



AFRICAN DEVELOPMENT BANK GROUP NON-SOVEREIGN OPERATIONS POLICY

Webinar for the Japanese Private Sector on Doing Business in
Africa
September 2020



GRUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

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Objectives and Guiding Principles



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Objective of the Bank's Non-Sovereign Operations

The Bank's Non-Sovereign Operations (NSO) refer to financing and investment operations that are not guaranteed by a state, covering mostly private sector transactions. They also cover non-sovereign guaranteed financing of eligible public sector enterprises, as well as financing of regional development finance institutions.

Objective 1

- Improvement of the investment and business climate.

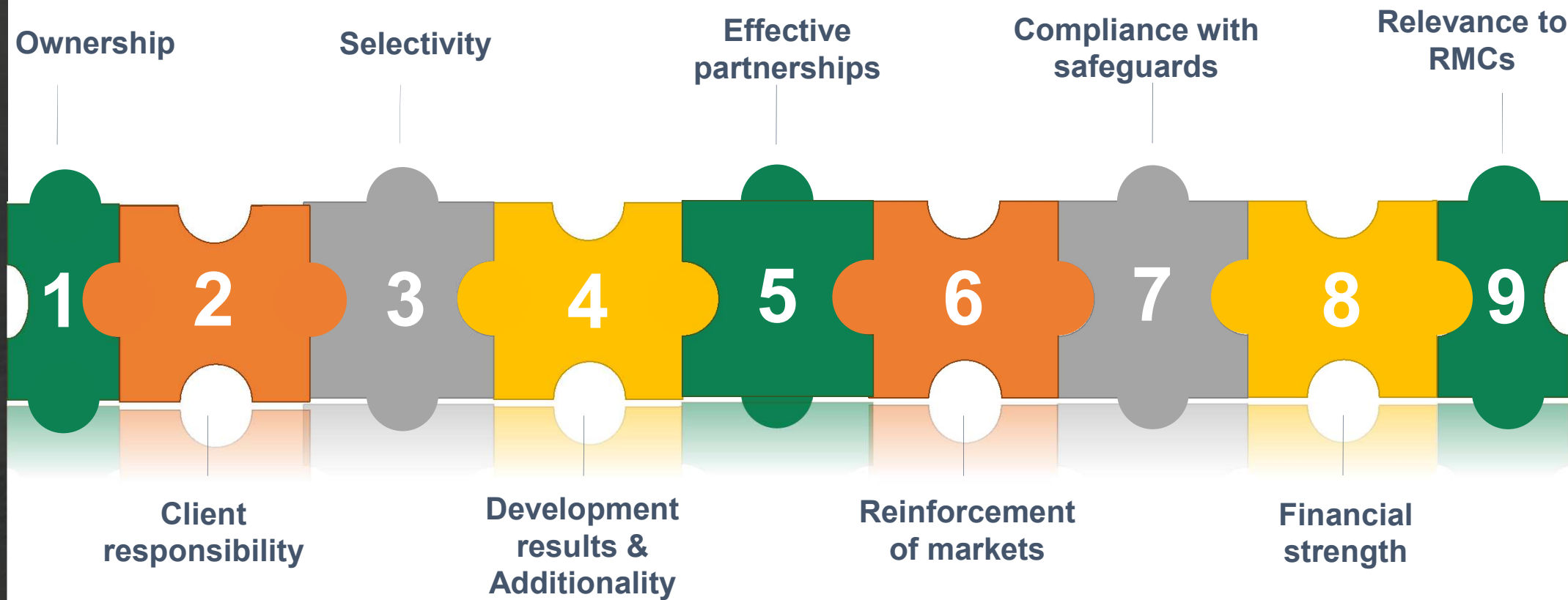
Objective 2

- Development of social and economic infrastructures and increasing access to reliable, quality services.

Objective 3

- Strengthening private sector enterprises

Nine (9) guiding principles

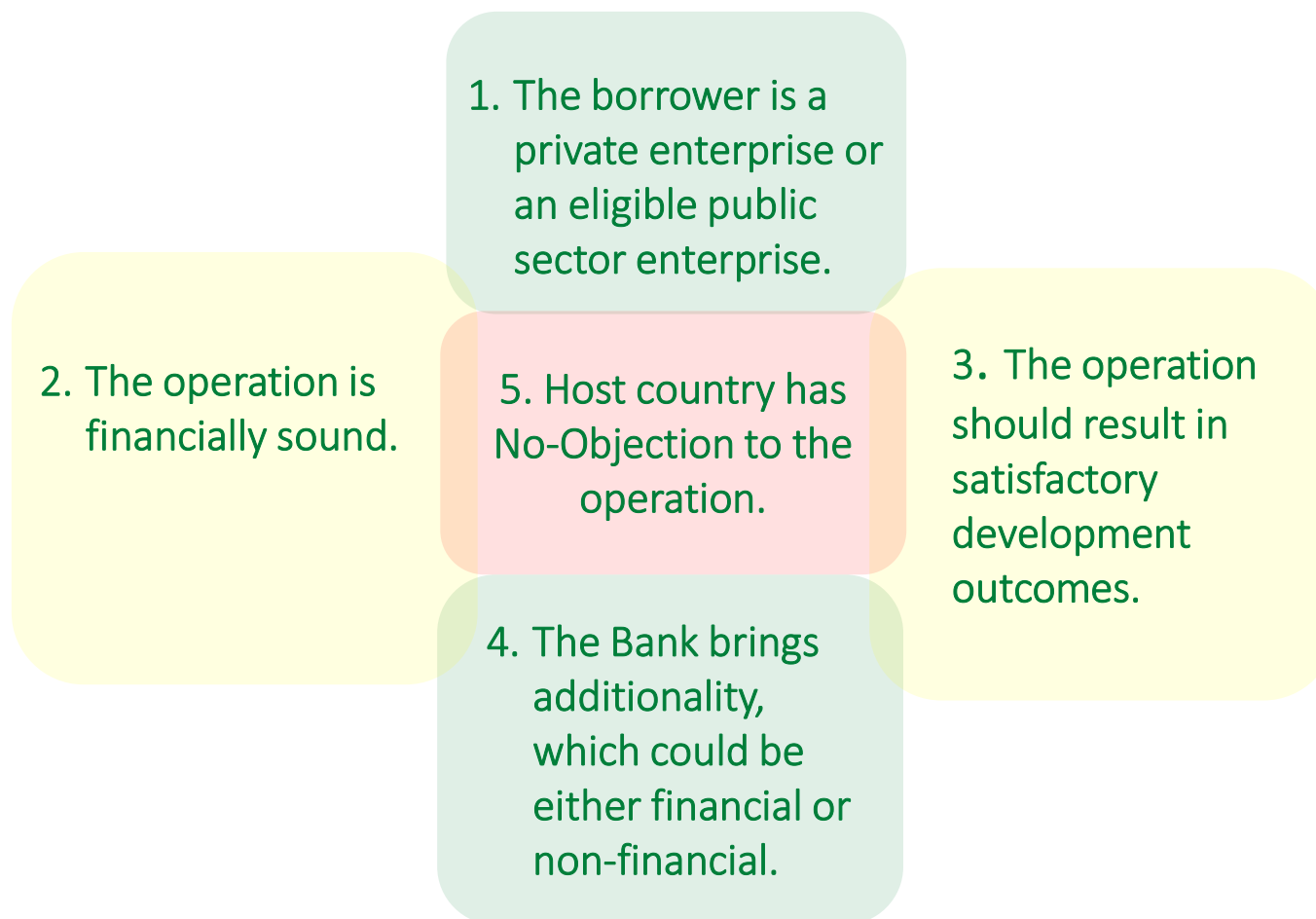


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Main conditions and types of financing



The “main conditions” for the Bank’s involvement in a Non-Sovereign Operation



Two (2) types of financing



Corporate financing

Eligible enterprises in support of their investment programs.

(instruments include: senior and subordinated loans, lines of credit, agency lines, equity or quasi equity participation, credit or risk guarantees)



Project financing

Specific projects by eligible public or private sector enterprises.

(instruments include: senior and subordinated loans, credit or risk guarantees, equity or quasi-equity participations)

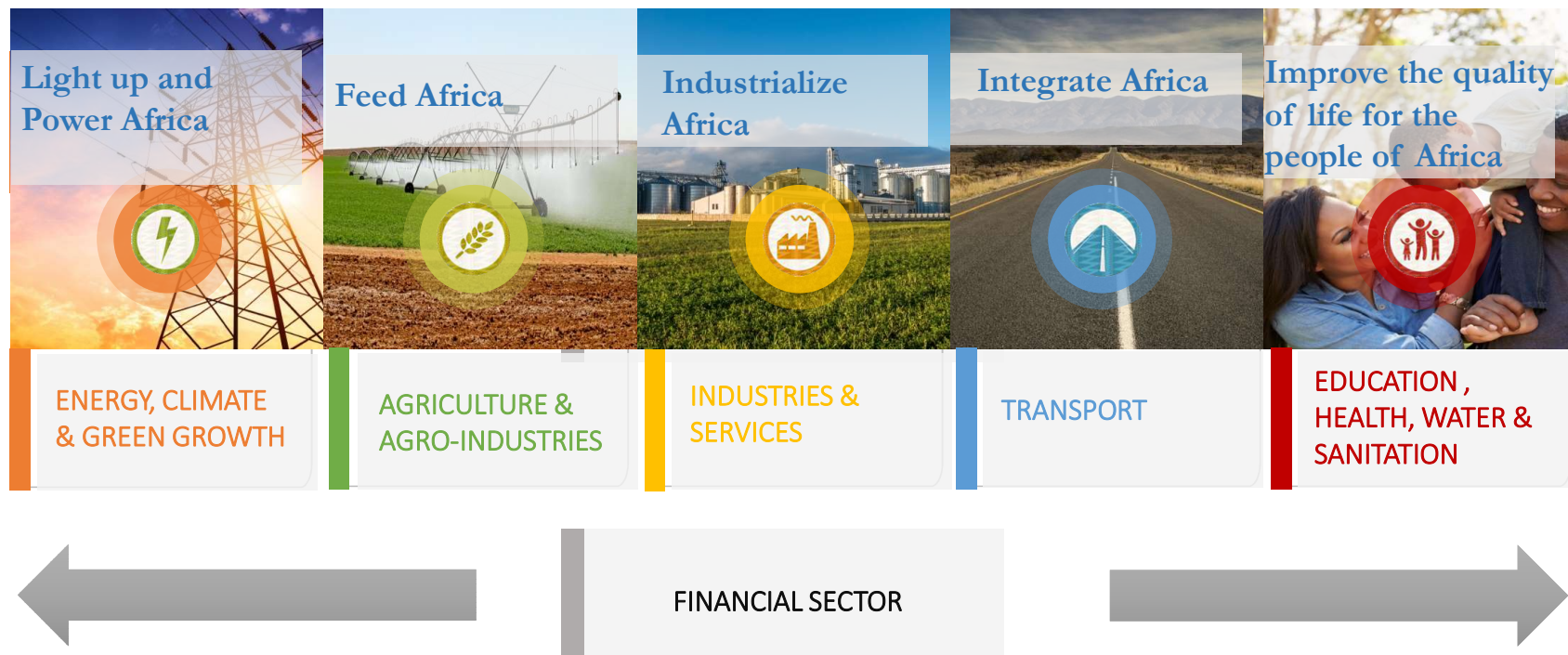
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Investment criteria



What we invest in

In principle, all economic sectors and subsectors are eligible for the Bank financing on Non-sovereign operations terms, except those set out in the Bank exclusion list (*e.g. trade Production or trade in weapons and munitions, Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, etc.*).



Investment Criteria

1. Strategic alignment with the Bank and the RMC(s) priorities

- ⑩ The country's economic and social priorities
- ⑩ Bank strategy in the country/region

2. Creditworthiness, Commercial viability & Financial sustainability

- ⑩ Industry outlook and market fundamentals
- ⑩ Financial structure
- ⑩ Background, experience and financial strength of the sponsor
- ⑩ Cash flow and rate of return (BP)

3. Development outcomes

- ⑩ Household benefits and job creation
- ⑩ Governance and fiscal effects
- ⑩ Regional integration and economic resilience
- ⑩ Green growth, environmental, gender & social effects
- ⑩ Private sector development and demonstration effects

4. Additionality

- ⑩ Political risk mitigation
- ⑩ Financial additionality
- ⑩ Improved development outcomes

Other key pre-requisites

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PROCUREMENT

The Bank shall agree with the non-sovereign borrower on acceptable procurement procedures that are in line with well-established private sector procurement methods or commercial practices.

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INTEGRITY & FIDUCIARY SAFEGUARDS

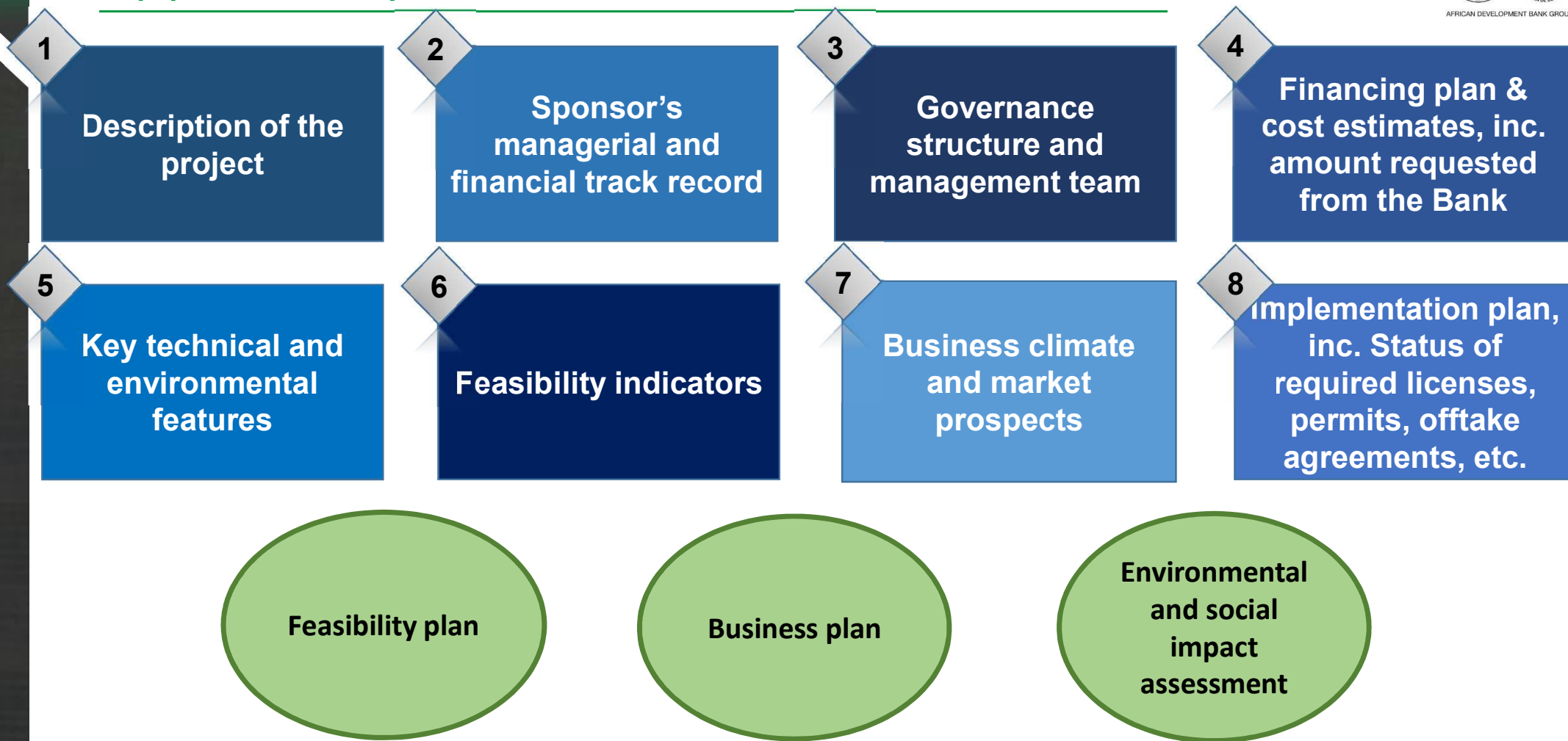
The Bank will not participate in a transaction when, upon integrity due diligence, it finds that there are significant and unmitigated integrity risks or ethical concerns, or adverse reputational risks. The Bank will apply effective KYC due-diligence procedures and mechanisms.

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ENVIRONMENTAL & SOCIAL SAFEGUARDS

The Bank is committed to making economic growth and development inclusive while ensuring that Bank operations have no unintended adverse direct or indirect environmental or social impact on communities.

Application procedure



Applications for funding are to be sent :

By email to PrivateSectorHelpDesk@afdb.org (first screening and dispatching to operational teams) using the form available on the Bank's website

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Some of our investments



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Financing the education sector



Afe Babalola University (ABUAD)

- Eight-year US \$40-million corporate loan to the Afe Babalola University (ABUAD) in Ado Ekiti (Nigeria), to finance the university's expansion plan.
- Expansion plan consists in construction of new facilities - including a 400-bed teaching hospital, an industrial research park, a small hydro power (SHP) installation (1.1 MW) and agribusiness facilities.

Structuring	
Corp. loan	◆ \$40 M eq (out of \$100 M total expansion program)
Pioneer status	◆ First private sector transaction in the education sector
Maturity	◆ 8 years (incl. 3 years' grace)
Strategic alignment	<ul style="list-style-type: none"> ◆ Improve the quality of life for the people of Africa; ◆ Industrialize Africa; ◆ Power Africa; ◆ Feed Africa
Funding	◆ Mix of hard and local currency

Financing the water & sanitation sector



Kigali Bulk Water

- The Project entails a 40,000 m³/day bulk water production facility on Public Private Partnership basis, located at Kanzenze, Kigali, Rwanda.
- The Project will extract groundwater from the south bank of the Nyabarongo River, treat water to required water quality standards and deliver water to service reservoirs for the distribution into the Kigali network of Water and Sanitation Corporation (“WASAC”).

Structuring

Senior loan	\$19 M (total project cost \$61M)
Pioneer status	First Bank’s PPP transaction in the water sector
Maturity	18 years (39 months grace period)
Strategic alignment	♦ Improve the quality of life for the people of Africa
Expected Development outcomes	♦ South-south investment ♦ Significant demonstration effect ♦ Clean potable water to the population therefore contributing to improving public health



THANK YOU



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Contact:
Non-Sovereign Operations & Private
Sector Support Department
PrivateSectorHelpDesk@AFDB.ORG