

What could women do with \$ 3 billion?

Keynote Speech Delivered by Dr. Akinwumi Adesina, President, African Development Bank, at the Inauguration of Canada's Financial Development Institution (FINDEV Canada), Montreal, Canada, September 17, 2018

Your Excellencies, distinguished ladies and gentlemen. Good afternoon!

It is such a great pleasure to be here for this landmark occasion. Let me first congratulate Prime Minister Justin Trudeau; Minister of International Development, Marie Claude Bibeau; and Mr. Paul Lamontagne, on the inauguration of FinDev Canada today.

Your focus on women for this inauguration event is commendable. Canada is leading the way globally by example, with its Feminist International Assistance Policy. This is a great policy! It puts women and girls at the center of development. That is exactly the way it should be. *Felicitations* Canada!

Many of us have come from places – and have family in places – where the labor of women is absolutely critical for holding communities up and together. All too often, their labor and role is not fully recognized. And, all too often, women are denied their fair share of opportunities and access.

This is a challenge not just in Africa or even here in North America, but in every society. This challenge represents a squandering of resources. No country can possibly move forward in the 21st century if it leaves half of its talent on the sidelines.

Personally, I have always insisted that a bird cannot fly with one wing. Likewise, no nation, city, community, or institution, can reach its full potential as long as women are marginalized.

I would like to spend just a few moments today discussing this challenge in the Africa region from our perspective – and what we can do together to continue to address this challenge.

As I said recently in Beijing to a group of entrepreneurs, Africa is the place you want to be. Our economies are growing, with GDP rates projected to average over 4% this year. Our populations are growing too. We host the world's

youngest population – and this demographic alone will double to more than 840 million by 2050! Fully half of that group is made up of women.

Women re-invest up to 90% - yes, 90% - of their income in their families and communities. That money goes into feeding and providing better nutrition for children, educational expenses, and in paying for doctor's visits. Even though we know that investing in women creates a true multiplier effect for communities, we somehow fail to connect the dots.

While societal limitations and belief systems often kill many a woman's dream, it is often at the bank counter that dreams come crashing down. Without collateral and without access to land or other financial resources, the bank is the end of the road for many women entrepreneurs.

This is a status quo that must change - Not because it's charity or the right thing to do – although it most certainly is the right thing to do – but because it's the *smart* thing to do. It's the *strategic* thing to do.

We have seen this reflected in study after study. For example, McKinsey found that if all countries worldwide reached gender equality, the global gains in economic growth would be as much as 26%, with Africa standing to gain 12%.

What will women do with \$3 billion? **They will do a lot!**

Take the case of smallholder women farmers. They form the largest share of the farming population but they lack access to new technologies and markets. And they lack titles to land to confer collateral value. Many remain on the fringes of the financial sector – unable to save, borrow and build their capital. With access to financing, women farmers will invest in modern technologies to raise their productivity. They will diversify their farms. They will grow high value crops and invest in assets such as livestock. They will also invest in better nutrition for their children.

The evidence is clear that when the incomes of women rise the household benefits. Such was the experience of a woman farmer in northern Nigeria who was surveyed by one of my PhD students in 1990. She had moved into the cultivation of soybeans, a crop traditionally grown as a cash crop by men. She sent her kids to school with the higher incomes from her soybeans, bought herself clothing and even built herself a new house. With such economic

empowerment, she gleefully told my student “if soybeans can do all this for me, then soybeans is my husband. What else does one need in a husband”?

The impact of women, especially on child nutrition, is critical. Today, over 54 million kids are stunted – meaning they are too short for their age. Stunted children today will lead to stunted economies tomorrow. Greater economic empowerment of women will go a long way in reducing stunting of children and give a greater boost to African economies from improved “grey matter infrastructure”.

I am always amazed by the ingenuity and creativity of women everywhere I travel to in Africa. It is the hard-working women who hold up African economies. During the structural adjustment era of the 1980s, as husbands lost their jobs due to massive cuts in public payrolls, women and wives, stepped up and provided the resilience for their households.

I see that creativity in young African women even today. Take the case of 30 year-old Clarisse Iribagiza from Rwanda, who completed her graduate degree in ICT at the renowned Kigali School of Technology. With a small grant from President Kagame, she went on to build her IT business, which she just sold for \$10 million. She now sits on the Presidential Youth Advisory Council that advises me.

Women in Africa dominate the fashion industry. As small businesses they connect a vibrant cotton-textile-garment industry. And that industry is worth a whopping \$31 billion annually in sub-Saharan Africa.

A lack of access to finance by women-owned fashion SMEs and entrepreneurs limits their ability to tap into higher value parts of the fashion value chain. They rely on their own financing for the most part. Banks and microfinance institutions are biased against these women because they do not understand their business cycles and needs.

Consequently, financing costs are prohibitive due to the informality of the sector.

With greater access to finance for working capital, many women entrepreneurs will see their businesses blossom. The African Development Bank is investing \$10 million in the textile industry of Madagascar to build the capacities of women and youth under the Textile Sector Promotion Support Fund.

In August, the Minister for International Development, Ms. Marie-Claude Bibeau was in Cote d'Ivoire, where she visited some of the projects supported by the Bank that are run by women. She saw first hand how women are making a difference and safeguarding food security, in a region that was once considered to have one of the highest poverty rates in the country. She was elated – and I can understand why: we also are very proud of the women.

My determination to support women was fuelled 20 years ago when I had an experience that changed my perspective on women in business. I had taken a flight from Lagos to Abidjan. The flight was full of the usually boisterous market women, who bought and sold textiles. So much was their luggage that I had no space in the overhead compartments to put my laptop, or should I say my “computer luggage”. You remember those big briefcase-sized technological wonders. Yes, it was one of those.

I proceeded to complain to one of the flight attendants that there was no space for *my precious cargo* as the overhead bins had been completely overtaken by the excess textile materials. “Could you free up some space for me?” I inquired. To which the flight attendant then asked, “Sir, how often do you fly with this airline?” “Occasionally,” I responded. I was then told, “You see these women? They fly with us every day of the week. Without them we would not be in business. If you don't mind, hand over your computer so we can check it into the cargo hold. We need to free up more space for them.”

My thinking about what \$3 billion can do for women was formed during this one encounter. To my dismay, women traders were singlehandedly responsible for ensuring that an airline literally stayed in business.

We must do the same. We must create space for women in unprecedented numbers and ways. Our goal is to help develop a women-to-women business and finance value chain.

To do that, we must bridge the financing gap facing women. Our research indicates that the financing gap for women in Africa is approximately \$42 billion dollars! Of this, \$16 billion is in agriculture alone.

There is no doubt that Africa's economy could grow even faster when women are empowered. In every country in Africa, women pay back loans. This is a distinction they have achieved without collateral. Even then, the banking system does not lend to them.

We want to change this. We want to de-risk the financial system and allow institutions to open up space and give loans to women.

The African Development Bank has launched the Affirmative Finance Action for Women in Africa (AFAWA), a bold and innovative approach to address systemic reasons why commercial banks and other financial institutions do not lend to women.

Our goal is clear: tilt the financial markets in favor of women. To do this, AFAWA will put in place a \$300 million guarantee facility to de-risk lending by financial institutions to women businesses across the continent. We expect to help leverage up to \$ 3 billion for women entrepreneurs in Africa.

The African Development Bank is putting its capital at risk for women. And women are a sure bet! Women are clearly bankable, as they pay back 98% of their loans. Given that women pay back their loans, it is clear that collateralized lending is not what is needed for women. Rather, we need non-collateralized financing systems, since many of them do not own land or have secure property rights.

The Bank through AFAWA is developing a bank rating mechanism that will rank financial institutions based on their lending to women, the terms of their lending and their impact on the businesses of women. The index will be used to channel more financial resources from the African Development Bank to financial institutions that stand up for women and do more for women.

Closing gender gaps is not a zero-sum game. Rather, it is a road towards a better future where everybody gains; and where women are equal partners in all spheres of the economy and political spheres of societies.

That is why the African Development Bank applauds the Feminist International Assistance Policy of the Canadian government – the first of such globally. And I commend Minister Bibeau for her tireless efforts in ensuring that women and girls are put at the centre of development.

AFAWA is a game changer for women in Africa. It fits very well with the goals set for the Feminist International Assistance Policy.

I will like to request that Canada strongly supports and becomes a champion for AFAWA.

Canada can provide significant financial support to the initiative, particularly through an innovative risk-sharing mechanism for women. This guarantee facility, as with any callable risk guarantee fund, would sit with you, and would only be called upon in the case of a default, which we know is exceptionally rare for women. This facility will help de-risk lending to women, and help re-balance the industry in their favor.

We would like to count on Canada's support for a Gender Trust Fund, which will be used to build the capacity of women and banks, support reforms, and increase policy dialogues. This Trust Fund - the very first of its kind in the Bank - will also support our efforts to mainstream gender across all our operations.

In closing, I will like to use this opportunity to warmly congratulate the government of Canada on the creation of its own Development Finance Institution. FinDev Canada is a bold and innovative move that will spur creative partnerships to leverage funds from Canada all across the world. Mr. Lamontage, you have one heck of an exciting journey ahead of you. You can count on strong partnership and collaboration with the African Development Bank. And we can start that with AFAWA. Yes, let's put women first!

Together, let's make AFAWA happen for women of Africa!

Thank you very much.