

4th OECD Forum on African Public Debt Management

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African Development Bank/
African Financial Markets Initiative



African Development Bank Group



This presentation is organised into three sections:

- I. AfDB's response to the financial crisis
- II. AFMI's strategic priorities
- III. Work programme and projects in the pipeline



Africa's short-term financial shortfalls are altering its long the continent's long-term financing needs

Financing need



- Fill gaps in financing of key infrastructure projects
- Provide liquidity for private sector development
- Boost regional trade
- Help Africa stay the course of sound policy framework

The African Development Bank's response to the financial crisis safeguards past achievements and ensures progress towards MDGs

- | | |
|------------------------------------|----------------------|
| ▪ Emergency Lending Facility (ELF) | USD 1.5 billion |
| ▪ Trade Finance Initiative (TFI) | USD 1 billion |
| ▪ African SME Guarantee Fund (AGF) | USD 300 million est. |



Most of the Infrastructure projects were running the risk of being postponed/suspended due to lack of funding from private investors

Infrastructure loans

- Enfidha Airport in Tunisia - USD 94.9 million
- Casablanca Airport in Morocco - USD 320 million
- Power project in Botswana - USD 210 million
- Eskom power project in South Africa - USD 2,445 million
- Nuweiba power project in Egypt - USD 300 million
- Power project in Morocco - USD 150 million



New Lending Instrument: The Emergency Liquidity Facility

Multipurpose facility providing bridge financing to AfDB eligible sovereign and non-sovereign entities suffering from a lack of liquidity

- Middle Income Countries (MICs)
- MIC Central Banks, private and public financial institutions in all member countries in order to support the productive sectors;
- Non-sovereign guaranteed projects in all member countries, that are exposed to financing or re-financing issues; and
- Borrowers who are not ADB clients but have already benefited from other DFIs' assistance, provided the DFIs evaluation procedures are similar to the Bank's.

Implementation: Fast track approval process

Projects: Zenith Bank in Nigeria - USD 48.4 million;
UBA in Nigeria - USD 144.9 million



New Lending Instrument: Trade Finance Initiative

Description

- Lines of credit to African financial institutions
- Up to 3.5 years but expected to be in general less than 1 year

Objectives

- Maintain line of credits required for African financial institutions to finance importers and exporters of goods to and from Africa.

Implementation: First phase of USD 500 million ready

Projects: Cocobod in Ghana - USD 100 million
Standard Bank of South Africa - USD 100 million



New Lending Instrument: African SME Guarantee Fund

Objectives

- Increase access to bank credit for SMEs
- Coordination of development support initiatives to SMEs in Africa
- Regionalization of support and pooling of resources

Tools

- Loan portfolio guarantees to financial institutions and counter-guarantees to existing selected guaranteed schemes
- Portable or institutional guarantees to financial institutions
- Capacity development for SMEs

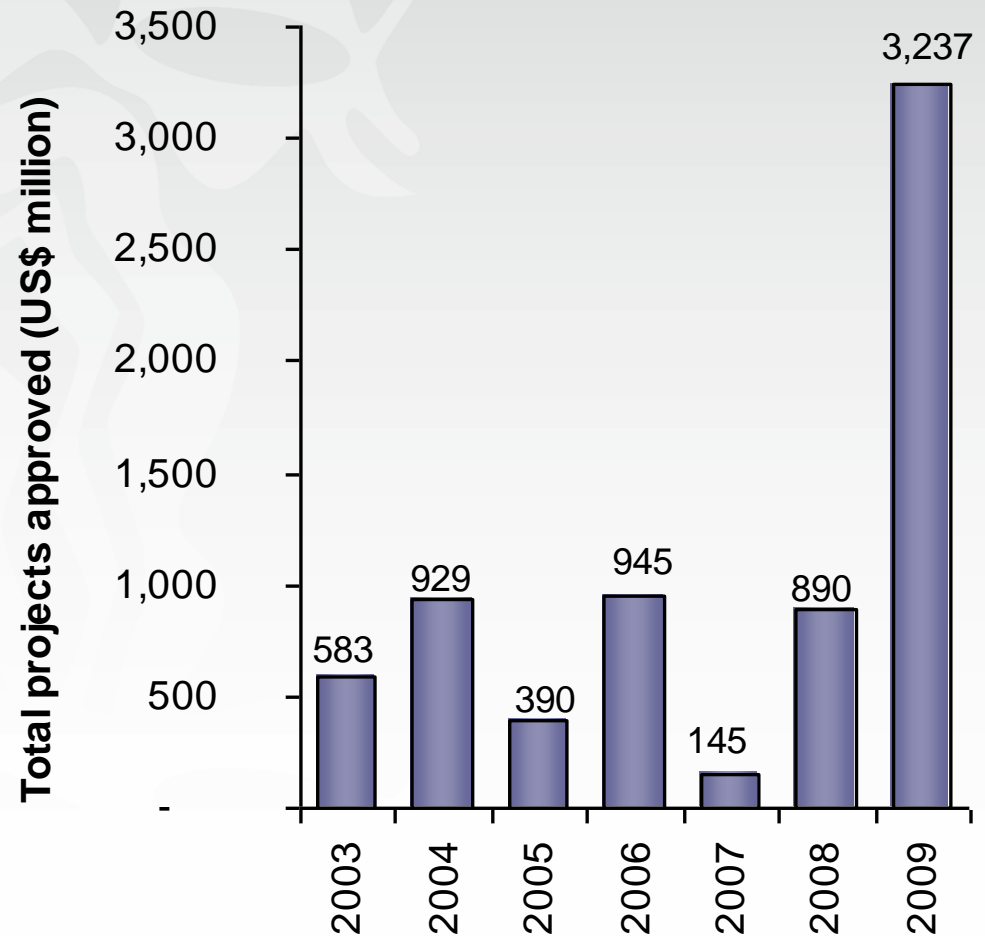
Timeframe

- H2 2009: stakeholders' approval of the project
- Jun 2010: start implementation / first guarantee agreement



Financing of budget and balance of payments support has increased

Country		US\$mn
Liberia	LIC	3
Gambia	LIC	4
Guinea-Bissau	LIC	5
Lesotho	LIC	6
Malawi	LIC	10
Sierra Leone	LIC	10
Mali	LIC	10
Comoros	LIC	13
Togo	LIC	13
Seychelles	LIC	13
Benin	LIC	22
Niger	LIC	28
Burkina Faso	LIC	30
Rwanda	LIC	30
DRC	LIC	98
Cote d'Ivoire	LIC	126
Tunisia	MIC	168
Egypt	MIC	329
Mauritius	MIC	970
Botswana	MIC	1,350
Total		3,237





The Bank's strategic priorities to develop bond markets

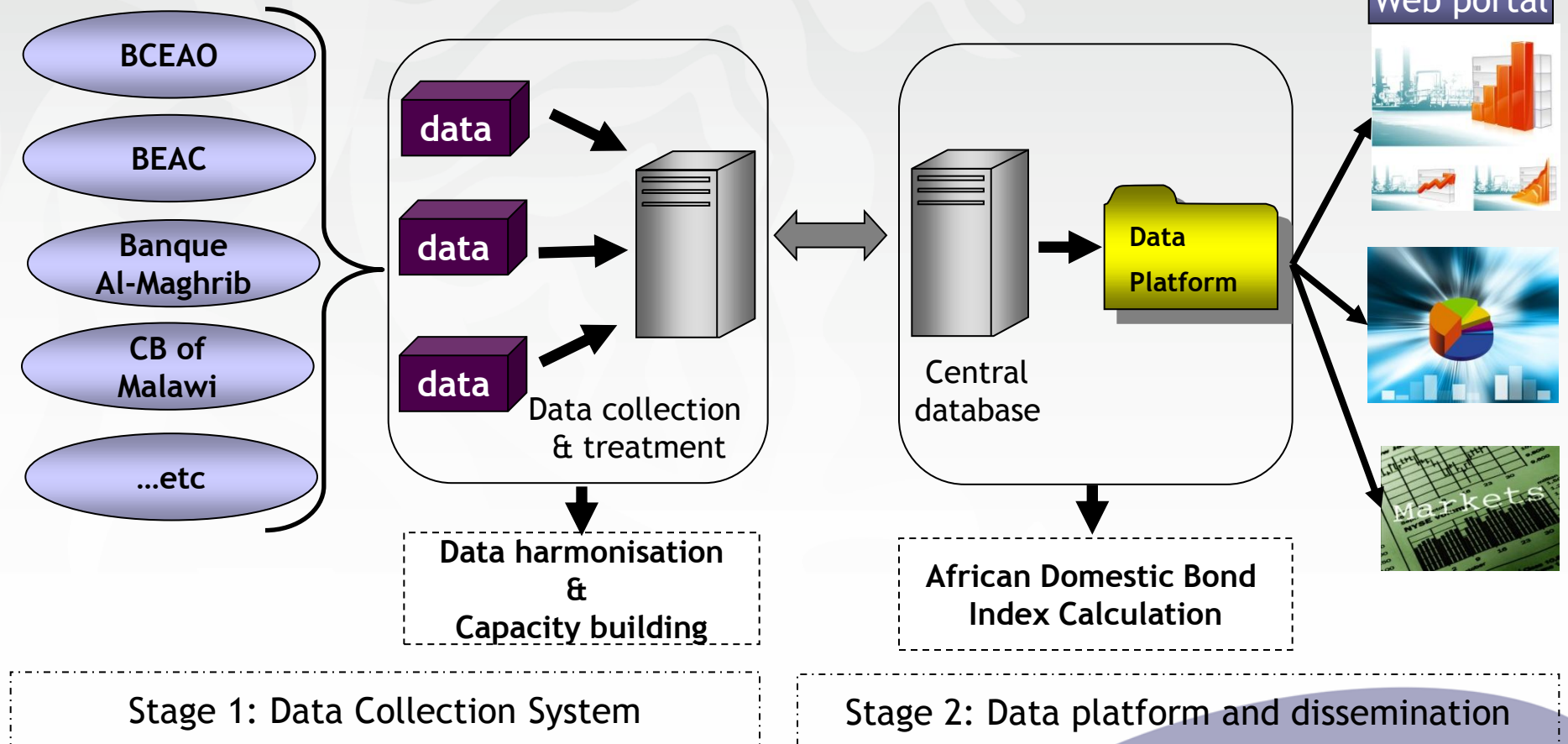
- Promote regional initiatives dedicated to bond market development
- Statistical capacity building
- Expansion of primary markets and creation of secondary markets
 - Availing data and credit information
- Research/ stocktaking on current payment systems infrastructure
- Widen the investor base as an investor in domestic bond markets in Africa
- Committed to collaboration and information sharing between stakeholders & development partners



The African Financial Markets Database and Web portal to go live in 2H of 2010

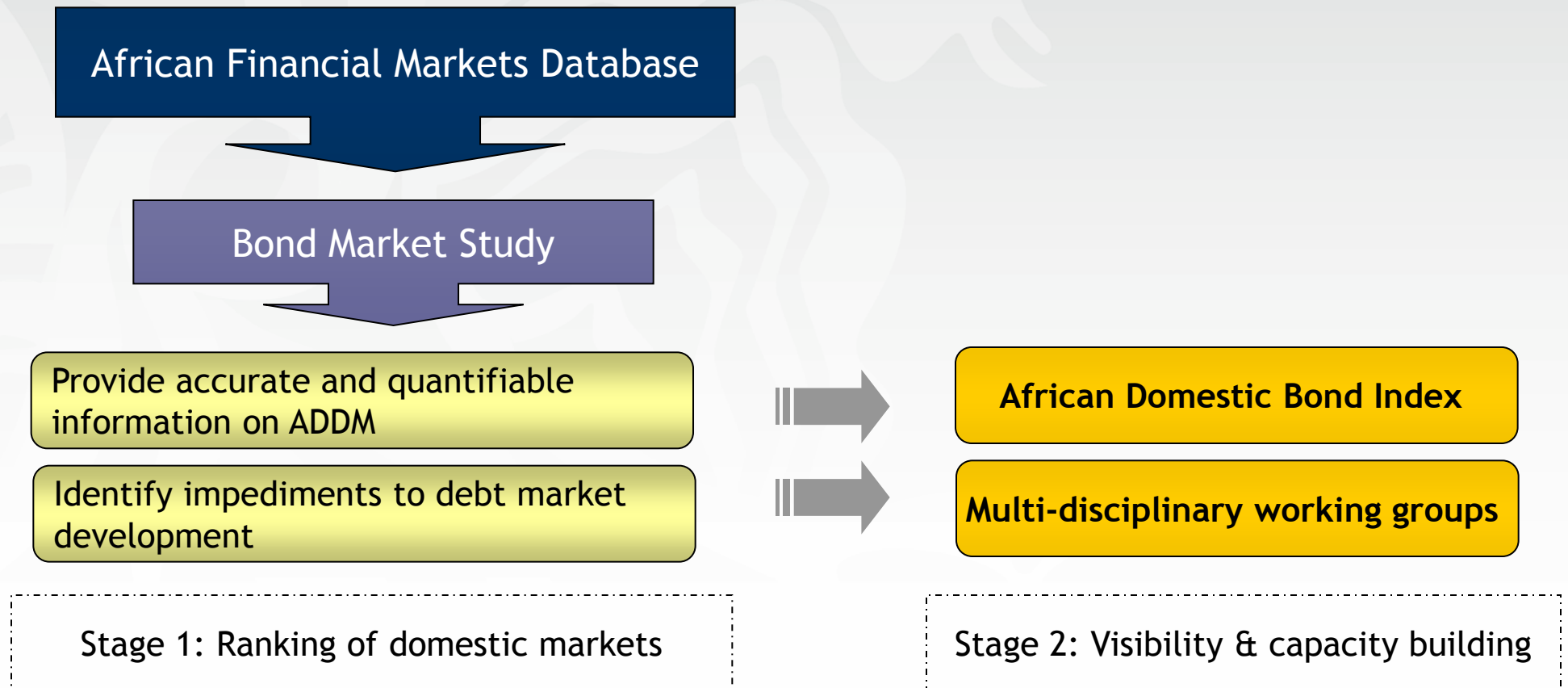
CB Liaison Officers

African Development Bank





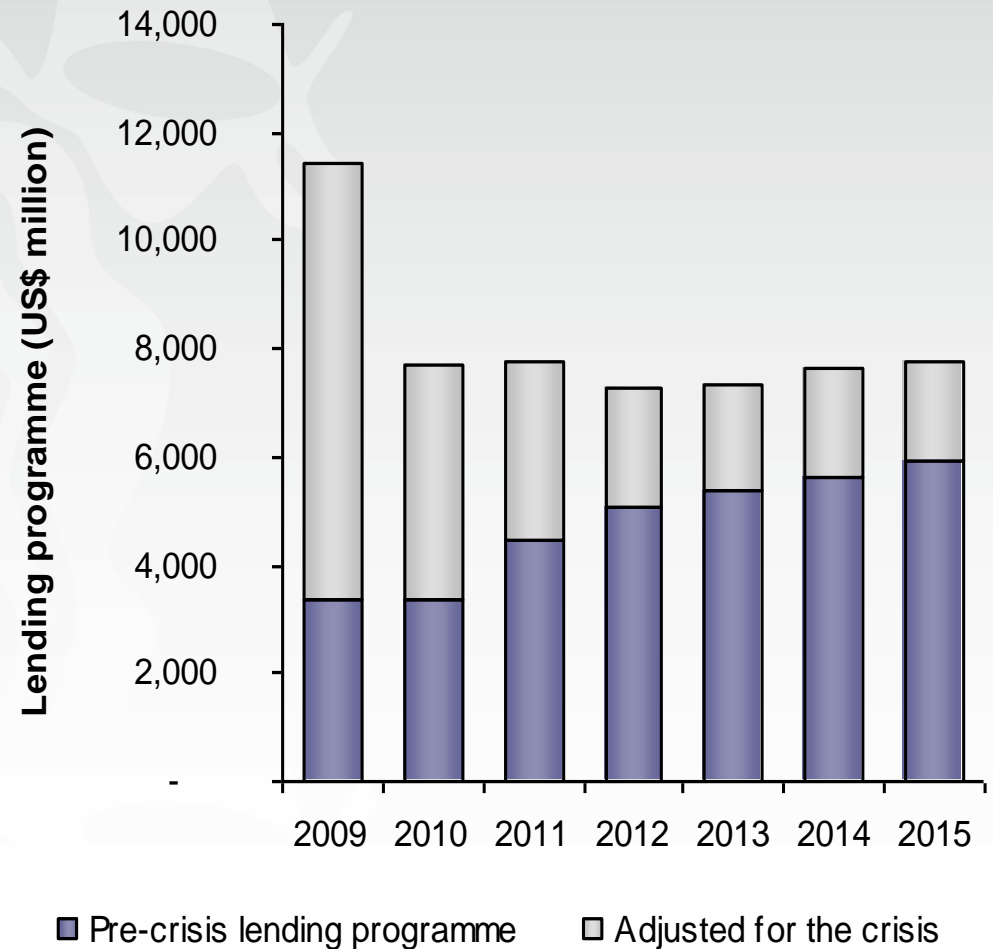
The African Domestic Bond Index to bring visibility to African domestic bond markets





What lies in 2010 and beyond?

- General Capital Increase to enable continued engagement with MICs
- Substantial increase in ADF-XII replenishment for LICs
- Commitment to increase funding for public infrastructure, private sector development and regional integration
- Play a more central role in financial sector development through the financial sector strategy
- Systematic & coordinated approach to bond market development



■ Pre-crisis lending programme □ Adjusted for the crisis



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