



OPENING SPEECH AT THE 2ND NEGOTIATIONS MEETING OF THE AFRICAN DEVELOPMENT FUND (ADF)

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Governors, ADF Deputies, Executive Directors, observers from other multilateral development banks, staff of the African Development Bank Group, ladies and gentlemen....

Welcome back to Abidjan – we are delighted to see you again.

We are here to discuss not just ‘a’, but in many people’s minds, ‘the’ great instrument of hope for the poorer people and countries on this continent of Africa.

The African Development Fund.

You know the vital statistics: over 40 years of existence; over \$40 billion of loans and grants made; and – not ‘over’ but in fact just under – 40 countries receiving the Fund’s support.

The value proposition of the ADF is simple: it is the largest Africa-based source of concessional, long-term development financing for individual countries.

All of us know this, and all of us know some of these big numbers which make it what it is today.

But all of us know, too, what drives it, and what it has been able to deliver.

We know the transformative power of this Fund for those who need it most.

If ever it stood up and delivered at a moment of great need, it was in 2014 and 2015 when it made available some \$223 million for the fight against Ebola.

We strengthened health systems, trained health workers, and provided equipment and other emergency support to Ebola-affected countries.

We also invested some \$300 million for a road transport project for the Mano River Union countries, which was aimed at strengthening infrastructure and revitalizing the economies of the region.

Colleagues, as a departure from last time we met here in Abidjan, this time we took a decision *not* to share with you our films and our brochures and our testimonies at this second Replenishment Meeting.

We did so, judging that over the next two days you would want to dive deep into the detail.

But none of us have ever lost sight of the millions of unseen guests at this table today: the people for whom we work, the people of Africa.

As we discuss ADF-14, let me first give you the good news about ADF-13.

The key thing here is that we are on track to fully commit the remaining resources of ADF-13 by the end of 2016.

We are still compiling the latest numbers. However, as of 31 March 2016, approvals from the three main ADF envelopes stood at UA 3.3 billion. This represents 63 percent of the Fund's commitment capacity of UA 5.2 billion, and 61 percent of the total expected ADF-13 resources as of 31 March 2016 (UA 5.4 billion).

Flagship projects have been launched, like the Agriculture Value Chains Development Project in Gambia, and the Job Creation and Livelihoods Improvement Project in Mozambique.

Each operation is a story of impact and transformation – for individuals, for communities, for entire countries.

I'm thrilled that we are joined today by Ministers from Chad, Lesotho, Senegal, and Tanzania.

Chad – where amongst others we are rehabilitating and strengthening the resilience of the Lake Chad Basin Systems.

Lesotho – where amongst others we have the Lowlands Rural Water Supply and Sanitation Project, so crucial for expanding access to underserved people.

Senegal – where amongst others we have a \$32 million irrigation project.

Tanzania – where we are in the third phase of the Institutional Support Project for Good Governance.

Colleagues, today I would like to paint a picture of real momentum for Africa's premier development finance institution.

We are thinking big, and we are acting big.

Let me look back over the three months since we last met, and look forward to where we want to be by the time you make your pledges for the great instrument of hope, in November.

We know all your constraints and all your concerns, and we take nothing for granted.

Our task is to provide you the evidence that *we have been*, *we remain* and most importantly we are retooling so that we *will continue to be* the best and the most efficient channel by which you can support the transformation of this continent.

Here are some of the highlights of the last few months since we met.

They revolve around what we call the ‘5 for 5’ – the five foundations that we have to achieve internally, as a Bank, to allow us to deliver the five great goals – the High 5s – externally.

First, the High 5s.

They received massive endorsement at our Annual Meetings in Lusaka in May.

Of the five – as you saw in our video clip – over 50% of Governors voted for the first of them, ‘Light up and power Africa’, as the most important, and called on us to focus our efforts on mobilizing resources for the New Deal on Energy for Africa.

Governors saw the simplicity and the size of the High 5s: they enshrine everything we want for this continent.

The fact that heads of government, heads of multilateral institutions, captains of industry, beacons of civil society and other stakeholders were all with us in Lusaka, was evidence of how seriously they took our agenda.

Each of the High 5s is well underway – strategies are approved, work is happening.

The strategies for three of the High 5s – Light up and power Africa, the ‘Jobs for Youth in Africa Initiative’, and Feed Africa – have already been approved by our Board.

This is my moment to thank the Board of Directors for their strong support. They have pushed us hard – sometimes uncomfortably hard – but always for the Bank’s and for Africa’s good.

Meanwhile, the Industrialise Africa strategy has just been sent to the Board for approval, and the Integrate Africa strategy will also follow.

I am very pleased that in Lusaka we set up a Special Panel – led by former UN Secretary-General Kofi Annan and former German President Horst Köhler, and including other global development luminaries from the public and private sector – which will help us as we roll out the High 5s.

Second, let’s look at the five internal foundations which are designed to allow us to deliver the High 5s.

We call it ‘transforming the Bank, to transform Africa’.

These, too, received a massive endorsement in Lusaka, from the Board of Governors and the entire Meetings.

In essence they were approving a Bank fit for purpose – both in what it has done, and in what it will do.

Our new Development and Business Delivery Model was approved by the Board of Directors at end-April.

It’s built around those five foundations:

Moving even closer to our clients.

Reconfiguring Headquarters to serve the regional offices and their operations.

Strengthening our performance culture.

Streamlining our processes.

Raising our income, in order to increase our development impact.

And what have we done about putting the Business Development and Delivery Model into practice?

First steps have involved senior recruitments.

Frannie Léautier, our new Senior Vice-President ...

Alberic Kacou, our new VP for Human Resources and Corporate Services ...

David Ssegawa, our new Director of Human Resources.

They are people of great pedigree, and they come with a wealth of experience ... and a heavy burden of expectation.

They and all the top managers below them will sign performance contracts – indeed five were signed at the ‘all staff’ Town Hall Meeting held earlier this week.

The Chief Economist and VP for Economic Governance has been recruited, and will be joining us by September.

While four trusted lieutenants will continue to do brilliant work, we are now recruiting four VPs for our Sector complexes:

Regional Integration, Development, and Business Delivery.

Power, Energy, and Green Growth.

Private Sector, Infrastructure and Industrialization.

Agriculture, Human and Social Development.

I’d like to salute Janvier Litsé, Stefan Nalletamby and Kapil Kapoor for their exceptional work in leading these teams and helping us as we shape the development of these Complexes.

We continue to meet and even *exceed* our targets for 2016, just as we exceeded them in 2015.

By the end of this year we are on track to deliver an unprecedented volume of lending, exceeding the target of UA 7.3 billion we had set out to achieve at the beginning of the year.

Hot on the heels of these sector VPs, we will find five Director- Generals of the regional teams, for North, West, East, Central and Southern Africa. Recruitment is already underway.

And now that the Bank's Decentralisation Action Plan was approved by the Board last week, we can start configuring the regional hubs for North, East and Southern Africa.

Everyone in this Bank will know exactly where they are headed by end-December, as the foundation of 'moving closer to our clients' becomes a reality.

Deputies, it is fair for me to say that these are seismic moments in our Bank, as we fortify ourselves to deliver very, very big goals.

On Monday of this week, I chaired the first meeting of the Transformation Management Team. Next week I will launch its offshoot, the Delivery Accountability and Process Efficiency Committee.

These are exciting times, and – but! – they come with huge expectation.

That was another of the great messages of the Annual Meetings – that Africa and Africa's friends around the world are willing for us to succeed.

They have asked us – each and every one of us in this Bank – to stand and to deliver.

They will encourage us to do so, and they will also hold us rigorously to account.

We cannot do any of this without our staff – our greatest asset, our intellectual and even our emotional capital, and the embodiment of the hope of this Bank.

In the last quarter, the Board of Directors approved a salary increase for them.

It did not come lightly, and without debate, but the bottom line is that the Board actively wanted to give it, recognizing the importance and the quality of staffs' work, and knowing that this Bank depends upon it.

Colleagues, let me now look ahead with you, to ADF-14.

Over the course of the next two days, you are going to hear a number of exceptional presentations which should leave you in no doubt that ADF-14 has set high goals – goals which it can achieve.

Perhaps I may make brief mention of **the four cross-cutting priorities** which will run through everything we do in the ADF.

They are the four golden threads: support for countries in situations of fragility; support for gender equality; support for good governance; and support for actions to combat climate change, which of course are inextricably linked to how we handle the challenge of energy.

Let me not steal the thunder from those who will present our plans, other than to say that all are pivotal, and all have budgets and priorities attached.

Of them all, there is a reason why fragility sits at the top that list, because 300 million Africans live in situations of fragility, and because we have to be doubly proactive, doubly flexible, doubly but responsibly risk-taking to provide solutions.

It is no exaggeration to say that the ADF is made for fragile states.

Gender equality is a golden thread because we are here to serve all Africans, and by doing so we will benefit all Africans, not least because of the economic potential of women.

You're going to hear more about the AFAWA, the Affirmative Finance Action for Women in Africa.

Governance is there because we have much more to do in strengthening public financial management, curbing illicit financial flows and fostering transparency in the management of natural resources in Africa.

It's also there because domestic resource mobilisation – not least through better tax collection – is the solution to so many of our financing challenges.

And Africa – which has been short-changed by climate change – must not be short-changed on climate finance.

We will triple our climate financing by 2020, so that it will account for 40% of the Bank's lending.

I ask the question: will the rest of the world match us?

In the next few days, rest assured that we will tell you all our energy plans, and we will not shy away from the pragmatic approach we are taking on the issue of renewable and non-renewable energy.

The Bank will lead on renewable energy in Africa to unlock the immense potential that Africa has.

To boost the use of renewable energy, we plan to put in place a differential pricing policy to encourage the use of renewable energy.

That will make us the first and only development Bank to do so.

The Bank is already setting up the Africa Renewable Energy Initiative, with the full support of the African Union and African Heads of State and Government.

We will support ADF countries in their energy mix to ensure adequate, accessible and affordable energy, while meeting their INDC commitments under COP21.

Colleagues, the good news is that – with the High 5s in place, and with the Development and Business Delivery Model in place, **our pipeline of projects for ADF 14 for the next three years is strong and robust.**

It includes more than 200 projects, worth some UA 10 billion, we estimate. The pipeline is based on the best alignment of country needs and Bank strategy.

You will hear more, but the figures do not hide our ambition: new electricity connections for more than 23 million people; and 8 million more people with better access to water and sanitation services.

Infrastructure accounts for the bulk of the pipeline, and – in turn – projects to light up and power Africa constitute the largest share of that infrastructure pipeline.

Colleagues, dear friends, as I draw to a close, let me repeat what I think is at stake in our discussions here.

First, your taxpayers' money.

Not for one second do we take for granted the extraordinary support that you give us – we know that there are many competing pressures, often much closer to home, for the money that you give us.

Second, the development financing of the future.

The fact is that Africa is planning, managing and increasingly financing its own development – but that it still needs your targeted help in the areas of most need to meet the Sustainable Development Goals, and in the areas where we struggle to attract investment.

Third, the development trajectory of a continent.

The Africa that rises, inexorably ... but the Africa that is still constrained by fundamental challenges, not the least of which is its lack of access to modern energy services.

And fourth, the lives of millions of Africans, the unseen guests at this table.

We now have two days to thrash out the details, and to move towards the moment, in three months' time, when promises will become pledges ... and when the pipeline can be opened, and the potential can be unleashed.

In the meantime, we are all yours. I'd like to thank my Management and staff for their hard work and for all the great papers they have produced for this meeting. It has been a Bank-wide effort for a continent-wide concern.

The African Development Bank Group is trusted across Africa. We are Africa's Bank. We will leverage this trust – it's our franchise value – for our regional member countries.

Please know that we are here to work with you now, to answer your questions, to allay your concerns, to meet your demands ... and to think big and above all to DELIVER BIG for Africa.

I wonder if I can end by reporting a bit of last night's dinner conversation.

As we raised the toast, the Japanese Deputy (Kenji) and U.S. Deputy (Alexia), clinked glasses. There was a spark, as Kenji and Alexia said “to a *great* ADF replenishment”.

There was sudden renewable energy on our table. Just the right kind of energy you need in a restaurant going by the name of “37 degrees”.

I liked the “*great*” part! So I quickly picked up my own wine glass and stretched my arm as far as I could reach, to clink glasses with Richard Manning. We all said: “to a *great* ADF Replenishment”!

That’s the spirit. It is my sincere hope that – with your strong support – we can indeed have a *great* ADF 14 Replenishment!

Thank you.

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