Speech by Dr. Akinwumi A. Adesina, President of the African Development Group, at the media launch of the Africa Investment Forum, Johannesburg, May 8, 2018

Your Excellencies
Distinguished Guests
Ladies and Gentlemen

Good morning and thank you all for coming today. I am delighted that the Premier of Gauteng Province, Mr. Malemolla Makhura, is here with us today with many leading CEOs of top African top businesses, many of them here in South Africa. I am also especially pleased that we have several media houses here. It’s time to hear the sound of our “vuvuzelas” for Africa!

I would like to thank President Cyril Ramaphosa and his government for their strong support for the African Development Bank and commitment to the need for the accelerated development of Africa. The time for that is here. A time for which we need game changers.

I am here to tell you what is probably the most important game-changing investment initiative for accelerated economic development undertaken in Africa.

It’s called the Africa Investment Forum – a unique platform for investment, finance, transparent transactions, and a genuine African marketplace for closing deals to accelerate the economic development of Africa. But first let me set the scene.

Though faced with quite a number of obvious challenges, Africa is economically resilient. On multiple levels, we are swimming with a fast-moving current of global finance, trade, and economic growth. But, we must go faster. Why? We have much ground to cover and the world is not standing still.

With an eye on a future that is already upon us, we must scan the horizon. Today, Africa has a population of 1.2 billion. By 2050, just 32 short years from now, our growing population will tip the scales at a whopping 2 billion. In the process we will overtake the populations of China and India combined. That is a huge asset for Africa, which we must unlock.

Think about it: by 2030, the combined consumer demand and business spending in Africa are expected to reach $6.7 trillion. Our task is to unlock all these potentials.

Ultimately, leadership is about anticipating the future long before it arrives. We have no other choice than to act in the now and turn our challenges into opportunities that will benefit generations yet to come.
Therefore, if Africa is to achieve a genuine, equitable, and sustainable economic transformation, it cannot be business as usual. It must be **Business Unusual**.

To start with, Africa’s infrastructure financing needs are estimated to be between $130 to $170 billion a year. However, total commitments came to just $63 billion in 2016. As it has been for decades, national governments are still the main providers of infrastructure finance in Africa. This represents a financing gap of approximately $67 billion to $107 billion a year, in just infrastructure alone.

But, the overall investment gap for Africa to achieve overall economic development is actually much higher and stands at $200 billion to $1.2 trillion a year.

These are huge numbers, which with growing populations can only become larger.

The fact is, there is no individual benefactor, nor government, sovereign wealth fund, or multilateral development bank, can provide the resources to meet Africa’s critical economic development needs.

While the African Development Bank and many of its multilateral partners and donors are making significant contribution, this still does not close the gap.

But Africa can and must do so.

First, each year, Africa collects $500 billion in tax revenue, $60 billion in Foreign Direct Investment, $50 billion in foreign aid, and $60 billion in remittances. And these numbers are improving.

Within Africa, the assets under management of domestic institutional investors will rise to $1.8 trillion by 2020, tripling from $634 billion in 2014. Most of this money isn’t invested in Africa. But Africa should invest in its own development if it wants others to do so.

It’s a tall order. But the money is certainly there and available globally. By 2020, there will be close to $111 trillion assets under management globally that are invested around the world often at very low interest rates.

Our task is to leverage a significant share of these savings into African economic development.

Financing Africa’s development has to be a collective and cooperative task, requiring broad-based partnerships with the private sector and an appreciation of the realities of global investment patterns.

It may sound like a cliché, but it certainly is not. The good news is that Africa is **the** next investment frontier.

But we need to bridge the gap between available capital and bankable projects. Problems that hinder closure for potentially bankable projects must be resolved in new win-win arrangements for the private sector, investment equity funds, development finance institutions, the public sector, and other relevant stakeholders.
This ladies and gentlemen, is the essential reason for the Africa Investment Forum, a multi-stakeholder, multi-disciplinary platform that will bring together collaborative leadership for the purpose of creatively and strategically transforming economic and social development of Africa.

The Africa Investment Forum will provide an open platform to organise efforts among multilateral institutions, the private sector, and governments to improve a pipeline of projects capable of transforming the continent.

In short, the Africa Investment Forum will also be an African investment marketplace, where the African Development Bank, and its partners, will screen and enhance bankable projects, attract co-investors, and facilitate transactions to close Africa’s investment gaps.

This unprecedented platform will reduce intermediation costs, improve the quality of project information and documentation, and increase active and productive engagements between African governments and the private sector. Preparatory work on these engagements has already begun and will continue throughout the year.

The first-ever Africa Investment Forum will be held from November 7-9 here in Johannesburg, South Africa. It is not a one-time event. It will be a permanent platform that will help fast-track the implementation of commitments from previous fora.

There will be five work streams. The Project Preparation stream, will work closely with Africa50, the Infrastructure Consortium for Africa and the NEPAD Infrastructure Project Preparation Facility, amongst others, in order to scale up project preparation facilities and tools.

The second work stream, Pipeline Development, will help develop investment-ready projects sourced by the African Development Bank and external development finance partners.

The Risk Mitigation and Credit Enhancement work stream will include a Co-Guarantee Platform that will develop and deploy innovative instruments to de-risk private sector investments at scale. This platform, and this facility, lie at the centre of the Africa Investment Forum’s operations.

Another work stream will bring together domestic and global institutional investors to examine, encourage, and promote appropriate investments in Africa.

Finally, the Africa Investment Forum will focus on improving the ease of doing business in Africa by advancing and promoting investment-friendly regulation, and also by championing ethical business practices in Africa.

We are using strategic alliances and partnerships to remove well known obstacles to finance, especially those created by the false perception that investment in Africa is somehow more risky than comparable investments elsewhere. We must ensure that African companies can compete fairly and are able to secure
adequate and appropriate funding for their operations. For this we must counter false perceptions with simple truths.

Governments, development finance institutions and the private sector are thinking and acting in new and innovative ways, and well beyond traditional bank lending. Several multilateral development banks will be joining us to accelerate private investments at the event, creating a new mainstream of development financing.

**The Africa Investment Forum will therefore become Africa’s own Investment Marketplace for accelerated economic transformation.**

**And this is no talking shop.** It will be a unique Forum: it will be 100% transactional. There will be no political speeches. The only thing allowed will be “transactions, transactions and transactions” to accelerate Africa’s economic development.

The time is ripe for such a bold initiative. Aggregate growth for the continent is a solid 3.6% in 2017 and is projected to accelerate to 4.1% in 2018 and 2019. The recovery from 2016 has been fast, especially among non-resource-rich economies.

Governance is improving across the continent. The World Bank’s *Doing Business 2017* report indicates that 34 out of 48 countries in Sub-Saharan Africa had at least one significant business regulatory reform in the previous year.

Africa is on an encouraging growth trajectory. Markets are expanding. Our massive youth population is ready and eager for work. A middle class with disposable income is increasing each year. Foreign Direct Investment is once again rising.

The strategic blueprints are being followed, most notably in the African Development Bank’s High 5s [Light up and power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the quality of life for the people of Africa]. These High 5s, if achieved will allow Africa to meet about 90% of the Sustainable Development Goals and Agenda 2063. This makes the Bank’s High 5s a genuine accelerator of African economic development.

The African Development Bank is committed to work with all partners and stakeholders for the success of the Africa Investment Forum. It’s time for collaborative leadership. We count on your support to make this happen, and for it to be the biggest collective investment opportunity of any African generation.

There are some extraordinary deals to be had in Africa. The Africa Investment Forum is in a perfect position to identify and shape these deals for investors, fund managers and others managing substantial assets.

See you there!