

Speech delivered by President Akinwumi Adesina of the African Development Bank at the Final Pledging Session for the African Development Fund (ADF) 14th Replenishment, November 28, 2016, Luxembourg

Honorable Minister Pierre Gramegna, Minister of Finance of Luxembourg; Honorable Ministers of Finance from Africa and Governors of the African Development Bank; ADF Deputies; Executive Directors, Senior Management and staff of the African Development Bank; colleagues from other development organizations; distinguished ladies and gentlemen – friends of Africa – good morning!

It is my great pleasure to welcome you to the third and final replenishment meeting for the fourteenth replenishment of the African Development Fund (ADF). I wish to thank our partner, the European Investment Bank (EIB), for your generosity in hosting us in your beautiful building facilities for this meeting. I also wish to thank **Vice-President Ambroise Fayolle of EIB**, who is here with us today. Just last week, I was with President Hoyer in Abidjan and today we are at your headquarters. That is real partnership at work!

Honorable Minister Pierre Gramegna, I wish to immensely thank you and the people of Luxembourg for hosting this final pledging session for the ADF-14 replenishment. As a first-time participant in the replenishment of the ADF, you are sending a very clear positive signal of your strong support for Africa's development – and for that we are most appreciative. I thank the delegation from Ireland for attending. We look forward to welcoming you to the ADF family!

We are honored and delighted to have with us the Honorable Ministers from Chad, Lesotho, Tanzania and Senegal, who are collectively representing the voice of ADF beneficiary countries. I also wish to thank our friend, Richard Manning, for the outstanding job he has done in

coordinating the entire replenishment process. He has been with us through the ups and helped us during the downs as well.

I wish to specially thank you, the ADF Deputies. You are our partners and best advocates to ensure the success of the replenishment process. Supporters and friends like you are rare. Thank you for your continued support to see this replenishment through to a successful conclusion.

This final meeting is a culmination of our coordinated effort to support some of the poorest countries on the African continent through the African Development Fund – an instrument of hope going back to 1974.

As you know, this particular replenishment is taking place at a time when many ADF countries have been hit by several shocks – the sharp decline in commodity prices, tighter financing conditions, and a severe drought in southern and eastern Africa. This comes after an extended period of strong economic growth in most of these countries.

Growth fell in 2015 to its lowest level in some 15 years and is expected to slow further in 2016. However, we should not conclude that Africa is all gloom. The picture is in fact more positive; some of the fastest-growing economies in the world are in Africa. The growth performance differs significantly across countries, with most oil importers faring reasonably well. Medium-term prospects remain favorable, but many countries need to reset their policies urgently to reinvigorate growth and realize their potential. To this end, the Fund will support countries as they adjust fiscal, monetary and other policies targeted at diversification and financial sector development so as to strengthen resilience and boost growth.

I appreciate that times are difficult all over these days. So, having an ADF replenishment in the midst of one a global environment with sticky slow growth is challenging. I know you all face challenges in your fiscal environment at home. Other unexpected shocks have happened,

including Brexit, which has significant implications for multilateral finance institutions. The migration crisis in much of Europe is displacing development financing to solve national issues. A move away from multilateralism in some places could also impact global development.

Nonetheless, I believe that Africa deserves significant support, even in the midst of these challenges. We must not forget that the reason several thousands of Africans have been migrating to Europe, is because of lack of jobs and shrinking economic opportunities back at home. Our resolve must not be to reduce support, but to increase support to help Africa, to build greater resilience, boost its economies, address its structural challenges, such as closing its huge infrastructure gap, strengthening intra-regional trade and creating jobs for its teeming youths.

Investing in Africa is investing in your homeland security as well.

I make a plea, not for the African Development Bank. I make a plea for Africa. The African Development Bank is the institution to deliver. The African Development Fund is the instrument to deliver. But Africa is the beneficiary.

As an institution, we have shown our capacity to deliver for Africa. As shown by the independent evaluation, the Bank met all its obligations under ADF-13. I must note that the Bank is the first of the Multilateral Development Banks to have undergone such a comprehensive independent evaluation.

The Bank is much stronger today than ever before. So much has happened since we last met in Abidjan in March of this year. We have moved aggressively to reform ourselves to improve institutional efficiencies, effectiveness and delivery for impact. The Transformation Management Team and the Development and Process Efficiency Committee have taken off and the results are encouraging.

Four of the five High Five strategies of the Bank were developed and approved by the Board within a period of six months. It normally takes up to two years sometimes to get one strategy approved. Our Board has been impressive and worked so hard. We are tackling the challenge of low disbursements compared to approvals, which has been raised over the years. Since I signed the Presidential Directive on this in November 2015, the lapse of time between approvals and declaration of effectiveness for first disbursement has declined by over 40%. Projected disbursements this year are \$6.6 billion (UA 4.4 billion) – the highest in the history of the Bank. You will hear more from my colleagues.

As you know, the Bank Group is implementing its new Development and Business Delivery Model (DBDM) – a program of transformation to move closer to our clients, streamline business processes, and improve financial performance. All of this will be rooted in a culture of results and accountability.

All the senior management of the Bank have been hired. Following a very transparent, competitive and rigorous global recruitment process, the Senior Vice-President and all the Vice-Presidents have been recruited – and they are highly qualified individuals with global experience who have proven themselves in different parts of the world. Our new Vice-President for Power, Energy, Climate and Green Growth, Amadou Hott, is right here with us today.

Just last week, I appointed – again through a very transparent international recruitment process – and well ahead of schedule – all the five Director Generals for the regional development and business delivery hubs. I also appointed five country managers who will support them, and the Director of the Nigeria country office.

And we are making good on my pledge to increase the number of women in senior management levels: 60% of the above appointments are women

– a record in the history of appointments at the Bank. The newly recruited Director of the Bank for rural development is also a woman, from Japan.

We are making very good progress on the rollout of the Affirmative Finance Action for Women – an innovative partnership platform to leverage \$3 billion for women-owned enterprises in Africa. To fully mainstream gender into all of our operations, a new Department of Women, Gender and Civil Society has been created and we are currently recruiting for the Director, who will take over from the excellent foundation laid by Geraldine Fraser-Moleketi, the Special Envoy on Gender, as she transitions from the Bank.

A new performance culture is being ingrained in the Bank. All staff of the Bank are now signing performance contracts with clearly defined key performance indicators, linked to delivery. The process, which was started with the Senior Vice-President and Vice-Presidents, is now being cascaded down the whole organization. Our goal is to deliver more and better for our member countries.

I want to assure you that your investment in the African Development Fund will generate greater leveraging effect through our focus on partnerships, co-financing and syndication efforts. Let me explain with some few examples:

The Africa Renewable Energy Initiative, which has the goal of delivering 300 GW of renewable energy in 2030 and 10 GW by 2020, is now based within the Bank. Its delivery unit is now established. The G7 have promised \$10 billion to support this initiative, which came out of COP21 and was approved by the African Union. France has already paid in €6 million for the delivery unit and Germany expects to soon pay €2 million. The Bank is working closely with the European Union on energy, with European Commission commitment to provide €3 billion for the initiative.

The Bank is clearly leading on renewable energy. We will help Africa to unlock its full energy potential, while developing a balanced energy mix to support its industrialization. Effective partnerships are being implemented with the UK Government's Energy Africa Initiative (and UK is the largest contributor to the ADF over the years), the US Power Africa, the Sustainable Energy for All, Millennium Challenge Corporation (MCC), USAID and OPIC, among several others.

The Bank is fully committed in its Climate Action Plan, which will soon be going to our Board. Our commitment is to ensure 100% climate screening for all Bank financed projects. We will also support countries to translate their Independent Nationally Determined Contributions (INDCs) in actions. The Bank has been on the forefront of Africa's efforts on climate finance – including at COP22 in Marrakech, Morocco, where the Bank's franchise value as the leading development finance institution for Africa was widely recognized.

In partnership with the World Bank, we are moving ahead to plan joint operations in the Middle East and North Africa region, around agriculture, energy and youth employment. With the International Finance Corporation (IFC) we are working to launch joint projects on investment in women enterprises under the Affirmative Finance Action for Women. And with the European Investment Bank we jointly held Africa Day in Abidjan last week, and co-launched a €253-million Boost Africa Initiative for business incubation support facilities for young entrepreneurs.

Our partnership on the Multilateral Development Banks risk exposure exchange with the World Bank and the Inter-American Development Bank has allowed the Bank to diversify its risks and free up \$10 billion headroom for new lending. Even in the case of policy-based operations, we have worked closely with the World Bank and the IMF, from Nigeria, Egypt, Algeria, Gabon and others. Facts are facts.

The Bank is the leading partner of choice in Africa. We worked closely with the US Government for the success of the US-Africa Business Forum, along with several US agencies. The Africa Growing Together Fund with China, for \$2 billion, has allowed us to expand work on infrastructure development. The Bank played a major role in TICAD 6 this year, where Japan announced \$10 billion for support of infrastructure in Africa and the African Development Bank was singled out to be a key partner to help deliver on this. The successful launch of the Enhanced Private Support Assistance (EPSA) 3 for co-financing of \$3.3 billion between Japan and the Bank will allow the Bank to do more on private sector and infrastructure, including energy. Korea, during the KOAFEC ministerial conference, co-hosted with the Bank, announced \$10 billion in support for Africa – and, most importantly, this will all be fully aligned with the Bank’s High Five priorities in Africa.

This year, the Bank arranged a \$965-million syndicated A/B loan for ESKOM in South Africa, with nine other Banks, the largest ever in Africa. We plan to do more, as we put in place the new syndications team, recently approved by the Board within our new business delivery model. Across Nordic countries, we are partnering on climate, gender diversity, and fragility and natural resource management issues.

We are your partners to deliver more and better for Africa’s low-income countries. Even in the midst of very difficult and fragile situations, we stay there. During my recent visit to Madagascar, the President of Madagascar singled out the African Development Bank as the most “trusted, reliable and consistent” partner, which was there even through the most difficult periods. The same applies in Egypt, where we stayed through turbulent times, and in Liberia, Sierra Leone, Guinea and Mali, where our highly dedicated staff put their lives at risk, for the benefit of the populations we serve.

Your support for the ADF-14 cycle will help us to deliver very concrete developmental impacts, across each of the High Five areas of selectivity

for interventions. Your ADF-14 support will install 46,600 MW of electricity for 24 million households with improved electricity connections. That will light up their homes, allow their kids to study at night without candles and mothers will face less pollution from fuel wood, charcoal and kerosene use. It will save lives and no price can be put on that.

Your ADF-14 support will contribute to the transformation of agriculture, provide an additional 280,000 ha of newly irrigated lands, and provide access to new agricultural technologies to 40 million people. Food security will expand and malnutrition will be reduced, and rural areas will be transformed from “zones of misery” to “zones of prosperity”.

Your ADF-14 support will provide access to finance to 1.4 million micro and small enterprises and support industrial development to benefit about 18 million people, creating jobs, securing lives and livelihoods. Your ADF-14 investment in infrastructure, especially improved transport, will enable 73 million people to benefit from improved access to transport and train 16 million persons in road maintenance and safety.

Your ADF-14 support will help to create a better future for Africa’s youth and women, and provide about 7 million direct and indirect jobs, equip 4 million people with job-specific skills and support better education for 1 million people, with 50% of the beneficiaries being women. Quality of life will be improved, with access to water and sanitation for 8 million people.

You can see: your investments will make a big difference.

As President of the African Development Bank Group, I will like to assure you that the Bank will meet all its commitments. We may not be as big as some, but you can be sure that we deliver better results per unit of invested funds in Africa. We leverage our knowledge products and our franchise value as Africa’s own Bank – a trusted partner for Africa’s development. We leverage on the franchise value of the African

Development Fund, as Africa's leading fund specifically devoted to the needs of low-income countries, especially fragile states.

Our vision is to help Africa's low-income countries build economic and social resilience. As an institution, we are focused sharply on greater efficiency, effectiveness, delivery, and accountability for results, while promoting knowledge. We will innovate, while putting in place systems for better project designs, supervision and learning from evaluations and our new results' measurement framework.

But we also know that money alone is not enough: we need knowledge and policy products to support countries in their efforts to better manage and grow their economies. That is why we have restructured our economics work to sharply focus on economic governance and knowledge management. Our new Chief Economist and Vice-President for Economic Governance and Knowledge Management, Célestin Monga, is with us here today. He and his team will accelerate support for better macroeconomic and fiscal policy management and greater domestic resource mobilization for countries; while ensuring better management of natural resources, reducing illicit capital flows and ensuring sustainable debt management.

Now it is time for decisions. Over the next two days, you will meet and close on the pledges for the ADF-14 replenishment. I have not missed a single meeting throughout this replenishment process. That tells you my high level of commitment to the Fund and to your work and efforts as Deputies. I hope we have convinced you that Africa deserves more, not less; that ADF-14 should do more, not less; and that the Bank will use your resources well, leveraging more through partnerships, syndications and co-financing. We will deliver greater value for money for your ADF-14 contributions.

In closing, let me say that I am delighted we are doing this replenishment in Luxembourg. I developed a personal attachment to Luxembourg six

years ago, when I worked with partners in the Ministry of Cooperation of Luxembourg to develop innovative financing tools to support agricultural development in Africa. Out of that discussion came the largest and most successful efforts to leverage banks across Africa to lend to agriculture. The seeds of hope were sown right here in Luxembourg.

As we face Africa's challenges, especially for low income and fragile states, I am happy that the seeds of hope will again be sown right here in Luxembourg, in the final pledging session for ADF-14.

Let's make this pledging session a successful one for Africa. Let us send a strong message of support for Africa. **The choice of the financing scenario for support is key for the success of this replenishment. Let's not set our ambitions low. Let us dig deep and go for the "High Scenario" of support for Africa. That is what Africa deserves, and that is what Africa needs. And I know you can do it for Africa!**

Thank you very much. Merci beaucoup ! ;Gracias!