

# The African Development Group



*Africa is a continent of contrast, rich in natural resources yet its people are among the poorest in the world. The image of Africa that gets projected in the world is that of a continent with disease, hunger, corruption and the need for aid beyond foreseeable future. But, there is another story that is less told which acknowledges the challenges faced by the continent but also recognizes the progress made in terms of more children going to school, less war, growing quest for better governance and an expanding middle class. The African Development Bank is part of that story.*

1

## Overview of the Bank Group

# Africa's premier development financial institution

The AfDB Group: three constituent institutions, separate legally and financially, with a common goal...



## African Development Bank ("AfDB")

- Established in 1964
- 80 member countries
- Authorized capital: US\$ 94 billion\*
- Resources raised from capital markets
- 0% risk weighting under Basel II
- Level 1 under Basel III



## African Development Fund ("ADF")

- Concessional financing, established in 1972
- Financed by 27 State participants and 4 regional donors
- Subscription: US\$ 39 billion
- Focus on low income countries
- Replenished every 3 years



## Nigeria Trust Fund ("NTF")

- Established in 1976 by Nigeria
- Targeted at the Bank's needier countries
- Maturing in 2018
- Total resources: US\$ 242 million

## Governance and Oversight

- Board of Governors:
  - Highest decision making body,
  - Composed of Ministers of Finance and Ministers of Cooperation of the Bank's member countries
- Board of Directors :
  - 20 Executive Directors elected by the Board of Governors
  - Oversees the general operations of the Bank
- Decisions by both Boards require two third majority or 70% should any member require so

**...focused on combating poverty, and improving living conditions on the continent**

# 50 years of partnership for the development of Africa

## Americas

Argentina	0.1%
Brazil	0.4%
Canada	3.8%
U.S.A	6.6%

## Africa

Algeria	4.2%	Libya	3.3%
Angola	1.2%	Madagascar	0.6%
Benin	0.2%	Malawi	0.3%
Botswana	1.1%	Mali	0.4%
Burkina Faso	0.4%	Mauritania	0.1%
Burundi	0.2%	Mauritius	0.7%
Cameroon	1.1%	Morocco	3.5%
Cape Verde	0.1%	Mozambique	0.6%
Cent.Afr.Rep.	0.0%	Namibia	0.3%
Chad	0.1%	Niger	0.3%
Comoros	0.01%	Nigeria	8.9%
Congo	0.5%	Rwanda	0.1%
Cote D'Ivoire	3.7%	Sao Tome & P.	0.1%
Dem.Rep.Congo	1.3%	Senegal	1.0%
Djibouti	0.02%	Seychelles	0.03%
Egypt	5.4%	Sierra Leone	0.2%
Eq. Guinea	0.2%	Somalia	0.03%
Eritrea	0.03%	South Africa	4.9%
Ethiopia	1.6%	South Sudan	0.5%
Gabon	1.2%	Sudan	0.3%
Gambia	0.2%	Swaziland	0.1%
Ghana	2.1%	Tanzania	0.8%
Guinea	0.4%	Togo	0.2%
Guinea Bissau	0.02%	Tunisia	1.4%
Kenya	1.4%	Uganda	0.5%
Lesotho	0.1%	Zambia	1.2%
Liberia	0.2%	Zimbabwe	2.0%

## Europe

Austria	0.4%
Belgium	0.6%
Denmark	1.2%
Finland	0.5%
France	3.8%
Germany	4.1%
Italy	2.4%
Luxembourg	0.2%
Netherlands	0.9%
Norway	1.2%
Portugal	0.2%
Spain	1.1%
Sweden	1.5%
Switzerland	1.5%
U.K.	1.7%

## Middle East

Kuwait	0.5%
Saudi Arabia	0.2%
Turkey	0.1%

## Asia

China	1.1%
India	0.2%
Japan	5.5%
Korea	0.5%

**G-7 Shareholding: 28%**

**Turkey became the 78<sup>th</sup> member of the AfDB in 2013, Luxembourg became the 79<sup>th</sup> member in 2014, and South Sudan became the 80<sup>th</sup> member in April 2015**

# The Bank Group addresses the diverse needs of the continent

## Preserving the long-term financial integrity of the AfDB

### AfDB Sovereign Operations

16 middle-income countries eligible to receive AfDB funding

#### Criteria:

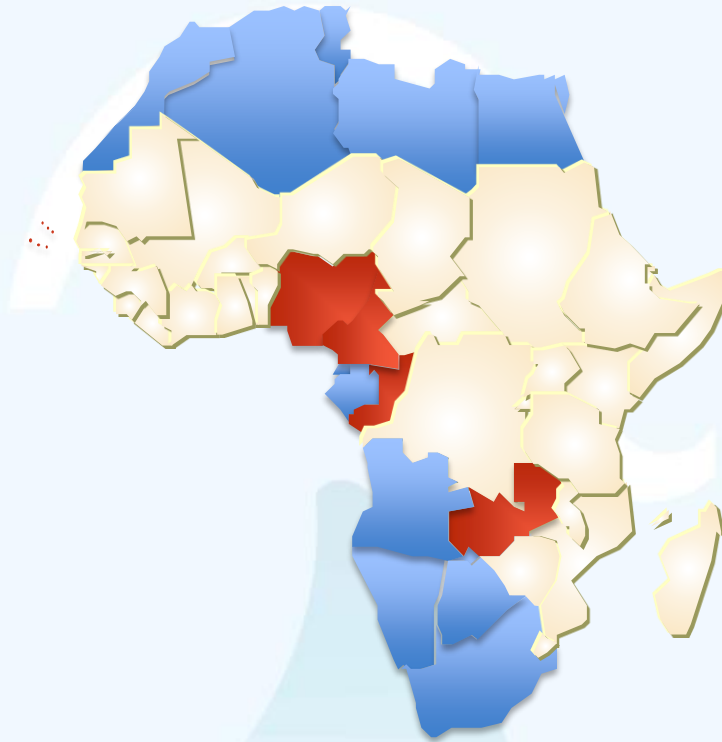
- GNI per capita
- Country's creditworthiness

### ADF Concessional Financing

34 low-income countries eligible to loans and grants

### Access to both ADB and ADF

4 countries eligible for both AfDB and ADF Funding (Cameroon, Kenya, Nigeria, Zambia)



### Additionality and Development Outcome Assessment-Core indicators

- Job creation
- Government revenues
- Financial return
- Foreign currency earnings

### Private Sector Operations

Viable enterprises and multinational projects, additionality and development outcome

- Direct loans
- Lines of credits
- Equity participation
- Guarantees

### Enclave Finance

Self-sustaining, export oriented project, located in an ADF-eligible country

### Revised credit policy

- Finance **viable projects** & respond **proactively** to improved economic conditions in RMCs
- Allow eligible ADF countries with **low and moderate risk of debt distress** access to the Bank's sovereign window



# A Ten-Year Strategy to transform the continent

## Inclusive growth

- Access to economic opportunities across age, gender, ethnicity and geography
- Provision of social safety nets

## Gradual transition to green growth

- Preserve the environment and natural resources on which economies depend

Infrastructure development

Link remote areas to growth poles through better infrastructure

Regional integration

Enhance deeper regional integration

Private sector development

Create employment opportunities through the development of private sector

Governance

Strengthen governance for a sound use of public resources

Skills & technology

Create wealth by building human capital and skills

Fragile States

Agriculture & Food Security

Gender

Measuring success by the lasting changes we bring to the lives of the African people



# AfDB's High fives

Light up and Power Africa

Improve quality of life for the  
people of Africa

Industrialize Africa

Integrate Africa

Feed Africa

AfDB's new five-point vision in Post-2015 Development Agenda

# An honest broker for private sector development

## Improve African investment & business climate

### Policy environment

- Supporting government efforts to strengthen the laws, tax systems and policies that govern business environment

### Institutional & regulatory framework

- Help fight corruption, promote financial transparency and develop the informal sector

### Financial markets

- Help government plan infrastructure investments, deepen and expand financial markets, strengthen labor markets and build business skills

## Business access to social & economic infrastructure

- Funding soft and hard infrastructure, transport, telecom, water and power
- Giving access to power

## Enterprise development

- Providing access to capital
- Supporting enterprise capacity & competitiveness
- Promoting value chain & linkage



# A highly rated institution driven to deliver on its mandate

**FitchRatings**

AAA rating affirmed on 5 August 2015

**MOODY'S**

AAA rating affirmed on 17 August 2015

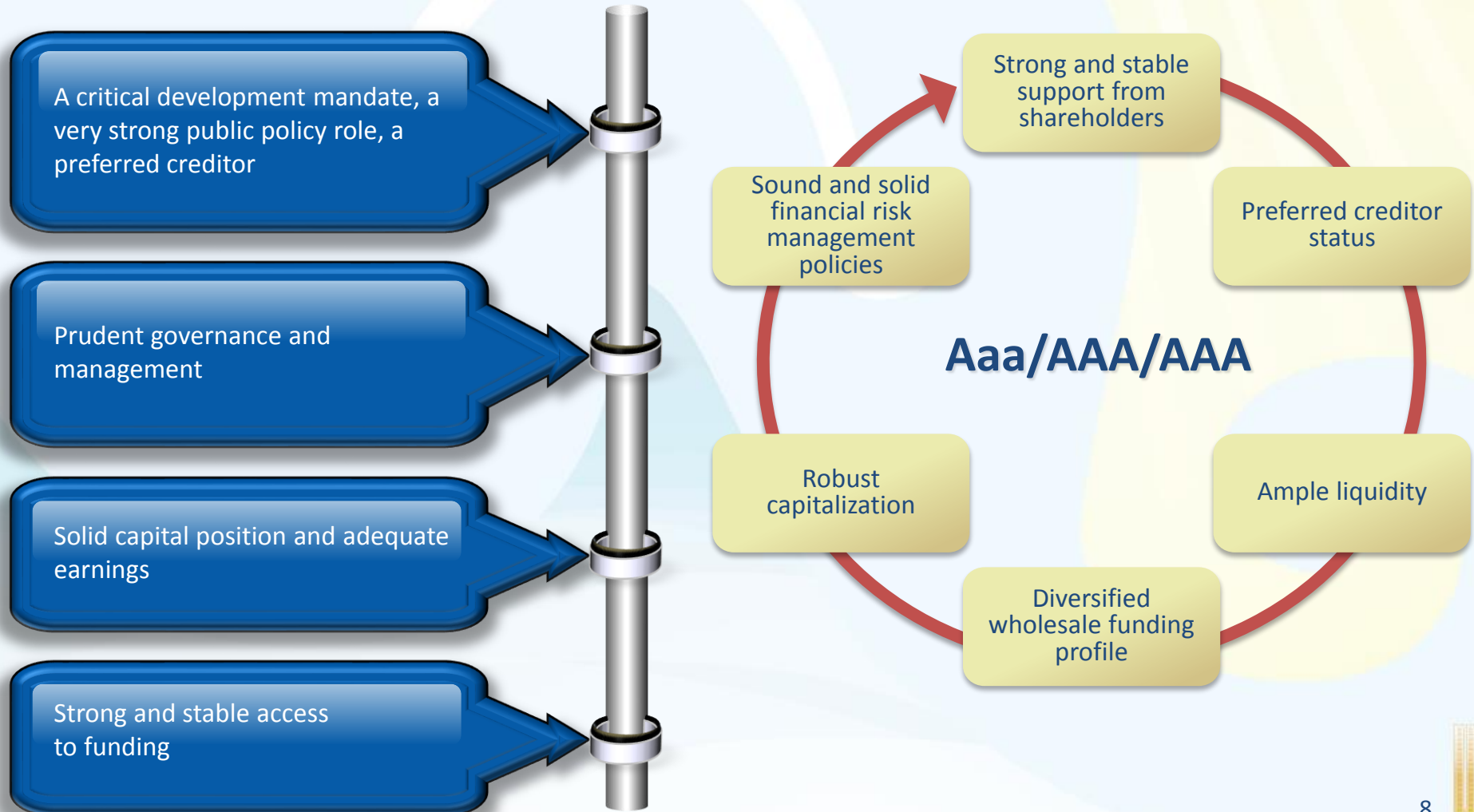
**STANDARD  
& POOR'S**

AAA rating affirmed on 14 September 2015

**JCR**

Japan Credit Rating Agency, Ltd.

AAA rating affirmed on 13 August 2015





# Financial ratios compare favorably to peers

		AfDB (Aaa/AAA) End-2014	AsDB (Aaa/AAA) End-2014	IBRD (AAA/Aaa) June-2014
Shareholders' Support	Coverage of net debt by callable capital	AAA	AAA	A+
	Average rating of key shareholders*	BBB+	AA-	AA
Profitability	Net income/average equity (%)	0.53	2.30	-2.49
Capitalisation	Equity/assets (%)	27.51	20.46	18.39
	Paid-in/subscribed capital (%)	5.40	5.02	6.02
	Debt/equity (%)	243.53	375.28	421.74
Risks	Average rating of loans & guarantees	BB	BBB-	BBB-
	Impaired loans/gross loans (%)	3.1	0.04	0.3
	Share of non-sovereign exposure (%)	27.5	8.9	0.0
	Equity stakes/(loans + equity stakes) (%)	4.5	1.5	0.0
	Five largest exposures/total loans (%)	59.1	77.2	43.7
	Share of 'AAA'-'AA' treasury assets (%)	93.9	70.2	75.6

Source: Fitch, August 2015

\* The AfDB rating only includes rated countries located in Africa



# Financial ratios compare favorably to peers

	Year	AfDB	IBRD	ADB	IsDB <sup>[5]</sup>	EBRD	IADB	Aaa Median
Rating/Outlook		Aaa/STA	Aaa/STA	Aaa/STA	Aaa/STA	Aaa/STA	Aaa/STA	--
Total Assets (US\$ million)	2014	33,251	358,883	115,660	13,426	63,724	106,299	63,724
<b>Factor 1</b>		High	Very High	Very High	Very High	Very High	Very High	--
Usable Equity/Gross Loans Outstanding +Equity Operations (%) <sup>[1]</sup>	2014	45.9	25.3	29.8	77.4	54.8	31.8	29.8
Debt/Usable Equity (%) <sup>[1]</sup>	2014	236.4	413.0	370.2	79.5	250.6	326.2	288.4
Gross NPLs/Gross Loans Outstanding (%) <sup>[2]</sup>	2014	3.1	0.3	0.0	1.0	5.6	0.2	0.3
<b>Factor 2</b>		Very High	Very High	Very High	Very High	Very High	Very High	--
ST Debt + CMLTD/Liquid Assets (%) <sup>[3]</sup>	2014	16.6	78.7	57.9	62.1	43.7	53.0	43.7
Bond-Implied Ratings (Average)	2014	Aaa	Aaa	Aaa	Aa3	Aa1	Aa1	Aaa
<b>Intrinsic Financial Strength (F1+F2)</b>		Very High	Very High	Very High	Very High	Very High	Very High	--
<b>Factor 3</b>		Very High	Very High	Very High	Very High	High	Very High	--
Total Debt/Discounted Callable Capital (%) <sup>[4]</sup>	2014	52.1	92.8	48.5	141.6	165.3	73.6	73.6
Weighted Median Shareholder Rating (Year-End)	2014	Ba2	Aa3	Aa3	Baa3	Aa1	A3	Aa1
<b>Rating Range (F1+F2+F3)</b>		Aaa-Aa2	Aaa-Aa2	Aaa-Aa2	Aaa-Aa2	Aaa-Aa2	Aaa-Aa2	--

Notes:

[1] Usable equity is total shareholder's equity and excludes callable capital

[2] Non performing loans

[3] Short-term debt and currently-maturing long-term debt

[4] Callable capital pledge by members rated Baa3 or higher, discounted by Moody's 30-year expected loss rates associated with ratings.

Source: Moody's, AfDB, MDB Financial Statements

August 2015



# The trusted partner for Africa's development



**His Excellency  
Alassane Dramane Ouattara**  
President of Côte d'Ivoire

**"...a global institution with a solid financial record  
improving the lives of Africans."**

*His Excellency Alassane Dramane Ouattara, President of Côte d'Ivoire, 2015*



**His Excellency  
Jakaya Mrisho Kikwete**  
President of Tanzania

**"The African Development Bank, as a global institution, is an essential bridge between Africa and the wider world. It keeps the focus on Africa's unique economic priorities, yet speaks a language everyone understands. The African Development Bank is a model of how Africa and the developed world can work together for mutual benefit and with mutual respect."**

*His Excellency Paul Kagame, President of Rwanda, 2014*

**"...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*



**His Excellency  
Paul Kagame**  
President of Rwanda



**Her Excellency  
Ellen Johnson Sirleaf**  
President of Liberia

ONE AFRICA