Ladies and Gentlemen. Good morning!

Tubifurije ikaze mu Rwanda! Welcome to Rwanda! And welcome to the Mid-Term Review of the African Development Fund (ADF-14).

Let me warmly welcome our ADF Deputies who have travelled far distances to be here with us, as well as Ministers and their representatives from ADF countries, and our Executive Directors, Advisors and Management and Staff of the Bank. I also wish to specially thank our ADF Coordinator, Kyle Peters for accepting to support and guide us as we embark on this Mid-Term Review and look forward to ADF-15 ahead of us.

I know you also travelled a lot yesterday to see the work of ADF in the field and communities. I hope that the inspiration you got from seeing the impacts of your investments will give you the renewable energy you need for the two days of meetings for the midterm review.

I wish to thank our hosts, Rwanda, and in particular President Paul Kagame and his Government, for all the generous hospitality and support and for accepting to host this meeting in the beautiful city of Kigali.

Rwanda is one of Africa’s crown jewels. We like investing in Rwanda and the ADF resources invested here are making a significant difference in the lives of the people.

Just a few days ago, our Board of Directors approved a loan of $266 million to support Rwanda’s program to improve electricity supply reliability and access to help transform the country into an export-oriented economy. This is the largest-ever single investment by the Bank Group in Rwanda.

ADF donor countries make these investments possible. The ADF Deputies, our Boards of Directors and their advisors, play major roles in
helping us to deliver development results for all 38 ADF countries. We thank you for your exceptional support.

It's just like yesterday when we all met in Luxembourg in November 2015 to discuss ADF-14 pledges. I had just assumed duty for just few weeks as President. It was my first ADF replenishment meeting.

Times were tough. Global economy had slowed down, heightening uncertainties in financial flows. Domestic fiscal challenges persisted. And the migration crisis in Europe added to mounting domestic challenges in donor countries. We are grateful that despite these challenges, you squeezed the water from the rock and managed to provide ADF-14 replenishment. We applaud your contributions, your support and confidence.

We gather now, midway to review the journey so far and to critically assess how we can finish the remaining second half very well, to meet agreed targets.

As with any journey, we've had our smooth paths, and some rough patches, on the way, but with the strong commitment of management and staff and oversight and guidance of the boards of directors, significant progress has been made.

Let's bear in mind that the ADF-14 started late, in June 2017. But we've been using the resources well – and we’ve been accountable.

Let me just cite a few numbers for 2017. Over half a million people have access to electricity. We've helped to deliver 2,730 km of transmission lines. Feeding people has not lagged either, with close to 8 million people having access to improved agricultural technologies. And about 1.4 million jobs were created, half for women. 13 million people have benefitted from improved transport, while 7.8 million people have benefitted from improved access to water and sanitation.

Development impacts are not just statistics. Ultimately, they are opportunities realized, ambitions achieved, and happiness attained for the sake of those people who stand to benefit the most. You saw that yesterday on your field trip.

There are so many more stories of hope, as we deploy ADF resources.
We are well on track to fully utilize the ADF 14 resources by the end of 2019, the end of the replenishment cycle. As you will see later from my colleagues we are making good progress on delivering on the ADF 14 commitments to achieve the set strategic objectives.

One specific area we are delighted with is on climate change. We've ramped up support for countries to address droughts, through an innovation with ADF funds to pay for insurance premiums for fragile countries experiencing extreme weather patterns. The Bank’s investment in climate change has risen from 9% in 2015 to 28% in 2017 and well on track to reach 32% by the end of year. Renewable energy has gained lots of focus at the Bank, especially in ADF countries such as Kenya, Mali, Burkina Faso, Chad, Rwanda, Madagascar and Guinea, to mention a few.

The Bank reached 100% of all its energy generation in renewable energy in 2017, up from 14% in 2015. We are on the right track.

Fragility is at the core of ADF. We are there, where others may not want to be. The Bank has substantially increased its presence in fragile states, with offices now in 11 fragile states, to support presence on ground and build human and institutional capacities. The Private Sector Credit Enhancement Facility (PSF), which is one of the ADF innovations, has allowed us to lend more in fragile states. Non-sovereign operation approvals for fragile states reached 66% of all approvals in 2017, up from 30% in 2014.

But we've also been leveraging more resources with the ADF resources. For example our support of the North Core (Nigeria-Niger-Burkina Faso-Benin) transmission interconnection has leveraged 5 times the ADF resources we put in. In agriculture, we've leveraged over UA 330 million in support of operations.

You will be encouraged to know we are making good progress in mainstreaming gender into our operations. Over 35% of public sector operations have been categorized for gender inclusiveness this year using our Gender Marker System. We've recruited 9 gender specialists who now engage in our regional offices. And of course, we will continue to strive to get more women into managerial positions, building on recent progress.
We are making good progress on some exciting areas that will be game changers for ADF countries. Our Jobs for Youth in Africa with target of creating 25 million jobs in Africa is on course. Last year we provided $340 million for Enable Youth projects to support agricultural entrepreneurs in eight countries.

I am delighted to receive last week a letter for the Minister of International Development of Netherlands providing $17 million in support of the Youth Trust Fund. We've received as well generous support from Norway and Denmark towards the fund and Italy has confirmed it will be providing support as well. We are grateful for the support and will work with all to ensure we deliver impactful results. The AFAWA initiative is gaining traction.

Since the ADF-14 started, we have been doing a lot to reposition and build up our institutional capacity. We've ramped up recruitments and they are quality recruitments. This year alone, since January, we have made over 556 appointments - a record achievement.

I am delighted with the caliber of our senior leadership and management teams. The position of Vice President for Finance has been filled. Ms. Swazi Tshabalala, our new Vice President for Finance brings a wealth of experience in finance. She's joining us at the ADF meeting for the first time. Please welcome her. Let me use this time to also especially thank Hassatou N’Sele who was acting in this role, for a great job she has done.

We've also appointed the Vice President for Human Resources and Corporate Services. Mateus Magala, the new Vice President is also here with us. We have also filled key oversight directorate positions. I announced this past weekend the appointment of our new Director for Integrity and Anti-corruption, Alan Becarese, one of the world's leaders in the field of anti-corruption.

I am delighted to have appointed our new Director of Human Resource, Fauke Harnischfeger, who joins us with global experience and track record in human resources management. Fauke is also here with us today and she will take over from David Ssegawa who will be leaving the Bank at the end of November. Let me use this opportunity to thank David for the good job he's done at the Bank.
I am not under any illusions that our discussions on ADF and GCI are intricately linked. And they should. And it all comes down to our readiness and capacity to deliver. I am confident in the ability of the Bank to deliver on all its GCI and ADF commitments. We've done so in the past and we'll do so in the future.

The institutional reforms are paying off with significant improvements in our operational efficiency and value for money indicators. The financial health of the bank is very strong with significant increases in all income measures for three years in a row, and all projections pointing to even much stronger growth and financial performance. In 2017, the Bank Group made its highest allocation to reserves in its history, further strengthening the capital base of the Bank.

The progress we are making is being recognized externally and globally. In terms of transparency, the African Development Bank received a ranking of 4th out of 45 development organizations in the 2018 Aid Transparency Index Report by Publish What You Fund.

The African Development Bank is also now increasingly seen as an employer of choice. Earlier this year, the Bank was listed 4th in the survey of the Best Companies to Work for in Africa. This was a remarkable improvement from the Bank’s 82nd position in 2015.

The 2017 Comparative Assessment by the Multilateral Organizations Performance Assessment Network (MOPAN) jointly ranked the African Development Bank as number one, alongside the World Bank and the Inter-American Development Bank. The encouraging conclusion of the MOPAN report is that the African Development Bank – your Bank – is fit for purpose.

But there is no room for complacency. We are not perfect; we have our challenges. But one thing is sure: we will continue to improve.

We are making good progress on our Development and Business Delivery Model (DBDM), as you've seen in your reports. It's definitely not a finished business, as we will continue to improve.
We will also take on board the recommendations that will come from the planned IDEV review of the DBDM. But let me say that we are now much closer to our clients with offices in 41 countries. Country managers are in place, as well as the DG and DDG, all fully functional. We are delegating more operational decisions to countries, with the new Delegation of Authority Matrix.

In line with the need to boost capacity on the ground for more effective operations, across the bank and take full advantage of the DBDM, I have directed that the new Vice President for HR and Corporate Services ensure full staffing of these offices with requisite operational staff. This will be complemented with staff for fiduciary, legal, environment and social safeguards, and gender experts.

This will further bolster our ability to enhance policy dialogues, develop more robust pipelines, and improve overall project supervision and quality assurance on the ground.

We are also learning - and we should. Effective learning helps us to get better and improve on areas of weaknesses.

I have enjoyed reading and critically reviewing the IDEV reports that's been done on the evaluations of the PBOs and the quality at entry, quality of supervision and exit.

I wish to thank the IDEV team for their excellent work. We will be discussing these with CODE and the full board of directors, as part of our normal board sessions.

But for our purposes here, I want to leave you in no doubt that I, as President, take lessons from evaluations seriously, and will ensure appropriate management actions on important lessons.

We are improving based on lessons learnt. When I assumed duty as President, I remember that the major issue was that the Bank was doing approvals but was not disbursing much. The culture had to be changed from
one of approvals to one of disbursements, to ensure project implementation so that development outcomes are achieved.

We've achieved very good success in this, as reflected in the historic rise in the disbursement of the Bank, reaching its all time high in 2017. There's no doubt that the Presidential directive in 2015 on cancellation of projects has helped, as time between approval and first disbursement has significantly declined.

Now we move to the next level of challenge: drive a culture of quality at entry. I wish to assure you as Deputies, and our Board members, that just as we did for disbursements, we will take on the new challenge. Of course, it will be more difficult, but it is crucial.

Bank staff will be discussing Management’s action plans in detail with our Board of directors. Suffice here only to say that we will move resource allocation towards improving quality at entry and supervision of projects, as well as support the development of quality pipelines, through greater resourcing for project preparation.

We will further build up staffing capacity for operational staff, with most of these to be based in the countries and regional offices. We plan to ramp up the number of task managers for greater effectiveness and ensure that they are well supported, with quality assured through a Bank-wide Task Managers' Certification program.

We will adjust our KPIs to have quality assurance as a key performance measure for operational staff. We will ensure quantity and quality. We need both. They are not mutually exclusive.

We are also doing all we can to mobilize more domestic and private sector resources for African countries, including ADF countries. We've been innovating at the Bank. Our Room to Run with synthetic securitization has set a global example for MDBs, and just this week we led again with our portfolio insurance to cover $2.5 billion of our private sector investments.

There is a limit to doing more with less. To really do more, you need more. But we must do more, smartly. That calls for continued innovation. And that's exactly what the Bank is doing - and what we are discussing with you on ADF.
We must ask ourselves the question of whether we have the right instrument, what's being achieved with the instrument, and what needs to change with the instrument to make sure that our collective goals are achieved. These are not necessarily easy matters to address. But addressing them will allow us to reflect on how far we have come, how far we still have to go and how to get there.

The ADF is a highly relevant instrument for supporting low-income countries in Africa, and especially those facing fragility.

But the needs of the countries are changing very fast. With high population growth and rapid urbanization, infrastructure we thought was adequate yesterday is already obsolete with emerging demands. Unemployment among the youth is driving migration crisis, within and outside Africa, with Europe on the receiving end.

ADF countries need more resources. And what worked yesterday will not necessarily work today and the future. So we need to think creatively on how to make the ADF more relevant in a rapidly changing environment of developmental needs. The President of one of the ADF countries told me "the ADF resources are now too low for us to meet new challenges. We need a lot more resources and we are ready to pay more to get those resources".

We need to better leverage the equity of the Fund, ensure its funding predictability for countries, as well as its overall financial sustainability.

I wish to thank ADF deputies for your on-going discussions on taking the instrument to the market. We look forward to your continued guidance and support on this.

In doing so, we must balance the need for more resources and concessionality levels. As grant aid resources dwindle in donor countries, and African countries rush to the euro bond market, we must strive for a modified financing framework that allows ADF to leverage donor funds on the capital market, boost resources to achieve more development impacts, while ensuring that there's sustainability and predictability of resource flows for the Fund and to beneficiary countries. And of course, we should pay attention to issues of debt sustainability.
In about two weeks, the Bank will host the first Africa Investment Forum, in Johannesburg, South Africa. This landmark Forum is designed to help leverage global institutional investors to invest in well prepared bankable projects, pool resources of the MDBs and the Africa DFIs to mutually de-risk projects, accelerate the financial closure of deals, and improve the overall business and investment environment for sustainable capital investments across Africa.

While we are at the mid point of ADF14, I am encouraged - and hope you are as well - by the results we are achieving. We are making progress on delivering on what was agreed. We are leveraging more resources. We are achieving value for money. We are addressing key governance issues and robustly addressing cross cutting issues of importance to the ADF, such as gender, climate change, fragility and jobs.

There's still a lot to do ahead. We've rolled up our sleeves. We need to clearly strengthen the capacity of ADF countries to prepare projects. There's going to be need to expand the project preparation facility, which is now almost exhausted. At the end of the day, well-prepared projects lead to better development outcomes.

The new Continental Free Trade Area (CFTA) demands more ADF regional operations window resources for building critical infrastructure and other regional public goods for sustainable growth and development.

We are aware of the challenges, but remain undaunted. We are learning useful lessons from evaluations and incorporating them as we go, and are proactively adjusting to meet current and emerging challenges.

This Mid-Term Review is a unique opportunity to have your insights and guidance, as ADF Donors, on how we can further improve and tackle emerging challenges facing ADF countries – and how to scale up on much needed support.

I therefore look forward to our discussions over the next two days. Let's together grow the ADF, smartly, to meet greater needs of countries. By so doing, ADF will be a “multiplier of hope” for Africa's most needy countries and communities.
Thank you very much!