
</tr>
<tr>
<td>DAL Group Co Ltd (Food &amp; Agricultural Investment Programme) [2]</td>
<td>Sudan</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Elnefiedi Group</td>
<td>Sudan</td>
<td>Agriculture</td>
</tr>
<tr>
<td><strong>Line Of Credit (2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana Development Corporation</td>
<td>Botswana</td>
<td>Finance</td>
</tr>
<tr>
<td>Credit Bank Kenya Ltd</td>
<td>Kenya</td>
<td>Finance</td>
</tr>
<tr>
<td><strong>Guarantee (3)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDB – COMESA – Regional &amp; Trade Project Finance Facility</td>
<td>Multinational</td>
<td>Finance</td>
</tr>
<tr>
<td>Attijariwafa Bank Partnership for Trade Development in Africa</td>
<td>Multinational</td>
<td>Finance</td>
</tr>
<tr>
<td>Nedbank Ltd – Risk Participation Agreement</td>
<td>South Africa</td>
<td>Finance</td>
</tr>
<tr>
<td><strong>Equity (2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Sustainable Forestry Fund II (ASFF II)</td>
<td>Multinational</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Metier Sustainable Capital International Fund II</td>
<td>Multinational</td>
<td>Energy</td>
</tr>
<tr>
<td><strong>TOTAL (18)</strong></td>
<td></td>
<td></td>
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</tbody>
</table>
## OUR IMPACT IN NUMBERS*

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Results Achieved</th>
</tr>
</thead>
</table>
| **Light Up & Power Africa** | • 9,542 MW of total electricity generated  
• 310 MW of renewable energy generated  
• 8.03 million connected electricity users  
• 256,595 households with new connections  
• 10 plants with production capacities of over 200 MW |
| **Feed Africa**         | • 566,783 farmers supported (new markets, financing, value chains and processing) 
• 300,000 farmers trained on good agricultural practices and effective fertilizer use |
| **Industrialize Africa** | • 726,089 SME loans disbursed  
• 20,484 beneficiary SMEs  
• USD 4.85 billion of turnover generated by SMEs  
• USD 33.16 billion of government revenues |
| **Integrate Africa**    | • 1,571 km of roads constructed, rehabilitated or maintained                      |
| **Improve Quality of Life** | • 803,552 jobs of which 74% classified as permanent jobs and 13% held by women  
• 162,302 professionals trained  
• 71,165 graduates trained  
• 19 schools constructed  
• 2,796 housing units constructed  
• 45 healthcare facilities constructed or improved |

* Based on the African Development Bank Additionality and Development Outcomes Assessment (ADOA) framework version 2.0 provisions and results, analyzed from 70 Extended Supervision Reports covering the period 2016-2020 and 29 Annual Supervision Reports prepared in 2020.

The Bank uses a Unit of Account ("UA") as its reporting currency. The value of the UA may vary from month to month. Projects approved by the Board of Directors of the African Development Bank are expressed in the currency of the operation. This may be in US Dollars (USD), Euros (EUR) or Units of Account (UA). The currency conversion rate used in this publication is equivalent to UA 1=USD 1.426.

Due to rounding, some totals may not correspond with the sum of the separate figures.
How to work with the African Development Bank

ELIGIBILITY CRITERIA

Any recipient of the Bank’s non-sovereign financing must satisfy the following core requirements:

• Be incorporated in a member country of the African Development Bank. The project for which financing is sought must be located or implemented in one or more of the Bank’s regional member countries in Africa.

• The company must be majority owned by private investors, or publicly owned investors with proven autonomy.

• The company must operate under competent management and good corporate governance. It must comply with the Bank’s fiduciary and integrity safeguards and those of the relevant member country.

• The Bank’s financial participation in any project is limited to:
  * 33% of the total cost of the project for project financing and corporate financing
  * 50% of shareholder equity at any time in the case of facilities to financial institutions
  * 25% of the total share capital of the investee company for equity investment

Thus, a minimum equity contribution is required from the sponsor.

INVESTMENT CRITERIA

• The project must aim to maximize development impact, in line with the strategic priorities of the Bank and the country/countries of implementation.

• The project must be creditworthy and commercially viable with long-term financial sustainability.

• The project must demonstrate the capacity for environmental and social responsibility.

• The Bank’s participation must provide financial or non-financial benefits that commercial investors alone would not.

The African Development Bank’s interventions typically start at $10 million, but in certain cases smaller amounts are considered.

STANDARD APPLICATION PACK

After an initial review, to conduct the preliminary assessment, the following documents are required:

1. Feasibility study with supporting financial model
2. Market study
3. Financial structure and financing plan
4. Terms of any off-take agreements under discussion
5. Initial environmental and social impact assessment studies, if applicable
6. Ownership chart and audited financial statements for the last 3 years, if applicable
7. Details and status of procurement and contract management and other relevant practical arrangements

The Bank reserves the right to request any other document deemed necessary, depending on the operation, and observes appropriate confidentiality in its dealings with sponsors and the information required to consider project financing.
Private Sector Operations in 2020

Contact
For more information or inquiries, please contact:
PrivateSectorHelpDesk@AFDB.ORG

Find out more on how to work with us:
www.afdb.org/en/private-sector/how-work-us