



African Development Bank Group

Statement by Akinwumi Ayodeji Adesina,
President of the African Development Bank Group, to the heads of diplomatic missions and
international organizations accredited to Côte d'Ivoire

Abidjan, 11 February 2016

Your Excellencies,
Ladies and Gentlemen,

Thank you for accepting our invitation to join us for this annual gathering. It is a valued tradition of the African Development Bank Group that, at the beginning of each New Year, we invite the diplomatic community and the international institutions to lunch. As we wish you all the best for the year ahead, it is a chance for us all to talk about Africa, and about the African Development Bank. Traditionally, we exchange views after lunch, and I will truly welcome all of your comments, as well as those of members of the press who are with us today. Today is very special for me, as it is my first such occasion, since I took the baton of leadership as President of the African Development Bank on September 1 last year.

It has been my pleasure to come to know some of you since then, and I hope that our relationship will deepen over the course of the year. And what better time than now, to salute your host country and the Bank's – Côte d'Ivoire. It was the Bank's pleasure to 'come home' in 2014: almost 1,000 people moved here by the end of the year. We had been warmly hosted for 11 years by the government and people of Tunisia, and we are most grateful for their wonderful hospitality. But now we have returned to Abidjan – the first home of the Bank.

We are all proud of Côte d'Ivoire – and for good reasons. It conducted peaceful and successful elections at the end of last year, and looks set to consolidate and accelerate its progress. The Bank has been and will continue to be a major partner in that journey for our host nation.

I hope that every time you speed across the beautiful Henri Konan Bédié Bridge, you will spare a thought for the transformative power of what governments, the African Development Bank, the private sector, and the people and the communities of a city can do together. And that image provides my theme today. Africa on the move. Africa in partnership – with itself, and with the outside world – to quicken the pace and deepen the roots of its transformation.

I plan to do five things in my address today:

- First, to paint a picture of a resilient, dynamic Africa.
- Second, to paint a picture of a resilient, dynamic African Development Bank.
- Third, to look at Africa's remaining challenges – no one denies that they are huge challenges.
- Fourth, to say how we plan to meet them: stand by for an all-American greeting, even a High 5, when we do so....
- Fifth, to talk about the bonds between the people, the organizations, the countries in this room.

Quite simply, we cannot achieve economic and social transformation in Africa without you. You are already our greatest champions and advocates. And in 2016, as we replenish our African Development Fund, which gives concessional loans and grants for Africa's poorer countries, we need you more than ever.

The good news – Africa

Excellencies, Africa is indeed resilient and dynamic. It has been growing since the start of this century and you know the factors that have contributed to this growth:

- Improved political stability
- More solidity in macroeconomic and fiscal policy
- Increased public sector investment, especially in infrastructure.
- Increased private consumption.
- Improvements in public sector governance.
- Improved terms of trade, spurred mainly by a sustained increase in commodity prices.
-

Add these up, and you find that they have widened the economic policy space, fortified the continent's capacity to resist shocks, and helped maintain growth at record rates. It is a story of which we can be proud. And its results are clear for all to see. In 2015, Africa's average growth was estimated at 3.4% – that's second only to Asia, and far ahead of Europe and the richer nations. Despite economic headwinds with declines in commodity prices and weakening demand for commodities, the economic projections are still good for Africa, with growth projected to accelerate to 4.4% in 2016, and could strengthen further to 5% in 2017. Yes, Africa may have some challenges, but African economies are not unraveling. They are resilient.

The good news – the African Development Bank

Excellencies, as Africa is resilient, so is the African Development Bank. Despite what might have been the potential for uncertainty as it settled into its new home last year, it actually exceeded its lending targets – by a full 120%. That figure takes account of the 160% achievement of our public sector lending, coupled with the 100% achievement of our private sector lending. We also reached 90% of our ADF financing target for the year.

Overall loans and grants in the year for the entire Bank Group amounted to US \$9 billion, up from US \$7.1 billion in 2014 – a 26% increase. The AfDB accounted for 85% of that, something which is in part explained by the way we had opened the AfDB window to newly-eligible ADF countries from Sub-Saharan Africa. The ADF window, meanwhile, held very firm. Over 50% of the Bank Group's 2015 approvals went to infrastructure, of which about 30% went to transport and 15% to energy projects.

In all this, the Bank's "triple A" credit status was reaffirmed by all the rating agencies in 2015. They cited our intrinsic financial strength, our prudent financial management, our sound liquidity policies, and our very strong shareholder support. As a result of such a strong rating, the Bank has been and will be able to borrow from the capital markets on the most competitive terms. The benefits of our low borrowing costs are passed on to our regional member countries.

We also concluded an agreement with the IBRD and the IADB for the exchange of sovereign exposure that will collectively optimize the lending capacity of the Multilateral

Development Banks. This could free up an additional \$10 billion for the Bank to lend. It's a tangible example of the growing collaboration between MDBs in finding creative ways to achieve more development impact. In particular, the exchange will reduce the Bank's average exposure to each regional member country (RMC), will lower the risk of the Bank's portfolio and provide head room for more borrowers. In all this, the Bank is decentralizing further – getting our people nearer to our projects, and to the people they serve.

Excellencies, I hope it's a clear that you are backing the right horses – a dynamic and resilient Africa, and a dynamic and resilient African Development Bank.

The challenges to Africa – from without, and from within

But we must not forget that a lot more work still remains to be done. African economies' dependence on the commodity super cycle has come to an end. The slowdown in China and other emerging economies affects us, especially the net commodity exporters. Further rises in global interest rates could trigger capital flight from Africa's emerging economies.

Macro-economic imbalances could limit the access of African countries to the international capital markets, which, for some, have been the main source of financing for public infrastructure projects. High global interest rates could also raise the cost of external debt and weaken African currencies. Africa cannot resort to distortionary policies to stabilize the exchange rates, either by drawing down external reserves or introducing administrative controls to limit the outflow of foreign currency. Those are the external economic headwinds. And then there is the rise of insurgency groups in certain parts of Africa, particularly in the Horn of Africa and in the Sahel, which has put a damper on economic growth. But I am confident that Africa will come out of these challenges – with strong support from the Bank and partners.

The Bank's & the continent's response to the challenges – the 'High 5s'

There is much to be done – and we must have high aspirations for Africa. That is why at the Bank we are now accelerating the delivery on our Ten Year Strategy, through sharper focus on what we call the High 5s:

- ✓ **TO LIGHT UP AND POWER AFRICA.**
- ✓ **TO FEED AFRICA.**
- ✓ **TO INDUSTRIALIZE AFRICA.**
- ✓ **TO INTEGRATE AFRICA**
- ✓ **TO IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA.**

These are what I presented to African Heads of Government at the AU Summit in Addis Ababa a fortnight ago, and they endorsed it.

Let me talk a little about each of the High 5s.

- ✓ **LIGHT UP AND POWER AFRICA** I hope you will have read about the New Deal on Energy for Africa, and the Transformative Partnership on Energy that accompanies it. We aim to achieve universal access to energy in Africa by 2025 by generation of 160 gigawatts of new energy capacity. We will invest \$12 billion in energy in the next five years, and aim to leverage about \$50 billion from private and public sources over the same period.
- ✓ **FEED AFRICA** We aim to make Africa food self-sufficient by transforming the agriculture sector from one of subsistence to one that is a creator of jobs, wealth and growth.
- ✓ **INDUSTRIALIZE AFRICA** We aim to diversify our economies, reduce our reliance on primary commodities and build veritable industries. This will increase the value added of our manufactured goods, increase the manufacturing sector's share in our GDP and increase the share of merchandise exports in total exports.
- ✓ **INTEGRATE AFRICA** We aim to significantly increase intra-African trade from the current 12% level by investing heavily in high quality regional infrastructure – especially rail, transnational highways, power interconnections, information and communications, air and maritime transport.
- ✓ **IMPROVE THE QUALITY OF LIFE OF THE PEOPLE OF AFRICA** We aim to create vocational and employment schemes for Africans, particularly the youth – so that they do not undertake the perilous journey across the Mediterranean to Europe – through such schemes as the 'Jobs for Africa's Youth' Initiative. This initiative will create jobs for rural youths via agriculture, and developing Skills Enhancement Zones which will link industrial clusters with young graduates. They will be supported with business incubation and financing facilities to grow their businesses. We believe that the Initiative can reach over 50 million youths over a 10-year period, and stimulate the creation of 25 million jobs. We believe it will inject an additional \$30 billion into African economies.

The Bank in partnership – the 14th Replenishment of the African Development Fund
**

The African Development Fund (ADF) aims to eradicate extreme poverty by promoting social and economic development, and regional integration. The ADF has disbursed over US \$40 billion in its 44 years of existence, with some 40 countries receiving concessional loans, and grants. We estimate that, in the last ten years, through the work of the Bank and the Fund, 14 million Africans have benefitted from new or improved access to water and sanitation.

We've supplied 280,000 cubic metres of water a day. Nineteen million Africans have benefitted from new electricity connections. We've generated an extra 2,500 Megawatts of electricity. Fifty-three million Africans have benefitted from improved access to transport. We've laid 34,500 kilometres of road – more than four times the distance from Morocco to South Africa. And 85 million Africans have benefitted from better health services.

In September 2013, donor countries showed their strong support to the Fund in its 13th Replenishment, to the tune of nearly US \$5.3 billion. They did so in tough financial times

– it was a vote of confidence and intent, to continue the job of transforming Africa. As at the end of December 2015, we had approved in excess of US \$ 3.1 billion of that sum.

Next month, we will gather here in Abidjan for the first meeting of the Fourteenth Replenishment of the ADF. We are the first to acknowledge that times are still tough in our donor countries. And those donor countries are the first to acknowledge that we need to complete the job of transforming Africa. The Bank will present its results, and again it will make the case for a new round of ADF funding.

Excellencies, you are the representatives of the countries that give to and receive from the Fund. We especially need you as advocates for a strong replenishment. Wherever you go and whomever you meet, I urge you to speak on our behalf. In drawing to a close, I simply repeat the five main arguments of this address.

- ❖ First, that Africa is resilient, and dynamic.
- ❖ Second, that the African Development Bank is resilient, and dynamic.
- ❖ Third, that Africa faces huge challenges – from outside, certainly, but above all from within, in the buildings blocks of economic transformation which are still not yet properly in place.
- ❖ Fourth, that we have a plan to meet them: the High 5s.
- ❖ And fifth, that in order to deliver those plans, the Bank will play its part, the governments of Africa will play their part, the private sector will play its part, and you, our partner governments and our partner organizations from around the world, will play your part.
- ❖

So, in asking you now for your continued help, I want to thank you all, and to wish you all great success in 2016.

Thank you.