Speech delivered by Dr. Akinwumi A. Adesina, President, African Development Bank Group at the Opening Session of the 53rd Annual Meetings of the Board of Governors, Busan, Korea, May 23, 2018

Your Excellences,
Honorable Ministers, Ambassadors
Governors of the African Development Bank
Executive Directors of the African Development Bank,
Business Leaders, Civil Society representatives, Leaders, Media Partners, Senior Management and Staff of the Bank,
Dynamic youth and young leaders from across Africa
Distinguished Guests, Partners, Ladies and Gentlemen –
And, I am excited that my greatest source of inspiration, my dear wife Grace, is here with us today!

Good morning!

Welcome to the 2018 Annual Meetings of the African Development Bank Group! I am delighted to be in Korea – in the Smart City of Busan! So smart, that part of Black Panther, the new blockbuster movie rocking the world, was shot right here!

I would like to thank the Government of Korea for hosting us for these Annual Meetings. Many thanks to all members of the Korean Planning Committee for the Annual Meetings and to our Bank staff, for their excellent efforts.

I wish to in particular thank you, Governors of the Bank, who represent the Bank’s shareholders for being here in such large numbers. This is a huge encouragement for us. Your presence and support puts the wind behind our sails.

I am delighted to welcome to our Annual Meetings my very dear friend and brother, Jim Kim, President of the World Bank, who grew up right here in Korea. I greatly value your presence and personal sacrifice to be here. This is the first time ever that a World Bank President will attend the African Development Bank’s Annual Meetings. Thank you, Jim. The World Bank is a great partner for the African Development Bank and together we can do more for Africa!

And what better place to discuss doing more for Africa, than right here in Korea, a country that has achieved remarkable economic development and that stands as an example to the rest of the world.
Sixty years ago, Korea was a poor nation. Today, it is the world’s 11th largest economy. The miracle on the Han River did not happen by chance. It happened through industrialization, pure and simple.
In the 1970s, Korea built heavy industries, investing massively in infrastructure, including rail and ports. By the 1980s, it shifted to light industries through deliberate policies, and by early 1990s it moved into higher-value added industries.

Today, Samsung and LG television and phones dominate globally. Korean cars are everywhere.

Korea was deliberate and consistent in its industrial drive, just like other countries such as China and Japan.

Africa must learn from Korea’s industrialization and from the equally remarkable experience of China, Japan and other parts of the world.

Why do I say this? Because, Africa is de-industrializing!

Between 2012 and 2018, Africa’s industrial value-added declined from $702 billion to $630 billion – a loss of $72 billion. Industrial value-added dropped sharply in countries with the largest industrial output: by 41% in Nigeria, 26% in South Africa, 64% in Egypt, and 67% in Algeria.

Some countries are doing well. Morocco’s industrial output expanded in the period by 16%, as it became the hub for global aeronautical companies.

Ethiopia’s industrial value added grew five-fold, driven by its heavy investments in industrial parks, special economic zones, strategic partnerships with Chinese companies for its leather industry, and with global textile and garment companies.

The deceleration of industrial output in Africa is at the heart of our massive youth unemployment: 11 million youth enter the labor market each year and only 3 million of them get jobs. To create more jobs – and I mean quality, well-paying jobs – Africa must fast-track industrialization.

This is why the African Development Bank plans to invest US $35 billion over the next ten years in its focus on industrialization. This industrialization strategy is designed to help Africa raise its industrial GDP from a little over US $700 billion today to over US $1.72 trillion by 2030, making it possible for Africa’s GDP to rise above US $5.6 trillion, while moving GDP per capita to over US $3,350.

Africa is truly blessed. From vast and yet untapped agricultural lands that currently account for 65% of the arable land left in the world, to rich deposits of natural gas, oil, minerals and metals, the continent brims with natural resource potential. However Africa simply exports mainly raw and unprocessed commodities. Little wonder that its economies are often subject to global commodity price volatilities.
African farmers work hard every year to deliver 75% of global cocoa production but Africa reaps less than 5% of the profits from the $120 billion annual market for chocolate.
Africa accounts for 50% of the world’s gold production but receives only 4% of the US $300 billion revenues in global gold earnings.

The formula for the wealth of nations is clear: rich nations add value to all they produce while poor nations simply export raw materials. Africa needs to industrialize and add value to everything that it produces – from agriculture, to minerals, oil, gas and metals. Africa needs to move up from the bottom to the top of the global value chains.

To drive its industrialization process, Africa must quickly build a globally competitive, well-educated, highly skilled workforce for the future. And the future is already here. We cannot afford to waste any more time!

The fourth industrial revolution has already begun and is changing the nature of jobs very rapidly. Africa must prepare its young people for the jobs of the future, not those of the past.

Africa must accelerate higher education, and vocational and technical training in building the skills of the future. In particular, greater emphasis should be placed on digitalization, mathematics, material sciences, biotechnology, engineering, artificial intelligence, robotics, and quantum computing. These areas will dominate the industrial revolution in the near future. And Africa must not be left behind.

The African Development Bank has a demonstrable record of commitment to skills development and supporting innovation including the establishment of Centers of Excellence in several African Universities in Nigeria, Kenya, and Rwanda; and investments of more than US $200 million in technology parks in Ethiopia, Cape Verde and Senegal.

Africa must take greater advantage of the digital economy. The continent leads the world on mobile online payments and its digital revolution is set to continue. By 2021, over one billion smartphones are expected to be in regular use in Africa. With greater investment in digital infrastructure, the continent can make a quantum leap in digital industrial development.

This is why the Bank has been investing heavily in building digital backbones continent-wide, including the Central Africa backbone linking Cameroon, Congo, and Central Africa, and the Trans-Saharan fiber optic backbone to connect Chad and Niger. ICT infrastructure and connectivity will open up landlocked countries to the digital world.

To help Africa on its drive to industrialize, the African Development Bank will focus on a few critical areas.
First, the Bank will help drive agricultural industrialization, with a focus on supporting countries to develop staple crop processing zones that will help agribusinesses and agro-allied industries to locate in rural areas. Integrated infrastructure, including roads, power, water, and ICT, will support these staple crop processing zones in creating new rural zones of economic prosperity in across the continent.
Second, the Bank will invest in the new skills required for industrialization. Skill-enhancement zones will help young graduates connect to industries and exposed to the broad range of skills they need. We will provide more support for establishing technology parks and business incubation and accelerator programs to connect small and medium-size businesses to industrial growth poles.

Third, the Bank will continue its support for the private sector in critical industries through private equity investments, including small and medium-sized enterprises.

Fourth, the Bank will continue to support development of the capital markets to deepen access to finance for businesses so that they can grow and thrive on the continent.

Fifth and finally, the Bank will work with partners to encourage North-South and South-South cooperation in industrial development, especially for special economic zones, so that Africa learns from the best lessons and avoids some of the mistakes made by others.

One of the downsides of the industrial approach of developed countries has been the reliance on polluting technologies. These may be good for growth but they are bad for the environment and for human health. Industrialization should pay careful attention to less polluting energy pathways.

Africa needs to promote green growth. At the African Development Bank, we are extremely conscious of our climate and environmental responsibilities and leadership role and are tripling our climate finance to 40% of our portfolio by 2020.

The African Development Bank is leading on renewable energy. When I was elected President two years ago, the share of renewable energy in our total power portfolio was just 14%. By 2016, we increased it to 74%. In 2017, we achieved a record-breaking 100% of our new lending in renewable energy. However, we also recognize that many African countries must diversify their energy mix to support industrial development, just like the rest of the world.

Industrialization should not be only about large companies. We must also focus on small and medium-sized enterprises, especially those run by youth. This for good reason: youth are the present and future of Africa.

I see the spirit of success in the dynamism of youth across Africa – and there are many youth at this Annual Meetings. If you are in the house, let me hear you!

Think about the case of a young Rwandese lady, Clarisse Iribagiza, who was trained at the Kigali Institute of Science and Technology in a globally respected Masters in Information and Communications Technology supported by the African Development Bank. Armed with her degree, she dreamed of becoming a major player in the ICT industry.
One day, she saw the President of Rwanda, Paul Kagame, jogging in the city, and quickly moved towards him to tell him about he
business ideas. She was pushed aside by security guards but persisted. Surprised by her tenacity, the President asked that she be allowed to come close.

He may have appreciating a pause in his exertions, and listened carefully and decided to help her with a modest contribution. The young lady launched her ICT business. And just think about it: she recently sold that business for US $10 million!

What a great return on investment, for President Kagame and for the African Development Bank!

Well, perhaps if many more Presidents jog more, they will find many entrepreneurs like Clarisse, and Africa’s industrial development through its youth will get a boost!

Clarisse is now a member of the Presidential Youth Advisory Council that I set up to advise the Bank on how to find and nurture young African entrepreneurs. She is here with us today in this hall. Clarisse, please stand up, wave to us and be appreciated!

To industrialize, Africa must mobilize greater domestic resources and direct them to help close the infrastructure gaps and financing needs for critical industries.

And just as Clarisse’s potential was recognized and invested in it, Africa’s potential must be recognized and also unlocked through investment.

This is why the African Development Bank and its partners has created the Africa Investment Forum, a transactional platform to leverage global pension funds and sovereign wealth funds and other institutional investors to significantly invest in Africa. This platform is a new investment marketplace for Africa that will set sail on November 7-9, 2018 from Johannesburg, South Africa. Join us there!

As the Bank pushes for Africa’s faster industrialization, it will continue to accelerate delivery on its other High 5 priorities for Africa, including Light up and power Africa; Feed Africa; Integrate Africa; and Improve the quality of life of the people of Africa.

The African Development Bank is doing all it can to support a brighter future for Africa in all these areas. But we need more gas in the car to travel the full distance for Africa’s economic development.

You can be proud of your Bank. Last year, the Bank achieved the highest disbursement in its history since 1964 of US $7.4 billion. The Bank’s net operating income has been turned around; it had declined in 2014 but increased by 63% compared to 2016, reaching record levels. Our delivery of development impacts on the ground is impressive.
Last year, the **African Development Bank** achieved the following:

- 4.4 million people benefitted from electricity connections
- 8.5 million people benefitted from improvements in agriculture
- 14 million people benefitted from improved access to transport
- 8.3 million people benefitted from access to improved water and sanitation
- We provided 210,000 businesses with access to finance

With **more resources**, we can do more. In the next three years, the **African Development Bank** plans to achieve the following:

- Provide 31.5 million people with access to electricity
- Have 45.8 million people benefit from improved agriculture
- Provide 50.3 million people with improved access to transport
- Provide 36.8 million with improved access to water and sanitation

That is why the Bank is requesting a General Capital Increase from you, our shareholders. A stronger bank, a better-capitalized Bank, combined with stronger support by you, our shareholders, our Governors, our Executive Directors and our eager staff, will deliver on the Africa we want.

Just as **Black Panther, T’Challa**, King of Wakanda, stood up and told his challengers, “I accept your challenge”, the African Development Bank – your Bank – **accepts the challenge to accelerate Africa’s development**!

This is **not** my cause or even the African Development Bank’s cause. This is **our** collective cause. It is about Africa’s dream, its hopes and its aspirations.

With your support, we will accomplish the mission to Industrialize Africa, to Light up and power Africa, to Feed Africa, to Integrate Africa, and to Improve the quality of life of the people of Africa – our High 5s!

I wish you an exciting week at the Annual Meetings!

Thank you very much!

KAMSA HAM NIDA!