



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

The AfDB's Business Opportunities Seminar

Infrastructure and Urban Development

Presented by

Mike SALAWU

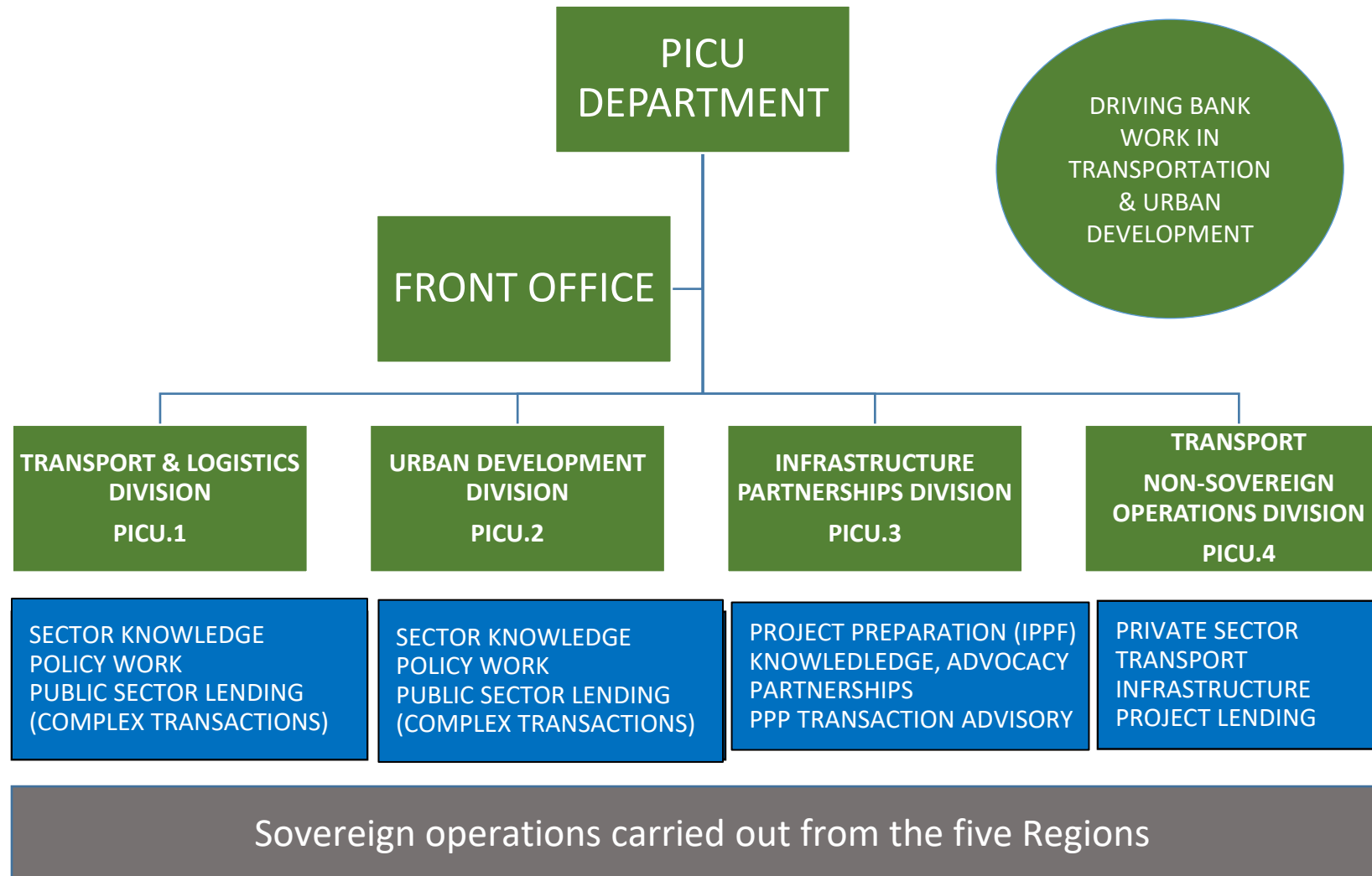
Infrastructure Partnerships

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INFRASTRUCTURE & URBAN DEVELOPMENT DEPARTMENT



The role of the AfDB, strategies, instruments, fields of intervention.

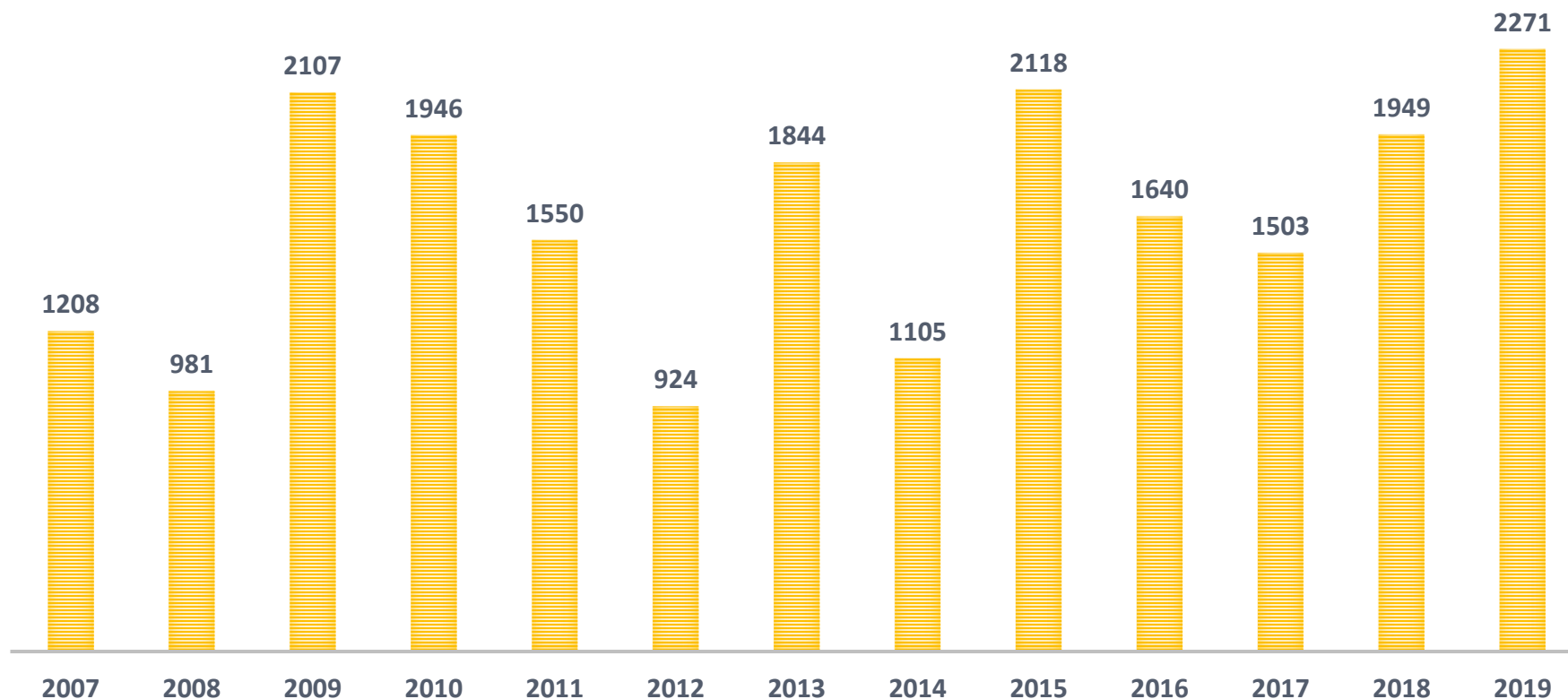
Our operational activities



Transport and Logistics (PICU.1)

AfDB Transport Sector Financing 2006 - 2019

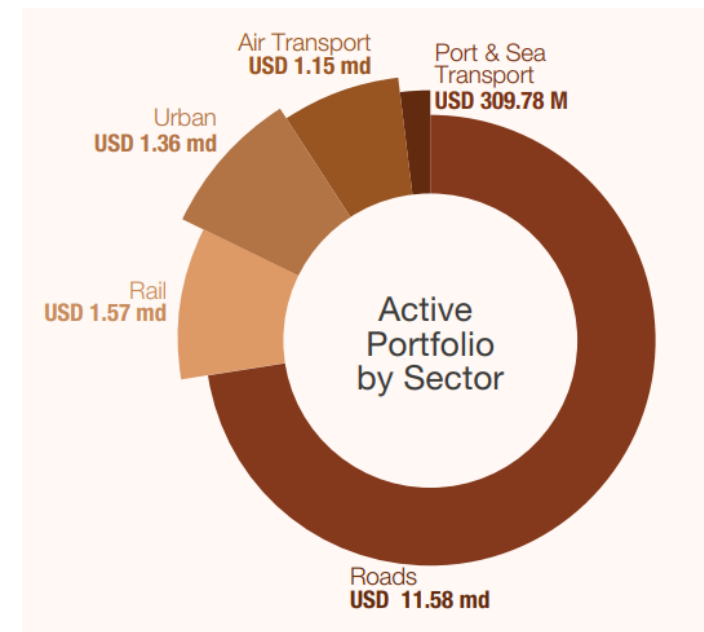
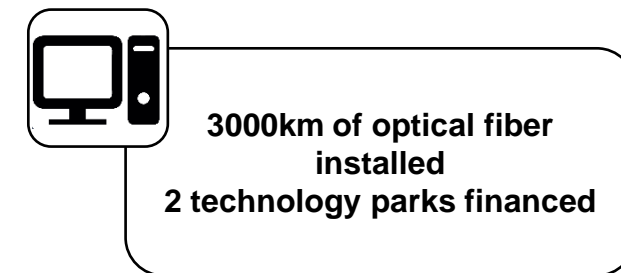
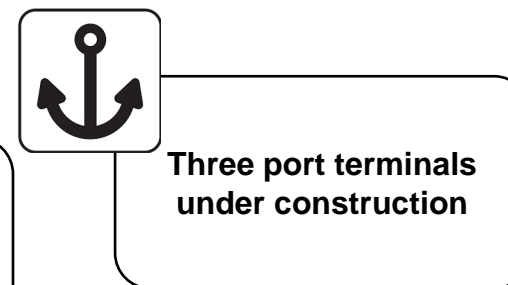
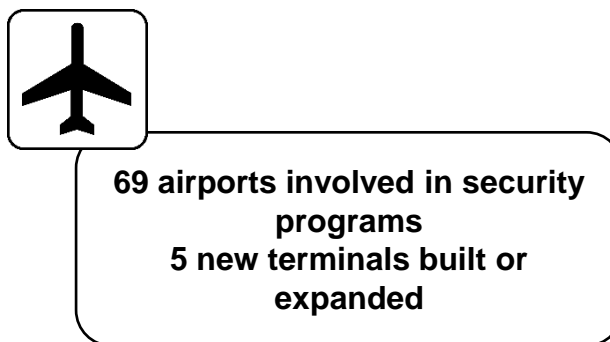
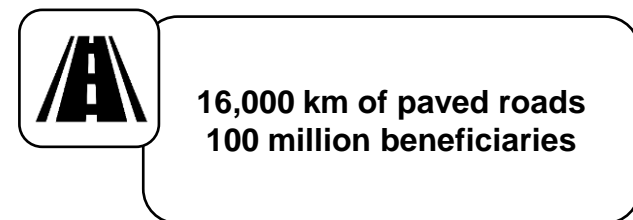
1.5 billion US dollars (USD) invested on average each year in transportation



Annual ADB approvals for transport, in millions of US dollars

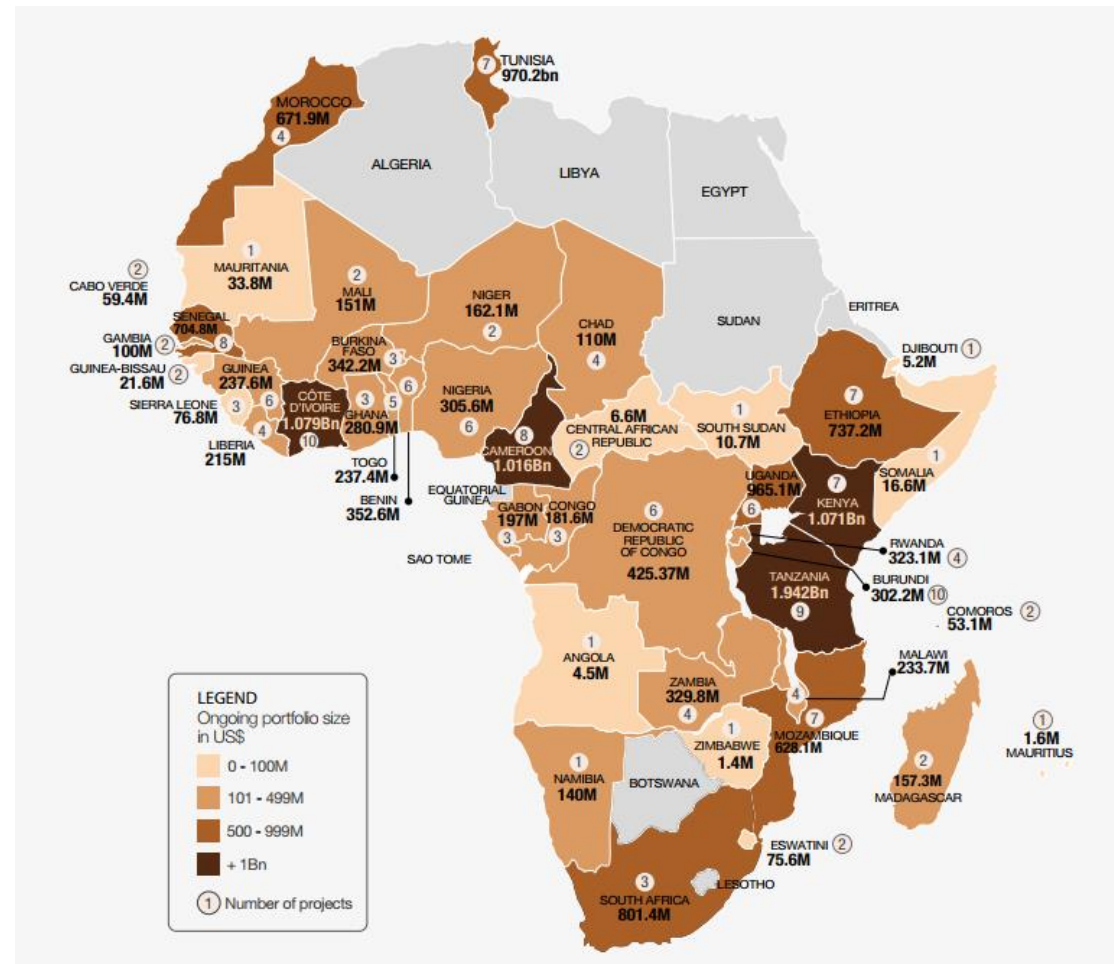
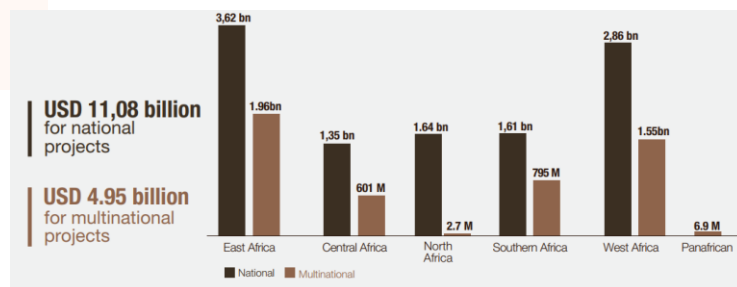
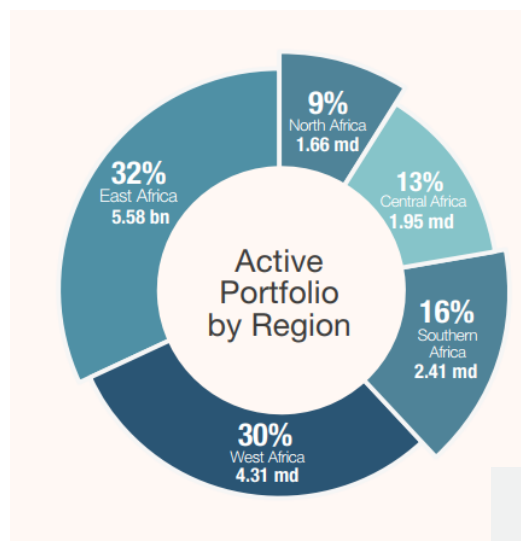
Transportation & Urban - Active Project Portfolio by Sector (2019)

- US\$ 13.92 billion (Sovereign)
- US\$ 2.11 billion (Non-Sovereign)



Transport & Urban - Active project portfolio, by country (2019)

- 16.03 billion portfolio
- 120 + projects
- 44 countries



Road - Complete regional corridors and open up isolated areas

The AfDB has invested more than **US\$ 9 billion** in road infrastructure over the past ten years. Financing more than 16,000 km of roads and facilitating the movement of over 100 million people.

Among the projects financed:

The construction of major international corridors, a lever for the development of intra-African trade.

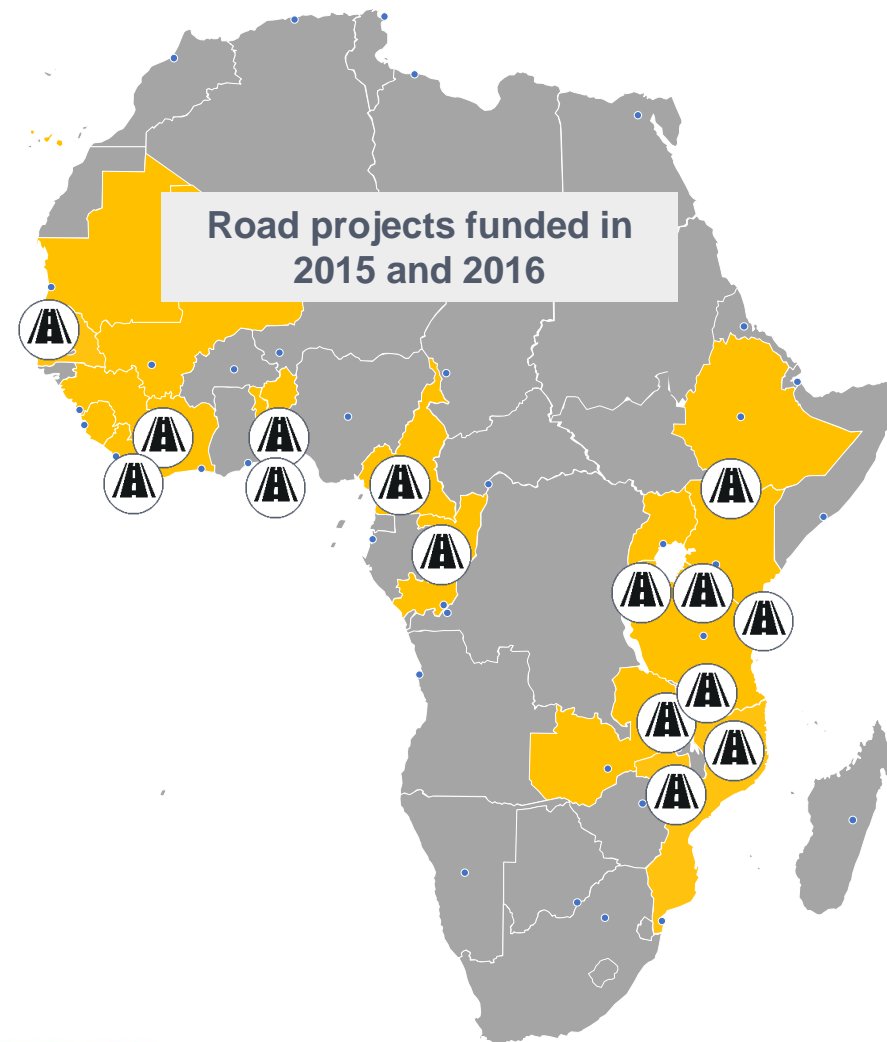


- Half of the financing granted to the road sector (excluding urban) goes to multinational projects.
- The construction of infrastructure is accompanied by transit facilitation measures, such as the construction of juxtaposed post borders.

Roads to open up isolated regions, freeing up their economic potential (especially in agriculture) and facilitating people's access to social services and education.

- The road projects include the provision of public facilities (health centers, schools, sanitation networks...), as well as measures to strengthen economic activities (training programs, provision of materials to cooperatives, construction of markets...)

Investment and capacity building programs on road safety issues, or road maintenance.



Road Transport - The Addis Ababa - Nairobi - Mombasa corridor

1 billion injected by the AfDB
between 2007 and 2016

940 km of road developed

6 million people in the areas of
direct influence of the project

- The corridor is the first all-season land link between Kenya and Ethiopia.
- It provides Ethiopia with access to the Indian Ocean, via the port of Mombasa.
- Some sections provide access to remote areas, unlocking their economic potential (especially agricultural) and improving access to basic services.
- Other sections facilitate passage through urban areas, connecting the corridor to the heart of the three cities involved.



Expected results:



Transport time for goods between Addis
and Nairobi
5 days (2009) >> 2 days (2015)



The share of Ethiopian cargo
handled by the port of Mombasa
0% (2009) >> 20% (2018),

Rail Transportation - Working hand in hand with the private sector

The AfDB has invested more than **US\$1.2 billion** in support of rail transport over the past 10 years.

Among the projects financed:

Extension and modernization of the Moroccan railway network (US\$ 500 million invested since 2010).

- The doubling of the section and the renovation of the stations on the Tangier - Marrakech axis makes it possible to face the rapid increase in demand for passenger and freight transport.

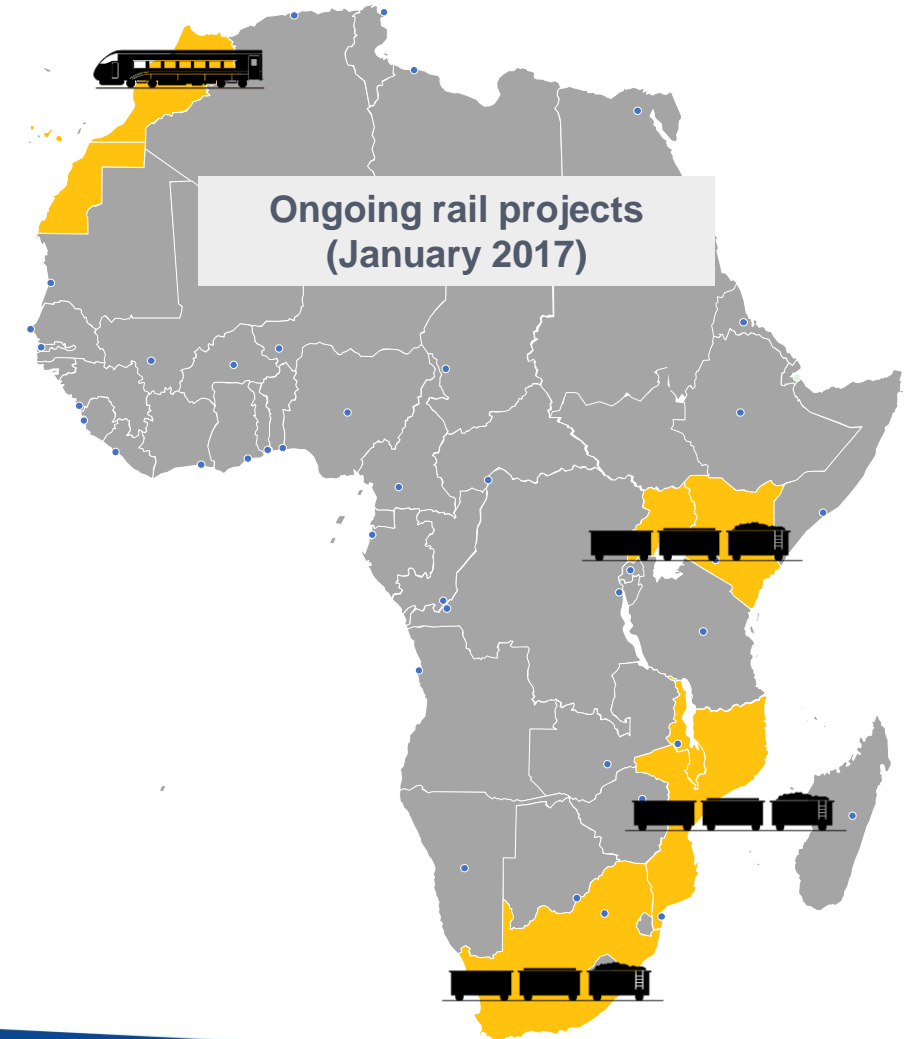


In Mozambique and Malawi, PPPs to finance a combined rail freight and maritime interface corridor (US\$300 million invested in 2015).

- The construction of more than 900km of rail connecting the two countries and the creation of a mineral terminal in Nacala is more economical for companies and relieves heavy truck traffic on the road network.



The AfDB is also financing the consortium operating the Rift Valley lines (Uganda - Kenya) as well as the South African company Transnet to reinforce its rolling stock (\$450 million in two loans).



Rail Transport - Several financings to meet the growing demand for transport in Morocco

AfDB Loan
408M\$ - 2010
118M\$ - 2016

The Tangier - Rabat - Casablanca - Marrakech axis is the backbone of the Moroccan rail network.

It serves the most populated areas of the country.
It connects the country's ports and main industrial centers.

The ADB loans have made it possible to modernize the stations, double some tracks and create a section dedicated to freight.

Results expected:



Reinforcement of the frequency of the freight trains
Casa-Kenitra-Fez-Tangier
8 trains >> 24 trains (2016)



Increase of the speed of traffic
Ex Casa - Marrakech :
75Km/h > 120 km/h (2016)



Increase of the speed of traffic
Ex Casa - Marrakech :
75Km/h > 120 km/h (2016)

Air Transportation - Enhancing Airport Capacity and Safety

The AfDB has invested over **US\$900 million** in support of air transport over the past 10 years.

Among the projects financed:



Construction and expansion of airport terminals (US\$ 550 million invested).

- 5 Moroccan airports have been expanded or built, with an additional potential of nearly 20 million passengers per year.
- Dakar airport was financed through a PPP
- Nairobi airport received emergency assistance following a fire.



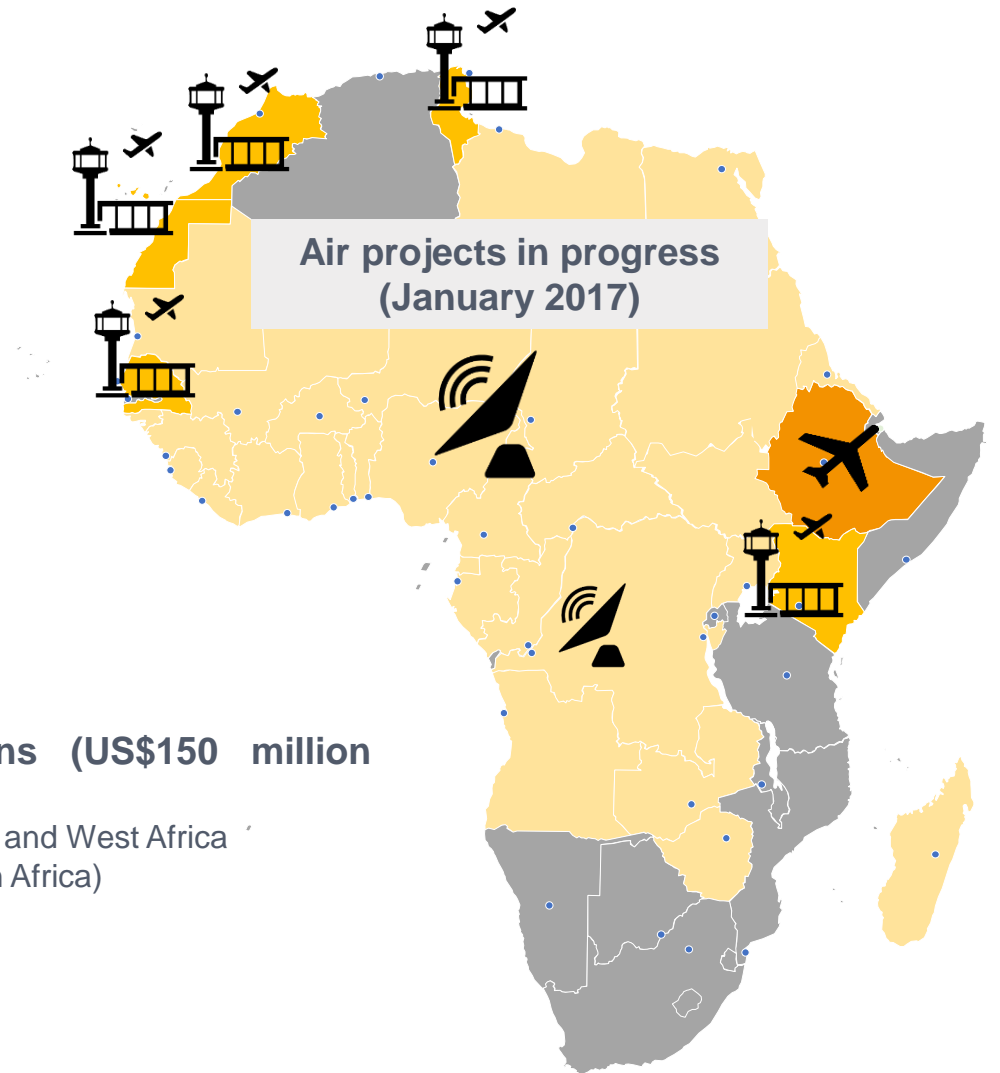
Support to airlines for the purchase of their aircraft (US\$ 200 million invested).

- Ethiopian Airline was able to finance the modernization of part of its fleet



Strengthening aviation safety and harmonizing regional regulations (US\$150 million invested).

- PASTA-CO program strengthens security standards and teams at 69 airports in Central and West Africa
- Program coordinates airspace security in 19 COMESA countries (Eastern and Southern Africa)
- The Democratic Republic of Congo is the subject of a dedicated program



Air Transport - DRC: Priority Air Safety Project I and II

AfDB Loan 136M\$ 2010
AfDB Loan 100M\$ 2018

The airplane is a strategically important mode of transportation for the DRC, the second largest country in Africa.

The program financed by the AfDB has made it possible to

- to equip the airports of Kinshasa and Lumumbashi with modern air traffic control instruments
- strengthening of regulations
- the training of teams in charge of air safety.
- Now equipping the airports of Mbuji Mayi and Kindu



Results expected:



Number of security incidents halved between 2010 and 2015



The rate of coverage of the Congolese sky by control systems:
15% >> 95%



Number of international airports optimally equipped
1/5 >> 3/5

Maritime Transport - Modernizing and expanding port infrastructure

The AfDB has invested more than **US\$900 million** in port infrastructure over the past ten years.

Among the projects financed:

The construction of new port terminals in Walvis Bay (Namibia), Lagos (Nigeria), Doralhe (Djibouti), Nacala (Mozambique), Lomé (Togo):

- These ports are the starting points of important road corridors. Strengthening their capacity and making them more efficient will improve the competitiveness of the countries concerned, but also that of the landlocked countries they serve.

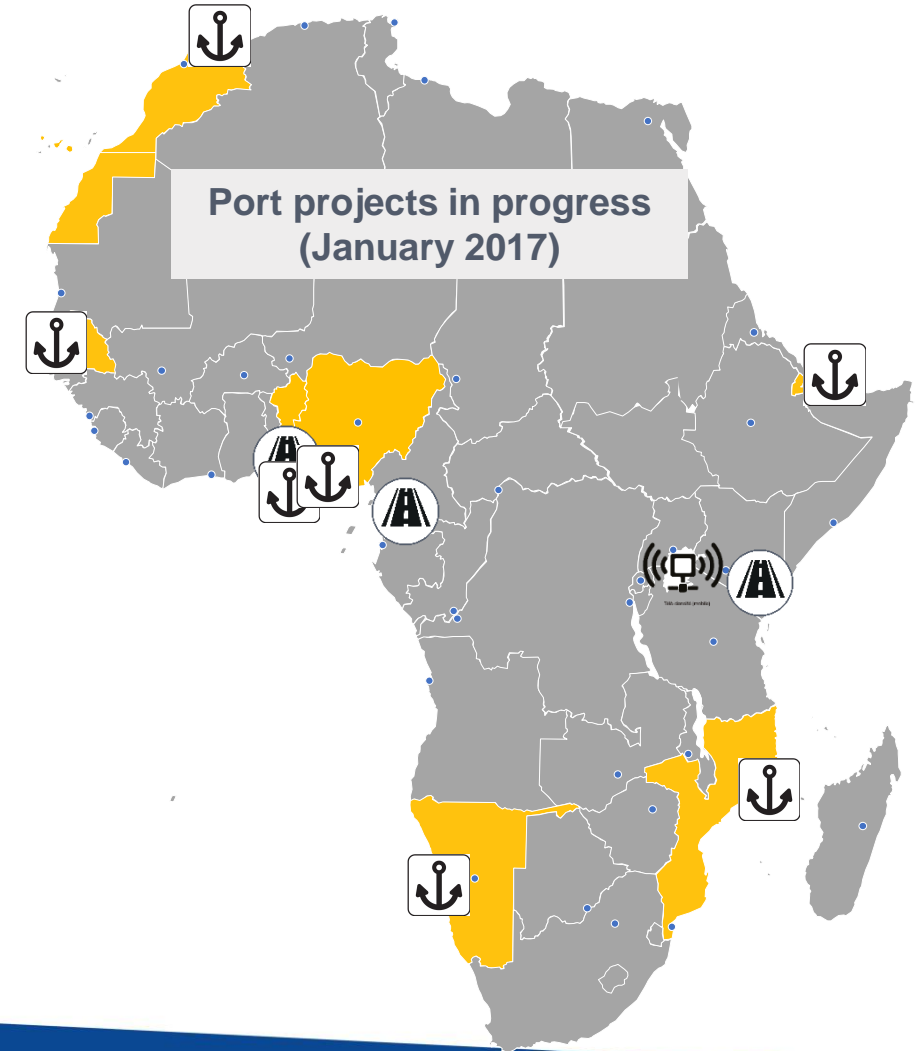
The construction of the Port of Nador in Morocco, the latest port project (2015), should accelerate the industrial development of northern Morocco.

- The \$127 million loan allows for the construction of two container terminals and a hydrocarbon terminal. A new economic activity zone will be built on this logistics platform.

The development of access roads to certain ports, facilitating trade with the hinterland: Lomé (Benin, in 2012), Mombasa (Kenya, in 2015) or Kribi (Cameroon, 2016).

Securing navigation on Lake Victoria

Port projects in progress (January 2017)



Maritime Transport - The port of Dakar (Senegal) modernized through a PPP

AfDB Loan \$64M
2007

90% of Senegal's foreign trade passes through the port of Dakar.

The extension of the container terminal, via a PPP, has increased the port's capacity and improved its efficiency, reducing the cost of managing the goods that transit through it.

**Results
expected:**



Increase in processing
capacity
14,500 TEU >> 31,735 TEU



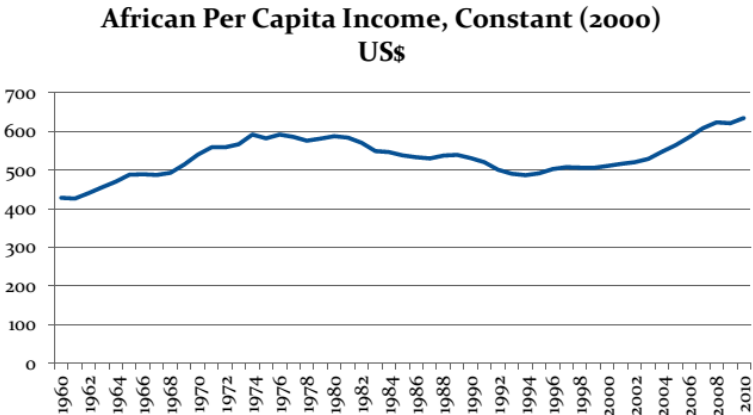
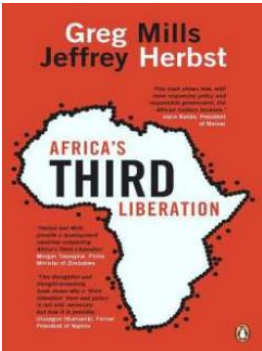
Waiting time in
the harbor
15h > 2h



Waiting time for trucks.
Hours > 30min

Urban Development (PICU.2)

Issue / challenges - Economy: After some difficult years, the continent is growing again. An opportunity for our cities.



1984



1992



2000



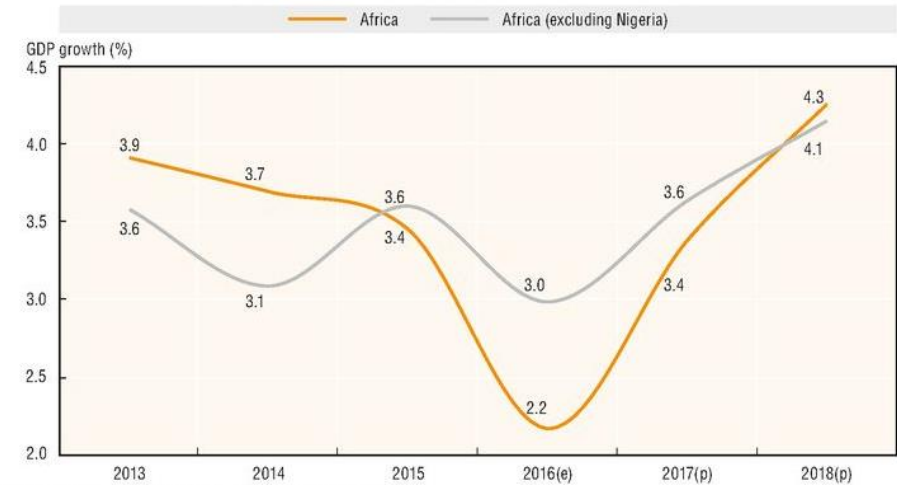
2011



2012



2019



African Economic Outlook 2016

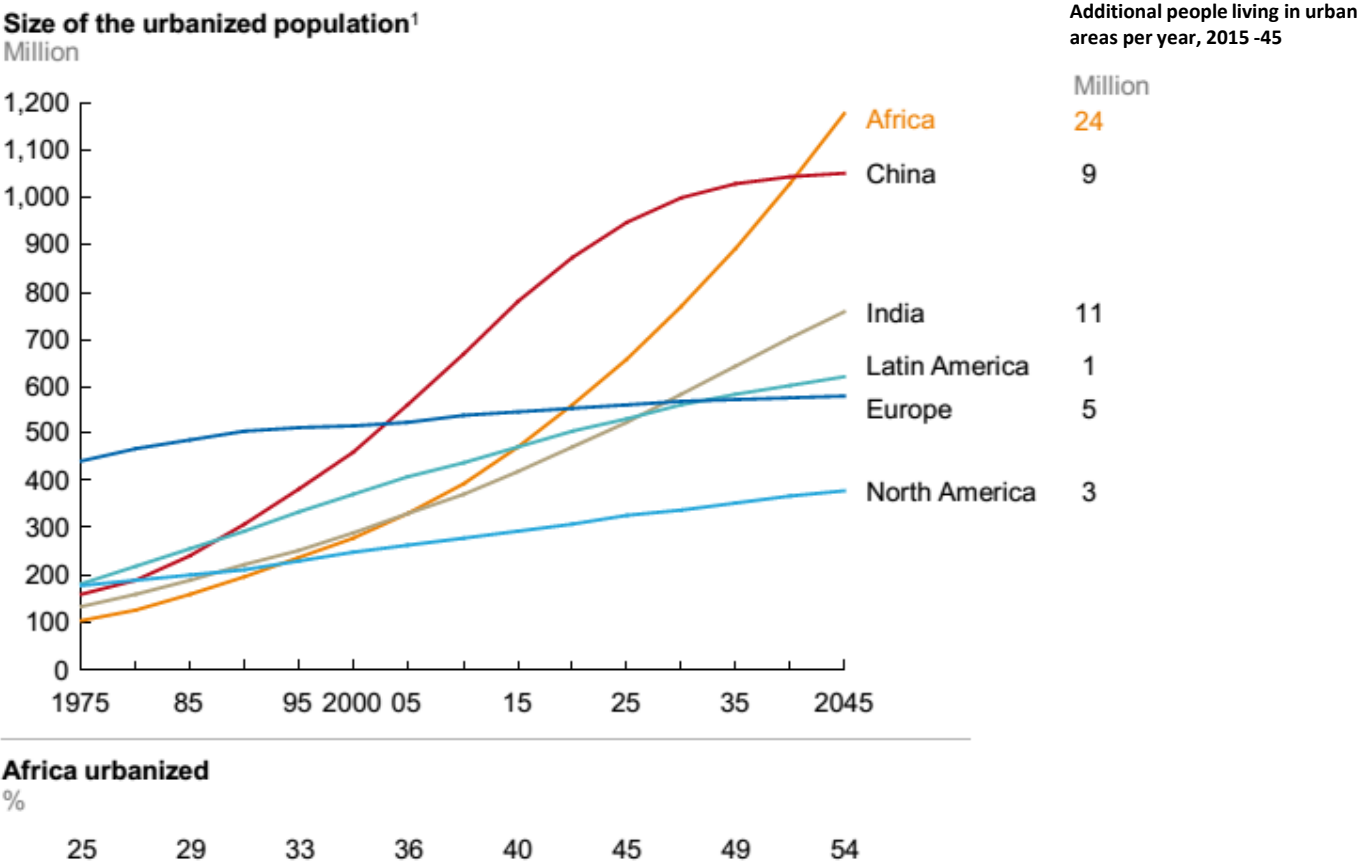
SPECIAL THEME: Sustainable Cities and Structural Transformation



Source : Greg Mills & Jeffrey Herbst, Africa's Third Liberation, 2012
African Economic Outlook 2017, AfDD / OECD / UNDP, 2017

Issue/challenges: Demographically, from 2015 to 2045, African cities will receive 24 million more people each year and could reach 1.2 billion urban inhabitants by 2045.

Africa is urbanizing faster than any other region; its cities are expected to gain 24 million people each year until 2045



1 Population living in urban areas. UN forecasts last adjusted in 2014.

(Source : Mckinsey Global Inst. Sept 2016)

Issue / challenges - Hard infrastructure - the infrastructure deficit is a major challenge for African cities

The demand for investment in urban infrastructure on the continent is estimated at **USD 90+ billion** per year

Transport Infrastructures



- ❑ Paved roads represent a negligible share of urban space in Africa, and are limited to city centers
- ❑ In the 13 largest cities in Africa, less than half of the roads are paved

Housing



- ❑ The investment needs in housing oscillate between 20 and 25 billion dollars per year with a deficit of more than 50 million houses.

Electrification and sanitation



- ❑ In Africa, more than 60% of the urban population lives in more or less overcrowded areas, are poorly housed and do not have adequate access to drinking water and sanitation

ICT



- ❑ ICT investments in Africa amounted to \$2.7 billion in 2015.

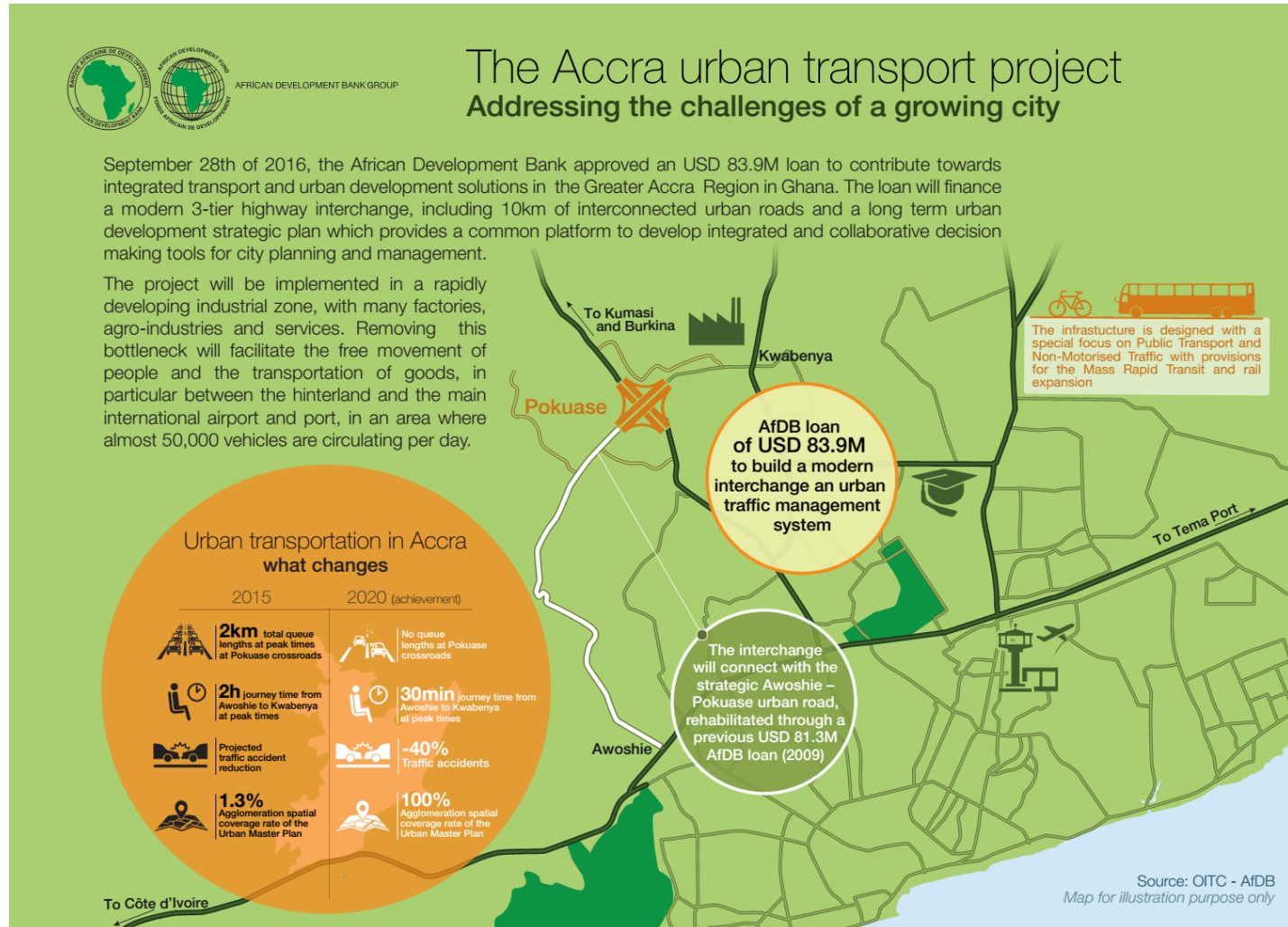
The demographic growth, the improvement of the standard of living, the environmental constraints, require massive and sustained investments.

URBAN DEVELOPMENT – KEY ITEMS FOR 2019

ISSUES/CHALLENGES	APPROACH/STRATEGY	SHORT TERM TARGETS
<ul style="list-style-type: none">• Rapid Uncontrolled growth of urban areas• Inadequate Housing Supply• Congestion, poor urban mobility• Lack of local Funding/financing capacity• Inadequate institutional capacity	<ul style="list-style-type: none">• Planning, Urban Development Strategies, cadastral, land reforms and property rights• Develop Mortgage Financing• Municipal Finance Development, PPP, PSP• Municipal Capacity Development, Decentralization	<ul style="list-style-type: none">• Operationalization of UMDf• Urban Development Action Plan• Preparation, pipeline development (UMDF) of Urban Development/ Urban Mobility Project• Policy work on Municipal Finance, Land registry, Housing, Public Transportation

Urban Transportation - Example of approved projects

AfDB Loan 84M\$



A support tool for municipalities - UMDf



Technical assistance
dedicated to urban development
in African cities.



UMDF Urban and
Municipal
Development Fund
Improving the quality of life in African cities



Improving the Quality of Life in African Cities

- What is the UMDf?
- TA fund to support – value addition to municipalities / cities in their development objectives.
- Why the UMDf?
- Cities have approached us for such a dedicated grant facility.
- How will the UMDf help?
- City plans, city governance, project preparation and staff training.
- Partnership secured with NDF / Belgium / SECO, more partners welcome.
- Launching 3rd April 2019

UMDF partners:



NORDIC
DEVELOPMENT
FUND



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



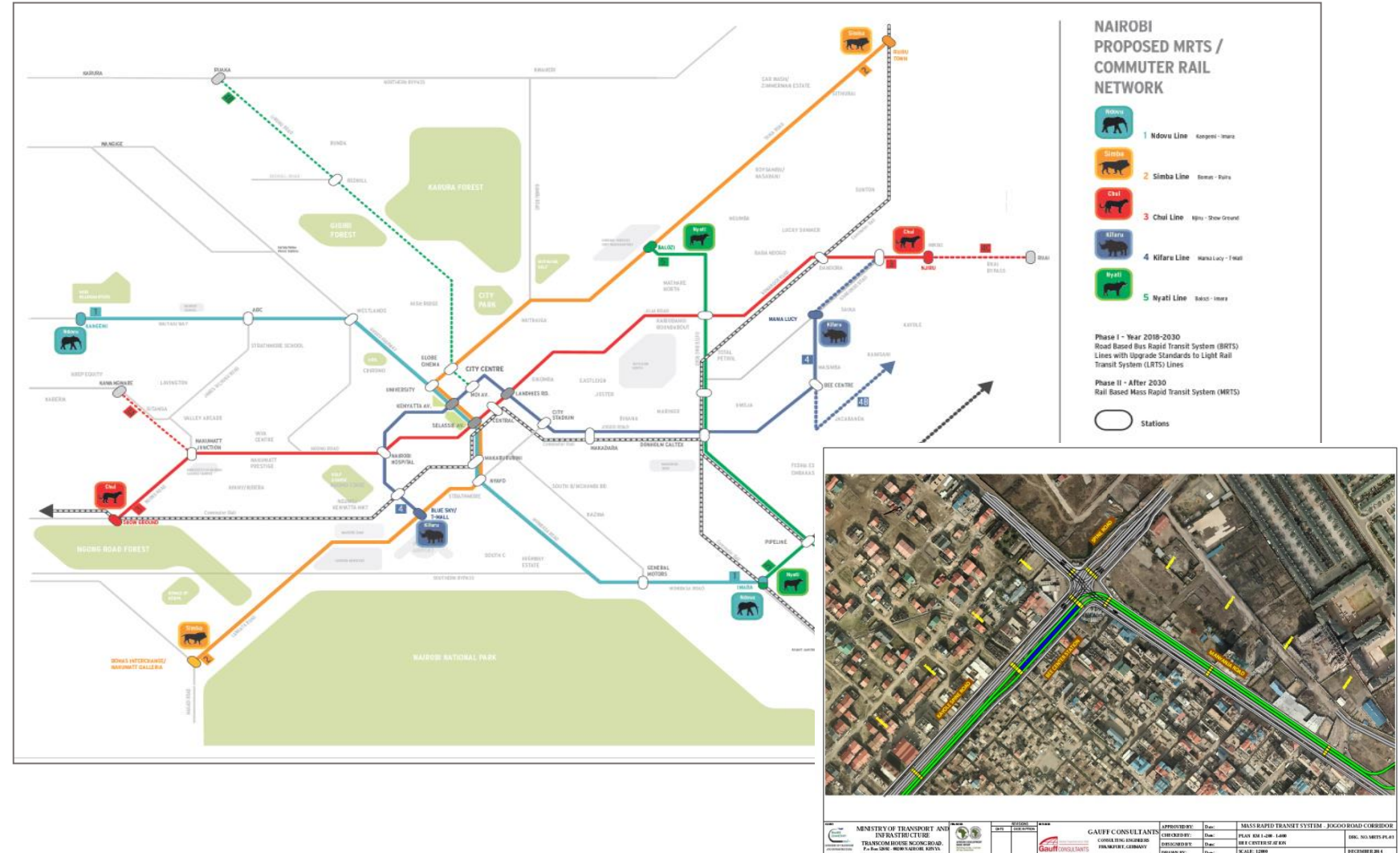
Wallonia.be



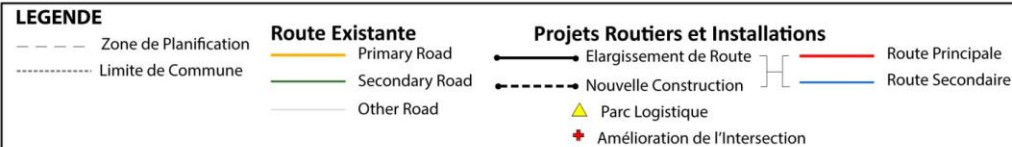
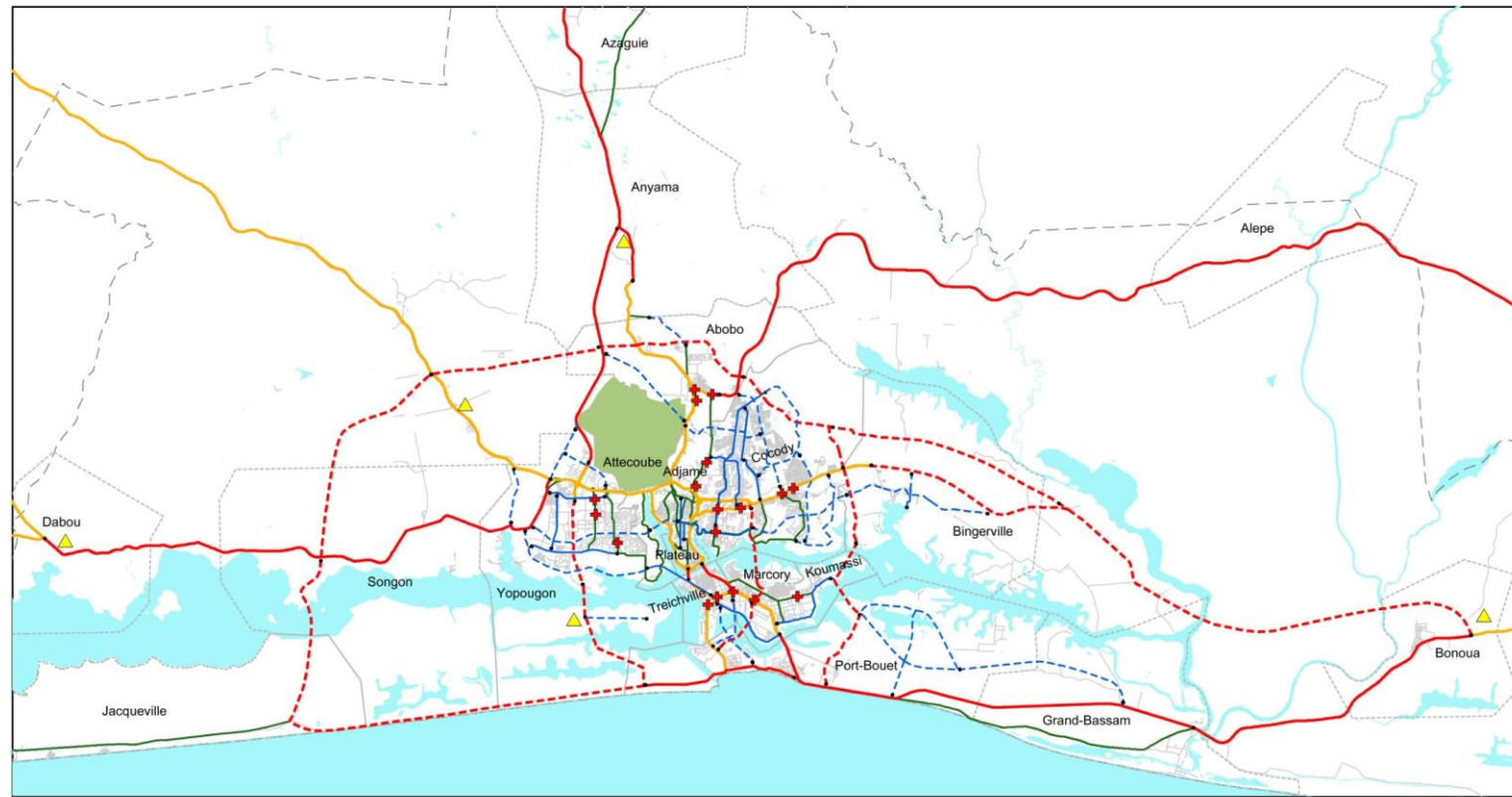
Example of urban value added - Nairobi Kenya

Part of the TA included:

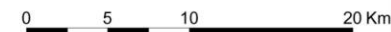
- Production of Nairobi Transit System masterplan,
- Extensive planning and harmonization of proposed public transport projects for Nairobi, and
- Complete design package for the proposed BRT line 4 (Kifaru BRT Line, 11 km) including EISA / tender documents.



Example of Urban value added – Abidjan

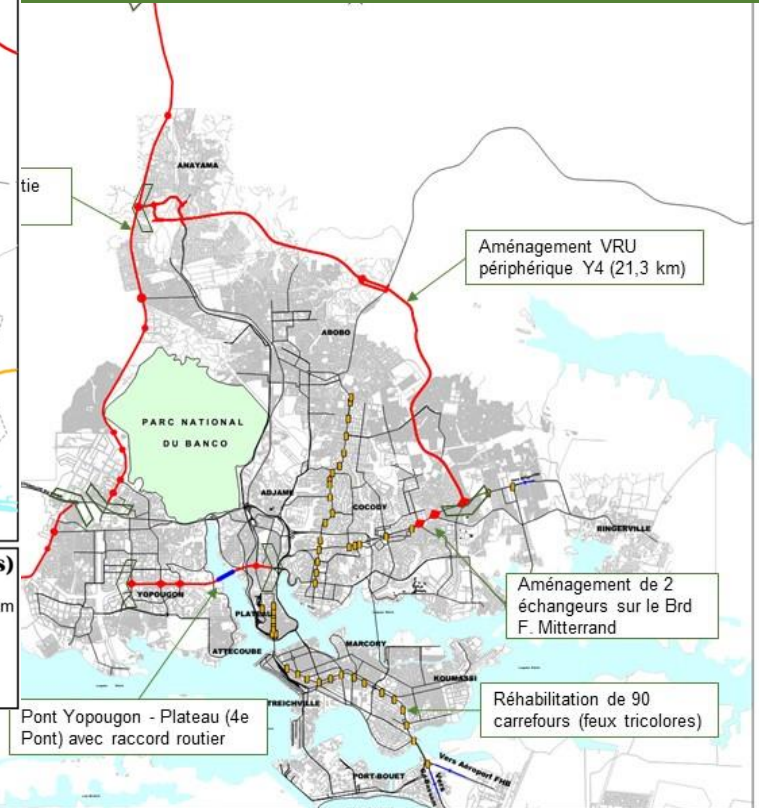


Localisation des Projets (Routiers et Installations)



sortie Ouest (15,9 km)

Cote D'Ivoire: Aligning transport infrastructure projects with SDUGA (JICA financed) - project coordination (PTUA) GEF – USD 7 M for TA (waste / air pollution)



Infrastructure Partnerships (PICU.3)

THE INFRASTRUCTURE PARTNERSHIPS DIVISION (PICU.3) IN BRIEF

PILLARS

1. **NEPAD-IPPF** – Infrastructure Project Preparation Facility Special Fund
2. **ICA** – Infrastructure Consortium for Africa
3. **PPP Infrastructure Advisory Services**
4. **PPFN** – Project Preparation Facility Network
5. **Partnerships**

FOCUS AREAS

1. **Preparation of high-quality, bankable infrastructure projects** to attract SO, NSO & PPP financing
2. **Advocacy, dialogue and knowledge** to drive policy change
3. **Coordination**, outreach and capacity building across infrastructure value chain
4. **Enhance** resource mobilization and co-financing for proj. prep
5. **Partnerships** to accelerate Africa's infrastructure delivery

PARTNERS

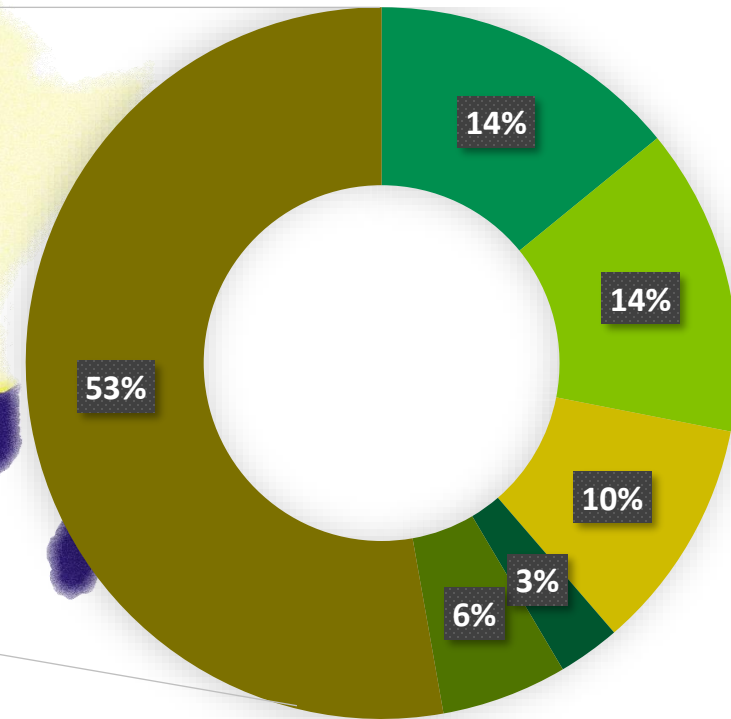
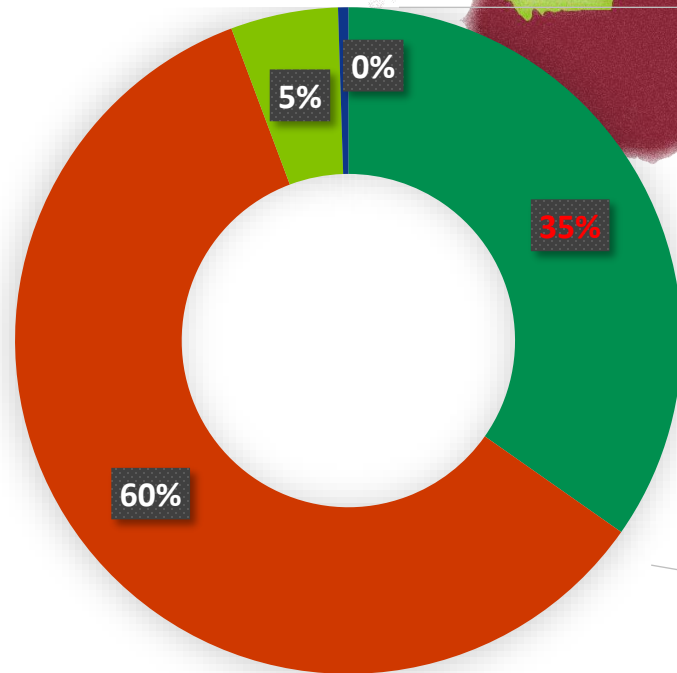
- Project Preparation Facilities,
- GIF, Africa 50, Equity Funds,
- Multilateral & Regions and Dev. Banks, DFIs
- Project Developers, Sponsors
- Private Sector
- African Investment Forum
- Donors,
- AUC, NEPAD Agency, UNECA,
- RECs, Power Pools, River Basin Org, Corridors Agencies, Specialized agencies,
- Etc.

Non-Souverain Operations (PICU.4)

Non-Sovereign (Private Sector) Infrastructure projects: 2007-2017

Total amount financed in
NSO Infrastructure:
USD 4.0 bn

Total amount financed in
NSO Transport:
USD 1.4 bn

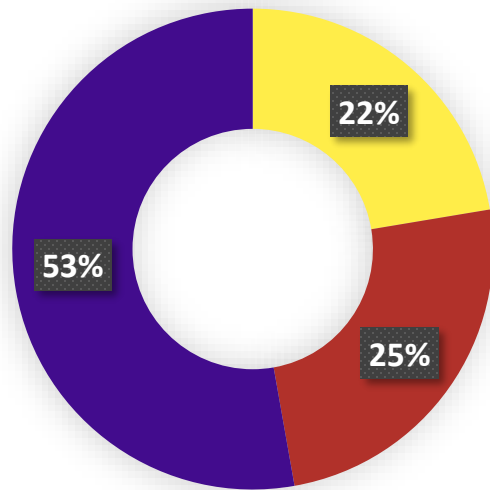


■ Transport
■ Power
■ ICT
■ Water

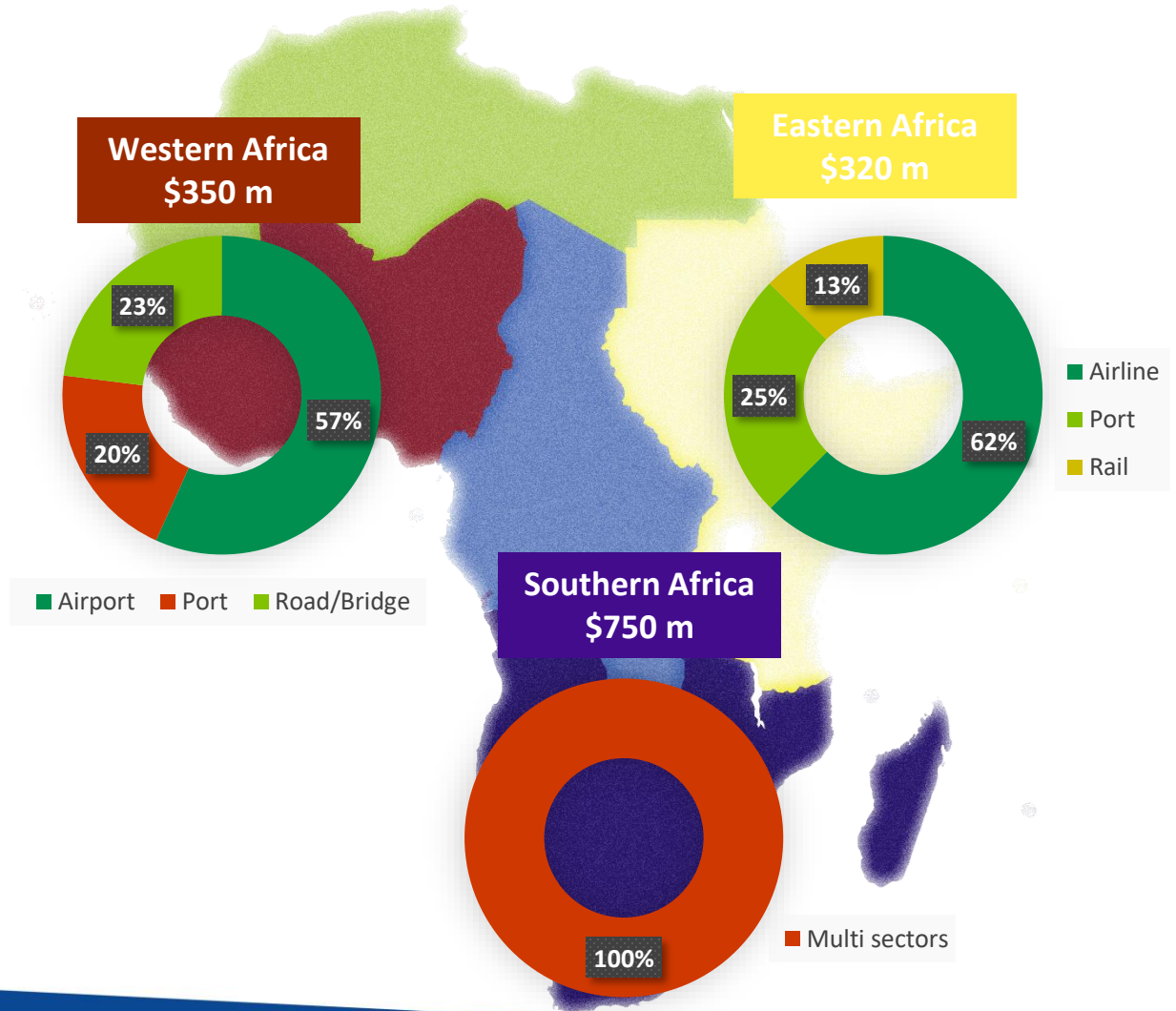
■ Airport
■ Airline
■ Port
■ Rail
■ Road/Bridge
■ Multi

Non-Sovereign (Private Sector) Transport projects: 2007-2017

Total amount financed in
NSO Transport:
USD 1.4 bn



■ Eastern Africa ■ Western Africa ■ Southern Africa



Eligibility Criteria



Africa-based project



Commercially **viable**



Development impact: Households benefits, infrastructure, government, macroeconomic resilience, gender and social effects



Strong **additionality**



Environmentally sound, supports gradual transition to **green growth**



Sound procurement

Our Financial Products

The Bank plays as **honest broker** between public and private sector agents, while focusing on beneficiaries

Senior debt	Subordinated debt	Equity	Technical Assistance	Guarantees	A/B loans & syndication
<ul style="list-style-type: none">• Adapted maturities (up to 20 years)• Up to 5 years grace period• 5 Hard and 11 local currency loans• Up to 1/3 of total project cost	<ul style="list-style-type: none">• Interest Rate Premium• Reasonable Collateral	<ul style="list-style-type: none">• Indirect, through Private Equity funds• Direct, maximum of 25%• Quasi Equity	<ul style="list-style-type: none">• Grants for feasibility studies• Capacity building support• Advisory Services• Climate change Funds	<ul style="list-style-type: none">• Partial risk guarantee• Partial credit guarantee• Other Risk Mitigation Products	<ul style="list-style-type: none">• A/B: 1/3• Participation Agreement• Mitigate Country Risk through Commercial Bank Partners

Public Private Partnerships

The Bank provides both **Financial and Advisory** services upon request.

Risk Sharing (i.e. Role of Political Risk in Infrastructure)

Public Service Delivery (through Private Investment)













Contractual Package: Back-to-back Agreements

Return on Investment Considerations: Public & Private

Advisory: Feasibility & Structuring

Timing Considerations & Financiers

Key Transactions

Roads & Bridges	Dakar Toll Highway Phase 1 (2010) Phase 2 (2011)		Transport Operators	Transnet Phase1 (2010) Ph2 (2014)	SA Taxi		
							
	AfDB commt. (1) EUR 13.5m (2) EUR 4.1m		AfDB commt. (1)ZAR 2.7bn (2)ZAR 3.5bn	AfDB commt. USD 107m			
	Henri Konan Bédié Toll Bridge (2012)		Dakar Container Terminal (2019)	Lomé Container Terminal (2011)			
							
AfDB commt. EUR 58m		AfDB commt. EUR 46m	AfDB commt. EUR 60m	Financing Vehicles	AIIF3 (2018)		
							
Airports	Aéroport International Blaise – Diagne (2011)	Ghana Airport Invest. Programme (2015)	Airlines	Ethiopian Airlines Phase1 (2011) Ph2 (2016)	Air Côte d'Ivoire	Railways	Nacala Rail and Port (2015)
							
	AfDB commt. EUR 70m	AfDB commt. USD 120m		AfDB commt. (1) USD 40m (2) USD 159m	AfDB commt. EUR 50m		AfDB commt. USD 300m

Dakar Toll Highway – phase 2 (June 2014)

Sector: Roads & Bridges



Total Project Cost
EUR 131m

AfDB Participation
EUR 4.1m



Integrate Africa Improve the quality
of life for the people
of Africa

Loan

Guarantee

Equity

Project description

Phase 2 of the DIAMNIADIO-AIBDAIBD Highway project starts East of the Diamniadio interchange as the continuity of Phase 1. Phase 2 is a 17 km 2x2 lanes highway.



Development outcomes

- 63% reduction in journey time
- 106 jobs, out of which 25% are held by women

AfDB Role

- Senior lender
- Stand-by debt facility provider
- Complement the Sovereign loan

Nacala Rail and Port (December 2015)

Sector: Railways & Ports



Total Project Cost
USD 4.5bn

AfDB Participation
USD 300m



Industrialise Africa

Integrate Africa

Improve the quality
of life for the people
of Africa

Project description

Development of a 918 Km rail line from Moatize coal mine in Tete Province through Malawi to Nacala and Nacara deep sea port. 60% brownfield, 40% greenfield.

Development outcomes

- 10 pairs of trains per day (7 for coal, 2 for general cargo, 1 for passengers)
- 184,000 passengers per day
- 360,000 additional tons p.a. of general cargo for both countries
- additional 16 million tons per annum to Mozambique's total port handling capacity for coal
- Improved logistics efficiency



Loan

Guarantee

Equity

AfDB Role

- Long-term loan
- Co-lead arranger

Ghana Airports Ltd. Investment Programme (September 2015)

Sector: Airports



Total Project Cost
USD 400m

AfDB Participation
USD 120m



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of life for the people
of Africa

Loan

Guarantee

Equity

Project description

A capital investment programme entailing the construction of a new terminal at Kotoka International Airport (KIA) in Accra, and rehabilitation of other airports managed by GACL including Kumasi, Tamale, Ho and Wa Airport



Development outcomes

- 760 permanent jobs
- Additional 5m passenger capacity and additional cargo traffic
- Improved airports safety and security
- Delays reduction

AfDB Role

- Senior Lender

Transnet Capital Investment Programme (December 2014)

Sector: Transport Operators



Total Project Cost
ZAR 312bn (USD 28bn)

AfDB Participation
ZAR 3.5bn



Industrialise Africa

Integrate Africa

Improve the quality
of life for the people
of Africa

Loan

Guarantee

Equity

Project description

Transnet's 7-year Capital Investment Program.

The program focuses on freight rail segment, including acquisition of rolling stock and improvement of operational efficiency.



Development outcomes

- 6,146 additional permanent jobs, of which 2,944 (47.9%) are semi-skilled and 1420 are for woman
- Increased railway capacity 58%
- Increased container terminal capacity by 41%
- Increased bulk and break-bulk terminal capacity by 6.3%
- Increased pipeline capacity 98%
- Reduction of transport and logistics costs in SA by 4%–7%.



AfDB Role

- Senior Lender
- Syndication of USD 250m

Ethiopian Airlines (December 2016)

Sector: Airlines



Total Project Cost
USD 1.2bn

AfDB Participation
USD 159m



Integrate Africa Improve the quality
of life for the people
of Africa

Project description

Expansion plan (aircraft
financing)

Development outcomes

- 9911 new jobs, of which 4671 are for women
- Increased passenger capacity by 164%
- Increased freight capacity by 207%
- 26 new destinations
- Incremental generated forex of USD 1.4bn (NPV)



Loan

Guarantee

Equity

AfDB Role

- Senior lender
- Junior lender

Air Côte d'Ivoire expansion programme (November 2017)

Sector: Airlines

Total Project Cost
USD 261m

AfDB Participatio
USD 50m



Integrate Africa Improve the quality
of life for the people
of Africa

Loan

Guarantee

Equity

AfDB Role

- Senior lender
- Support to shareholder loan through a sovereign loan to Government (EUR 51m)
- Structuring
- Co-lead arranger for USD 111.5 of senior debt
- Partial Risk Guarantee provider for 20m

Project description

Financing of the acquisition of 5 new aircraft

Complement sovereign loan to finance Government shareholder loan to the company

Development outcomes

- 400 additional jobs
- 3 new international routes
- 92% increase of weekly flight frequency
- 815,000 additional passengers over 2017-2029
- Improved quality of air transport services in terms of comfort and security
- Time and cost savings for passengers



SA Taxi (October 2018)

Sector: Transport Operators



Total Project Cost
USD 1.05bn

AfDB Participation
USD 107m



Industrialise Africa

Integrate Africa

Improve the quality
of life for the people
of Africa

Project description

USD 1bn programme for the financing of 6,700 SMEs in SA's commuter transit segment through SA Taxi, a vertically integrated company providing finance, insurance, dealership...

Development outcomes

- 57,000 direct jobs will be created.
- Access to finance for 6,700 SMEs (100% black-owned).
- Beneficiaries are 20% women, 16% youth.
- Fully aligned with National Green Transport Strategy, the project will help reduce CO2 emissions in SA taxi industry by 2.7%.
- Linkages estimated at USD 700m (NPV@12%)



Loan

Guarantee

Equity

AfDB Role

- Long-term loan
- Mandated lead arranger
- Syndication of B-loan

Contact

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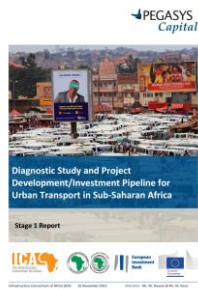
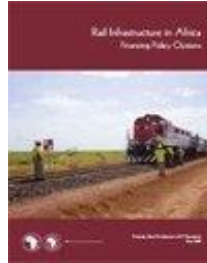
Beyond Infrastructure...

Beyond infrastructures - Producing and disseminating knowledge

La BAD produces and diffuses

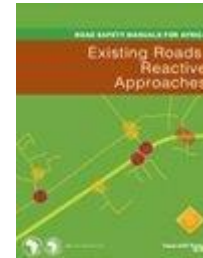
Sectorial economic studies and analyzes

- Regional or sub-regional studies
- Railway infrastructures in Africa - The options of the financing policy
- The Air Transport sector in Central and West Africa



Regional diagnostics, specialized guides and manuals

- Studies on regional issues (e.g. road corridors in West Africa)
- Studies on Bank projects (Technical evaluation of projects and report on their socio-economic impact)
- Practical guides (eg: series of manuals disseminating good practices in terms of road safety).



National sector studies

- Help to understand the dynamics and challenges of the sector. Useful for policy makers and to inform investment decisions.
- The most recent: Mali, Cameroon, Togo, Gambia...



These knowledge products are available on the ADB website ([link](#))> Themes and sectors> Transport> Publications



Representatives of national road agencies during a seminar to present road safety manuals developed by the AfDB (Abidjan, 2016)



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THANK YOU

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