

Speech delivered by President Akinwumi Adesina of the African Development Bank Group, at the opening session of the Annual Meetings of the African Development Bank Group, Lusaka, Zambia, May 24, 2016.

Excellencies,

H.E. Edgar Lungu, President of the Republic of Zambia

H.E. Idriss Deby, President of the Republic of Chad and Chairperson of the African Union

H.E. Paul Kagame, President of the Republic of Rwanda

H.E. Uhuru Kenyatta, President of the Republic of Kenya

H.E. Mrs. Inonge Wina, Vice President of the Republic of Zambia

H.E. Prof. Yemi Osinbajo, Vice President of the Federal Republic of Nigeria

H.E. Mr. Carlos Agostinho Dorosario, Prime Minister of Mozambique

H.E. Kassim Majaliwa, Prime Minister of Tanzania

Mrs. Sahar Nasr, Minister of International Cooperation, Official Representative of H.E. Abdel Fattah Al-Sisi, President of the Arab Republic of Egypt

H.E. Mme Mary Therese Winifred Robinson, Former President of Ireland

H.E. Horst Kohler, Former President of Germany

H.E. John Kufuor, Former President of Ghana

H.E. Kofi Annan, Former Secretary General of the United Nations

Dr. Anthony Mothae Maruping, Commissioner for Economic Affairs, Representative of the Chairperson of the African Union Commission

H.E. Dr. Carlos Lopes, Executive Secretary of the United Nations Economic Commission for Africa

Honourable Ministers of the Republic of Zambia

Your Excellencies, Heads of Mission of the Diplomatic Corps in Zambia

Hon. Alexander Chikwanda, Minister of Finance, Republic of Zambia, and Chairperson of the Board of Governors of the African Development Bank Group

Honourable Governors of the African Development Bank Group

Executive Directors of the African Development Bank Group

Distinguished Guests

Ladies and Gentlemen,

Mwauka buaji!

I wish to welcome you to these Annual Meetings of the African Development Bank Group. You, our shareholders, friends of Africa, are the ones that make this meeting an exciting one. I wish to express my personal gratitude to the President of Zambia, President Edgar Lungu, and the Government and the people of Zambia, for their hard work and generosity in hosting us in their beautiful country.

I welcome all the Presidents, Vice Presidents and Prime Ministers, and all former Presidents here today. We are deeply honored by your presence. Your presence sends a strong signal that African leaders back the African Development Bank. Our Board of Governors and Board of Directors (and their Advisors), Bank staff colleagues, private sector, civil society, youth and the media are all here in large numbers.

The old and some of the new families of the African Development Bank are here. Let me welcome former Presidents of the African Development Bank, Babacar Ndiaye and Kwame Fordwor. I welcome Dr. Frannie Leautier, our new Senior Vice President, who becomes the first woman to ever hold this position at the Bank. I also welcome Dr. Alberic Kacou, our new Vice President for Human Resources and Corporate Affairs, and David Ssegawa, our new Director of Human Resources.

Welcome to the Annual Meetings – and welcome to the land of Zambia.

This is the land of wonders, the land of the great Victoria Falls – which you call 'Mosi-oa-Tunya, "the smoke that thunders". The land of refuge, where the freedom fighters that fought against apartheid in South Africa and Namibia took refuge. A resilient nation, which despite severe attacks and bombings by the apartheid regime, stood firm and tall – ably led by the father of the nation, President Kenneth Kaunda – in support of freedom. That is Zambia.

Zambia is also special for the Bank. The late Mr. Willa Mungomba, former President of the African Development Bank, came from Zambia. He served Zambia well. And he served Africa well.

From these Annual Meetings in Zambia will go out thunders of jubilation for a new Africa, whose time has come. Zambia is always on the positive side of history. By hosting these Annual Meetings in Zambia, I am sure that at the end we will, all, also be on the right side of history.

Just like Zambia was a front line state in the liberation of Africa, so shall we from these Annual Meetings put the accelerated development of Africa on the frontline. And nothing is more important than energy and climate change, the theme of these Annual Meetings.

These Annual Meetings are of particular importance to me, the first since I became President, since it is already one year when, on May 28, 2015 in Abidjan, you, our Board of Governors, elected me as the 8th President of the Bank. I assumed office eight months ago on September 1, 2015. It was to me a great honour. As I already stated during my swearing in ceremony, I accepted this position in full awareness of the responsibility entrusted to me. For me, this not just an office, it is a mission. A mission to build a greater Africa, a mission that engages me each and every day, and which is founded on the vision of the Bank's founding fathers.

I was candidate for election to the office of the President of the African Development Bank based on a program aimed at speeding up Africa's development. You elected me taking into consideration the five priorities that I clearly enunciated in my strategic vision.

Permit me to take stock of what we have accomplished so far in implementing this vision.

We have kept faith with what I promised. To accelerate the impacts of the Bank's Ten Year Strategy, we have sharply focused the Bank's work around five top priorities – we call them 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.

We rapidly concluded the development of the strategies for all the High 5s, in less than six months. With approval of our Board of Directors, we will be launching two of them at these Annual Meetings, the New Deal on Energy to "Light up and power Africa", and our Jobs for Africa's Youth Strategy to improve the quality of life, especially for the youth all across Africa.

We have been delighted at the Bank with the overwhelming support for the High 5s across every African country, by the African Union, the regional economic communities, the private sector and the civil society. The Bank has raised its level of aspiration for Africa. Africa must think big, act big and deliver big. We must never have low ambitions for Africa.

We decided to work on light up and power Africa because Africa is the only region of the world where lack of electricity has unfortunately become the norm. Over 645 million people lack access to electricity. Over 700 million do not have access to clean energy for cooking. Children learn in the dark. Businesses operate in the dark. Surgeries are done in the dark. The greatest hindrance to Africa's growth and development is lack of electricity. It is unacceptable that 138 years after Thomas Edison developed the light bulb, hundreds of millions of people cannot have access to electricity to simply light up the bulb in Africa.

The Bank has launched the Transformative Partnership on Energy for Africa to work with partners to address this challenge. Together with our partners - including the African Union, the Africa Progress Panel, NEPAD, President Obama's Power Africa, the World Bank, Sustainable Energy for All, African Energy Leaders Group, the European Union, the UK Government's Initiative, China, France, Germany, Scandinavian countries, Japan, Korea, India, private sector and others – we are embarking on a very bold effort to light up and power Africa within ten years.

This is what we call "co-development" at the Bank: a new way of working with others, in a transformative way, to solve major challenges in Africa.

Africa is simply tired of being in the dark. Our goal is clear: universal access to energy for Africa within ten years. Expand grid power by 160 Gigawatts. Connect 130 million persons to grid power. Connect 75 million persons to off grid systems. And provide access to 150 million households to clean cooking energy.

The focus of these Annual Meetings on energy and climate change is for a good reason. Just last month, I travelled to a number of countries and witnessed, first hand, the effects of El Niño on the populations. Thirteen of the fourteen countries affected by the severe drought are located in East and Southern Africa. Africa, which contributes less than 3% of the global greenhouse emissions, now suffers disproportionately from the negative impacts of climate change. Kenya and Rwanda

had devastating floods. In Malawi, over 8.4 million people face food insecurity. In Ethiopia, more than 15 million are at risk of food insecurity. Vast areas of South Africa, Zambia, Zimbabwe, Lesotho and Botswana face similar challenges. The African Development Bank immediately announced financing of \$549 million to support countries to deal with drought and reduce vulnerability.

Climate change is real - and Africa is at the receiving end. There must be climate justice for Africa. Africa, which has been short changed by climate change, must not be short changed by climate finance. This is the time for action on climate finance for Africa. That is why I call on the Green Climate Fund and the Global Environment Facility to pay for the insurance premium of African countries to the Africa Risk Capacity Agency. This will allow them to cope with extreme climate events that lead to huge fiscal stress. Such insurance has significant impacts. It allowed Senegal to receive a \$17 million pay out to mitigate the impacts of drought. The African Development Bank will lead the way on green growth and will triple its climate finance to \$5 billion per year by 2020.

We have begun to reorganize ourselves to deliver on our High 5 priorities. A new business model of the Bank was approved by the Board of Directors just last month.

We will be fit for purpose. The Bank has now established a new Vice Presidency complex on power, energy and green growth. This makes the Bank the first Multilateral Development Bank globally to fully dedicate a Vice Presidency complex entirely to energy: to light up and power Africa. Our focus will be on energy systems, renewable energy, energy policy, statistics and regulations; and energy partnerships.

A new Vice Presidency for Agriculture, Human and Social Development will drive our "Feed Africa" agenda, with a major focus on transforming agriculture into a business for our farmers across African countries. Our goal is clear: achieve food self-sufficiency for Africa in ten years, eliminate malnutrition and hunger and move Africa to the top of agricultural value chains, and accelerate access to water and sanitation.

I am delighted to inform you that yesterday at these Annual Meetings, we launched the African Leaders for Nutrition, to bring the highest level attention to ending malnutrition and stunting in Africa. We did this together with the Global Panel on Agriculture and Food Systems for Nutrition (under the chairmanship of former President of Ghana, John Kufour), African Union/NEPAD, Bill and Melinda Gates Foundation, Kofi Annan Foundation, the Big Win Philanthropy, Dangote Foundation and the World Food Program.

I am particularly delighted with the personal engagement and partnership of Bill Gates, as he joined us yesterday via video link, with a passionate call to action to end malnutrition in Africa.

A new Vice Presidency on private sector, infrastructure and industrialization will drive private sector operations to deepen financial markets, private sector growth, scale up infrastructure investments, and sharply focus on the industrialization of Africa.

The formula for the wealth of nations is clear: rich nations add value to exports, poor nations export raw materials. For example, Africa accounts for 75% of the global production of cocoa but reaps only 2% of the \$100 billion annual market for chocolate. This model can no longer create the desired wealth for Africa. Africa must no longer be stuck at the bottom of the value chains. Africa must now rapidly diversify its export mix and add value to all of its raw materials by developing efficient and competitive value chains. This is especially critical, as Africa only

accounts for 1.9% of global value added in manufacturing, and this has not changed for decades. It is now time to industrialize Africa.

In order to make the Bank more efficient and to deliver on the High 5s, we have decided to move the bank closer to its clients. As part of its new development and business delivery model, the bank will now establish five regional integration and business delivery offices, one each for West, East, Central, Northern and Southern Africa. They will each be led by newly created positions of Directors General. The Directors General will have the full responsibility of spearheading the Bank's operations in each of their respective regions. Senior sector staff will be posted to each of the regions and they will be fully part of the delivery team in each of the regions. The Bank will strengthen its relationships with each of our member countries, paying particular attention to the needs of fragile states. These regional development and business delivery hubs will significantly strengthen our engagement with the regional economic communities to drive major regional integration projects.

These landmark institutional reforms will make us faster, more efficient and effective in delivering greater developmental impacts all across Africa. We will drive a new performance contract system and culture of accountability for results all across the Bank.

Some have said we are too passionate or ambitious. Well, there is no other option for Africa. Africa has already waited too long!

We must accelerate Africa's development. With over 500 million living in poverty, Africa cannot have low aspirations. With over 5,000 Africans dead in the Mediterranean, fleeing to Europe, Africa cannot afford to have low ambitions. With climate change shrinking the size of the Lake Chad basin, decimating livelihoods and undermining regional security for Nigeria, Chad, Cameroon and Niger, Africa cannot afford to have low ambitions. With Africa spending \$35 billion per year on food imports, which will rise to \$110 billion by 2020 – despite having 65% of the world's remaining arable land – Africa cannot have low ambitions. With the need to achieve the SDGs and meet its commitments to climate change under COP21, Africa cannot have low ambitions. With the need to rapidly diversify their economies and mobilize domestic resources, African countries need greater support more than ever.

The Bank of choice they look to is the African Development Bank.

We are matching our words with action. Our lending reached its highest ever by the end of December 2015, with \$9 billion. In 2015, the Bank provided \$1.3 billion for energy projects. The Bank has continued to lead the way and financed renewable energy projects, including the 300 MW Lake Turkana wind power station – the largest wind power plant in Africa. We supported the Noor complex, the world's largest concentrated solar power plant in Morocco with capacity to provide power for over one million homes by 2018. The Bank financed the power interconnection to link Ethiopia, Kenya and Zambia, expanding regional power pools. In December 2015, we provided \$138 million to finance the Ruzizi III 147 MW power plant, to provide electricity to Rwanda, Burundi and Republic of Congo.

We will do more. To deliver on the New Deal on Energy for Africa, the African Development Bank will invest \$12 billion in the energy sector over the next five years. We expect to leverage \$45-50 billion into the energy sector.

What else can demonstrate the level of readiness for the High 5s in Africa? Just take a look around you. We have the Chairman of the African Union, President Idriss Deby, representing all

the Heads of State, nine African Presidents and Heads of Governments, four former presidents- a record in the history of the Bank's Annual Meetings. We have Mr. Kofi Annan, former Presidents from Ireland and Germany, the Africa Progress Panel, and the Elders. Their presence sends a strong message: we support the new level aspiration for Africa. This is the time!

Yet, today, this event is being held against the news of a weak global economy and the sharp decline in global commodity prices, including oil, minerals and metals. The weak economic recovery in Europe has compounded the effects of the slowdown in China, both the largest markets for the exports from Africa. Many African economies that depend on oil exports specially face declines in foreign reserves, with rising current account deficits, domestic fiscal imbalances, depreciation of currencies and rising inflation. Times are hard, no doubt. But despite the end of the commodity super cycle, and the headwinds, Africa is not falling apart. The Africa rising story remains strong. While the global economy is projected to grow by 3% this year, Africa is projected to grow by 4.4% in 2016 and to increase to 5% by 2017.

African economies are not unravelling – they remain resilient.

But to continue to remain resilient, Africa must not get into a debt crisis. Increasingly, many African countries, taking advantage of the low global interest rates, have rushed to the international capital markets by issuing bonds. Between 2006 and 2014, African nations issued \$26 billion in Eurobonds. In 2015 alone, a total of \$12 billion of Eurobonds were issued. With rising interest rates, African countries now face a challenge of high cost of financing the foreign currency denominated debt.

An indebted Africa cannot be a rising Africa.

There is need for urgent measures to ensure macroeconomic stabilization, fiscal consolidation, broadening of the tax base, and deepening of the domestic capital markets.

African countries should look inward and mobilize domestic resources for development. They should find better ways to securitize remittances which reached \$62 billion in 2014 – an amount that exceeds official development assistance. They should leverage Sovereign wealth funds which stand at \$162 billion, domestic tax revenue estimated at \$500 billion annually, private equity funds which stand at \$20 billion per year, and pension funds estimated at \$334 billion. We must also end the illicit capital flows that deny Africa over \$60 billion a year. Money belonging to the citizens should not be found in personal accounts. These are all significant financing sources that should be effectively channeled for development.

And by doing so, we will help to drive Africa's readiness for industrial development. Just last week we were all in Kigali at the World Economic Forum, hosted by President Paul Kagame, discussing the 4th industrial revolution. Africa must improve its readiness index for the digital revolution. We must rapidly build skills, scientific capacity, especially in sciences, technology, mathematics and engineering.

Africa has missed on the earlier industrial revolutions. We cannot miss the 4th industrial revolution. To avoid this, Africa needs energy, to power its industries. Like blood is to the body, so is power to industrial growth and development.

Through the Bank's Jobs for Africa's Youth Initiative, we will also support digital literacy, logical thinking and computational skills in secondary and primary schools. We will also support coding academies that will drive advanced computational skills for employment focusing on youths in

universities and polytechnics. Through our Boost Africa Initiative, with our partners, the European Investment Bank, private equity funds will be established to help boost businesses of young people. We plan to leverage \$5 billion to support businesses of young African entrepreneurs. Our goal: create 25 million jobs for the youth, over a ten year period, in agriculture, ICT and other sectors.

The future of African's youth does not lie at the bottom of the Mediterranean Sea. It lies in a more prosperous and inclusive Africa – one that promotes creativity and innovation, that expands economic opportunities for the youth. It lies in an Africa that creates jobs for its own people.

We must be audacious: for Africa must develop, and develop with pride.

A pride that is best reflected by Kevin Do, from Sierra Leone. At the age of 12, he developed from scratch his own batteries from acid, soda and metal mixed in a cup at home. His batteries are now powering his village. He moved on to develop a generator for his village, using metal scraps. His generator now provides services to his community to charge their mobile phones, and powers his own radio FM station. He became an employer, providing part time jobs for youths, to become broadcasters in his own FM station.

He was invited to MIT Innovations lab and lectured students at Harvard and MIT to show off his ingenuity. He was the youngest person ever to be invited to the Visiting Practitioners program at MIT, following in the footsteps of his other young mentor, another young Sierra Leonean, David Sengeh, a PhD student who is spearheading cutting-edge bioengineering innovations for prosthetics at MIT.

Just listen to his story for a minute or two. And see how one African youth turns trash into treasure.
[Video clip]

Kevin is from a fragile state, but Kevin has an agile mind. Fragility cannot thwart creativity. Kevin shows us the power of Africa's youth to be creative. He did not run away on a rickety boat to Europe but stayed back in his home in Sierra Leone to continue his inventions. Kevin is right here in this room with us today!

Just like Kevin, we at the Bank have launched an Innovation Pitch, where staff are encouraged to come up with great ideas to change Africa. I am delighted that at the last count 60% of staff have submitted ideas on how to do more, do better and do well. That is the new culture of innovation we are now driving at the Bank.

Through the Jobs for Africa's Youth Initiative which we will launch at these Annual Meetings, the African Development Bank will help promote the creativity and businesses of more young people across all sectors.

We will also continue to do more to specifically empower women. At these Annual Meetings, we will be launching the Affirmative Finance Action for Women – a fund dedicated to leverage \$3 billion exclusively to support women entrepreneurs all across Africa.

Women are the strength of Africa. When women win, Africa wins!

The African Development Bank can do all these because of our Triple A rating by the international rating agencies. And that is because, you, our shareholders, strongly support the Bank and our institutional reforms - and because of the prudent management of the Bank. By December 2015,

the Bank's AAA rating was maintained by all rating agencies. This will further allow us to source financing from the capital markets at favorable rates. We pass on these rates to our regional member countries.

But even as we do so, we recognize the special needs of low income countries, especially the fragile States. And to help us do more, especially for low income countries, the Bank is currently in the process of the 14th Replenishment of the African Development Fund. Let me use this opportunity to thank our donors for the African Development Fund. The challenges facing low income African countries are still significant, yet the potentials they have to unlock are immense. I ask for your generous increase in the replenishment. I know times are hard, but your continued support to help unlock Africa's potential will bring great hope for millions of people.

The African Development Bank is here to support Africa's great aspirations. Together, we can deliver greater developmental impacts for Africa.

I will like to especially appreciate the Board of Governors and Board of Directors of the Bank, their Advisors and the Bank staff, who have worked incredibly hard to help us get here. I am proud of the staff of the African Development Bank. The excellent organization of these Annual Meetings by all the top government officials of the Zambian Organizing Committee, ably led by Hon. Alexander Chikwanda, Minister of Finance and Chairman of the Board of Governors, was great work. Thank you for being on the front line.

I will also like to thank Mr. Kofi Annan, former UN Secretary General and former President Horst Kohler of Germany, co-chairs and all the eminent persons of the Special High Level Panel that have committed to support the Bank as it accelerates delivery on its Ten Year Strategy, through the High 5s.

Excellencies, Ladies and Gentlemen, now, let us deliver together on the High 5s across Africa. Let us be on the right side of history. Give Africa a "High 5".

I wish you all an enjoyable and fruitful Annual Meeting. Thank you very much.