Governors’ Forum on the Bank’s 6th General Capital Increase
Closing Remarks

Dr. Donald Kaberuka
President

Event: Governors’ Forum on the Sixth General Capital Increase of the AfDB
Tunis, Tunisia
12 February 2010
As we come to the end of these consultations I want to express on behalf of management of the Bank our gratitude and satisfaction at the outcome and strong support for the proposals before you. It is truly sobering to hear so many of you under such budgetary pressures and yet making such firm commitments for your institution. As I said this morning, this is a defining moment for the Bank. The message you are sending out today is a powerful one. We will now go forward with additional consultations as the Secretary General indicated a while ago.

In April the Governors consultative Committee will convene at the same time as the Bretton Woods Institutions spring meeting to consider formally the proposals. I believe the position you have taken today of strong support and strong ownership – and your determination to continue reinforcing the Bank Group into a strong world class African institution – will no doubt facilitate our ability to arrive at a positive conclusion.

Many of you have referred to the other ongoing parallel process of mobilizing resources for our soft window at a period when the needs of ADF-eligible countries have increased and yet when competition for scarce resources from the donors will be quite a challenge.

I know I can rely on, as you have always done to indicate to our partners the donors, your strong wish for a generous support and replenishment to the ADF. We need that strong African voice for the African Development Fund.

Mr. Chairman, a number of very important points were raised today to which we will reflect upon, but let me briefly refer to three points which were raised by number of Governors.

First, the issue of pricing of our sovereign loans to the Middle Income Countries: we will, with our Board of Directors, study the matter in depth and I am confident we can come to an acceptable formula in the overall interest of the Bank. Let me assure you that our overall purpose is dual: to always ensure a sound, strong financial position for our Bank; and preserving its triple AAA rating. I know that is what you expect of us.

Our second objective is to provide competitive financing to our borrowers to support their development, especially at this time when access to capital markets is not what it used to be. The studies underway are meant to reconcile those two noble goals.

Another issue raised here – and with me in individual consultations – is that of increasing coverage of our private sector window in all RMCs. It is an objective we
share and are working towards. You will be pleased to hear that our private sector activities already cover 19 low income countries. I mean direct operations. In addition, we have indirect operations in 10 more countries. This does not count our lines of credit to regional development banks whose facilities are available to a wider range of countries.

I am told that during the course of this year the pipeline shows an additional five countries, which means by the end of the year we will be present in at least 34 countries. You will understand the constraints we face and the need for assessing risks adequately. We will seek to do better and I hope in the coming years we can report progress.

In a similar vein, I welcome your ardent wish that the Bank window steadily increase its relevance to low income countries. This will require steady innovation as many of you have mentioned and I would like to assure you that is our intention, subject of course to the legal and operational limitations which we must respect at all times, as we search for the most innovative ways of operating under the “One Bank Model” which we all desire. Our current credit policy, adopted in 1995, is similar to that of the World Bank and consideration is given to developing an autonomous policy, as many of you have indicated.

Let me finally give further assurance for those of you who have referred to the issue of strengthening even further our institutional capacity and risk management. As our Vice President for Finance indicated this morning, we have commissioned an external review of our risk management policies and practices. This forms a very good basis for Board considerations for any further enhancements which are necessary.

Many of you welcomed the results of the decentralization process and underscored the need to strengthen it, notably by delegating more authority to the field offices and implementing it faster. In that regard, I am happy to inform you that we recently developed a road map recommending appropriate measures tailored to meet the diverse circumstances and needs of regional member countries. I am convinced that these recommendations that we will soon submit to the Board of Directors for consideration will enable us to amplify the positive impact of decentralization while strengthening the safeguards already in place.

I would like to assure you that we will closely examine the relevant proposals and wise guidelines that you have kindly shared with management during this meeting.
I will end my statement on the same note as I did this morning by expressing to you our gratitude for your effective participation, your strategic guidelines and your unanimous backing for the General Capital Increase.

I would like to reiterate our unflinching commitment to continue supporting your development efforts within the framework of our Medium Term Strategy which remains relevant, although as you would agree adjustments are needed given the new prevailing circumstances.

Permit me, once again, to thank you for the clear success of our meeting today. You have spoken with one voice. You have put Africa’s interest and that of the African Bank – your Bank – at the forefront. You can be proud of what you have accomplished here in Tunis.

I join you in expressing our sincere thanks to the Governor for Tunisia and, through him, to the Tunisian Government and People for their hospitality. My thanks also go to members of the Boards of Directors, the Senior Management Team, all staff and everyone who has contributed in one way or another to the excellent organization of our meeting.

I thank you for your kind attention and wish you a safe return to your respective abodes.