Statement by Omar Kabbaj,  
President of the African Development Bank  
on the Occasion of the Signing of  
Nigeria Trust Fund (NTF) Protocol Agreement  

Dubai, UAE  
22 September 2003
Your Excellency the Honourable Federal Minister of Finance for Nigeria and the ADB Governor,
The Executive Director for Nigeria,
Ladies and Gentlemen,

It is great pleasure to welcome you on the occasion of the signing of the New Protocol Agreement on the Nigeria Trust Fund. Let me take this opportunity to congratulate you once again on your recent appointment as the Minister of Finance of the Federal Republic of Nigeria. The appointment is a recognition of your distinguished career, and it is indeed a great honor for you to become the first woman Federal Minister of Finance. We look forward to working with you closely and to continue to contribute to the development efforts of the Government of Nigeria, as it strives to improve the performance of the Nigerian economy and raise the standards of living of the Nigerian people.

Honourable Governor,

As you are aware, we are gathered today to sign a Protocol Agreement on the Nigerian Trust Fund (NTF). The NTF, which is administered by the ADB, was set up in 1976 at the initiative of the Nigerian Government, for the purpose of providing concessional financing for the relatively less developed African countries. The Government of Nigeria has replenished the Fund on two occasions, demonstrating its continued commitment to the objectives and goals of the Fund.
Over the years, a large number of our regional member countries have benefited from the Fund. NTF resources have been used to finance programs and projects that have made significant contributions to the social and economic development of the borrowing countries. To-date, the NTF has committed loans exceeding UA 250 million for development projects in 36 regional member countries. And in 2003, five operations – in Angola, Ghana, Mauritania, Mauritius and Sierra Leone -- are scheduled to be presented to our Board for approval for NTF financing. Indeed, it is a pleasure for me to note that I will be signing an NTF loan agreement here in Dubai with the Minister of Finance for Rwanda for a project in the water sector.

Honourable Governor,

While the NTF has undoubtedly contributed to the development efforts of our regional member countries, both the Government of Nigeria and the African Development Bank realized in recent years of the desirability of making some adjustments to its operations to allow the Fund to meet better the changing needs of our regional member countries. Discussions on these changes were initiated at our Annual Meetings in Valencia, Spain, in 2001 and the agreement we are signing today is the outcome of that initiative.

The new protocol agreement provides for the following three important changes:
First, it enables the NTF to contribute to the HIPC Trust Fund thereby enabling it to participate in HIPC debt relief for our eligible regional member countries – similar to the ADB and the ADF.

Second, it provides greater flexibility and adjustments in the interest rates that will be charged for NTF loans to increase its concessionality for low-income countries.

Third, it permits the creation of a Technical Co-operation Fund (TCF) to finance technical and institutional support programmes for the benefit of our regional member countries. The TCF will, in particular, promote greater intra-Africa technical cooperation, by helping mobilize African expertise.

We believe that these are very important amendments that will strengthen the operational effectiveness of NTF as an instrument for economic and social development and poverty reduction in Africa. And on behalf of the African Development Bank Group and its Executive Board -- as well as the beneficiaries of the Fund -- let me express to you our profound appreciation to President Obasanjo and the Government of Nigeria for agreeing to these adjustments. Indeed, the willingness of the Government of Nigeria to agree to these changes is further proof of its unwavering commitment to the economic development of the African continent and its readiness to respond to the changing needs of our regional member countries.
Honorable Governor,

Permit me to conclude by assuring you that, with the signing of the Protocol, we will continue to make every effort to enhance the development effectiveness of the Nigerian Trust Fund in the years ahead.

And let me also take this opportunity to assure you once again that the African Development Bank stands ready to work closely with you as you discharge your heavy responsibilities. We will, in particular, continue to support your government in its renewed reform efforts and in its fight to reduce poverty. And on our part, we will continue to count on the unceasing support that the Nigerian Government -- as our largest shareholder -- has extended to our Bank over the years.

With these remarks, Honourable Minister, it gives me great pleasure to sign with you this important Nigeria Trust Fund Protocol Agreement.