Speech by President Akinwumi A. Adesina at the First Consultative Meeting of the 15th Replenishment of the African Development Fund (ADF), held in Abidjan, Côte d'Ivoire, March 20, 2019

Good morning everyone! A special welcome to you all, the ADF Deputies and Ministers representing ADF countries. Welcome to Abidjan. A special welcome as well to the ADF 15 Coordinator, Kyle Peters.

Welcome to the Executive Directors of the Bank and Members of Senior Management and staff of the Bank.

Thank you all for attending this first consultative meeting on the ADF 15 replenishment.

We are happy you all got here safely. But that's not the case for the 159 people who lost their lives in the fatal crash of the Ethiopian airlines flight en route from Addis Ababa to Nairobi. The loss of lives affected so many countries around the world, including some of the countries represented here today. So I will like us to please rise and observe a moment of silence in their honor and memory (PAUSE).

May their souls rest in perfect peace. Please accept our heartfelt condolences and sympathies.

I wish to thank the ADF Deputies for your constant engagement with the Management over the past several months.

We had a very productive Mid-Term Review in Kigali, Rwanda.

You saw in Rwanda a compelling evidence of how ADF resources are making impressive impacts. And how an ADF country is making rapid progress on its way to a middle-income country. Seeing as they say is believing.

You also witnessed the strong commitments of governments from Madagascar, Chad and Burkina Faso, who spoke as ADF beneficiary countries. You heard from them about their aspirations for their countries and indeed for all ADF countries: a desire to develop faster, and at scale.

The ADF continues to be a unique vehicle to help these low-income countries and fragile states in their quest to overcome fragility and achieve much faster and equitable economic growth and development.

I wish to thank all the ADF donor countries for your steadfast support and commitments over the years. Your support has helped the African Development Fund to become the leader on addressing fragility in Africa.

When we met in Luxembourg in 2015, for ADF 14 replenishment, I had just been elected as President of the Bank Group. It was my first replenishment meeting, just few weeks on the job. It was not easy. Challenges of migration crisis were everywhere. Donor resources were difficult to come by due to competing domestic needs. We came up short on financing for ADF 14. Though disappointed by the outcome, I was determined that we would do all possible to work hard, deliver on results, reform and transform the Bank, focus on results, and also earn your trust as a new President. I was sure that we would do better collectively in ADF 15. So we rolled up our sleeves and went to work.

Today, as we start the discussions for the ADF 15, I have a deeper understanding of the African Development Fund and have become a great supporter of the Fund. Today, I come as a champion of the African Development Fund - and its mission.

I am passionate about its mission more than ever. My several visits to ADF countries, countless engagements with leaders and stakeholders and beneficiaries of our support have fueled my desire for greater impacts in ADF countries. What I've seen have excited me about our collective mission, to support low income countries, especially fragile states.

So, let me share with you a few of the exciting achievements of the ADF in action, especially during ADF 14.

The ADF financed the construction of the landmark Senegambia Bridge, which now connects Senegal and The Gambia, which you saw in the video: a historic development, which will transform economic and trade opportunities between the two countries, expanding economic opportunities, promoting regional integration and reducing fragility.

ADF investments are helping with post conflict recovery of economies. The role of the Fund in the economic recovery of Côte d'Ivoire has been impressive. Today, Côte d'Ivoire has moved from fragility to stability, posting remarkable economic growth rates for the past five years. The Fund is financing the road links between Liberia and Côte d'Ivoire border section of the Mano River Union Transport Program, a critical part of the integration between Liberia, Guinea and Côte d'Ivoire. This road corridor will boost economic recovery in the area benefiting 800,000 households.

In East Africa, the Fund is financing the road links between Burundi and Tanzania, which opens up connectivity for landlocked Burundi. The Fund has co-financed the over 9,000 kilometers Trans-Sahara Highway linking Chad, Niger, Mali, Nigeria, Algeria and Tunisia. And earlier this year, the Fund financed the 285 kilometers road corridor in northern Mali that will open up the conflict region of Kidal and increase trade with other regions of Mali and Algeria.

I remember very well the discussion we had on this project. The project tested our collective readiness to do more in fragile and risky environments. I commended the Bank staff for their courage and boldness in intervening in this very high-risk area. Our staff worked with the military engineers of Mali to do the civil works in this very insecure region. That's the high level of commitment and boldness that we bring towards working in fragile areas.

We are also being bold on food security for ADF countries. Through the Feed Africa High 5, and support from ADF, the Bank Group launched a transformative regional food security program, the Technologies for African Agricultural Transformation (TAAT). TAAT is focused on accelerating access to agricultural technologies for farmers to boost food security across regions. TAAT investments in ADF countries will support 40 million farmers in 8-10 years.

That future can be seen in the case of Mrs. Ouattara in Mali, who got access to the urea placement technology under TAAT's regional soil fertility Compact. The technology allowed her to triple her crop yield on a one acre farm, assuring food security and boosting her income from marketable surpluses. The story of Mrs Ouattara is the reason why the African Development Bank Group puts premium on gender inclusiveness. Our Gender Marker System for our projects allows us to assess how our projects are benefitting women. Our programs, such as the Affirmative Finance Action for Women in Africa (AFAWA), will do more for women such as Mrs. Ouattara.

The kind of result witnessed on the farm of Mrs. Ouattara is now happening at a larger scale in Southern Africa. From Lesotho, Malawi, Swaziland, Namibia, Zambia, South Africa, Mozambique and Zimbabwe, Fall Army Worm and drought are devastating crops, driving up household food insecurity and vulnerabilities.

Thanks to TAAT, these challenges are being addressed. In 2018, TAAT supported over 1.5 million smallholder farmers with drought tolerant maize varieties, treated with insecticides. And this year, 30 seed companies are producing 27,000 metric tons of drought tolerant maize for use by 2.6 million farmers in Southern Africa. And as we speak, 1.6 million farmers have already received and planted their farms with drought tolerant maize varieties, a big boost for household and national food security.

That's the scale at which we are working to support millions of farmers to assure food security and support adaptation to climate change.

Speaking of climate change, I was in Nairobi last week at the One Planet Summit organized by President Macron of France and President Kenyatta of Kenya. There, I announced that the Bank Group will double its support to climate finance to $25 billion for 2020-2025.

The African Development Bank Group is playing its leadership role with a "green record". The share of the Bank's project approvals for climate finance rose from 28% in 2017 to 34% by 2018, and well on target to reach the 40% by 2020 that we committed to; the highest among all multilateral development banks.

The commitment of the Bank Group on renewable energy is very strong: the share of renewables in the Bank's energy generation financing rose from 59% in 2013-2015 to 95% between 2015-2018. And in 2017, we reached 100% of all energy generation being in renewables.

We must do more to support climate change in Africa. We will continue to use ADF resources to help ADF countries to insure themselves against the devastating effects of climate change, including droughts and floods, which displace public expenditures. As we speak today, over 1,000 people have died from the massive floods in Mozambique. It is also reported that scores of people lost their lives in Malawi and Zimbabwe. Our prayers and hearts go to them and their families and to the people of Mozambique. So, I will like us to please rise again and observe a moment of silence in their honor and memory (PAUSE). May their souls rest in peace.

That's why the Bank Group, through the ADF, is supporting countries to use part of their allocations to pay for insurance premiums for their countries against such catastrophic climate effects. This year, the ADF-supported Africa Disaster Risk Financing Program will support The Gambia, Niger and Madagascar.

During ADF 15, we plan to support six more countries (Burkina Faso, Mauritania, Chad, Sudan, Mali and Senegal) with UA 25 million. This is an area that ADF should do more, with larger financing, to help build resilience of countries.

The Bank Group is doing a lot, synergistically between ADB and ADF, to support the private sector in ADF countries. The Private Sector Facility (PSF) supported 50% cover of ADB loan of $75 million to DAL, an agribusiness firm in Sudan. The support will allow DAL to provide markets for smallholder farmers, increase food production from 1.5 million metric tons to 2.5 million metric tons, generate $570 million value in the local economy and $87 million in taxes to boost government revenues.

The ADF is now more sharply focused to help tackle the high level of unemployment in ADF countries, especially among the youth - a key driver of fragility and the migration crisis facing Europe. I am delighted that several donors have rallied to create the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund. The Fund, anchored with $ 4.5 million by Norway and Denmark, has now grown to $40 million, with continued participation of Norway, Denmark, and now joined by Sweden, The Netherlands, Italy, with ongoing discussions with the UK, Germany, EU, Luxembourg and Finland.

The Trust Fund will, in its first year, support 1,580 youth-led start-ups, 600 micro, small and medium sized enterprises, and create about 3,000 jobs. With more resources, we will do more.

We are doing everything possible to leverage ADF resources through strategic partnerships. With the signing by the Bank of the PAGODA with the European Union, close to € 1 billion has been mobilized for ADF countries. We expect to do more with the European Union with our recent signing of the PAGODA-FI, to support private sector financial solutions for ADF countries. Our co-financing with the Agence Française de Développement (AFD) has allowed us to jointly finance innovative operations in many vulnerable countries.

We've made huge progress on institutional reforms to strengthen the capacity of the Bank Group. We recruited 605 positions in 2018, the highest ever in the Bank. The Gross Vacancy Rate of the Bank Group has dropped significantly, from 24% in January 2018 to 13% by January 2019, and we expect this to drop further to 10% or below by the time of the Bank's Annual Meetings in June this year.

We've made equally significant progress on decentralization. The share of Bank Group operations managed from the Bank's offices outside the Headquarters rose from 30% in 2011, to 76% by 2018. Similarly, the share of the Bank Group's operations staff based outside the headquarters rose from 29% in 2011 to 59% in 2019. We've opened up offices in more ADF countries, including Benin, Guinea and Niger. Of the Bank Group's 36 country offices, 25 of them are in ADF countries.

This January, at the Annual Work Planning Week of the Bank, we shifted to delivery as ONE Bank, a major drive on achieving better delivery coordination, quality control and accountability on how all operations are programmed and delivered at the Bank. This will further accelerate the implementation and delivery on our Development and Business Delivery Model (DBDM).

We've taken on board your comments on the need to improve quality at entry in our operations. To drive this, the Bank Group is establishing an Operations Academy that will train staff on operations and ensure standardization through certification for all operations staff. We will also devote significant resources to training through the African Development Institute, which we plan to revamp to be able to meet the training and capability building needs of borrowing countries.

As we discuss over the next two days, and start the dialogue processes for the ADF 15, I would like to place three issues before us as a group.

First, we need to significantly scale up the level of resources for the ADF 15 round. The ADF resources have continued to decline, falling by some 38% since ADF 12. Yet the needs of these low-income countries have continued to rise. More than ever before, they need more resources. You heard this from them at the MTR in Rwanda. We should raise the level of our ambition for ADF countries with greater donor resources, to improve the relevance and impact of the Fund. Let's not take ADF 14 as the baseline: that's much, much lower than ADF 12 and ADF 13. Let's set a higher baseline to grow up from in order to meet the rapidly rising financing needs of countries.

Second, we need to work with a greater sense of urgency. The reality is that 14 out of the 21 countries in the World's Fragile States Index are in Africa, all ADF countries. With the business-as usual scenario, 85% of all the poor people in the world are projected to be in Africa by 2030. That's not in the interest of Africa nor of the developed economies.

The consequences of such on global spillovers, ranging from migration crisis or rise of terrorism from fragile and poor communities or countries are safer to be imagined than experienced. We should work harder to ensure development happens faster, and at scale.

Thirdly, we should strategically engage on how we measure the success of ADF. In my view, the ADF as an instrument should not exist in perpetuity. The experience of the Asian Development Bank is instructive in this regard. Eventually, the AsDB merged its commercial and concessional financing windows.

To inform such a discussion, I offer four areas for how one might measure the success of ADF: (1) reduction in the number of fragile states; (2) lower economic vulnerability of countries; (3) inclusiveness, through job creation for the youth and women; and (4) graduation from ADF to blend and eventually to ADB status. And all four require collective accountability.

On (1) and (4) - in terms of reduction in number of fragile states and graduation from ADF- the challenge is enormous. In 2002, 42 countries were classified as ADF. That number declined to 37 by 2018. That means only 5 countries exited from ADF in 16 years.

If we continue with the same pace that means the remaining 37 ADF countries will exit to middle-income countries in 118 years!

None of us in this room will be around then. That's not the kind of world we want to bequeath to another generation, and definitely, the next generation must not be dominated again with poor African countries.

Our decisions today will determine that future. We should be able to achieve this transition if we scale up needed support and mobilize greater domestic resources to fast track economic growth and development.

So, let's critically assess the current state of ADF countries; visualize the desired state; critically determine the resources needed to get there; examine how much donor resources will be needed (which will never be enough), how much of market leveraged resources will be needed to complement concessionary donor resources; determine the time to reach the desired end state for ADF countries; and how long it will take us to get there.

At the end of the day, the future of ADF countries will not depend on aid. It will depend on investments, growth of private sector, leveraging of more resources to complement donor resources and domestic resource mobilization.

Our duty and responsibility is to make that desired end state happen much earlier, starting with this ADF 15 replenishment and holding ourselves accountable for the most important result: the exit from low income to middle-income countries, in successive five ADF replenishment cycles, in our lifetime. That's 20 years!

Let's set that direction and tone with a much higher ADF 15 replenishment!

With your support, we will get there. Thank you very much for your strong support!