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BY

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Introduction – NEPAD and the ADB

It is my pleasure to open this two-day sensitization seminar for Bank staff on the progress and challenges in the implementation of NEPAD programs and the implications for the Bank. It is also a pleasure for me to welcome Professor Wiseman Nkuhlu, and Ambassador Kiplagat to the Bank, and to thank them for taking the time to be here with us today. Let me from the onset underline the importance that I attach to this seminar. I consider it to be very important and timely, given the increasing and special attention that Africa’s development issues are receiving from the international community, and the important role that the Bank is playing in this connection.

As you are all aware, the Bank has special interest in NEPAD for several reasons. First, the NEPAD initiative is an important development program that aims to place the continent on a path of sustainable growth and development. The initiative is anchored on the determination of African
leaders to pull the continent out of the cycle of underdevelopment and economic mismanagement, and to redress the danger of marginalization from the globalization process.

NEPAD represents a commitment by African leaders to the continent's revitalization and renaissance in the 21st century. NEPAD’s goal is to infuse new energy, establish solid partnerships, and create a stronger basis for the sustainable development of the continent. The initiative calls on African leaders to take individual and collective responsibility for addressing the inter-locking problems of poverty and underdevelopment on the continent, by creating and sustaining appropriate policy environments in their respective countries.

It also calls for a new global partnership with the international community based on shared responsibility and mutual interest and accountability. In all, therefore, NEPAD can be seen as a long-term vision of an African-owned and African-driven development initiative, deserving the full support from the African Development Bank, as Africa’s premier development finance institution.
Second, it is significant to underline that NEPAD is consistent with the Bank’s Vision for poverty reduction and the promotion of accelerated broad-based economic growth in African countries. Therefore, it is not surprising that, as part of its normal operations, the Bank was already addressing many of the priority areas of NEPAD right from the onset of the program.

Third, at the launching of the initiative in November 2001, the Heads of State and Government Implementation Committee (HSGIC) of NEPAD requested the Bank to provide leadership and advisory services to key areas of the initiative. Specifically, the Bank was given the lead mandate for the development and implementation of the infrastructure program, and for fostering the adoption and implementation of banking and financial standards. The Bank was also requested to collaborate with the Economic Commission for Africa (ECA) on Economic and Corporate Governance, and to take the lead role in providing technical advice in the implementation of good corporate governance under the African Peer Review Mechanism. Furthermore, in 2004, as the African Peer Review Mechanism (APRM) was being operationalized, the Bank was designated as one of its Strategic Partners. Together with the UNDP and the ECA, the other Strategic Partners, the Bank provides technical support to the process and in this way ensures the independence and credibility of the process. Beyond these specific mandates, the Bank is also increasingly being called upon to provide technical support in the design and implementation of other NEPAD programs, particularly agriculture and environment, but also in the social sector.
In order to implement its NEPAD mandate, the Bank established an interim NEPAD Support Unit within its organisational structure. The Unit, under the direct supervision of the Vice President, ONVP, is staffed by a small team of professional staff in infrastructure and banking and financial standards, and is headed by a Director. In addition, the Boards of Directors approve yearly administrative budgets necessary to fund the Bank’s technical and logistic support to the NEPAD.

The NEPAD Support Unit is responsible, mainly for coordinating the Bank’s involvement in the NEPAD process, and draws on the resources of the whole Bank to do its work. In addition, the Bank collaborates with other Development Partners, particularly the Bretton Woods Institutions, the EU, the Development Bank of South Africa (DBSA), and many other donor agencies and countries. I am pleased to note that through these collaborative efforts, the Bank has made quite good progress, particularly in the areas for which it was given lead responsibility.
Progress in the Implementation of NEPAD Projects and Programs

Ladies and Gentlemen,

Let me now highlight some of the progress that the Bank has spearheaded or supported in the implementation of NEPAD.

For Infrastructure, the Bank in 2002 developed a Short Term Action Plan (STAP), which kick-started the process of concerted and programmatic efforts to develop infrastructure on the continent.

- The most visible success in the implementation of STAP is the increasing number of projects that have been approved, and that have now entered the implementation stage. The Bank has contributed significantly to this success. The total of STAP projects financed by the Bank and other developing partners, during the past three years, amounts to almost US three (3) billion dollars, which represents 27% of the total estimated cost for the STAP. Taking into account the projects currently under consideration for financing by ADB would bring the percentage financed to over 33%.

In addition to these investments, the Bank Group has also supported and undertaken a large number of other activities, including capacity building and institutional strengthening. More recently, the Bank has intensified its efforts in promoting the involvement of the private sector in the NEPAD.

- Moreover, in recognition of the need to provide support for the preparation of projects the Bank set up, in 2003, a NEPAD
Infrastructure Preparation Facility (IPPF), with a seed funding of 10 million Canadian Dollars provided by the Government of Canada. Under the Facility, the Bank has already approved US2 million dollars for project preparation. The IPPF is currently being transformed into a multi-donor facility to which the Government of Denmark has already made a contribution of USD 500, 000.

- Furthermore, for the medium and long-term, staff is currently finalizing for Board approval, the financing of the study on the medium to long-term strategic framework (MLTSF). This framework will serve as the basis for defining, implementing and monitoring infrastructure development on the continent.

- **Concerning the APRM**, the Bank Group’s support is being carried out in three phases: In the first phase, the Bank provided support to the critical task of designing the APRM and developing the instruments and indicators that are now being used in the assessments and country reviews. In the second and on-going phase, the Bank is providing support to the APRM Secretariat and the Panel of Eminent Persons in the country reviews. In the third phase, following the country reviews, the Bank will provide support to countries to implement the Programs of Action they have adopted to improve governance.

- **In addition to the above**, the Bank has also provided support to NEPAD in its other priority areas. These include institutional strengthening both to the NEPAD and APRM secretariats, assistance
in preparing the Comprehensive African Agriculture Development Program (CAADP) and the funding of projects in the agriculture and rural development, the education, and health sectors. Thus, over the past two years, the Bank has mobilized more than US100 Dollars million in financing for multinational projects in these other sectors.

**Challenges and Opportunities facing NEPAD**

Ladies and Gentlemen,

Despite the above progress, the Heads of State rightly urge that the implementation of NEPAD programs should be accelerated. However, progress is held back by a number of constraints, of which those related to capacity and financing at the national, REC and continental levels are key. In addition, indications are that we are entering into a period of intense increase in activities, reflecting the need to speed up the implementation of the infrastructure programs under NEPAD. Similarly, in the APRM, an increasing number of countries are being programmed for review, and those already reviewed will need support to implement their Programs of Action.

Furthermore, the implementation of NEPAD is set to gain an important boost from the recent recognition by the international community of the need to increase attention and efforts to support Africa’s development, and provide additional resources, if Africa is to meet the Millennium Development Goals. In the context, the African Heads of State have called upon the Bank to play a central role, and have collectively
expressed their wish for the Bank Group to host the $10-billion NEPAD infrastructure financing facility proposed by the Commission for Africa. We believe that this is a testimony of their confidence in the Bank and an endorsement of their recognition for its contribution to the implementation of NEPAD.

These developments mean, therefore, that the Bank has to be even better prepared to provide timely and adequate support to the implementation of NEPAD. While the NEPAD Support Unit will take the lead in coordinating these efforts, it will continue to draw on the rest of the Bank for support. Therefore, Management will strengthen the Unit’s capacity to internalize and coordinate the NEPAD programs, and to draw effectively on the rest of the Bank for resources.

**Concluding Remarks**

Ladies and Gentlemen,

In conclusion, let me again underline that the implementation of NEPAD stands at a critical juncture. First, we must seize on the political commitment among African Heads of State, which is still very high. Second, the support of the international community is increasing. These circumstances offer optimism for the successful implementation of the initiative. What is needed is to put in place effective mechanisms for utilizing the additional resources that will be made available.
In this context, let me reiterate the importance that I attach to this seminar: As I said earlier, it gives staff the opportunity to learn about the NEPAD and APRM programs and to discuss progress and challenges in their implementation. But over and beyond that, it also provides staff a forum for the exchange of views on how the Bank should prepare and organize its support to the NEPAD and APRM programs, so that our interventions will be even more timely and effective. I, therefore, look forward to your recommendations and urge that your discussions should be open and frank.

Finally, and on your behalf, I wish to once again, sincerely thank, Professor Nkuhlu, and Ambassador Kiplagat, for the collaboration and support which the Bank has enjoyed in the implementation of the NEPAD programs from both the NEPAD and APRM Secretariats. Their presence with us is a manifestation of their confidence in, and support to the work of the Bank.

I wish you fruitful discussions.

Thank you.