

Remarks by

**Her Excellency Ellen Johnson Sirleaf
President of the Republic of Liberia**

at the

**First African Development Fund 14th Replenishment
Meeting**

**Abidjan, Côte d'Ivoire
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Representatives of the Government of Côte d'Ivoire,
Governors of the African Development Bank,
Boards of Directors of the African Development Bank and Fund,
Deputies of the African Development Fund,
Observers from other development organizations,
Staff of the African Development Bank,
Ladies and gentlemen,

I am pleased to be with you today, at the start of the ADF-14 Negotiations, to share with you the important developmental role that the African Development Bank (AfDB), through the African Development (ADF), continues to play in the continent, and of course in my own country, and how crucial it is for the Fund to sustain its valuable assistance to Africa. Some may recall during in the ADF-13 Replenishment Negotiations in Tunis, I said, on behalf of the majority of our nations, that the support from the ADF is dear to our hearts, that the Bank has proven to be an effective, credible and relevant vehicle in supporting our aspirations for building resilient communities and societies and changing the lives of people.

The ADF-14 negotiations are taking place at a critical juncture, with numerous challenges facing Africa and the world economies. The economic slowdown in emerging markets has adversely affected the international prices of principal commodity exports and resultantly the macroeconomic and financial conditions, as most African countries continue, despite ongoing structural change, to rely on these primary commodities.

The ADF-14 cycle also coincides with the adoption by the UN General Assembly of seventeen measurable Sustainable Development Goals (SDGs), which are more ambitious than the Millennium Development Goals (MDGs). In addition to the SDGs, we have also committed ourselves to the Addis Ababa Action Agenda on Financing for Development, the African Union's Agenda 2063 and the COP21 Agreement on Climate Change. The success of the SDGs agenda will be tested as a significant amount of additional resources will be required to effectively and efficiently support transformative programs.

In our region, the effects of climate change are increasingly manifest – higher temperature, variable rainfall, and more frequent droughts and storms. As these changes interact with high levels of vulnerability and low adaptation capacities, our national and regional development plans will be significantly challenged. We must also build the capacity to respond to increasing regional insecurity in the form of ongoing civil conflicts, secessionist movements, organized crimes and the rise of extremists groups.

The challenges are indeed awesome, but hope and opportunities are matched by strong domestic action and global commitments to ensure sustainable development.

The African Development Fund, through the Bank Group, has developed a strong and effective partnership with Liberia, reactivating a long standing relationship as soon as our conflict ended in 2003.

In a post-conflict and extreme fragile situation, the Bank coordinated with other development partners to support the reengagement of Liberia with the international financial community. This led to debt arrears clearance at the granting of HIPC debt relief of US \$4.6 billion in 2010, including US \$237 million from the AfDB itself.

Over the next several years, the Bank Group applied appropriate instruments to address the many challenges that had emerged as a result of the prolonged conflict. In this context, the Fragile State Facility, renamed the Transition Support Facility in 2014, has been a particularly effective instrument in building resilience, rehabilitating and reconstructing infrastructure, supporting economic diversification, strengthening governance and financial management, and promoting regional cooperation and integration. Targeted budget support programs and technical advice provided the support for the development of human resources, which are critical in fragile situations.

Allow me to highlight a few of the operations in which the Bank, with other development partners have been successful in changing the lives of the Liberian people.

In 2006, Liberia had absolutely no grid supplied electricity. On the 26 of July that same year, we introduced the first street lights under which children danced and studied. We have made progress since then and, with support from partners, I am pleased that over the next 2 years, Liberia will increase its energy production capacity from the 23 MW available at the beginning of 2016, we will add an extra 118 MW—more than a five-fold increase. Bank projects funded by ADF and TSF (Transitional Support Facility) are supporting transmission and distribution, reaching outside Monrovia to various rural areas, including Liberia's southeastern region.

Beyond energy, moving from a situation of few decaying paved roads ten years ago, we are improving our road network, to connect our counties and

communities, creating economic opportunity and prosperity. When we can travel quickly, cheaply and comfortably from one county to another, it offers us a new market. It means we can access a health clinic and a school. Liberia has some of the world's highest rainfall, which means that an unpaved road becomes unnavigable in the rainy season. This effectively cuts off rural areas from the capital. Lack of paved roads and access have particularly been a major impediment in reaching some rural communities during the Ebola crisis

The Bank's Transition Support Facility (TSF) has supported paving a key road in Liberia's historically excluded southeast. This road which has linkage to Côte d'Ivoire will help bring visible benefits and improve the quality of life of Liberians in the southeast. I have seen the unspeakable joy when a new road reaches an isolated village, and people see vehicles in their towns for the first time in their lives. This creates hope, and hope helps ensure peace.

The importance of clean water to health and to the prevention of infectious diseases is well documented. Through the Transitional Program, the capital cities in three rural counties will have pipe borne water restored enhancing the quality of life of thousands of rural residents.

In the last two years, Liberia, and indeed the West Africa region, were adversely affected by two unprecedented shocks, the devastating Ebola Virus Disease (EVD) outbreak in 2014 and, more recently, the continued sharp decline in international commodity prices.

The Ebola Virus Disease (EVD) outbreak claimed the lives of more than 4,800 Liberians. It shook our society and paralyzed the economy for several months. The capacity built over the years for our medical services was severally eroded, reducing access to routine care. We lost 180 healthcare workers in the crisis, a loss that further worsened the already weak capacity in the sector. The Bank responded to our needs swiftly, flexibly, adequately with proper sequencing, thereby helping to protect the development gains made in the last decade, and which might have otherwise made it difficult to effectively implement the SDGs. With significant support from partners, including the AfDB, we contained the epidemic. We have had three small flare-ups since, but our improved surveillance and response capacity have quickly brought those under control. The challenging going forward remains to address the serious consequences of the Ebola crisis on the economy.

As you know, Liberia, like many other African countries reliant on primary commodity exports, is currently facing a second unprecedented shock

related to the sharp decline in international commodity prices. Over the last year exports of our two major products – rubber and iron ore declined by over half. Related decline in employment and income affected growth the rest of the economy.

In addition, we faced a severe revenue shortfall. The Bank more than doubled its budget support resources to over \$56 million and provided funding for the Ebola Trust Fund. It supported other projects that provided over \$18 million in direct support to Liberia, and also prepared regional programs. Bank support assisted the Government to meet unplanned outlays for healthcare workers, funded efforts to halt the epidemic, and then financed the restoration of essential basic services.

A key lesson from this partnership is that the Bank Group, through the ADF, has been a relevant, credible and responsive partner. The ADF has played a key role in sustaining peace and development not only in Liberia but also across the continent. However, the road to resilience and sustainable development is a long and bumpy journey. Major challenges still lie ahead and we must effectively confront them together.

A few comments on looking ahead:

The Transition Support Facility (TSF) has played a key role in supporting fragile states transition towards stability and building resilience. Continued assistance is essential to consolidate the gains achieved thus far, and to reduce the risk of instability that could spill across borders. The Bank has demonstrated strong understanding of the context of fragility, and has adapted its approach addressing these complex issues at the source. We must improve the livelihoods of Africans at home and create progress, so that there are fewer migrants and refugees for global harmony and prosperity.

Countries must continually strengthen the ability to respond to shock and protect the development gains achieved. In Liberia, we have developed the response capability to counter another possible Ebola outbreak, but we know that other unexpected shocks, including fallout macroeconomic are likely to occur. This requires us address the **underlying causes of fragility and embark on rebuilding resilience**, which could allow each country to transition toward sustainable, inclusive economic development, thereby creating gainful productive employment opportunities, and improve the lives of people. This in turn ultimately reduces the risk of future conflict.

Transforming and diversifying African economies is critical for building resilience and ensuring sustainable development. A growth model based on unprocessed commodity exports is no longer sustainable. Instead, we need to enhance our business environments, attract foreign direct investment (FDI) investment in non-extractive sectors, increase productivity in agriculture, and enhance value-chains in key productive sectors. This will improve incomes and employment, food security, and put us on a path towards more sustainable growth. The Bank, and other partners, are working with us to reduce the impact of declining commodity prices, and prepare a stronger foundation for achieving more sustainable and inclusive growth. In this regard, the key binding constraints to improve business environment and public service delivery continues to be extremely weak energy and transportation infrastructure. In Liberia, we have established an Agriculture Task Force and a Manufacturing Task Force. These task forces are prioritizing interventions to support those sectors, which will be the key to increasing incomes and employment as traditional sectors decline. The AfDB has quickly joined us in this effort, supporting and working closely with the Ministry of Agriculture to adapt agriculture programs that make agriculture an attractive and progressive business.

Infrastructure gaps remain huge despite progress made and financing needs far exceed the capacity of countries, particularly those in fragile situations. Infrastructure, particularly roads, bridges and energy, are essential to transform Liberia's economy. We will continue to have a very large road deficit. We are very far from having paved roads connecting all county capitals. As an example, the road from Fish Town to Ganta, which represents the extension of the segment which the AfDB supports, stretches about 350 kilometres and will still need to be paved. We have secured funding for the first lot of the 300-km road into our bread basket – Lofa County – but for farmers to sell their produce in Monrovia, we need to pave the full road. Some farmers reported a bumper rice harvest in 2015, but without a road to reach markets in Monrovia, they could not sell their produce.

We know that our massive infrastructure needs can lead to a significant debt burden and that the drop in commodity prices, which has affected our medium-term growth outlook, increases our risk of debt distress which today has remained low. I would therefore like to point out that our debt strategy requires that before any new borrowing is undertaken a Debt Sustainability Analysis is undertaken to ensure that that the debt threshold, under approved fiscal rules and agreed limits under IMF programs, are not breached.

The Bank Group's support for the ADF Regional Operations envelope has been critical in supporting the Bank's ambitious regional integration agenda. For many African countries, regional solutions to the provision of public services – particularly for regional transportation networks such as in the **Mano River Union (MRU) Program** – are more cost-effective and provide better service than national programs. In ADF-13, Liberia benefitted from the first phase of the MRU Road Construction and Trade Facilitation Program, including UA 76.89 million to Liberia. This program is helping connect Liberia with its neighbours and also internally, which is necessary in developing a diversified economy and agricultural value chains. We ask you Deputies to consider increasing the resource envelope of regional operations which have multiplier effect that will result from the scaling of comparative advantage operations.

Why do I ask for your support to the AfDB?

1. First, I will repeat what I said three years ago: We trust the AfDB.
2. Second, the AfDB Group and the Fund have a strong track record. I have spoken at length about the experience of Liberia with the Fund. Simply put, the trust is solidly anchored in a track record of strong support.
3. Third, we face significant challenges and the AfDB has a credible plan to help us address these challenges. We are both encouraged and extremely impressed with the dynamic leadership, vision, passion and deep commitment of the new President of the Bank, Dr. Adesina. He recently visited me in Liberia and what struck me after two days of interacting with him was his hands-on leadership approach to development. We are confident that the much-needed institutional reforms the Bank is pushing, especially a new business delivery model, with empowered senior leadership deployed in the sub-regions, will bring the Bank much closer to its client countries and speed up development impact. We are confident that the Ten Year Strategy (TYS) of the Bank will be given a new lease of life to accelerate developmental impacts on the ground, by the recently announced five high priority areas of the Strategy: Light up and power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the Quality of Life for the people of Africa. The High 5s, as the Bank calls them, resonate strongly with African Heads of State and Government. They are indeed our own top priorities as well. If we succeed with them, Africa will be a totally transformed continent. By focusing sharply on these areas, in the next ten years, supported with a much-needed

decentralization approach, the Bank will be better positioned to help drive the achievement of the sustainable development goals in Africa.

In closing, let me say that I fully appreciate the current fiscal challenges in many of our countries. Yet, we stand at a time of golden opportunity – an opportunity, with just a little bit of effort, that can create a virtuous cycle of inclusive growth, peace and stability in Africa, and global peace, growth and prosperity in our common world. Together, let us create the appropriate conditions for the SDGs to succeed, particularly in Africa.