Speech delivered by Akinwumi A. Adesina, President of the African Development Bank Group, at the 37th Summit of the Heads of State and Governments of the Southern Africa Development Community, August 19-20, 2017, Pretoria, South Africa

Your Excellency Jacob Zuma, President of the Republic of South Africa and Host of the 37th Ordinary SADC Summit;

Your Majesty King Mswati III of the Kingdom of Swaziland and Chairperson of SADC;

Your Excellencies the Presidents and Heads of Government of SADC Member States

The Chairperson of the African Africa Union Commission, Moussa Faki Mahamat,

Dr. Lawrence Tax, the Executive Secretary of SADC

Distinguished Delegates, Friends, Ladies and Gentlemen

I wish to thank you for inviting me to this 37th Summit of the Southern Africa Development Community. The African Development Bank – your Bank – strongly supports your aspirations for the Southern Africa Development Community, and indeed the aspirations for an accelerated development of Africa. The investment of the African Development Bank in the Southern Africa region totaled $10 billion by the end of 2016, and accounted for 22% of all investments by the Bank in Africa. So you can see why I am excited to be here!

Two years ago, I was elected President of the African Development Bank with your strong support. For this I am immensely grateful to all SADC countries. We immediately went to work to develop our plan to help accelerate the development of Africa. We developed the High 5s as the Bank strategy to achieve this: Light up and power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the quality of life for the people of Africa.

And according to the UNDP, the High 5s will allow Africa to achieve 90% of the Agenda 2063 and 90% of the Sustainable Development Goals. So, these High 5s are the accelerators of Africa’s development. It is time to "Fast-track Africa".

Despite global commodity price shocks, African economies are showing resilience, with real GDP growth projected to recover to 3.4 % this year, from 2.2% last year. The SADC region faces significant challenges, as real GDP growth has declined from 4.3% in 2010 to 1.8% by 2016, and only expected to recover to 2.6% this year. Term of trade of SADC has declined, total external debt to GDP has increased and debt service ratio (% of GDP) has increased from 18.7% in 2012 to 34.7% in 2016. There’s no doubt, these are tough times for the SADC region, with commodity price declines and other external shocks slowing down growth. The Bank strongly supports the
structural reforms to spur greater growth of South Africa, especially, for in its growth lies the accelerated economic recovery of the entire SADC region.

What we must do is turn these trends around. While recovery of commodity prices has helped, and stronger macroeconomic reforms are needed, we must address fundamental structural challenges that have continued to hamper growth in SADC and Africa, as a whole.

At the top of the list is electricity. That’s why the African Development Bank is investing heavily in the power sector. Through our New Deal on Energy for Africa, the Bank is investing $12 billion over the next five years in the energy sector, to leverage between $45-50 billion in financing from the private sector and other sources. Africa cannot develop in the dark.

Investment in the power sector accounts for 35% of all the Bank’s financing in the Southern Africa region, with investments in major projects such as Medupi Power Project in South Africa, the Kariba Dam Rehabilitation Project and the hydro-electric scheme on the Zambezi, which supplies 34% and 37% of the power for Zimbabwe and Zambia, respectively.

This region also inspires the Bank to think big. Last year, the Bank led a loan syndication of $965 million for South Africa’s Eskom, the highest in Africa’s history – to support it to develop 13,000 MW of power generation capacity. The Bank is strongly supporting the government of DRC towards the development of the Nga Dam, which if we all get right, will turn on the lights for all of Africa.

And just a few weeks ago, I signed a new $6 billion new energy financing facility to be provided by Japan, by Prime Minister Abe, under Japan-Africa Energy Facility, to support power systems, transmission, and distribution projects, including clean coal technologies.

The Bank is investing in promoting economic corridors that will enhance regional trade and competitiveness. The Bank’s transport commitments in southern Africa focus on priority corridors such as the North-South corridor, Nacala, Walvis Bay, and Mtwara, amongst many others. Our funding of these corridors has exceeded $1.2 billion.

The development of the SADC region will be much faster with greater investments in the agriculture sector. We strongly support the SADC Agricultural Policy and Investment Plan, to transform agriculture. Agriculture is Africa’s biggest asset and yet it remains largely untapped. The size of the food and agriculture market on the continent will rise from current $330 billion to $1 trillion by 2030.

So, we must change the lenses we use to look at agriculture. Agriculture is not a way of life and it is not a development activity. Agriculture must be treated as a business for wealth creation. Africa must feed itself, instead of spending $35 billion a year importing food. That is why the African Development Bank is providing $24 billion to support agriculture in the next ten years.
But even as we do, we must address the issue of climate change, which is devastating several economies in the SADC region. High food prices have affected many countries, especially Malawi, Mozambique, Madagascar, Swaziland and Lesotho. South Africa was not spared, leading to decline in maize exports.

Decline in global commodity prices and attendant depreciation of currencies have led to increased cost of food imports and inflation, hurting both rural and urban poor. The invasion by armyworms has worsened food insecurity in Malawi, South Africa, Namibia, Zimbabwe and Zambia.

The Bank provided $549 million last year to support countries in East and Southern Africa affected by droughts, and will invest $1.1 billion this year for the say no to famine initiative to tackle drought affecting African countries.

Africa can no longer suffer in silence. I ask that the Heads of State of the SADC region support my call for the Green Climate Fund and the Global Environment Facility to co-pay for disaster risk insurance premiums for all African countries, to the African Risk Capacity facility.

The African Development Bank is ready to co-pay for insurance premiums for African countries, so let’s start this with SADC region. This will require Your Excellencies to make this a key part of your speeches at the upcoming UN General Assembly. Africa cannot continue to pay premiums for climate change, with millions of lost lives.

A challenge facing the SADC region is its reliance on minerals and commodities, which it exports, with little or no value addition. Yet, the secret of the wealth of nations is clear: Developed nations add value to everything that they produce, while poor nations export raw materials. Africa must quit being at the bottom of the global value chains and move to rapidly industrialize, with value addition to everything that it produces.

Africa must work for itself, its people, not exporting wealth to others. That is why the African Development Bank strongly applauds and supports the agenda of industrialization of the SADC. The Bank will provide support for the development of special economic zones and industrial parks and equity financing, where appropriate, for major industries.

The resources to Fast Track Africa’s development are immense, but I firmly believe Africa will develop faster and with pride, if it mobilizes domestic resources. Africa today has over $334 billion in pension funds, $164 billion in sovereign wealth funds. The size of Africa’s pension funds is estimated to rise to $1 trillion by 2030. What is needed is for Africa to mobilize these institutional investments into much-needed infrastructure.

That is why the African Development Bank is helping to integrate the stock exchanges in Africa, to mobilize savings pools and deepen the capital markets.
The Bank has also helped to establish Africa50, which has so far mobilized $860 million towards infrastructure project preparation and investments, with a medium term goal of mobilizing $3 billion from the private sector.

To further attract global pension funds and sovereign wealth funds and other institutional investors to Africa, the African Development Bank has launched the Africa Investment Forum. The Africa Investment Forum, which will kick off next year, will be a totally transactional forum – not a talk shop – to drive significant private sector investments on the continent. We look forward to working with you all to make this a huge success for Africa.

Excellencies, Ladies and Gentlemen,

Last week’s announcement that the Bank has again maintained its AAA rating, confirms that the Bank is solid, trusted, reputable and dependable. What we need now is more resources, through a significant General Capital Increase for the Bank, to be able to fast-track Africa. I therefore request for Your Excellencies’ strong support for a significant General Capital Increase of the Bank.

With your strong support for the High 5s, and a General Capital Increase for the Bank, Africa will see accelerated development within ten years.

We will develop with pride. We will truly liberate Africa, with visible impacts on the lives of our people. Then we can shout that victory song yet again, Amandla! And all across Africa, our people will respond in symphony, Ngawethu!

Thank you very much.