

Remarks delivered by Akinwumi A. Adesina, President of the African Development Bank at the Centre for Global Development, Washington DC, April 19, 2017

Good morning everyone! I am honoured to have been asked by President Masood Ahmed to speak with you and share my vision and views on Africa's development and the role of the African Development Bank. I wish to congratulate you on your appointment to replace Nancy Birdsall. Nancy, a great friend of the African Development Bank, did an incredible job as President. I have every confidence you will also.

I have fun memories of this place. Almost two years ago, I was one of the candidates for the position of President of the African Development Bank gathered right here to debate Africa's development. It was so well moderated. You really made us sweat! Africa was in the limelight for a very good reason: The African Development Bank set the leadership tone for all MDBs for the transparency in electing its President through an open and competitive process. Thank you all for the great work you do in support of Africa.

Well, I sweated that day, but today I want us to discuss how to 'sweat our balance sheet' as a Bank to deliver more for Africa.

Our vision for Africa at the Bank is encapsulated in the High 5s: Light up and power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the quality of life for the people of Africa. An independent analysis of these High 5s by the UNDP has shown that if Africa focuses on these High 5s, it will achieve about 90% of its SDGs and 90% of its Agenda 2063. In short: The High 5s are the accelerators for Africa's development. They bring the future to the present and make life worth living now for hundreds of millions of Africans. For we must not postpone all good things for Africa into the future. Africa's future is now.

Nowhere is this need more urgent than on access to electricity. Over 645 million Africans have no access to electricity. Some 600,000 women and children die every year from fumes from using charcoal, fuel wood and kerosene. African economies stumble in the dark, handicapped by erratic power supply, driving up costs of doing business, and putting Africa off the

main grid of economic growth. Low access to electricity is Africa's growth decelerator.

But we are taking action.

To tackle this challenge, we launched the New Deal on Energy for Africa, with a commitment of \$12 billion from the Bank over the next five years, with goal of leveraging \$45-50 billion. Our goal is connect 130 million people to the grid, 75 million via off grids and provide some 150 million with clean cooking energy.

We're making good progress. We've set up a whole new Vice Presidency just for power and energy: the first and only Multilateral Development Bank to do so. Last year, we financed \$1.7 billion in the power sector across 19 countries, and will increase this to \$2 billion this year, leveraging \$5-7 billion. We've launched a \$500 million Fund for Energy Inclusion with \$100 million seed capital, to provide affordable finance for companies investing in renewable energy.

Just as electricity powers an economy, so does food provide energy for people. Africa's annual food import bill of \$35 billion, estimated to rise to \$110 billion by 2025, weakens African economies, decimates its agriculture and exports jobs from the continent. Africa's annual food import bill of \$35 billion is just about the same amount it needs to close its power deficit. To rapidly support Africa to diversify its economies, and revive its rural areas, we have prioritized agriculture.

We are taking action. The Bank has committed \$24 billion towards agriculture in the next 10 years, with a sharp focus on food self-sufficiency and agricultural industrialization. The recent drought and famine facing some countries (South Sudan, Somalia, Nigeria, Kenya, Ethiopia and Uganda) deserve swift action, as 20 million face food insecurity and severe malnutrition. The Bank is taking action and is planning to deploy \$1.1 billion, following Board approval, to address the crisis and ensure that drought does not lead to famine.

We're taking action to level the playing field for women in Africa. That's why we launched the Affirmative Finance Action for Women in Africa (AFAWA)

with the goal of mobilizing \$3 billion for women entrepreneurs. A bird flies with two wings, so Africa can only fly with women equality.

We've taken on the biggest social issue facing Africa today: the high youth unemployment rates. Today, a third of Africa's 230 million youths (about 20% of the global youth population) are unemployed or discouraged, another 1/3 are in vulnerable employment largely in the informal sector while only 1/6 are in wage employment.

I like to look at the positives, though. Just think of what would happen if we could create jobs for these youths. Employment for Africa's youth will spark a creativity and innovations revolution never before witnessed anywhere. Let's listen to Africa's youth, support their ideas, spark their creativity and enable their entrepreneurship. That's why at the Bank we've taken action and launched a *Jobs for Youths in Africa* initiative, to support African countries to create 25 million jobs (in agriculture, ICT and SMEs) over the next ten years. We have no other choice: The youths are the present and future of Africa. And their future is in a prosperous Africa, not at the bottom of the Mediterranean Sea.

We are also working to accelerate financing for small and medium size enterprises, integrate African stock exchanges, deepen the liquidity of domestic capital markets, support private sector to mobilize savings for development and support regional infrastructure to fast track regional trade and industrialization.

The financing gap to meet these needs of Africa through the High 5s is huge, some \$162 billion a year. The African Union has designated the African Development Bank as the lead organization to mobilize resources for the Agenda 2063.

So we are doing all possible to stretch our funds and leverage domestic resources. That's why the Bank is leading on mobilizing domestic resources for Africa's development. We've issued local currency bonds in 11 countries, some of which include South Africa, Egypt, Ghana, Nigeria, Kenya, Botswana, and Uganda. We're investing in the development and integration of capital markets, including the establishment of an African Domestic Bond Index and a \$200 million African Domestic Bond Fund to deepen liquidity in local bond

markets. Using guarantees, we leverage over four times our equity resources. Our \$87 million investment in the NEPAD Infrastructure Project Preparation Facility has led to mobilization of about \$8 billion to support major regional infrastructure projects and programs.

At the 6th Tokyo International Conference on African Development (TICAD VI), we corralled Japan to commit to the High 5s with \$10 billion over 10 years. Similarly, at the 5th Korea-Africa Economic Cooperation (KOAFEC) Ministerial Conference, Korea committed \$10 billion over 5 years fully aligned to the High 5s. Similarly, the Africa Growing Together Fund supported by China is committing \$2 billion for financing infrastructure development in Africa while €1.5 billion in co-financing resources will be provided by the Agence française de développement (AFD).

We've rolled out Africa50, an investment vehicle for developing and financing infrastructure, which has raised \$830 million and plans to attract \$3 billion in the medium term.

That's the way it should be: taxpayers money should leverage private resources.

We are using all available instruments: Guarantees to leverage private sector financing, co-financing, multilateral development bank risk exposure exchange, increased focus on syndications, sell-down of certain non-sovereign exposures and other balance sheet optimization approaches. We're looking at the possibility of reducing the equity to loan ratio through sweating our balance sheet for the concessional (ADF) and non-concessional (ADB) windows. This includes possibility of ADF going to the market like IDA or combining the equity in ADF with those of ADB to raise total capitalization of the Bank, like the Asian Development Bank. None of these is easy and will involve complex political negotiations and decisions among stakeholders.

I wish to thank the Policy Innovation Lab of the High level Panel of the Bank, which includes Aloysius, Ngozi Okonjo-Iweala and Nancy Birdsall, for their insightful reflections on how to support the Bank's effort to do more for Africa. Just as I got on the airplane yesterday in Paris, I saw the Op-Ed written by Nancy and Ngozi on the "Big Bond for Africa". What a terrific idea! I welcome the idea, which could help frontload Africa's development and accelerate

investments to close its infrastructure gap, including power, roads, railways, airways, ICT, water and sanitation. It would save donors money while accelerating Africa's growth. That's a win-win. It's a 'Big Bang idea', a possible game changer, seriously worth considering.

We will continue to look at all these options, but none will be enough to meet the risk capital resources required for achieving the SDGs in Africa through the High 5s. At some point, in the near future, the Bank would definitely need a general capital increase.

I look forward to hearing from you all on your thoughts about how we can build much-needed support for the African Development Bank – Africa's own bank – to deliver more for Africa. With some help maybe I won't have to sweat too much!

Our vision for Africa is clear. But the distance between vision and reality is measured in 'action units'.

Let me summarize what we achieved in 2016 alone in 'action units':

- 3.3 million Africans benefitted from new electricity connections;
- 3.7 million Africans benefitted from improved access to water and sanitation;
- 5.7 million Africans benefitted from improvements to agriculture;
- 9.3 million Africans benefitted from access to better health care services;
- 7 million Africans benefitted from improved access to transport.

And we did all these, while implementing major institutional reforms to improve institutional efficiency and effectiveness. The facts speak for themselves: Standard and Poor's latest analysis (October 2016) comparing administrative cost to adjusted common equity across all Multilateral Development Banks, shows that the African Development Bank has the lowest administrative cost charge at 2.17%, which even compares favorably with Private Equity Funds at 1.5 to 2%. Our cost to income ratio has fallen from 41.4% in 2015 to 34.5% in 2016, as we implemented loan price adjustments.

The Bank will achieve even greater efficiency gains and value for money as we roll out our new Development and Business Delivery Model.

The African Development Bank is delivering for Africa and it has the capacity to deliver more for Africa. It 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.

Ladies and gentlemen, it's time for "Africa fast-tracked".

Let's be optimistic on Africa. I am confident that, with the right scale of financing coupled with political will – the currency of development – Africa's future will surprise the pessimists!

So let's give Africa the High 5s.

Thank you very much.