



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Making a difference



INVESTOR PRESENTATION

September 2024

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AFRICAN DEVELOPMENT BANK GROUP
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DE DEVELOPPEMENT

OVERVIEW OF THE BANK GROUP



Africa's premier development financial institution

AfDB Group: 3 legally and financially separate institutions, with a common goal...



African Development Bank ("AfDB")

- Established in 1964
- 81 member countries
- Authorized capital: USD 319 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 29 state participants (including Angola) and 5 regional donors (Algeria, Botswana, Egypt, Morocco and South Africa)
- Subscription: approximately USD 50 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 2028
- Total resources: USD 242 million

Governance and Oversight

Board of Governors

- Highest decision-making body
- Composed of Ministers of Finance and Ministers of Cooperation of the member countries

Board of Directors

- 20 Executive Directors elected by the Board of Governors, resident in Abidjan
- Oversees the general operations

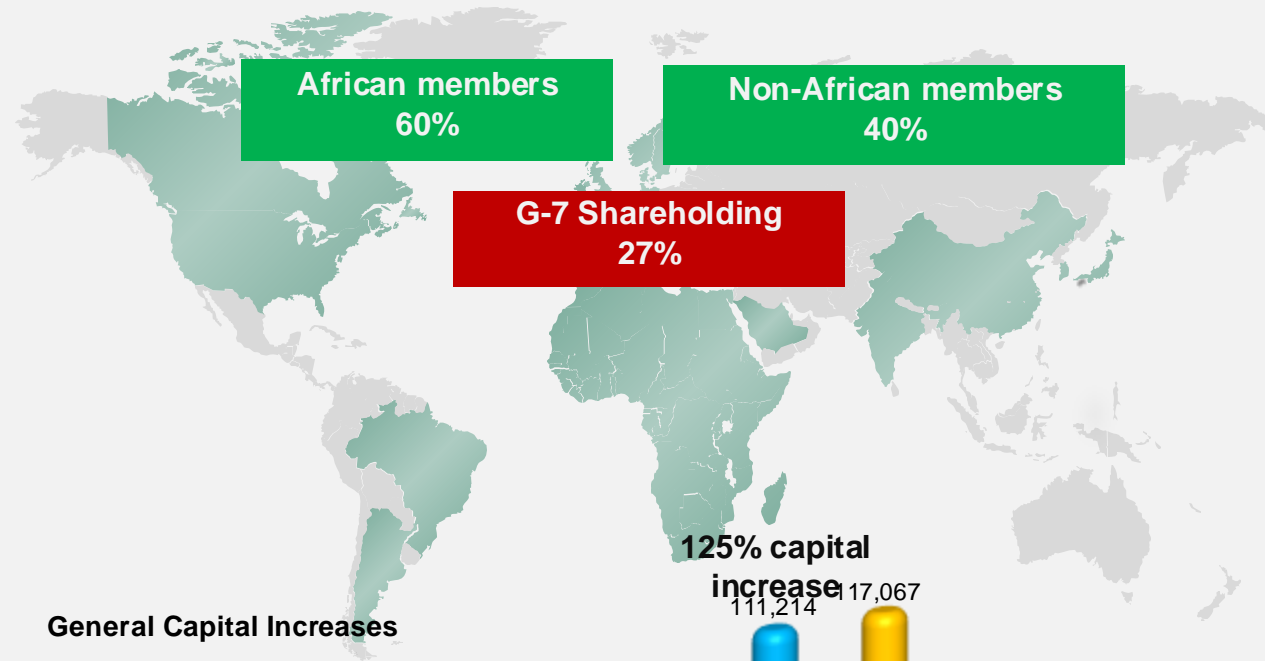
Decisions by both Boards require two-thirds majority or 70%, should any member request so

...of combating poverty and improving lives on the continent

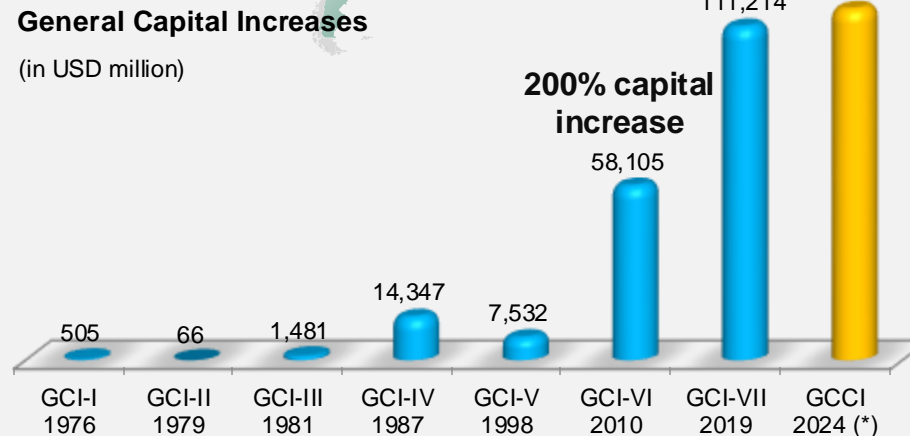
(as of 31 July 2024)

60 years of partnership for the development of Africa

Africa			
Nigeria	8.962%	Namibia	0.338%
Egypt	6.212%	South Sudan	0.323%
Algeria	5.159%	Malawi	0.320%
South Africa	4.981%	Burundi	0.223%
Morocco	4.643%	Niger	0.208%
Cote D'ivoire	3.821%	Benin	0.208%
Ghana	2.161%	Liberia	0.193%
Libya	2.130%	Mali	0.174%
Zimbabwe	1.715%	Togo	0.164%
Dem.Rep.Congo	1.684%	Rwanda	0.135%
Ethiopia	1.535%	Gambia	0.129%
Tunisia	1.427%	Eswatini	0.111%
Kenya	1.298%	Sierra Leone	0.106%
Zambia	1.170%	Sudan	0.094%
Angola	1.083%	Lesotho	0.090%
Senegal	1.002%	Eq.Guinea	0.064%
Cameroon	1.000%	Sao Tome & P.	0.064%
Tanzania	0.825%	Chad	0.059%
Botswana	0.761%	Cabo Verde	0.056%
Madagascar	0.647%	Mauritania	0.053%
Mauritius	0.637%	Cent.Afr.Rep	0.035%
Mozambique	0.578%	Eritrea	0.031%
Gabon	0.443%	Somalia	0.029%
Burkina Faso	0.407%	Seychelles	0.022%
Guinea	0.395%	Djibouti	0.008%
Uganda	0.389%	Comoros	0.008%
Congo	0.382%	Guinea Bissau	0.007%



Europe	
Germany	3.997%
France	3.600%
Italy	2.327%
U.K.	1.787%
Sweden	1.507%
Switzerland	1.406%
Norway	1.130%
Denmark	1.123%
Spain	1.016%
Netherlands	0.846%
Ireland	0.788%
Belgium	0.615%
Finland	0.469%
Austria	0.428%
Portugal	0.231%
Luxembourg	0.199%



Middle East	
Kuwait	0.428%
Turkey	0.380%
Saudi Arabia	0.186%

Americas	
U.S.A	6.352%
Canada	3.691%
Brazil	0.143%
Argentina	0.076%

Asia	
Japan	5.279%
China	1.236%
Korea	0.461%
India	0.276%

Notes: Data for each country represents its shareholding within the Bank.

(*) General Callable Capital Increase approved by the Board of Governors in May 2024 to preserve the Bank's lending capacity and meet Fitch's Rating Agency requirements.

(as of 31 July 2024)

A responsive and effective partner

AfDB Sovereign Operations

17 middle-income countries eligible to receive AfDB funding

Criteria:

- GNI per capita
- Country's creditworthiness

Access to both AfDB and ADF financing

8 countries eligible

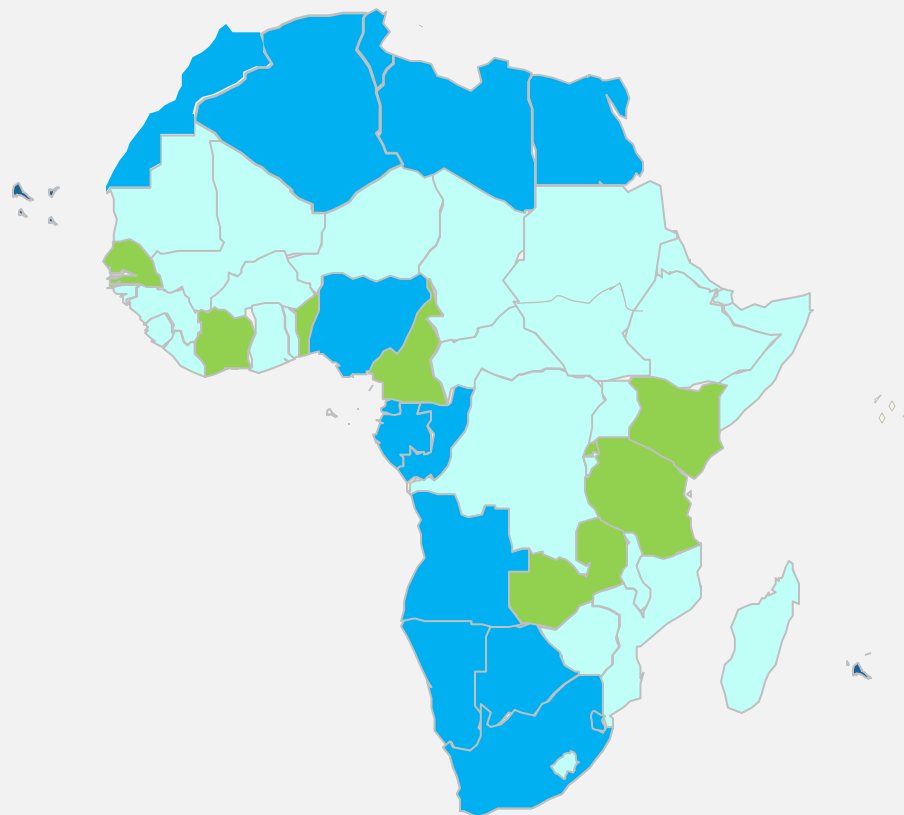
6 Blend countries: Cameroon, Cote d'Ivoire, Kenya, Senegal, Tanzania and Zambia

2 ADF countries with access to AfDB resources through the revised 2014 credit policy: Benin and Rwanda

ADF Concessional Financing

29 low-income countries eligible to receive loans and grants from ADF only

Providing selective access to Bank resources for countries with sound macroeconomic position and sustainable debt profile



Private Sector Operations

Viable enterprises and multinational projects with an additionality and development outcome

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

Additionality and development outcome assessment – Indicators

- GDP growth (%)
- GDP per capita (constant 2010 \$)*
- Mo Ibrahim Index of African Governance**
- Tax and non-tax fiscal revenues
- Gender Inequality Index
- Production efficiency
- Resilience to water shocks
- Number of refugees and internally displaced people

Enclave Finance

Self-sustaining, export-oriented projects, located in ADF countries

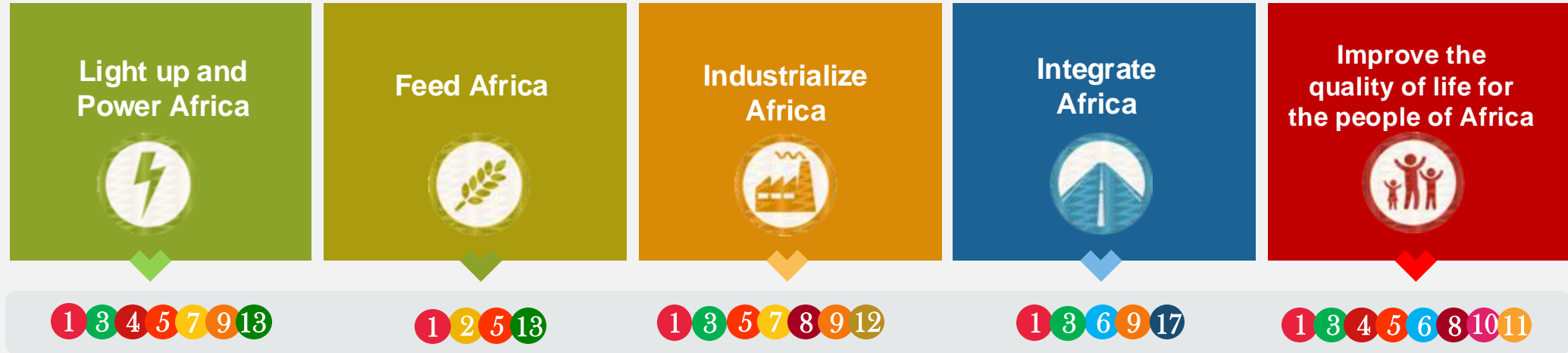
*Dollar GDP figures converted from domestic currencies using 2010 as a base year. Data reported in constant 2010 prices show data for 1990, 2000 and all other years in 2010 prices

**A statistical assessment of the performance of governance in every African country

A responsive and effective partner

The High 5s, at the heart of Africa's development agenda

The High 5s, at the heart of Africa's development agenda

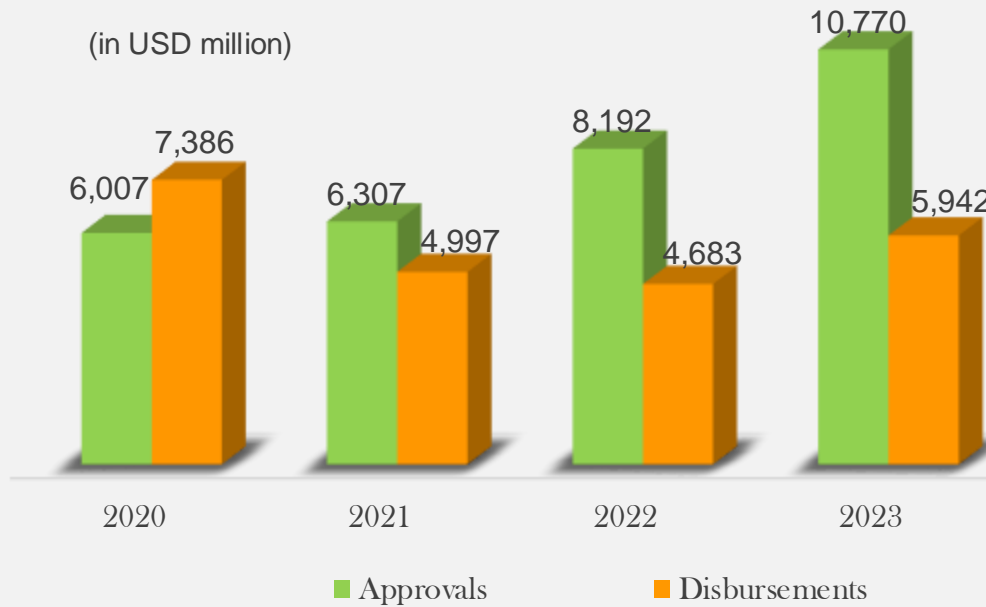


The High 5s will help Africa achieve close to 90% of the SDGs and are intrinsically linked to the African Union's Agenda 2063

Delivering on the Bank's Ten-Year Strategy to accelerate inclusive green growth and drive prosperous and resilient economies

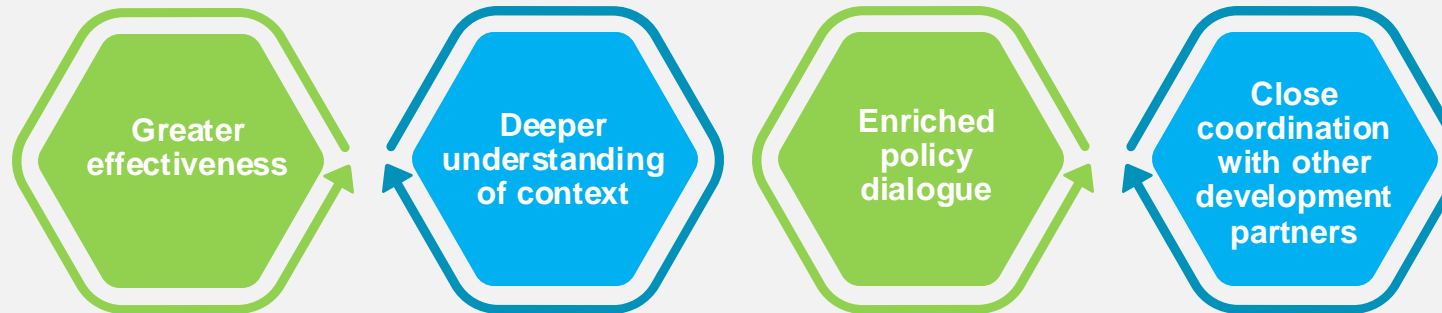
Group operations - investing in Africa's future

Bank Group approvals and disbursements



Note:

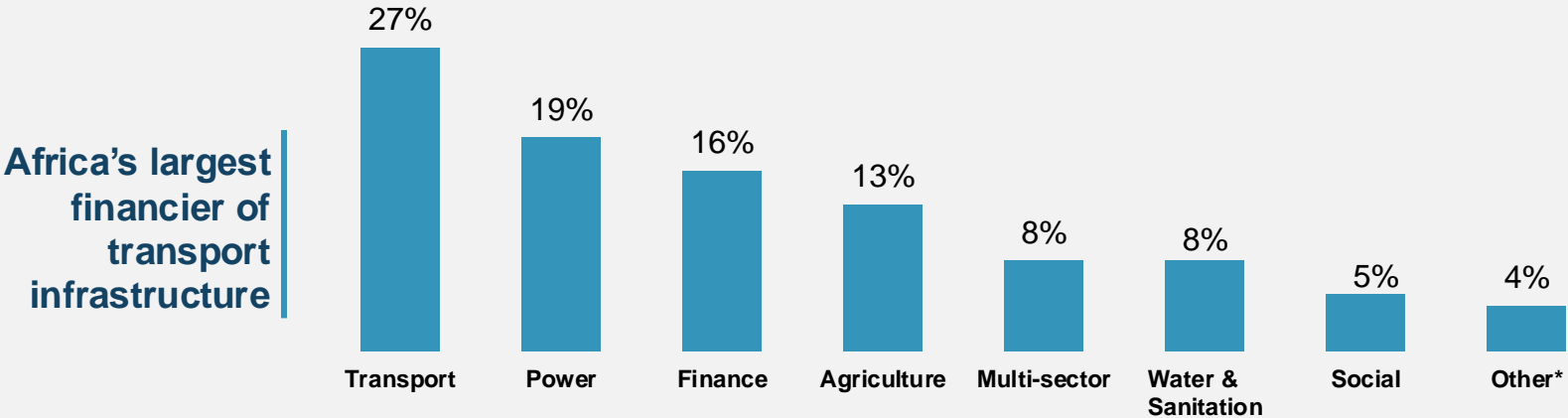
Includes loans, grants, equity investments, emergency operations, HIPC debt relief, loan reallocations, guarantees and the Post Conflict Country Facility



With the right investments and policies, the SDGs can be achieved in Africa

Delivering more to achieve the Africa we want

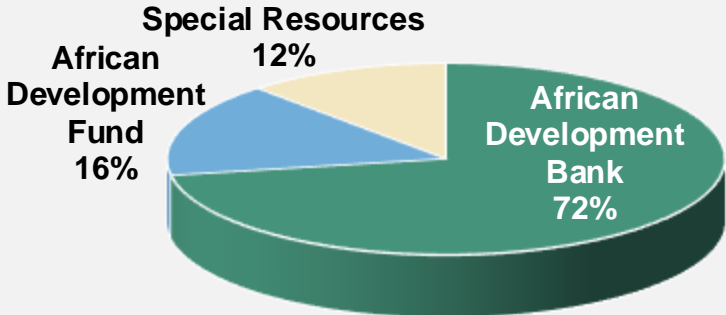
USD 60 billion Bank Group portfolio distribution by sector



(As of 31 December 2023)

* Industry, Communications and Environment

Delivering across the organization





Energy for all, fueling inclusive growth

Energy is a human imperative

Reliable, affordable and green energy to achieve universal energy access needed for the continent

Immense power deficit across the continent

Energy use in Africa is the world's lowest

- 58% of households have access to electricity in 2022 vs 54% in 2018
- 990 million people without access to clean cooking
- 20 countries in the world with lowest electrification are in Africa
- Annual energy consumption per capita was 200 kWh in Africa in 2022 vs 12,700 kWh in the US and 6,500 kWh in Europe

Electricity demand projected to triple by 2030

- 603 million people still lack access to electricity
- Power outages costing 0.2-4% GDP annually
- 90% of primary schools lack electricity
- Hampers hospitals and emergency services

A considerable push toward cleaner, low-carbon energy

Africa holds more than 60% of world's solar potential

Abundant renewable energy potential

- 10 TW solar
- 350 GW hydroelectric
- 110 GW wind
- 15 GW geothermal

vs 46 GW currently installed

USD 70 billion investments in infrastructure needed annually to develop renewables

Need for innovative technologies and financing instruments

Connecting electricity grids for enhanced access



The Bank's investment priorities

- Accelerating African countries' access to universal, reliable, and affordable modern energy, which includes electricity and clean cooking solutions, services for their populations and productive sectors.
- Developing socially, economically, and environmentally sustainable energy sectors.
- Entrenching a low-carbon development pathway, thereby enhancing green growth while enhancing energy security.
- Strengthening the sustainability of power sectors and utilities and enhancing energy efficiency
- Building robust intra- and inter-regional power systems that will underpin the development of an interconnected continental power grid, linking existing power pools, and facilitating the establishment of an African Single Electricity Market.

Development impact from projects completed in 2023

- **2.4 million people** with new electricity connections
- **40,000 km** of new or improved power distribution lines
- **1,400 km** of new or improved power transmission lines
- **322 MW** of new power capacity installed

Strengthening the national electricity grid to improve access

Kenya - Last Mile Connectivity Project III

Project cost: EUR 115 million / ADB financing: EUR 101 million
Year of Approval: 2023

The third phase of the Last Mile Electricity Connectivity Project is an infrastructure development intervention that will increase access to adequate, affordable, and reliable electricity for households and public institutions as well as Micro, Small and Medium-Sized Enterprises (MSMEs).

Expected development outcomes:

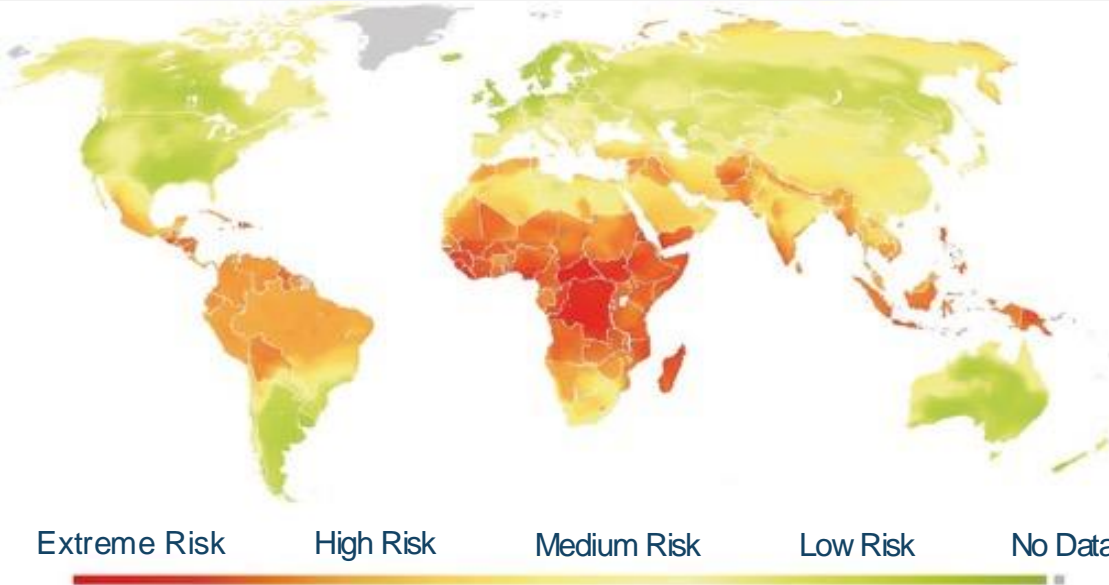
- 140,000 households with access to electricity
- 3,440 tons of CO₂ emission reduction annually
- 25% reduction in electricity outages
- 54,000 jobs created

Fast-tracking Africa's climate change agenda

Africa needs USD 2.6 - 2.8 trillion in climate financing to fulfill national commitments for climate actions under the Paris Agreement by 2030

Climate risks impacting the poorest and most vulnerable communities

- Rising sea levels, droughts, floods
- Impeding agricultural productivity and food security
- Threatening water and energy security
- Exacerbating poverty
- Impacting sovereign credit ratings



Source: *Climate Change Vulnerability Index 2017 - Verisk Maplecroft*



Protecting the continent from extreme climate

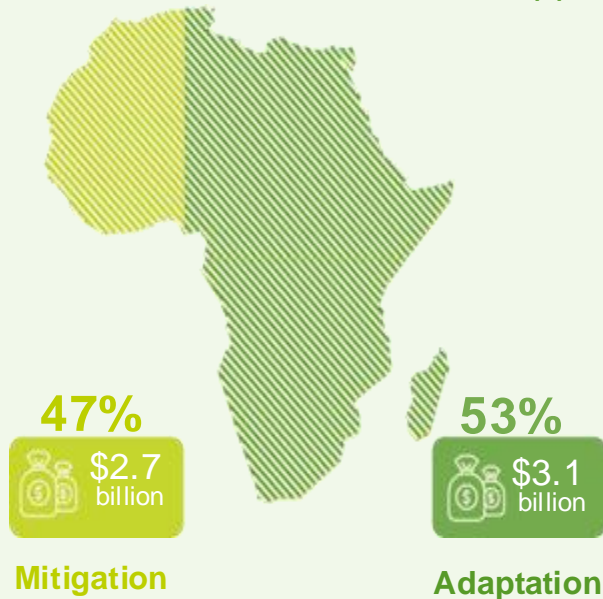
- Improving capacity to predict and issue effective early warning alerts
- Fostering innovation to manage emerging climate threats
- Strengthening governance, effective policies and institutions
- Mobilizing global climate finance

Building climate resilience by planning for growth and development

Financing climate-smart development

Climate change mainstreamed in 97% of Bank operations in 2023

In 2023
USD 5.8 billion = 55% of all AfDB
of climate finance approvals



Africa needs USD 3 trillion to implement the Nationally Determined Contributions (NDCs)

African Adaptation Acceleration Program (AAP)

- Partnership with Global Center for Adaptation (GCA)
- USD 25 billion commitment to support adaptation in Africa by 2025
- AfDB hosting GCA's Africa office

Africa NDC Hub - a partnership platform to provide technical assistance and deliver NDC targets

- 54 African countries ratified the Paris Agreement; 49 countries updated their NDCs; and 9 countries submitted Long-Term Low-Carbon and Climate Resilience Strategy (LTS)
- LTS on-going support in Gabon, Liberia, Lesotho, Botswana, Mozambique and Uganda
- Support NDC implementation in Burkina Faso, Ethiopia and Zambia

USD 450 million mobilized in co-financing and external climate funds in 2023



Africa offers tremendous greenfield investment opportunities to support climate action

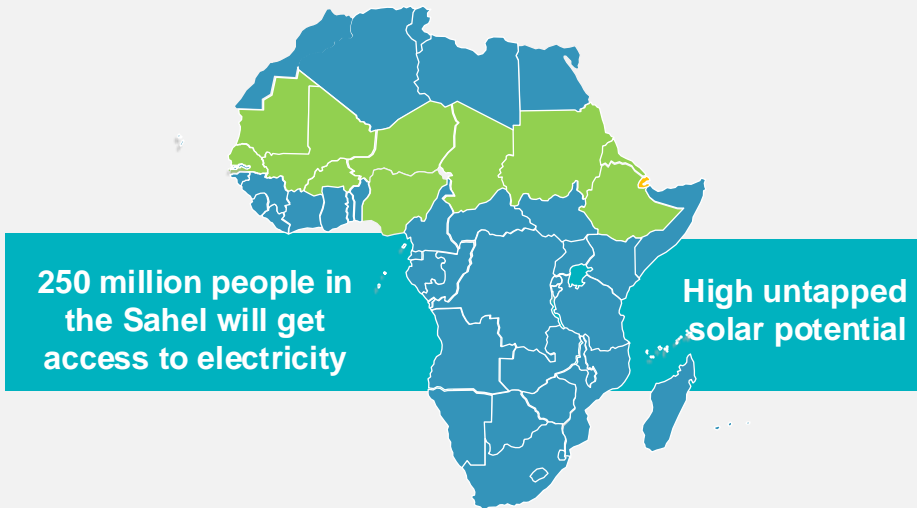
Harnessing the sun to power the Sahel region



Transforming the Sahel into the largest solar power production zone

New approach

- Innovative blended finance package
- Cooperation with financial and specialized institutions, developers and political initiatives
- Encouraging new technologies



Multiregional Desert-to-Power Initiative – 225 KV Mauritania-Mali Power Interconnection and Related Solar Power Plants Development Project

Project cost: USD 888 million / ADF grant: USD 303 million
Year of approval: 2023

The objective of the project is to increase solar power generation and evacuation capacity and electricity access in Mauritania and Mali, by building a transmission interconnection between the two countries and through the development of electrical power grids.

Partnering with



Desert-to-Power Initiative

- Transform economic, social and climate related fragility of the Sahel region into resilience
- Create world's largest solar zone with 10 GW solar capacity by 2030

Desert-to-Power projects approved in 2023

Eritrea	Dekemhare 30 MW Solar PV Project
Mauritania	Rural Electrification Project by Mini-Grids
Multinational	225 KV Mauritania-Mali Power Interconnection and Related Solar Power Plants Development Project
Multinational	Desert-to-Power Regional Technical Assistance Program for the Sahel

Improve regional energy interconnection

Attract private sector in renewable energy

Slow migration and address fragility

Reduce poverty and improve food security

Develop agriculture and other economic activities

Increase gender inclusion and employment

Africa, the renewable energy powerhouse that will provide green solutions to combat climate change

Transforming agriculture, the greatest potential for Africa



Africa's challenges are a matter of global concern

Demographic

- 20% of Africa's population is undernourished
- 11% GDP loss in Africa is caused by malnutrition
- 34% of children under 5 are stunted
- 28 million people became food insecure between 2020 and 2022

Economic

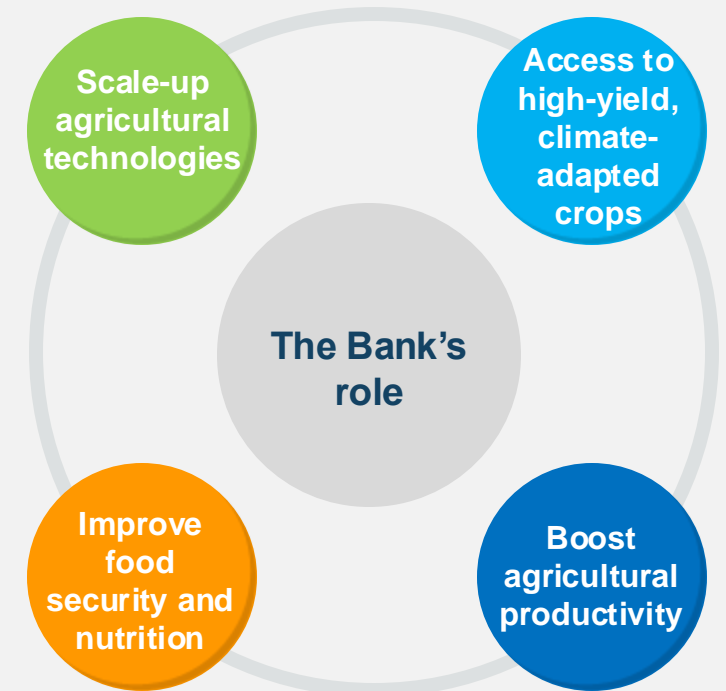
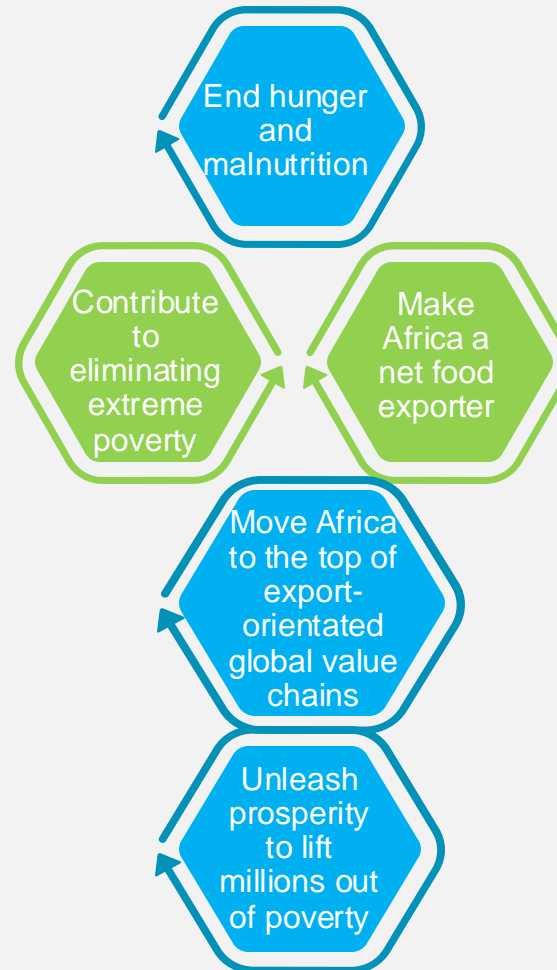
- Over USD 100 billion made in revenue each year from chocolate...
- ...of which Africa just receives 2%
- 60% of the world's arable land not yet put into production is in Africa
- USD 50 billion in agricultural trade deficit annually

Environmental

95% of African agriculture is rainfed and therefore vulnerable to drought

Weather shocks costing 2% contraction in GDP

Our over-arching goals



Development impact from projects completed in 2023

- **11 million farmers** using improved inputs, including micro-irrigation, fertilizer, and climate-resilient seeds
- **33,820** agri-businesses supported
- **971 km** of feeder roads built or rehabilitated
- **52,625 hectares** of land with improved water management

Transforming agriculture, the wealth of Africa, is central to growth, poverty eradication and food security

Climbing up agricultural value chains



Approvals in 2023: USD 787 million
Transform African agriculture into a globally competitive, inclusive, business-oriented sector



Angola - Agriculture Sector Reform Program

Project cost: USD 105 million / ADB financing : USD 105 million

Year of Approval: 2023

The program will deepen reforms towards more efficient agricultural markets, while strengthening the governance and capacity of agriculture public institutions, encouraging the private sector to participate in agricultural markets and thus contributing to raise cereal and oil seed production in the country.

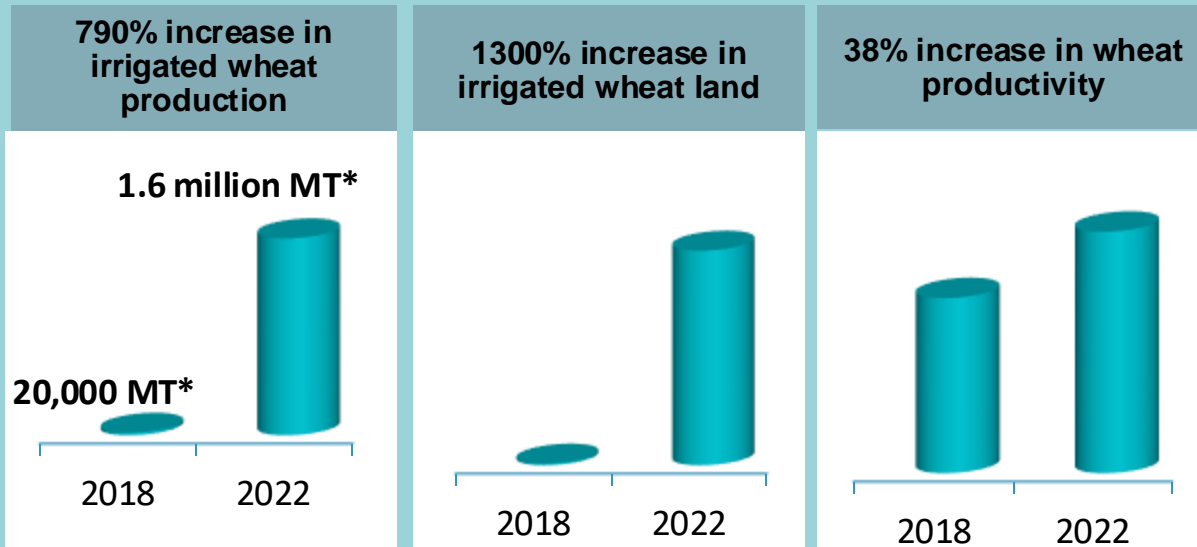
Expected development outcomes:

- 42,000 farmers to access modern agriculture inputs (50% women)
- 33,000 additional hectares in sustainable land acreage under production in Eastern Region
- 70% increase climate smart oil seeds
- 300% increase in climate smart cereals production

Wheat success story in Ethiopia

Transitioning from wheat importer to wheat exporter

Ethiopia became wheat self-sufficient in 2022...

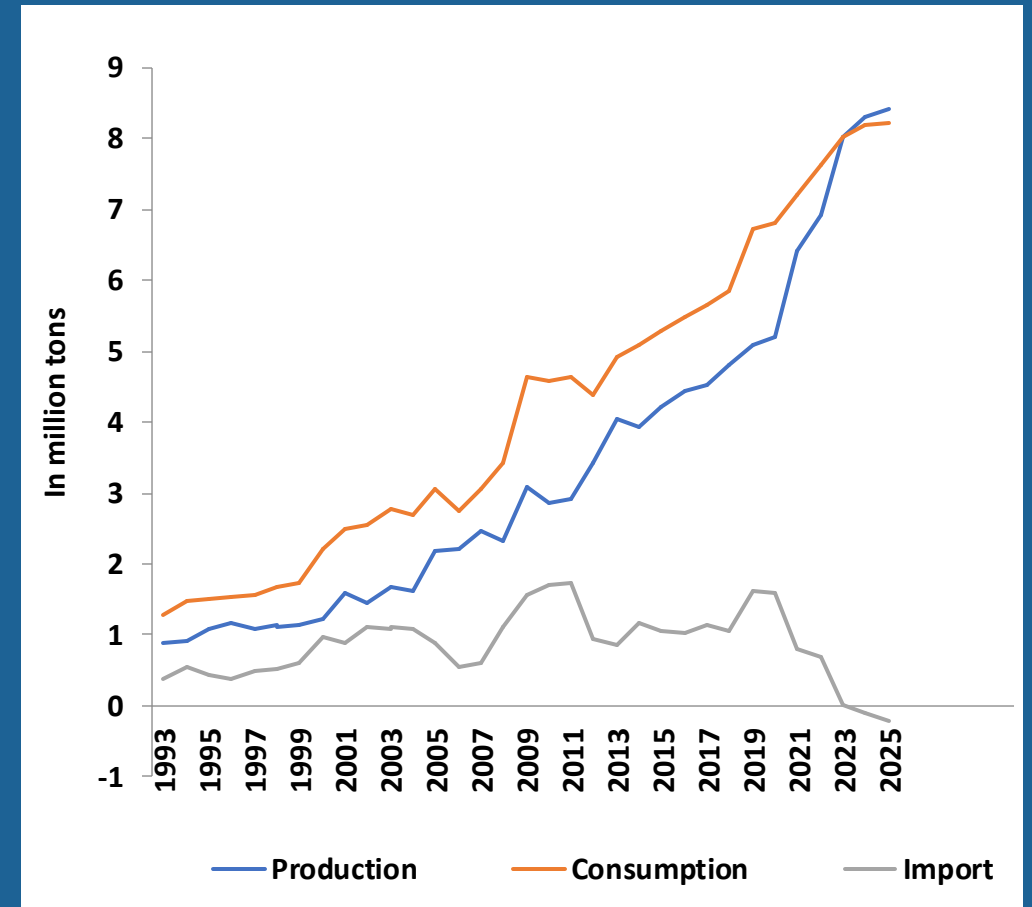


*MT= Metric Tons



The Bank's Technologies for African Agricultural Transformation (TAAT) program distribution of over 100,000 tons of certified seeds significantly expanded the cultivated wheat area under irrigated lowland conditions from under 5,000 hectares in 2018 to over 650,000 hectares in 2022, contributing to Ethiopia's success.

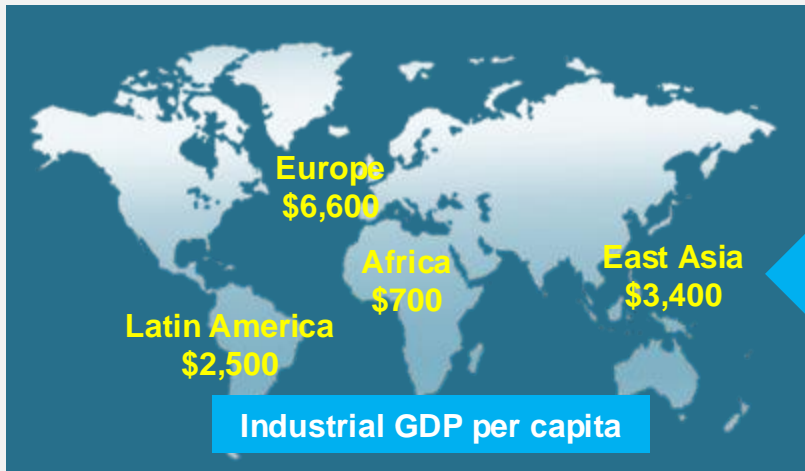
... And started exporting wheat from 2023



Africa's manufacturing sector, an engine of job creation

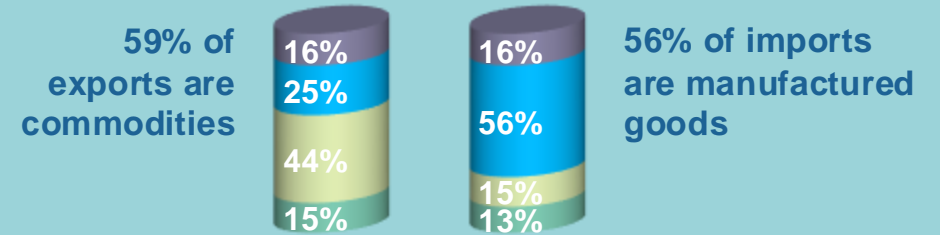


Strengthening regional ties and targeted policies can spur further industrial growth



Improve global competitiveness

Exporting raw commodities and importing manufactured goods



EXPORTS IMPORTS

■ Agriculture Products ■ Fuels and Mining Products ■ Manufactured Goods ■ Others

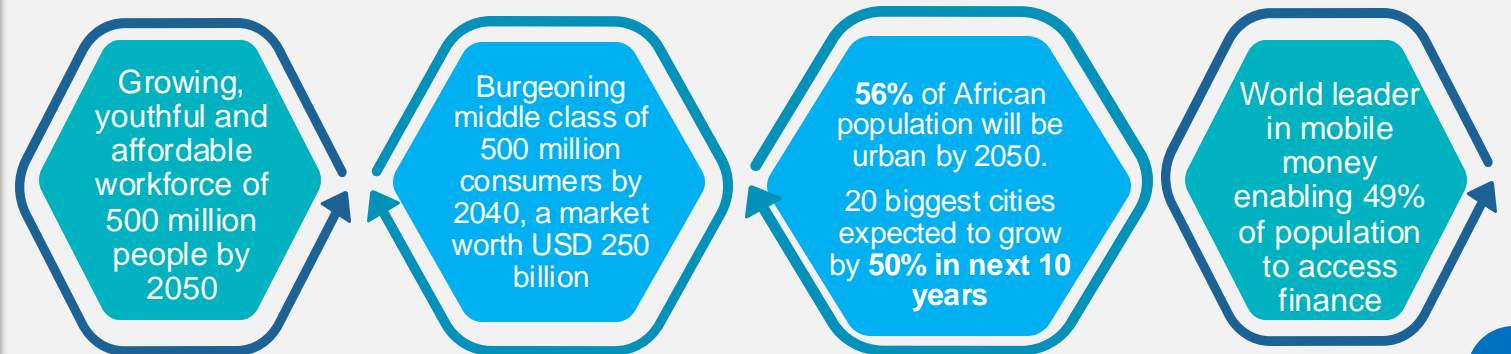
Although manufacturing doubled over past decade, 2/3rd is produced in Algeria, South Africa, Nigeria and Egypt

*As of 2019

The Bank's priority sectors and goals

- Develop agro-processing in special processing zones
- Support extractive resources beneficiation
- Support Africa's net zero transition
- Focus on connectivity infrastructure, digital and data services
- Support pharmaceuticals and vaccine manufacturing sector
- Develop the textile sector

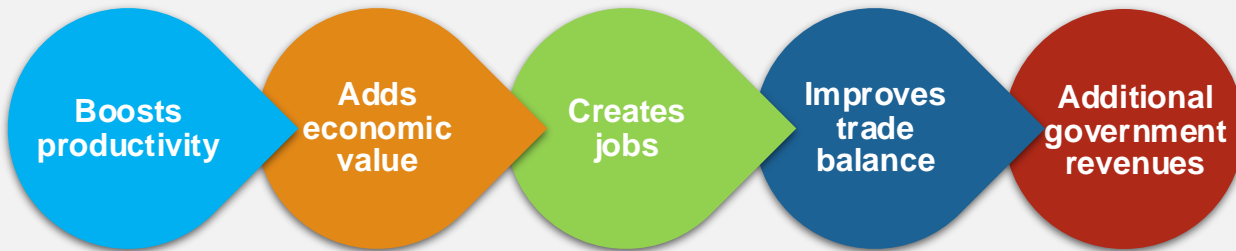
Africa's global competitiveness is improving



Promoting transformation to keep wealth within Africa

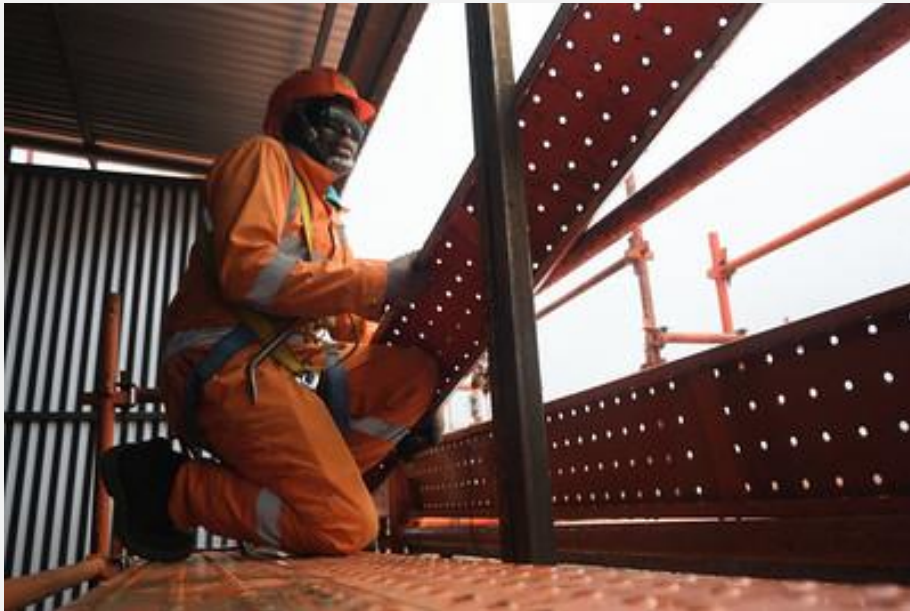


Processing locally to advance economic diversification



Development impact from projects completed in 2023

- 352 km of roads constructed, rehabilitated, or maintained
- 443,510 enterprises supported with access to finance, 53% of them women-owned



Côte d'Ivoire - Diversification, Accelerated Industrialization, Competitiveness and Employment Program

Project cost : EUR 178 million / ADB financing: EUR 120 million

Year of approval: 2023

The program seeks to strengthen the government's efforts to promote economic diversification, green transition, and industrial development. It aims to support reforms and investments in public goods required to create jobs, develop the private sector, de-risk the financing of small and medium enterprises and innovative start-ups, support the competitiveness and exports of enterprises and create jobs.

Expected development outcomes:

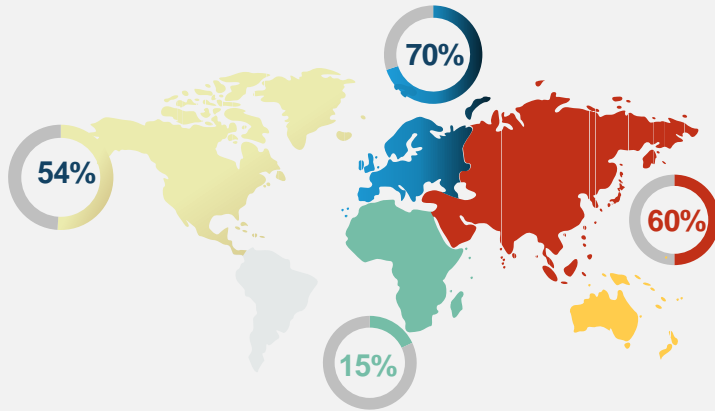
- EUR 43 million in loan financing to MSMEs, of which EUR 11 million earmarked for women-run businesses
- 500 SMEs to receive technical and management assistance
- 10,000 jobs created or secured

Shifting labor and capital resources to high productivity economic activities

Connecting the continent to unlock and accelerate development

Ushering in a new era for intra-Africa trade and economic cooperation

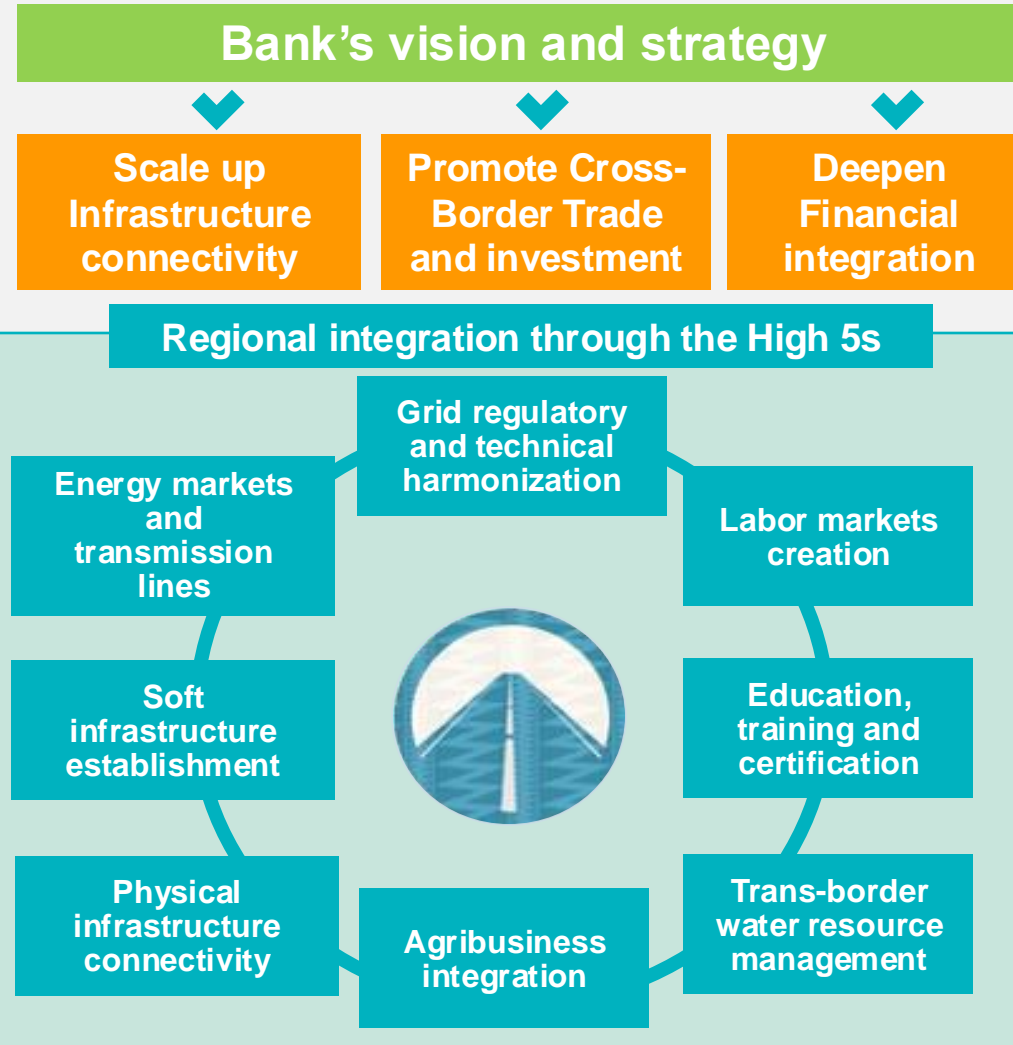
Low intra-Africa trade*



*As of 2019

Impediments to intra-regional trade

- Poor infrastructure
- Non-tariff barriers
- High cross-border trade cost
- Low visa openness



Greater political will for integration



Africa Continental Free Trade Area (ACFTA), a milestone

World's largest free trade area

- Signed by 54 countries (30 ratifications)
- Promotion of freer, expanded trade and reduction of other non-tariff obstacles

ACFTA expected outcome by 2035

- 90% of intra-Africa trade
- USD 450 billion increase in trade
- 7% increase in average income
- 30 million people lifted out of poverty

Crossing borders to drive competitiveness



Uganda – Muko-Katuna-Kamuganguzi/Laropi-Moyo-Afoji Road Project

Project cost: USD 293 million / ADB financing: USD 180 million
Year of approval: 2023

The project will improve rural transport connectivity and facilitate integration in the Kigezi and Moyo districts by increasing transport access, thereby expanding internal and cross-border trading opportunities. It is expected to boost income, deepen regional integration, and facilitate trade while opening an alternative transport corridor linking Uganda, South Sudan, and Central African Republic.

Expected development outcomes:

- 759 additional vehicles/day passing through the Laropi-Afoji road
- 145 km of roads asphalted and rehabilitated
- USD 55 million increase in earnings from annual Cross-border intra-trade
- 1,200 jobs created
- 75% reduction of travel time on Katuna-Muko-Kamuganguzi road
- 14,000 additional annual tourist arrivals

Development impact from projects completed in 2023









- **3.5 million people** gained access to better transport services
- **163 km** of cross-border roads constructed or rehabilitated
- **1,303 km** of cross-border transmission lines constructed or rehabilitated



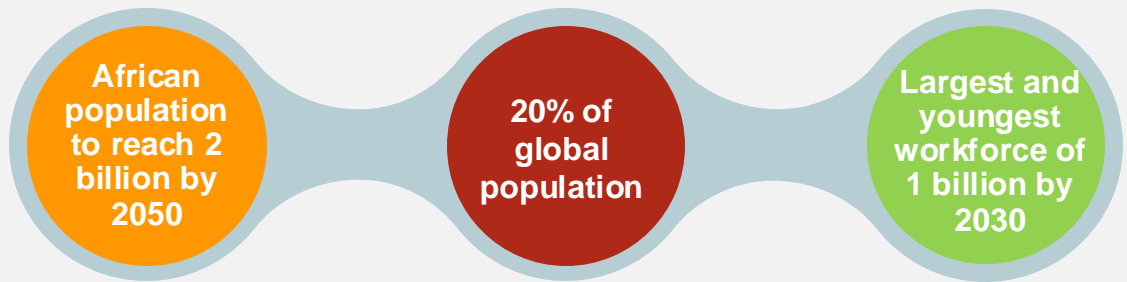
Opening opportunities for trade and travel and encouraging greater foreign investments

Converting human potential into opportunities



Africa today	...By 2030
 40% of Africans live below the poverty line*	 10 poorest countries in the world will be African
 72% of non-agricultural work in the informal sector	 83% of world's poor will be in Africa
 1/3 of youth unemployed	 100 million youth without jobs
 10 million entering labor market yearly	 Only 50% of new labor entrants will find jobs

Successfully absorbing Africa's workforce holds the key to creating Africa's demographic dividend



- ### Our strategy
- Creating jobs and opportunities for the youth to reduce pressure for irregular migration
 - Skilling-up youth in science and technology to take advantage of the 4th industrial revolution (4IR)
 - Improving access to water and sanitation
 - Strengthening health systems



69% of the population have access to safe drinking water

33% of the population have access to basic sanitation services

*on less than \$2 per day

The youth are Africa's greatest assets

Equipping Africa to meet tomorrow's challenges



Rwanda – Transformative and Sustainable Water and Sanitation Program, Phase I

Project cost: USD 274 million / ADB financing: USD 200 million

Year of approval: 2023

The program is aimed at improving access to water supply for an additional 2.3 million people and access to basic sanitation services for 380,000 people in the targeted districts of Rwanda. It will strengthen water resources management and improve the operational performance of water and sanitation service providers and strengthen the resilience of the populations against climate change and variability.

Expected development outcomes:

- 2.3 million addition people with access to clean drinking water
- 15% increase in access to basic sanitation services
- 1,184 km of distribution network constructed
- 34,000 jobs created
- 4 water treatment plants constructed
- 507 water sector personnel trained

Development impact from projects completed in 2023

- **9 million people** with new or improved access to water and sanitation
- **2.8 million people** with access to better health services, **1.3 million** of them women
- **1 million people** trained through Bank operations, **461,671** of them women



Preparing for the future



Accelerating the empowerment of women



AFAWA aims to unlock USD 5 billion by 2026 to support women SMEs

Multinational - ETC group limited trade and agri-finance facility approved in 2021

AFAWA Technical Assistance Grant of USD 2 million to support women farmers and entrepreneurs in Tanzania, Mozambique and Zambia to increase their business capacities along agriculture value chains and improve access to finance.

AFAWA risk-sharing mechanism

\$126 million AFAWA Guarantee for Growth (G4G) to be on-lent to 788 women entrepreneurs and enhance financial institutions' appetite in lending up to \$3 billion to women-owned businesses

Women Entrepreneurship Enablers Program

- Enhanced capacity for 10 women business associations
- 16,000 women impacted from 26 countries



Bank Group Gender Strategy 2021– 2025



Empowering women through access to finance and markets

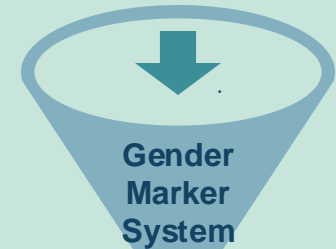


Accelerating employability and job creation for women through skills enhancement



Increasing women's access to social services through infrastructure

Systematizing gender mainstreaming in Bank operations



100% of sovereign operations screened through the GMS in 2023



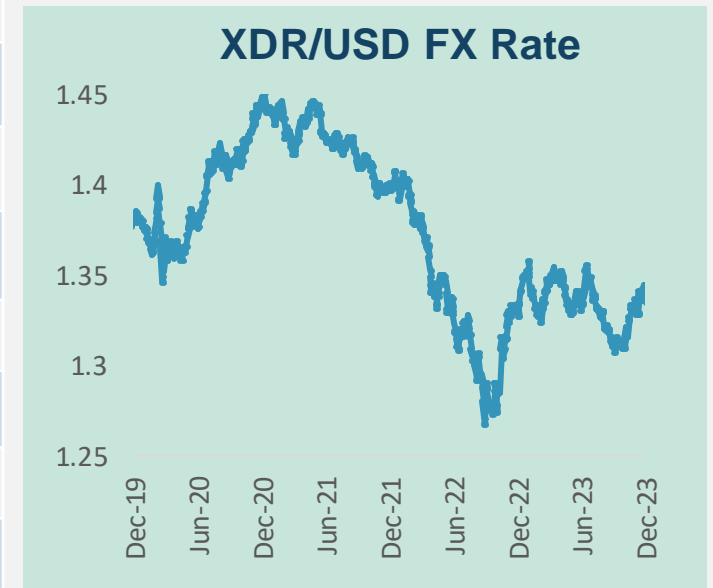
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DE DEVELOPPEMENT

FINANCIAL PROFILE OF AFRICAN DEVELOPMENT BANK



Summary financial information

(in USD million)	2019	2020	2021	2022	2023
Assets	48,736	50,912	50,840	50,866	52,955
Loans	27,409	30,024	28,135	27,542	29,546
Investments	14,274	12,712	13,707	15,588	16,613
Cash	2,949	3,359	4,623	3,767	1,856
Borrowings	35,216	36,137	35,151	32,278	33,242
Equity	10,197	11,221	12,185	13,152	14,509
Paid-in Capital *	6,329	7,105	7,774	8,267	9,123
Reserves	3,868	4,116	4,410	4,885	5,386
Income before distributions	174	286	135	318	545
Subscribed Capital	91,469	145,246	207,801	197,987	198,719



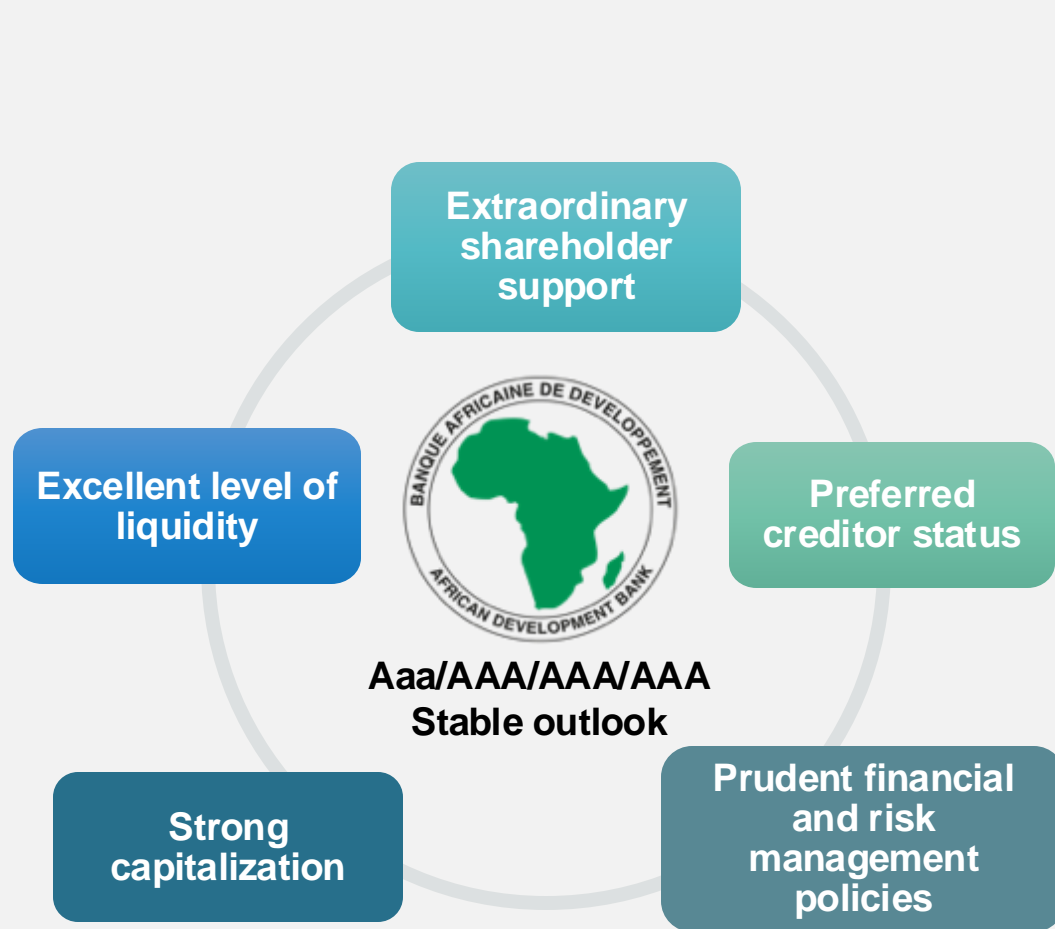
* Net of Cumulative Exchange Adjustment on Subscriptions

** Unaudited figures

Note: Reporting currency is Special Drawing Rights (SDR) of the IMF. Data converted to USD at period-end exchange rates

SDRUSD: 1.38283 (2019); 1.44027 (2020); 1.39958 (2021); 1,33084 (2022); 1.34167 (2023)

The Bank's AAA, a driving force for development



STANDARD & POOR'S

"The stable outlook indicates that we expect AfDB to expand lending in both the sovereign and non-sovereign portfolios. We anticipate that it will benefit from preferred creditor treatment and will maintain strong funding and liquidity profiles.."
August 2024

MOODY'S

"Moody's views the ability and willingness of AfDB's shareholders to provide support to be very high, which provides uplift to the Bank's intrinsic financial strength."
October 2023

FitchRatings

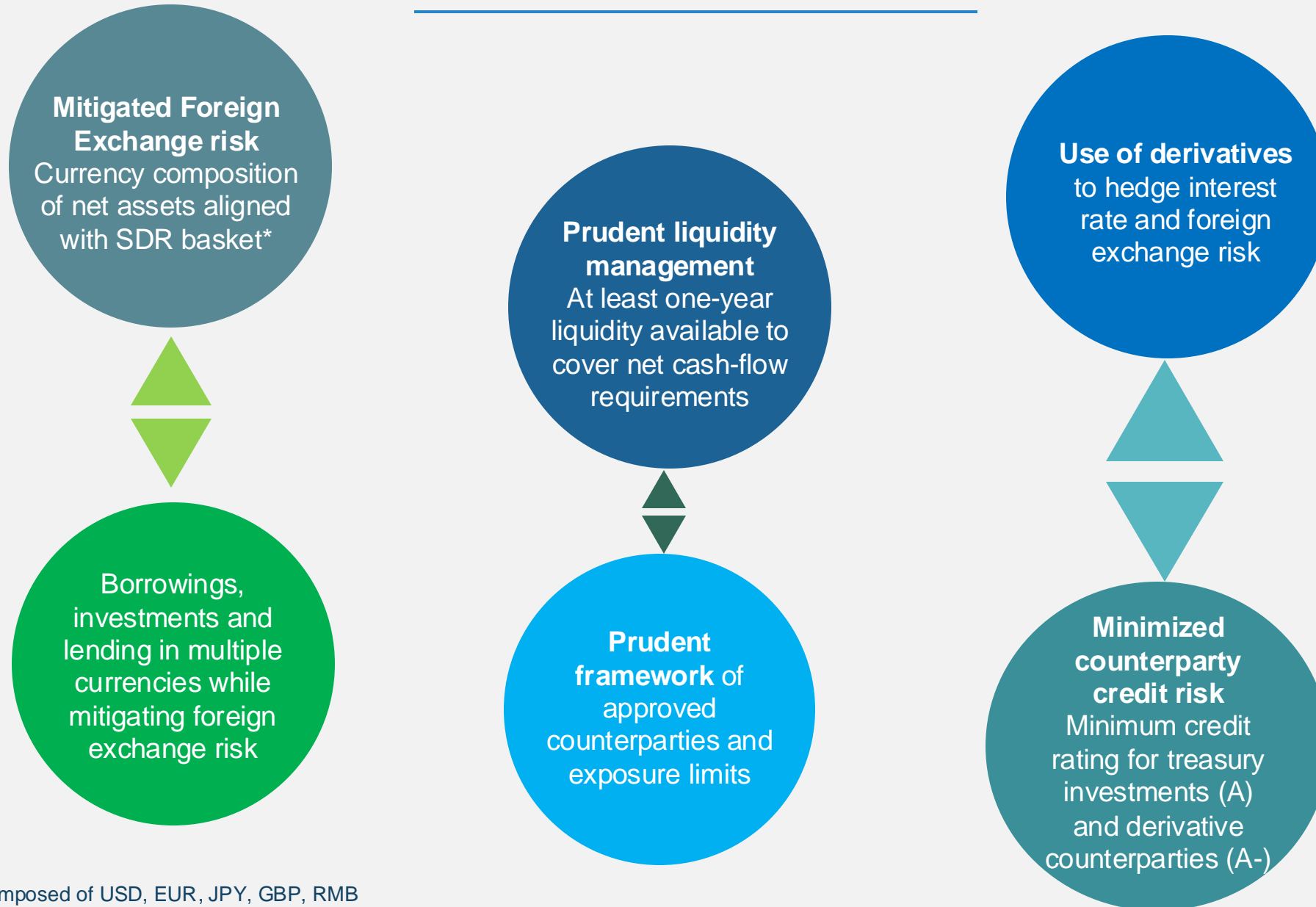
"AfDB's 'aaa' liquidity assessment reflects the Bank's 'excellent' liquidity buffers, the high quality of liquid assets and its access to capital markets."
July 2024



Japan Credit Rating Agency, Ltd.

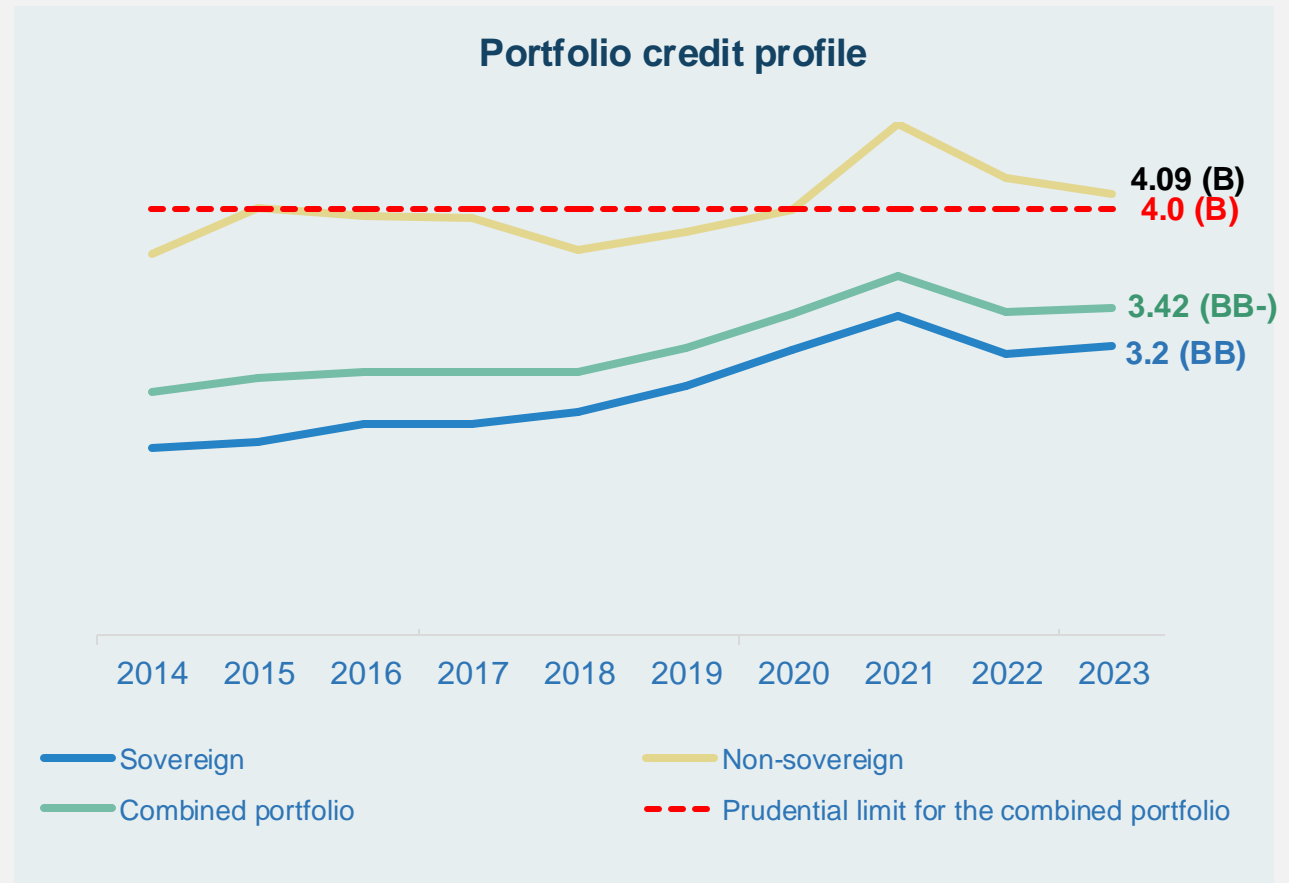
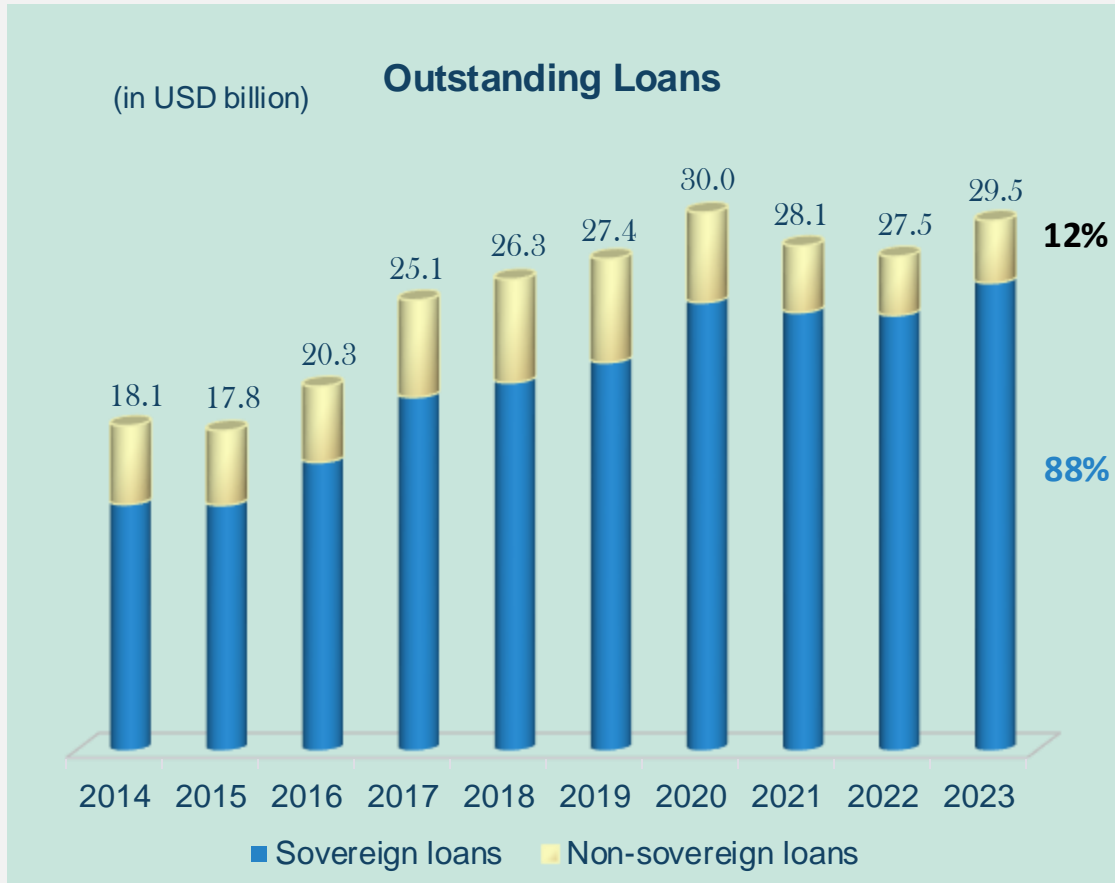
"The ratings primarily reflect the solid support the Bank enlists from its regional and non-regional member countries; its solid financial base; its prudent financial and risk management policies; and its status as a "preferred creditor"."
October 2023

Prudent risk management policies consistent with our rating



* Composed of USD, EUR, JPY, GBP, RMB

Lending to bolster Africa's transformation

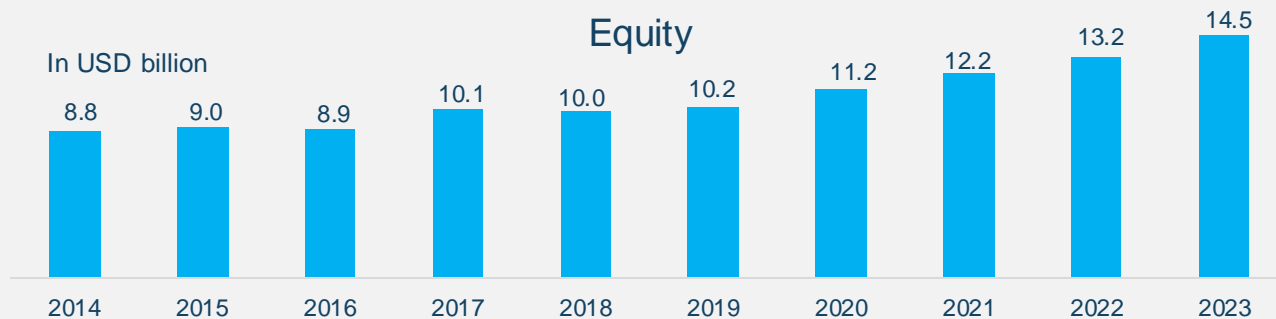
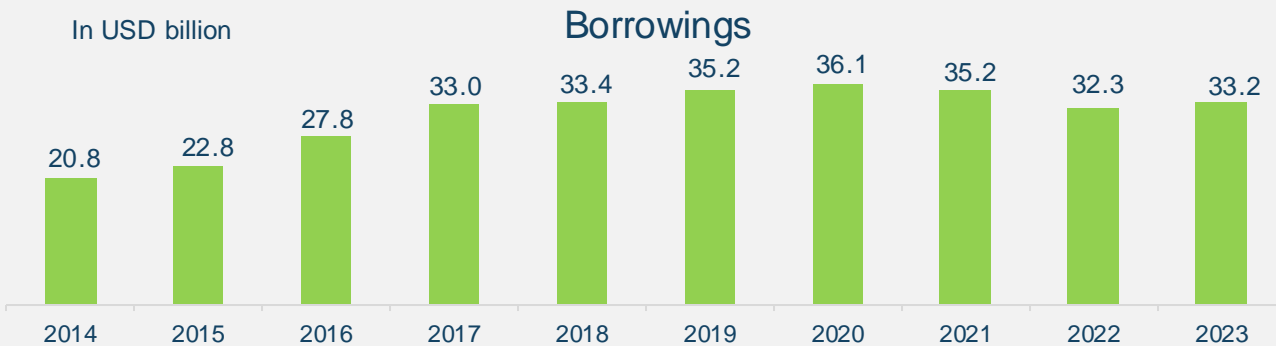
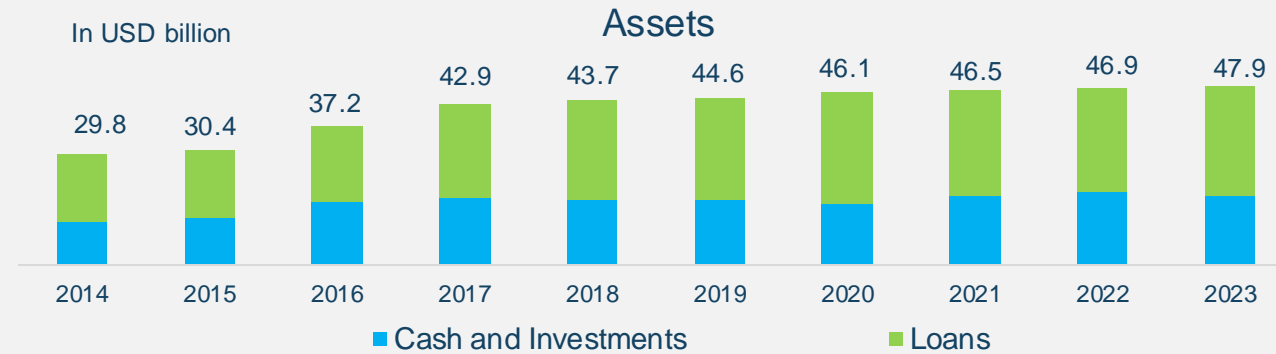


Weighted Average Risk Rating (WARR) within the Bank's target range of 3 (BB) and 4 (B)

Extending lending while maintaining and sustaining risk profile in line with Bank's risk appetite

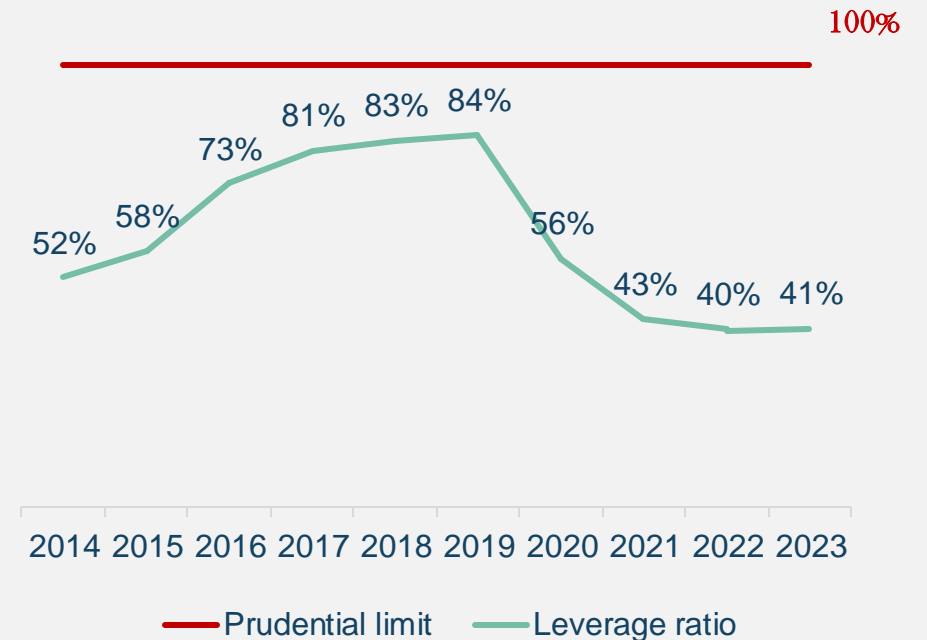
Leveraging capital to fund the Bank's development mandate

Putting the balance sheet to work for Africa



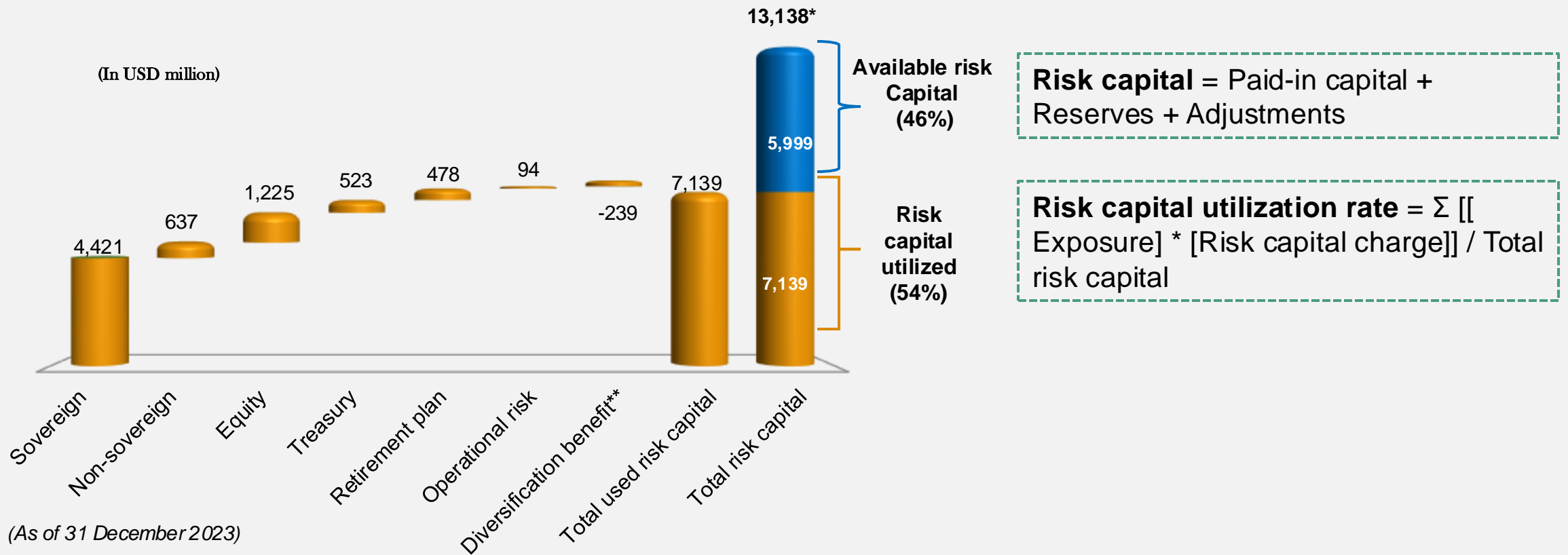
Leverage = Debt/Usable Capital

Usable capital = Σ (Paid-in capital, Reserves, Callable capital of non-borrowing countries rated A- and above)



Using capital to efficiently deliver on the continent

Bank's Risk Capital Utilization driven by various exposures and exposure amounts



* Total risk capital after adjustments made for valuations of equity investments and borrowings

** Diversification benefit stems from correlation between risks

Innovations in redeploying capital for the High 5s

Optimizing the Bank's balance sheet to further its impact

UK Foreign Commonwealth and Development Office (FCDO) USD 1 billion guarantee to support the Just Energy Transition in South Africa – approved in December 2023

- Enhancing lending portfolio in support of South Africa's Just Energy Transition
- Supporting projects in renewable energy, energy efficiency, green hydrogen, new electric vehicles and Just Energy Transition activities in the Province of Mpumalanga and the country as a whole

AfDB and AIIB Partial Credit Guarantees (PCGs) support Africa's first Sustainability Panda Bond Issuance

- Facilitated Egypt's inaugural RMB 3.5 billion 3-year Sustainability Panda Bond issuance to finance green and social projects
- Egypt's inaugural Sustainability Panda Bond issuance fully guaranteed by AfDB (63%) and AIIB (37%)

Partial Credit Guarantee for Benin's mobilization of SDG financing

- EUR 195 million PCG provided by ADF to support Benin's access to a EUR 350 million 12-year loan
 - First loss guarantee from ADF
- Second loss insurance from African Trade and Investment Development Insurance (ATIDI) under the Africa Co-Guarantee Platform

Mobilizing financing to meet clients' needs

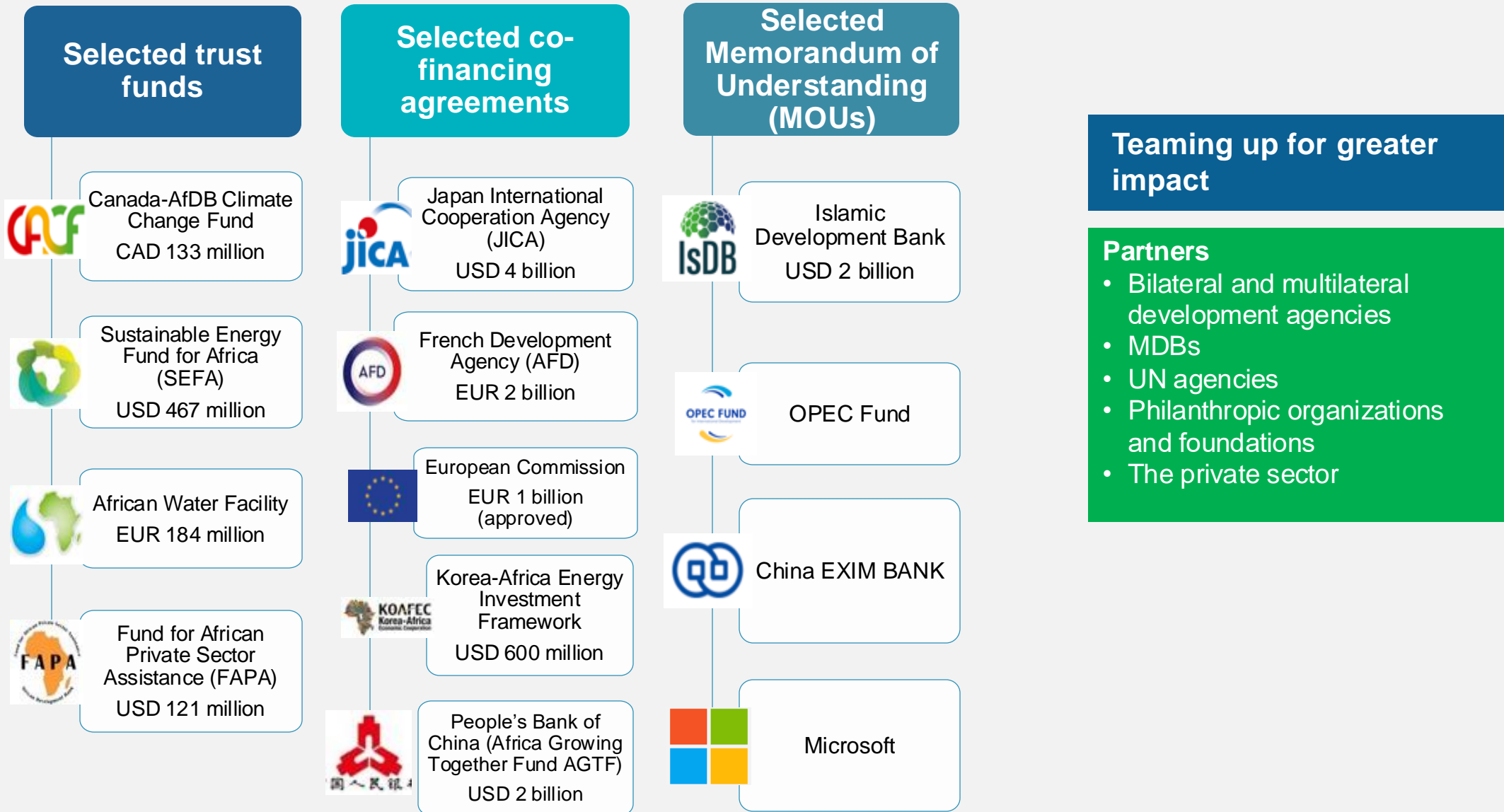
EUR 400 million Partial Credit Guarantee for Cote d'Ivoire ESG financing

- PCG covered a 15-year EUR 533 million ESG facility to Côte d'Ivoire
- Credit insurance of EUR 194 million from the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), under the Africa Co-Guarantee Platform, to cover risk of non-payment of principal on a pro-rata basis

AfDB secures insurer capacity at loan origination

- Insurance participation for a manufacturing transaction in West Africa at deal origination for USD 50 million led by insurance brokers
- Transaction was supported by 3 commercial insurers to enable the Bank to approve needed financing amount despite internal country lending limits

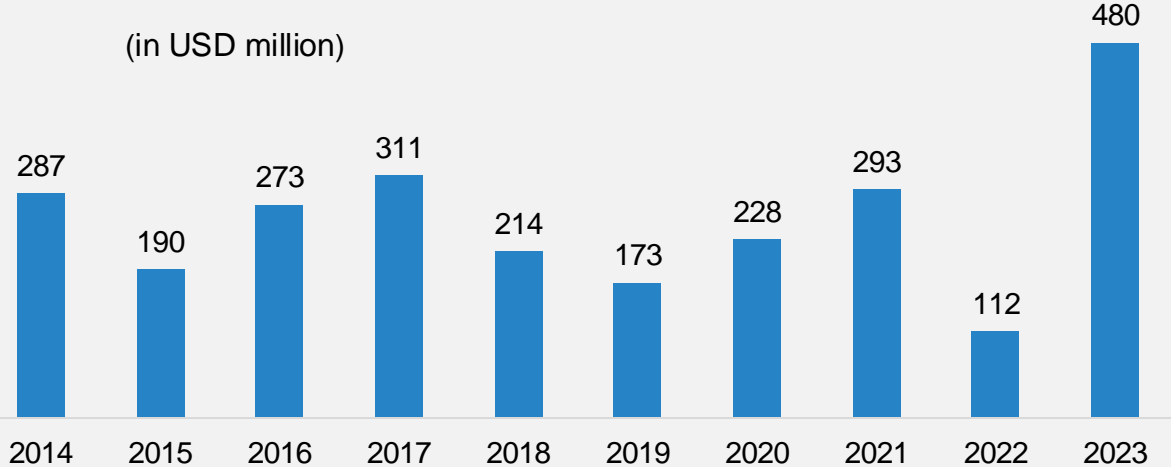
Mobilizing funds from partners to leverage our intervention



A solid institution with a strong financial performance

Allocable income

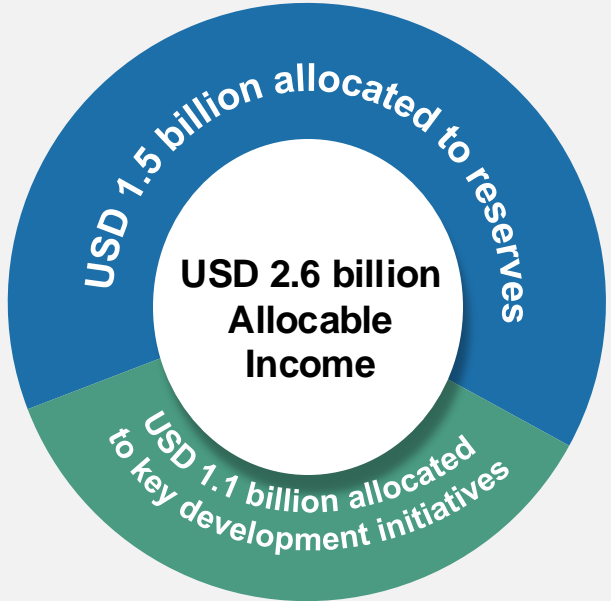
(in USD million)



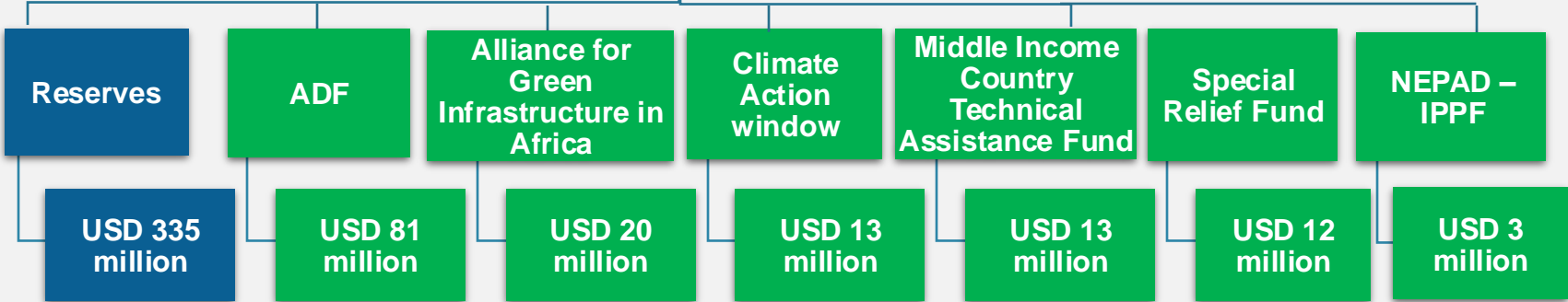
Allocable Income

Used for making distributions out of the Bank's net income. Reserves have first claim on allocable income

Income distributions since 2014



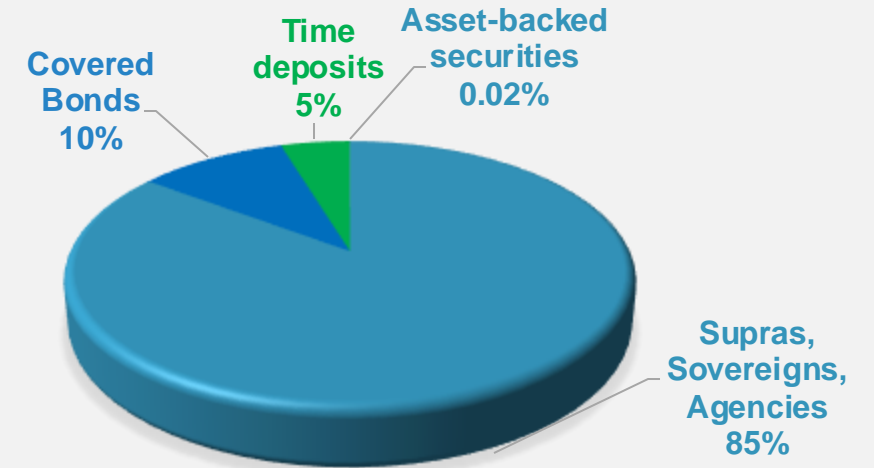
Transfer of allocable income for 2023



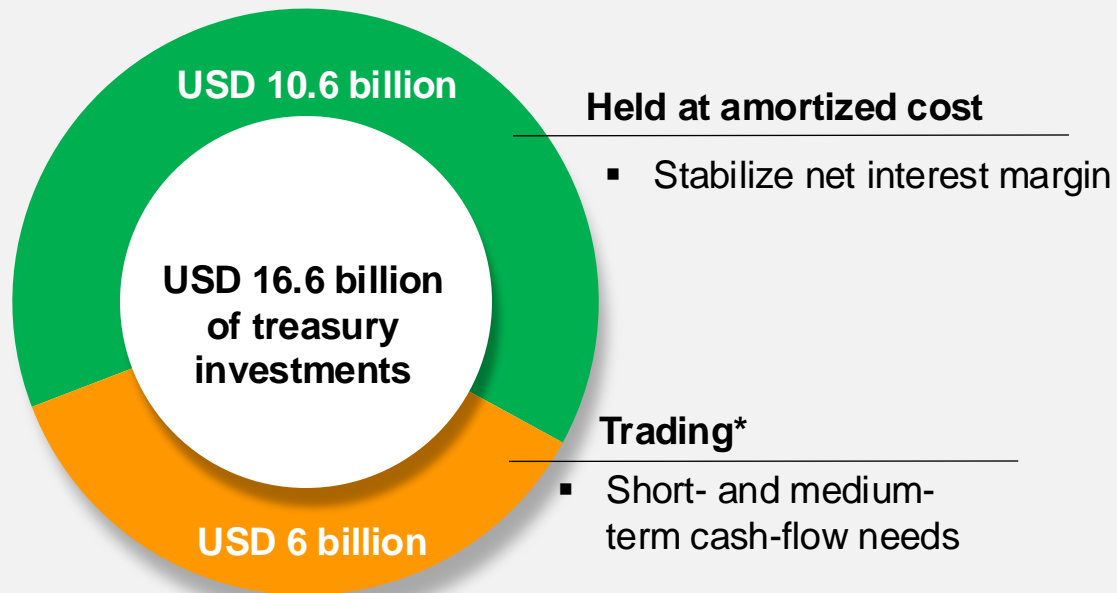
Bank's liquidity invested in high quality assets



Conservative portfolio to meet investment objectives

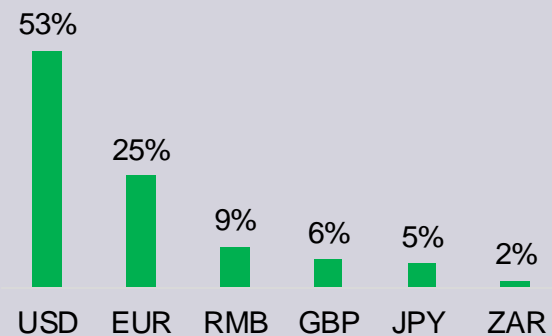


One-year liquidity available to cover net cash-flow requirements

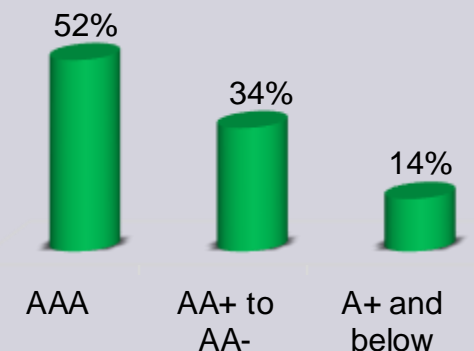


*Excluding cash and derivatives

Multi-currency portfolio



Very high-quality portfolio



(As of 31 December 2023)



AFRICAN DEVELOPMENT BANK GROUP
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DE DEVELOPPEMENT

CAPITAL MARKETS ACTIVITIES



Leveraging our AAA rating to meet Africa's needs

A diversified funding profile in 25 markets across the world



USD 33 billion
outstanding
borrowings

(As of 31 December 2023)

Approved borrowing program



*95% executed as of September 2024

Maintaining a
strong track record
in issuing liquid
global benchmarks

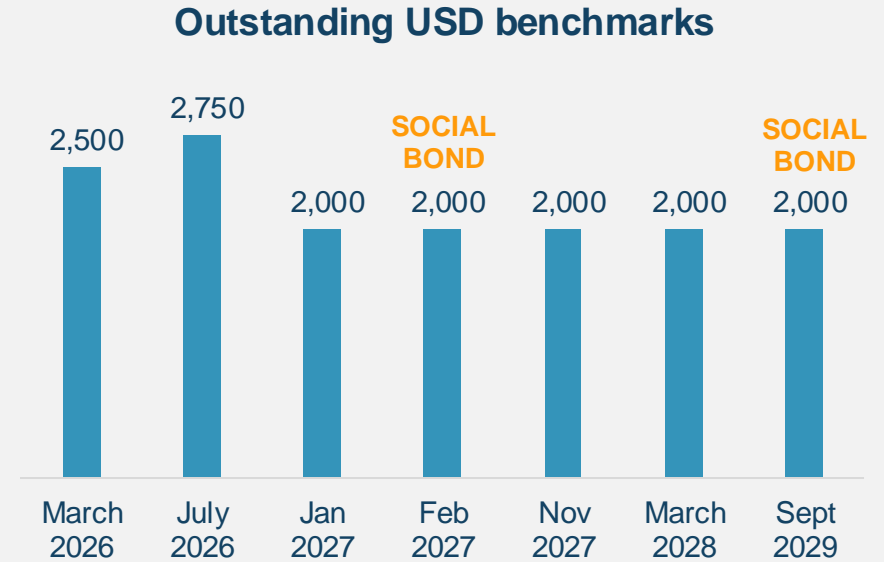
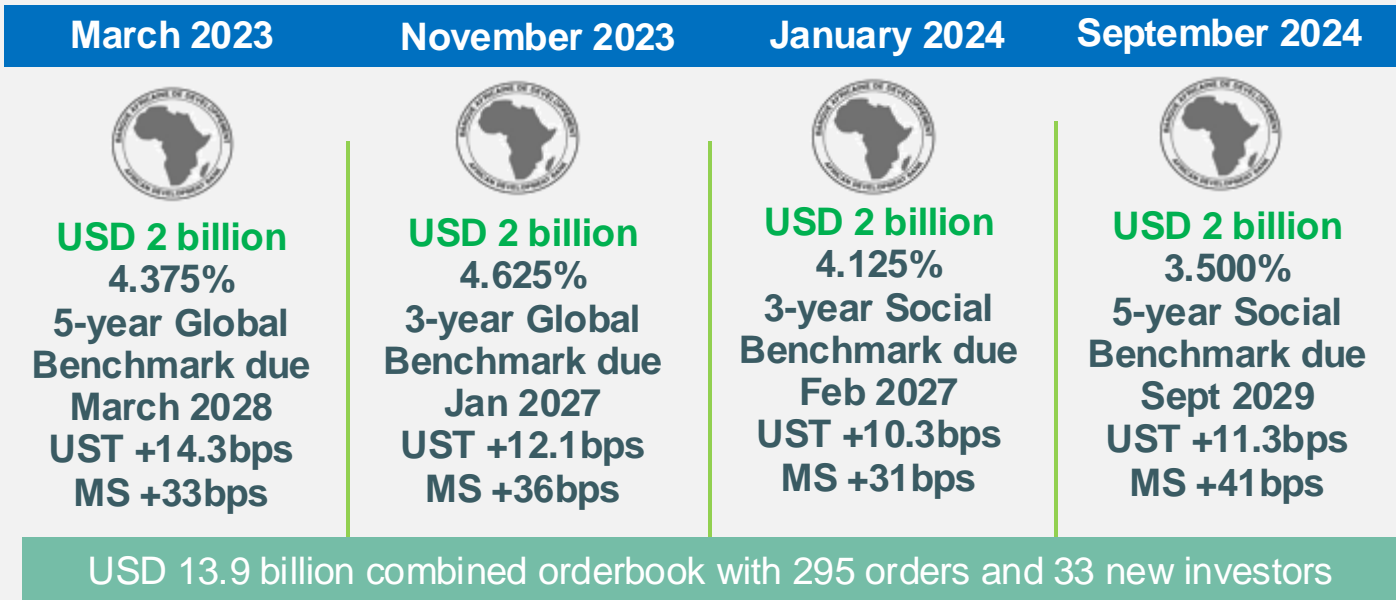
Deepening and
widening our
investor base
globally

Catering to the
needs of ESG
investors

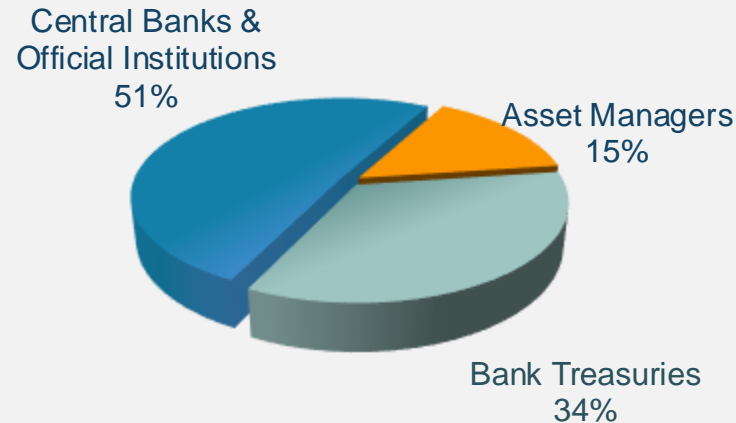
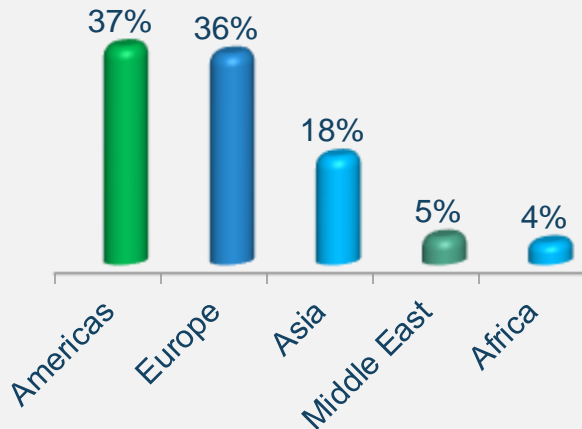
Supporting the
development of
African capital
markets

Attracting competitive funding levels for the benefit of the continent

USD Global Benchmarks, a cornerstone of the Bank's funding strategy






...deepening and widening the Bank's investor base



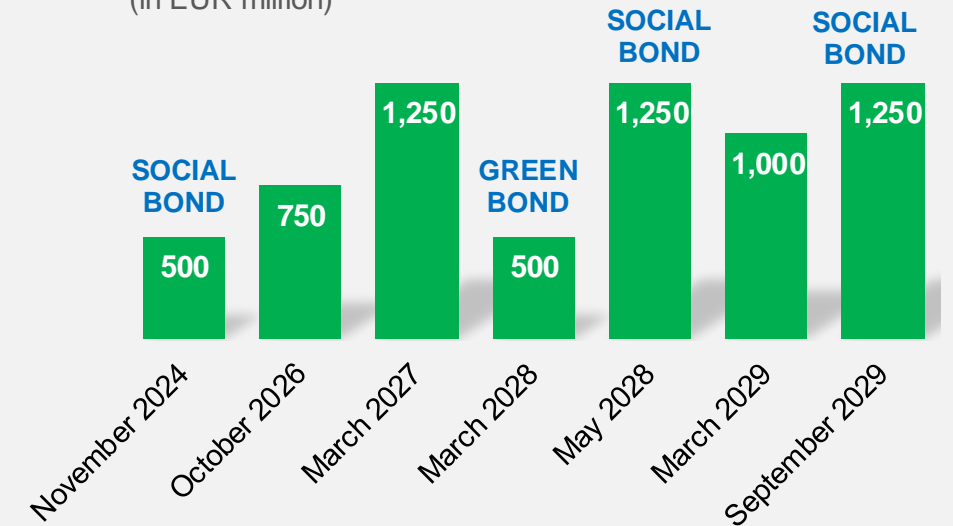
- Strong fundamentals and AAA rating
- High quality order books
- High quality of execution
- Good secondary market performance
- Strong developmental mandate

Euro issuance: expanding our footprint

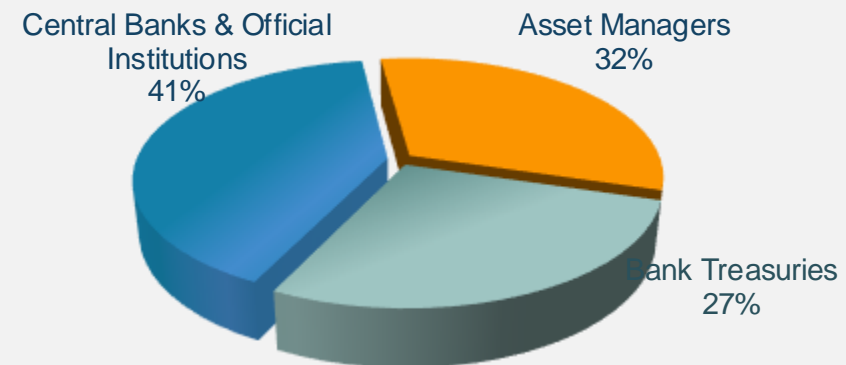
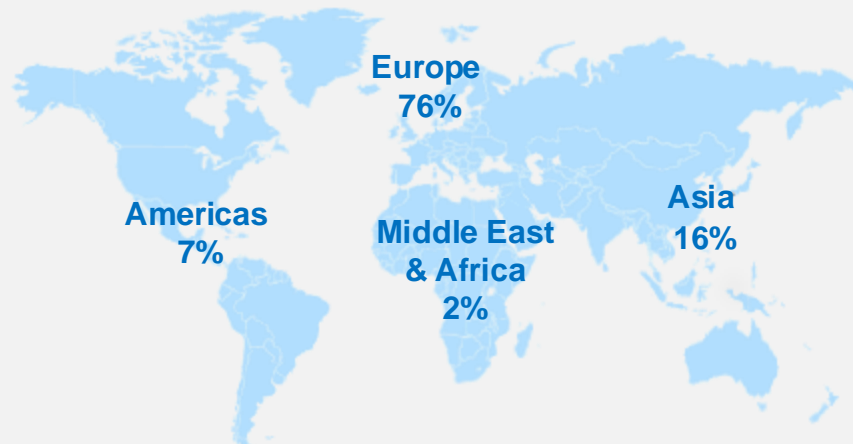
March 2022	September 2022	May 2024
 <p>EUR 1.25 billion 0.50% 5-year Global Benchmark due March 2027 Bund + 63.1bps OAT + 39bps Midswaps – 11bps</p>	 <p>EUR 1.25 billion 2.25% 7-year Social Benchmark due September 2029 Bund + 96.4bps OAT + 58.9bps Midswaps – 3bps</p>	 <p>EUR 500 million 2.875% 4-year Green Benchmark due March 2028 Bund + 39.5bps OAT + 9.7bps Midswaps + 2bps</p>
<p>“Best supranational bond”</p>	<p>emeafinance Achievement Awards 2023</p>	<p>“Best social bond”</p>
<p>Inaugural Green Bond in EUR</p>		

EUR 6.5 billion in outstanding Global Benchmarks

(in EUR million)



Diversifying the Bank’s investor base...



Investor reach in European markets

June 2023 July 2023

CHF 100 million
1.603%
Fixed Rate Note
due July 2028



Return to CHF market
after 14 years



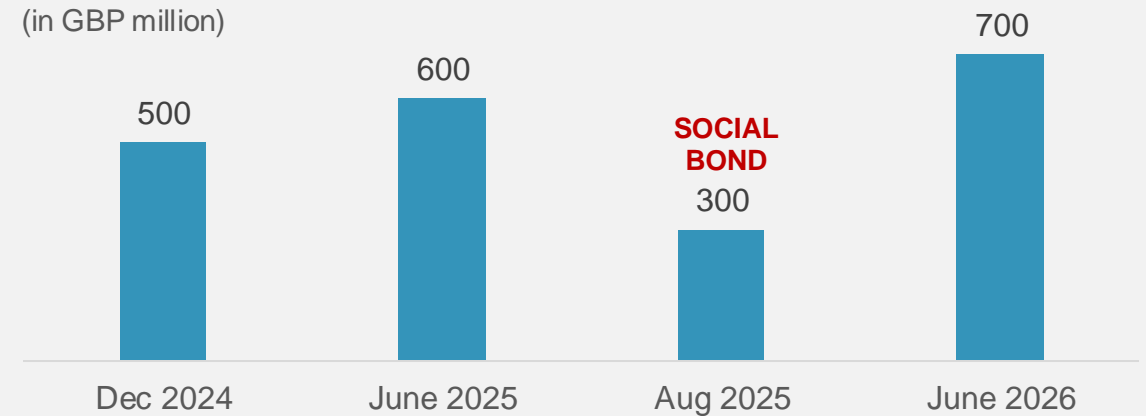
“Best CHF Bond”

GBP 300 million
5.5%
Social Benchmark
due August 2025
UKT + 65 bps

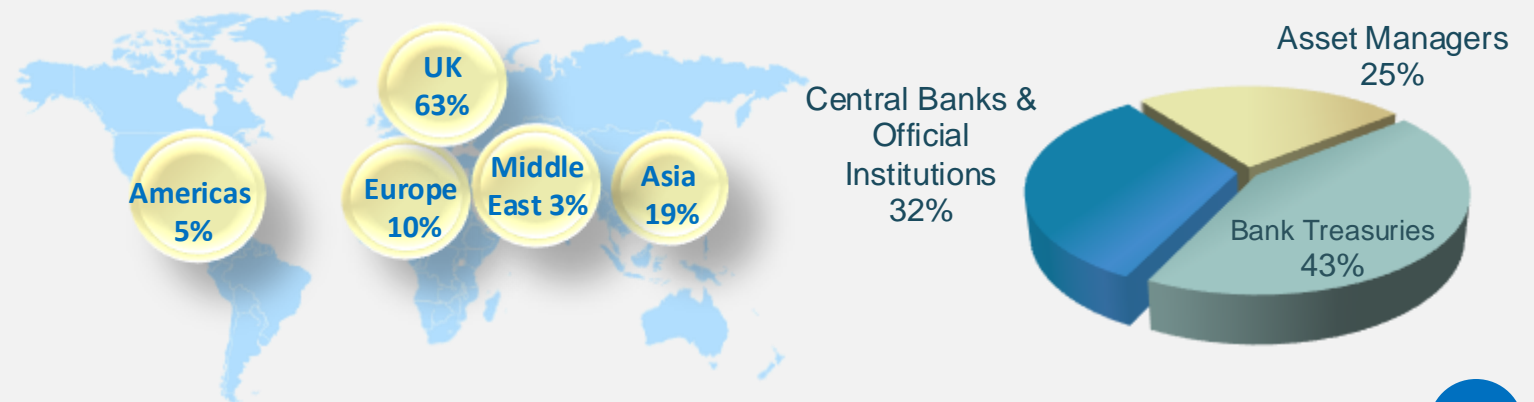


Inaugural Social Bond
on GBP market

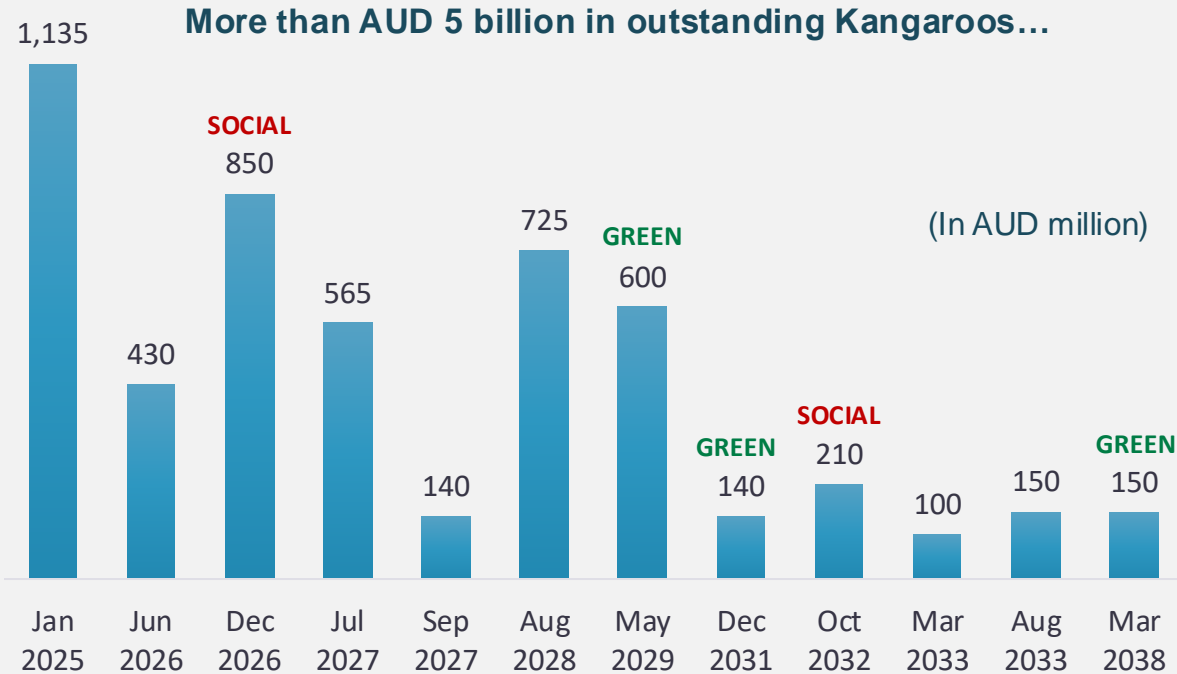
More than GBP 2 billion in outstanding Global Benchmarks



Investor breakdown in the sterling market ...



Scouring the world for cost-effective funding



... with more than AUD 1 billion issued in 2024

February 2024	March 2024	April 2024
AUD 600 million Green Kangaroo due May 2029	AUD 55 million Social Kangaroo due October 2032_Tap	AUD 250 million Social Kangaroo due December 2026_Tap
BBSW+46bps	BBSW+49bps	BBSW+27bps

USD 900 million in Private Placements and Uridashi issued in 2024, representing 15% of borrowings

Selected private placements issued in 2024



Sustainably green

USD 4.1 billion green bonds issued since 2013

2023
SEK 1.5 billion 5-year Green Bond due January 2028



2023
AUD 150 million 15-year Green Bond due March 2038



2023
NOK 2 billion 5-year Green Bond due March 2028



2023
SEK 1 billion 4-year Green Bond due November 2027



2024
AUD 600 million 5-year Green Bond due May 2029



2024
EUR 500 million 4-year Green Benchmark due March 2028




First Green Bond issued under the Sustainable Bond Framework

Inaugural Green Bond in EUR market

- Renewable energy
- Sustainable Mobility
- Energy efficiency
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management

Dedicated ESG investors

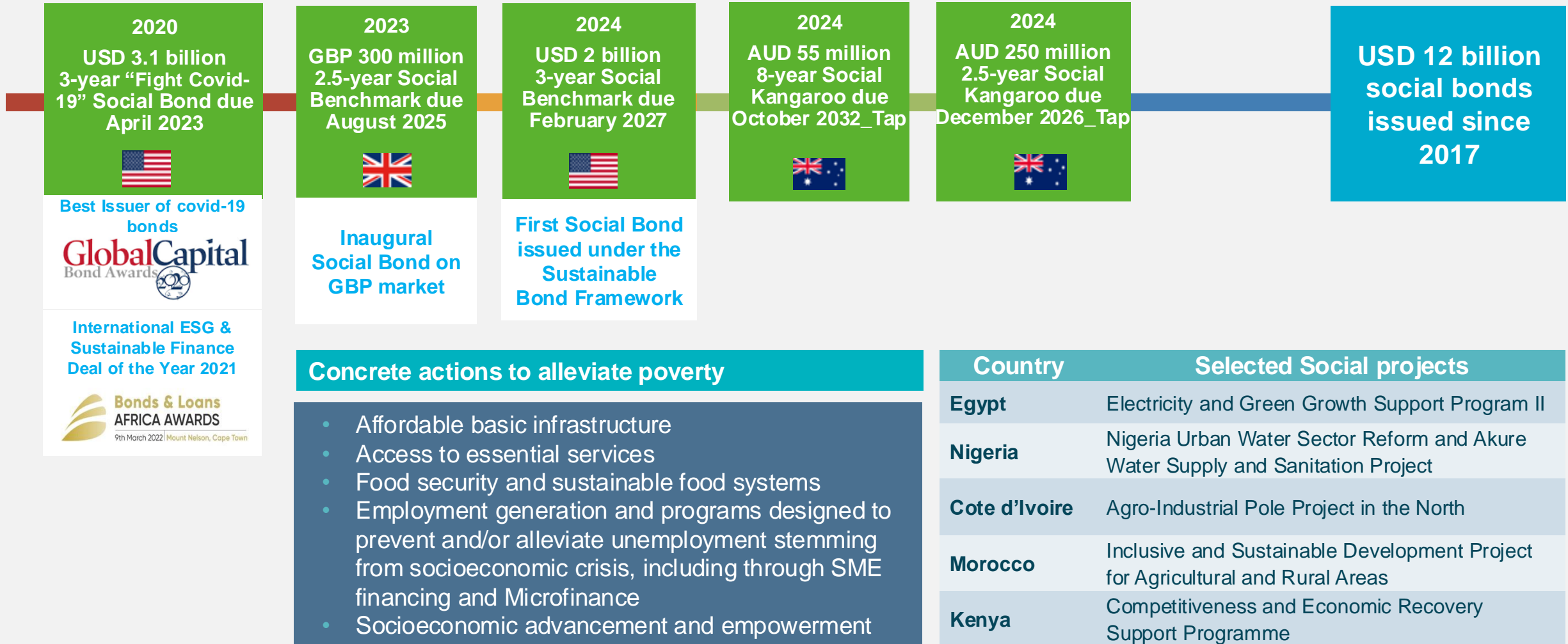
Affirmative IM, Alliance Bernstein, Amundi, AP2, AP3, AP4, AP7, APG, Blackrock, Brown Advisory, California State Teachers Retirement System, Calvert IM, City of Chicago, Kommunalbanken, Nordea IM, PGGM, Pictet AM, Praxis Impact Fund, SEB AM, Sony Bank, Storebrand, Syntrus Achmea, Taiju Life, TIAA-CREF, Trillium AM, Zurich Insurance

AfDB green bond portfolio contributing to 43 million tons of CO₂ emission reduction (as of June 2024)

Country	Selected Green projects
Egypt	Egypt National Railway Modernization Project
Gabon	Kinguele Aval Hydropower Project
Cote d'Ivoire	Project to Improve Sanitation and the Living Environment in the Autonomous District of Abidjan
South Africa	Redstone 100MW Concentrated Solar Power Project
Multinational	Cameroon and Chad Power Interconnection Project (Cameroon component)



Impactfully financing inclusive growth



Social impact reporting: https://www.afdb.org/sites/default/files/2023/12/18/social_bonds_impact_reporting_-_june_2023.pdf

High 5s success in Japan

社会的責任投資

Private Placements and Uridashi issued to satisfy specific investor demand

Attractive funding levels to mitigate overall cost of funds

Theme bonds to meet ESG investors' appetite in Japan



Government Pension Investment Fund Partnership to promote ESG investments



JPY issuance under the High 5s



JPY 100 million due August 2051
“Light Up and Power Africa”



JPY 100 million due July 2051
“Feed Africa”



JPY 150 million due March 2044
“Integrate Africa”

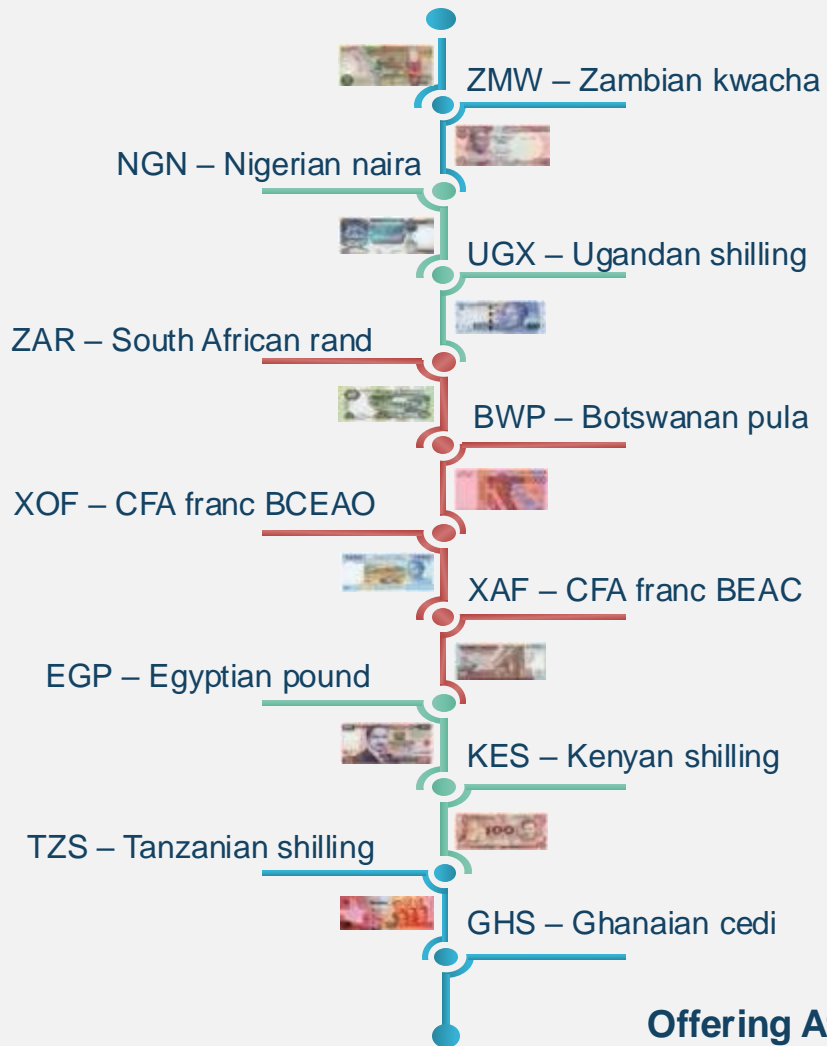


JPY 150 million due March 2053
“Improve the quality of life for the people of Africa”

USD 1.6 billion outstanding borrowings in JPY as of June 2024

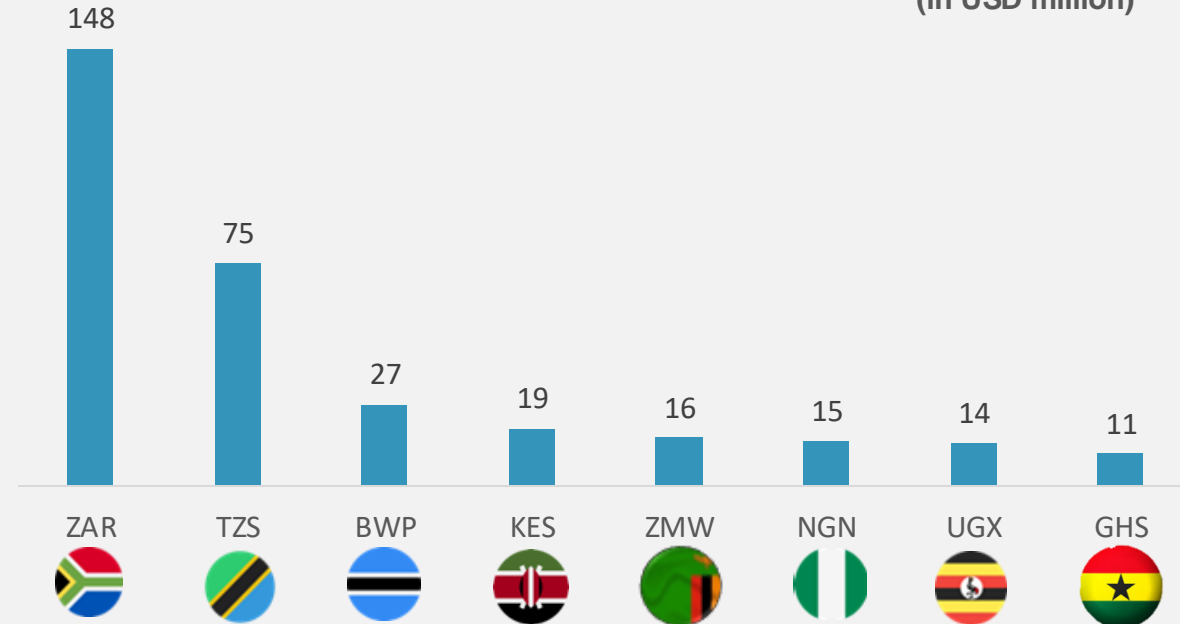
Harnessing the full potential of Africa's capital markets

Expanding the Bank's African lending currencies



African currency linked transactions issued in 2023-2024

(in USD million)



Approved local issuance programs

- ZMW 160 million MTN program
- NGN 160 billion MTN program
- UGX 125 billion MTN program
- BWP 5 billion MTN program
- ZAR 20 billion inward listing program

Offering African currencies for sustainable private sector development

Pioneering the adoption of Hybrid Capital within the MDB community

Hybrid Capital supplements shareholder capital

- 100% accounted as equity under IFRS
- 100% accounted for in AfDB's internal capital adequacy metric
- 100% of notional recognized as equity by Fitch, Moody's and S&P*

* S&P assessed Hybrid Capital as intermediate equity content, meaning full inclusion of Notes in Total Adjusted Capital (TAC), up to 33% of Adjusted Common Equity (ACE)

Leveraging Sustainable Hybrid Capital

- Hybrid Capital expected to enable at least USD 2 of additional lending for every USD 1 raised
- Additional lending capacity directed to fund environmental and/or social projects
- Issued under Bank's Sustainable Bond Framework

First Hybrid Capital issued by a Supranational

AA- (S&P) / Aa3 (Moody's)

Deeply subordinated, senior only to paid-in capital

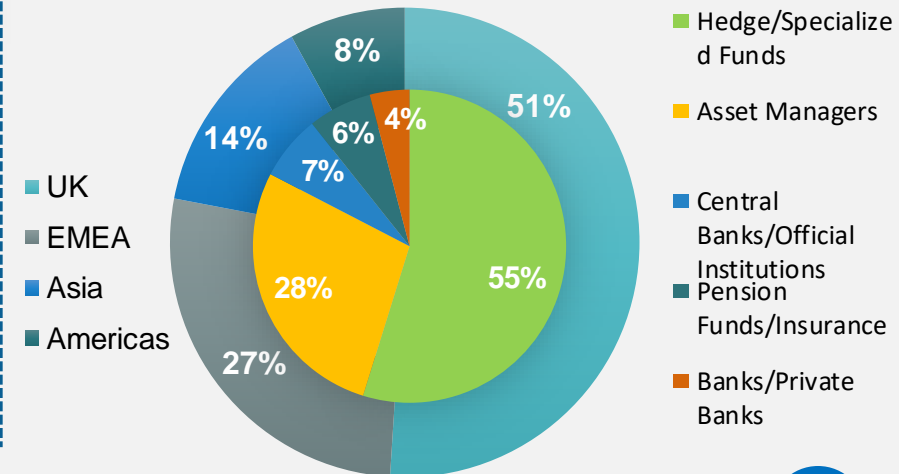
- Optional coupon cancellation
- Mandatory coupon cancellation: trigger Total Assets/(Paid-In Capital + Reserves) > 7.5x
- Permanent principal write-down if the Bank exercises a call on its capital
- Perpetual with call option at year 10

Inaugural transaction launched in January 2024



- Top quality and granular order book reaching a record USD 5.1 billion (6.8x oversubscribed)
- USD 6 billion at peak of demand
- 275 investors participating (with 190 allocated)

Investor distribution



"Best Supranational Bond"



"Most Innovative SSA Issuer"



"Development Finance Institution (DFI) of the year"

Sustainable Hybrid Capital, an innovation to boost the Bank's lending capacity



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DE DEVELOPPEMENT

APPENDIX



AfDB balance sheet highlights (UA* million)

Year ended 31 December	2023	2022	2021	2020	2019
Cash	1,383.15	2,830.74	3,303.14	2,332.19	2,132.92
Demand Obligations	1.15	1.14	1.14	3.82	3.8
Treasury Investments	12,382.66	11,712.63	9,793.90	8,825.82	10,322.50
Derivative Assets	895.35	924.35	825.94	1,544.55	1,071.40
Non-Negotiable Instruments on Account of Capital	36.88	-	-	-	-
Accounts Receivable	1,830.38	1,323.22	1,178.23	590.77	676.3
Outstanding Loans	22,749.19	20,695.33	20,102.39	21,343.23	19,821.19
Hedged Loans – Fair Value Adjustment	-278.76	-394.44	48.52	163.78	115.86
Accumulated provision for loan losses	-727.78	-732.26	-559.57	-497.41	-454.94
Equity Participations	1,119.07	1,043.84	983.2	937.27	1,001.32
Other Assets	78.39	84.41	88.75	104.67	98.77
Total Assets	39,469.69	38,221.22	36,325.22	35,348.69	35,244.06
Liabilities, Capital and Reserves					
Accounts Payable	1,871.02	1,459.40	1,554.59	1,544.26	1,760.08
Derivative Liabilities	2,007.87	2,624.88	949	923.72	643.15
Borrowings	24,776.41	24,254.21	25,115.71	25,090.10	25,466.87
Capital Subscriptions Paid	6,951.69	6,366.24	5,710.57	5,081.21	4,725.17
Cumulative exchange adjustment on subscriptions	-151.64	-154.17	-155.84	-148.21	148.45)
Reserves	4,014.34	3,670.66	3,151.19	2,857.61	2,797.24
Total Liabilities, Capital and Reserves	39,469.69	38,221.22	36,325.22	35,348.69	35,244.06

1 UA = 1 SDR = USD 1.38283 (2019); 1.44027 (2020) ; 1.39958 (2021); 1.33084 (2022); 1.34167 (2023)

*UA= Unit of Account

AfDB income statement (UA* million)

Year ended 31 December	2023	2022	2021	2020	2019
Operational Income and Expenses					
Income from Loans and related derivatives	1,223.55	521.57	348.24	460.62	650.2
Income from Investments and related derivatives	459.6	218.16	129.34	181.44	263.2
Income from Equity participations	20.48	14.19	23.86	15.25	7.11
Income from Other Securities	7.94	6.89	5.53	2.9	-
Total income from Loans and Investments	1,711.57	760.8	506.97	660.21	920.5
Interest and amortized issuance costs	-515.69	-418.13	-393.78	-501.12	-524.06
Net interest on borrowing-related derivatives	-676.02	64.14	322.73	248.18	47.95
Unrealized gains/(losses) on borrowings, related derivatives and others	59.48	88.9	-111.21	63.17	-7.15
Provision for Impairment on Loan Principal and Charges Receivable	-18.29	-97.02	-24.97	-59.86	-112.88
Provision for Impairment on Equity Investments	0.68	1.53	-0.26	-1.71	0.4
Provision for Impairment on Investments	-0.03	0.03	-0.07	-0.04	0.02
Provision for Impairment on Financial Guarantees	-1.43	0.87	-0.16	0.26	-0.85
Translation Gains/(Losses)	-10.98	66.46	-1.48	-23.18	8.13
Other Income	18.32	13.99	13.43	8.6	9.5
Net Operational Income	567.61	481.57	311.21	394.52	341.56
Administrative Expenses	-133.12	-207.16	-174.55	-158.41	-179.34
Depreciation – Property, Equipment and Intangible Assets	-28.09	-29.09	-32.75	-33.16	-27.62
Sundry (Expenses)/Income	-0.36	-6.04	-7.36	-4.55	-8.43
Total Other Expenses	-161.57	-242.3	-214.66	-196.12	-215.39
Income before Distributions Approved by the Board of Governors	406.05	239.28	96.55	198.4	126.17
Distributions of Income Approved by the Board of Governors	-46	-64	-55	-59	-74
Net Income for the Year	360.05	175.28	41.55	139.4	52.17

1 UA = 1 SDR = USD 1.38283 (2019); 1.44027 (2020) ; 1.39958 (2021); 1.33084 (2022); 1.34167 (2023)

*UA= Unit of Account



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DE DEVELOPPEMENT

SUSTAINABLE BOND FRAMEWORK



Advancing the ESG market with a new Sustainable Bond Framework

A credible and transparent Sustainable Bond Framework

- Established in September 2023
- Collates and streamlines the existing Green Bond Framework (2013) and Social Bond Framework (2017)
- Aligned with ICMA Green Bond Principles (2021), Social Bond Principles (2023) and Sustainable Bond Guidelines (2021)
- Possibility to issue green bonds, social bonds and sustainability bonds under the new framework
- Extensive impact reporting published in the Bank's annual Sustainable Bond newsletter
- External assurance conducted annually on sustainable bonds allocation to eligible green and/or social projects
- Covers issuance of both Senior Unsecured and Sustainable Hybrid Capital

https://www.afdb.org/sites/default/files/2023/09/12/230912_afdb_sustainable_bond_framework_final.pdf

MOODY'S
INVESTORS SERVICE

Second Party Opinion

Sustainable Quality Score 2 [**very good**]

https://www.afdb.org/sites/default/files/2023/09/12/mis_spo_12092023_afdb_final.pdf

Eligible social project categories

Financing projects with strong social outcomes and impacts leading to significant poverty reduction and job creation

- Affordable basic infrastructure
- Access to essential services
- Food security and sustainable food systems
- Employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crisis, including through SME financing and Microfinance
- Socioeconomic advancement and empowerment

Eligible green project categories

Financing projects focusing on climate change mitigation and adaptation

- Renewable energy
- Sustainable mobility
- Energy Efficiency
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management

AfDB Sustainable Bond framework

Use of proceeds

- Only ADB financed projects
- An amount equal to Sustainable Bonds net proceeds will be used to finance eligible green/social projects
- Eligibility criteria for Green Bond portfolio linked to climate finance tracking methodology

Process for project evaluation and selection

- Operations identify and categorize all projects, screening those with strong environmental and/or social outcomes and impacts
- Final selection of Eligible Green/Social Projects agreed jointly by operations and Treasury Department
- Monitoring Sustainable Portfolio

Management of proceeds

- Portfolio approach
- An amount equal to Sustainable Bonds net proceeds allocated to the Sustainable projects within 36 months
- Semi-annual allocation tracked through an attested formal internal process that assures the link of net proceeds to eligible sustainable projects
- So long as Sustainable Bonds are not fully allocated, net proceeds kept in liquidity treasury portfolio and invested under same conservative investment guidelines

Reporting

- Dedicated Sustainable Bond webpage
- Annual Sustainable Bond newsletter
- Annual impact reporting on environmental and social benefits of the Eligible Green/Social Projects
- Development impact metrics per project category
- Aggregate impact reporting with key impact metrics for the Sustainable Portfolio
- Disclosure on disbursements and allocation of proceeds to green/social projects

External assurance

- Second Party Opinion from Moody's Investor Service confirmed alignment of Sustainable Bond framework with Bank's sustainability objectives and key features of ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines
- Independent external reviewer to verify annually the allocation of Sustainable Bond net proceeds to eligible Green/Social projects

... aligned to ICMA Principles

Commitment to transparency

Dedicated sustainable bond webpage

- Sustainable Bond framework
- Moody's Second Party Opinion
- Eligible green/social projects
- Sustainable bond newsletters
- Sustainable Bond transactions
- Bank's Ten-Year Strategy
- Environmental policy
- Energy policy
- Integrated Safeguards System
- Joint-MDB report on climate finance
- Climate finance tracking methodology
- Annual Development Effectiveness Review (ADER)
- New Deal on Energy for Africa
- African Economic Outlook

Annual sustainable bond newsletter

Impact reporting:

- Renewable energy capacity constructed or rehabilitated
- Annual energy savings and production
- Annual GHG emission reduced or avoided
- Number of beneficiaries
- Number of jobs created
- Other specific indicators to project category



The ADER report is produced annually and monitors all AfDB public and private sector projects, shows details on Africa's progress against its development goals and assesses the contribution made by the Bank to Africa's development

Aid Transparency Index #2024 Index

African Development Bank's sovereign portfolio retains top spot in 2024 Aid Transparency Index



Publish WhatYouFund
The Global Campaign for Aid and Development Transparency

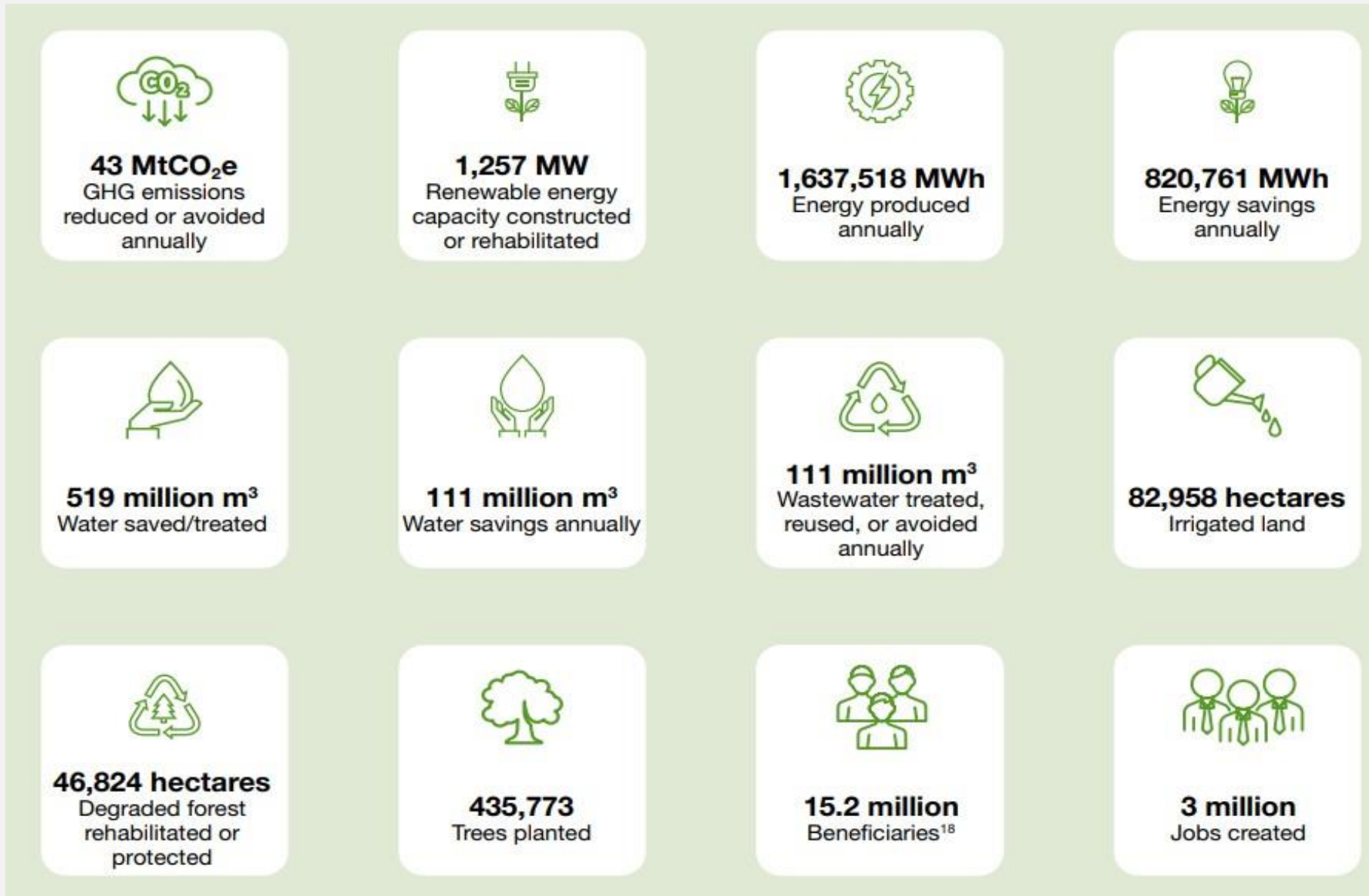
SCORE: 98.8 **RANKING: 1/50** **VERY GOOD**

Social Bond impact reporting



- The impact reporting is based on ex-ante estimates at the time of project appraisal, therefore there is no guarantee that these results will ultimately materialize.
- The impact reporting doesn't provide actual results achieved in a specific year or reporting period.
- Impacts are prorated as per the Bank's economic share of the project.
- Full impact reporting per project is available for download on the Bank's Sustainable Bond webpage

Green Bond impact reporting



- The impact reporting is based on ex-ante estimates at the time of project appraisal, therefore there is no guarantee that these results will ultimately materialize.
- The impact reporting doesn't provide actual results achieved in a specific year or reporting period.
- Impacts are prorated as per the Bank's economic share of the project.
- Full impact reporting per project is available for download on the Bank's Sustainable Bond webpage

(As of 30 June 2023)

Financing transformative social projects

SENEGAL – Emergency Food Production Program

Project cost: EUR 101 million / ADB financing: EUR 101 million

Year of approval: 2022

The program's objective is to strengthen the country's food sovereignty by reducing dependence on imports of basic cereals and horticultural food product. Its specific objective is to reduce the country's dependence on food imports in the short and medium term by increasing the production and productivity of basic cereals.

The program is divided into 3 components: (i) Improving access to certified seeds and advisory support; (ii) Improving farmers' access to fertilizers; (iii) Improving governance and implementation of public policies in the agricultural sector.

Expected development results

- **750,000** small farmers to gain secure access to adequate quality seeds and inputs
- **25%** increase in cereal production
- **600,000 ha** of additional area sown with the supply of inputs and seeds
- **500,000 tons** of cereals, **120,000 tons** of cowpea, and **100,000 tons** of potato produced additionally
- **102,000 tons** of fertilizers procured to farmers

MOROCCO – Inclusive and Sustainable Development Project for Agricultural and Rural Areas

Project cost: EUR 297 million / ADB financing: EUR 114 million

Year of approval: 2022

The program will contribute to improving the quality of life for people in agricultural and rural areas, fostering the emergence of a new generation of an agricultural middle class, and building the resilience of Moroccan agriculture, particularly small-scale agriculture, to the effects of climate change.

The program is divided into 3 components: (i) Development of more efficient, resilient and sustainable production systems; (ii) Development of inclusive, efficient and sustainable value chains; and (iii) Building the institutional and sector capacity of the agricultural sector.

Expected development results

- **25,000 ha** of areas secured due to the sustainability of irrigation service
- **20%** increase in the efficiency of irrigation and fulfilment of irrigators' needs
- **5,000** farmers in rehabilitated areas benefiting from improved water supply
- **600** additional facilities rehabilitated
- **1,200** jobs created

Financing transformative green projects

EGYPT – Egypt National Railway Modernization Project

Project cost: EUR 765 million / ADB financing: EUR 145 million

Year of approval: 2021

The project aims to maximize rail transport contribution to the country's socio-economic development and effectively support Vision 2030, which goal is to achieve a sustainable and all-inclusive economy by 2030. The project involves the upgrade of railway signaling systems from mechanical and electrical systems to electronic interlocking system; rail renewals and installation of Automatic Train Protection (ATP) system in selected sections of Egypt's main railways network.

The project will contribute to: (i) improving safety of train operations; (ii) increasing network capacity; and (iii) improving the efficiency and reliability of train services.

Expected development results

- **600,000 tons** of GHG emissions reduced
- **650 km** of additional rail network
- **90%** decrease in railway accidents per year
- **70%** increase in passenger and freight market share for rail transport
- **1,500 jobs** created

GABON – Kinguele Aval Hydropower Project

Project cost: EUR 179 million / ADB financing: EUR 134 million

Year of approval: 2021

The project entails the design, construction, and operation of Kinguéle Aval hydropower plant, with an estimated installed capacity of 34.1 MW and net annual gross output of 203 GWh. The project is expected to address the compelling need for additional electricity generation capacity to meet Gabon's growing power consumption and demand. Furthermore, the project is expected to offer baseload electricity at a competitive tariff. It will also contribute to improve socio-economic development through support of economic activity, while providing cost-effective reliable energy sources needed to boost economic sectors and address the population's expectations.

Expected development results

- **34,1 MW** of capacity installed
- **203 GWh** net annual gross output produced yearly
- **1,300 GWh** additional power capacity installed
- **9 million tons** of GHG emissions reduced
- **900 jobs** created



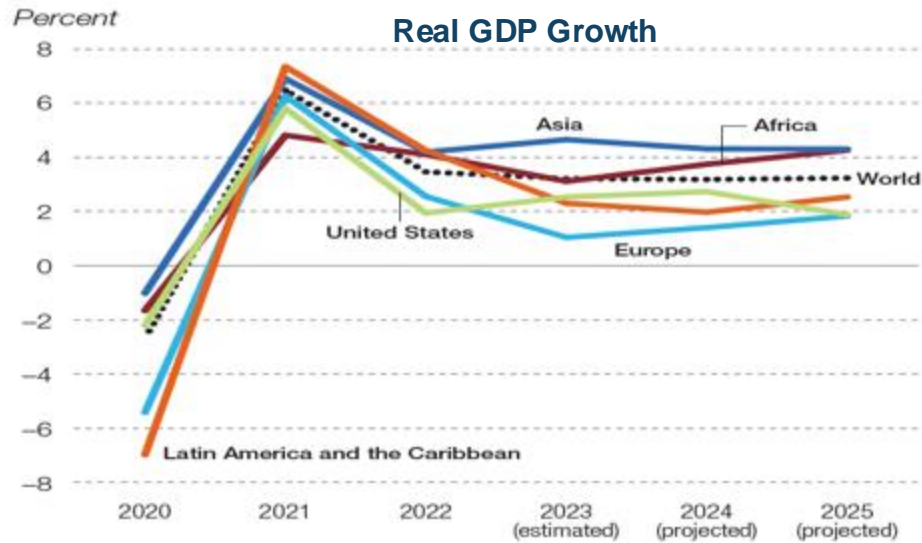
AFRICAN DEVELOPMENT BANK GROUP
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DE DEVELOPPEMENT

AFRICAN ECONOMIC OUTLOOK



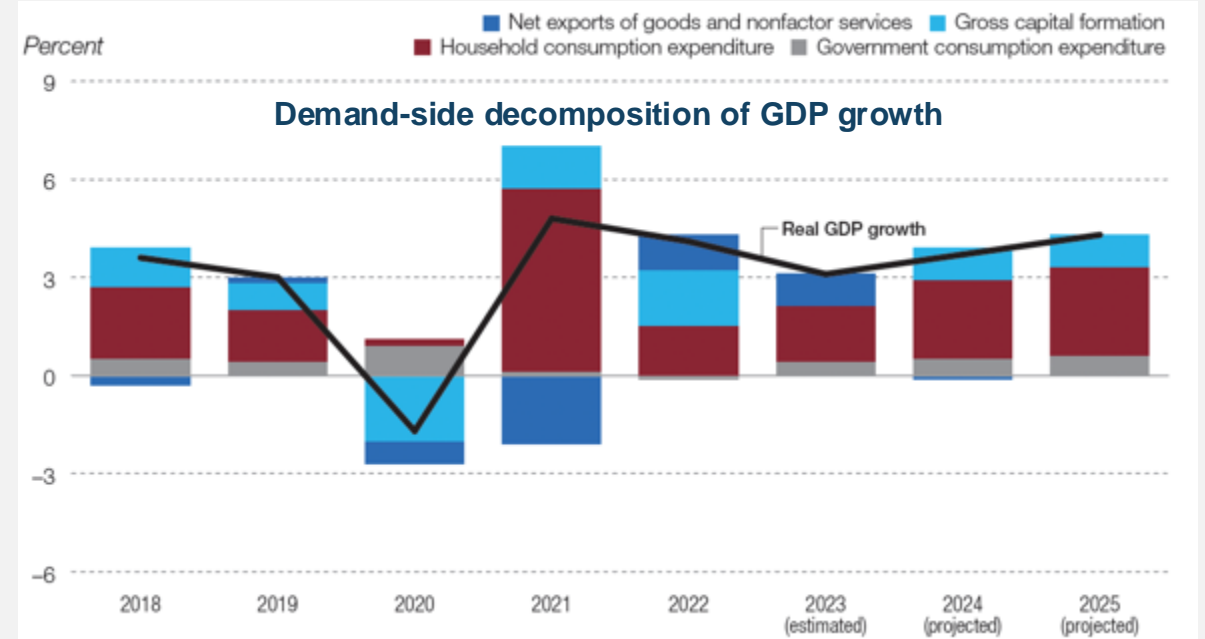
Economic resilience amid multiple shocks

Africa's GDP growth expected to surpass world average



Source: African Development Bank statistics and the International Monetary Fund's World Economic Outlook, April 2024.

Private consumption and investments key drivers of growth on the demand side



Fiscal deficit increased slightly from 4.9% in 2022 to 5% in 2023, and projected to narrow to 4.7% in 2024 and 4.3% in 2025

Fiscal deficit expected to slightly widen before reaching pre-pandemic levels

- Marginal widening of the primary balance mainly due to measures implemented to mitigate effects of rising food prices amid falling energy sector revenues

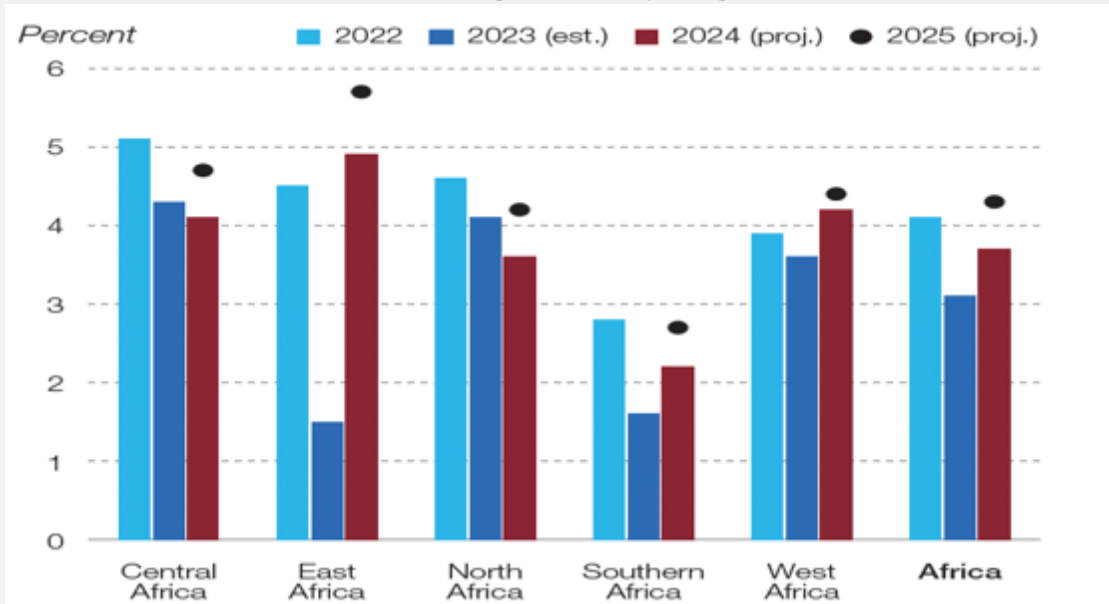
Inflation estimated to have increased from 14% in 2022 to 17% in 2023 and 17.4% in 2024, before cooling down to 12.3% in 2025

Outlook for inflation remains unfavorable

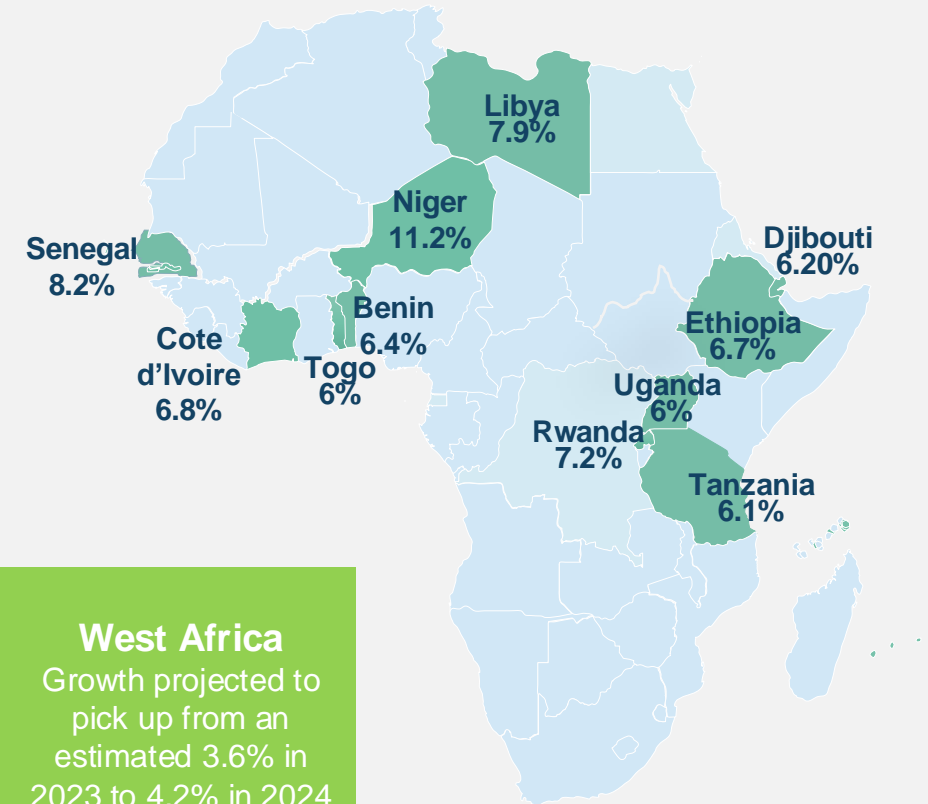
- High food prices induced by drought-related domestic supply shortages and high oil prices
- Liquidity overhangs from pandemic-related fiscal and monetary policy stimulus undertaken in 2020-2021
- Pass-through effects of currency depreciation vs strong USD propelled by high interest rates in the US

Projected economic rebound led by East Africa

Real GDP growth by region



Top 11 fastest-growing African economies in 2024



Central Africa

Growth is expected to moderate from 4.3% in 2023 to 4.1% in 2024 before improving to 4.7% in 2025, led by stronger growth in Chad and DRC due to expectations of favorable metal prices.

East Africa

Expected to bounce back as Africa's fastest growing region, with real GDP growth to rise from an estimated 1.5% in 2023 to 4.9% in 2024 and 5.7% in 2025.

North Africa

Growth projected declined from 4.1% in 2023 to 3.6% in 2024 and 4.2% in 2025. Except for Libya and Mauritania, growth has been revised downward for all countries in the region.

Southern Africa

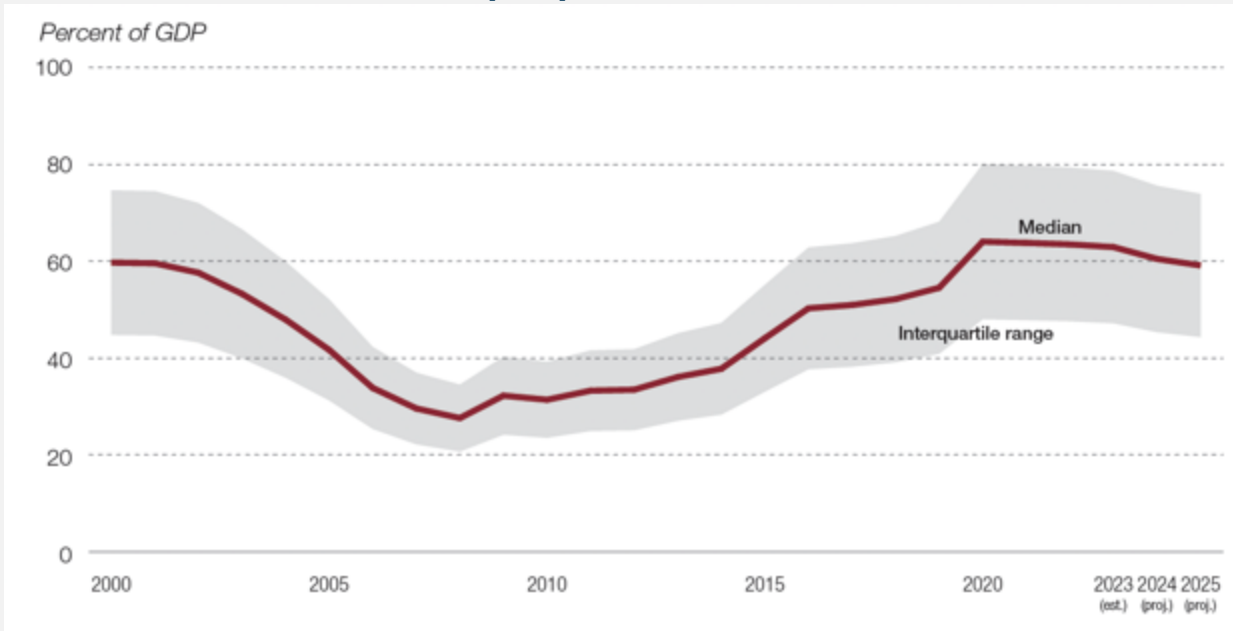
Growth expected to pick up slightly from estimated 1.6% in 2023 to 2.2% in 2024 and 2.7% in 2025. This reflects continued weakness in South Africa, the region's largest economy.

West Africa

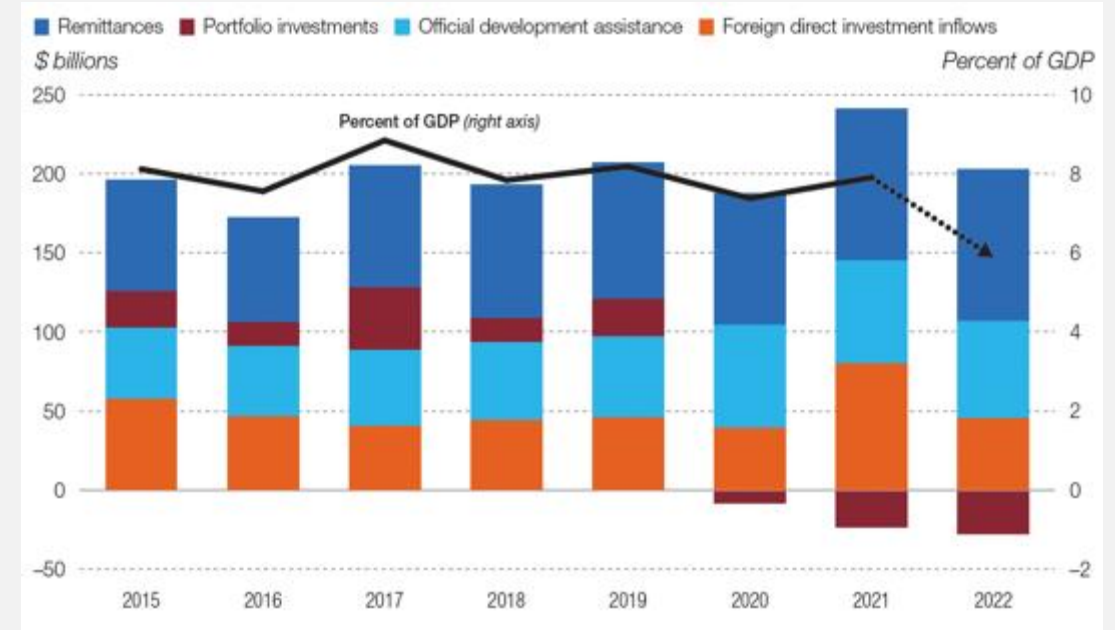
Growth projected to pick up from an estimated 3.6% in 2023 to 4.2% in 2024 and 4.4% in 2025, driven by strong growth in the large economies (Cote d'Ivoire, Ghana, Nigeria and Senegal).

... yet growth insufficient to address debt challenge

Public debt stabilized across the continent but still above pre-pandemic levels



External financial flows suffered from tightening global financial conditions and



Drivers of recent debt accumulation

- Volatile public finances due to unprecedented shocks
- Government actions to support pandemic-stricken economies and to cushion households against effects of high food and energy prices
- External debt service payments rose above pre-pandemic level in many countries

- Foreign Direct Investment (FDI), Official Development Assistance (ODA), portfolio investment and remittances fell by 19.4% from USD 217 billion in 2021 to USD 175 billion in 2022.
- FDI fell by 44% and net portfolio outflows reduced by 17%, while ODA inflows fell by 6%.
- Only remittances marginally increased by 0.2%



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

FREQUENTLY ASKED QUESTIONS



Frequently asked questions

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What is the relationship between AfDB and ADF?



The African Development Bank and the African Development Fund are two entities within the AfDB Group that are separate both legally and financially. They have distinct assets and liabilities



The African Development Bank is the rated entity that raises funds from the capital markets to on-lend to the most credit worthy countries of Africa and to viable sector projects



The African Development Fund (ADF) is the soft-loan lending arm of the AfDB group and is primarily funded through contributions from donors. It provides highly concessional loans and grants to the poorest countries of Africa

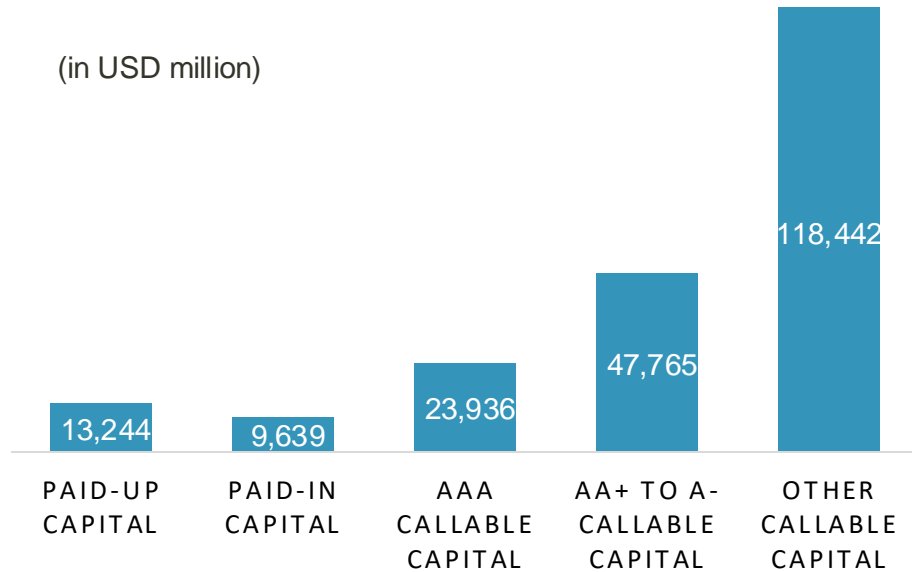


The AfDB has an equity participation in the Fund, and makes annual contribution from its net income to ADF. There is no recourse to the AfDB for obligations in respect of any of the ADF liabilities and vice-versa. There can be no transfer of exposure between these two institutions, as they are separate

What is the capital structure of the Bank?

Capital structure of the Bank (subscribed shares)

(in USD million)



(as of 31 July 2024)

As of 31 July 2024, the Bank's authorized capital stood at USD 319 billion, including the General Callable Capital Increase of USD 117 billion approved by the Board of Governors in May 2024.

7th General Capital Increase: 125% capital increase with 6% paid-in portion raising the capital to around USD 208 billion (*)

Reinforce the Bank's franchise value, key prudential ratios and AAA credit rating

Callable capital is the commitment by each shareholder to make additional capital available to the institution in case of financial distress

Demonstrated strong shareholders' support

Capacity to meet increased level of future demand and support the business growth plan

There has never been a call on the capital of the Bank

(*) Authorized capital upon approval of GCI-VII

What are your investment guidelines?

Investment type	Minimum rating	Maturity limit	Liquidity Haircuts
Government/Agency/Supranational	AAA/Aaa AA-/Aa3 A/A2	30 years 15 years 1 year	0% for AAA 20% from AA+ to AA- 40% for A+ and A
Banks and Financial Institutions	AAA/Aaa AA-/ Aa3 A/A2	10 years 5 years 6 months	50% from AAA to A 100% below
Corporates	AAA/Aaa AA-/ Aa3 A/A2	10 years 5 years 6 months	50% from AAA to A 100% below
MBS and ABS	AAA/Aaa	40 years	100%

What is AfDB's credit policy?

- ▶ The Bank Group's Credit Policy determines each Regional Member Country's (RMC) eligibility to access the African Development Bank, the African Development Fund or a combination of both, based on the following 2 criteria:
 - Per capita income above a certain threshold/operational cut off and
 - Creditworthiness to sustain non-concessional financing
- ▶ In addition to the creditworthiness assessment, the Bank conducts an annual internal rating exercise of all its African member countries based on sovereign rating models validated by leading international rating agencies. Sovereign ratings are subject to continual surveillance throughout the year and rating changes may occur in case of a change in the country's fundamentals and these actions are reviewed and approved by the Credit Risk Committee of the Bank.
- ▶ **As at June 2024,**
 - **17 countries are eligible for sovereign lending:** Algeria, Angola, Botswana, Cabo Verde, Congo, Egypt, Equatorial Guinea, Eswatini, Gabon, Libya, Mauritius, Morocco, Namibia, Nigeria, Seychelles, South Africa and Tunisia.
 - **6 Blend countries* are eligible for both ADB and ADF resources:** Cameroon, Cote d'Ivoire, Kenya, Senegal, Tanzania and Zambia.
- ▶ In 2014, the Bank introduced some flexibility into its Credit Policy aimed at proactively responding to the economic development needs in ADF countries. The revision allowed access to this category of countries, on a case-by-case basis, to resources from the ADB public window for financing transformative projects. To be eligible for ADB sovereign resources countries must meet the following criteria:
 - (i) be at low or moderate risk of debt distress, as determined by a debt sustainability analysis (DSA) by the IMF/World Bank;
 - (ii) have headroom for non-concessional borrowing, as determined by a DSA by the IMF/World Bank;
 - (iii) have a sustainable macroeconomic position determined on the basis of a Special Risk Assessment; and
 - (iv) the request for financing must be approved by the Bank's Credit Risk Committee, based on the risk assessment for the RMC.

In 2024, **2 ADF countries are eligible to access ADB sovereign resources under the 2014 Credit Policy provision** : Benin and Rwanda.

* Blend countries are in a transition framework from one credit status to another. They are considered blend as they are still below the cut-off for per capita income, but are considered creditworthy

What are the AfDB's lending limits?

There are several limits applicable to the Bank's operations with the ultimate objective of ensuring that the Bank is protected from a risk perspective:

- 45% of total risk capital* for Non-Sovereign operations
- 10% of the total risk capital for market risk and operational risk

Limits	Definition	Percentage
Country limit	Total capital allocated to a single country	15% of the Bank's risk capital
Sector limit	Total capital allocated to a single sector	11.25% of the risk capital allocated to private sector operations for any sector 15.75% of the risk capital allocated to private sector operations for the financial services sector
Single name limit	Total capital allocated to a single counterparty	2.7% of the private sector risk capital
Equity limit	Equity participations	15% of total risk capital

* Risk capital is defined as paid-in capital and reserves

What are the eligibility criteria for loans?

Public Sector

Eligibility is based on two pillars:

- Gross National Income per capita
- Credit Worthiness

As of June 2024, there are 25 countries eligible for sovereign lending, namely, Algeria, Angola, Benin, Botswana, Cabo Verde, Cameroon, Congo, Cote d'Ivoire, Egypt, Equatorial Guinea, Eswatini, Gabon, Kenya, Libya, Mauritius, Morocco, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Tunisia and Zambia.

The list of eligible countries is reviewed periodically to determine the status of the countries and a decision to add or to remove countries from the list is taken by the Board.

Moreover, the Bank conducts an annual internal rating exercise of all its African member countries based on sovereign rating models validated by leading international rating agencies. Sovereign ratings are subject to continued surveillance throughout the year and rating changes may occur in case of change in the country's fundamentals and these actions are approved by the Credit Risk Committee of the Bank.

Private Sector

The Bank only lends to commercially viable private sector operations in its 54 regional member countries. Commercial viability and risks are evaluated based on internal rating models (reviewed and recalibrated periodically with the support of major international rating agencies). The ratings are reviewed at least annually and subject to continued monitoring in order to ensure proactive corrective measures are taken in a timely manner.

The Bank does not lend to projects rated below an internal rating of "5" which is equivalent to a "B-" international rating and all projects rated (numerically) above "5" are subject to: 1) exceptional Board approval and 2) a limit of 10% of the Bank's capital. The Bank also has a set of limits that governs single name exposure (6% of total risk capital) and sector exposure (25-35% of the risk capital allocated to private sector operations).

The Bank has in place a framework for the ex-ante additionality and development outcome assessment (ADOA) of its private sector operations. The established baseline development outcome indicators will facilitate tracking, monitoring and ex-post evaluations.

What is AfDB's loan approval process?

The Bank has clear core operational priorities and cross cutting themes as part of its Ten-Year Strategy in deciding in which areas to intervene. All projects follow the same internal approval process.

- 1. Preparation of a Project Concept Note** - The Project Concept Note (PCN) is a document prepared to present, in a concise and analytical way, the main features of the project to be financed. The main objective is to allow Management to take an informed decision whether to go ahead with appraisal and due diligence of the project or not. The first review level of the PCN is done by peer reviewers and members of the Project Appraisal Team (PAT), which constitutes experts drawn from a wide range of relevant Bank departments. The PCN is finally reviewed and discussed by the Country Team who determines if the transaction is well conceived and that both structure and orientation are compliant with the Bank's strategy and development priorities. It will also establish whether the project is technically sound and commercially viable. The PCN is cleared by the Country Team (chaired by the Regional Director) which will recommend the project to the Operations Committee (which is chaired by the Bank's Vice-President/Chief Operating Officer) for final clearance. However, PCNs of some projects responding to certain circumstances including but not limited to having an amount higher than UA 100 million, reputational risk or exceptionally innovative features in their design, will require prior review by the Credit Risk Committee (CRC), chaired by the Bank Group Chief Risk Officer, which will make recommendations, as applicable to credit risk governance, credit assessment and rating change approval to the Operations Committee prior to its final clearance. The Operations Committee will then make a comprehensive review of the Project Concept Note with focus on the finer technical details of operations. At this stage, particular attention is given to ratings. If the project is cleared at this level, the PAT will go on a project appraisal mission to do an appraisal and due diligence, assessing the Project on the ground. Simultaneously, the Bank's Risk Management Department undertakes an independent credit evaluation of the project and prepares a Summary Credit Note.
- 2. Project Appraisal Stage** - On completion of the due diligence mission, a Project Appraisal Report (PAR) is prepared. This is then discussed by the Project Appraisal Team at Country Team level. The discussion of the PAR by the Country Team is subsequent to the CRC reviewing the project for further credit assessment recommendations. Once cleared at the Country Team level, the project is sent to the Operations Committee before being submitted for approval to the Board.
- 3. Board Approval** - Final approval rests with the Board of Directors. The Board will make a decision based on the Project Appraisal Report and on the independent Board Credit Memorandum report prepared by the Risk Management Department.

Following approval (and disbursement), all projects continue to be periodically assessed and evaluated by the Bank's Risk Management Department, and their internal risk rating is regularly updated.

AfDB's loan pricing?

	FULLY FLEXIBLE SOVEREIGN AND SOVEREIGN GUARANTEED LOANS	NON-SOVEREIGN LOANS
Currency	USD, EUR, JPY, ZAR and any other currency designated as a lending currency of the Bank	USD, EUR, JPY, ZAR and any other currency designated as a lending currency of the Bank
Maturity	Up to 25 years, with up to 8 years grace period	Up to 15 years, with up to 5 years grace period. Longer maturities can be considered on a case-by-case basis
Lending Rate	Cost-pass through pricing Base rate + funding cost margin + lending spread (80 bps) + maturity premium	Base rate + lending margin
Base Rate	Floating : <ul style="list-style-type: none"> - Daily SOFR compounded in arrears for USD - 6M EURIBOR for EUR - 3M JIBAR for ZAR - Daily TONA compounded in arrears for JPY Borrower can request conversion of the Floating Base Rate into a Fixed Base Rate - For local currencies, funding is done back-to-back with the loan and cost is passed onto the borrower.	Floating : <ul style="list-style-type: none"> - Daily SOFR compounded in arrears for USD - 6M EURIBOR for EUR - 3M JIBAR for ZAR - Daily TONA compounded in arrears for JPY Borrower can request conversion of the Floating Base Rate into a Fixed Base Rate. Borrowers can also request Term SOFR in which case a Basis Spread can be applied to take into account difference with Daily SOFR. - For local currencies, funding is done back-to-back with the loan and cost is passed onto the borrower.
Funding Cost Margin	AfDB actual average funding cost above or below the benchmark is applied for the next semester and revised semi-annually.	For ZAR, a Funding Cost Margin is set and applied for each disbursement.
Lending Margin	80bps	Based on project specific credit risk rating in line with the Bank's non-sovereign pricing framework. Margin includes credit risk premium (derived from probabilities of default and loss given default) and concentration risk premium. For SOFR and TONA loans, additional target funding cost margin is added to the Lending Margin.
Maturity Premium	Dependent on the average maturity of the loan (0 bps for up to 12.75 years, 10 bps for Average Loan Maturity greater than 12.75 years and up to 15 years and 20 bps for Average Loan Maturity greater than 15 years and below 17 years)	
Fees	25 bps commitment fee and 25 bps front end fees	<ul style="list-style-type: none"> - 1% front end fees - 0 to 1% appraisal fees - 0.5% to 1% commitment fee - - Late payment fee of 2% above applicable interest
Repayment Terms	Equal instalments of principal after expiration of grace period. Other repayment terms may also be considered	Equal instalments of principal after expiration of grace period. Other repayment terms may also be considered
Optionality	The borrower can fix, un-fix and refix the base rate; caps and collars are available for the base rate; currency conversion possibilities on disbursed and undisbursed portion of the loan	Borrower can request a fixed base rate. Standalone hedging products are also available.

What are the Bank's policies for equity investments?

The Bank applies pre-defined eligibility criteria to select suitable operations that maximize its catalytic impact, guided by the principles of development effectiveness.

Objectives:

- In addition to the financial return for the Bank, Equity Investments are aimed at promoting: (a) local ownership of productive enterprises; (b) efficient use of resources; (c) regional economic cooperation and integration; (d) entrepreneurial risk-taking in economic sectors of emerging importance, with a view to diversifying and modernizing national or sub-regional economies; (e) best-practice standards in corporate governance, business management, and corporate responsibility as a means to strengthen the competitiveness of Africa's medium and large scale enterprises; and (f) the mobilization of domestic, regional and foreign direct investment resources in pivotal sectors of the economy such as socio-economic infrastructure, manufacturing, agribusiness and food security, and financial sector development.

Eligibility:

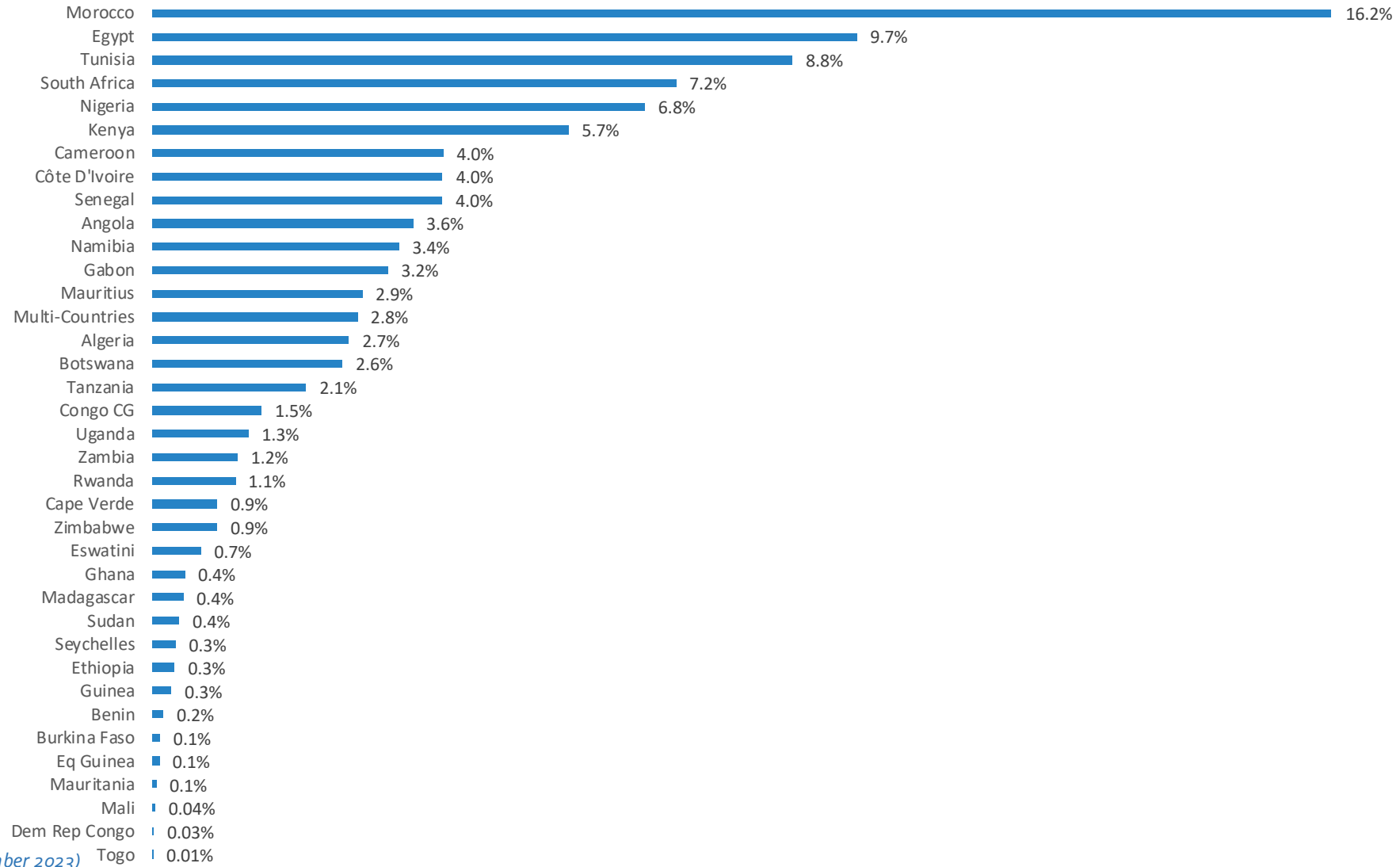
- Non-sovereign operations can be implemented in any of the Regional Member Countries eligible to be considered for Bank investments;
- All economic sectors and sub-sectors are eligible for Bank investments, except:
 - Production of alcoholic beverages, tobacco, and luxury consumer goods
 - Production or trade in weapons, ammunition and other goods used for military or paramilitary purposes
 - Production, trade in, or use of nuclear reactors and related products, asbestos fibers, harmful substances
 - Trade in wildlife or wildlife products regulated under international conventions (CITES)
 - Speculative trade or investment in platinum, pearls, precious stones, gold and related products
 - Gambling, casinos and equivalent enterprise
 - Use of logging equipment in unmanaged primary tropical rainforests
 - Economic activities involving harmful or exploitative forms of forced labor and/or child labor
 - Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.

What are the eligibility criteria for equity investments?

STRATEGIC FIT	Non-sovereign operations must be compatible with the strategic orientations and priorities of the Bank (High 5s, Ten Year strategy and successors) and regional member countries (Country Strategy Papers and Regional Integration Strategy Papers)
CREDITWORTHINESS	Potential investee companies must be operating under competent management and good corporate governance, with a track record or demonstrable capacity for environmental and social responsibility, in good standing, with a viable business model, with realistic business strategies, and capable of generating sufficient revenues to reimburse the Bank and other financiers
COMMERCIAL VIABILITY	Equity participations must have good prospects to support dividend payments and/or retained earnings, yielding satisfactory expected internal rates of economic and financial return
RETURN ON INVESTMENT	In assessing financial return on equity on single-investments as well as of its equity portfolio, the Bank calculates a financial rate of return on investment (FRRRI). The bank will calculate the expected FRRRI of each prospective investment, which should show an adequate premium over the rate at which it would extend a senior loan to the same investee
EXIT STRATEGY	The Bank will approve an equity investment only after an attainable 'exit strategy' has been defined and agreed upon with other key shareholders
DEVELOPMENT OUTCOMES	In its capacity as lender of last resort, the Bank will not provide financing for a non-sovereign operation if, in the Bank's opinion, the client can obtain financing elsewhere on terms that may be considered reasonable for the recipients
BANK'S ADDITIONALITY	The Bank will only participate in transactions if its role is "additive" over resources that can be provided by private-sector sources of finance, that is, if the Bank's participation is providing (a) political risk mitigation; (b) financial additionality, including extension of the tenor of financing, and spurring the development of capital markets; and (c) improving development outcomes. In the assessment of 'additionality', a special focus is on the Bank's role in leveraging additional co-financing that would not have been forthcoming in the absence of the Bank's participation in the operation, and catalyzing other investments in related sectors of the economy
SIZE OF INVESTMENTS	The Bank does not seek to acquire a controlling interest in companies in which it invests, and accordingly, its participation is limited to 25% of the total capital of the company throughout the life of its investment
PRIVATE EQUITY FUNDS	Assessment is based on (a) financial strength and historic fund performance, (b) investment strategy and risk management, (c) industry structure, (d) management and corporate governance and (e) information quality

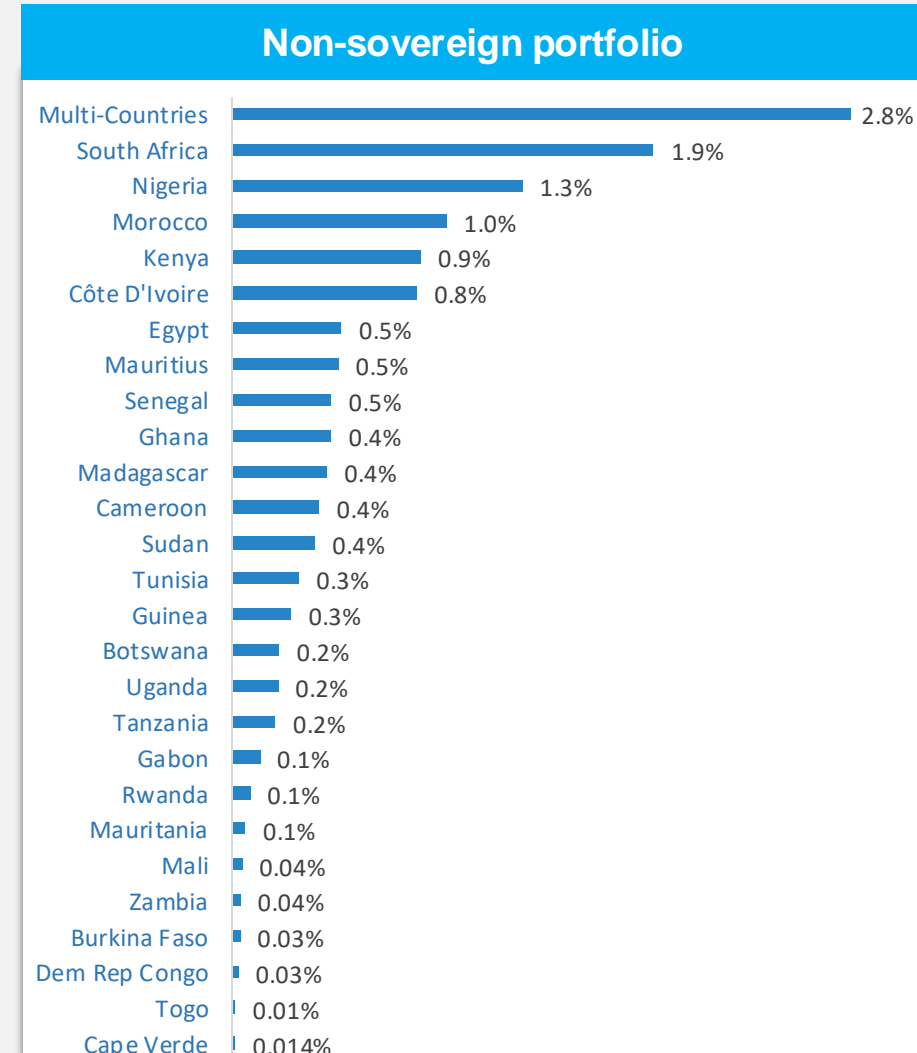
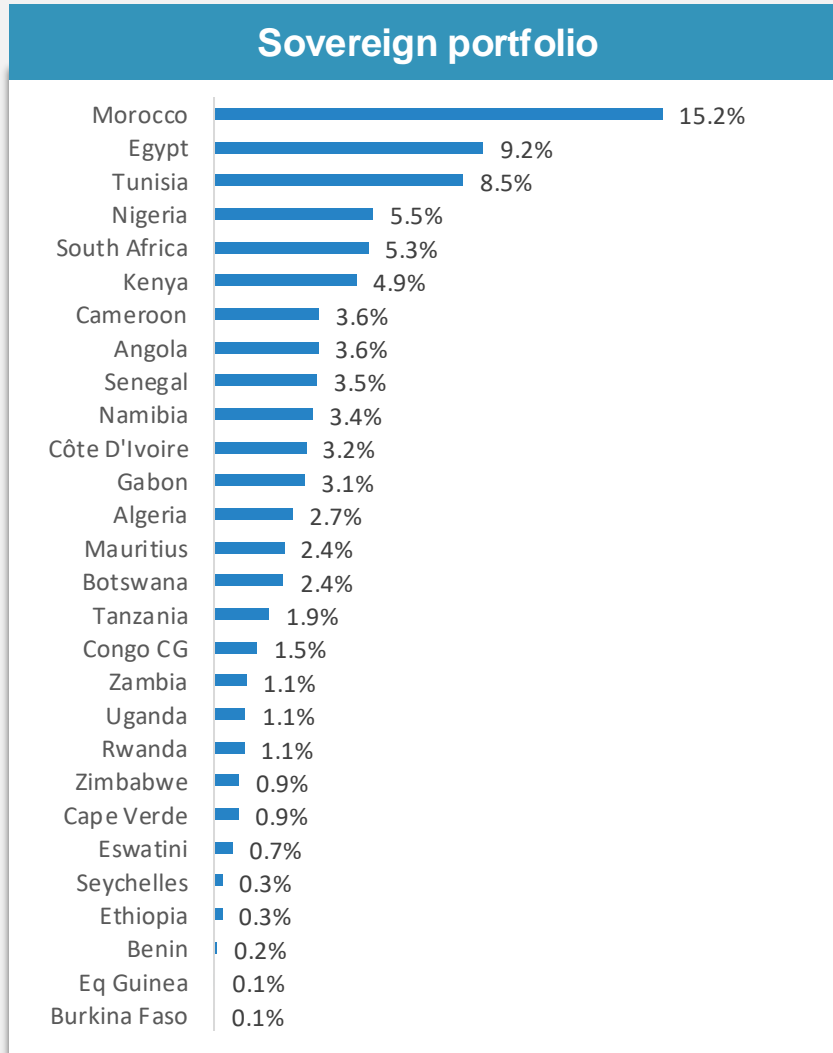
What are your largest notional exposures?

Consolidated portfolio (Sovereign and non-sovereign)



(As of 31 December 2023)

What is the distribution of sovereign and non-sovereign portfolios by country ?



(As of 31 December 2023)

What is the Exposure Exchange Agreement?

In 2015, the Bank entered into its first Exposure Exchange Agreement (EEA1) with other MDBs (IADB and IBRD) with the objective of managing risks in its loan portfolio to optimize its balance sheet, reduce sovereign concentration risk and increase lending headroom.

A second EEA (EEA2) was executed in 2023 with the Asian Development Bank (ADB).

The EEA involves a simultaneous exchange of equivalent credit risk on defined sovereign credit exposure with each participating MDB retaining a minimum of 50% of the total exposure to each country. The MDB that originates the sovereign loans continues to be the lender of record.

EEA with
IBRD, IADB and ADB,
all AAA rated entities,
to reduce sovereign
concentration risk

EEA substantially
improved lending
capacity and capital
adequacy ratios

- The seller is only required to make principal payments to the buyer when the buyer writes off or restructures part or all of the loans in the reference portfolio. No premium is paid as amount of exposure exchanged is notionally the same at inception
- Experience shows that MDBs hardly ever write off arrears as arrears always ultimately get settled
- As at December 2023, no defaults have occurred on any exposures covered under EEA1 and the Bank continues to expect full recovery of its sovereign and sovereign-guaranteed exposures

EEA1 TRANSACTION

Size	USD 4.5 billion
Maturity	Up to 15 years (amortizing at year 11)
Reference portfolio	Sovereign AfDB exposures of 9 Regional Member Countries

EEA2 TRANSACTION

Size	USD 1 billion
Maturity	Up to 15 years (amortizing at year 11)
Reference portfolio	Sovereign AfDB exposures of 7 Regional Member Countries

What does Preferred Creditor Status mean?

- For the public sector exposures, Preferred Creditor Status (PCS) means that the **repayment to the Bank generally takes precedence over other creditors in the event of sovereign default.** In other words, according to the PCS, AfDB ranks higher than other creditors in case of default. Rating agencies account for this specific feature in their assessment of Multilateral Development Banks.
- For the private sector exposure, the Preferred Creditor Status has a different benefit. In case of restriction of access to foreign currencies by the sovereign, rating agencies consider that this restriction would not apply for the repayment due to Multilateral Development Banks. This mitigates the Transfer and Convertibility Risk. For example, in case of a default or a near default of a country on its financial obligations, private sector access to foreign currencies may be restricted, but there would be no restrictions as regards to repayments to the Bank.

What are the AfDB's non-performing loans ?

3% NPLs as of 31 December 2023

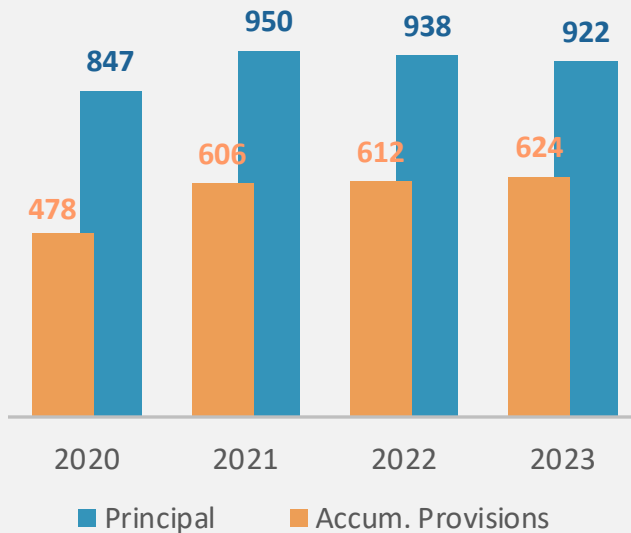
Sovereign NPLs (In USD million)

Country	Outstanding Balance	Impairment on Principal	Impairment rate
Zimbabwe	274	116	42%
Sovereign NPLs	274	116	
ADB Sovereign Loans*	26,423		
Sovereign NPLs	1.04%		

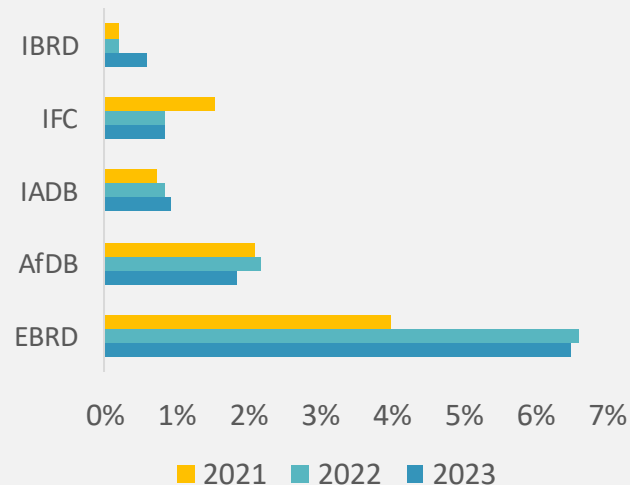
* Excluding guarantees

Provisioning trends

(in USD million)



Non-performing assets/development assets



Source: Moody's Investors Service

Non-sovereign NPLs (In USD million)

Sector	Outstanding Balance	Impairment on Principal	Impairment rate
IND/MINI/QUAR	128	128	100%
IND/MINI/QUAR	81	81	100%
POWER	66	66	100%
TRANSPORT	60	30	50%
TRANSPORT	56	27	49%
TRANSPORT	54	54	100%
IND/MINI/QUAR	50	50	100%
POWER	42	13	32%
IND/MINI/QUAR	34	34	100%
AGRICULTURE	12	2	20%
TRANSPORT	11	3	24%
TRANSPORT	10	2	24%
TRANSPORT	9	4	49%
POWER	7	7	100%
AGRICULTURE	5	1.1	23%
AGRICULTURE	5	1.1	23%
POWER	4	0.6	14%
POWER	4	0.5	14%
POWER	3	0.5	14%
POWER	2	0.8	32%
AGRICULTURE	2	0.5	23%
AGRICULTURE	2	0.5	23%
AGRICULTURE	1.1	0.2	20%
Non-Sovereign NPLs	648	508	
ADB Non-Sovereign Loans*	3,055		
Non-Sovereign NPLs	15.8%		

* Excluding guarantees

What is your policy on write-offs?

The Bank has never written off a sovereign-guaranteed loan. Its experience has been that countries default in case of unusual civil disturbances or events. When peace and stability is restored, the countries re-engage with the Bank and pay their arrears or usually obtain assistance from donors for arrears clearance.

It is the Bank's policy that if the payment of principal, interest or other charges becomes 30 days overdue, no new loans to that member country, or to any public sector borrower in that country, will be presented to the Board of Directors for approval, nor will any previously approved loan be signed, until all arrears are cleared. Furthermore, for such countries, disbursements on all loans to or guaranteed by that member country are suspended until all overdue amounts have been paid. These countries also become ineligible in the subsequent billing period for a waiver of 0.5% on the commitment fees charged on qualifying undisbursed loans.

Although the Bank benefits from the advantages of its preferred creditor status and rigorously monitors the exposure on non-performing sovereign borrowers, some countries have experienced difficulties in servicing their debts to the Bank on a timely basis. As previously described, the Bank makes provisions for impairment on its sovereign loan portfolio commensurate with the assessment of the incurred loss in the portfolio.

Write-offs could arise for non-sovereign loans and these are financed by the Bank's net operating income (NOI). To date there have not been any significant loan write offs of non-sovereign loans.

In compliance with IFRS, the Bank does not make general provisions to cover the expected losses in the performing non-sovereign portfolio. For the non-performing portfolio, the Bank makes specific provisions based on an assessment of the credit impairment, or incurred loss, on each loan.

What is a fragile situation?

2014 Ten-Year Strategy

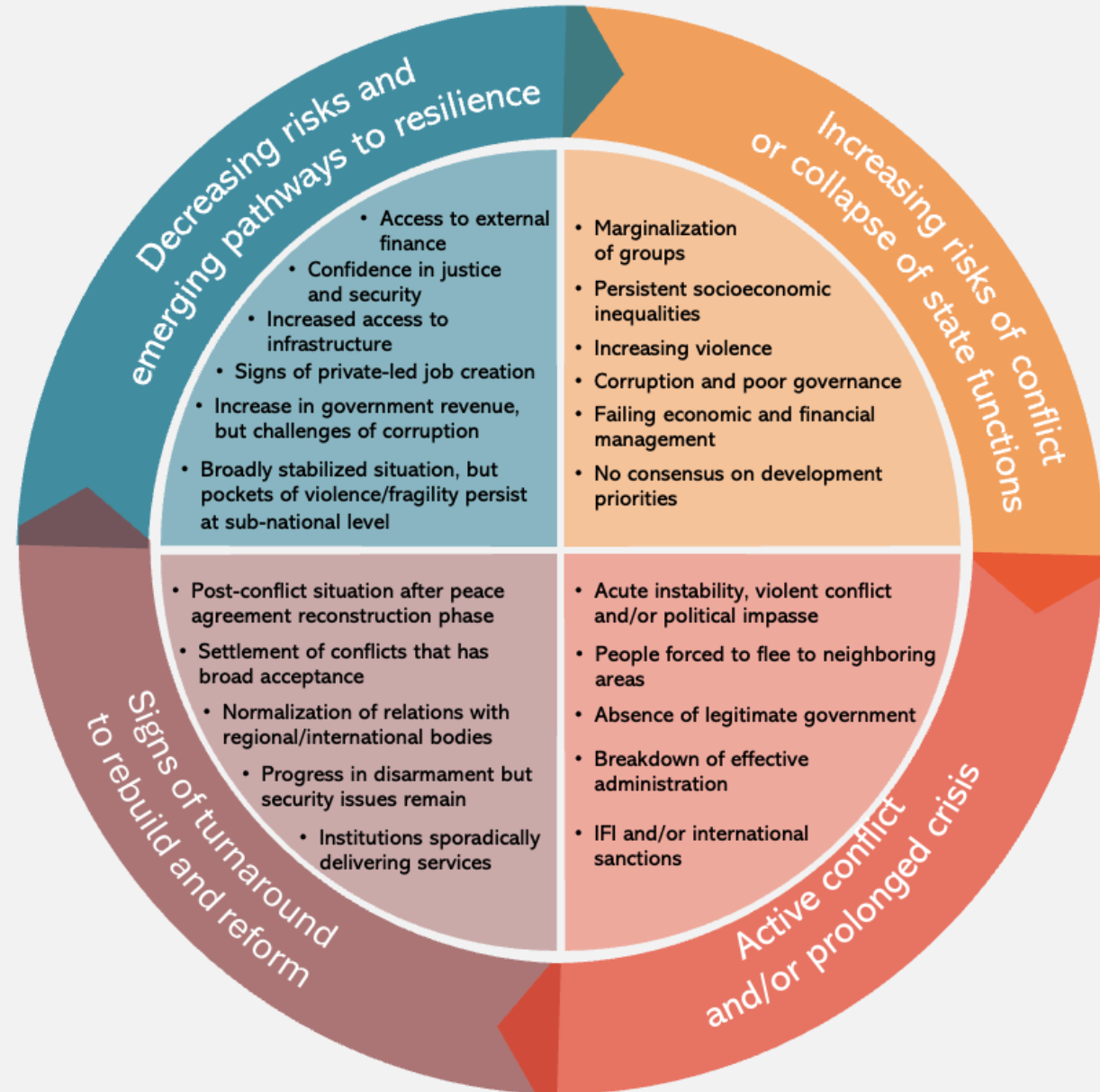
Fragility is “a condition of elevated risk of institutional breakdown, societal collapse, or violent conflict”

Updated definition of Fragility

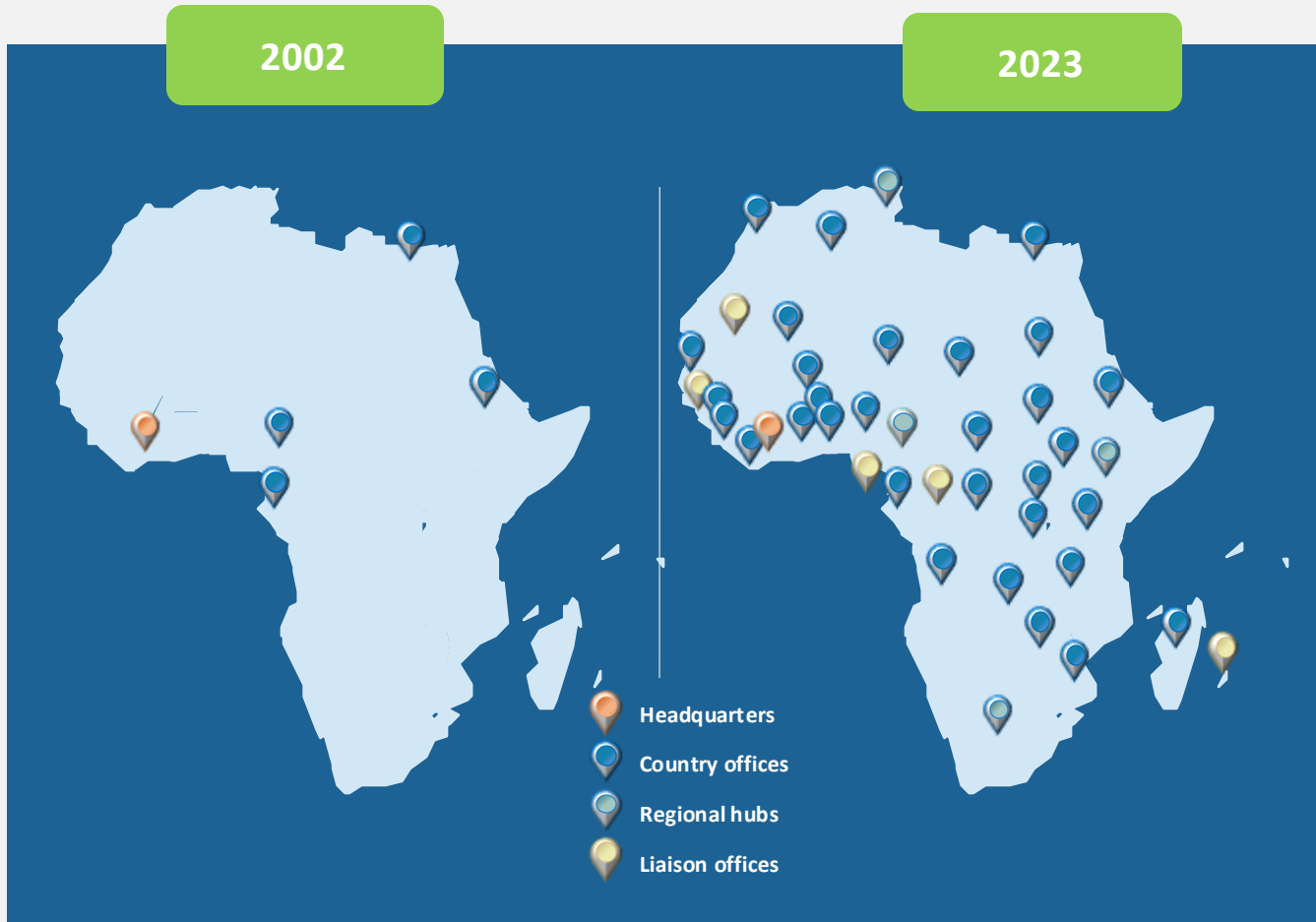
Fragility is “the risk that internal or external pressures may exceed existing capacities to prevent, respond to, and recover from those pressures”

Definition of Resilience

Resilience is defined as “attributes that enable countries to cope with, adapt to, and recover from shocks and stresses, and that reduce their vulnerability in the future”



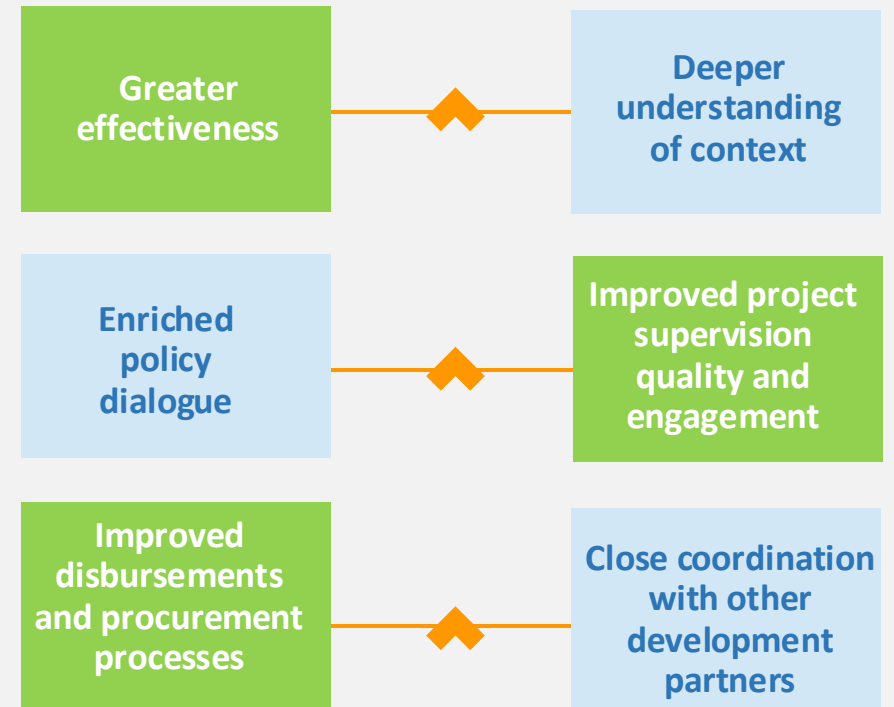
What is your field presence in Africa?



Strong presence in 41 countries, expanded to fragile states

- 39% of Bank staff working in field offices
- 76% of projects managed from those field offices

Ideally placed to identify unique needs of each country



What is the Bank's Integrated Safeguards System?

The Integrated Safeguarding System (ISS) is the Bank Group's environmental and social policy that applies to **all** Bank-supported operations, public and non-sovereign, regardless the source of financing, including operations supported by Bank-administered trust funds, throughout their life cycles (Identification, Preparation, Appraisal, Negotiation, Implementation, Mid-term Review, Completion).

This Corporate Policy and the Operational Safeguard (OS) apply to all operations supported by the Bank Group, regardless of the type and source of financing.

Through its operations, the Bank will only support operations that are compatible with its Statutes and that are expected to meet the requirements of the OS in a manner and within a timeframe acceptable to the Bank.

If the Bank considers that the environmental or social impacts of proposed operations may not be adequately addressed, it may decide not to proceed with them.

This includes any Bank technical assistance activity, whether provided as a stand-alone operation or as part of an operation or project

The Bank will carry out environmental and social due diligence on all operations proposed for its support.

The purpose of environmental and social due diligence is to help the Bank decide whether to support the proposed operation and, if so, how environmental and social risks and impacts will be taken into account in the development, appraisal, and implementation of the operations.

The Bank will apply the African Development Bank's "Information Disclosure and Access Policy" to all documents shared by the Borrower, subject to the confidentiality concerns described therein.

The Integrated Safeguards Tracking System (ISTS) is linked to the Bank's project management system and is therefore used to track project compliance and performance directly. It is used to ensure that a project can only progress from the preparation phase to the appraisal phase if the OSs requirements have been properly met, a step which is verified by the Bank's E&S safeguard and compliance function.

The ISTS is also used to ensure that project documentation can only be submitted to the Board of Directors once the relevant OS requirements have been properly met. The appraisal reports, of said project documentation, are accompanied by the Environmental and Social Compliance Note (ESCON) issued by the Bank's E&S Safeguards and Compliance function.

African Development Bank Group's Integrated Safeguards System document

<https://www.afdb.org/en/documents/african-development-bank-groups-integrated-safeguards-system-2023>

The ISS is the Environmental and Social Corporate Policy which applies to all Sovereign and Non-Sovereign operations throughout their entire lifecycles

What are your ethical business practices?

- Adopted the **Uniform Framework for Preventing and Combating Fraud and Corruption** along with other Multilateral Development Banks in 2006: harmonized strategy for mitigating corruption and fraud for development effectiveness in projects financed by the multilateral banks
- A commitment to good governance and to the promotion of ethical business practices as well as the endorsement of international standards of anti-corruption and transparency that apply to its operations
- Created an **Integrity Due Diligence (IDD)** structure for private sector operations and other operations financed without a sovereign guarantee, premised on the institution's fiduciary and legal responsibilities to its shareholders and with attention to considerations of economy, efficiency and competitive trade

Guiding Principles for IDD

Identification of beneficial ownership: will not proceed with a transaction without ascertaining the identity of the beneficial owners of such transaction

Assessment of civil, criminal, and regulatory backgrounds: closely evaluate the criminal, civil and regulatory history of the counterparty and significant related parties for integrity risk*

Sanctioned persons and entities: will not finance a project where any of the counterparty, significant related party or their beneficial owners is debarred or cross-debarred by the Bank Group

Politically Exposed Persons (PEPs) and other high-risk relationships: carry out enhanced IDD in addition to its standard IDD measures where PEPs are involved in a project

Mitigation of integrity risks: The underlying objective of the IDD process should be to identify and mitigate integrity risks

Monitoring of integrity risks and enforcement of covenants: effectively monitor projects throughout the project cycle to identify early warning signs and indicators of Integrity Risks

Record-keeping: keep adequate and reliable records of all documentation involved in and steps taken throughout the IDD process

*Integrity Risk is the potential for financial and non-financial loss including adverse reputational impact that may result from Unethical Practices in Projects and investment decisions

What is the Extractive Industries Transparency Initiative?

The Extractive Industries Transparency Initiative (EITI) aims to promote governance by strengthening transparency in the extractive industries. Natural resources, such as oil, gas, metals and minerals, belong to a country's citizens. Extraction of these resources can lead to economic growth and social development. However, when poorly managed it has too often led to corruption and even conflict. More openness around how a country manages its natural resource wealth is necessary to ensure that these resources can benefit all citizens.

Countries implement the EITI Standard to ensure full disclosure of taxes and other payments made by oil, gas and mining companies to governments. These payments are disclosed in an annual EITI Report. This report allows citizens to see for themselves how much their government is receiving from their country's natural resources.

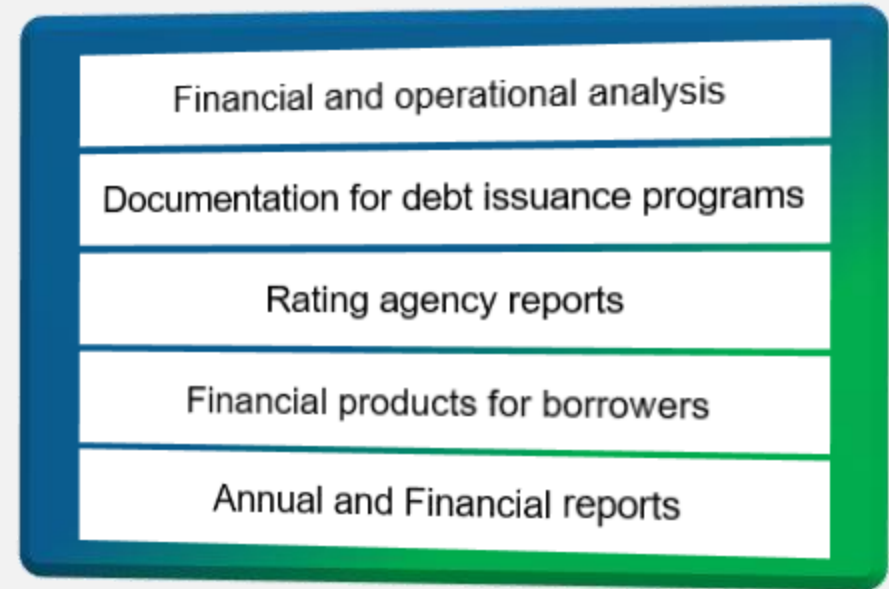
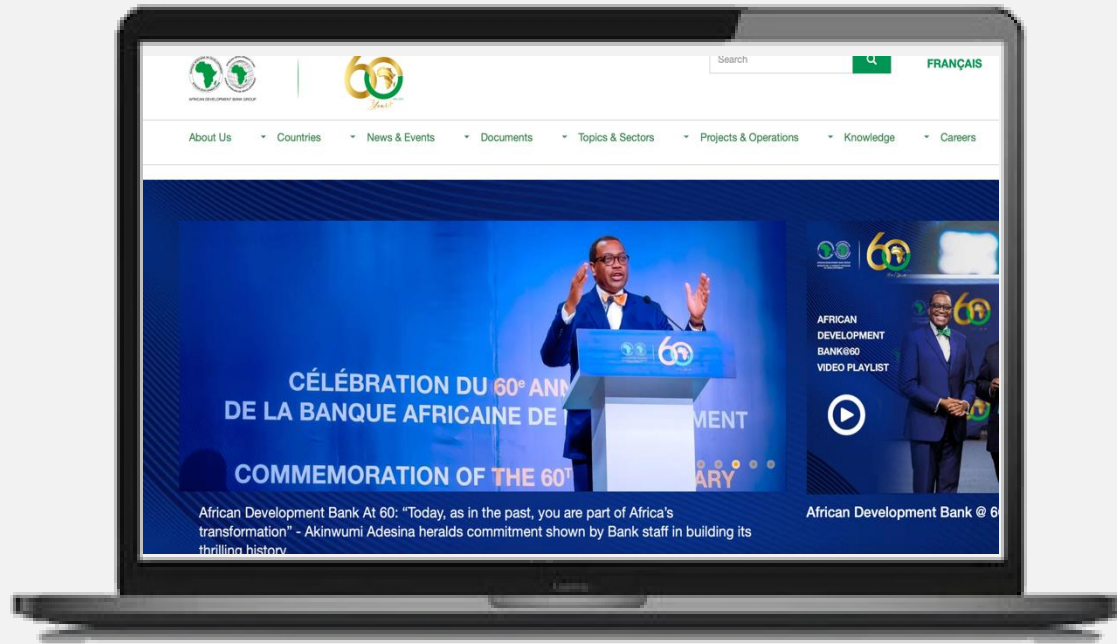
EITI provides a number of benefits to various stakeholders. Benefits for implementing countries include an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to greater transparency. EITI also assists in strengthening accountability and good governance, as well as promoting greater economic and political stability. This, in turn, can contribute to the prevention of conflict based around the oil, mining and gas sectors.

Benefits to companies and investors are centered on mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investments. In extractive industries, where investments are capital intensive and dependent on long-term stability to generate returns, reducing such instability is beneficial for business. Transparency of payments made to a government can also help to demonstrate the contribution that their investment makes to a country.

Benefits to civil society come from increasing the amount of information in the public domain about those revenues that governments manage on behalf of citizens, thereby making governments more accountable.

The Bank is working to mainstream EITI principles in its own sector operations. Through encouraging regional member countries to take part in the EITI process and by offering technical and financial assistance where applicable, the Bank will help bring about sound extractive industry practices and the utilization of natural resources for sustainable development. To date, the Bank has contributed to the achievement of EITI candidacy status of three countries namely Central Africa Republic, Liberia and Madagascar and is supporting various African countries adhere to and implement the initiative. These include Liberia, Sierra Leone, Chad, Togo, Guinea Conakry, and Madagascar.

For more informations



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