



GROUPE DE LA BANQUE AFRICAINE DE DEVELOPPEMENT

Opening Speech at the African Development Fund's 13th Mid Term Review

Delivered by President Akinwumi Adesina

**African Development Bank Group
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Speech delivered by President Akinwumi Adesina to the African Development Fund Deputies on November 12, 2015, Mid-Term Review of the African Development Fund 13, Abidjan, Cote d'Ivoire

Good morning ladies and gentlemen.

1. It gives me great pleasure to welcome you, our dear ADF Deputies, to your Bank, the African Development Bank Group. As important shareholders of the Bank, you have nurtured the growth and development of the Bank over the years. Since 1972 when the ADF was created, it has had huge impacts on the continent. With a total of UA 35 billion (USD 49 billion) in loans and grants since inception, the ADF has contributed in visible ways to the development of Africa. I wish to therefore thank you, as representatives of the ADF donors, for your support for Africa – and for supporting Africa, through the African Development Fund. I am very pleased that Richard Manning, who has great experience from coordinating the previous ADF replenishment, is with us to help us coordinate the discussions and our engagements on ADF 14 cycle.
2. Let me also very warmly welcome the Governors of Côte d'Ivoire, Malawi, South Africa and Ghana for taking time out of their very busy schedules to be with us for the rest of the week.
3. Your presence matters a lot and your voice counts as you represent the people the Bank is serving in your countries. Let me also warmly welcome the members of the Board of Directors and thank you for the great work you do serving our Bank. I am obviously very pleased to welcome all our hard working staff of the Bank to these meetings.
4. Yes, Africa needs your support, to provide opportunities for girls to go to school, for women to be empowered, for fragile states who must cope with economic, social and political instabilities, and the youth whose aspirations for a better life must be met.
5. Every journey requires a clear road map to get to the desired destination. In 1972, a group of representatives of donor countries set out on a journey with the African Development Bank Group – a journey to expand opportunities for millions of disadvantaged populations in our countries. Thirty three years after, the rationale for that decision remains strong, especially as we witness rising inequality in the growth processes across Africa, leaving millions behind.

6. Today, you are all here, as we review the progress on our collective efforts to deliver more, better and more efficiently for the target countries and populations.
7. You had the opportunity yesterday during your field visit to see ADF in action. The Basin of Gorurou, which is being financed by the ADF with UA 23 million (US\$ 32 million) and with UA 300,000 (US\$ 420,000) co-financing from the Government of Cote d'Ivoire, is already transforming the environment, improving access to sanitation and health in Abidjan – while creating opportunities for ex-combatants to be reintegrated. You could see visibly how all the critical issues of importance to the ADF came together in one place.
8. This is just one of the many ways in which the ADF is impacting Africa. Our discussions today and tomorrow will provide you even greater opportunities to appreciate how, halfway through its thirteenth replenishment of ADF, the Fund is delivering on its mandate and our collective aspirations for the continent.
9. ADF 13 prioritized the need to support fragile states. Over time, we came to appreciate that fragility was not something particular to specific countries. As President Ellen Sirleaf-Johnson said “*We see fragility not as a category of states, but as a risk inherent in the development processes itself.*” Indeed, fragility situations pervade countries, whether small, medium or high income countries. The challenge facing fragile states range from high levels of poverty, lack of jobs, weak institutions, weak public sector financial management, non-inclusiveness in the management of natural resources, among others.
10. The ADF has allowed the Bank to internalize fragility into all of our operations. Today, Cote d'Ivoire, where the Bank returned to, following 10 years of conflict, is seeing a remarkable growth. The Bank was one of the first to provide direct budget support using the ADF to speed up the economic recovery process – when many were reluctant in providing much needed support. As you drive over the new Konan Bedie Bridge, supported by the Fund, you will appreciate how the Fund has improved the quality of life for the urban population of Abidjan.
11. The Ebola outbreak was a huge challenge for West Africa. Liberia, Guinea and Sierra Leone. These countries were experiencing promising economic development and recovery following decades of conflicts, and suddenly had to face a major challenge with the Ebola crisis. Over 11,000 people died – a tragic situation. The Bank was the first international institution to respond, mobilizing and deploying \$300 million from the Fund. Today, thanks to your

support and global collaboration efforts, Liberia, Guinea and most recently, Sierra Leone, have been declared free from Ebola.

12. In Mali, our efforts to bring much needed support to the highly vulnerable population of the northern regions or in Chad, Cameroon and Nigeria that are going through terrorists attacks – at great risks to our resilient staff members – send a clear message: the ADF will reach those in needs and build resilience for economies.
13. But none of these would have been achieved without the hard working staff members of the Bank that deliver on projects – every day. In the face of very difficult situations – with major dislocation of their families and disruption of their lives – Bank staff members remained resolute. They understood that to work on fragility they also had to be resilient. Against all odds, they worked, while on the move, and delivered a greater volume of portfolio in 2014, the year of move back to Abidjan – a remarkable feat. I salute their gallant efforts – and those of our Board of Directors who supported them in the move!
14. The ADF has helped the Bank to boost lending for critical regional infrastructure. Today, the regional operations under the Fund are oversubscribed. One such project (financed under the previous replenishment) is the Kazungula Bridge between Zambia and Botswana. The bridge is expected to help in reduction of transit time from 36 hours to two hours, increase revenue for the two countries while also integrating the various economies served by the North-South corridor.
15. The bridge is co-funded by the African Development Fund, the African Development Bank, the Japan International Cooperation Agency (JICA), the EU-Africa Infrastructure Trust Fund, as well as contributions from both the governments of Zambia and Botswana. With the Fund, we are able to be flexible, build smart partnerships and do co-financing to make big projects happen.
16. Water is life. For millions across Africa, lack of access to water makes life difficult – especially for girls and women, who must walk several kilometers in search of water. Take the case of women and girls in Western Kordofan state of Sudan – called the “zone of thirst” - where women and girls have to travel 10 kilometers in search of water and where 36% of girls drop out of school, looking for drops of water. Just few weeks ago, joy came to the zone, as the ADF approved a UA 20 million grant that will provide water in the zone. As we quench physical thirst, we will satisfy the thirst of the young girls for education. That is ADF at work: expanding opportunities for the disadvantaged.

17. And we will do more for women on the continent. We will focus very sharply our work on gender on three critical areas: 1) Affirmative Finance Action for Women in Africa, which will involve working with banks and microfinance institutions to leverage \$ 3 billion in lending to women and women-owned businesses over the next ten years; 2). Special focus on women farmers, and 3) special focus on reaching millions of women with clean cooking energy within the next five years. As President, I intend to significantly increase the number of women in senior leadership positions in the Bank. I started this already, with the appointment of Dr. Siphso Moyo, from Zimbabwe, as my Chief of Staff and Director of Cabinet.
18. The importance of the ADF must be seen against the backdrop of the critical year in which we are holding this mid-term review: a year, where three major events that will shape our world for decades happen – the UN General Assembly on the SDGs; the Financing for Development; and the Climate Change Summit.
19. In September, the Sustainable Development Goals were adopted at the United Nations General Assembly Summit. These goals represent our collective aspiration for a better world, one where poverty is eliminated, where there are equal opportunities for all, and where the wealth of nations are used to develop the lives of people. As the UN Secretary General, Ban Ki-moon, said, when I met with him in New York “the SDGs must succeed in Africa. If they don’t, they cannot be considered as successful”. Yes, nowhere is the compelling need to scale up and achieve the SDGs more than in Africa. For Africa to succeed on the SDGs, the African Development Bank must lead.
20. The Financing for Development Conference in Addis Ababa was a milestone which reinforced the need for domestic resource mobilization, the importance of expanding tax revenues, eliminating illicit capital flows, accelerating public-private partnerships, and boosting private financing to address development challenges. Yes, Africa will need to boost its domestic resources to address its development challenges. Donors’ funds must leverage resources within Africa.
21. I returned yesterday from meeting with President Hollande in Paris to discuss plans for the COP 21 in Paris. Present were few African heads of state.
22. What was impressive for me, was that President Hollande and all the African Presidents spoke so loud and clear about what Africa needs – and they were exactly the High 5s we have decided to focus more sharply on at the Bank, **all fully aligned within the framework of the Ten Year Strategy**. I am confident therefore that we are moving in the right direction.

23. In three weeks, the world will converge in Paris for the COP 21 meeting that will define the collective determination of the global community to reduce carbon emissions and avoid environmental and climate change disasters. While Africa accounts for only 2% of global greenhouse emissions, it is predicted to suffer the most from the impacts of climate change. From increased frequency of droughts in the Sahel to floods in the small island states, livelihoods of hundreds of millions are at risk. Africa, which is already short changed on climate change, must not be short-changed on climate finance.
24. The Bank will put a lot of emphasis on efforts to support African countries to address the challenge of climate change. We will ramp up support for climate risk management, building resilience, especially through new collaborative arrangements with the Africa Risk Capacity, as well as with the Green Climate Fund. The Bank announced at the Ministerial meeting on climate finance in Lima Peru, that the Bank would triple its climate finance to reach \$ 5 billion annually by 2020, with climate financing accounting for 40% of the Bank's annual lending. We will support the fragile states to reduce vulnerabilities. We are providing support for African countries, especially the African Group of Negotiators, to deliver a strong African position at COP 21 in Paris: Africa needs more climate finance for adaptation and mitigation.
25. Whether meeting the huge developmental aspirations of the SDGs, supporting fragile states to cope with economic challenges, addressing the impacts of climate change, creating opportunities for jobs for millions of youth to avoid the migrant crisis in Europe, and driving inclusive and green growth, African countries turn to their Bank – the African Development Bank. Therefore, as a Bank, we must support great aspirations for Africa, think big for Africa and deliver big for Africa.
26. Institutional efficiency is critical in driving the achievement of developmental goals. I want to assure you all that as President, I will drive needed reforms to achieve greater institutional efficiencies and effectiveness.
27. The Bank must become more nimble. There are way too many dysfunctional processes that simply clog up the effectiveness of the Bank.
28. Everywhere I go, I am faced with the same remarks: your Bank is too slow. I do not intend to run a slow Bank.
29. Yes, we must become more efficient. It will be a long journey, but a journey of a thousand miles begins with the first step.

30. Just last week, I issued a Presidential Directive to drastically cut back on our long and bureaucratic processes. This will reduce the time from development of concept note to approval by the Board for private sector projects from eight months to four months, and significantly cut back time to first disbursements. We will not sacrifice our fiduciary responsibility, but we must become more agile, as a Bank Group, to deliver more, cost effectively and faster.
31. All projects within countries that are more than 12 months for which there is no disbursement will now be cancelled, to allow us to optimize our ADF and ADB capital resources. I have already sent letters on the same to all the Regional Member Country Governors of the Bank.
32. The Board itself will look at its own processes, and see how to significantly cut back on processes and improve overall effectiveness in fast tracking approval processes.
33. The ADB will support African countries to address several of these challenges. Our Ten-Year Strategy has prepared us well to address these challenges, through the twin focus on inclusive and green growth.
34. Much has been accomplished and a lot more still needs to be done. To deliver more, the Bank must have greater focus. We are now refreshing the Ten-Year Strategy to more sharply focus the work of the Bank to deliver on inclusive and green growth.
35. To more sharply focus and ensure greater developmental impacts of the work of the Bank, working with my Vice Presidents, we have prioritized 5 major **developmental outcomes** of our Ten-Year Strategy to sharpen our delivery for Africa. **These top 5 are: light up and power Africa. Feed Africa. Industrialize Africa. Integrate Africa. And Improve quality of life for the people of Africa.**
36. Lack of energy is the most critical constraint limiting growth and development. Without power Africa cannot industrialize, small and medium size businesses cannot grow, and jobs cannot be created. With over 645 million people without electricity and some 700 million without access to clean cooking energy – and with 600,000 (mainly women and children) dying each year from indoor air pollution – there is an urgent need to light up and power Africa. No mother or child should die from simply trying to cook decent meals.
37. Africa must no longer be defined by the darkness of its cities and rural areas. This is why the Bank will launch the New Deal on Energy for Africa to accelerate universal access to energy in Africa by 2025. Within two weeks of

my assumption of duty, I called for a high-level meeting of all the major stakeholders and partners working on energy in Africa. The meeting, which was attended by Prime Ministers, Ministers, private sector and development partners, endorsed the bold vision of the Bank to support countries to accelerate access to electricity. The Prime Minister of Cote d'Ivoire, the Prime Minister of Benin and the Prime Minister of the DRC were unanimous in welcoming the Bank's new engagement on energy. President Yayi Boni of Benin called energy the "alpha and omega" for Africa's development.

38. The Bank will work with all partners to launch this New Deal for Energy for Africa. To do so, the Bank is currently working on the development of a Transformative Partnership for Energy in Africa, which will help coordinate and sharply focus the several initiatives on energy in Africa, so that together we deliver greater impacts for Africa. **I expect that this will be ready before the end of 2015, and will discuss this with our Board as we move forward.**

39. The Bank has also worked with the Africa Union and the G7 in the past month to support the development of the Africa Renewable Energy Initiative, which will deliver 300 GW of renewable energy by 2030 – **the largest ever such effort on renewable energy in African history**. From my discussions with high level officials of France, Germany and Chairperson of the African Ministerial Conference on the Environment two days ago in Paris, the Bank has been designated to be the **Executing Agency** for this important initiative – **a major success and development for the Bank**. The Bank will work together with the African Union, Leaders of key G7 countries and African Ministerial Conference on Environment to launch this during the Conference of Parties 21 in Paris in December 2015.

40. Such is the power of **co-development** - a new way of working at the Bank, to broaden partnerships, leverage our knowledge and franchise value and achieve significant resources for co-financing major initiatives in Africa. The Bank is currently **co-developing a Bottom of the pyramid energy financing facility for Africa** that will provide access to clean cooking energy for 700 million Africans within the next 10 years.

41. We have started work on revising the Bank's strategy for agriculture. Unlocking the huge agricultural potential of Africa is critical to help African countries to diversify their economies, reduce the high dependency on food imports, create much needed jobs in rural areas, revive rural economies, and provide macroeconomic and fiscal stability. That is why, as President of the Bank, I have announced that the Bank will significantly expand its investment in agriculture, agribusiness and rural development. At the high-level conference on agriculture which I convened in Dakar in October 2015, and attended by 58 ministers of finance, agriculture and central bank governors, it

was agreed that agriculture holds the highest opportunity for African countries to achieve inclusive growth.

42. As President of the African Development Bank, I am saddened when I look at the situation in Europe today, with the migration crisis. Our youths in Africa, the future of this continent, die on boats, getting out of Africa. The migration crisis is not a problem of Europe. It is a manifestation of structural problems in the nature of the growth process in Africa: growth without jobs.
43. That is why by focusing on solving Africa's energy challenge and driving agriculture, and by providing greater support to SMEs, and supporting industrialization in Africa to move countries up the global value chains, we will be able to create much needed jobs that will keep young Africans on the continent.
44. The Bank is currently working with the African Union and the Economic Commission for Africa, in partnership with the ILO, to develop a new plan for jobs creation for the youth across all regional member countries. This plan, which will further build on the work of the Bank on knowledge and skills development, will provide new opportunities to enhance the skills, entrepreneurship of the youth, including greater focus on vocational training and reform of the educational systems to address labor market needs.
45. The Bank needs to better respond to the needs of its regional member countries and the private sector. To do so, we will be closer to our clients. I am very supportive of the decentralization of the Bank. We will deepen this. But the most critical issue will not be where we are, but how we work.
46. We must deliver more, be more cost effective, and show impacts on the lives of people. We will deliver faster, at scale, and work in strategic partnerships on co-financing major projects.
47. The Bank is currently developing a new business model that will allow it to grow its business, and expand its revenues over time. We will do the best we can to rationalize on costs, but this is not where the future of the Bank lies. The future of the Bank is to grow its business and expand its revenue. We are not a philanthropic organization. The Bank must cover the cost of its operations.
48. Work has started, and will be accelerated, on internal reforms. My goal is to improve operational effectiveness and efficiency. We will entrench a performance and merit based culture – and we will position the Bank as the employer of choice in Africa.

49. I am pleased to inform you that the Bank received a confirmation of its Triple A rating by the rating agencies. We will continue to work to improve the quality of our non-sovereign operations.
50. I will be establishing a high-level panel of eminent persons with global experience on private sector, to advise the Bank as we grow our private sector operations to ensure appropriate portfolio risk management – and to ensure that our operations support the development of value chains in critical industries and sectors.
51. Our new credit policy, which was approved in 2014, is already allowing ADF-only countries to borrow from the ADB window. This novel approach will strengthen the ability of the Bank to provide blended finance to low income countries, at rates that are affordable to fast track development outcomes.
52. The Bank is mindful of some of the economic headwinds facing Africa, especially from the sharp fall and volatility of commodity prices. Current account deficits and fiscal deficits are rising for countries that have high exposures to export of commodities. If expectation of interest rate rise in the US materializes, it will put further pressure on emerging markets and raise the cost of financing foreign currency bonds that many African countries have issued. The Bank will continue to support countries through our economic governance programs to strengthen management of Africa's vast natural resources, macroeconomic and fiscal management, and expand revenue collection through better tax policies and tax administration.
53. This is why we welcome your continued strong support for the African Legal Support Facility and the African Natural Resource Center, to strengthen capacities of countries to negotiate contracts and royalties – getting the most from their natural resources. The Bank will support countries to add value to all their natural resources and end the trend of exporting primary commodities.
54. Let me close by thanking you all for your support for the African Development Fund. Your support will continue to be critical as we position the Bank as a world-class institution that will drive greater impacts for Africa. And the demands on the ADF resources are rising more than ever before. With the need to boldly support African countries to achieve the SDGs, and as we look to the ADF 14 replenishment, I wish to ask for your strong support for the Bank Group.
55. We cannot do all these alone. We need your greater support for ADF – together we can do more. Let us raise the level of our aspiration for Africa.

The Bank – your Bank - is ready to meet those aspirations with your expanded support. There will still be several issues to attend to and need to ensure that continued progress is made on commitments agreed during the ADF 13 – many of which you will be discussing during the upcoming days.

56. The journey continues. Christopher Columbus, when faced with an ambitious challenge of his journeys – and the need to avoid the sense of defeatism from those telling him he was too ambitious - had to recognize that moving forward, with a strong conviction of purpose, is always the best way to achieving great things. He said “*You can never cross the ocean until you have the courage to lose sight of the shore*”.
57. Dear ADF deputies, Governors, Board of Directors, colleagues, ladies and gentlemen, let us move forward and cross the great ocean ahead together until Africa reaches its desired destination: one with greater and inclusive prosperity.
58. I look forward to welcoming you all in March next year as we start the conversation on the ADF 14 cycle.
59. Thank you very much.