AFRICAN DEVELOPMENT BANK GROUP

“Building a Partnership for Resilience”

Remarks at the First Africa Resilience Forum

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President

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Honorable Ahmed Bakayoko, Minister of State for Interior and Security of Côte d'Ivoire;

Mr. Cheikh Tidiane Gadio, Former Minister of Foreign Affairs of Senegal and President of Panafrican Institute of Strategy;

Mr. Ayodele Odusola, Chief Economist of UNDP Africa Regional Bureau in New York, representing Mr. Abdoulaye Mar Dieye, Assistant Secretary General of the UN and Director of the UNDP Africa Regional Bureau in New York;

Ambassador Saran Kaba Daraba, Executive Secretary of the Mano River Union;

Ambassador Mahboub Maalim, Executive Secretary of IGAD;

Ambassador Zachary Muburi Muita, Executive Secretary of the ICGLR;

Honorable Ambassadors accredited in Côte d'Ivoire, here present;

Executive Directors of the African Development Bank, here present;

Representatives of the African Union, World Bank, Islamic Development Bank, UNHCR and G7+ Secretariat;

Dear African Development Bank Senior Management and Staff;

Distinguished Guests;

Ladies and Gentlemen.

Let me begin by wishing you all a very Happy New Year.

On behalf of the African Development Bank Group, I welcome you and thank you for sparing time in your busy schedules to join us for the inaugural "Africa Resilience Forum".

Africa has come a long way. Prior to 1990, Africa experienced very low levels of economic development. Poverty was rampant. Economies were faltering. Investments in infrastructure were low; political and economic governance were weak. Africa as a continent was fragile.

Things have changed since then and Africa has been on the rise. Africa has witnessed rapid growth and development over the past two decades. Extreme poverty in Sub-Saharan Africa declined by 28% between 1990 and 2015. Economic policies, the business and investment environment, and political stability all improved across the region. Africa became a significant target for foreign direct investment, which rose from $42.8 billion in 2004-2008 to $66.5 billion in 2015. But not all countries were able to participate in this positive development.

As an African institution that has worked for over 50 years in this area, we know that development is not a linear process. Internal and external factors can reverse gains made in the past. As we look deeper at progress at country, regional and sub-national levels, we can recognize the variations and differences. We started to label those countries that were struggling to make progress as "fragile states", recognizing their weak institutions and their inability to deliver basic services.

Out of 26 countries considered fragile in the 1990s, only 11 countries are considered to have built resilience; nine did not make progress and six countries even deteriorated. Other countries have made more progress in building resilience.

These countries, two of which have benefited from a natural resource windfall, have been able to adopt more inclusive political arrangements, strengthen their institutions, and foster investment. They have also been able to maintain macroeconomic stability and increase domestic revenues to support higher levels of public investment and improved social services.

However, a closer look below the national level reveals continuing challenges in these countries which suggest that the binary labels we adopted in those years are no longer useful.

This is why we are here today. The importance of building resilience in Africa responds to our evolving understanding of what constitutes fragility.

After some gains after the 1990s, the number of fragile situations has been steadily increasing over recent years and developing a regional dimension. The impact of fragility includes lives lost through conflict, rural poverty, and no employment for youth, increasing intra-societal divisions, and deteriorating infrastructure and natural resources, threatening to create a triangle of disaster.

On current trends, poverty is becoming increasingly and disproportionally entrenched in fragile situations. It is not possible to avoid existing risks. They need to be identified and mitigated. The nature of the risk varies from political instability, institutional weakness, poor governance and security concerns, to structural challenges of undiversified economies, urbanization and climate change.

Underlying the fragility pressures are patterns of exclusion and poverty, unemployment, high migration, rapid urbanization, climate change and poor management of natural resources. Fragile situations therefore emerge when such pressures overwhelm countries' existing institutional capacities to handle them.

To this extent, the AfDB's understanding of fragility has evolved to a universal risk concept where it is considered as *a condition of elevated risk of institutional* *breakdown, societal collapse or violent conflict* – it is neither constrained by any geographical setting nor is it bound by time. Countries therefore experience varying intensities of fragility and duration, in some cases manifesting as pockets of fragility.

Fragility should therefore be considered in the context of the triangle of disaster, the vicious cycle of rural poverty, youth unemployment and climate change. Without any intervention, such pressures could easily explode. This has inspired the AfDB to put the $24 billion Agricultural Transformation Program into place to ensure that the most vulnerable are reached with life-changing opportunities, thereby contributing to building resilient communities.

More than 65% of rural communities depend on agriculture for their livelihoods. Enhancing opportunities in agriculture therefore create jobs and allow the emergence of SMEs through value adding activities, if the appropriate infrastructure is provided. This promotes inclusive development, which is the ultimate objective.

As an institution, the AfDB has demonstrated its own resilience. In 2003, it was forced from its headquarters in Côte d'Ivoire to Tunisia, following an intensification in violence. Within three months, almost all the staff arrived and settled in Tunis for what was then considered to be for a short period.

However, it took 11 years, until August 2014, when the President and the Boards of Directors returned to Côte d’Ivoire, marking the end of the exile. Côte d’Ivoire was still classified as a “fragile state”.

To date, a move of this magnitude remains a unique event in the history of a multilateral development bank. Understanding these particular historical events is essential to appreciate the Bank’s approach to fragility and resilience. It is an approach based on real life experience.

Despite the relocation, its activities have continued without major hiccups. In fact the value of the AfDB’s operations have more than doubled.

During this period, we have enhanced our knowledge and experience of fragility and resilience and we have built mechanisms for resilience. It therefore puts us in an excellent position to be able to assist our regional member countries. We are ready now to promote partnerships for resilience.

Similar experiences have been observed elsewhere. Between 2003 and 2014, the Sierra Leonean economy grew an average of 8 percent per year, while inflation fell below 10 percent. Between 2010 and 2014, Sierra Leone's economy outperformed both the West African and pan-African averages year-on-year, placing it among the world's top 20 economies by growth during that period.

In 2013, annual GDP growth reached 20%. The country was making social progress as well; the poverty head count had dropped from nearly 70% in 2003 to 52%. A combination of improved macroeconomic policies, targeted social measures, the discovery of iron ore, and a favorable external environment were major factors underlying this success.

External shocks can create excessive pressures too.

In 2014, the fragility of Sierra Leone's economy was exposed by a twin shock: the outbreak of the Ebola Virus Disease (EVD) and a sharp drop in iron ore prices. As the EVD spread, private sector activity came to a halt as businesses closed and people lost their jobs.

Agricultural exports and manufacturing output declined by 30 and 60 percent, respectively. In view of depressed commodity prices, iron ore production came to a halt in early 2015. As a result, growth of Sierra Leone's economy is estimated to have declined from 4.6 percent in 2014 to -21.1 percent in 2015.

The outbreak of the Ebola epidemic brought to the fore the persistent institutional and health system weaknesses in a region that has been plagued by long periods of civil strife and war. Whilst the region was making headway towards economic recovery, institutions remained weak.

The Ebola virus exposed both the lack of capacity, authority and legitimacy of the affected states as they struggled to contain the outbreak, as well as the deficiencies of the international community in mounting a swift and well-coordinated response.

Recognising this situation, the Bank adopted a four-pronged approach: (i) working with the international community, in particular the World Health Organisation; (ii) supporting national Ministries (health, agriculture, social affairs); (iii) encouraging African peer support by coordinating with the African Union and the West African Health Organization (WAHO) and helping send medical doctors from other African countries to the affected areas; and (iv) engaging and mobilizing the private sector and African philanthropists to support the national, regional and global efforts to combat the virus.

Working in partnership with the country leadership, what appeared an insurmountable challenge has been reversed although the impact of the shocks will be felt by the affected communities for a long time.

This was complemented by forward-looking recovery efforts for the post-Ebola period, notably the joint effort with the AU to set up an African Centre for Disease Control. The centre will create an opportunity for Africa to focus on building its own diagnostics, research, professional and technical capacity in the health sector.

There is a need to chart our way forward in making the lives of the most vulnerable communities in Africa valuable, productive and meaningful. We must not leave anyone behind in our transformation of transformation of Africa

This first Africa Resilience Forum aims to strengthen partnerships that go beyond aid coordination to effectively build resilience at community, country and regional levels. Weak institutional capacity is a key feature of fragile situations and significantly impairs the state’s ability to deliver public goods and services.

Building effective institutions and reaching millions instead of thousands of households goes far beyond a project cycle and this is why development partners need to give greater attention towards co-developing their interventions, adopting a scaling up approach and planning for sequenced engagement – partnerships for resilience.

Our commitment to building resilience is also reflected in our resource allocation. Since its inception in 2008, more than UA 2.7 billion have been mobilized in additional resources through the Transition Support Facility. The share of these additional concessional resources for fragile situations has steadily increased, most recently from 13% (UA 661 million) under ADF-13 to 17% (UA 711 million) under ADF-14.

We are starting to build partnerships for resilience, and the High 5s are part of the AfDB's resilience agenda for Africa

In line with our mandate and comparative advantage as a regional development bank, we are scaling up support in five critical areas.

First, for energy, taking people out of darkness brings hope, security and economic opportunities, while strengthening the state-society relationship. Providing electricity has an important function in fragile situations, signaling a new start and a turning point. This is why President Johnson Sirleaf had made it a priority to light up Liberia in the aftermath of the devastating conflict.

But it is also critical in preventing fragility in the context of large-scale and uncontrolled urbanization. For instance, since 2010, the Kenyan Government has improved the electricity supply in Kibera, the largest slum in Nairobi, as part of a programme that targets the areas of greatest social inequality.

Providing electricity and modern fuels in marginalized areas lowers the risk of internal unrest and reduces the movement of people across borders. This is why the Bank will be investing USD 12 billion in the energy sector over the next ten years.

Second, agriculture communities are the most marginalized in Africa. The actual or perceived marginalization of important segments of society often provides a pretext for recourse to violence. It is not a coincidence that violence is mostly concentrated in marginalized, rural areas.

Developing agricultural value chains means strengthening relationships between different groups of the society, critically important in fragile situations where trust and social cohesion are low, while overcoming inequalities by connecting different geographical parts of a country. We know that agricultural value chains work even in the absence of a functioning state, diversifying economies, raising incomes, increasing food security and thereby contributing to mitigating conflict.

Examples of successful value chain projects in fragile situations range from Northern Uganda (cotton), South Sudan (shea nut), Rwanda (coffee) to Somalia (livestock). The Bank will be investing USD 24 billion in this sector.

Third, I am delighted to see so many representatives from the private sector in the room. Your role is crucial and we are committed to working more closely with you and support you grow your businesses and create jobs in these environments through industrialization.

Not only is the private sector a core contributor to growth and economic production, but its opportunistic and enterprising character enables it to exist and even prosper in situations where government institutions have collapsed.

For instance, in spite of Somalia's central government vacuum, both the domestic and foreign private sector have found ways to prosper in Somaliland by developing their own business environment, identifying and responding to market needs and gaps. The private sector role becomes ever more important, once countries transition out of fragility, stabilizing the economy and society and creating much needed jobs, as can be seen in Cote d'Ivoire.

Fourth, regional integration. We know that you cannot integrate fragile countries, but only resilient countries. Many African countries with fragile situations are landlocked with small internal markets, such as CAR, Burundi, South Sudan and Mali and depend for their access to regional markets on neighbors. As these countries build resilience, they will be able to harness the benefits of regional integration.

Fifth, quality of life. The cost of fragility is mainly borne by the people living in fragile situations or being displaced as a consequence of fragility. This in turn creates the condition for a vicious cycle and a fragility-trap. Youth are Africa's greatest asset. But, young people without confidence and hope in their own future present also an enormous risk. Of Africa's nearly 420 million youth, one-third are unemployed and discouraged, another third are vulnerably employed, and only one in six is in meaningful wage employment. Creating jobs for youth, and particularly women, is therefore of utmost priority. It is not possible to imagine a resilient Africa with hundreds of millions of youth unemployed. This is why we have launched the Jobs for Youth in Africa Strategy that will create 25 million jobs and reach over 50 million Africans by 2025 with a special focus on those in fragile situations.

A mix of small-scale and big transformational projects

To have success, we need a mix of small-scale and big transformational projects. This is why we have created a bottom-up initiative to deliver the High 5s in 10,000 communities in fragile situations in 1,000 days. It requires innovative partnerships to scale up existing technologies in these environments. One such technology is present with us here in the room: Abze develops low-cost solar lighting that could be brought to rural communities in fragile situations through a concerted partnership effort.

Ladies and gentlemen,

The issue of fragility remains one of the most challenging situation of our time. It threatens to tear apart the very fabric that holds communities together. I therefore challenge you to think creatively and develop solutions that are urgently needed.

I trust, you, the participants to this Forum will help us with solutions that will help us to create the essential conditions for Africa's transformation through the High 5s and in forging new partnerships for resilience.

I thank you all and wish you fruitful deliberations.