

**Speech by Dr. Akinwumi A. Adesina,
President of the African Development Bank Group
at the Mid-Term Ministerial Performance Review Retreat,
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**‘Nigeria’s Economic Resurgence:
Learning from the African Experience’**

Your Excellency President Muhammadu Buhari, GCFR, President of the Federal Republic of Nigeria;
Your Excellency, Prof. Yemi Osinbajo, GCON, Vice President of the Federal Republic of Nigeria;
The Secretary to the Government of the Federation, my dear brother, Boss Mustapha;
The Chief of Staff, Prof. Ibrahim Gambari;
Honorable Ministers;
Permanent Secretaries;
Captains of Industry;
Distinguished Ladies and Gentlemen.

Thank you, Mr. President, for inviting me as the Guest Speaker on the theme ‘*Nigeria’s economic resurgence: Learning from the African experience,*’ at this year’s Mid-Term Ministerial Performance Review Retreat.

As we meet today, the world continues to deal with the effects of the global COVID-19 pandemic. The pandemic has caused so many deaths and upended global economic growth.

Due to COVID-19, Nigeria’s economic growth rate declined to -1.8% in 2020. This mirrors the pattern across Africa, as the continent posted a -2.1% growth rate in GDP, its lowest in two decades.

The African Development Bank responded rapidly in supporting African countries. We launched a \$10 billion Crisis Response Facility to support countries.

We provided \$289 million in budget support to Nigeria.

The GDP growth rate for the continent will recover to 3.4% this year. We project Nigeria’s economic growth rate will rebound to 2.4% this year and reach 2.9% by 2022.

The recovery will depend on two critical issues: access to vaccines and tackling debt issues.

Africa has only 2% of its population vaccinated, compared to 54% in the U.S and 75% in Europe. *So, while developed countries are receiving booster shots, African countries cannot get basic shots.*

Nigeria must build quality *health care systems* that will protect its population, today and well into the future.

Nigeria must also build world-class local pharmaceutical industries, able to effectively tackle the production of therapeutic drugs and vaccines.

Here is the lesson: Nigeria must ***revamp*** its local pharmaceutical industry and launch strategic investments for local vaccine manufacturing. *Africa should not be begging for vaccines; Africa should be producing vaccines.*

The African Development Bank will invest **\$3 billion** in support of local pharmaceutical industries in Africa, including in Nigeria.

Your Excellencies,

Nigeria must decisively tackle its debt challenges. The issue is not about debt-to-GDP ratio, as Nigeria's debt-to-GDP ratio at 35% is still moderate. The big issue is how to service the debt and what that means for resources for domestic investments needed to spur faster economic growth.

The debt service to revenue ratio of Nigeria is high at 73%. Things will improve as oil prices recover, but the situation has revealed the vulnerability of Nigeria's economy. To have economic resurgence, we need to fix the *structure* of the economy and address some fundamentals.

Nigeria's challenge is revenue concentration, as the oil sector accounts for 75.4 % of export revenue and 50 % of all government revenue.

What is needed for sustained growth and economic resurgence is to remove the structural bottlenecks that limit the productivity and the revenue earning potential of the huge non-oil sectors.

Here is the lesson: Nigeria should significantly boost productivity and revenues from its non-oil sector, with appropriate fiscal and macroeconomic policies, especially flexible exchange rates that will enhance international competitiveness.

Your Excellencies,

Infrastructure is critical for unlocking the full potential of Nigeria's economy. Nigeria will need \$15 billion a year for investment in infrastructure.

Financial innovations should be prioritized as governments alone cannot afford these huge financial costs.

The private sector should be given incentives to invest in infrastructure.

The Federal Government's 15 trillion Naira Infrastructure Fund is a good idea, so is the initiative for tax credits for private sector investment in infrastructure. To be sustainable and more efficient, Public-Private Partnerships (PPPs) should be accelerated to finance major infrastructure across Nigeria.

Nigeria's institutional investors, especially the pension funds, should invest in infrastructure. Governments can also implement 'Infrastructure *Asset Recycling* models, where existing infrastructure assets on government books can be turned over to the private sector, freeing up financing for governments to invest in new infrastructure needs.

Here is the lesson: sustainable financing approaches such as PPPs and infrastructure asset recycling will allow Nigeria to attract significant private sector investment into infrastructure.

Your Excellencies,

This brings me to the issue of trade, investment, and competitiveness. The Africa Continental Free Trade Area presents a major opportunity for Nigeria. Consumer and business expenditures in Africa are projected to rise to \$6.7 trillion by 2030.

Significant support should be directed toward boosting industrial manufacturing capacities. Nigeria should also move rapidly to the top of selected value chains, such as automobiles, computers and electronics, textile and garments, and food manufacturing, transport, and logistics.

Much will depend on the ports of Nigeria.

According to the sector operators, the cost of exporting 100 tons of cargo in Nigeria is \$35,000, compared to \$4,000 in Ghana. Today, the leading ports for West Africa are in Cote d'Ivoire, Ghana, Togo, and Benin Republic. All these countries have modernized their port management systems, leaving Nigeria far behind.

Nigeria can learn from Morocco's world-class Tangier-Med port. The port is unique in that it is an industrial port complex, and a platform that has over 1,100 companies. They collectively exported over € 8 billion worth of goods in 2020.

Companies located at the Tangier-Med port have allowed Morocco to move up the global value chains, including automobiles, automotive parts, aeronautics, agriculture and food manufacturing, textiles, and logistics. Annually, over 460,000 cars are manufactured in the zone for exports. And more interesting is that the bulk of the human resources to do these are Moroccans.

I took a walk at the Tangier-Med Port. I actually thought they were on vacation, as I did not see people --- just machines, haulers, automated systems moving containers in what looked like a well-synchronized maze, with incredible efficiency. There were no kilometers of trucks waiting to get to the port.

Your Excellency, we should not be decongesting the ports in Nigeria, we should be **transforming** the ports.

This must start with cleaning up administrative bottlenecks, most of which are unnecessary with multiple government agencies at the ports, high transaction costs or even plain extortions from illegal taxes, which do not go into the coffers of the government.

Here is the lesson: Nigeria should rapidly modernize and transform its ports. Ports are not there for revenue generation. They are for *facilitating*

business and exports, and stimulating industrial manufacturing, and competitiveness of local businesses and exports.

Your Excellencies,

We must boost food security, reduce the price of food, and ensure greater competitiveness of the agricultural sector.

While I was Minister of Agriculture, we deployed a highly innovative mobile phone system to reach farmers with subsidized farm inputs, a program called ‘*Growth Enhancement Scheme*’ and the *e-wallet system*. To be clear, this was the first time in the world that such a system was deployed to reach farmers with subsidized farm inputs via mobile phones.

And it worked! It brought in transparency. It brought in accountability. It brought in all the major commercial banks. More importantly, it delivered impressive results and led to massive food production. It reached **15 million farmers** with high quality seeds and fertilizers, right in their villages. Nigeria’s food production boomed and expanded by an additional **21 million metric tons**.

The rice revolution started then, in Kebbi State and the Northwest, as we deployed innovative high-quality seeds of FARO 44 and FARO 52 rice, which we introduced to Nigeria from the Africa Rice Center.

I remember visiting the *Hadejia Valley irrigation project* in Jigawa State, as women farmers told me “*thank you Minister, we get our seeds and fertilizers right here via our mobile phones in our village and men cannot cheat us anymore*”! I was elated.

Prices of food fell, as productivity went up.

The ‘*Growth Enhancement Scheme*’ and the *e-wallet system* have been adopted in Togo, Liberia, and other African countries. Yet in Nigeria where they were developed, they are no longer being implemented.

Your Excellency, Mr. President, you will have people telling you it is the lack of rain that is leading to low food production. A little, *maybe*. That it is insecurity. Yes, maybe, *to some extent*. That it is middlemen. A little, *maybe*.

But, Mr. President, the **main reason** is that farmers no longer have access to quality improved seeds, fertilizers, and farm inputs at scale.

Farmers across the country are asking for the Federal Government to restore in their words “the popular Growth Enhancement Support Scheme and the e-Wallet system.”

The Chairman of the All Farmers Association of Nigeria (AFAN), Alhaji Farouk Mudi said in March 2020 “*These initiatives (the Growth Enhancement Support Scheme and the e-Wallet System) should be restored by the Federal Government. They will boost farmers’ production, create jobs and increase internally generated revenue for the States.*”

I would like to urge, Your Excellency Mr. President, please relaunch the ‘*Growth Enhancement Scheme*’ and the *e-wallet system* and put millions of farmers at the heart of agriculture -- at scale. If this is done, and run well, I can assure you that you will see a dramatic turnaround in national food production.

Your Excellency, Mr. President,

The African Development Bank has helped to finance the revolution of wheat in Sudan, with heat tolerant varieties, by producing 65,000 metric tons of seed. To give you a sense of the magnitude of this, let me say that the largest airplane, the Airbus 380 aircraft, fully loaded with passengers, fuel, and cargo, weighs 98.4 metric tons.

So, 65,000 metric tons of heat tolerant wheat in Sudan is equivalent to 660 Airbus 380 aircrafts parked on a landing strip.

The impact was dramatic. In just two seasons, we helped Sudan to cultivate these heat tolerant wheat varieties on 317,00 hectares, which produced 1.1 million metric tons of wheat.

The Prime Minister of Sudan, Abdallah Hamdok, said with this intervention “the country moved from 25% self-sufficiency to 54% in just two seasons. Sudan expects to become a net exporter of wheat within three years.”

We also supported Ethiopia to cultivate the heat tolerant varieties on over 184,000 hectares.

Interestingly, these same heat tolerant varieties were introduced to Nigeria when I was Minister of Agriculture and we worked hard to give them to farmers in the Lake Chad Basin.

Your Excellency Mr. President,

You may wish to know that during the insecurity in the area, my staff at the time, led by Dr. Oluwasina Olabanji, the then Executive Director of the Lake Chad Research Institute, and his team, stayed in the fields, protected the seeds being multiplied, and risked their lives. When insecurity became much more serious, they moved the varieties to Kadawa valley in Kano.

Dr. Olabanji deserves a national award.

I was on the farms in Kano with several *Seriki Nomas or farmer heads*. They could not believe that wheat could be as tall as they were! These varieties yield 5 tons per hectare compared to average yield of 1.5 tons per hectare – a 400% increase!

Nigeria should take advantage of the work of the Bank on this and scale up cultivation of heat tolerant wheat across northern Nigeria.

Your Excellency, Mr. President,

It is time to also take bold policy measures to drive the structural transformation of agriculture, with infrastructure and spatial economic policies.

The key for this is the development of *Special Agro-industrial Processing Zones (SAPZs)* across the country. These will be zones enabled with infrastructure and logistics, to support private sector food and agriculture companies to locate close to the areas of production, and to process and add value to food and agricultural commodities.

The African Development Bank and its partners have already mobilized \$520 million towards the program.

We are working closely with the Federal Government, seven State Governments, the Federal Capital Territory, the Ministries of Finance, Agriculture, Trade, Industry and Investment, Water Resources, and the Nigerian Sovereign Investment Authority (NSIA) on the design of these Special Agro-industrial Processing Zones. They are expected to create at least 1.5 million jobs.

Here is the lesson: Nigeria should establish Special Agro-industrial Processing Zones all across the country. The e-Wallet System and Growth Enhancement Scheme, to boost farmers access to productivity enhancing farm inputs should be reinstated and enshrined in law. Policy reversals should be avoided.

Your Excellencies,

We must unleash the potential of the youth of Nigeria. Today, over 75% of the population is under the age of 35. More decisive actions are needed to turn this demographic asset into an economic dividend. A young, productive, youthful population, with access to education, skills, social protection, affordable housing, and medical care, will power Nigeria's economy, now and well into the future.

We must move away from so-called '*youth empowerment programs.*' The youth do not need handouts. They need investments.

That is why the African Development Bank is currently working with Central Banks and countries to design and support the establishment of *Youth entrepreneurship investment banks*. These will be new financial institutions, run by young, professional, and highly competent financial experts and bankers, to develop and deploy new financial products and services for businesses and ventures of young people. Several African countries have already indicated their readiness to establish *Youth Entrepreneurship Investment Banks*.

Here is the lesson: Nigeria should make its youth the drivers of the new economy through the creation of *Youth Entrepreneurship Investment Banks*, that put new financial ecosystems around them to fully unleash their potential.

Your Excellencies,

One of the industries that will dominate the future is the FinTech industry. By 2030, 650 million Africans will have smart phones, and 50 million will have 5G phone networks. Digital payments, mobile money accounts, savings, credit, and money transfers will revolutionize businesses.

Nigeria's FinTech is surging as one the leaders in Africa today. Google recently announced plans to invest \$1 billion in Africa. That tells you something: they see the demographic and mobile tech growth and how this will rapidly change the future of e-commerce, trade, health, and finance.

Your Excellency, Mr. President,

The African Development Bank will support the Federal Government efforts, being led by Vice President Osinbajo, on the Digital Nigeria. The Bank is preparing investment in Digital and Creative Enterprises (I-DICE) program, a

\$600 million investment to be co-financed with several partners, which will promote entrepreneurship and innovation in the digital technology and creative industries.

Here is the lesson: Nigeria should take the FinTech industry as a major driver of the economy and invest heavily in digital infrastructure.

Your Excellencies,

An economically resurgent Nigeria must be a more peaceful and secure Nigeria. Today, more than ever, several African countries are spending a significant share of their budgets on security, displacing the resources needed for development.

Increasingly, the investible space in many parts of Africa, including Nigeria, is shrinking due to insecurity and insurgencies.

Yet, resources are not there to enable countries to cope with these rising challenges. We must recognize the *strong linkages* between *security, investment, growth, and development*.

That is why the African Development Bank is working on developing *Security-Indexed Investment Bonds* to help African countries and Regional Economic Communities to mobilize resources to tackle these challenges.

The *Security-Indexed Investment Bonds* will raise funds on the global capital markets to support countries to upgrade their security architecture, rebuild damaged infrastructure in conflict-affected areas, rebuild social infrastructure and protect zones where there are strategic investments.

Here is the lesson: without security there cannot be investment, without investment there cannot be growth, and without growth there cannot be development. The African Development Bank stands ready to help Nigeria in the design and implementation of *Security-Indexed Investment Bonds* to raise more resources to tackle its security challenges.

Your Excellencies,

Climate change will pose challenges to Nigeria's economic resurgence. Climate change has already decimated the whole of the Lake Chad basin. Today, that vast area, which used to provide livelihoods and resources for fisheries, livestock and food production is now littered with patch lands, dried up water beds and scorched earth.

Nigeria must decisively tackle climate change. The African Development Bank will be there to help. The Bank will mobilize \$25 billion in climate finance by 2025 in support of African countries.

Here is the lesson: Nigeria must prioritize climate adaptation and mitigation actions. It should prioritize the re-charging of the Lake Chad basin. It should drive for a just energy transition - with natural gas - to protect its economy, assure energy for industrialization, while reducing greenhouse gas emissions.

Your Excellency, Mr. President,

You and Nigeria sent me on an assignment. You personally stood by me in my most challenging moments last year. I was re-elected with **100% of the votes** of all 81 shareholder member countries, African and non-African.

I am also grateful for the tremendous support of the Minister of Finance, Mrs. Zanaib Ahmed; the Minister of Foreign Affairs, Geoffrey Onyeama; and the Chief of Staff to the President, Prof. Gambari; and indeed, all members of Cabinet, the National Assembly, and all Nigerians.

I am proud of what we have accomplished to date, with your strong support, and those of 81 shareholder member countries, African and non-African.

The African Development Bank received an increase in its general capital from \$93 billion to \$208 billion, the largest ever in its history.

The Bank has maintained its stellar AAA-ratings by the major global credit rating agencies, for six-years in a row, thanks to the strong support of our shareholders, including Nigeria.

This year, *Global Finance*, the globally renowned U.S Magazine, rated the African Development Bank as the *Best Multilateral Financial Institution in the world for 2021*.

That is the kind of Africa we want!

Africa showing global excellence in the midst of a turbulent world, finding solutions, and driving innovation and change, at scale.

We must work together, hand in hand, and rise above the tide of challenges.

We must never be defined by the extent of our challenges.

You are a very tall man, Your Excellency, Mr. President, so you can handle water in the swimming pool, stand in the deep end, with your head and shoulders still above water.

Like a builder strains to put one block on the other and cements them together, you need to ensure that all the blocks are the right blocks, and that they all fit together, to build the kind of structure you desire, and that the nation deserves.

We must be remembered by our ability, as individuals and collectively, to rise above challenges.

With sharp focus, relentless execution, fairness, equity, public accountability, and transparency, we must drive for a much better and economically stronger Nigeria.

A resurgent Nigeria.

The Nigeria we build.

The Nigeria we love.

Our Nigeria!

I know that Nigeria will shine.

Together, let us make that happen.

History must remember us for that.

Thank you very much, once again, Mr. President, for this great honour!
May God bless you, Mr. President.
May God bless the Federal Republic of Nigeria!