

**Keynote Speech delivered by Dr. Akinwumi A. Adesina, President of the African Development Bank Group, at the Africa Green Revolution Forum, Nairobi, 8 September 2016**

I am delighted to be here today at this African Green Revolution Forum. It is a special Forum for me, because I helped to start it, with my colleagues, when I worked here at AGRA. I am proud to have worked at AGRA and congratulate you all for the remarkable job you are all doing for African agriculture.

It is very important work: one that focuses on how to feed Africa. Feeding Africa, is one of the High 5 priorities I put in place, when I was elected as President of the African Development Bank.

I want Africa to feed itself and develop with pride.

There is no reason for Africa to be a net food-importing region. The continent is richly blessed with abundant land and water resources, cheap labour and great sunshine. Africa should be a breadbasket for the world and for good reason: the continent holds 65% of all the arable land left to feed the world by 2050.

But the paradox is that the continent is unable to feed itself.

This, in my view, is a major embarrassment for Africa.

Enough of Africa begging for food. It is time for Africa to feed itself. The \$35 billion that Africa spends on food imports is a huge burden, worsening current account and fiscal deficits, and creating macroeconomic instability. If the current trend continues, Africa will spend \$110 billion on food imports by 2025.

We must, however, see opportunities in the challenges. The collapse of the commodity prices facing African countries today is a challenge, yes, but it is also a real opportunity. An opportunity to rapidly diversify African economies.

And there is no better sector to diversify into than agriculture. Accelerating agricultural production will reduce the food import bills, revive the rural economies, slow down rural to urban migration, expand foreign exchange earnings and create jobs, especially for the youth.

Africa must seize this moment, and prioritize investments in agriculture.

That is why the African Development Bank has launched its Feed Africa Strategy. We plan to invest \$24 billion over the next ten years, in support of African countries and the private sector, to unlock the potential of African agriculture.

To get there, we need a stronger role for governments. Africa must learn from the Asian countries, which rapidly expanded public investments in their agricultural sectors, to achieve the green revolution. There is no

denying the fact that without the green revolution in Asia, the continent will not be the industrial and economic powerhouse that it is today.

Governments must play their role for better organizing the agriculture sector for greater performance. The structural adjustment and the disbandment of the marketing institutions that used to support farmers was a mistake. It set back African agriculture by decades. The assumption that these institutions would soon be replaced by the private sector never materialized.

This calls for a new role for the State – the developmental state.

Experiences from successful agricultural transformations in Africa show that they were achieved through strong partnerships between the State and the private sector.

Sound public policies stimulate sound private-sector investments.

The recent rapid growth of the Ethiopian commodity exchange was not because of an ‘invisible hand of the market’, but rather through a well-structured engagement of the State. This assured the formation of market institutions that allows the country to take advantage of its products for earning foreign exchange.

The success of Kenya in the horticulture industry did not happen by chance. The public sector played a critical role in directing financing for technologies through research and extension services for farmers. The

private-sector support was bolstered because there were strong institutions, such as the Fresh Produce Exporters Association of Kenya, that helped in marketing coordination.

The approach of the developed economies should inform us better: they never abandon their farmers. Just ask any politician in France who wants to dismantle subsidies for farmers, or a politician trying to win elections in the US who does not support farmers in Iowa.

When the world witnessed its worst financial crisis in 2008, the developed countries quickly ramped up Government support for banks and financial institutions. The banks were too big to fail.

It is time to support African farmers. African farmers cannot fail!

We must address farmers' perennial lack of access to finance. Despite accounting for some 32% of the GDP, the agriculture sector receives less than 3% of the banking sector's financing. The critical role of the Government is to help address the coordination failures and reduce the risks facing the financial sector in lending to the agriculture sector.

I know about this very well, as I led the team that started such an effort while I was Vice President here at AGRA. We worked to develop and roll out risk-sharing instruments to reduce the risk of commercial bank lending to the agriculture sector.

And it worked, with impressive results.

In Nigeria, we developed a national risk-sharing facility for banks to lend to agriculture – NIRSAL – with the Central Bank of Nigeria. One year later, I became the Minister of Agriculture in Nigeria. I went to work immediately with the Central Bank Governor of Nigeria to implement NIRSAL.

The results were amazing. Nigeria witnessed a 600% in lending by banks to the agriculture sector – rising from 0.7% of total bank lending to 5% within four years. Bolstered by the success, trust was built and banks rapidly established their own agricultural lending desks. NIRSAL, which started as a project intervention, has now grown to become a large self-sustaining non-bank financial institution. From Kenya, Uganda, Mozambique and Ghana, we also witnessed significant expansion of lending by banks due to the important role of Government in reducing lending risks.

The lesson is clear: development finance institutions and multilateral development banks, should now get together and set up national risk-sharing facilities in every African country, to substantially leverage financing to agriculture. This should include establishment of specialized *Agribusiness Development Banks*, to provide affordable finance to the agriculture sector and the value chains.

The political will to achieve this is now strong. At the Dakar High Level Conference on Agricultural Transformation, African Ministers of Finance, Ministers of Agriculture and Central Bank Governors decided to set up

facilities to de-risk the financial markets for agriculture across Africa. What a great development!

We must create markets and new income opportunities for farmers in rural areas. To do so, the current trend where food-manufacturing companies are located in the urban areas, close to the ports, depending on imported semi-processed foods or raw materials needs to change.

Massive quantities of food crops, fresh fruits and vegetables and dairy products go to waste in rural areas, while Africa depends on food imports. And the food waste is immense: enough to feed at least 300 million people a year. That is more than the 250 million people that go hungry each year in Africa.

Turning this around requires a fundamental change in policy to support the establishment of private sector-driven food processing and manufacturing companies in rural areas.

Governments can do this by developing agro-allied industrial zones and staple crop processing zones in rural areas. The zones, supported with consolidated infrastructure, including roads, water, electricity, will drive down the cost of doing business for private food and agribusiness firms.

They will create markets for farmers, boosting economic opportunities in rural areas, stimulating jobs and attracting higher domestic and foreign investments into the rural areas.

They will turn the rural areas into zones of economic prosperity.

Developing these agro-allied industrial zones and staple crop processing zones is a core priority for the African Development Bank's Feed Africa strategy.

The emergence of commodity exchanges in many parts of Africa will speed up this transition. The rapid rise in the use of mobile phones in Africa provides opportunities to further empower farmers to access market price information, extension services and agricultural inputs.

I know the power of mobile phones very well. As Minister of Agriculture in Nigeria, I supported the launch of the electronic wallet system that allowed farmers to access subsidized farm inputs via their mobile phones. It was built on a public-private partnership. Farmers paid for inputs themselves, bought them directly from the private sector, and Government simply provided targeted subsidies. The system linked farmers, mobile phone companies, banks and input suppliers.

Within four years, close to 15 million farmers in Nigeria accessed farm input through their mobile phones, allowing the country to boost its food production by an additional 21 million metric tons. The e-wallet system also helped to substantially curtail corruption in the fertilizer and seed distribution system, empowering farmers.

Women farmers benefited significantly, and some 2.5 million women farmers received farm inputs through the system. So powerful was the

system that one of the women farmers, Hajia Ladi Baladi, told me “with this e-wallet over mobile phones, we get our farm inputs easily and men cannot cheat us anymore”. That voice of empowerment of farmers through the e-wallet is resounding now as Kenya, Togo and Liberia have already adopted e-wallet systems for farm inputs.

A silent revolution on mobile phone payment system for farm inputs across Africa is on its way, through public-private partnerships. Some 30 countries have approached the African Development Bank to support the rollout of the e-wallet input distribution system.

We also need strong public-private partnerships to solve Africa’s malnutrition problem. I just visited Madagascar and was impressed with the potential they have in agriculture. I met with a young boy, whose name is Antonio. I thought he was a 5 year old. I was surprised when he said he was 13 years old. This is the result of malnutrition. He wants to be a medical doctor – and I hope he succeeds.

Today some 58 million children, like Antonio, are stunted in Africa; 14 million are wasted; while 10 million are obese. Malnutrition costs Africa \$25 billion annually, and shaves off some 11% of the GDP. Malnutrition is not just a health issue. It is an economic problem, because, stunted children today lead to stunted economies tomorrow.

We must change how we look at malnutrition. We can fix a bridge or a road. But you cannot fix damaged brain cells. I call for a major public-private partnership effort to build “grey matter infrastructure” in Africa. At



the Annual Meetings of the African Development Bank in May 2016 in Lusaka, Zambia, we established the African Leaders for Nutrition – in partnership with the Bill and Melinda Gates Foundation, the Big Win Philanthropy, Dangote Foundation and the Global Panel on Agriculture and Food Systems for Nutrition.

Our goal is to ensure accountability for malnutrition in Africa.

Public-private partnerships are needed to get younger entrepreneurs into the agricultural sector. To support this, the African Development Bank has launched a major initiative on Jobs for Youth in Africa, with the goal of supporting the creation of 25 million jobs for the youth over the next 10 years. The Bank's ENABLE Youth initiative seeks to help create agribusiness entrepreneurs. They will create a more vibrant private sector for agriculture. They, in turn, are expected to help create 8 million jobs in 10 years.

Finally, we must address the specific challenges facing women farmers. They form the majority of the labour force in agriculture, but lack access to land rights, finance, extension, appropriate technologies and markets. That is why the African Development Bank has launched a major initiative for women – the Affirmative Finance Action for Women (AFAWA) – to help leverage \$3 billion for women, including women farmers and entrepreneurs.

When we get the issues of women right in agriculture, then we will finally get agriculture in Africa right.

The future of African agriculture is bright. There has never been a more exciting time than this. Partnerships are what are needed to unlock the full potential of agriculture. Let me quote Kofi. A. Annan, my Chairman, when I was a Vice President at AGRA: “No single individual, group or government can take this monumental challenge alone”. We must “have the vision to work together”.

That is the spirit behind the African Development Bank’s Feed Africa Initiative. To work with others, to ensure that we end extreme poverty in Africa, eliminate malnutrition, make Africa food self-sufficient and move Africa to the top of the value chains, globally, for what it produces.

And we must do this within 10 years. Time is not on our side.

Let’s seize the moment. African farmers have waited for too long!