Speech Delivered by Dr. Akinwumi A. Adesina, President of the African Development Bank on the occasion of the 2018 Diplomatic Luncheon

ABIDJAN, COTE D'IVOIRE – February 6, 2018

African Development Bank: Progress and Perspectives for Africa’s Development

Thank you for doing us the honour of attending our annual Luncheon gathering. It is a great privilege to welcome you on behalf of the Board of Directors, management and staff of the African Development Bank Group.

This traditional event provides us with an opportunity to share with you the Bank’s perspectives on the performance of African economies, update you on our activities and exchange views on emerging issues that shape the outlook for the Bank and the continent.

I wish to begin my remarks by saying that, overall, Africa’s economies remain resilient despite the global economic headwinds, and climate and regional shocks.

Real GDP growth was estimated at 3.6% in 2017, up from 2.2% in 2016. It is worth noting however, that 18 African countries grew above 5% in 2017, and 37 countries above 3%. The prospects for growth in the year ahead are actually much brighter. Our own recently released African Economic Outlook projects Africa’s GDP growth to accelerate to 4.1% in 2018 and 2019.

The recovery has been faster than some had envisaged, especially among the non-resource-rich economies, essentially underscoring Africa’s economic resilience. Our heads are above water and Africa’s economies are moving forward strongly and confidently. At the same time, we will continue to support African countries in ensuring stronger macroeconomic policies as we go forward.

I also mention here our new, improved 2018 African Economic Outlook, our flagship report, whose publication we have brought forward to January each year. The report contains detailed analysis and data on the performance of African economies.

In our host country, Côte d’Ivoire, GDP growth in 2018 is estimated at 8%, which is yet another positive step towards Emergence. I congratulate President Alassane Ouattara, and the Government and people of Côte d’Ivoire on this stellar accomplishment. There is no doubt that the economic policies of the country are working, and that its future looks bright. That is why the Bank invested more than $300 million in Cote d’Ivoire in 2017 in support of four new operations.

I brought with me several copies of our 2018 African Economic Outlook. You may wonder why it is that I started off with this. The reason is that for the first time in the history of the Bank, it published its own African economic outlook - alone! That's the way it should always
be: Africa's premier finance institution, finally coming into its own! That's the kind of African Development Bank we want: A Bank that leads!

But we will not rest on our oars. I know you've probably heard news about some changes that have been made at the Bank. Let me assure you that all is well at the Bank.

The shareholders asked us for reforms. And reforms are exactly what we are doing. The shareholders asked us for greater value for money and that's exactly what we are doing. They asked us to change the culture in the Bank from one driven by entitlement to one driven by performance, and that's exactly what we are doing. No organization can excel in performance without accountability for results.

We are driving, very hard, to make ourselves a more nimble, efficient and impact driven organization: one that accelerates Africa's development; one that holds itself to a higher standard of performance; one that delivers more, and one that leads. The old entrenched culture of entitlement is being shaken and as you can imagine there's resistance. Whenever there's change, there's also some noise and even rumors on intents. But let's be careful not to confuse rumors and facts.

But I can assure you, we will get it done, for only when we become performance driven can we meet Africa's expectations. Every manager of a football team wants to win and must ensure players are disciplined and committed to winning matches. We intend to score a lot more development goals for Africa. And there is need for greater alignment, performance and accountability for results. That's all that's happening in the Bank. Nothing more. Nothing less. The African Development Bank will be fitter for purpose and accelerated delivery. The Bank is not a retirement home.

We look forward to your continued support for our reforms. We will definitely not disappoint!

Let me share with you some of our achievements in 2017.

I am pleased to let you know that the Bank’s financial strength continues to be reinforced. In 2017, the Bank maintained its AAA rating, with stable outlook, by all four global rating agencies. The Bank's AAA stable outlook rating is underpinned by sound financial and risk management policies, excellent liquidity and strong shareholder support.

The Bank achieved its highest annual disbursement ever in its history, at $7.67 billion.

Our investment in the energy sector in 2017 covered 31 operations in 23 countries, and totaled $1.39 billion, representing a 30% increase over 2016.

The Bank launched its largest bond transaction, with a $2.5 billion 3-year global benchmark, followed by its largest ever 5-year global benchmark for $2 billion.

The Bank continues to grow its income solidly, reversing the declining income of the Bank when I started two years ago.
The net operating income of the Bank had declined from **US$ 589.3 million** in 2014 to **$492.7 million** in 2015, when I took over. Ever since, there has seen a rapid turnaround.

In 2016, the net operating income rose to **US$ 556.6 million**, and shot up to **US$ 855 million** in 2017, an increase of almost **54%** over 2016. And to put things in context, this is also a **73%** increase over where we were in 2015.

The Bank is mobilizing more resources for Africa. In 2017, we mobilized **$ 9.73 billion** from the capital markets for African countries, including **$300 million** from the Enhanced Private Sector Facility for Africa.

I am delighted that last year, the Bank helped leverage **$ 6 billion** for the landmark Japan-Africa Energy Financing Facility. This will help accelerate efforts to light up and power Africa, and I am most grateful to Prime Minister Shinzo Abe for helping to make this happen.

We are doing a lot on our Light Up and Power Africa agenda. Last year we invested **$ 1.39 billion** in improving access to electricity, to help generate an additional 1,400 MW of power and connect **3.8 million** persons to electricity.

More importantly, the African Development Bank is leading on renewable energy. When I started as President two years ago, the share of renewable energy in our total power portfolio was just **14%**. However, we increased that to **74%** in 2016. And in 2017, we achieved a **record-breaking 100% of our new lending in renewable energy**. With access to more funding, we hope to provide electricity to an unprecedented **29.3 million** Africans between 2018-2020.

Let me also share with you some details of a few exciting investment projects.

We supported Morocco with **$ 249.5 million** to expand Ouarzazate, the largest solar power plant in the world.

In Uganda, our support of **$105 million** for the Bujagali project will generate 300 MW of power and cut electricity tariffs by **50%** from **USc 14/kWh** to just **USc 7/kWh**. And in Burkina Faso, we supported the development of a 50MW solar project jointly with the French development agency, AFD. The project will be the largest utility scale solar power facility in West Africa.

And now, the Bank is spearheading the development of the **Desert to Power** initiative, to harness electricity from the sun all across the Sahel. Our goal is to support the generation of **10,000 MW** of power, connect **250 million** persons to electricity, of which **75 million** people will be through off-grid systems.

Africa needs to promote green growth. At the Bank, we are extremely conscious of our climate and environmental responsibilities and leadership role. Consequently, we are tripling our climate finance to **40%** of our portfolio by 2020.
I am excited about the progress we are making on agriculture. Last year, we invested **$1.16 billion** in the sector—the highest ever in the Bank’s history.

Last year was a most inspiring one for me, personally and in my determination to lead the Bank to help Africa feed itself. I was greatly honored to receive the 2017 World Food Prize, which is widely known as the 'Nobel Prize for Agriculture'. I have fully devoted the **$250,000** World Food Prize laureate cash award to setting up a fund to support young people in agriculture as a business and building the next generation of agricultural leaders for Africa. At the Bank, the momentum of the World Food Prize has bolstered our leadership on agriculture in Africa.

We also launched **Technologies for African Agricultural Transformation (TAAT)**, a **$1 billion** initiative to take agriculture technologies to scale for millions of farmers. We're delighted with our partnership with the World Bank, AGRA, and the Bill and Melinda Gates Foundation in making this happen. It's a new way of doing business: successful technologies will be introduced and scaled up across agro-ecological zones instead of the old country-by-country approach.

This is long overdue: After all, pests don't require visas to carry devastation from country to country. Therefore, technologies aimed at solving our problems should not be restricted by our borders. **Agriculture technology in Africa must now move without borders.**

So, as a Bank we are **reforming, changing, delivering and leading**. And that's exactly how it should be for Africa's premier development finance institution. I am **proud** of how far we've come in the past two years. And I am even **more excited** about the years ahead for the Bank to fully help Africa deliver on the High 5s, and by so doing, according to the United Nations Development Program, through our High 5s help Africa meet almost **90%** of its SDGs and Agenda 2063.

Your Excellencies, we value your partnership and support as our shareholder countries. Your strong support is especially critical to help the Bank do more for Africa. At a time that we need to ramp up support to Africa for the SDGs, the Bank needs more resources through a General Capital Increase. The message could not have been heard louder than when the Ministers and Governors of the Bank from West and Central Africa came to the Bank recently. They unanimously supported the General Capital Increase for the Bank.

The Governors from North Africa, Southern Africa and Eastern Africa will soon be visiting the Bank. This new way of engagement with our Governors has never been done in the history of the Bank. I want our Governors closer to the Bank. And I thank you, Ambassadors, for facilitating their engagements.

The support of all shareholders will be crucial for the General Capital Increase of the Bank. The Bank should do more for Africa and we are working extremely hard to revamp the Bank, and put it in a much stronger position, with more highly capable staff and institutional capacity to deliver more … better and faster. Our ability to deliver in the past and now is a good indication that you can depend on us to deliver more in the future.
In 2017, the Bank achieved impressive development impacts on the ground, which is what matters most. Our Light up and Power Africa High 5 reached 4.4 million people with access to electricity. Our Feed Africa High 5 reached 8.5 million Africans with access to improved agriculture technologies. Our Integrate Africa High 5 provided 14 million Africans with improved access to transport. Our Industrialize Africa High 5 provided 210,000 small businesses with access to financial services. And our improving the quality of life High 5, provided 8.3 million Africans with improved access to water and sanitation.

Our work in the private sector was full of exciting investments. For example, we supported Global Aluminum Corporation with $100 million as part of a $1.2 billion transaction to help it invest in rail and port infrastructure that will help add $400 million to Guinea's GDP.

Even in countries going through fragility our investments are making a huge difference. Such is the case for the Central African Republic, where our grant support of € 16.7 million will help develop the Central Africa Fiber optic backbone to boost IT connectivity in the country and create jobs. Our investment will also expand access to the Internet for at least 20% of the population. Our $ 85 million support to Tunisia’s 2020 digital plan will help boost IT competency among the youth and create thousands of new jobs in the ICT industry.

And in our host country Côte d'Ivoire, the Bank was delighted, against all odds, to help mobilize $ 108.4 million support for Air Côte d'Ivoire's modernization and fleet expansion program, which includes the acquisition of five new aircraft; while mobilizing an additional € 253 million from the private sector. This investment by the Bank will allow Air Côte d'Ivoire to expand the number of passengers from 3 million to 8 million by 2026.

And again, right here in Côte d'Ivoire, we supported with $ 58 million the construction of a 44 MW hydro project in Singrobo-Ahouaty. This will massively contribute to helping light up and power Côte d'Ivoire.

I am proud of our remarkable achievements. But, we can do more.

Let me paint a picture of the very near future for you.

With adequate resources between 2018-2020, the Bank expects to provide 29.2 million Africans with access to electricity; our Feed Africa work will allow 45.8 million persons to benefit from improved access to agricultural technologies; and Our Integrate Africa High 5 will provide 50 million Africans with improved access to transport;

Our High 5 on Industrializing Africa will enable 7 million people to benefit from investee projects and our High 5 on improving the quality of life will provide 36.8 million persons with improved access to water and sanitation.

Your Excellencies, the Bank continues to deliver impressive results. Since GCI-6, the Bank has delivered a 17-fold increase in lending to ADF countries. That's why investing by our shareholders in the Bank will help to further accelerate Africa's development.
To mobilize African and global pension funds, sovereign wealth funds and institutional investors, to invest in Africa, the Bank has launched the **Africa Investment Forum** (AIF) to be held November 7-9 in Johannesburg, South Africa. The Africa Investment Forum will be a totally transactional forum and is expected to become Africa's premier investment marketplace.

I am pleased to let you know that several multilateral development banks have already joined with the Bank on this landmark platform, Africa’s largest, to accelerate private investments.

So, the African Development Bank, your Bank, is reforming, innovating, leading and delivering more for Africa, than ever before. With the strong support for a General Capital Increase by our Board of Directors, Governors of the Bank, and you the Ambassadors representing our shareholder countries, Africa will indeed experience a much brighter and impactful future.

We count on your support as Ambassadors here to help us make this happen.

Thank you very much and Happy New Year!