

Speech delivered by Akinwumi A. Adesina, President of the African Development Bank, at the G20 Meeting on “One World, No Hunger: Future of the Rural World”, Berlin, Germany, April 27, 2017

Guten Morgen!

I wish to thank my friend Minister Gerd Muller for inviting me to speak at this important forum on the Future of the Rural World. You are a great friend of Africa and of the African Development Bank. Germany is providing remarkable global leadership at a crucial time for our world.

I welcome and highly commend Chancellor Angela Merkel for her inspiring leadership, for stepping up support through the highest-ever German support for international development and most specially for launching the Compact with Africa. The African Development Bank strongly welcomes the Compact with Africa and will work closely with Germany and the G20 to deliver on the compact across Africa. As Africa’s own Bank – trusted by Africans – we are best placed to do this, as you noted when you visited our offices in Abidjan, recently.

The rural world is one I know very well. I grew out of poverty myself and went to a rural school, where we had to walk for kilometers to find water and study with candles or kerosene lanterns. By God’s grace, I made it out of poverty to where I am today. But for tens of millions of those in similar situations, especially in rural Africa, the outcome is not like mine. For many, their potential has simply been wasted.

The rural space is where some 60% of Africans live. They depend on agriculture for livelihoods, as well as other non-farm and off-farm activities to complement seasonal farm earnings. The key to improving the quality of life in rural areas therefore revolves around the transformation of the agricultural sector. The low productivity of agriculture, poor state of rural infrastructure, especially rural roads, water, electricity and sanitation, digital exclusion and weak access to financial markets make quality of life poor in these rural areas. Unfortunately not much has changed for rural areas since my own growing up days at my rural school. Economic opportunities are shrinking for many, with high poverty levels, leading to inter-generational transfer of poverty. As a result, rural youths are discouraged, disempowered and vulnerable. It is this fragility of rural youths that make them vulnerable to recruitment by terrorists who find decimated rural areas ideal for their activities.

We must pay particular attention to three factors: extreme rural poverty, high rates of unemployment among the youths and climate and environmental degradation - what I refer to as the "disaster triangle". Wherever these three factors are found, conflicts and terrorism take root, which severely destroys

people's ability to go to farm and damages transport logistics to access food markets. We must invest heavily in Africa's rural areas and turn rural areas from zones of economic misery to zones of economic prosperity. We must create jobs for the youths and disrupt terrorists' recruitments that are taking root in these rural areas. So, we must connect economic security, food security and climate security.

We need to jumpstart the transformation of the agricultural sector. The future of the rural world depends on the future of agriculture. Agriculture must move away from being treated as a social sector for managing poverty in rural areas to a business for creating wealth. Development of agricultural value chains will create market opportunities for hundreds of millions of farmers. Africa spends US \$35 billion on food imports annually. This amount is expected to rise to US \$110 billion by 2025, if current trend continues. In doing so, Africa decimates its rural areas, exports jobs and erodes incomes of its farmers.

Imagine what US \$35 billion will do if Africa feeds itself: It is enough to provide 100% electricity in Africa. And US \$110 billion savings in food imports is enough to close all infrastructure deficits in Africa.

So we must think differently. Africa produces 75% of cocoa but receives only 2% of the US \$100 billion a year chocolate market. The price of cocoa may decline, but never the price of chocolates. The price of cotton may fall, but never the price of garments and apparels. While coffee farmers face declining prices, coffee grinders smile all the way to the markets.

To transform its rural economies Africa must embark on agricultural industrialization and add value to all its agricultural commodities. Governments should provide incentives to food and agribusiness companies to locate in rural areas. Staple crop processing zones – vast agro-industrial zones, enabled with infrastructure – should be developed, to support food industry to establish in rural areas. This will reduce cost of doing business, create huge markets pull for farmers and reduce post-harvest losses. These staple crop-processing zones will transform rural Africa into new zones of economic prosperity. The Bank will be investing US \$24 billion in agriculture in the next 10 years, to help drive the transformation of African agriculture.

We must get the youths into agriculture and they must see it as a business. That's why the Bank has rolled out its ENABLE Youth program to develop a new generation of young commercial farmers and agribusiness entrepreneurs. Our goal is to develop 10,000 such youth agricultural entrepreneurs per country in the next 10 years. In 2016, the Bank provided US \$700 million to support this program in eight countries and we've received requests from 30 countries.

This is part of our larger program to support Africa to generate 25 million jobs in the next 10 years through our Jobs for Youth in Africa initiative. As we speak

today, the first-ever Africa Youth in Agriculture Forum is being held at the International Institute of Tropical Agriculture (IITA) in Nigeria, with the support of the African Development Bank. The youths are the present and future of Africa. Let's listen to Africa's youth, support their ideas, ignite their creativity and enable their entrepreneurship.

A better rural world requires universal access to electricity. Lack of access to power is the biggest decelerator of Africa's development. With 645 million people without access to electricity, majority in rural areas, life is just simply tough. That's why we launched the New Deal on Energy for Africa, to achieve universal access to electricity in ten years. Our goal, to light up and power Africa, is to connect 130 million people through the grid and 75 million via off-grid systems and provide 150 million with access to clean cooking energy.

The Bank has committed US \$12 billion over five years to energy in Africa and expects to leverage US \$45-50 billion. The Bank is leading on renewable energy in Africa. We've set up a US \$500-million facility for energy inclusion to provide affordable finance, equity and debt, to support businesses in renewable energy doing up to 30 MW. Majority of these will be operating in rural areas. We've launched the "Africa Off-Grid Energy Revolution" and will be rapidly scaling up financing to scale up business models to reach tens of millions of rural households with electricity and clean cooking energy.

Providing rural areas with electricity will improve overall quality of life: kids will study with electricity instead of candles or kerosene lanterns, the youths will be connected to the digital world, creating hope. It will reduce rural-to-urban migration and the migration to Europe – because even insects migrate from where it's dark to where there's light. When there's light in rural areas, it will unleash a new dynamism across Africa.

We must empower women in rural areas of Africa. They work so hard, carrying babies on their backs, selling food and eking out a living doing petty trade in the scorching sun, working hard on farms using hoes and cutlasses, yet without security of land tenure, walking kilometers to find fuel wood to cook meals or water for their households. What can Africa do without women? A new rural economy must expand economic opportunities for women and provide them access to affordable finance. That's why the African Development Bank has launched the Affirmative Finance Action for Women (AFAWA) to leverage US \$3 billion for women entrepreneurs in Africa, majority in rural areas. Just as birds only fly with two wings, so Africa must fly by giving women full equality with men.

We must close the digital gap in rural areas. The most powerful tool in the hand of a farmer today is the mobile phone. We must use them to accelerate access to farm inputs, deliver finance, insurance, market information, extension services and health care services in the rural areas.

I know the power of this very well. As Minister of Agriculture in Nigeria, I introduced a mobile phone-based system to accelerate farmers' access to farm inputs. The e-wallet system led to remarkable transformation of the rural economy. Over a period of four years, Nigeria reached 15 million farmers with access to improved seeds and fertilizers. More importantly, over 2.5 million women farmers got their farm inputs through the electronic wallet system on their mobile phones. As one of the farmers, Hajia Ladi Baladi, told me, "Now we get our farm inputs on our mobile phones. Men cannot cheat us anymore." With access to farm inputs, farmers expanded food production by an additional 21 million metric tons over four years, reviving rural economies and creating massive amounts of rural jobs. The African Development Bank is now helping to expand this e-wallet system to many African countries.

The success of mobile banking in Kenya has also been remarkable, providing millions of people access to remittances and transactional banking services. The African Development Bank is working now with the Bill and Melinda Gates Foundation to support expansion of digital financial services in African countries, especially in the rural areas.

We must build resilience in rural Africa. Climate change is having disastrous effects on Africa. We can no longer ignore its effects nor pretend as if this is some kind of a hoax. Across Africa, droughts are decimating lives and livelihoods. We are witnessing this year the worst effects with some 20 million people at risk of severe malnutrition. We have a moral obligation to respond, but an even greater obligation to meet global commitments to support climate adaptation in Africa. That's why I call, again today, for the Green Climate Fund and the Global Environment Facility to pay for risk insurance premiums for African countries to the African Risk Capacity (ARC) to insure themselves against catastrophic risks.

Our actions must focus on building resilience in the affected countries. We must address immediate needs for access to food, water and sanitation, while in the medium to long term we must accelerate access to improved seeds, fertilizers, water, forages for livestock and build more resilient agricultural systems.

To help address the current crises, the African Development Bank has designed and will be launching its "Say No to Famine" initiative. The Bank will deploy US \$1.1 billion, subject to Board approval, to address immediate, medium- and long-term resilience-building in affected countries: South Sudan, Somalia, Kenya, Ethiopia, Uganda and Nigeria. We will connect humanitarian and development ladders. The long-term solution is to boost food production in Africa and provide better policies, infrastructure, markets and logistics to move food from food surplus to food deficit areas.

We must address the high levels of malnutrition across rural Africa. Some 28 out of 30 countries with stunting rates of above 40% are in Africa. Malnutrition costs Africa about \$25 billion a year. Stunting levels are too high, with 54 million stunted children, 14 million wasted children and 10 million obese children. Yes, we need infrastructure, but the best infrastructure we must build is what I call "grey matter infrastructure". Better-nourished children have better cognitive capacity and will study and learn better.

Therefore, investing in nutrition is not a social issue; it is an economic issue, because stunted children today will lead to stunted economies tomorrow. I therefore call for the establishment of Nutrition Social Impact Bonds to front load financing in support of interventions to address malnutrition, including scaling up breastfeeding in the first 1,000 days, bio-fortified foods, community-based nutrition, food supplementation and conditional cash transfers for women to support nutrition and child education. To push for political accountability on nutrition in Africa, the Bank has set up the African Leaders for Nutrition, to support countries push to reduce malnutrition and stunting.

We must ensure political leaders are accountable for the development of rural areas. Politicians take the rural areas for granted, turning to them as hunting fields for votes before elections, quickly forgetting them once they get to power. While several countries have initiated decentralization of governments, the power of the poor to negotiate remains weak, and even weaker in holding regional, provincial and district governments to account.

There is need for greater transparency and accountability in the management of public finances for rural areas. One way to achieve this is by requiring all regional, provinces and districts to publicly publish their financial statements, on incomes and expenditures. Furthermore, I propose the establishment of Poverty Accountability Index to measure and rank politicians based on their ability to reduce poverty and improve quality of life in rural areas. That way, rural voters will know who is working for their interests and hold their leaders to account.

The African Development Bank is taking bold actions for Africa and delivering bigger and better results for Africa – majority of the benefits reaching rural areas. So let me summarize the Bank's delivery in 2016 alone in "action units":

- 3.1 million people benefitted from access to electricity;
- 3.7 million benefitted with access to water and sanitation;
- 5.7 million people benefitted from access to agriculture;
- 9.1 million people benefitted from access to health services;
- 7 million people benefitted in access to improved transport.

The African Development Bank is delivering for Africa and it has the capacity to deliver more for Africa. The Bank now needs substantial financing wind

behind its sails. It's time for speedy financing actions to accelerate Africa's development. Doing so will make our dream for Africa with Agenda 2063 come to pass sooner, for action brings the future to the present.

We strongly support the Compact with Africa and its focus on food security, energy, jobs, infrastructure, peace and security. These are all in line with the High 5 priorities of the African Development Bank: light up and power Africa; feed Africa; industrialize Africa; integrate Africa; and improve the quality of life for the people of Africa. UNDP's recent report shows that if African countries focus on these High 5s they will achieve 90% of the SDGs and 90% of the Agenda 2063. In short, these High 5s are the accelerators of Africa's development.

A strategic partnership between Germany and G20 and the African Development Bank will help to accelerate Africa's development. Let me assure you Minister Mueller of the Bank's strong support for the Compact with Africa. I wish to personally thank you for your call for a significant general capital increase for the African Development Bank.

Africa's bigger ambitions require bigger resources for the African Development Bank. A stronger and better-capitalized African Development Bank is indispensable to help deliver on the Compact with Africa and efforts to revive Africa's economies.

Let's work together to create better hope for Africa's rural economies. Let's invest in Africa today and build that prosperous Africa. Let's together give Africa the High 5s!

Thank you very much. Vielen Dank!