REMARKS BY DR. AKINWUMI A. ADESINA, PRESIDENT OF THE AFRICAN DEVELOPMENT BANK AT THE MEETING WITH AMBASSADORS IN OTTAWA, CANADA

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Your Excellencies, I thank you for your gracious acceptance of our invitation to this meeting. It is an honour to address you, and I am delighted to meet with you and hope this is the first of many such engagements with you.

Allow me to share with you findings of the Bank’s flagship report, the African Economic Outlook (AEO) 2018, which contains detailed analysis and data on the performance of African economies. The Report also shows that African economies remain resilient despite the global economic headwinds, and climate and regional shocks.

The economic situation and trends for the African continent remain good. Real GDP growth in Africa is projected to accelerate to 4.1% in 2018 and 2019, up from 3.6% in 2017. The recovery of Africa’s economy has been faster than some had envisaged, especially in the non-resource-rich economies, which is a testament to the continent’s resilience.

At the same time, the African Development Bank will continue its support for African countries to adopt a sound macroeconomic policy stance and implement structural reforms that will ensure sustained and inclusive growth, going forward.

The shareholders of the Bank asked us for reforms and greater value for money. They also asked us to change the culture of the Bank to one that is performance and results driven. And that's exactly what we are doing!

We are driving very hard to make the Bank a more nimble, efficient and impact driven organization; one that accelerates Africa's development; one that holds itself to a higher standard of performance; closer to its clients and fitter for purpose.

Let me share with you some of our achievements and major initiatives.

Your Excellencies, the Bank’s financial strength continues to be reinforced. In 2017, annual disbursements reached $ 7.4 billion, the highest ever in its history, while net operating income stood at $783 million, which represented an increase of 40% over 2016. To put things in proper perspective, this is an increase of about 60% over where we were in 2015, when I assumed office.

In 2018, the Bank continues to maintain its AAA rating with a stable outlook, by all four global rating agencies. This is underpinned by sound financial and risk management policies, excellent liquidity and strong shareholder support.
The Bank has witnessed a rapid turnaround in its financial performance. Net operating income, which had declined from $ 589.3 million in 2014 to $ 492.7 million in 2015, rose to US$ 556.6 million in 2016, and increased further to US$ 783 million in 2017.

The Bank is also mobilizing more resources for Africa. In 2017, we mobilized $ 9.73 billion from the capital markets. The Bank also 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.

Canada has provided support to the Bank since 1973. Its contribution to the capital of ADF 14 amounted to CAD 325.6 million (USD 238 million) making it the 6th largest donor. Canada has also been a full member of the African Development Bank since 1983 and has contributed to all the General Capital Increases. As of December 2016, its total capital subscribed amounted to 2.5 billion UA (4.55 CAD). I am most grateful to Prime Minister Trudeau for the true partnership and support Canada has provided over the years. I also wish to thank you all, Your Excellencies, for your very strong advocacy efforts with the Government of Canada that has contributed to make this a reality. The African Development Bank remains grateful to you all.

We are doing a lot on our Light Up and Power Africa agenda to improve access to electricity. Our investments in the energy sector in 2017 covering 31 operations in 23 countries, represents a 30% increase over 2016. Our financing of $1.39 billion will 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 three years ago, the share of renewable energy in our total power portfolio was just 14%. However, we increased that to 74% in 2016 and achieved a record-breaking 100% of our new lending in renewable energy in 2017. With access to more funding, we our financing will provide electricity to an unprecedented 29.3 million Africans between 2018-2020.

Your Excellencies, let me also share with you some details of a very exciting initiative that the Bank is spearheading in partnership with the Green Climate Fund, Africa50 and other partners. The Desert to Power program will to harness electricity from the sun all across the Sahel to support the development of 10,000 MW of new power generation capacity that will provide 250 million people with access to electricity, of which 75 million will be through off-grid systems.

We have started the rollout of Desert to Power in Burkina Faso, which is supporting the implementation 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.

At the Bank, we are very conscious of our responsibilities and leadership role to promote green growth in Africa. Consequently, we are tripling our climate finance to reach 40% of our portfolio by 2020.

I am also excited about the progress we are making in the agriculture sector. The Bank is taking leadership in providing and coordinating significant investments on the continent through the Feed Africa Strategy for Agricultural Transformation.
Last year, we invested $1.16 billion in the sector, the highest in the history of the Bank. We launched the *Technologies for African Agricultural Transformation* (TAAT), a $1 billion initiative to take agricultural technologies to scale for millions of farmers, in partnership with the World Bank, AGRA, and the Bill and Melinda Gates Foundation. 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.

Your Excellencies, the extent of rural poverty in Africa is unacceptable. Rural economies have become zones of economic misery. I cannot think of any agenda that is more important in Africa today than to tackle underdevelopment in the rural areas. We must transform our rural areas to zones of economic prosperity. And that must start with agriculture and the food industry.

What is needed is what I call **Staple Crop Processing Zones** or SCPZs. These zones will be vast areas within rural areas set aside and managed for agribusinesses, food-manufacturing industries and other agro-allied industries. Enabled with the right policies and infrastructure such as roads, energy, irrigation, rail, ICT and ports, they will help to reduce the cost of doing business for the food processing and agro-allied industries.

Governments will provide fiscal incentives for these industries to move into the SCPZs, which, like Export Processing Zones, will be managed by dedicated agencies. The SCPZs will provide several advantages for rural economies. They will create markets for farmers’ produce. Raw materials will no longer be moved out of rural areas, but as finished value-added products. As a result, the post-harvest losses will be substantially reduced. With supportive logistics, especially warehousing and cold storage chains, well-integrated agricultural value chains will develop.

The African Development Bank has already started investments to develop these SCPZs in African countries, including Ethiopia, Togo, Democratic Republic of Congo and Mozambique. We expect to reach about 15 countries in the next few years.

I am convinced that the SCPZs will help to create new economic zones in rural areas that will lift hundreds of millions out of poverty, through the transformation of the main source of their livelihoods, agriculture, from a way of life to a profitable business that will unleash new sources of wealth.

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.

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 the journey we have made in the past three years. But I am even more excited about the prospects in the years ahead for the
Bank to help Africa deliver fully on the High 5s, and by so doing, according to the United Nations, help Africa meet almost 90% of the SDGs and Agenda 2063, through our High 5s.

I am proud of our remarkable achievements. However, we can do more. Let me paint a picture of the near future for you.

With adequate resources between 2018-2020, the Bank expects to provide 35 million Africans with access to electricity; our Feed Africa work will allow 45.8 million people 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 projects and our High 5 on improving the quality of life will provide 36.8 million people 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 low-income (ADF) countries. That is why by investing in the Bank, our shareholders will accelerate Africa’s development process.

The Bank has also launched the Africa Investment Forum (AIF) in order to mobilize African and global pension funds, sovereign wealth funds and other institutional investors, to invest in Africa. The AIF, which is scheduled for 7-9 November in Johannesburg, South Africa, will be a 100% transactional platform, and is expected to become Africa’s premier investment market place. I therefore request Your Excellencies to encourage active participation from your respective countries (both public and private sectors) at the Africa Investment Forum.

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.

There's no doubt that to play its role more effectively in fast tracking Africa's development, the Bank will need more resources, through a General Capital Increase.

The message could not have been heard louder than at the Bank’s Annual Meetings in May 2018 when the Governors of the Bank approved the formal launching of the process for a General Capital Increase for the Bank.

Your Excellencies, the support of all shareholders will be crucial for the General Capital Increase. The Bank should do more for Africa. We are working very hard to revamp the Bank, in order to put it in a much stronger position to deliver more, better and faster.

A General Capital Increase for the Bank is an excellent investment proposition. Since its Sixth General Capital Increase in 2010, the African Development Bank portfolio has doubled in size
from $15 billion to $30 billion. The Bank has also delivered a **17-fold** increase in lending to low-income (ADF) countries and fragile states since its Sixth General Capital Increase.

We are doing all we can to optimize resources using available instruments, including guarantees to support private sector investments, syndications, exposure exchange and other options for balance sheet optimization. But the reality is that these are not enough.

With the strong support for a General Capital Increase, we will be well on our way to delivering more for Africa. As our champions, we call upon you the Ambassadors to make a strong case in your capitals and for Canada to support a strong Seventh General Capital Increase for the Bank. This will help ensure that we put the Bank in a strong position to achieve greater success for Africa.

Canada has been a very good friend of Africa. Its support for the General Capital Increase will help boost Canada-Africa relations and advance our shared common goals for a prosperous Africa.

Thank you for your strong support. Together, let us make our dreams come true faster for Africa!