AFRICAN DEVELOPMENT BANK GROUP

COMPENDIUM OF SPEECHES

2009 ANNUAL MEETINGS

FORTY-FOURTH ANNUAL MEETING OF THE ADB BOARD OF GOVERNORS
AND THE THIRTY-FIFTH ANNUAL MEETING OF THE ADF BOARD OF
GOVERNORS

HELD AT THE PALAIS DES CONGRES, HOTEL MERIDIEN PRESIDENT
DAKAR, SENEGAL ON 13 AND 14 MAY 2009
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OPENING CEREMONY WELCOME ADDRESS
BY THE GOVERNOR FOR SENEGAL
Mr. ABDOULAYE DIOP

Your Excellencies the Heads of State,
Mr. Prime Minister,
Mr. President of ADB,
Honourable Deputies,
Distinguished Representatives of Diplomatic Missions Accredited to Senegal,
Ladies and Gentlemen

First, I wish to thank President Kaberuka and the entire African Development Bank Group for having selected our country as the venue for their Annual Meetings for the 3rd time after 1975 and 1992. We highly appreciate this sign of confidence. This confidence has, moreover, strongly motivated the National Organization Committee and the Scientific Committee I set up, which have worked tirelessly to ensure the success of our deliberations today.

I should also like to thank the Heads of State and Government who accepted the invitation from their peer, Mr. Abdoulaye Wade, to honour the 44th Annual Meetings with their presence.

And everyone is aware, Mr. President of the Republic of Senegal, of your interest in economic and financial issues, and more generally, in Africa’s development. That is why, by agreeing to host and preside over the Annual Meetings of the Bank Group yourself, you could find no better way to demonstrate your support for Africa’s premier financial institution.

Excellencies,
Ladies and Gentlemen

These Annual Meetings of the African Development Bank (ADB) Group are being held against a backdrop of a serious economic and financial crisis, which is affecting the entire global economy, in particular its most vulnerable segment, the African countries. Indeed, this crisis could drag over 50 million women and children down into extreme poverty.

The theme selected this year by ADB ‘Africa and the Financial Crisis: An Agenda for Action’ appears highly appropriate under these conditions. In fact, today, no subject could be more unifying for the member countries of our institution. For that reason, its discussion, in our opinion, requires: a critical diagnosis, a risk assessment and the targeting of measures to be implemented in the form of an agenda for action.

Regarding the diagnosis, it has been established that the present situation was caused by the bursting of the bubble created by the deep deregulation of the financial markets, partly facilitated by weak or non-existent supervision rules; in these speculative markets, priority was wrongly given to virtual self-regulatory mechanisms, in a context of increasing financial sophistication and a frantic quest for additional profits, which only the presence of investors in the real sector could generate.
Of course, such deregulation could not have prospered without the existence of offshore centres and the development of ‘regulatory dumping’, remuneration practices for operators leading to increased and reckless risk-taking, and finally, without the unorthodox behaviour, even incompetency of the rating agencies, which were normally required to provide sufficient information on the situation of businesses whose assets had been overvalued.

Regarding risks, it should be emphasized that the scale of, and time taken to perceive the direct and indirect impacts of the crisis vary from one African country to another, depending on the level of sophistication of the economics and markets, as well as the closeness of their ties with the Western financial centres. For example, the member states of the West African Economic and Monetary Union (WAEMU), which appeared relatively unscathed until recently, now seem to perceive tangible warning signs of internal imbalances induced by the crisis.

The effects of the contraction in demand in the rich countries could be particularly severely felt at all levels: employment, remittances from our migrant compatriots, foreign direct investment, official development assistance, trade, tourism and public revenue.

Excellencies,
Ladies and Gentlemen

The impact will be all the more difficult to bear since the current crisis has occurred at a time when the impacts of the recent surge in the prices of energy and food prices has not been fully absorbed by the central government budgets.

Regarding the measures to be implemented, it is essential for all the parties involved in one way or another, to assume their responsibilities.

In this respect, the development partners should make every effort to increase financing in favour of Africa. Important decisions already taken to that effect, in particular during the recent Spring meetings of the Bretton Woods institutions are to be commended. We feel, however, these should be consolidated by new initiatives towards a greater expansion of financing instruments; but these instruments must be better adapted to needs, as well as by robust measures to ease the conditionalities of access to resources.

In this area, particular attention should be paid to low income countries, with a significant increase in resources allocated for concessional loans. More generally, it is urgent for commitments regarding official development assistance and the mobilization of resources in favour of the countries of the South, to be honoured and implemented.

These measures should be accompanied by an improvement in the representation of our countries in the multilateral finance institutions. The rapid implementation of the agreements concluded in this area should be effective and strengthened by broader reforms concerning the governance of these institutions, likely to rebalance the power. Of course, the revision of IMF quotas should also be high on the agenda for meeting African concerns.
Excellencies,
Ladies and Gentlemen

Africa remains a continent with a high potential, which, if sensibly tapped under the crisis could finally lift a significant proportion of our population out of the precarious situations in which they are living and which are exacerbated by the external shocks.

Indeed, the economic and financial crisis should be a source of commercial and investment opportunities. In this context, the Emergency Plan to achieve Food Security in Burkina Faso and the Great Agricultural Offensive for Food and Abundance (GOANA) in Senegal are, among others, eloquent examples of response, which have adequately demonstrated that the food crisis was not inevitable.

Furthermore, we must seize the opportunity to increase diversification as well as to expand our cooperation towards countries which, until recently were on the sidelines of our traditional partnership. These are in particular, countries grouped together under the acronym ‘BRIC’, namely Brazil, Russia, India and China, which should henceforth be in a key position to consolidate their economic and political ties with African countries in general.

In this respect, many opportunities can be seized with their support, in particular within growth-bearing clusters or sectors but also in the context of converging initiatives to determine promising niches or for the establishment of developmental infrastructure.

At the continental level, the concept of a new deal in favour of economic and social development represents a major challenge, which could enable Africa to address the crisis.

Excellencies,
Ladies and Gentlemen

We must continue to deploy relentless efforts to increase: foreign direct investment. To attract investors, it will be necessary to create an enabling environment which should culminate in several actions including: consolidation of macroeconomic stability, the creation of an attractive business environment, establishing good governance as a rule and strengthening regional integration, for example. We should also continue to defend the just positions adopted to-date for a balanced liberalization of trade in conformity with our interests.

In this respect, the expected agenda for action following the deliberations of this 44th Annual meeting should include operational, but ambitious recommendations and proposals. For our part, we deemed it opportune to make a small contribution to the deliberations, prepared by a multidisciplinary team composed of senior officials of the Senegalese Administration.

Regarding the approach, all these reforms should be incorporated in an appropriate framework. They require responsiveness on our part, given the urgency, united action and unflinching political will. Indeed, even though many of these measures could be steered and implemented by our regional economic and political institutions, it is highly desirable for African countries to reach a consensus on a common action at continental level, which is a prerequisite for any viable initiative.
The implementation of an agenda for action represents a major challenge to be taken up. To this end, we feel that the Continent’s supreme political body, namely the African Union (AU) should play a key role in determining orientations and setting specific objectives to be assigned to the different actors on the basis of a pre-determined timeframe. To this end, we feel two framework principles should be proposed: activities must be carried out at the most appropriate level possible, according to the principle of subsidiarity, and it does not, a priori, seem necessary to envisage the establishment of new institutions/structures for their implementation.

Under these conditions, the sense of political unity and the general interest of the African countries send out a strong message to the development partners of the African countries and, to some extent, constitute a response to the markets which must once again find the stability and reason which have eluded them.

Excellencies,
Ladies and Gentlemen

It is also urgent for the States to assume their responsibilities by ensuring the diligent implementation of all the decisions stemming from this meeting. Throughout the world, the developed countries have already set the tone: The Paulson Plan in the United States, the Economic Action Plan in Canada and the European Union’s Recovery Plan to name but the principal ones. These initiatives have made it possible to unite and initiate a process of concerted activities to address the crisis, a process that the African countries should follow.

As far as we are concerned, our countries have a major financial ally and instrument, namely the African Development Bank.

Indeed, since its establishment, the Bank has played a key role in financing the public and private needs of Africa, on suitable terms while displaying financial solidity and soundness which are internationally recognized.

For Senegal, in particular, cooperation with the ADB Group, which began in October 1972, is highly satisfactory. It has made it possible to finance 64 national operations (excluding the private sector) for a total amount of over US$ 1 billion. The main target sectors, namely the infrastructure (39%), social (21%) and rural (19%) sectors are of strategic importance for our country. Three private sector operations have been financed for an amount of over US$ 16 million.

To these interventions could be added the support to about twenty multinational operations for a cumulative amount of US$ 26 million involving institutions, organizations and structures such as the Gambia River Development Organization (OMVG), the Organization for the Development of the Senegal River (OMVS) and the West African Economic and Monetary Union (WAEMU).

Excellencies,
Ladies and Gentlemen

As you have noted, the Bank Group’s assistance is fully in keeping with our countries’ concerns. Indeed the Bank’s operations policy while focused on the Millennium Development Goals, poverty reduction and the promotion of growth, has set itself the major objectives of support to infrastructure, governance, private sector development, and regional
integration. It targets, among others, the promotion of the agriculture, social and human development sectors as well as cross-cutting issues, in particular gender parity, environmental viability and climate change.

Excellencies,
Ladies and Gentlemen

These are the areas of intervention which should be at the core of the measures we must implement in order to cushion the impact of the crisis and put Africa on the lasting path of growth and development for the benefit of our populations. The ADB’s actions should, therefore, be rigorously supported by all the members and development partners.

Thank you for your kind attention.
OPENING ADDRESS BY THE PRESIDENT
OF THE AFRICAN DEVELOPMENT BANK GROUP

Dr. DONALD KABERUKA

AFRICA IN 2009: MOMENT OF RESOLVE – TO GO FORWARD

Mr. Chairman
Your Excellencies, Heads of States and Government
Governors, Mr. Ping, Mr. Janneh
Distinguished Guests
Ladies and Gentlemen

1. I warmly welcome you all to the Annual Meetings – and – let me extend my gratitude to the Government of Senegal and the People of Dakar – such a beautiful city for their hospitality. We are all extremely honored by the presence among us of two eminent leaders - President Abdoulaye Wade – and President Blaise Compaore honoring us for the second time. My thanks also go to the Vice President of Ghana who is with us this morning, and to my two good friends Mr. Ping and Mr. Janneh, with whom we have worked closely over the last six months.

Let me also recognize my predecessors who are present here today and all our distinguished guests who have found time to be with us.

Allow me to extend a special welcome to our newest member, the Grand Duchy of Luxembourg.

Last year it was Turkey, this year it is Luxembourg.

The ADB family is growing as more countries join and I look forward to welcoming more members.

44 Years of Achievements

2. This year marks the 44th Anniversary of the Bank – forty four years of service to Africa.

We have had many achievements, occasional setbacks, but, we can be proud of the Institution which over years, together we have built – a pride for Africa, an institution which has remained robust even in such difficult global times for many financial institutions.

At times such as these when Africa needs its Bank we need to continue keeping our Bank strong.

The Economic Crisis

3. The central issue which commands the attention of the world at this moment is the
global financial crisis; what it implies for Africa, and for the work we do at the Bank.

4 Mr. Chairman,

At the beginning of this crisis, I put in place a Financial Crisis Monitoring Group. I assigned to it the mission of continuously assessing the impact on African economies, on the Bank, and implications for our work on the Continent.

Together with Mr. Ping and Mr. Janneh, we convened in Tunis -- Finance Ministers, Central Bank Governors and Regional Economic Organizations -- with a view to assessing this new landscape and to make proposals going forward. We set up a mechanism – the Committee of Ten, to keep the situation under review.

I would like to acknowledge here the work done by the Committee of Ten to which some of you participated, including making inputs into the G20 process.

5. At this point, no one can tell, with any degree of certainty, whether the worst for the global economy is over.

There are indications in both directions.

The G20 has taken steps to stimulate global demand, and to restore stability and confidence in the global system.

But it is clearly too soon to gauge the impact of the measures.

6. For us in Africa, it is true we have not suffered banking crises or major financial sector distress.

But our economies are to varying degrees suffering second round effects on the real economy through a number of channels which differ from country to country.

For some, it is commodity exports and investment flows, while for others, lower remittances and tourism receipts are the main channel.

Perhaps what is a cause of greater uncertainty is that most likely, and in contrast to the emerging markets, the crisis for us is still unfolding and we therefore have not yet seen its full impact.

What is certain though is that there will be, inevitably, everywhere, some contraction of those sectors dependent on international demand and hence what that means for tax revenues, jobs and especially the health of the banking sector, which would require vigilance.

7 A few weeks back, I visited North West Zambia, the copper belt area; and as copper prices have tumbled in six months from US$ 8,000/tonne to less than US$ 3,500, some mines
were at risk of closing, with hundreds of jobs being lost and the nation making tough fiscal choices.

8  Behind these numbers are people, families and countries, whose aspirations are thwarted.

Aspirations of a continent which worked for decades, laboured hard on economic reforms, to turn real per capita GDP growth from negative to 7%; only to see that wiped out, in six months.

What took Africa a decade to build is rolled back in such a short period of time; and in all probabilities, whenever the global economy recovers, Africa’s turn around will be much slower.

9.  There are several major risks ahead; but let me just pick a few:

- The first is the return of the twin deficits.

  The large reductions in the budget balances will place enormous pressures on the ability by Governments to deliver basic services, let alone pursue development programs.

- The second is the loss of MDG momentum – and deteriorating social conditions.

  While it is true that many countries in Africa were “off track” for several MDGs, such as infant mortality; there were other goals, where progress was encouraging. An example is, Universal Primary Education;

- The third; is the setback for countries who were beginning to attract significant investment, and access to capital markets thereby reducing steadily their dependence on external aid.

  Much of the proceedings of those bond issues had been geared for infrastructure; power, railways, rehabilitation, so critical to the Continent’s growth promise as infrastructure development slows down. Access to this type of funding is now rare and onerous.

10.  So today, I have two combined messages: a message of urgency with optimism.

    First, I remain convinced that the long-term prospects for Africa are still very bright. I believe, we can limit the damage and prepare for a re-takeoff. The problem we face today affects all countries in the world, rich countries, emerging economies and low income countries for which the world has come together in search for solutions.

    Africa is looking for no more, no less – as a partner – not a supplicant, but rather to be part of a coordinated global response to a crisis which is none of its creation, yet for which it is a vital part of the response.

    I am persuaded that, if we do the right things, Africa can withstand the effects of the crisis, and prepare for a retake off. And I see ground for optimism.
11. Let me explain: In the first quarter of 2009, in spite of the global slump, fourteen countries in Africa are holding out and still managing to grow at above 5%.

Thirteen others are able to post GDP growth above population increase.

This is admittedly not enough; but it means that in twenty seven countries, real per capita income is at least not contracting. And that is encouraging news.

12. In contrast, Economic growth in twenty six countries has fallen back below the rate of increase in population.

This is alarming. The countries in question fall into four categories; in the majority of whom we are convinced the situation is reversible.

- Very open economies, strongly dependent on international demand;
- Countries dependent on oil, or a narrow range of minerals;
- Economies touched by slowdown in the regional engines of growth, or by the neighborhood effects, so to speak.
- Fourthly, the Fragile States.

In each of all these four categories, it is evident that combined national and international action can turn round the situation.

13. My message therefore is that, in spite of the difficult gloomy conditions, I am optimistic; because Africa is the frontier market – the last frontier, and has laid strong foundations.

I am optimistic because I believe in the resilience of our people, exemplified by a stamina and perseverance to painfully, over two decades, transform the economic landscape, and whose impact is durable and not about to disappear.

The story of Africa over the lat 30 years has been one of episodic growth phases, followed by prolonged decline usually on the back of commodity booms and burst.

But I am convinced this time round, what happened in Africa over the last decade was not a flash in the pan – it is durable if we are prepared to do the right thing.

14. And therefore, this should not be the moment of gloom and despondency – but one of resolve – resolve to move forward.

- Let us not draw the wrong lessons. Sooner or later the crisis will be over, at that point our business climate should not be found wanting.
- Some have said it is an opportunity to decouple from globalization. Some have questioned the relevance of market friendly policies.

While I fully share the sentiment that globalization through raw materials has serious downside, this is not the time to walk away from globalization, it is
time to seek for a qualitatively different form of integration including faster, accelerated integration with the neighborhood, namely, regional integration.

Some have questioned whether it is not the opportunity to decouple from the market economy.

That would be self defeating and is not necessary. At times such as this, we need more markets but we also need more effective states able to fulfill their role – a role which enables, rather than disables enterprise to flourish.

15. And for us at the Bank, what does it all mean? For the Bank and sister international finance institutions, we are called upon to scale up, optimize, innovate, complement, advocate, but I would like to add and strike a balance between the short term crisis responses and the longer term structural concerns - the private sector, infrastructure and regional integration and governance, which ensure sustainable growth and which are at the heart of our Medium Term Strategy.

I welcome the determination by our partners to fulfill commitments, old and new.

It is true the financial crisis has thrown up tight domestic financial choices for all, but we can all agree that a solution that excludes Africa is no solution. Therefore, let us take a few practical steps. Let us begin by committing to keep the ADF strong.

As we frontload and accelerate resource transfers, let us be sure of what we will do next year and the year after and thereby minimize volatility and uncertainty for ADF eligible countries.

But let us also give a renewed urgency to the Paris Declaration and the Accra Agenda for Action.

Time is now to close the gap between the Declaration and implementation.

Time is now to give countries real ownership, for meaningful division of labour between bilaterals, IFIs and among IFIs themselves.

Let these noble concepts of alignment and harmonization not remain the experts “development speak” but a framework to which I know we fully committed and do so in practice.

Mr. Chairman,
Your Excellencies

16. The G20 Summit has called for MDBs to scale up their activities over the next three years and we are.

And we are ready to do more in collaboration with other IFIs. Yesterday, as part of a coordinated response, the African Development Bank, together with six sister institutions; the World Bank Group, EIB, AFD, KFW, the Islamic Development Bank, the DBSA, agreed on a joint action plan, to pool our resources and expertise for greater effectiveness in responding to the crisis.
We will commit over the next three years, 15 billion dollars in support of trade finance, liquidity program, infrastructure, bank recapitalization, SMEs, micro-finance and agriculture, a shining example of how IFIs can leverage on each other’s strength, at this moment of economic need.

Last year in Maputo, Governors unanimously adopted the High Level Panel Report, the Management Response as well as the five year (2008-2012) Medium Term Strategy.

17. That strategy projected that the annual growth in Bank lending would grow at about 14% in line with Africa’s growth in nominal GDP. But that was before the onset of the crisis.

18. As a result of the crisis, a revisit of our lending projections has become imperative.

Our strong financial position and a generously replenished ADF 11 provide a sound platform. We have put forward several initiatives, a number of scenarios articulated in papers before you all of which imply significant scaling up and front loading.

19. But it also implies new instruments, some of which are fast disbursing and have the potential to consume risk capital faster than earlier anticipated.

Hence, I welcome warmly the G20 decision, which spelt the need to review the capital requirements of the African Development Bank and other regional banks to enable them to better respond.

20. Management fully understands that for a GCI business case to be made, we will need to demonstrate:

(a) the nature of the needs and demands by the regional member countries occasioned by the crisis, as well as longer term requirements;

(b) that we have utilized our balance sheet optimally, innovatively utilizing our capital headroom;

(c) we are working in complimentarity with other IFIs and not duplicating each other;

(d) how the low income countries would benefit from such an increase;

(e) finally, that our internal capacity and governance are being strengthened as we scale up.

21. If today, Governors approve the resolution as recommended by the GCC yesterday, we will proceed expeditiously with all the analytics necessary for you to deliberate on the GCI at a moment you judge opportune.

22. And how the Bank and Fund address particularly the challenges of lower income countries? I agree that, the Bank must each year seek to contribute more to the ADF and development initiatives in general, but also, taking advantage of our strong capital base to do more in low income countries, including fragile states, more private sector operations, supporting enclave projects, trade finance and enhanced guarantees.
But, still, such is the level of needs thrown up by the crisis that even by restructuring our portfolio, front loading our ADF resources, virtually 68% higher than originally programmed, we will exhaust our resources ahead of time.

23. That is why I very much welcome the positive, constructive informal exchanges we are having at this Assembly in respect to both the capital increase and the ADF.

We will need to agree on how to sequence our resource mobilization effects to strengthen the Bank, and the Fund to ensure there is no hiatus in availability of resources for poor countries.

Without prejudice to the review of all the options possible, a Mid Term Review which is also a kickoff for what one hopes might be a lighter, swifter ADF 12 exercise has a lot to commend it, as is the importance of assessing the potential, for flexibility on some of the policy limitations in the Fund architecture.

24. Mr. Chairman, In the course of the Financial Presentation yesterday, you have received reports on our operational and financial results.

Those reports are comprehensive and exhaustive enough, but allow me a few salient points.

The year 2008 was an exceptionally challenging one, for every institution active in the financial markets.

But I am happy to report that our prudent and proactive financial and risk management practices with an overall conservative financial bias, significantly helped us to cushion against damage and in general has served us well.

25. Like every financial institution, in such a market with so much turbulence, there were inevitably some impairment in some of the Bank’s instruments.

26. Nonetheless, mitigating measures, proactive policies plus some offsetting factors such as reduction in loan loss provision and arrears clearance has contributed to a comfortable net outcome of around 475 million dollars.

The foundations of the Bank’s Triple “A” ratings remain in place and despite the difficult markets, we are still able to execute our funding programme at attractive average costs.

27. In 2008, we have continued to expand our operations. In the Middle Income Countries, in low income countries and in fragile states. Our total approvals are up by 14% to around.

5.4 billion dollars, with the ADB non-concessional window’s activities accounting for 51.2%, while the ADF accounts for 47.2%.

We have continued to be focused in our core areas such as private sector, infrastructure and regional integration. Infrastructure accounts for 44.5% of our total operations.
28. In our support to the Middle Income Countries, we are learning better how to combine pricing, packaging our products, policy work, technical support as well as private sector operations to be more effective.

Many of these are regional economic engines which drive activities far and wide.

29. If this crisis is showing up anything, it is that Africa will have to steadily seek ways of counting on itself – and that starts with economic integration – a core area for the Bank.

I am happy to report therefore that our regional operations have grown significantly, multiplying three times in comparison to two years ago, to about 925 million dollars.

Last week I joined the Heads of State of the East African Community to inaugurate works on a 250 kilometer highway, which we are co-financing with Japan.

We have provided 240 million Euros for the new portion of the trans-African highway between Nigeria and Cameroun, the rehabilitation of Lake Chad.

We continue to be concerned at the impact of poor energy costs and availability of the growth potential for our economies.

In some countries electricity costs as much as 40 cents/Kwh, and even then has remained unreliable.

We are stepping up our activities in the energy sector including development of regional power pools such as the interconnection between five countries in the Nile Basin Region.

I am pleased to announce that our new Clean Energy Investment Framework for Africa which sets out a comprehensive agenda for mainstreaming energy options, energy access and efficiency.

But as we move to Copenhagen for a new deal on climate, let us heed Wangari Mathai – It is time for carbon justice.

Our forests, an inclusive carbon market adaptation and an opportunity for Africa to develop its clean energy and its economies.

30. Of late, there has been renewed rethinking on how best can Africa accelerate graduation from aid dependency.

We are aware it will not happen overnight, but it is the aspirations of all Africans.

In line with the medium term strategy, our private sector activities have continued to expand to about 1.5 billion dollars last year which is 26% of all Bank operations and 50% of AfDB window.

In this respect, I want to salute our Board’s recent decision to raise global equity limits to 15%.

We are learning more, everyday, how to embed additionality and development impact in our private sector operations, remaining within a moderate profile risk and best practices in risk management.
Going forward, it is our intention to expand our activities in low income countries and indeed we will be setting up a new Key Performance Indicator (KPI) in respect to the non-sovereign operations to such countries.

Mr. Chairman,

31. As of March end, less than 12 months, after ADF XI became legally effective, we have committed 45% of our resources to the core areas of the Fund’s activities.

It is now almost certain around 3/4 of the PBA envelope will be committed by year end as we frontload resources for ADF eligible countries.

32. We are encouraged by the progress on the Fragile State Facility; whether in Cote d’Ivoire, Burundi, Comoros, Central African Republic, Liberia, Democratic Republic of Congo, all the three windows of the facility are continuing to support the recovery of those countries, helping them clear arrears, kick start their economies and rebuild capacity.

But as we support the fragile states in their recovery, we see that the number of fragile states risk increasing if instabilities return.

33. Like you all, I very much welcome the evolution of the situation in Zimbabwe.

I urge the Zimbabweans to implement the agreement they have signed, so that together, with the International Community, we can work with them on the road to normalization and economic recovery, and indeed in a few days.

We will take to the Board our short term strategy, indicating how we intend to do so.

In the same spirit, I know I speak in your name in calling for a quick resolution of the crisis spots, which risks to increase instability in several countries to which we have committed and invested significant resources to develop their potential and human development in general.

And it is equally my hope that under the auspices of the African Union and the Regional Economic Organizations, we keep at bay the spectre of the re-emergence of instability everywhere which can only weaken our economies and throw millions back into poverty.

Mr. Chairman,

34. Although food prices have generally eased, the purchasing power of millions of poor people has also declined.

Last year, Governors approved resources from the surplus account to help countries affected by the food crisis.

Complementing the restructuring of our portfolio we were able, as of last month, to approve close to 600 million dollars of which 360 million dollars is already disbursed.

During our response to this crisis, we stayed focused on how to provide short-term response while remaining steady on the long term challenges in the agriculture sector.
We remain convinced that infrastructure and private sector, water management, is our comparative advantage, in the search for greater productivity.

This is why in our Medium Term Strategy, in our support to the sector, we focus on these two areas, rural infrastructure and water management, to which we committed already 220 million UA in 2008, as we do for water and sanitation, where the Bank, in some countries, has become the leader in the sector.

But also, that is why our Private Sector Department has stepped up its activities in support of agriculture, directly through funds, supporting banks active in SME agriculture – as well as financing fertilizer plant projects across different regions.

35. In Paris last month, I inaugurated with the French Minister for Development, a Pan African Agriculture Investment Fund, which goes exactly in this same strategic orientation to promote private investment in all sectors of agriculture and moving up the value chain.

The initial capital of the fund will be 200 million Euros with the intention of raising the amount to 500 million, which will target mainly MSMEs.

I look forward very much to other partners joining us in this Fund which I expect will be fully operational in early 2010.

And of course we continue to support the Alliance for the Green Revolution in Africa with whom we are working together to implement the African Fertilizer Mechanism.

36. But we must not simply increase productivity. It should be inclusive and shared.

The youth of Africa, in rural areas, in urban areas, in fragile states look to a future that offers them an opportunity.

It is in that spirit, in Copenhagen this week, as one of the outcomes of the Africa Commission, to which I was privileged to serve, we launched with the Danish Prime Minister the Africa Guarantee Fund for the Youth of Africa, as well as a sustainable energy initiative.

37. But we know it is not simply about doing more, it is about results and effectiveness.

That is why I am pleased to report on progress in business processes and procurement and strengthening project financial management.

To that effect, we will continue to strengthen internal capacities, and the results framework, agile business practices, enhanced peer reviews and operational readiness.

We have implemented a Bank-wide Action Plan for Quality and Results.

We are also piloting a Readiness Review Tool to improve quality at entry and initiated an automated results reporting system that tracks progress.

We have revamped the completion reporting system to provide a more comprehensive picture of the Bank’s contribution to development results.

Early progress is very encouraging but much remains to be done.
38. But we know that we have to continue building internal capacity and accountable motivated staff, who can deliver such a vast programme.

We are implementing the new performance evaluation system.

230 new staff have joined us in 2008 and we expect 300 to join before year end, of which 87 are already on board.

There remain however, key areas of persisting challenges.

We know what needs to be done and we are sparing no efforts to provide appropriate response.

39. Many of you have called upon us to decentralize faster and delegate more powers to the field.

We are making steady progress.

Preliminary external evaluation shows a significant impact on the portfolio.

The number of staff in the field has doubled since 2007. We have more sector experts, country programme officers and country economists.

Our real challenge now is how to devolve authority and transfer accountability within a strong fiduciary and oversight framework.

To that effect, three new instruments were issued since we met; a new delegation of authority matrix issued in July 2008 and it is expected that most of the contracts will be cleared in field offices thereby increasing processing efficiency.

40. We are strengthening our ability to comply with our own operational policies especially as we move into large scale infrastructure projects.

It is for that reason we are strengthening our Compliance and Monitoring Unit.

In the same spirit, our External Evaluation Office’s independence has been beefed up and our Anti Corruption and Integrity Unit significantly boosted.

41. But it is not enough to do more and better, we need to communicate more effectively on our achievements and greater outreach to Governments, civil organizations, the business community, the youth of Africa and our partners and we will be revamping our communication in accordance with the recently adopted strategy.

42. As we prepare to scale up on our new countercyclical role, we will do so responsibly, constantly monitoring the evolving pressure on resources, fully cognizant of demands on our risk capital, but also fully cognizant that you, the shareholders, the ultimate guarantors of the capital of the Bank, face increased competition in your domestic finances.

We will always be aware, that the same turmoil in the global economy which dictates that we do more – calls at the same time, for prudence on our part – greater care in the exercise of our fiduciary responsibilities.
43. None of all these achievements would have been possible without the support of our shareholders, our Governors, our partners, our management and staff to whom I render homage.

44. I salute our partnership with sister institutions, the BWIs, Bilaterals, UN family and the Foundations.

45. I have been asked several times, over the last few months, as to what opportunities are availed by this crisis.

   It is a matter on which I have reflected considerably.

46. For the past three decades, Africa’s reform agenda has produced large benefits, including greater resilience to external shocks.

   But in reality, African countries have had little opportunity, no space to articulate their own national agendas.

   This does not mean external advice was bad, only that it oftentimes has pre-empted space for leadership to focus on domestically developed strategies.

47. This crisis has thrown up, for all types of economies – mature, emerging markets, low income countries, a whole range of new policy challenges for which no one has the silver bullet.

   Once we agree on the need for growth which is sustained and shared, it is imperative that countries find their own path to that desired point, doing so from different angles.

48. Perhaps the time is now; when ideology, doctrines, long held economic truths are all open to question, for African people+ themselves, to paraphrase the former Chinese leader, Deng Hsiao Ping, to find “the magic cat, white or black as long as it catches mice”.

49. The economic trajectory of Africa since the 1960s has been one of episodic phases of growth followed by prolonged periods of stagnation, internal factors played a major part, but the commodity cycle of boom and burst was the driver.

50. For far too long, Africa’s growth continues to be a function of commodity price, demonstrating thereby the limits of globalization through raw materials, which evidently will never be a driver of long term growth.

   In order to decouple from the raw materials based globalization, Africa must scale up its infrastructure, integrate its markets, but it must also work on the skills of its labour force, within the realm of effective state governance and a private sector-driven economy. All the elements at the heart of our Medium Term Strategy, perhaps, for the Bank, this crisis proves more than ever, the centrality of this Strategy.

   As I close my statement, let me say that despite the current turbulence – I remain resolutely optimistic about Africa and its future economic prospects.
I am convinced the fundamentals on which Africa’s performance in the last decade was anchored – remains solid. It was not all about the commodity super cycle.

If we do the right things, Africa will emerge from this crisis ready to take off once more.

Our task is to help that happen, by protecting achievements, limiting the damage and as we respond – striking a balance between short term crisis response and staying the course on long term goals of economic transformation.

That is what the African Development Bank – with your support is determined to do.

Thank you for your kind attention.
OPENING SPEECH BY
PRESIDENT OF THE AFRICA UNION COMMISSION

Mr. JEAN PING

Your Excellency the President of the Republic of Senegal,
Your Excellency the President of the Republic of Burkina Faso,
Your Excellency the Vice-President of the Republic of Ghana,
Mr. Prime Minister of Senegal,
Honourable President of the National Assembly and Honourable President of the Senate of Senegal,
Mr. President of the African Development Bank Group,
Mr. Chairman of the Board of Governors,
Mr. Executive Secretary of the Economic Commission for Africa,
Honourable Ministers of the Economy and Finance,
Governors of African Central Banks,
Governors and Executive Directors of the ADB,
Your Excellencies Ambassadors and Members of the Diplomatic Corps,
Honourable Guests, Ladies and Gentlemen,

Mr. President,

I wish, first of all, to express my joy in being here today in Dakar, Capital of Senegal, the land of Teranga, a tradition of hospitality that is reflected by the simplicity and warmth of smiles that welcomed us, as well as by the care given to us since our arrival. We are indeed grateful to the people and authorities of Senegal.

I wish to thank and congratulate the President of the Republic of Senegal, who has graced this ceremony with his presence. Furthermore, it is always with honour and pleasure that I respond, on behalf of the African Union Commission, to invitations from the ADB, which is the main development finance institution of our Continent and one of the African organizations with which we work closely and in complementarity. I very much appreciate the opportunity given to me to take the floor before this august assembly today. In this respect, I wish to thank President Donald KABERUKA, whose devotion to the cause of Africa does not need to be overemphasized.

Your Excellencies, Ladies and Gentlemen,

The ADB Annual Meetings come at a time when the Continent is at a crossroads: a context of crisis with negative impacts of world economic recession, as well as clear possibilities for recovery and take-off, and renewal of world commitment to help Africa and developing countries in general, in reducing the incidence of the economic crisis to the minimum. Furthermore, the current situation is marked by the determination of African political leaders and economic development stakeholders to pull the Continent out of this crisis that came from elsewhere by identifying the priorities and major problems, and implementing the best tools and strategies to solve them.
You will recall that based on the spirit that galvanized Tunis last November, we established a framework that would enable African countries to discuss the crisis and its impacts at a high level and prepare a work programme to adopt common positions. The first concrete and tangible result was that, for the first time, the Continent could participate and be heard as a single voice in the second G20 Summit in London on the crisis, and present a shared and coordinated vision. We are waiting for the outcomes and hope we were heard, particularly as regards additional resources, and instruments and mechanisms required to meet the needs of African countries.

Indeed, the 2009 edition of African Economic Outlook (AEO) launched here in Dakar on the 10th of this month, confirmed that following half decade of more than 5% economic growth, the Continent, as President Donald KABERUKA has just conformed, will count only on less than 3% this year, which is half of the rate expected before the crisis. Similarly, the sharp decline in the prices of goods and commodities, in particular, as well as the fall in demand from the OECD countries, will have a negative impact on Africa’s fiscal balance. The regional budget is expected to record a deficit of nearly 5.5% of GDP in comparison to the surplus of 3.4% that had been projected for 2009 by the AEO edition of last year. Direct foreign investments declined by about 10% in 2008. Lastly, there could be a downward trend in donor aid budgets because of pressure from the economic crisis. Resumption of growth by 4.5% in 2010 is also expected. However, these data only go to corroborate the report that Africa submitted to the G20 meeting held in London and to which the ADB contributed largely under the leadership of its President and our friend, Donald KABERUKA, to whom I wish to pay a well-deserved tribute.

Mr. President,

Your Excellencies, Ladies and Gentlemen, never before had so many avenues been explored, and so many commitments and promises made. Initiatives have increased, as a result of international awareness of the need for solidarity to countries with serious difficulties and social unrest due to a crisis which they did not create and is increasingly difficult to solve despite all their efforts. However, Africa has also been very active, to mention only the facilities provided by the ADB and the accelerated resource transfer mechanism for ADF countries. We are, of course, satisfied with the situation, and express our profound gratitude to those who responded to Africa’s appeal. Nevertheless, the promises and pledges still need to be honoured and coordinated. Efforts should be made to avoid duplications of actions and ensure complementarity and effectiveness of actions undertaken. We also need to know if all these new instruments will rapidly produce the expected results.

The choice of the theme of this meeting: “Africa and the financial crisis, Action Plan” addresses this concern. Furthermore, the creation of a regular consultation mechanism for these issues could be one of the informal recommendations between partners and leaders of key organizations on the Continent. Lastly, for the Commission, it is clear that the social and human dimensions crisis should not be ignored, particularly a few years to the MDG deadline, because while in developed countries the crisis led to loss of jobs, in ours it was a matter of life and death, with the risk of multiplication of conflicts and crises that threaten world peace.

Moreover, world threats, such as sea piracy, have come to remind us that a country like Somalia, which had been forgotten, neglected and abandoned for the past 18 years, can threaten the world economy. The Ministers of the Economy and Finance here realize that conflicts in Africa, if neglected, can threaten the world economy. These issues of sea piracy
which need to be resolved are not only in the horn of Africa, but also in the Gulf of Guinea and could spread. I also wish to point out that the drug problem is taking root in our continent and dangerously threatening peace, particularly in that part of Africa. We wish to remind our friends, particularly those of South America, that we need to work together to eliminate this drug problem which comes from there and threatens the stability of the entire region. We also wish to remind our friends of the North that the drugs are intended for their markets; they pass through our countries but the destination is their markets, and we therefore need to work together to eliminate this problem that threatens our Continent.

However, the risks of the crisis also affect the progress made in democracy recently. The adage “A hungry man is an angry man”, threatens the rule of law, threatens human rights, threatens shared values which we are trying to promote in the African continent, and this concerns all of us. I am pleased, President Donald KABERUKA, to note that you are aware of this, and that you have talked about it; I fully support what you said about Zimbabwe, other conflicts in the various regions of Africa, Madagascar, Guinea Bissau, Guinea, Mauritania and elsewhere.

Mr. Chairman, Excellencies, Distinguished Ladies and Gentlemen,

Allow me to acknowledge the contributions of all the African Ministers of the Economy and Finance and Central Bank Governors in working with the African Union Commission, the African Development Bank and the UN Economic Commission for Africa in analyzing the impacts of the financial and economic crisis on African Economies and proposing solutions to it. Their contributions, beginning with those made in Tunis in November last year when they met with the Heads of our three Institutions: the African Development Bank, the African Union Commission, and the UN Economic Commission for Africa, to discuss the crisis, no doubt contributed significantly to identifying solutions to the crisis, as well as the outcomes of the G20 Summit held in London last April, in particular. I wish to sincerely thank the Committee of ten Ministers of Finance and Central Bank Governors set up in Tunis, which did a commendable work in our preparations for the G20 Summit.

The challenge before us now is how to implement the recommendations. In this regard, I am pleased that this meeting will discuss an Action Plan for implementation. This is very welcome because we cannot just continue talking. The African people want to see concrete actions. In this regard, it is my hope therefore that the Action Plan agreed upon be implemented, and that it will have a follow-up mechanism to accompany it. Implementation of the Action Plan will also depend on the goodwill of our partners. We have made various commitments in support of Africa’s development; these include commitments made recently during the G20 Summit held in London. It is critical that our partners deliver on their commitments to enable Africa face its socio-economic development challenges, including achievement of the Millennium Development Goals by 2015.

I therefore expect this meeting to assess progress made by partners towards delivering on their commitments. More importantly, it will be necessary to follow up on what Africa stands to benefit from the commitments made at the G20 Summit in London. I am told that you had time to do this during the last IMF/World Bank Spring meeting. My understanding, however, is that there are still areas requiring clarifications. The Partners present here today should therefore be able to assist so that Africa is not left out in the corner.
Allow me also to commend the excellent collaboration that exists among the African Union Commission, the African Development Bank, and the UN Economic Commission for Africa. The collaboration has helped us to work together in addressing many of Africa’s socio economic development challenges, including the impacts of the current global financial and economic crisis on African economies. The leadership as well as staff of these institutions must be commended for this, and it is my sincere hope that this collaboration will continue to enjoy the support of our member States. With these remarks, I thank you very much for your kind attention, and wish that the deliberations of the 2009 Annual Meetings of the African Development Bank will be fruitful and successful.

Thank you.
TRANSCRIPT OF THE STATEMENT BY THE
PRESIDENT OF THE REPUBLIC OF SENEGAL

H. E. President ABDOULAYE WADE

Mr. President of Burkina Faso,
Mr. President of the Senegalese Senate,
Mr. President of the National Assembly,
Mr. President of the African Union Commission,
Mr. President of the African Development Bank,
Ministers of Finance,
Distinguished Guests

It is with much pleasure that I welcome you to Senegal, the land of Africa. We are honored to receive you. I hope that you will appreciate our traditional hospitality that we in Senegal call “Teranga”. I would like to thank Mr. Kaberuka, the President of the African Development Bank, for deciding to organize these historic meetings here. These meetings are being held within the rather particular context of the global crisis – a crisis with origins not from our continent but that could indeed have consequences in Africa if we do not take a number of precautions. It is fortunate, therefore, that the Bank chose to focus discussions during these Annual Meetings on the theme: “Africa and the Financial Crisis – An Agenda for Action”.

When the crisis erupted, Africans saw no need to take specific measures. African bankers meeting in Washington were of the general opinion that the crisis could only be superficial. In a way, they were right since there have indeed been no direct consequences. Instead, the consequences have been indirect, manifested in several ways. This crisis was viewed as the crisis of the rich. Yet, the disease of the rich is transmissible to the poor. Consequently, Africans cannot remain indifferent. In that regard, I should also thank the President of the African [Union] Commission because the AU Heads of State Summit deliberated on this issue and took a stand, even as the President of the African [Union] Commission set up a committee to study the consequences of the crisis, as well as Africa’s participation in global governance.

Ladies and Gentlemen,

Yesterday, I spoke on global governance and how Africa could participate. I do not wish to revisit the subject, having left you with a document that summarizes what I said. Today, I will limit myself to insisting on a number of aspects.

Firstly, this crisis was born in the United States. Even so, the premise existed here and there, throughout the global economy. Before now, we confronted the Asian financial crises that erupted due to a sudden sharp rise in commodity prices, with the consequences first felt in Latin America. Since financial markets are inter-twined, what happens in one part of the world cannot but have repercussions in other parts of the globe. Coming back to the current crisis, no economic reasons whatsoever can justify the rapid increase in oil prices. The rise is simply a strategy by the oil oligopoly, which decides when to increase and decrease quantities. Obviously then, this game has since December 2003 led to such a sharp increase in oil prices that at some point, those on the oil market believed that the market could not last indefinitely. Demand switched to commodities, leading to a sharp increase in agricultural
products. The United Nations Secretary General reacted by launching an appeal: “This is catastrophic, especially for developing countries”. At the same time, economists were telling us: “How lucky you are! Agricultural prices have increased; you will be able to earn a lot of money since you are principally agricultural countries”. However, this makes little sense because African production cannot react to demand as mechanically as producers of manufactures who only need to push a button to multiply production. Therefore, rising agricultural prices obviously fanned increasing poverty. Today, we are victims of this encompassing mechanism because in terms of agriculture, we have nothing to offer on the international market. As it is, we do not have enough to eat. Therefore, let no one tell us that prices have risen to enable us to earn more!

Besides, everyone knows that our agricultural products cannot penetrate the markets of developed countries due to subsidies. How can we compete with products subsidized at one billion dollars daily by the developed countries? That is simply impossible! Yet, since these countries are free to subsidize their agriculture and since we have no way of forcing them not to do so, all that we are left with is to seize the opportunity that meetings such as these offer us to issue statements and declaration to make our opinions widely known. We can also not react by protecting our markets from foreign products; we are not free to do so because international institutions like the IMF and the World Bank are there telling us: “Careful! You cannot do that; you cannot protect yourselves against foreign products coming your way”. There lies the paradox. As much as I would that developed countries be allowed to act as they please, subsidize their agriculture as they want, I also would that we too were left to at least react spontaneously to protect our agriculture, our domestic markets! That is the first paradox. We have discussed and will always discuss this issue. Indeed, I believe we will continue to discuss it for a long time to come.

Now back to the current crisis that originated from the sub-prime policy practiced in the United States and involves excessive mortgage lending to borrowers, to a point where they are someday unable to reimburse. The resulting crisis snowballed to affect banks. I will say little on this matter, having already developed it in an article entitled: “Un Bouquet pour OBAMA” published in Le Monde of 20 January 2009 (“A Bouquet for Obama” in Financial Times of 3 March 2009). Therefore, I will make haste; in these articles, I expatiated on the origin of the crisis and gave my opinion on the global governance reform problem posed. Of course, there is inter-dependence, we depend on the international monetary system. Therefore, we Africans should not make the mistake of not participating in discussions, for instance those on financial reforms, the very foundation of the system. We must participate. That explains why I made two proposals in this venue yesterday. The first proposal concerns the quota system which underlies the [IMF] system, akin to business wherein each person proportionately takes what they had invested. Since we are poor, our investment is derisory – hence my request that special quotas be created for poor countries, especially the poorest of the poor. I should not be told that that is impossible because there are freebees in every society. In economic policy, especially in terms of law, if you know what you want, you find the means to achieve your end. That was my first proposal. I am waiting to be told that it cannot be done and given reasons why.
My second proposal concerns the special drawing rights – a reserve instrument created by the IMF whereby resources are distributed proportionate to the respective quotas of IMF member countries. Since the quotas of African countries are low, these resources go to the more developed countries. Therefore, I requested a special drawing for Africa and I am awaiting proof that it is impossible. Theoretically, why not? If special drawings are made for developed countries, I see no reason why a special drawing could not be organized for Africa. I am not saying that we will receive unlikely quantities. Nonetheless, this proportionality system within the distribution of IMF’s traditional drawing can be reviewed.

I also came up with other ideas. For instance, the guarantee offered by the treasuries of developed countries - using their treasury bills - is ever so beneficial! It was done for Mexico, I see no reason why it cannot be done for Africa, especially since developed countries pay nothing because it is their treasury bills! That would have a deflationary effect on markets since the resources that we would receive would no longer be floating capital that migrates from one market to another. I believe that we should lay claim to that demand since everyone’s interest will be met: developed countries for the deflation that would result and ourselves for the resources that we will obtain for our development. Therefore, possibilities for finding financing abound and Mr. ADB President, as I informed you yesterday, I will prepare a succinct document on the subject that I will present at the African Union Summit.

Ladies and Gentlemen,

It is possible to obtain financing. Obtaining financing does not necessarily mean going cap-in-hand to the IMF or the World Bank. We can obtain financing through financial engineering. In Senegal, we are building an airport that will probably rank among the [best] in Africa. Yet, we did not finance the project with World Bank or IMF resources. We used a financial mechanism – airport fees. We obtained bridging loans because this airport will be quite big and profitable. Hence, we must use financial arrangements which, in any case, give us greater freedom to manage and use our resources. However, my words should not be mistaken. You are all aware that I have always defended the World Bank and the IMF, more so now because these institutions help us to maintain economic discipline in our macro-economic management, without which there can be no development. What I mean is that we must learn to be rigorous. Structural adjustment was bad in itself because it reined us in, it tied our hands. Today, however, we are free to use the IMF or otherwise. For instance, Senegal has reached the completion point with the IMF, but we have kept [our relations] solely for advisory purposes. I have pleaded for an increase in World Bank resources, even as I have advocated for an increase in IMF resources. I do not agree with those who seek the establishment of an African [Monetary] Fund, an Asian [Monetary] Fund, etc. I really do not believe in that. Even though it was adopted by the Summit of the African Union, I do not believe that to be something good. Thank goodness that I intervened to say that I did not believe in it. I believe that Latin America can set up a monetary fund because it has money, billions of dollars that it knows not what to do with. Latin America neither needs the IMF nor the World Bank, but it is not so with us. Since we have no money, we need those with money that we can use for our development. Comparisons are made too hastily: because Latin America says that it wants to set up a monetary fund, Africa also wants to establish a monetary fund. What will you put in your monetary fund? You have nothing to put in there. I think that there is need to reflect to arrive at something different.
We created NEPAD – a great instrument with a good start. Unfortunately, as it often happens with trains on poorly laid rail, NEPAD has gone off track. You can hardly hear of it these days. Thank goodness that we moved it from South Africa to you in Addis Ababa, Mr. Chairman of the African Union Commission. Even you, Mr. Chairman, you are at a loss as to what to do with it, given that there were proposals for reforms. I will tell you this: “reform nothing!” I guarantee you – remember that I am one of NEPAD’s founding fathers – that NEPAD is like a Mercedes with a bad driver. That is why it is stuck. I believe that Mr. Mayaki, NEPAD’s new Executive Secretary that you have appointed, I believe he is here. He wants to know what NEPAD is all about. He has told me: “Bottom line, I want to get back to basics”. When lost in the forest, it is necessary to go back to the point of departure. That is why Mr. Mayaki has gone back to the basics of NEPAD. Mark my words; change is on the way because NEPAD was well thought out. It is an excellent instrument based on the development of what we call the eight NEPAD sectors: Infrastructure, Education, Health, Agriculture, Energy, Environment, Information Technology and Communication, as well as the Exports sector, including Tourism. NEPAD is built on those eight pillars. That has been my approach here in Senegal. We have obtained results here because we do not simply go on a wild goose chase. We develop agriculture, for instance last year with GOANA (Great Agricultural Offensive for Food and Abundance – a program to prevent food shortage), thanks to which we covered half of our rice import. You have seen the infrastructure we are setting up here in Senegal, for the first time ever as in Europe, infrastructure that we will not have to repair constantly. Mr. Chairman of the African Union, continue to trust in NEPAD. I believe that it will go back on the right track.

My second comment on NEPAD is that what each country does should not be NEPAD’s business. It must be understood that NEPAD should not intervene in Senegal, Mali or Burkina Faso to say “do this or that”. NEPAD should add value: what we cannot do ourselves – roads, railway. That is NEPAD. In the past, what was NEPAD doing? To start with, it spent a lot of money for nothing. Then NEPAD summed up all the progress made in each African country, saying: “education has risen by this much, NEPAD is doing great because we have results”. I am sorry to say so, but this is intellectual fraud. The results are our handiwork, not yours. You add all that up and note that Africa is advancing – hence NEPAD. Indeed, I must respond and explain why NEPAD had not worked because I have a historic responsibility in the creation of that instrument. I will lay the matter to rest by simply saying that I hope that NEPAD will now work. We do not need to reform NEPAD as your predecessor proposed. I had said “no way!” because all that is bureaucracy. Leave that very beautiful instrument alone. It is a Mercedes. Simply find it a good driver!

Mr. President,
Ladies and Gentlemen

I would now sum up some of the proposals that I made with regard to financing. We can perfectly use mutual guarantee between States to obtain money for the implementation of joint projects – for instance Guinea, Senegal and Gambia that have joint bridge and road projects. It is all well and good if we can find external financing. However, if we cannot for some reasons, we can cross-lend to one another, with a view to reaching a number of common goals. That possibility and other ones exist, details of which you will find in the articles that I mentioned earlier.
Mr. President,
Ladies and Gentlemen

In that regard, I would like to congratulate President Kaberuka, really give him a pat on the back for infusing the Bank with new momentum – which does not mean that his predecessors did not perform. No, [they did], but he has given a new dimension to the Bank today. The Bank has considerable resources, for which we are happy. I believe all Heads of State share this view. I would also like to give testimony. I was at the time a young university teacher when I was invited by Mr. Beheiry, erstwhile Governor for Sudan, in the process of setting up the African Development Bank. He told me: “We are setting up an African bank and we know you to be among the rare African economists. We would like to invite you, alongside a few other African economists, to work with us to establish the bank”. Thus, it was that we set up the group of African economists that worked for the ADB for a very long time. Therefore, while congratulating Mr. Kaberuka, I would also like to pay homage to former ADB Presidents here present, in view of the fact that with their support, they contributed to today’s results.

I would also like to congratulate Jean Ping, President of the African Union Commission, for introducing a completely new hands-on method in managing Africa’s difficult problems – security problems, financial problems, structural problems. We cannot but confirm our support to him for all that he is doing for Africa. A while ago, he mentioned crises, the drug trade – which is an extremely serious phenomenon. He spoke of Somalia, AIDS in our sub-region and the poverty engendered by the sum of these problems. It is precisely because countries are poor and weak that drug traffickers descend with pittance to practically colonize them and act as they please. For that reason, I say that you are right to launch an appeal to our friends of the North for more effective cooperation since the drugs end up in their countries.

Mr. President,
Ladies and Gentlemen

Despite these obstacles, Africa can make it through with a lot of imagination and will power, but above all by pooling together within a single space. At a time when Europe is expanding to absorb some 80 million citizens of Central Europe and is seeking to extend southwards to envelop Mauritania and probably in their design carve out and swallow North Africa – because that is the truth, stated or not - we, Africa, we remain as we were, each small country with its stagnated frontiers, unable to do anything. And for as long as we remain separated, we will achieve nothing. We will take tiny steps but never jump – it is not possible. Everywhere we turn, we see examples that unity is strength. What have we to lose? Let it be said: we have nothing to lose in the African Union, we have nothing to lose in the United States of Africa. Obviously, I am lucky to be the President of a country that declared its position on the issue way back in time. Our constitution states that Senegal is ready to give up its sovereignty to blend with a larger United Africa. Therefore, we are at ease, that is the way to go. I find it difficult to understand all this resistance to African unity. We hear about integration. Integration is boundless. Politics limits integration. Today in West Africa, we are integrated because we have a common currency. However, has that reduced poverty? Not at all! Thus, there is need to reflect on political integration. Clearly, there are fears. Some say: “Me, I am a President. What would I become tomorrow? My National Assembly, my flag, etc.” Frankly, we must accept to go a step higher. I stated before the African Union: “You can see that my flag is very beautiful, but if you want to, make an African flag! Let’s put all the flags in a basket and pick three colors”. The flag is a symbol, we decide to consider nothing
else but that, it is a symbol of the African Union. Yet, some say: “Me, I have my flag, I have
my national anthem”. When you hear the national anthem of other African countries, would
you ever know to which country this or that anthem belongs? All that ends in irrationality, the
famous “condor effect” which says that where everyone does what they desire based on their
own rationality, the product is group irrationality. Our current action is irrational. None of us
can pull through. We should at least try by letting go of current structures to set up a
continental government.

With President Obasanjo, we were well ahead on the matter. We even defined the
ministries necessary, with limited powers in some areas. Thus, rather timidly we set up the
Commission, we appointed commissioners. However, these poor commissioners have no
powers, what do you expect them to do? Thereafter, we said: “Now, we should give them
more powers by changing the Commission into an Authority”, naming a Prime Minister.
People want to have none of that. “Prime Minister of Africa! Imagine that! He will have a
higher position than States!” No! He will always be under the control of Heads of State. I was
then told that he should not be called Prime Minister, he should be called Authority. To that I
said: “Well, you know that the Palestinian government is called the High Authority!” When it
came to appointing ministers, they retorted: “Oh no, not ministers. Let’s call them
secretaries.” Well, I told them: “Listen, in America, a secretary is a minister”. All right,
“Secretary” then. Therefore, we Pan-Africanists should not be discouraged. We have drawn
up a program that should lead to [the creation] of the United States of Africa, but deep
disagreements persist especially in West Africa. Even here [in Senegal], we do not always
agree on that objective. The African people should have their say on this question. I am
sorry, I am not a demagogue. I say: “Do not leave Africa’s future in the hands of Heads of
State” because we are nothing but citizens, we are citizens. The people give us the power to
do what we do. Therefore, intellectuals, all who believe in African unity, workers – it is
necessary that they act by sending petitions to show that to be the direction chosen by Africa.

Mr. President,
Ladies and Gentlemen

Against all odds, I am an eternal optimist because I am a liberal. The liberal is
optimistic, he always counts on human wisdom and creative capacity to say that we are
obliged to advance, everything forces us to advance. I believe a great statesman - Mao if I am
not wrong - said that he who does not advance falls back. Therefore, we must advance on the
path, the path of the United States of Africa.

Mr. President,
Ladies and Gentlemen

I would end with what I said yesterday. Unfortunately, today’s Europe is shutting its
doors to black Africa – I weigh my words, but that is the truth. Europe cracks open [its door],
then closes it by telling us: “See, there is a backdoor. You must take that to go to Europe, but
you need individual visas. Only people well placed can have visas, talented people, artists,
professors, etc.” What about the others? As I said yesterday, we can also not weigh in on
Europe’s decision. They too are independent nations. Me, I have nothing against them. They
act at their leisure. We too should have a response. We are not going to allow ourselves to be
isolated from the rest of the world. Doors are closed to us, therefore we should open up
ourselves. We should open up towards Brazil, Argentina, South America up to the United
States where, mind you, there is a large black community. We should open up towards India,
towards China and towards Asian countries that are interested in Africa. They are interested
in Africa. As proof, they invest today by providing very long-term aid – over fifteen, twenty years, something we cannot obtain from Western countries. That is the truth. Once again, I am not saying that I reject aid. I do not reject aid. We receive aid. Senegal is one of the most aided countries. Yet, that does not stop us from acknowledging that what Asian countries offer today exists nowhere else. For instance, I need ten thousand tractors for agriculture. Do you think I will go to a Western country to say that I need ten thousand tractors? They would say that the President has lost his mind. I will approach India and India will give the tractors for the long term. That too is the truth. The mechanisms are not the same, the reasoning is not the same, the approaches are not the same.

Some Europeans – indeed they exist, I have spoken at conferences in some universities, especially in Alsace where I spoke as frankly as I am doing now – and several intellectuals of the North reason as I do, since there is a gulf between politicians and intellectuals. Intellectuals think and say: “Fundamentally, we support cooperation with Africa, therefore we must do something”. That is the issue. It is time to engage this dialogue with intellectuals of the North and of North Africa – since North Africa has been carved out and invited to embrace Europe. Some North African intellectuals would rather join the South in order to strengthen relations with Africa. That too we know. What I am simply saying is this: African must not fall asleep, only to wake up some day isolated from the world. We must not allow that to happen, we must open up. For that reason, I propose South-South cooperation, I was even about to say South-South-South: Latin America, Africa and Asia. This is an entirely new form of cooperation that our European friends find difficult to understand.

I can assure you that at times I wonder what Europeans really want. I find it hard to understand. You say that you want to strengthen relations with Africa: European Union – Africa. Very well and good, we all agree, in any case it is our natural orientation. Yet, in practice, in terms of what such cooperation requires, there is little content. As proof, for two or three years now, we have been unable to agree over cooperation agreements – yet we ought to be able to agree. Unfortunately, it has not been possible. Even so, I still believe strongly in international cooperation, especially in Africa’s future. Africa must not cede to despair, youths must not despair of their continent. For that reason, during the World Black Arts Festival to be held here in Senegal in early December and which concerns the entire continent, Africa having entrusted me with organizing the festival, we will show that Africa has never given up, Africa has always resisted against all forms of oppression, against all forms of isolationism and that, contrary to what some say, Africa and black people have largely contributed to science and technology. We will demonstrate that too whenever a world conference on the subject is held, during which we will invite the world’s intellectuals to debate with us.

Mr. President,
Ladies and Gentlemen

That is my message to you today. On that note, while congratulating all participants and wishing you success, it is with much interest that I will read all your decisions. I hereby declare open the Forty-fourth Annual Meetings of the Boards of Governors of the African Development Bank.

Thank you.
COMPENDIUM OF SPEECHES
2009 ADB GROUP ANNUAL MEETINGS
OF THE PLENARY SESSION
OF THE BOARDS OF GOVERNORS

Held at the Palais des Congrès, Hotel Méridien Président
Dakar, Senegal
13 and 14 May 2009

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STATEMENT BY
GOVERNOR FOR COTE D'IVOIRE

Mr. PAUL ANTOINE BOHOUN BOUABRE

Mr. Chairperson of the Board of Governors,
Honorable Governors,
Honorable Executive Directors,
Mr. President of the African Development Bank Group,
Ladies and Gentlemen

Permit me to express my gratitude to the Senegalese authorities for the quality of the reception granted to the Ivorian delegation.

Mr. Chairperson, the current and future negative consequences of the financial and economic crisis on African economies and our people are alarming.

However, we remain optimist. The African Development Bank – your Institution, our Institution – has once again demonstrated its capacity to address challenges on Africa’s path to development.

Mr. Chairperson, as you rightly stated, when the financial crisis erupted, the Bank did more than mobilize Africa, give it a voice and play its counseling role as demonstrated by your active participation at the G 20 meeting in London.

The Bank took several initiatives, concretized through various lines of credit in many fields of activity. I would not re-list these initiatives that have already been mentioned and that reflect the determination of Bank Management and the Board to close ranks with Africa to confront the adversity facing the continent. This commitment spurs our admiration, for which we congratulate the Board of Directors, the President and staff of the Institution.

The nature of problems confronting African countries due to difficult economic and political situations, combined with the international financial and economic disorder, renders the Bank’s task complex and requires from it the lofty vision and flexibility that it has so demonstrated, in favor of several member countries.

Cote d’Ivoire is a beneficiary of this foresight on the part of Bank Management and its Board of Directors.

At this juncture, I would like to salute the constructive and imaginative spirit that enabled Cote d’Ivoire to obtain the clearance of its debt arrears vis-à-vis the Bank.

The least that can be said is that the Bank has played a decisive role in the progress that our country has made in winning back the trust of the international financial community. Thanks to that progress, Cote d’Ivoire recently reached the decision point on the basis of which it would be eligible for significant debt reduction within the Heavily Indebted Poor Countries Initiative (HIPC I).
On behalf of the Ivorian Government, I would like to thank Bank Management and the Board of Directors.

Excellency,
Ladies and Gentlemen

The Bank has not rested on its laurels. The Board of Directors – in other words, the community of all member countries of our international financial institution – also chose Cote d’Ivoire to host the Bank’s 2010 Annual Meetings.

Going by the report from our Chair on the Board, that choice received the support of all Executive Directors. I would like to seize this opportunity to thank them. By that choice, they have opted to encourage Cote d’Ivoire to permanently consolidate peace in our country.

The Ivorian Government and the entire people of Cote d’Ivoire welcomed the news that our country has been proposed to host the 2010 ADB Annual Meetings with much joy and hope.

We were persuaded that all Governors would support this decision of the ADB Board of Directors. It has been thus, for which we thank them.

I thank the other countries that, at the same time as our country, also sought to host the 2010 Annual Meetings but in the end gave their brotherly support to Cote d’Ivoire’s candidacy.

I wish to express to them the gratitude of the Ivorian Government. Cote d’Ivoire will spare no effort in demonstrating that it merits the trust reposed on it.

Honorable Governors,
Honorable Executive Directors,
Mr. Chairperson,
Ladies and Gentlemen

In conclusion, permit me to stress the fact that as Africa flies through this zone of turbulence created by the international financial crisis, economic recession and social crises, States, central banks and development banks appear as the only resort. In that regard, we base much hope on the African Development Bank.

I thank you.
STATEMENT BY
TEMPORARY GOVERNOR FOR
THE GREAT LIBYAN ARAB PEOPLE’S JAMAHIRIYA

Mr. MOHAMMED ASHOKRI

In The Name Of God, the Beneficient, the Merciful

Honorable Chairperson of the Board of Governors,
Honorable Governors and Alternate Governors,
Mr. President of the African Development Bank Group,
Ladies and Gentlemen

Assalamu ‘alaykum wa rahmatuallahi wa barakatuh

First, I would like to convey the greetings of my brother President Muammar al-Gaddafi, Chairman of the African Union (AU) to his brother President of the Republic of Senegal H.E. Mr. Abdoulaye Wade, to the people and Government of the Republic of Senegal and to all the delegations.

Ladies and Gentlemen,

I wish our gathering here every success to serve our beloved Africa.

I would like to extend our deep gratitude to the people and government of the Republic of Senegal for the warm welcome and hospitality extended to us since our arrival in your generous country. I am also pleased, on behalf of the African Union (AU) and members of the Jamahiriya’s delegation taking part in the 44th Annual Meetings of the Board of Governors of the African Development Bank Group, to extend our thanks to the Chairperson of the Board of Governors for his distinctive administration throughout his tenure, which greatly contributed to the smooth running of the Group’s activities and ensured greater achievements and success. Such endeavors have enhanced the overall efforts made at all levels for the advancement of the African continent.

I would also like to thank Mr. Donald Kaberuka for the efforts made since he became President of this institution and his dedication which has made it one of the leading development finance institutions in the world, and the premier one in the African continent. Though the achievements of the Group have been the product of efforts of all the Presidents over the past four decades, under his wise leadership the Group has apparently developed and has endeavored to respond to the continent’s development needs by funding various development projects and programs, and providing the necessary technical assistance for the countries.

Honorable Chairman,
Ladies and gentlemen

As you know, this year has been a busy year for the international community, where the sub-prime mortgage crisis led to the collapse of global financial markets, the undermining of investor confidence and the scarcity of liquidity in global markets, which resulted in a
slowdown in the major economies and consequently a shrinking volume of global trade. The economic and financial crisis has hit the banking sector in the rich countries and violently shaken the rest of the world, especially the poorest countries and the least able to withstand this crisis.

The volume of world trade is expected to shrink for the first time since 1982, which will impede economic growth in developing countries, where estimates suggest the possibility of a loss of US$ 50 billion in African revenues over the next two years as a result of a 45.4% decline in the value of exports.

It is worth mentioning that the impact of the financial crisis may be the most severe in many developing economies than in developed ones due to the drop in income levels of poor countries, which would place many families below the poverty line. It is expected that about 100 million people in developing countries will continue to suffer from poverty due to the contraction of the global economy, which will wipe out the progress made through the implementation of poverty reduction policies in developing countries.

The decline in economic growth by two or three percentage points in many poor countries is already having catastrophic effects. The low growth rate in Africa, where many people live on the poverty line could lead to the deaths of 700 thousand infants under one year old, and it is expected that economic growth in Africa will slow to 2.4% in the 2009 down from 4.9% last year as a direct result of the global financial crisis.

The economic crisis threatening the progress made over the past two decades in many African countries, where it is expected that the continent’s budget surplus last year of 1.8% of GDP will become a budget deficit of 5.0% this year, due to a drop in migrant remittances and the shrinking volume of trade, thereby limiting the implementation of new projects as well as resulting in the loss of millions of jobs and increasing tensions and instability.

Initially, it was envisaged that Africa would at least be partially protected from the global crisis due to its relative isolation from the global banking system, but it became clear that declining levels of aid, investment, remittances from abroad and dwindling lines of credit granted to the Continent as well as export earnings will severely damage the limited economies of the Continent.

Honorable Chairman,

To address these challenges, it will be necessary to step up international efforts to limit the humanitarian impact on the African continent and establish a comprehensive development plan to attract foreign direct investment and provide financial support for the needs of the African continent in order to achieve the Millennium Development Goals (MDGs), agreed by world leaders at the United Nations Millennium Summit in 2000.

From this rostrum, allow me to extend my sincere thanks to the many donor countries, led by the G20 and say how much their efforts to mitigate the negative impacts of the financial crisis are appreciated. This culminated in their summit in London last month, which affirmed their commitment to the continued provision of financial resources to support the developing economies and maintain global growth by supporting the development finance institutions through the allocation of US$ 500 billion to strengthen the role of the International Monetary Fund and enable it to provide loans to troubled economies, and an
amount of US$ 250 billion to finance the measures and procedures that will promote and stimulate international trade. It also included commitments to provide another US$ 250 billion to the International Monetary Fund to enable it to provide loans to the debtor countries, and US$ 100 billion to help the world's development banks to provide loans to poor countries.

I would also like to commend the efforts made by the African Development Bank Group to help alleviate this crisis on the Continent, where the Board of Directors approved the establishment of the *Emergency Liquidity Facility* of UA 1 billion and the *Trade Finance Initiative*, and approved several measures to facilitate a swift response to the affected countries' requests. To address the global food crisis, the Board has approved an amount of UA 497 million in the short term and UA 1.4 billion in the long term.

Ladies and Gentlemen,

Despite these efforts to mitigate the impact of this crisis on developing countries to sustain economic growth achieved during the past two decades, they are modest in comparison to the tragic economic and humanitarian effects expected on the most vulnerable continent of the world. The African continent continues to face many of the most important challenges, the most serious of which are conflicts and political instability at the local and regional levels, deepening poverty, corruption, as well as the spread of diseases and epidemics.

The mitigation of the anticipated impacts of the financial crisis on the Continent requires:

- intensification of international and local efforts to provide the necessary financial support for the establishment of a number of strategic infrastructure projects such as the vast Inga dam project to provide energy for all countries of the Continent and linkage projects through road networks between African countries to facilitate bilateral trade and the transport of persons (such as the Trans-Sahara Highway project and the Lake Chad project). The Jamahiriya declared its willingness to contribute to such strategic projects to support the advancement of the economies of African countries.

- supporting the private sector, especially the small and medium-sized enterprises (SMEs) to participate in economic development and job creation.

- work to speed up the decision-making process in development finance institutions.

- take the necessary measures to support the African Development Bank, the largest African financial institution, through a capital increase of the Bank to enable it to play its important role in the completion of major projects, support the Continent's economic development, job creation, poverty reduction as well as providing liquidity to African markets.
Honorable Chairman,
Distinguished Delegates

I wish to take the opportunity of my presence in this forum to appeal to all my brothers, sisters and friends in the African continent to advance our financial commitment and responsibilities towards Africa and to provide the tools to support all initiatives and projects of human and social development, and especially the strategic projects adopted by the African Union (AU) whose chairman is the great brother Muammar Al-Gadhafi. The Jamahiriya has offered to contribute to such projects as the huge Inga Dam Project and the Lake Chad Recovery Project as well as Africa’s road network.

Ladies and Gentlemen,

I will now conclude my remarks by assuring you that, while Africa obviously needs the international community, in the end, the Continent’s future rests in the hands of its people. They are the political and economic decision-makers, let's work together and make a better tomorrow for the people of our dear continent.

Finally, may I reiterate my sincerest thanks and appreciation to all, while wishing our meeting every success in its deliberations.

Wassalamu ‘alaykum wa rahmatullahi wa barakath.
STATEMENT BY
GOVERNOR FOR BOTSWANA

Hon. BALEDZI GAOLATHE

Chairman of the Board of Governors,
Fellow Governors,
President of the African Development Bank, Dr. Donald Kaberuka,
Ladies and Gentlemen

It is my singular privilege to address this 44th Annual Meeting of the African Development Bank and the 35th Annual Meeting of the African Development Fund. Allow me, Mr. Chairman, to join the previous speakers in thanking the Government and the People of the Republic of Senegal for the warm hospitality and the facilities extended to me and my delegation.

The theme for this Annual Meetings – “Africa and the Financial Crisis: An Agenda for Action” could not have been more appropriate. Indeed, the year 2008 was unprecedented with a wide array of challenges, ranging from the world food crisis, rising fuel prices, and the credit crunch, that led to the current global economic meltdown.

Mr. Chairman,

The impact of the current global financial and economic crisis has certainly attested to the interdependence of the world economies, hence the need for a global solution. I am therefore, hopeful that with the G20 Summit commitments to provide stimulus packages for their economies, increased ODA, and more resources to the multilateral development institutions, including the African Development Bank, our quest for economic growth support will be attained. It is our wish that, not only the Low Income, but also the Middle Income Countries such as Botswana should benefit from these support programmes, as they still face development challenges, which have been exacerbated by the international economic downturn. The multinational development institutions such as the African Development Bank need additional resources to assist developing countries to cope with the crisis, while intensifying efforts to achieve the Millennium Development Goals (MDGs) targets, and in particular, the eradication of poverty and hunger. In that regard, I also wish to call upon our International Cooperating Partners to timely honour their commitments to provide additional development resources.

Ladies and Gentlemen,

At a time such as this, it can not be over emphasised that multinational development banks such as the African Development Bank need to be adequately resourced to support developing countries in dealing with the current economic downturn. We therefore strongly support the proposed strengthening of African Development Bank capital base through the sixth general capital increase. We are grateful that the G20 Summit had recognised and committed itself to supporting multinational development banks in this regard. The substantial replenishment of the ADF is equally important to support low income countries, which are not eligible to access funds under the non-concessional African Development Bank window, to better deal with the economic crisis they are faced with.
The Bank also needs to be innovative in its solutions to problems facing its member countries, including the Middle Income Countries. At this juncture, let me congratulate the Bank for having adopted a number of tailor-made initiatives such as the Emergency Liquidity Support Facility and the Trade Finance Initiative. The Bank should also endeavour to maintain competitive lending terms and conditions for its Middle Income Member countries.

Mr. Chairman,

Botswana, as a net importer of food and a non-oil producing country was negatively affected by the rising food and oil prices. We have also seen the current financial crisis unfold and evolve into a serious down turn in the performance of the economy. Our exports of goods and services, which are concentrated in diamonds and other minerals, such as copper and nickel, account for nearly 40% of GDP. With our major export markets of the USA, Europe, Japan, India and China, hard hit by the financial crisis, we experienced reduced demand and prices for our diamonds, leading to a major reduction in government revenues from the last quarter of 2008.

In this regard, our budget for the 2009/10 financial year was formulated under difficult and uncertain economic circumstances, with a substantial deficit anticipated, after several prior years of surpluses. This was our way of providing a stimulus to maintain growth and employment in an economy, where government expenditure plays an important role in sustaining private sector activity.

The budget deficit will be financed, mainly by borrowing in order not to deplete our foreign exchange reserves. To this end, we applied for a budget support loan with the African Development Bank, which has so far responded positively, and has been discussing with us the elements of such a support facility.

To further stabilise the economy, emphasis has been put on financial discipline and budget sustainability. Belt tightening measures are also in place in Government to improve efficiency in spending. Programmes and projects are currently undergoing the rigour of prioritisation, not only for the current financial year, but also for the Tenth National Development Plan, which is being finalised for presentation to Parliament later this year. The intention is to finance programmes and projects, which will contribute to diversification of the economy, hence create employment and reduce poverty.

Mr. Chairman,

Ladies and Gentlemen, as I conclude, I wish to underscore that the hopes of our people are pinned on the outcome of this important gathering, to come up with an Action Plan to cushion the impact of the economic crisis, and progressively return the continent back to a sustainable growth path. The crisis has led to human suffering through loss of jobs and income, and this has worsened the twin challenges of unemployment and poverty. I am, therefore, confident that, as we put our heads together, we will emerge with innovative solutions to the problems bedevilling our continent.

I thank you, Mr. Chairman.
STATEMENT BY
GOVERNOR FOR BURUNDI

Mrs. CLOTIDE NIZIGAMA

Mr. Chairperson of the Board of Governors,
Distinguished Governors,
Mr. President of the African Development Bank Group,
Ladies and Gentlemen

On behalf of the Government of the Republic of Burundi and on my own behalf, I would like to express my sincere gratitude to the Government of Senegal for accepting to host these Annual Meetings and the hospitality extended to my delegation and I.

Mr. Chairperson,

The Bank Group’s performance has been reassuring, despite the various crises that characterized 2008. The Bank Group demonstrated its capacity to rise up to different crises and provide appropriate response, taking into account the diversity of regional member countries.

In view of the results that were presented to us, I would like to pay homage and congratulate Bank Management, Board of Directors and staff for their exceptional performance.

Mr. Chairperson,

Burundi recently emerged from a socio-political crisis that had halted all hopes of development. This came after it incorporated fighters from the last armed movement into the defense and security forces – a necessary step to establishing a national army and police force, and reassuring to all. Moreover, that armed movement was recently registered as a political party. The process is backed by the program to disarm, demobilize, reintegrate and resettle fighters and soldiers not selected under the integration process.

The economic and social consequences of this conflict are incalculable.

Despite these difficulties, the Government has continued to pursue reforms already undertaken to demobilize, resettlement and reintegrate former fighters, the privatization program and public finance management, while forging ahead with good governance on the path to establishing the Rule of Law.

Thanks to efforts made to implement these reforms, the country was able to reach the HIPC completion point in January 2009.

The international community was solicited to provide support to consolidate peace and national reconciliation.

In that regard, we would like to renew our thanks to the international community and the Bank for their contribution towards Burundi’s attainment of the completion point – an event that will remain prominent in the country’s history.
The decision enabling Burundi to attain the completion point will offer the country final and irreversible foreign debt relief equivalent to nearly USD 1,400 million. The relief will spread over a period of more than twenty years, with yearly average of nearly USD 60 million.

At this juncture, we would like to recall that the ADB toed the line followed by other institutions by granting a USD 150.20 million debt relief under the enhanced HIPCI and USD 15.38 million under the Multilateral Debt Relief Initiative (MDRI). Needless to say, other resources will soon be necessary to attain the Millennium Development Goals and consolidate the peace.

The attainment of the completion point is in itself a crucial stage towards the implementation of the Poverty Reduction and Growth Strategy Framework. Indeed, it concretizes the foundation already laid for controlled and sustainable public finance management and, above all, the development process. In that regard, the Government of Burundi recently adopted the Public Finance Management Strategy and the related action plan.

The completion point also demonstrates the trust of the international donor community in the Burundi nation and its action for peace and development. Therefore, we should be conscious of the fact that reaching the completion point is a new step towards authorities’ fulfillment of commitments towards Burundi citizens.

Thanks to savings accruing from the external debt reduction, we should be in a position to inject more national resources to poverty reduction and strengthen our human capacity especially through health, education and training policies.

However, we are also aware that although debt relief is significant, it unfortunately remains inadequate in the face of the challenges and the scale of urgent needs facing the Burundi people. Hence, we hope that the attainment of the completion point will more than ever offer greater access to support from donors, towards the concretization of our strategic objectives. The ADB is invited to continue to play its role as one of Burundi’s principal development partners.

I would not conclude my statement without thanking the ADB for the support that it offers to different countries struck by the energy and food crises in the past year. We request that it continue to buttress countries within the context of the current financial crisis.

Lastly, the Burundi Government reiterates its request for a Bank Field Office in the country. That would further improve the Bank’s performance and portfolio monitoring.

Thank you for your kind attention.
STATEMENT BY
GOVERNOR FOR GERMANY

Mrs. KARIN KORTMANN

Chairman,
President Kaberuka,
Fellow Governors,
Delegates,
Ladies and Gentlemen

First of all I would like to thank our host country Senegal very sincerely for giving us such a warm welcome. My thanks also go to President Kaberuka, the Vice-Presidents and the Bank’s staff for their work over the last year and for preparing the Annual Meetings.

It has been and still is a very busy and challenging year! The food crisis gave way almost seamlessly to the financial and economic crisis. In between, there was the ambitious agenda for implementing the decisions made in previous years. The Bank has mastered these challenges very successfully.

The global financial crisis has, with a certain time lag and in the form of an economic crisis, also seized most African countries. Countries are affected in different ways. In the current situation, there is a risk that the successes achieved in the past few years in the area of poverty reduction, economic development and budget stability might be eroded.

Africa is better equipped to cope with such shocks today than it was ten years ago. This is also true of the Bank, which has a solid financial basis and – with its priority areas of infrastructure and governance – offers a highly relevant portfolio. Let us make use of this potential!

The G-20 Summit in London sent important signals. It recognized and strengthened the pivotal role played by the Regional Development Banks in the international financial architecture. You, President Kaberuka, seized the opportunity to make the voice of Africa heard. And you will continue to do so with a view to influencing the global development policy agenda for Africa!

Central points in this context are the regulation of financial markets – deregulation as a political concept has become obsolete – the countercyclical increase of lending volumes and efforts to make the Bank’s instruments more flexible. By establishing its new emergency aid programmes, the Emergency Liquidity Facility and the Trade Finance Facility, the Bank has responded in the right way. A review of the necessity of a General capital increase is another important step. As a second step, we need an in-depth analysis of what the Bank’s current capacities are, what the Bank can deliver, and which instruments are best suited to fulfilling different needs in various countries. Providing adequate support to low-income countries and Fragile States is a particular challenge.

Achieving the MDGs is the task of all development partners. We must not tolerate the development emergency, as the UN Secretary-General described the situation in Africa in
2008. Therefore, Germany reaffirms its development commitments in these times of crisis, particularly with regard to sub-Saharan Africa.

But African governments, too, must further increase their contributions (for establishing and expanding financial and tax systems, ensuring transparency in the extractive industries, developing social security systems). I would like to call upon the Bank to work on new financing instruments that go beyond Official Development Assistance. It must make further progress in delivering its pledge of becoming the “premier development institution for Africa”.

The stabilizing effects of regional integration processes have become particularly evident in the context of the financial and economic crisis. There are many such initiatives on the African continent. In the future, efforts must be made to streamline such processes and move some of them forward. I believe that the Bank can play an important role in this respect, particularly in the area of infrastructure. Future Economic Partnership Agreements between ACP and EU countries have the potential to strengthen regional integration processes. In order to tap this potential, the existing interim agreements have to be converted into genuine regional, pro-development EPAs as quickly as possible.

For poor countries, it seems, this is a crisis upon crisis. The financial crisis must not push aside the topics of food security, climate and energy, which have lost nothing of their importance! Rural infrastructure and agriculture must remain right at the top of the African development agenda, as must the fight against climate change and improving energy efficiency. Therefore, we must join together to make the UN Framework Conference on Climate Change (UNFCCC), which will take place in Copenhagen in December, a success for everyone!

In this context, I would like to mention the International Renewable Energy Agency, IRENA, founded in Bonn in January 2009. The organization already has 78 Member States, including 27 African countries, and I encourage other countries to also join the initiative.

Let me end my speech by turning the spotlight on Zimbabwe, a country whose people have endured such great suffering. We in Germany have hoped and prayed with you, and given you all the political and humanitarian support we could. We now take pleasure in sharing with you the sense of a new beginning in the country, which has a positive impact felt far beyond the borders of Zimbabwe, Germany will support the reconstruction efforts in Zimbabwe to the best of its ability and further strengthen the Bank in the very constructive role it is already playing today.

Thank you very much for your attention!
STATEMENT BY
TEMPORARY GOVERNOR FOR ETHIOPIA

H.E. Mr. AHMED SHIDE MOHAMED

Mr. Chairman,
Your Excellencies the Governors of AfDB Group,
The President of the AfDB Group,
Executive Directors,
Distinguished Guests,
Ladies and Gentlemen

Let me begin by saying how pleased I am to address the 2009 Annual Meetings of the AfDB Group. I also wish to express, on behalf of the Ethiopian delegation and on my own, our deep gratitude to the authorities and People of the Republic of Senegal for their warm welcome and hospitality accorded to us since our arrival in this beautiful city of Dakar as well as for the wonderful organization of the Annual Meeting.

Mr. Chairman,
Honorable Governors,
Ladies and Gentlemen

As you are well aware, 2008 was a year that marked the continuation of sustaining the growth momentum of previous years for Africa. These positive developments were achieved during this extraordinary year of major global crisis - the food crisis, higher oil prices and financial crisis. However, when measured against the 7-8 percent or higher annual growth rate required to meet the MDGs, the performance of Africa still fall behind target.

These hard-won economic gains are now at risk. Like the rest of the world, Africa is feeling the impact of the global financial crisis. Demand for African exports has fallen; commodity prices have declined; and it is also weakening the tourism receipts and remittance flows. Tighter global credit and investor risk aversion have led portfolio flows to reverse, deterred foreign direct investment (FDI), and made trade finance more costly. As a result of this, the 2009 economic performance of Africa is expected to substantially slowdown compared with the preceding years average.

Recent evidences shows that the current global economic crisis which has its main root from the developed countries is pinching the African economy. It is a mere fact that our continent has contributed nothing for the generation of current global economic crisis. We believe that this crisis needs global attention and solution.

Mr. Chairperson,
Honorable Governors,
Ladies and Gentlemen

With regard to the performance and operation of the AfDB Group during 2008, I would like to take this opportunity to congratulate the Bank for its remarkable achievement at such a time of turmoil and uncertainty on the global finance. It is indicated that many of the Bank’s financial indicators have shown encouraging results. This indeed is a commendable
performance that is further demonstrated in the soundness of the Bank Group’s financial outlook by the reaffirmation of the triple-A (AAA) and AA+ ratings from known rating agencies. These reflect that the Bank adapted sound capital adequacy and prudent financial management policies and this again demonstrates the capacity of the Bank to continue to fulfill its mandate as a development financing institution. I now wish to take this opportunity to thank the management and staff of the AfDB Group for their contribution to this excellent achievement.

The Bank Group, from its modest beginning as a lending institution, has increasingly become a key development partner of African Countries, with the Bank's support featuring in the multi-dimensional development activities of its member countries. During the 2008/09 year, the Bank has played active roles and taken prompt actions in designing and implementing the African Food Crisis initiative which benefits many regional member countries (RMCs). As the major beneficiary of this initiative, I would like to extend my appreciation for the Bank’s exclusive effort and performance in this regard. The current challenges may not be limited to this initiative and there is a need for the AfDB’s active involvement to reduce the deterring impact of the current global crisis. The bank’s role in providing resource using a flexible and fast disbursing Emergency Liquidity Facility (ELF), and the Trade Finance Initiative (TFI) among others will have a positive impact on the beneficiary RMCs.

As our development partner, the AfDB Group is not only a source of development finance, but also an important center of knowledge which can provide technical and managerial input in all phases of the project/program cycle.

We welcome the Bank’s Medium Term Strategy (MTS) particularly, its focus on infrastructure and higher education. Attention given to gender is also welcome. Gender equality is key for all our countries’ transformations. If effectively implemented, the Bank’s MTS will contribute to accelerating growth in member countries. Given the complex challenges in most of African countries, it is always important to realize that it requires effective state leadership and provision of effective services. Thus building state capability and developmental state is equally the agenda of the day if we have to sustain broad-based growth and end poverty. With this comes ownership of policies and strategies for growth, development and prosperity.

The Bank needs to play a strong role to mitigate the negative impacts of the financial crisis, which need adequate resource for expansion. In this regard, it is timely to commence the consultations and negotiation process for the capital increase of the bank groups.

Let me point out, on a more fundamental note, the Institutional Reform of the Bank which has been going on for the last three years. The reform places emphasis, as we all recall, on transforming the AfDB into knowledge and result based institution that delivers on the ground and as a result, becomes an institution of choice and reference. Its aim is to build a strong, relevant Bank with excellent delivery. It is about enhancing development effectiveness of Bank Group Operation to be very much in line with the Paris Declaration to which the Bank is party to.

Let me recall what the Bank said with respect to the reform. "We will accelerate efforts to improve our institutional structure and improve policies and procedures across the board by holding ourselves to a rigorous standard in everything that we can do aware of the
desires by our member countries for us to be a more agile, responsive, less bureaucratic - a less rigid institution.” As a beneficiary of the Bank, we support and welcome the reform.

Reflecting on the progress of the reform, we recognize that several measures have been taken. We would like to express our appreciation to president Kaberuka for his commitment and for driving the reform. We do appreciate the challenge of realizing institutional change. Nevertheless, through time there need to be perceptible movements to the objective set by the Reform of the Bank. It must impact field operations and enhance the effectiveness of the Bank’s delivery.

We have long realized that decentralization of the Bank's activities not only is expected to bring efficiency to the Bank's operations but can also address the problems of member countries faster and better. We recognize that currently the Bank has greater field presence with competent staffs. In this connection, I wish to reiterate here our calls in the past for country offices to be given sufficient delegation of power in order to allow them to make effective decisions. This observation remains valid today. We wish to call on AfDB’s management once again that, to fulfill the intended purpose of the decentralization effort and ensure its effectiveness, country offices should get the necessary delegation of decision-making powers. Without this, country offices will only inflate the costs of the Bank's operations with little benefit to the countries it is intended to serve. This still remains unfulfilled.

Mr. Chairman,
Honorable Governors,
Ladies and Gentlemen

For Ethiopia, the primary agenda is to accelerate growth and end poverty. This informs our current five year development plan with the central objective of growth that is sustained and broad-based. Agricultural and rural development still plays an important role in our development effort and we recognize that it has to be sustainable and complemented by urban growth through strengthening rural-urban linkages. By mobilizing domestic resources and complementary support of development partners including AfDB, Ethiopia is making progress. I am pleased to inform you that Ethiopia has registered strong economic performance as reflected in the average real GDP growth rate of above 10 percent per year during the last five years. All sectors of the economy have contributed to this growth driven by agriculture and complemented by strong performance in manufacturing, construction, trade and other service sectors. Ethiopia continues to make significant progress in the area of human development- education, health and water supply. Infrastructure is being expanded to support the acceleration of growth which we very much need to sustain to end poverty. Significant improvement has also been made in creating an enabling environment to private sector investment, which is showing continuous growth. We are also building democratic institutions for inclusive political and economic development through devolution of power to lower levels.

Despite this achievement, the country still faces challenges in its efforts to sustain the high economic growth needed to end poverty. The current high inflation coupled with balance of payment problem challenges the pace of sustaining the economic growth. The government is exerting maximum effort to address the challenges in a manner that will least affect the momentum of growth and poverty reduction. In view of this, the government is
taking measures to stabilize the macroeconomic problems mainly focusing on bringing down the high inflation and addressing the BOP problem.

Our program requires massive resource flow for enhancing agricultural productivity, building human capital, increasing access to clean water and expanding and improving infrastructure. Investment in democratic institutions is needed to continue to strengthen the foundation for democracy and good governance. We need to continue investing in our capacity building to realize our objective of capable state and dynamic private sector to deliver sustainable development and secure the well being of the Ethiopian people. We also recognize its centrality and act to ensure gender equality for accelerating our broad-based growth and societal transformation. In this key growth agenda, we look forward for continued AfDB support to complement our domestic efforts.

All in all with the complementary support of all our development partners and coordinated domestic efforts, Ethiopia is set to sustain development and enhance the well-being of its people.

We are aware that an economy that generates sufficient amount of domestic resources has better control of the implementation of development plans in terms of speed and scale. Therefore, to achieve sustainable development, enhancing the domestic resources mobilization efforts have been our priority through tax reforms and export diversification.

But as we have said time and again one should not ignore the critical role that our development partners can play in our development by scaling-up predictable ODA, improving market access and encouraging FDI flows to complement domestic efforts. Because of the complementary actions, real progress has been achieved in Africa over the last several years. However, currently a number of serious challenges have emerged like the global economic crisis with knock on effects on our pace of progress. This threaten to erode the gains if not appropriately addressed, reversal are inevitable particularly in low-income countries.

Mr. Chairman,
Honorable Governors,
Ladies and Gentlemen

We should not allow this current global challenge to prevail. The low income countries are the most vulnerable. We should bring our collective wisdom to address the current challenge facing the international community. We appreciate the Bank’s quick response to address the problems of food prices and BOP problems. To address the food prices issue, we believe that the sustainable measure is to continue focusing and investing in improving the productivity of smallholder farmers, increase output and contribute to stabilization of food prices in urban areas.

Time is not on our side. The international community has a dead line to meet the MDGs in 2015.

Finally, please allow me, to call upon all members and our development partners to work together for the success of our Bank to enhance its contribution to Africa’s development. Key to this is the active involvement in looking for solutions for the impact of the current economic crisis on the African economy and speeding up and taking the lead role
in availing additional resources for the RMCs. Regarding the fast tracking of the institutional reforms that the Bank is currently implementing, I wish to reiterate my confidence that the institutional reforms will bear fruit in the shortest time possible to help AfDB deliver effective support to us— the beneficiaries like Ethiopia. A strong, relevant Bank with excellent delivery is our strength. A successful and effective AfDB is our success!

I thank you for your attention.
STATEMENT BY
GOVERNOR FOR GUINEA
Capt. SANDE MAMADOU

Mr. Chairperson of the Boards of Governors,
Mr. President of the African Development Bank Group,
Honorable Governors,
Distinguished Executive Directors,
Ladies and Gentlemen,Honorable Guests

Permit me, first and foremost, and as did my predecessors, to sincerely thank the Senegalese Government and people for the warm and brotherly reception extended to my delegation during these African Development Bank Group Annual Meetings. Senegal’s Pan-African sentiments need no further demonstration, both in terms of its support to African institutions and peacekeeping on the continent.

The people of Guinea rightly appreciate the fatherly hand that President Abdoulaye Wade extended to the new Guinean authorities immediately following the change of regime in Guinea on 23 December 2008. He offered wise counsel to the Guinean Government for a peaceful transition and requested that the international community not close its door to the young Guinean officers who at the time had taken their country’s destiny into their hands. On behalf of the Guinean Head of State and people, we hereby express our deep gratitude to him.

Ladies and Gentlemen,

Guinea is a country with enormous economic potential – in mining, agriculture and energy. However, it is among the planet’s poorest countries and 52% of its population lives below the poverty line. Considered as West Africa’s water tower, Guinea lacks electricity and potable water. The agricultural sector is incapable of feeding most of the population. Fifty years after independence, ore continues to be exported unprocessed. The country has for long suffered the gangrene of corruption, nepotism and bad governance.

The National Council for Democracy and Development (CNDD) that seized power on 23 December 2008, headed by Captain Moussa Dadis Camara, President of the Republic and Head of State, is more than ever determined to change that situation. It will need the support of the international financial community and friendly countries. The CNDD has already taken significant action, including:

- the establishment of dialogue with various components of Guinean civil society on managing the transitional period, with a view to peaceful and rapid elections;
- all-out fight against drug trafficking, for which Guinea had become the hub;
- the fight against robbery and crime;
- the introduction of public assets management audit and recovery of State debt;
- a significant reduction of public expenditure to circumscribe growing inflationary tension.

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Mr. Chairperson,
Ladies and Gentlemen

Guinea is a founding member of the African Development Bank and is happy with the progress that the Institution has accomplished since its establishment. The road ahead is still long and the Institution’s capacity to meet Africa’s major challenges will be a source of hope for our States. We have no doubt that President Donald KABERUKA, thanks to his competence and dynamism, combined with the quality of Bank staff, will be able to overcome the challenges that threaten our economies.

We congratulate the Bank for the initiatives that it has taken to come to the assistance of member countries sorely affected by the current economic and financial crisis. Measures to put in place within that framework should be sufficiently flexible. Indeed, as the Bank President stressed, the crisis in Africa could lead to a humanitarian disaster since, unlike elsewhere, our populations have no social welfare schemes.

My country Guinea is seriously affected by the crisis due to the falling world demand for our commodities. Our readjustment margin is very limited because of our heavy dependence on external finance flows and our weak domestic resources.

Mr. Chairperson,

Guinea unreservedly supports all G-20 initiative to stem the current crisis, especially the establishment of mechanisms to regulate and monitor the international financial markets. We sincerely hope that commitments taken in favor of developing countries would result in considerable support for the poorest nations. To receive such support, poor countries should improve their political and economic governance.

In conclusion, permit me to stress Guinea’s support for the rapid return of our Bank to its Headquarters. We encourage our Ivorian brothers to do their utmost to normalize the situation in their country.

Thank you.
STATEMENT BY
GOVERNOR FOR CHINA
Dr. ZHOU XIAOCHAUN

Distinguished Mr. Chairman of the Board of Governors,
Respected Mr. President of the Bank Group
Fellow Governors,
Ladies and Gentlemen

First, please allow me, on behalf of the Chinese government and in my own name, to thank the Senegalese government for organizing the AfDB Annual Meetings, so that we can reunite in the beautiful city of Dakar and enjoy the hospitality of the Senegalese people. Our gratitude also goes to the management of the Bank for the excellent program.

In 2008, African economy defied the global economic slump, oil and raw material price volatility, food shortage and other difficulties to grow at 5.7 percent, and the nominal GDP per capita also registered positive growth. In most African countries, macroeconomic stability was maintained, economic structural reforms yielded good results, and the investment environment continued to improve. Africa presented to the rest of the world a progressing, developing continent, and a continent of hope.

The financial crisis has brought huge challenges to global economy. China pays great attention to the impact of the crisis on developing countries, African countries in particular. In the G20 London summit, Chinese President Hu Jintao called on the international community to minimize the damage of the financial crisis on developing countries, especially the least developed countries; and the international community, developed countries in particular, should assume due responsibilities and obligations, continue to fulfill their commitments in terms of debt reduction and aid, take concrete measures to maintain and increase assistance to developing countries to help them uphold financial stability and promote economic growth. Specifically, the world should give a helping hand to African countries as they work to overcome difficulties, and improve external environment for the development of these countries.

As the largest developing country, China has similar experience with African countries in seeking development, and therefore, well understands the urgency of Africa to develop itself. Over the years, China has spared no efforts in supporting the independent development of African countries. The Chinese government has promised to earnestly fulfill its commitments of aid measures made on Beijing Summit of Sino-African Cooperation Forum, to continue to the best of our ability to increase assistance and forgive debts, to expand trade with and investment in the continent and strengthen practical Sino-African cooperation.

Furthermore, China has actively contributed to the African Development Fund and the Multilateral Debt Relief Initiative, provided technical assistance to African countries through the Bank, and encouraged Chinese financial institutions to cooperate with the Bank in various forms. At present, China Development Bank and the Export-Import Bank of China are working with the Bank to implement the Memorandum of Understanding on Cooperation. China hopes the Bank will become an important platform for Sino-African cooperation.
Ladies and Gentlemen,

To cope with the crisis, regional development institutions should play a more important role. With better knowledge of the regional situations, regional multilateral development banks enjoy close ties and deep mutual trust with regional member countries, and are more efficient in the use of resources. Therefore, we support general capital increase of regional multilateral development banks, the AfDB in particular, so that they can improve their lending and financing capability and play a more important role in helping regional members to cope with the crisis. To this end, China is willing to consider playing a bigger role in the general capital increase.

Ladies and Gentlemen,

Since the beginning of 2008, the global economy and financial market have undergone drastic fluctuations, and China’s economy has confronted severe challenges and tests. At present, performance of the Chinese economy is relatively stable; however, affected by the grim external environment, the economy is facing greater downward risks. In light of the complicated economic situations both at home and abroad, the Chinese government has promptly adjusted the stance of macroeconomic management, unveiled a mix of policy measures, and formulated a stimulus package that aims to spur domestic demand and promote economic growth. These measures have yielded initial results in some localities and industries, and some economic indicators are showing signs of buoyancy.

At this difficult juncture, stronger confidence, greater cross-border coordination and cooperation are needed more than ever, China is ready to work together with the AfDB members to handle the current financial crisis and promote sustainable economic and social development in Africa.

Thank you.
STATEMENT BY
GOVERNOR FOR GUINEA BISSAU

Mrs. HELENA MARIA NOSOLINI EMBALO

Mr. Chairman of the Board of Governors,
Mr. President of the African Development Bank Group,
Honorable Governors and esteemed colleagues,
Ladies and Gentlemen

I wish firstly to extend my warmest greetings to everyone present and express my satisfaction with the opportunity offered me to participate in these Annual Meetings.

I particularly wish to thank the Government of Senegal for its extraordinary hospitality and the commendable efforts it has made in organizing this important event.

In the same vein, I thank the African Development Bank Group (ADB), the institution that has convened these meetings, for a job well done, and particularly its President, who must be specially congratulated for the bold measures ADB has steadily deployed for the development of Guinea Bissau.

Excellencies,

These Annual Meetings are taking place at a time when the international context is unfavorable and clearly marked by the international financial crisis.

The scale of this crisis and its repercussions on economies cause great concern worldwide, and individual countries and the international community are required to come together to work out solutions.

The African economies have not yet been hard hit by this crisis, even though their degrees of exposure to the ensuing risks and their capacities for response vary depending on their respective economic structures.

Guinea Bissau is highly vulnerable in this context, owing to a combination of several factors. Agriculture is the core sector of the economy. Industrialization is limited and exports are based on primary commodities, notably cashew nuts, which account for some 90% of exports. Domestic savings are insignificant, and therefore hold little attraction for the financing systems. Over 60% of the population is living below the poverty line. There are no development finance agencies nor operational investment finance systems. The Government has limited financial strength, which gives it limited possibilities of intervention.

As a Fragile State, its situation is even more critical; indeed the effects of the crisis on Guinea Bissau’s economy are already evident, notably the sharp decline in tax revenues due to the significant fall in cashew nut prices on the international market and the decrease in migrant remittances.
Excellencies,

For over a decade, our national context has been dominated by successive institutional and political crises. This constant instability has considerably undermined the country’s growth and poverty reduction strategies, contributing to the deterioration of the human development indicators.

Despite the Government efforts leading to adoption of responsible economic policies and the determination to meet the challenges of fiscal transparency and tightening, which have made it possible to improve the public finance management, the resources generated have been insufficient and have not allowed for resumption of the country’s growth.

It should be stressed that the Government has set out with renewed confidence to meet the numerous challenges facing it and which are of concern to the Guinea Bissau population, particularly relating to: economic growth, employment, energy, improved health and education conditions, security and stability.

In that regard, the conclusion of the negotiations for the last phase of Post-conflict program with IMF opens prospects for access to the Poverty Reduction and Growth Facility, making it possible to attain the HIPC completion point in 2010.

We are however aware that these challenges are significant and require political determination, implementation of a plan of reforms in vital sectors such as public finance, public administration, justice, defense and security, and of course, substantial resources.

In this context, it seems to me appropriate to stress the key role of solidarity and international cooperation, if we hope to overcome the difficulties facing our country.

Excellencies,

Permit me to conclude my brief statement by voicing the hope that the African Development Bank Group will, in the current context of uncertainty concerning the future, strengthen its role and give new impetus to its strategic cooperation with the regional member countries.

This contribution, as part of the Bank’s new strategy of intervention, could be decisive in terms of the measures implemented to contain the effects of the crisis, particularly for the countries most affected by the vicious circle of poverty.

Thank you for your attention.
STATEMENT BY
TEMPORARY GOVERNOR FOR FRANCE

Mr. JULIEN RENCKI

Mr. Chairman of the Board of Governors,
President Kaberuka,
Honourable Governors,
Ladies and Gentlemen

First, allow me to thank the Senegalese authorities and the city of Dakar for their welcome on the occasion of these forty-fourth Annual Meetings of the ADB.

The international situation seldom gives us any respite. Having energetically mobilized ourselves last year, with the strong support of President Kaberuka, in the face of a food crisis we are meeting this year on the theme: ‘Africa and the Financial Crisis.’ And, in the end, all these concerns converge. The food crisis itself has put pressure on the macroeconomic frameworks of the Continent’s economies. The financial systems of the low income countries have been less affected than others by the financial crisis. But these countries have now been affected by the deterioration in domestic activity, related to the transmission channels of the crisis to the real economy. That is why France raised Africa’s concerns at the G20 Summit on 2 April so that the international community will show increased solidarity in the face of the full force of the economic crisis. I will return to this.

The African Development Bank is already set to take up the new challenges. We will begin this year with the new ‘Emergency Liquidity Facility’ to offset the dwindling investment resources and the ‘Trade Finance Initiative’. We welcome these innovative initiatives. Of course, they will have to be very rigorously implemented, which, for us, means:

- a rational approach. Based on robust assessments, reflecting the requirements of each country as closely as possible;
- a selective approach, mindful of the scarcity of resources;
- an approach coordinated with all the initiatives of the development partners, including the IMF and World Bank Group.

In other words, the Bank’s new prospects for activity also imply new responsibilities. Our first objective is indeed development assistance, which cannot be a source of costly competition among those institutions in charge of its promotion. As a priority we must use financial leeway: in implementing the prudential rules – without, of course fragilizing the Bank’s rating – in enhancing productivity gains, in redeploying available, but unused resources, in setting tariffs for loans. But there are other projects we would like to see pursued; in particular, if the development of the Bank’s activities is reflected in an increase in non-sovereign lending, it must be accompanied by enhanced risk management.

France is highly mobilized in this crisis context. It reiterates its commitments in respect of official development assistance, and as you are aware, Mr. Chairman, has had the opportunity to concretely display its financial solidarity towards its partners.
We were pleased to announce with President Kaberuka the establishment of an Investment Fund for African Agriculture. This Fund, with a target amount over time, of 500 million Euros, will be able to assist the development of small agricultural enterprises in Africa.

To address the crisis in general, AFD has been mandated to implement the pledge made last year by the President of the Republic to double France’s commitments to Africa by 2012. AFD will, therefore, provide Africa with 10 billion Euros over 5 years.

Next, we back the measures in support of ADF-eligible countries, in particular by speeding up disbursements. On the eve of the crucial ADF mid-term review meeting, it is important for the Bank to show the results obtained under this cycle. There have been increasing calls for support to the concessional resources of the development banks and of ADB in particular. The Ministers of Finance of the 15 Franc Zone countries, with France, issued an appeal to that effect on 17 April this year. For it is a balanced model of assistance that we so ardently desire where the borrower countries will directly benefit from the counter-cyclical initiatives of ADB and where the most vulnerable must should benefit from the concessional resources. I am delighted that the resolution we approved on the review of capital requirements concomitantly requires the Bank’s Senior Management to consider and propose options to achieve this objective. It must first be fulfilled by a financial model which will provide ADF with guaranteed revenue and transfers.

In the end, the main idea we wish to convey is that the economic and financial crisis, and the contra-cyclical priorities it calls for, remind us of our primary mission of reducing poverty. The message from the G20 in this respect must be clearly understood; its recommendations should make it possible to assist both the emerging countries, by building the lending capacities of the development banks – if necessary through capital increases, and the most vulnerable ones. France had the privilege of co-chairing with Indonesia the G20’s fourth working group on development banks which enabled it to bear these orientations in mind, and, in particular, ensure that ADB is not forgotten. The decisions of the London Summit of 2 April attach the utmost importance to the most fragile countries, by reaffirming the millennium development goals and especially the increase in the resources of the IMF and the multilateral development banks as well as their framework of intervention in these countries.

At the IMF, as France has insisted, the doubling of resources for the poor countries, will translate into 6 billion dollars over 3 years in concessional loans through the Poverty Reduction and Growth Facility (PRGF) and the Exogenous Shocks Facility (ESF); this should be added to the doubling of access limits to the Fund’s facilities for all instruments, including those benefiting the poor countries.

For their part, the multilateral development banks must achieve an overall objective of increasing their commitments by 100 billion dollars over three years.

Ladies and Gentlemen,

Behind these perspectives lie opportunities to be seized and responsibilities to be assumed by all development banks and ADB in particular. The combined efforts of ADB and its shareholders to increase the Bank’s activity, assist the most vulnerable countries, strengthen the integration of the continent, clearly indicate a solution to the crisis. We learn
from every trial, and ADB will be able to use to advantage an extensive renewal of its senior supervisory staff to provide fresh impetus for its action under the authority of its President. As always, it retains France’s support as the Continent’s premier financial institution in the service of all African countries.

Thank you for your attention.
JOINT NORDIC STATEMENT BY GOVERNOR FOR DENMARK

Mrs. SUS ULBAEK

I would first of all like to take this opportunity to express our gratitude to the Government of Senegal for hosting this Annual Meetings in the most pleasant atmosphere here in Dakar.

Secondly, I would like to inform you that my statement today is a joint statement on behalf of four of the Nordic countries – Finland, Norway, Sweden and Denmark.

Honourable Chair,

The outlook for Africa has changed since the last Annual Meetings a year ago. It is difficult to uphold the optimistic mood from last year when today we are faced with the unfolding of the global economic crisis.

The negative effects of the crisis on the people of Africa are beginning to show: Pressure on income and jobs and risks of undermining the gains of the previous decade in terms of delivery of public services like education and health.

However, the crisis should also be used as an opportunity for innovative thinking and action. As their overall response to the crisis we would encourage African governments to sharpen their focus on private sector-led growth, job creation and economic diversification. More emphasis should be given to new ideas to create decent jobs, foster entrepreneurship, and provide greater opportunities through education, skills development and access to capital for African women and men.

Chair,

The African Development Bank has shown leadership in responding to the crisis by providing additional resources, analysis and advice to member countries. The Pan-African mandate gives the Bank a special role and responsibility in alleviating the adverse effects of the crisis in the regional member countries. In this regard, we welcome the Emergency Liquidity Facility and the Trade Finance Initiative.

However, although the financing needs are great, the Bank should also keep in mind that preventing a relapse into a new debt crisis is equally crucial.

More should be done to reduce the immediate impact of the crisis in the poorest countries in Africa. It is not just a question of faster and additional resources, but also flexible resources. The response must be designed to country-specific needs. What will make growth take off in one country might not be the same in another country. It is very important that the Bank makes an extra effort to speed up implementation of existing projects.

The list of under-performing projects is still very long and disbursement rates are still lower than in other multilateral development banks. It should be analyzed on a country-by-country basis if the ceilings within ADF XI on policy-based support would need to be
temporarily raised in light of the crisis. It is also likely that an increased use of sector budget support will be justified.

Chair,

While growth in Africa should be based on private sector investments, development aid will still be crucial for African economies for many years to come.

Donor countries must therefore fulfil their commitments to increase aid to Africa. Member countries need to deliver on the Paris Declaration and Accra Agenda for Action and ensure greater international cooperation in order not to add on the already high administrative strains.

However, domestic revenue has now become the most significant source for development financing. All countries need to take a fresh look at its priorities and sources of funding. Large amounts of funds are drained also from this region – illegally or by exploiting tax loopholes. Such losses should be of great concern to national authorities and to ADB, requiring attention both to legislation and capacity, as well as international cooperation in how to strengthen the financial system and reduce illicit capital flight. The Bank’s continued focus on good governance and corruption is therefore highly relevant. Coordination and collaboration are also needed to avoid adverse international spill-overs from national actions. We must do everything to avoid trade restrictions and beggar-thy-neighbour policies as short-sighted responses to the crisis, which will have serious detrimental effects in the longer run.

Let me also remind you about the Norwegian side-event on illicit financial flows tomorrow at 1:00 p.m.

Chair,

The overall response to the current crisis must be seen in the broader context of poverty reduction and responses to climate change. We should use this opportunity to invest in a greener economy, and to ensure that development is ecologically, socially and economically sustainable. This should guide our efforts to reach a new global climate change agreement in Copenhagen at the COP-15 later this year.

Another area of priority for the Nordic countries is the use of environmentally sustainable technologies in Africa, and most notably clean energy. We very much welcome the adoption of the Climate Risk Management and Adaptation Strategy, and are looking forward to its successful implementation. The Bank should promote the adoption of adequate environmental safeguards and the strengthening of national and regional initiatives. These measures should include sustainable forest management among other important ways to control carbon dioxide emissions.

Whenever a crisis occurs it is usually women, children and vulnerable groups that are hardest hit. Continued efforts in the areas of gender equality and women’s economic empowerment, health, education and social safety nets are important, not only on their own merits, but as contributions to securing a broad-based economic recovery in developing countries. Women play a crucial role in the economic recovery as drivers of change and development. Women’s full inclusion in all aspects of society is a precondition for
successful and sustained economic development in any part of the world, so also in Africa. The Bank should take this into account throughout its engagement.

Chair,

The Nordic countries have a long-standing tradition of supporting multilateralism, both financially and politically. The Nordic countries all together are among the largest contributors of development aid in absolute terms. When it comes to our support to the African Development Bank, the combined contribution of the Nordic countries to ADF XI was second only to the United Kingdom.

We place great importance on the relevance, efficiency and development effectiveness of the multilateral organizations that we fund. An organization with modern human resource practices, characterized by transparency and focused on managing for results according to strategic priorities is well placed to deliver strong and sustainable results on the ground. We are therefore very pleased that a comprehensive and ambitious results framework is in the process of being incorporated in the ADF.

Also, we welcome the Bank’s engagement in Fragile States. In particular we have been pleased with the constructive role the Bank has played in the case of Zimbabwe.

Chair,

As many of you witnessed during the lunch earlier today, Dr. Kaberuka has contributed greatly to the work of the Africa Commission established by the Danish Prime Minister a year ago. The initiatives of the Commission focus on private sector-led growth and creation of employment for young people. If Africa’s economic challenges are to be overcome, the growing numbers of young African women and men must be given opportunities through decent jobs. The ongoing global recession makes it even more important to create positive and sustainable cycles of employment, growth and welfare.

The Bank is well placed to participate in the promotion of this agenda, which underpins and complements the Bank’s strategic focus. The Bank’s recent record and performance show that the Bank has a comparative advantage in promoting private sector-led development. The Bank will be a leading partners in the implementation of the initiatives of the Africa Commission. The Bank’s Credit Guarantee Facility – once established – will generate additional and badly needed cash flows for small and medium size enterprises in Africa. The Bank is also the main partner in improving access to sustainable and affordable energy in rural Africa.

These initiatives will strengthen the ability of the Bank to respond to the demands and challenges of Africa’s development needs. More importantly, they will respond to the rightful expectations of Africa’s people and not least its youth for a more prosperous future.

Thank you.
STATEMENT BY
TEMPORARY GOVERNOR FOR KENYA

Hon. Dr. OBURU OGINGA

Honourable Chairman of the Board of Directors,
President of the African Development Bank Group,
Colleague Governors,
Members of the Board of Executive Directors,
Your Excellencies,
Members of the Diplomatic Corps,
Distinguished Guests,
Ladies and Gentlemen

Let me first of all convey my sincere gratitude to the Government and the people of Senegal for the warm reception and generous hospitality that has been accorded to my delegation since our arrival in this beautiful country.

I also wish to express my profound thanks and appreciation to His Excellency, Dr. Donald Kaberuka, President of the ADB Group, management and staff of the Bank for the high standards they have maintained in the overall operations of the Bank over the last one year. As we note with pride the satisfactory achievements of the Bank we should redouble our efforts to move even to greater heights. In this regard, I want to register Kenya’s appreciation of the Bank’s continued support to the implementation of our development agenda as communicated under our Blue Print Vision 2030 strategy.

Mr. Chairman,

The Bank Group commenced operations in Kenya in over 40 years ago and since then the contribution towards our socio-economic development has been significant. To date the Bank has made commitments amounting to Units of Account (UA) 1.1 billion or Ksh.110 billion, in support of our development programmes. Currently, there are sixteen (16) ongoing projects with a total commitment of approximately UA 29.9 million or Ksh.29.9 billion. The sectors benefiting from this support include: Roads, Energy, Agriculture, Health, Water and Sanitation, and support for institutional reforms. Under the just concluded ADF XI resource allocations, the Bank has committed to provide amounts totaling to UA 32.6 million (Ksh. 32.6 billion) for the next four years that is from 2008 to 2012. I am happy to note that the projects to be supported by the Bank are in line with our Vision 2030.

Mr. Chairman,

Allow me now to briefly highlight on Kenya’s current economic scenario. Kenya’s economy recorded remarkable and sustained growth over the period 2003 to 2007, with real GDP growth rate reaching 7% in 2007. The strong performance was due to implementation of sound economic policies and structural reforms which resulted in revival and growth of key economic sectors; including agriculture, manufacturing, tourism, building and construction, transport and communications, among others.
However, during the first quarter of 2008, overall Gross Domestic Product (GDP) growth declined to 1% on account of disruption of the economic activities following the post election violence. However, I am happy to inform you that after the formation of the Coalition Government which saw stability restored in the country, our economy has now started a growth path. The economy rebounded in the second quarter to grow at 3.4% as most sectors recovered due to restoration of peace in the country. On the whole, the economy is expected to record a growth rate of between 2 to 3 percent in 2009 and also the same growth rate is expected this year. Among the factors which explain the decline in economic growth are the post election violence which disrupted farming, adverse weather conditions, high energy prices in the first three quarters of 2008, and the effects of the global financial and economic crisis. I therefore, wish to thank the ADB Group, member states and the Bank for their continued support to the Kenya Government during the past challenges times.

Mr. Chairman,

On a border perspective, we note that although prospects for growth both in the global economy as well as in several of our developing economies continue to improve, recovery is broadening across regions, regional tensions and vulnerabilities still remain. A more recent concern has been the global economic financial crisis that has affected all countries, including Africa that has further restrained the gains on economic recovery. Although inflationary pressures in many developed and developing countries appear tamed, they can be expected to feature prominently in policy-makers deliberations as the negative impact of the global financial crisis feed through.

Worse still, Africa’s continued dependence on primary commodities as our main source of foreign exchange has meant that we remain vulnerable to market conditions and vagaries of weather. Consequently, price fluctuations, decline in real commodity prices and the attendant terms-of-trade losses will continue to exert heavy cost in terms of low income, growth, high indebtedness and rising poverty in this continent. Thus despite the innovation of emerging initiatives in Africa such as the European Union’s Cotonou Agreement and the United States’ Growth and Opportunity Act (AGOA), improving our market access continue to be extremely difficult.

Mr. Chairman,

Kenya, like other African countries requires substantial external support in order to combat poverty. On Quality of Official Development assistance consistence with the 2005 Paris Declaration on harmonization and the Accra Agenda for Action, the developed countries must endeavour to meet their strong pledge to increase the quality and quantity of ODA to Africa. We particularly stress the need for greater predictability of donor funding and also making aid effectiveness a high priority. I am therefore, happy to report that Kenya has made progress in implementing the harmonization principles. There are, however, challenges to harmonization, that need to be addressed by both the recipient countries and the donors.

The Bank on its part has played an increasing role in integrating African economies and strengthening cooperation among Regional Countries. We particularly applaud the Bank’s of supporting Regional Infrastructure Development and Water Supply and Sanitation initiatives within the NEPAD Framework. The Bank has played a key role in developing our human resource in equipping them with knowledge and skills needed to perform various
tasks in the organizations they work. It is only recently that the Bank conducted a regional stakeholders’ workshop on need assessment in Nairobi, Kenya. Such workshops focus on important topics like governance, Millennium Development Goals and institutional development issues that are of benefit to our countries.

Mr. Chairman,

It is in the light of these new challenges facing Africa that we turn on the African Development Bank’s efficiency particularly in connection with the ADF XI replenishment, we wish to commend the Bank for prudent, proactive financial and risk management policies and practices that have continued to yield positive results.

As we start implementing new projects funded under the ADF XI programming cycle, I would like to take this opportunity on behalf of the Government of Kenya to thank the ADB and the ADF State Participants for the efforts of increasing the resources under ADF XI. In particular, the substantial increase of resources towards improvement of regional infrastructure will undoubtedly go a long way in improving trade among Regional Member Countries.

I wish also to applaud the Bank for approving HIPC debt relief UA 159.9 million last year that has gone a long way in financing debt relief for thirty three (33) eligible Regional Member Countries. Kenya strongly calls for more of such programmes that will not only ensure easier access to HIPC funds but also ensure that non HIPC do not fall into debt sustainability problems. The review of HIPC qualification criteria by the Bank in future should enable more countries to qualify for debt relief.

Mr. Chairman,

Whereas the process of the Bank’s relocation to Tunis was successfully completed in 2003, this move was unpredictable and abrupt. As a result, the Bank has now been hosted at the Temporary Relocation Agency (TRA) for a period longer than originally envisaged. This issue therefore requires to be reviewed with the ultimate aim of moving the Bank to its Headquarters. Any extension of stay at the TRA should therefore, be based on the current security situation in the Host Country, which should be reviewed bi-annually.

With regard to decentralization, the need to empower and to expand the number of regional and field offices as a means of improving the Bank’s effectiveness in its development mandate has been echoed in the past. In this connection, the Government of Kenya wish to thank the Bank for establishing an office in Kenya that is now fully operational. However, we request that the Country Office be given more capacity and authority to operate effectively to help member countries.

With respect to employment I wish to congratulate the Board of Directors and Management of the Bank for mitigating the effects of high staff turnover through the accelerated and aggressive recruitment of additional staff. Whereas this is a positive step Management need to seriously address regional imbalance in staff employment especially at Management level. The East African Region in particular is still under-represented at all levels.
Mr. Chairman,

As I conclude my intervention I wish to restate our Government’s appreciation for the good relations with the Bank. Let me assure you of our commitment to pursuing prudent economic management for the betterment of the people of Kenya and once again thank the ADB Group President and the ADB Board for the continuous support extended to Kenya.

Thank you.
Mr. Chairman,
Fellow Governors to the AfDB,
The President of the AfDB,
Development Partners,
Distinguished Guests,
Ladies and Gentlemen

On behalf of the Uganda Government and on my own behalf, I take this opportunity to thank the Government and people of the Republic of Senegal for the warm hospitality we have been accorded, and for the excellent facilities which have been put at our disposal.

In the wake of the on-going global financial crisis and economic recession, President Kaberuka moved swiftly to put African Development Bank at the forefront in responding to the crisis by making available resources which can be accessed quickly by African countries in need. We must thank Dr. Kaberuka and his senior colleagues for taking those steps quickly.

Mr. Chairman,

The global financial crisis threatens the significant gains made by many African countries over the last decade in maintaining macroeconomic stability and sustaining high levels of economic growth, without which, the task of poverty reduction will be much harder. To achieve these objectives, infrastructure development to increase connectivity within countries and between countries will be key, making Africa more competitive and therefore better prepared to deal with external shocks. This will help our countries to address the most critical constraints to economic growth and for our countries to emerge stronger in the aftermath of the global economic crisis. And without economic growth, we cannot sustainably reduce poverty in our countries. In this regard, Uganda welcomes the Bank’s continued focus in its Medium Term Strategy on infrastructure financing, while at the same time responding quickly to other potential effects of the global recession. Improving the overall investment climate through the Bank’s focus on promoting good governance and private sector development are also important complementary interventions.

In addition to providing financial support, improving value for money through providing knowledge on best practices and sharing experiences on efficiency improvement measures will be particularly useful. In Uganda, we have identified efficiency improvement as the most critical element in achieving results on the ground, and we are taking the necessary actions. We are ready to work with the Bank to take this agenda forward.

To enable the effective implementation of the Medium Term Strategy, and in view of the need for the Bank to continue assisting our countries to mitigate the impact of the financial crisis, there is need to increase the capitalization of the Bank. In this regard, Uganda fully supports the proposal for the General Capital Increase of the Bank and calls on our development partners to increase the resources of the African Development Fund.
Regional integration, more than ever before, offers the opportunity for African countries to increase intra-regional trade, employment and economic co-operation. However, regional integration must not be a substitute for the integration of all African economies into economy which itself should serve as a springboard for integrating Africa into the wider global economy. Thus the Bank needs to enhance its support for regional integration initiatives, always bearing in mind the ultimate objective of enhancing Africa’s competitiveness in the global economy.

Mr. Chairman,

Last year in Maputo, Uganda articulated the need for a regional project for the production of fertilizers to increase access by farmers at affordable prices. I want to reiterate this call here today. I note the proposal by the Bank for a Regional Fertilizer Procurement Facility. In our view this facility should be only a temporary arrangement. Uganda believes the East African region will benefit more from a fertilizer production facility rather than the currently proposed procurement facility. There is no doubt that the development of this project together with other investments supported by the African Development Bank in infrastructure development will be a significant step forward towards increasing agricultural production and productivity.

Thank you very much for listening to me.
STATEMENT BY
TEMPORARY GOVERNOR FOR JAPAN

Mr. NAOYUKI SHINOHARA

Mr. Chairman,
Mr. President,
Distinguished Governors,
Ladies and Gentlemen

It is a great honor to address the Forty-fourth Annual Meeting of the African Development Bank and the Thirty-fifth Annual Meeting of the African Development Fund. On behalf of the Government of Japan, I would like to express my sincere gratitude to the Government of Senegal and the people of Dakar for their warm hospitality.

Overview of the African region

The African region recorded a growth rate of around 6.0% per annum over the past five years thanks to the economic reforms taken by the Regional Member Countries (RMCs) as well as favorable external economic conditions. I would first like to sincerely commend their unflagging enthusiasm towards reform.

The situation, however, has dramatically changed due to the global economic and financial crisis since last fall. The global financial market turmoil has spilled over into the real economy, lowering the economic growth forecast of both the developed and the developing countries. This is a global economic down-turn, and all countries must unite in tackling this challenge.

Here in Africa as well, the frontier and emerging economies with market access such as Egypt, Nigeria and South Africa were first hit by the global credit crunch. The deterioration of the real economy is now being widely observed in the whole African region, due to worldwide contraction of demand, significant decline in commodity prices, and decrease in foreign direct investments.

In fact, the latest IMF’s World Economic Outlook projects the real GDP growth of Africa in FY2009 at 2.0%, and IBRD indicates that Africa lags behind on all Millennium Development Goals (MDGs). If left unaddressed, these situations might end up in jeopardizing the past achievements towards MDGs that have been attained thus far through the policy efforts both by African countries and their development partners. We must make every effort to prevent this.

Japan’s policy efforts to date under the economic and financial crisis

(1) Policy measures for maintaining the international financial order and stabilizing macro economy

Since last summer, in response to the deterioration of the economic and financial situation, the Japanese government has adopted a series of packages of stimulus economic measures. By the end of 2008, the total size of these packages had reached 75 trillion Yen (approx. $750 billion), including 12 trillion Yen (approx. $120 billion) of fiscal stimulus
measures. On top of this, the government has decided to formulate an additional stimulus policy package, and announced on April 10, new economic measures, totaling 57 trillion Yen (approx. $570 billion), with fiscal stimulus of 15 trillion Yen (approx. $150 billion), or the equivalent of 3% of the nominal GDP, the biggest in Japan’s history.

Japan has also been providing a variety of external supports aiming at stabilizing the global economy, such as a lending agreement of up to $100 billion with IMF to augment its capital base, assisting developing countries in the recapitalization of banks, trade finance and environment-related investments through the Japan Bank for International Cooperation (JBIC). We would like to continue to do our best in assisting the developing countries ride through the crisis, in cooperation with Multilateral Development Banks (MDBs).

(2) Follow up of the TICAD IV and Japan’s additional contribution

Distinguished participants,

The forth Tokyo International Conference on African Development (TICAD-IV) in last May adopted the Yokohama Action Plan, aiming “Towards a Vibrant Africa.” It designates “Boosting Economic Growth” and “Achieving MDGs” as its priority areas, and provides prescriptions effective even in the face of the current crisis.

Many have expressed concerns that Japan might abandon its pledges made at the TICAD IV, worrying about the damages on Japan caused by the financial crisis. I hereby express a firm determination that Japan will definitely follow through with its pledges. More specifically, I reconfirm that Japan will provide up to $4 billion worth of yen loans over the next five years. In addition to these, Japan will provide grant aid and technical assistance worth $2 billion over the next two years. These are a part of our crisis response, and we intend to provide them as quickly as possible.

Our Foreign Minister Nakasone declared Japan’s additional assistance to Africa on the occasion of the TICAD IV ministerial follow-up meetings held in Botswana this March. Japan pledged to provide around $300 million for food crisis and humanitarian relief aid and decided to contribute around $200 million to The Global Fund to Fight AIDS, Tuberculosis and Malaria. Let me also mention that on the 2nd of April at the G20 London Summit, our Prime Minister Aso urged the international community to enhance their support to Africa, that was heavily hit by the crisis.

Challenges Facing the African Development Bank Group

Responding to the financial and economic crisis: the highest-priority

(1) Responding to the contraction of private capital flows

The African region is now observing a precipitous decrease in private capital inflows due to the financial and economic crisis. Ghana and Kenya have postponed their respective external borrowing plans, and external financing for businesses corporations and the banking sector is being depleted in South Africa and Nigeria. Also, Foreign Direct Investments (FDIs) to the African region this year is estimated to decline to nearly half compared to the level in 2008. Western African countries, in particular here in Senegal, are allegedly facing a decrease of remittances from workers resident in Europe.
AfDB needs to promptly respond to the funding needs in the region, until private capital flow has been normalized again. To that end, we expect that the Emergency Liquidity Facility (ELF) approved by the Executive Board in March this year will be fully utilized.

For the same reason, we also expect that the Trade Finance Initiative (TFI) which has just started its operation will make good progress. We find it appropriate to operate this Initiative on a pilot basis for the first year, given that the Bank does not have any expertise in this area. We expect that AfDB provide effective support through this initiative, while appropriately coordinating with IFC and other MDBs as well as trade facilitation agencies.

(2) Private sector assistance and infrastructure development

As the world economic structure is going through a dramatic change under the current financial and economic crisis, economic growth objectives for developing countries and development agendas in achieving them would inevitably need to be reviewed accordingly. We expect AfDB to properly envision the world economic situation after the crisis and continuously review its strategies in assisting African development.

Whatever development objectives are to be pursued, private sector would play a central role and would be a source of economic vitality. This should be true even after the crisis. Private sector is an engine for sustainable economic growth that enables poverty reduction, ultimately allowing countries in Africa to achieve economic independence.

In this respect, infrastructure developments that would remove a bottleneck of economic activities are critically important to help prepare for future economic growth. We expect the AfDB to properly envision the areas of infrastructure development that will be needed, while carefully looking at impacts that the current crisis will have on economies of individual countries, and to steadily implement infrastructure projects accordingly.

(3) Enhanced Private Sector Assistance for Africa (EPSA for Africa)

In order to assist private sector development in Africa that is now facing difficult circumstances due to the crisis, Japan will enhance the EPSA initiative. EPSA is an initiative that Japan launched with AfDB in 2005 to support private sector development in Africa by providing concessional resources.

I am pleased that a significant progress has been made through EPSA. Since its inception, 6 sovereign loans totaling $236 million, non-sovereign loans of $436 million and 20 technical cooperation projects totaling $16.3 million have been implemented. Through these projects, private sector operations have been firmly taking root in AfDB. We will coordinate with the AfDB’s ELF and TFI to promote further use of EPSA. We welcome that the Board of Governors approved resolutions to allocate part of AfDB’s net income to the Fund for African Private-Sector Assistance (FAPA), a technical cooperation wing of the EPSA, for two consecutive years despite its tight budgetary conditions. We take this as a sign of AfDB’s firm determination to make efforts towards “poverty reduction by private sector-led economic growth.”

Japan has also contributed $20 million to FAPA, as announced at its inception. In light of the current economic crisis, Japan will provide additional $10 million to FAPA.
We expect that the enhanced EPSA will help revitalize the African private sector, which is now facing very severe situations.

(4) Assisting the poor: the most vulnerable to the crisis

The poor who are already socially vulnerable will be hit hardest by the current financial and economic crisis. In order to protect human lives, livelihood and dignity, it is critical to promote a comprehensive human security approach, which not only protects individuals and communities, but also enhances people’s ability to cope with the crisis through capacity development.

AfDB group places enhanced support for AfDF countries as one of the main pillars of its crisis response. Accordingly, it will review the existing portfolio and loan operation programs, and examine the possibility of introducing guarantee products by AfDF. To protect the poor from suffering deeper hardships, the Bank should progress these works further and strengthen its works on projects and capacity building activities that directly benefit the poor.

As the global financial and economic crisis drags on, adverse effects on AfDF countries would be even severer. I urge the Bank group to understand the challenges facing the vulnerable and reexamine the operational priorities of the AfDF XI, as necessary, at its Mid-Term Review to be conducted next October.

Reviewing the AfDB’s capital

MDBs must focus on responding to the economic and financial crisis by meeting urgent financing needs of their member countries, making full use of their existing resources. In this context, the Bank should review its overly restrictive financial policies and regulations, to maximize the use of its existing resources.

The Board of Governors made a resolution to review the necessity of the General Capital Increase (GCI). We urge the management to report not only emergency needs but also medium to long-term regional financing needs as well as the analysis as to how best the Bank addresses regional development challenges. I strongly hope that the report will provide a sound basis for our objective review. At the same time the Bank needs to enhance its governance. In particular it is essential for the Bank to further enhance human resource management, risk management and sound budget execution.

Should it become apparent that a capital increase is indeed needed due to a large increase in lending in response to the current financial and economic crisis, Japan intends to fulfill its role as a main shareholder of the AfDB.

Conclusion

I sincerely hope that all African countries fully demonstrate their strong “ownership” and promote their own development policies to overcome the current crisis, while at the same time further strengthening the partnership with the international community. I would like to call on other development partners and the International Financial Institutions (IFIs) to join us in refraining from reducing their assistances to Africa and implement them even more
actively. I expect the Bank to continue to respond to the borrowing countries’ developing needs and fully play its role as a leading regional development bank. Japan stands ready to support the Bank in anyway it can.

Thank you for your kind attention.
STATEMENT BY
GOVERNOR FOR MOZAMBIQUE

Mr. AIUBA CUERENEIA

Mr. Chairman of the Board of Governors of the African Development Bank Group,
Mr. President of the African Development Bank,
Honorable Governors,
Ladies and Gentlemen

Twelve months ago, we held these important meetings in Mozambique; today we are delighted to be in Dakar, this magnificent city, and we sincerely thank our Senegalese brothers for the welcome extended to us and for this opportunity given us to meet all our friends gathered in this room.

The global financial crisis, an inevitable subject these days, raises difficulties for the African countries, which are striving to further their growth and economic and social progress. In terms of government finance management, this crisis reduces their budgetary margin, as a result of the decline in earnings, in turn reflecting the falling prices of the major export commodities, the reduction of migrant remittances as well as the delay in concretization of private sector investment initiatives or the commitments made by cooperation partners with regard to development assistance.

In Mozambique, like many other African countries, the effects of the crisis are starting to be felt, giving an indication of the damaging effects on the economic management. In our case, we have been obliged to scale down our GDP growth projections, given the direct impact of the contraction in the demand for Mozambique’s leading export commodities, notably, aluminum, cotton, cashew nuts and shrimps.

The Mozambique Government’s initial evaluation of our country’s immediate balance of payment financing needs has indicated an amount of approximately one hundred and sixty million (160 000 000) US dollars required to guarantee the stability of the macroeconomic indicators for the current year.

Distinguished Guests,

This same scenario is being witnessed in various African economies, and this is why we look forward to the actualization of the initiatives and commitments of the last G20 meetings, at which the leaders of the planet pledged to adopt concerted measures to reverse the global economic trend. At that same gathering, the G20 supported the proposal to increase development finance resources by increasing the capital of the international finance institutions.

We are pleased to note that the African Development Bank has already taken concrete steps toward the implementation of these recommendations through the adoption of various initiatives, notably the Emergency Liquidity Facility, the Trade Financing Facility, and the planned general increase of its capital.
While we welcome the initiatives, we worry that these facilities are not going to reach the low income countries which are eligible for ADF financing, and whose economies are beginning to suffer the effects of the world financial crisis.

We therefore call on ADB and its partners to mobilize new and innovative instruments that address the specific and growing needs and concerns of the low-income countries and meet the short and long-term challenges, and this calls permanent investment in infrastructure and promotion of a robust private sector. In this context, we consider it urgent to offer the low-income countries finance instruments other than the ADF window, given the low volume of its resources.

We also take this opportunity to commend the strategic vision relating to resource allocation that is contained in the ADB Medium-term strategy, which defines the priority areas, namely, infrastructure, governance, agriculture and rural development, human development, the private sector, etc.

Ladies and Gentlemen,

We particularly wish to congratulate ADB, through Mr. Kaberuka, who has reacted promptly by approving various instruments to assist the African countries in battling the effects of the rising food and fuel prices. We also welcome in our midst another new family member, Luxembourg.

In conclusion, I wish to say that I am pleased with our candid discussions concerning Southern Africa’s request to increase its voting power on the Board of Directors. We welcome the proposal to appoint a committee to consider the matter and make appropriate recommendations. We require the necessary action to be taken within the specified timeframe, since the Executive Director’s elections are coming up soon.

Thank you for your attention.
STATEMENT BY
GOVERNOR FOR NIGERIA

Hon. Dr. MANSUR MUHTAR

On behalf of the Government and people of Nigeria, it is a great honour for me to address the 44th Annual Meeting of the African Development Bank and the 34th Annual Meeting of the African Development Fund, taking place in this city which has such significant historical resonance for us.

I also wish to express my appreciation to the people and Government and good people of the Republic of Senegal for the warm reception accorded to my delegation since our arrival here in Dakar, and to the Management and Staff of the ADB for their excellent preparations for this event.

This year’s Annual Meetings of the ADB Group are being held at a very critical period when the world economy is passing through one of its worst and devastating recessions in recorded history. Our gathering here in Dakar is therefore a defining moment for all of us to take stock and ponder on how to turn the crisis to an opportunity by taking bold policy and strategic measures to restore the growth momentum in the region and planning for the future.

Nigeria’s Macroeconomic Challenges in the context of the Global Financial Crisis

Let me now share with you the impact of the global financial crisis on Nigeria and some of the response measures we have embarked upon. Given that oil is responsible for over 90% of Nigeria’s export earnings, the falling price of crude oil has impacted considerably on Nigeria’s fiscal and current account position. This had adversely affected the exchange rate of the NIARA and reduced FDI flow to Nigeria, resulting in a reversal of portfolio investment. With this crisis, Nigeria is not expected to go into recession but growth will certainly be less than what was recorded in 2008.

I am however pleased to state that Nigeria is taking measures to contain the adverse impact of the crisis on economic growth and poverty, while at the same time working to preserve the hard-won gains of recent years in the areas of macroeconomic stability, debt sustainability and fiscal responsibility. To help achieve these objectives, the Government has established a broad-based crisis-response framework on the Global Financial Crisis headed by the President. Part of the measures to be taken include: improving the revenue base of the non-oil and gas sector, customs reform, and auditing of revenue-generating Agencies. A stimulus package has also been designed to ease the strain of the crisis on the Nigerian populace.

The ADB and the Global Financial Crisis

At this juncture, I wish, on behalf of Nigeria, to congratulate the President of the African Development Bank for taking a lead role in facilitating a coordinated African Response to the Global Financial Crisis. Nigeria is also pleased to note the Bank’s prompt response in developing new financial products which are aimed at helping Regional Member Countries cope with the crisis.
It is however clear to us that the Bank’s initiatives in response to the global financial crisis cannot be implemented without transgressing its key prudential limits. Nigeria therefore strongly supports the Bank’s request for a Sixth General Capital Increase (GCI), which will provide it with the necessary lending room to respond to the needs of its clients without jeopardising its financial integrity and its Triple “A” rating.

*ADB Group Operations in Nigeria*

The Nigerian Government has been supported by the Bank based on a Results-Based Country Strategy Paper for the years 2005-2009. We are pleased to note that the Bank’s Policies continue to remain in alignment with our development policies, namely the National Economic Empowerment Development Strategy, Vision 2020, and the 7-Point Agenda of President Umaru Musa Yar’Adua. Nigeria eagerly anticipates a new Country Strategy Paper which will further take into consideration Nigeria’s federalist structure. We also anticipate a Country Strategy Paper that focuses on a few strategic areas such as infrastructure (primarily power and railway), good governance, social safety nets and human and institutional capacity building. We expect to see more Public Private Partnerships (PPPs) in Nigeria involving the Bank, in view of the fact that we have put in place adequate institutions for PPPs. For instance, the Infrastructure Concession Regulatory Council (ICRC) was established in 2008 to midwife the process. We are also looking forward to support from the Bank, perhaps from the new short term instruments, for the financial sector.

*Towards a Resilient African Economy*

Mr. Chairman, in concluding, let me reiterate that while this global financial crisis has cast a long shadow over the region, Nigeria is also of the view that it presents to all of us an opportunity to take measures to maintain growth within our economies, as well as an unprecedented chance to forge stronger the bonds of collaboration, coordination and collective action for development in the region. In the coming months, Nigeria will continue to work with the Bank, the G-20, Regional Member Countries and other partners to help achieve this vision.

Once again, Nigeria is thankful to the President and the ADB family for their efforts.

Thank you all.
Mr. Chairman,
President Kaberuka,
Fellow Governors,
Ladies and Gentlemen

I wish to join colleagues in thanking the people and Government of Senegal for their warm welcome and excellent hosting of this event.

At this time of global economic turmoil, the need for our Bank to be strong, effective, well-resourced is more apparent than ever. Not only is the Bank important in the finance it provides – its advice and leadership are vital in helping African countries and the wider world respond to the crisis. I applaud President Kaberuka for his leadership, and for the role the Bank has played in formulating and disseminating African positions on the crisis, especially for the G20 London Summit. I would also like to thank the President for his personal role and the Bank’s on Zimbabwe. The time has come for accelerated support from the Bank for Zimbabwe’s economic reform and stabilisation, and I call on the President to bring forward proposals, consistent with Zimbabwe’s own Global Political Agreement.

At the London G20 summit, leaders underlined the importance of the multilateral development banks in providing their member countries with finance in the current constrained environment. I welcome the way in which the Bank has responded, with additional lending and specific facilities introduced in March. We, the shareholders of the Bank, must ensure it has the resources it needs and back management in accelerating new commitments and responding flexibly to changing needs.

Mr President, the UK has demonstrated its commitment to the African Development Bank in recent years. We are more committed now to this institution than we have ever been. We fully support both a rapid General Capital Increase, and also an accelerated replenishment of the ADF. We must complete the next replenishment in time for programmes to deliver at the start of the 2011, not half-way through the year. And we need a large replenishment, recognising the needs of the poorest countries.

It is critical also that every penny or cent mobilised for development has the biggest possible impact. The Bank showed in its response to the food crisis that it could be flexible and responsive. With many sources of finance drying up, budgets are under strain in many countries. We as the shareholders should give the Bank authority to provide more budget support in response to these exceptional needs. And the authority to reallocate money that is tied up in slow-moving projects.

Of course, the economic crisis isn’t the only challenge the Bank is tackling – the Millennium Development Goals and the threat of climate change remain major challenges. I highlight three areas where the Bank has taken some important steps, but where more progress is needed.
First, we know that in every area of development, being female is a disadvantage. Women get paid less, get poor maternal health care, suffer more violence, get less schooling and make fewer decisions about things that affect them. This is unacceptable, and is why I welcome the Bank’s new Gender Action Plan. Implemented well, it will ensure the Bank is making its contribution to righting these injustices.

Second, fragile states. Fragile states experience huge poverty and human development problems. In these countries, the Millennium Development Goals are most off-track with extreme poverty, and child and maternal deaths three to four times more prevalent than in other developing countries. The Bank’s Fragile State Facility is an important instrument, and the Bank must continue to increase its efforts to respond to the needs in these countries.

Thirdly, delivery. We need to ensure the Bank’s considerable human and financial resources are deployed flexibly and responsively. This requires the Bank to staff field offices with the right expertise, and give them the authority to take decisions and drive progress close to where implementation is happening. It also requires better management and reporting of results, making the most of the new, single results system.

Ladies and Gentlemen, there is a saying in Senegal that ‘all birds will flock to a fruitful tree’. In these difficult economic times, we must work together more than ever to ensure the African Development Bank continues to bear fruit for its borrowing members. With your leadership, Mr President, that fruit will contain the seed of an economic recovery that will benefit the poorest across the continent. And then the birds will be right to flock to the Bank.
STATEMENT BY
GOVERNOR FOR LESOTHO

Mr. THAHANE TIMOTHY

Mr. Chairman,
Fellow Governors, and
President of the ADB

Allow me to express my personal and my delegation’s delight at your selection as Chairman of our meetings. I am confident that under your wise leadership and guidance our meetings will conclude by adopting a plan of action to respond to the current global financial and economic crisis.

Mr. Chairman,

Allow me to also convey to the Government and the people of the Republic of Senegal our deep appreciation for the warm and professional hospitality extended to us since our arrival in this historic and vibrant city of Dakar.

Finally, I wish to thank both ADB Staff and their Senegalese Counterparts for the excellent organization and arrangements made for our meetings. It is not easy to organize meetings of this magnitude and complexity away from Headquarters.

Mr. Chairman,

We are happy to welcome Luxemburg as our newest member.

Since the 1970’s oil crisis, the focus of the multilateral international financial institutions has been more on developing than on developed countries. Although the indicators of the impending financial crisis were there for all to see, they did not raise concern nor put the spotlight on the Regulators and Bank Supervisors in the developed countries. When the crisis broke out last September, the developed countries, where the crisis originated, were caught off guard by both the intensity and the speed of the spread of the crisis from housing in the U.S. to banking systems and to economic and trade sectors. The technological breakthroughs, systems developments and practices and financial engineering that took place in the last two decades in the banking, commodity trade and services sectors facilitated the quick spread of the crisis to Europe and the emerging market countries.

While all developed countries ought to be complimented for their quick and forthright response, I wish to pay special tribute to the President, the Board of Directors and Staff of the ADB for the Bank Group’s quick response. The crisis erupted last September and by November the Bank had convened in Tunis, African Ministers of Finance and Governors of Central Banks to agree on a common response.

The prompt action by the Bank reflects a change in the Bank’s leadership, knowledge and innovation, operational and institutional capacity when compared to its response to the past crises. This is what Africa needs and expects from its premier development institution.
Our congratulations to the President and his Team. We say; continue to develop intellectual, organizational and administrative excellence and policy innovation in close partnership with all development partners, particularly those from Africa, the Middle East, Asia and Latin America.

Mr. Chairman,

The Bank will need large resources to effectively respond to the challenges of pursuing broad based growth; reducing poverty through employment creation; fighting HIV and AIDS; developing human skills; and mainstreaming gender and protecting vulnerable groups such as children and old people. Clearly, successful pursuit of these challenges requires substantial increase in the capital of the Bank and in the replenishment of the ADF much sooner than would have been the case in the absence of a crisis and the development momentum that the African Countries had generated.

Mr. Chairman,

Let me turn briefly to developments in Lesotho and on how the crisis has impacted on our economic growth which ranged between 8.2% and 5.1% in the last two years. We had maintained budget surplus, financial and macro-economic stability as the foundation of this growth. Our textile exports to the United States under AGOA had averaged $450 million in the last three years and provided up to 50,000 jobs, mainly to young women. With the collapse of demand in the U.S. and financing from the Asian financial institutions that had provided trade finance, employment has fallen sharply by over 12% since September last year. Remittances from Basotho workers in the South African Gold and Platinum mines have fallen precipitously as a result of employment cuts in those mines. The fall in the prices of diamonds has caused a drop in employment and a temporary suspension of operations in three of our four mines and new foreign investment projects have been put on hold. All these, coupled with last year’s high food and oil prices, will exacerbate poverty levels in the country, thereby threatening the attainment of some of the MDG’s goals on which we had made commendable progress.

How is the Government responding to these challenges?

The Government has decided to accelerate mobilization of domestic resources and increase expenditures on its already funded road and dam constructions and water and sanitations infrastructure; to speed up the implementation of private sector reforms to increase our competitiveness and the investment climate generally; to launch a second and large Public Private Partnership (PPP) project in the health sector worth, 1.2 billion Maloti/Rands for the Referral hospital. The unique feature of this hospital project is that patients will pay relatively the same as they are paying at present. We will also develop and train small and medium entrepreneurs, especially those in agro-industries and tourism and preserve the capacity of textile firms as well as assist them to diversify their products and markets into the Southern African Customs Union, the European Union, Canada and other markets. Towards the latter goal, Lesotho will join the African Export-Import Bank at these meetings in order to expand the potential sources of trade finance. In terms of energy savings, we have opened a new plant that manufactures energy saving bulbs to all the SACU market while ADB Group will finance energy generation and transmission into the rural areas. We also plan to launch some projects in the wind and hydropower generation.
In short, the Government’s strategy is to turn this crisis into an opportunity by taking advantage of our location inside one of the economic powerhouse on the continent that has advanced transport and communications infrastructure. We plan to identify niche markets as well as exploit the large market of over 50 million people made possible by the Southern African Customs Union (SACU). SACU with Headquarters in Namibia has concluded the Preferential Trade and Investment Agreement with EFTA, the United States and MERCOSUR. Negotiations will start with India next month in Lesotho, thereafter with China.

Mr. Chairman,

We hope that ADB Group and other Development Partners will prove to be valuable partners in this program of response to the current financial and economic crises.

Before closing, Mr. Chairman, allow me to touch on one important issue to our region. We all know that Zimbabwe has had difficulties in the last few years. The Zimbabwean political Leaders, with the support of SADC, have agreed on a political way forward. There is now an urgent need for economic reconstruction in order to bring the economy to what it used to be and to enable Zimbabwe to play its rightful role in the region. All of us in SADC are committed to supporting Zimbabwe’s economic and social recovery.

We greatly appreciate the support which the ADB has rendered to Zimbabwe towards its clearance of arrears. We hope other development Partners and Multilateral Institutions will contribute to this process.

To conclude, Lesotho Government’s response to the crisis is based on turning the crisis to opportunity through:

- pursuit of high economic growth with protection for the vulnerable and reduction of poverty by fighting HIV/AIDS;
- increasing investment in physical and human infrastructure;
- development of capacity to utilize Trade Finance;
- to diversify our exports by products and markets;
- removal of constraints to private sector competitiveness and conducive investment climate.

Thank you.
STATEMENT BY
GOVERNOR FOR TANZANIA

Hon. MUSTAFA HAIDI MKULO

Mr. Chairman,
The President of the African Development Bank Group,
Honourable Governors,
Distinguished Delegates,
Ladies and Gentlemen

On behalf of the Government of the United Republic of Tanzania and on my own behalf, I would like to express my sincere gratitude and appreciation to the government of the Republic of Senegal and its people for hosting this meeting and for the warm reception and hospitality accorded to me and my delegation. I would also like to thank and commend the ADB Group for the excellent arrangements they have made to make these meetings a success.

Mr. Chairman,

Over the last few days we have had interesting discussions on several important subjects including: the Financial Crisis in Africa; Challenges and Opportunities facing Africa. The occasion of these meetings has provided real opportunity for us to exchange our experiences on these issues. Indeed, we have had a lot to learn and share with each other despite our different socio-economic backgrounds. I urge the ADB group to continue with such innovative arrangements which provide room for broader interaction amongst ourselves.

Mr. Chairman,

In the recent years our continent experienced three major shocks; namely the food crisis, increase in fuel prices and most recently the global financial crisis. The financial crisis has reduced demand for Africa’s exports, external resource inflows – foreign aid, trade credits, foreign direct investment and tourism. We commend the African Development Bank Group under the very leadership of Dr. Kaberuka, for its swift response to the food and financial crises. We welcome the possibility of temporary flexibility on the ‘Debt Sustainability Framework’ that would allow capable ADF countries to borrow from the ADB window and urge the Bank to take action to explore all possibilities to bring this proposal to fruition.

Mr. Chairman,

The total ADF approvals in 2008 stood at UA 1.67 billion compared to UA 1.38 billion the year before. Tanzania is among the top beneficiaries of these resources. The operational activities of 2008 are commendable given the current global challenges. We commend the Bank for that. During the same year, we also noted that the rate of disbursement, on the ground, did not significantly improve despite increases in approvals of projects and programmes. We would urge the Bank to look into ways and means to enhance disbursements to Regional Member Countries.
In connection with this, I would also like to emphasize the need for enhancing the pace of streamlining and adopting more flexible business processes that will empower the Field Offices to play a much more significant role in procurement and disbursement processes in order to further reduce the transaction cost, turn-around time and lengthy bureaucracy. The Bank needs the support of all of us here in order to be able to make further progress and become more efficient, result-oriented and relevant for African Development needs.

Mr. Chairman,

I also want to commend the Bank’s response in food crisis by establishing the Africa Food Crisis Response initiative. The initiative which aimed to assist the most vulnerable and affected member states with a Short and Medium Term Strategy. This is also to acknowledge that the Bank has an important role to play both in providing finance and assistance to African countries. It is our hope that the Bank will focus on core and mutually reinforcing operational priorities of Africa, which are infrastructure; governance; higher education, science and technology; and enhance private sector development as stipulated in its Medium Term Strategy 2008 – 2012.

Mr. Chairman,

In almost every African country, inadequate energy, transport and communication infrastructure appear at the top of the list of major bottlenecks to growth and development. About 30% of the population of Africa live in landlocked countries and the rest lack adequate links. It is encouraging to note that the Bank is now focusing on infrastructure development, with special emphasis on transport projects. I believe this is the right choice and would want to commend the Bank for focusing on this important sector for our development. I am confident that this intervention by the Bank will contribute significantly to the pace of regional integration.

Mr. Chairman,

The financial crisis is negatively impacting the African continent and threatening the achievements of the last decade of sustained economic growth. I commend the Bank for swiftly convening a special meeting of the Ministers of Finance and Governors of Central Banks in Tunis in November 2008 to discuss the potential effect of the crisis and the possible response measures that are needed to mitigate the advert effect of the crisis, including agreeing on the need for Africa’s voice and presence at the G20. We note with satisfaction the Bank’s participation at the G20 meeting in Washington D.C. and London.

Mr. Chairman,

Majority of the African countries recognized the importance of the private sector as the engine of growth and development. Many of these countries are implementing important reforms to create the necessary conducive environment for private sector development. The Bank must enhance its deliberate efforts to promote private sector development in Africa.
Lastly, Mr. Chairman,

Allow me to conclude my statement by thanking once again the Bank management for the excellent arrangements. I would also like to thank President Kaberuka for his steady and firm leadership which has spearheaded the reforms that the Bank is undertaking. I commend him for his tireless efforts to strengthen the Bank’s financial position. I would like to congratulate the incoming Vice – Presidents whom I believe will work very closely with President Kaberuka with a view to making the reforms that he pioneered succeed. We look forward to working closely with him and his team in order to ensure that the Bank can meet the needs and aspirations of the African people.

I thank you very much for your attention.
STATEMENT BY
GOVERNOR FOR CHAD

Mr. OUSMANE MATAR BREME

Mr. Chairperson of the Board of Governors,  
Honorable Governors,  
Mr. President of the ADB Group,  
Ladies and Gentlemen,  
Distinguished Guests

It is for me a singular honor and privilege to address this August assembly. Permit me, first and foremost, to thank the Government and the people of Senegal for the mark of sympathy and attention extended to members of my delegation and I since our arrival in this great and beautiful country, the Land of the Legendary “Teranga”.

Furthermore, given the smooth organization of these meetings, it is only natural that I address my sincere and cordial congratulations to all – host country and ADB officials – whose efforts and commitments helped to set the necessary condition for our annual meetings to hold successfully.

I would also like to laud efforts deployed by ADB Management, the Board of Directors and staff to achieve the results presented, as well as various initiatives taken for some time now and whenever the situation so demands, providing relevant response to the justified concerns of regional member countries, indeed to our people who have been the sport of different exogenous shocks in recent years. The ADB must preserve its financial solidity, its enviable Triple A rating and its operational effectiveness. Even as the financial results reassure us, so too do we believe that the implementation of the ADB’s medium-term strategy for the 2009-2012 period has taken our real needs into consideration. We are proud that the ADB remains an Institution of reference on Africa’s development issues. However, its advancement which forcefully attracts the adhesion of non-regional countries could, in the end, dilute our Institution’s African vision and mission. This concern – perhaps unjustified or premature at this stage – is adding to the issue of capital increase that will be discussed during our deliberations. It is my hope that the capital increase would not only guarantee the Bank’s lending capacity but also preserve adequate representation and commensurate voting powers for the regional member countries. The capital increase should be backed by a new shareholding structure in which the interests of all shareholders would be preserved. Acting otherwise would mean that at a time that we strive to improve our representation at the Bretton Woods Institutions, we would ourselves, by our own very hands, dilute our position in our own Institution, perhaps even gradually become minority at the decision-making level.

This performance notwithstanding, I would like to encourage the Bank’s authorities to work to mobilize more financing, taking into account the very high investment needs of our countries. More than ever before, the ADB should strive to increase aid to Africa. At this moment of crisis, it is necessary to act very rapidly to mobilize new additional resources emanating from commitments taken during the G-20 London meeting last April.
There is also need to strengthen the impact of Bank projects, in other words turn towards concrete and relevant projects, with a view to obtaining tangible results. Such results are only possible if the Bank raises the process of ownership and dialogue with countries to the status of an operational strategy.

Mr. Chairperson of the Board of Governors,
Honorable Colleagues,
Mr. President of the ADB Group,
Ladies and Gentlemen

By placing this Annual Meeting under the theme “Africa and the Financial Crisis: an Agenda for Action”, the Board recognizes that this meeting is taking place within a difficult context, characterized by a major financial crisis which has already had negative repercussions on the economic and social prospects of our countries. My predecessors on the rostrum listed several proposals, all of which I support.

Similar to other African countries, my country – Chad – faces major challenges that have been exacerbated by the financial crisis, the food crisis and the consequent sharp increase in the cost of basic necessities, the energy crisis, the falling price of oil, not to mention the repeated attacks by rebel incursions from Sudan. These events might call into question my country’s economic growth, socio-economic and infrastructure achievements, within the poverty control framework.

Already, the negative repercussions of the financial crisis have led to the downward review of the country’s economic projections, the contraction of demand, the sharp drop in export product prices, the drastic reduction of the capital budget and the increasing scarcity of budgetary support and public development aid in general.

Undoubtedly, the impact of this crisis can only be absorbed in the medium and long term. Efforts to adapt our economic and financial policy will not suffice. There is need for adequate external financial support, without which all reform and adjustment efforts undertaken in recent years could be brought to naught. In that regard, the ADB has been up to the task – and not fortuitously, witness the Bank’s latest initiatives in response to various crises. Concerning Chad, the restructuring of the Bank’s portfolio helped to mobilize resources for the procurement of agricultural input; the opening of the ADB Field Office in Chad in 2007 which offer’s close-at-hand expertise, has brought substantial improvements to the portfolio quality.

The setting up of the Post-Conflict Countries Facility, the Africa Food Crisis Response Initiative, the Emergency Liquidity Facility, the Trade Finance Facility, the African Water Facility, the Africa Legal Support Facility, the Fragile States Facility and the Framework for Accelerated Resources Transfer to the poorest countries, all concretize the Institution’s commitment in service of Africa. In particular, I encourage the Bank to strengthen its advocacy and advisory role in favor of our continent.
Mr. Chairperson of the Board of Governors,
Honorable Colleagues,
Mr. President of the ADB Group,
Ladies and Gentlemen

After several years of strong growth, the series of crises in 2008 combined to break the impetus of Africa’s economic progress. Despite its potential, our continent continues to record the lowest socio-economic indicators. War, insecurity, famine, various diseases and lack of infrastructure still mar the daily existence of our people. Moreover, we should bear in mind the difficult conditions of the poor and the vulnerable in our society, and put in place audacious and sustainable programs aimed at giving the required priority to the poverty reduction problem facing our member countries.

Our commitment notwithstanding, we do not have an answer to these primary afflictions. Similar to the African Water Facility, there is need to launch a Malaria Facility, malaria currently being a leading cause of mortality and morbidity in Africa, not to mention its consequences on our people’s economic activity.

Before concluding my statement, permit me Mr. Chairperson, to again express our gratitude to the Senegalese authorities for their brotherly hospitality. I would also like to congratulate the entire ADB team led by President Donald KABERUKA for the quality of documents distributed and all arrangements made for the successful conduct of our deliberations. I am persuaded that the deliberations of the Dakar Meeting will be determinant for the future of our Institution and highly beneficial to our member countries.

Thank you for your kind attention.
STATEMENT BY
GOVERNOR FOR ZAMBIA

Hon. Dr. SITUMBEKO MUSOKOTWANE

The President of the African Development Bank Group,
Your Excellencies and Representatives of Government,
Ladies and Gentlemen

I wish to thank the people and Government of the Republic of Senegal for the warm reception and hospitality shown to all of us since our arrival.

I further wish to thank the Government of Senegal for hosting this year’s Annual Meetings under the theme “Africa and the Financial Crisis: An Agenda for Action“

This Annual Meeting has provided a great opportunity for us to discuss the impact of the global financial crisis on the economies of Africa and how the achievements we have made in the immediate past years can be maintained and sustained during the period of the crisis.

In Maputo last year, we discussed ways to increase economic activities which in turn would contribute to wealth creation and poverty reduction on our continent and indeed in our individual countries. We discussed ways of accelerating regional integration and enhancing trade among our countries, including speeding up the implementation of infrastructure, energy, agriculture and others so that Africa can equally benefit and compete favourably in the global markets.

This dream is now being threatened by the global financial and economic crisis. Access to finance has become a major challenge for many of us. We have seen a fall in foreign capital inflows, falling remittances and reduced fiscal revenue. This will certainly make it hard for us to finance our development programme.

Mr. President,

African countries have no choice but to survive the crisis. We must therefore stay resolved to safeguard the achievements that we have made over the past years by keeping our individual country’s macroeconomic fundamentals in place and forging ahead to achieve adequate economic growth, even amidst this financial crisis.

In this respect, the theme of this year’s Annual Meeting is indeed most appropriate so that we can learn from each other, ways and means of forging ahead in spite of the crisis.

Mr. President,

Allow me to applaud the Bank for setting up a number of special initiatives such as the Emergency Liquidity Facility whose main objective is to alleviate the credit constraints the private sector and our countries are facing during these trying times. The Africa Legal Facility is yet another Bank initiative through which member countries will be able to receive legal technical support in litigations, negotiating good contracts, developing tax regimes and policies that will ensure that African countries optimize their gains from natural resources.
Mr. President,

Although the Emergency Liquidity Facility is meant to cushion the negative effects of the global financial crisis on us, it is targeted exclusively to the middle income countries and non-sovereign borrowers. We would like to see the broadening of these instruments to cater for the needs of ADF countries such as Zambia.

The other challenge that has continued to affect the economies of the African Continent is its perpetual vulnerability to external shocks. The current global financial crisis, increased food prices in the international markets etc are perfect examples of how vulnerable our economies are in Africa to external shocks.

Africa needs to find ways of protecting herself against these exogenous shocks. The solution to these challenges include enhancing regional integration and increasing intra-regional trade on the continent, while diversification and quickening the rate of industrialization in our countries will spin our economies to greater growth rates.

You will recall that developed countries made commitments in 2002 to increase the level of Official Development Assistance to Africa’s development agenda. While some of our development partners have met their commitments on this, we have noted that this has not been so for many others.

Mr. President,

In view of these developments, Africa needs to strengthen domestic resource mobilization to augment the ODA resources which Africa has been promised during the crisis period. But we also call on the donors to fulfill their promises otherwise there is no purpose in making the promises in the first place.

Mr. President,

There is however also a lot we can do to help ourselves. This includes doing more to attract capital from the private sector and creating attractive conditions for entrepreneurship. To achieve this, African countries need resources to establish infrastructure that can as quickly as possible leverage in the private sector. The Bank and other IFIs can help a lot in this respect.

Mr. President,

Allow me at this point on behalf of Zambia to express my sincere gratitude and appreciation to the African Development Bank Group for their continued support to our development agenda. The Bank has continued to render its support to programmes and projects in agriculture, water and sanitation, health, energy and transport sectors. These projects continue to be key in Zambia’s development programme. But more should be done.

For example, we have put aside resources for schemes such as development of tourism areas in both Kasaba Bay in the northern part of our country and Livingstone in the southern part of our country. We have further opened up a number of farming blocks for
private sector investment in the country such as the, Nansanga, Farm Block in central Zambia.

In pursuant of the diversification programme in the country, we have created multi facility economic zones and are in the process of creating livestock disease free zones. We hope to turn this sub-sector into the copper of Zambia in the near future. These are initiatives that will position Zambia well during and after the crisis. But more money is required because out of our own budget the money needed for infrastructure development in the initiatives above is inadequate.

Mr. President,

As I come to the end of my speech, I would like to emphasize three points for Africa:

1. The resources earmarked for the economic development initiatives of Africa must proceed because they are establishing the base for our future economic growth and enhanced tax revenue. The expenses incurred in developing these initiatives is the seed we need to plant now to enable us have increased financial harvest in the near future.

2. The countries in Africa must take more urgent and stronger practical steps to hasten economic diversification to lessen dependence on raw material production.

3. Despite the pressures exerted on our individual budgets in our various countries arising from among others, the global financial crisis, we need to keep the macroeconomic fundamentals in place to achieve meaningful stability.

I thank you.
STATEMENT BY
GOVERNOR FOR ZIMBABWE

Hon. TENDAI BITI

Honourable Chairman of the Board of Governors,
Fellow Governors,
ADB Group President, Dr. Donald Kaberuka,
Distinguished Guests,
Ladies and Gentlemen

I am privileged to address this auspicious gathering on the occasion of the 2009
African Development Bank Group Board of Governors 44th Annual Meetings here in Dakar –
Senegal.

Allow me, first to register my appreciation, to the Government and People of Senegal
for the warm reception that has been accorded to my delegation since our arrival. You have
indeed made us feel at home.

Furthermore, I would like to extend my appreciation to President KABERUKA and
the organisers of the 2009 Annual Meetings, for the professional conduct of the event.

Mr. Chairman,

The 2009 Annual Meetings come at a time when the world is confronted by major
disruptions in global capital markets, that has caused considerable economic slowdown in
most developed countries. The financial crisis has been characterised by collapsing
investment banks and depressed performances on stock markets across the world – that have
all dropped substantially since May 2008.

The adverse effects of this global phenomenon, albeit more pronounced in the
developed world, has had and continues to have far reaching socio-economic repercussions
for emerging markets including some of the Bank Group’s developing regional countries.

This platform, therefore, provides an opportune moment for my fellow Finance
Ministers, civil society representatives, private sector players as well as development experts
in Africa and the world over to share experiences on how best we can come to better
understand the nature of the financial crisis and strategies to minimise the contagion effects.

Mr. Chairman,

Whilst the effects will vary from country to country, it will depend on how the
developed countries effectively respond to the financial crisis and the economic slowdown as
well as the policy responses in developing countries.

The economic impact of this crisis to the Bank Group regional membership include
pressure on current accounts and balance of payment positions, lower foreign direct
investment, bank credit and diaspora remittances and slower growth translating into higher
poverty levels.
Already signs of contraction of export proceeds, reduction of foreign investment flows as well as fiscal pressures are evident in varying proportions amongst the Bank Group’s regional members.

Whilst many actually suggest that the worst is not yet over, African policymakers must balance two competing priorities, of supporting domestic activity while maintaining macroeconomic stability.

Any such policy response must, however, also take into account the impact on the poor and seek to incorporate social safety nets.

In this regard, it is critical that the policy responses by the developing countries be combined with additional support from donors, who inspite of the crisis, should maintain or scale up their commitments.

This is in view of resources challenges confronting most African countries.

Mr. Chairman,

As this is my first year of Governorship of the Bank Group, I have come to appreciate the invaluable role that the Bank plays in many of our regional member states in closing the resource gaps through budgetary support, financing private sector and infrastructure development among others.

These interventions should be deepened further so that the Bank resources are widely distributed across as many sectors as possible, which in turn will catalyse the growth momentum of the Bank’s regional membership.

Such Bank efforts will undoubtedly, be complemented by the utilisation of the vast pool of natural and human resources in our continent, thus making the challenge manageable.

Furthermore, for the Bank to effectively carry out its mandate, any financial capacity constraints will have to be addressed. In this regard, I look forward to the discussion on the need for a general capital increase for the Bank so as to allow it to continue with the same growth pattern that we have witnessed in the last couple of years. This as you are aware, is one of the critical issues for this meeting.

Mr. Chairman,

Allow me also to take this opportunity to brief you on the socio-economic developments in Zimbabwe.

Following the conclusion of the Global Political Agreement (GPA) between Zimbabwe’s three main political parties on 15 September 2008 and the subsequent formation of the Inclusive Government, the key thrust has been restoring macroeconomic stability and economic recovery thereby positioning the country on its rightful place amongst the community of nations.
In this regard, the Inclusive Government has already launched the Short Term Emergency Recovery Programme (STERP) and also revised the 2009 Budget to guide the economic revival process.

The Short Term Emergency Recovery Programme (STERP) and the revised 2009 Budget contain a number of important macroeconomic and structural policy commitments, which, if fully implemented and supported by donor assistance, could lay the foundation for a private sector-led economic recovery.

Consistent with STERP and the revised 2009 Budget, Government is implementing a cash budgeting system that will ensure fiscal discipline whilst avoiding spending pressures on non-essential activities. Furthermore, Government also halted all quasi-fiscal activities and is implementing a multi-currency monetary framework that has resulted in a marked reduction of inflation.

Most importantly, Government is undertaking structural reforms on key economic institutions that will be essential for the economic turnaround initiatives, in a low-inflation environment currently obtaining in Zimbabwe.

Mr. Chairman,

The Short Term Emergency Recovery Programme is, therefore, a capacity based stabilisation programme focusing on key priority areas which include democratisation of the economy, social protection, increasing capacity utilisation in key productive sectors, rehabilitation of infrastructure and public utilities as well as macro-economic stabilisation.

I am also happy to report that the international community in large, the International Monetary Fund, the World Bank as well as the African Development Bank have all endorsed the Government’s Short-Term Emergency Recovery Programme (STERP).

Mr. Chairman,

To successfully implement the Short Term Emergency Recovery Programme (STERP), Zimbabwe requires US$8.5 billion to kick-start the economy. This will be underpinned by consistent implementation of all the measures in the programme.

Of immediate requirement, is direct budgetary support for the social sectors such as health, which requires US$820 million, education - US$800 million, the vulnerable groups - US$640 million, and food security, focusing on agricultural programmes US$980 million, water and sanitation - US$1.04 billion, rehabilitation and expansion of electricity generation - US$1.04 billion, among others.

A further US$1.15 billion in lines of credit targeted at raising capacity utilisation in the key productive sectors of the economy over the coming months, is also cardinal in the economic recovery process.

Adequate funding of the foregoing will ensure successful implementation of the Programme and hence sustainable economic recovery of the country.
On the other hand, major challenges facing this Programme include amongst others, financial constraints, limited implementation capacity that may undermine reform and stabilisation efforts as well as lending sanctions imposed on the country by the International Financial Institutions due to the accumulation of arrears.

It is in this regard, that Zimbabwe is seeking assistance in addressing the arrears situation, which if unresolved, will continue to undermine the country’s capacity to access funding from the international donor community thus denting the economic revival momentum.

Mr. Chairman,

Zimbabwe welcomes the decision taken by the IMF Executive Board that met on 4 May 2009, to lift suspension of technical assistance to the country in the areas of tax policy and administration, development of payment systems, lender of last resort operations and banking supervision as well as central bank governance and accounting.

Furthermore, inspite of the non-accrual status of Zimbabwe to the ADB Group, the Bank’s continued engagement at policy level is greatly appreciated.

Mr. Chairman,

I would like to acknowledge the support that SADC continues to render in mobilising the necessary financial support from both multilateral and bilateral financial institutions.

Support from the continent will go a long way in complimenting these efforts, that way guaranting confidence in the Inclusive Government and therefore, growth, peace and stability in the new Zimbabwe.

In conclusion, my delegation would want to renew its confidence in the ADB leadership, and hope that the coming years will witness more robust and continued efforts and activities by the Bank Group to reduce poverty in the African Continent.

I would therefore, like to reassure you, Mr. President, that Zimbabwe stands ready to support your endeavours of making the African Development Bank pursue and consolidate its critical development mandate.
STATEMENT BY
ALTERNATE GOVERNOR FOR SOUTH AFRICA

Mr. LESETJA KGANYAGO

Chairperson of the Board of Governors, Minister Abdoulaye Diop,
President of the African Development Bank, Dr Donald Kaberuka,
Distinguished Governors,
Respected Delegates,
Ladies and Gentlemen

I bring the greetings and best wishes to this gathering from the newly appointed
Finance Minister of South Africa, Mr. Pravin Gordhan. Minister Gordhan would have
cherished the opportunity to share his insights with the President of the Bank and his peers on
ways to steer our economies through these difficult times, and also contribute to the choice of
policy responses that address the varied and unique ways that the global economic downturn
has affected us all.

It is fitting that the 2009 Annual Meetings is being held in the Land of Teranga.

Senegal is a country that exemplifies hospitality, and at a time when we come
together to refine our response to the global economic downturn, Senegal is acknowledged
for its leadership in developing homegrown programmes for Africa’s challenges.

The commodity price boom between 2000 and early 2008, which had tremendous
benefits for many of our economies, has now turned.

During the early stages of what was still a financial crisis, it was thought that the
fallout would be restricted to the developed world and that developing countries and
economies in transition would be insulated. What started as high risk lending in the US
housing market, coupled with a flurry of new financial instruments and risk-management
techniques, has now turned into an economic and development crisis in Africa. The channels
through which the current crisis has been transmitted in the region are both direct, through the
financial linkages with debt, equity and currency markets, and indirect through effects on the
real economy, through confidence and demand.

The international economic environment has deteriorated sharply. Since the latter part
of 2008 the global economic slowdown has shifted rapidly towards economies of developing
countries. The downturn in global growth, decline in most commodity prices, and tighter
credit have significantly worsened the economic outlook for Africa. According to the African
Economic Outlook, African growth is projected to slow sharply from 6.1 percent in 2007 and
5.7 percent in 2008, is now forecast to dip below 3 percent.

Now that the storm has hit our shores in ways beyond all expectations, it will be the
policy choices of the recent past and those that we make now that will test our endurance and
measure how soon we are able to reverse its effects, and regain the progress of the past
decade. The policy choices will depend on individual country circumstances, such as debt
position, commodity dependence, exchange rate regime, reserves, and access to capital
markets. What binds us is the priority to contain the adverse impact of the crisis on economic
growth and poverty, while preserving the hard-won gains of recent years, including macroeconomic stability and debt sustainability.

Declining government revenues will result in an increase in fiscal deficits. If the increase in the fiscal deficit can be financed, those countries that achieved macroeconomic stability will have the fiscal space for counter-cyclical measures, including social spending that protect the most vulnerable citizens. But we also need to be reminded that when our economies were growing at 5 percent and higher, we had emphasized the need for rigorous analysis, wise policy choices, budget trade-offs and determined implementation in order to sustain the gains that had been made. Now more than ever, our spending decisions will need to respond to the immediate effects of this crisis, while at the same time fund much needed infrastructure investment in transport, telecommunications and energy.

These are hard choices that will require innovative policies and programmes that respond to the varied and unique challenges that we face.

Where the fiscal space does not exist, additional donor support will be needed to ease the adjustments. For these countries, the commitments made at Gleneagles, and the more recent announcements by the G20, will be critical. The Regional Economic Outlook released in April 2009 reasserts that increased aid could help to sustain growth and mitigate the impact of the global financial crisis. In particular, increased aid scenarios represent one such opportunity to provide financing for counter-cyclical fiscal policies so that countries can maintain their growth momentum and continue making progress towards the MDGs.

The call for commitments to be honoured must also recognise that this crisis requires a global response that is underpinned by mutual accountability, the respect for Africa’s voice and representation and greater transparency and aid predictability.

Mr. President,

The African Development Bank has a comparative advantage that allows it to respond in a counter-cyclical manner to the demand for financial support from member countries. It is estimated that this increased demand will be about US$ 6 billion in 2009/10 and potentially another US$7.5 billion over 2011-2015. South Africa therefore supports the proposal made by the Bank’s management for an increase in its authorized capital.

We are encouraged by the new facilities, in particular the emergency liquidity and the trade finance facilities, and the innovative policy reforms that will be presented to ADF deputies during the ADF Eleven Mid-term Review. South Africa, as an ADF member, supports the proposals for greater flexibility, responsive products, additional resources and an earlier conclusion of the replenishment process in 2010.

Mr. President,

The partnerships that have been strengthened during this crisis lays the foundation to counteract the worst effects of the downturn. How we emerge will depend on the policy choices that are taken, which will include accessing the necessary resources and making the correct spending decisions and the strengthening of our financial institutions.

Thank you.
STATEMENT BY
TEMPORARY GOVERNOR FOR EGYPT

Mr. MAHMMOUD ABDEL AZIZ

Mr. Chairperson,
Mr. Donald Kaberuka, President of the African Development Bank Group,
Excellency the Ministers,
Honourable Governors,
Distinguished members,
Ladies and Gentlemen

It is my pleasure and honour to address this distinguished gathering at the Annual Meetings of the African Development Bank Group. I would like to express my deepest gratitude and appreciation to the people and government of Senegal for hosting these important meetings. I am really much obliged for the hospitality and cordial reception we have felt since the moment or our arrival in this lovely country.

Ladies and Gentlemen,

Our meeting today is taking place at a time when the global economy is facing serious challenges and entering a deep downturn. All major developed economies are in recession, while economic activity in emerging and developing economies is contracting sharply. In 2009, world growth is projected to fall to its lowest rate in 60 years while global trade is expected to record its largest decline in 80 years.

As we all know, the developing countries are bearing much of the pains and hardships triggered by this Crisis. The most affected sectors are the key economic drivers in these countries such as exports, construction, mining, manufacturing, and tourism. According to the World Bank, the developing world is expected to face a revenue shortfall of $270-700 billion needed to pay for imports and debt service.

Unfortunately, Africa will not be spared from the current wave of the global crisis as the Continent is likely to be affected severely by the world economic slump. With weaker commodity prices, and pressure on capital flows, the IMF forecasts that economic growth in Africa is expected to slow from about 5¼ percent in 2008 to about 3¼ percent in 2009. Actually, we fear that the hard-earned gains in recent years would be eroded, and reform processes be reversed.

Distinguished Members,

Against this gloomy picture, Africa should not panic and abandon its hope for a better future. The current crisis may be seen as an opportunity for the Continent to strengthen its macroeconomic reforms and diversify its economies. It may also be a chance for speeding up Africa’s regional integration agenda to energize intra-Africa trade to compensate for the expected fall in the continent’s exports.

In this sense, we should work hard to increase agricultural production and diversify into manufacturing and services order to create more jobs. Domestic resources should be effectively mobilized to offset the difficult access to foreign resources. Moreover, micro-
finance should be promoted as it represents a great potential in poverty reduction efforts. As such, our economies will acquire the necessary resilience to deal with future economic shocks.

On the other hand, with a crisis of this scope and scale, the international financial institutions and developed countries are called upon to provide more support to protect the achievements in the Continent. In fact, sustainable economic recovery should be ensured not only in the developed countries but also in the developing economies. This is the one and only way the world can rise above the spillovers of this crisis.

At this critical juncture, we all should recognize that any approach to address the current challenges should be discussed and agreed upon by both the developing and developed countries.

Dear Colleagues,

In addition to its efforts to reduce poverty and mobilize resources for Africa’s development, the AfDB Group has taken a number of measures to help mitigate the impact of the crisis on our countries. These measures which were approved by the Board of Directors on 4 March 2009 in Tunisia, include the US$ 1.5 billion Emergency liquidity and US$ 1 billion trade financing facilities. This is in addition to setting up a framework for Accelerated Resource Transfer of African Development Fund Resources and an enhanced Policy Advisory Support.

No doubt, the said measures and responses do really merit our appreciation and support as they will fast-track the support to eligible low-income countries and promote trade. They will also provide liquidity and help regional member countries adopt sound policy frameworks.

However, for the bank to be able to meet the growing demands of its members suffering from the impacts of the financial crisis its resources need to be increased. In this context, I would like to express Egypt’s full support and approval of the call for increasing the capital of the Bank via pro rata distribution among its members to strengthen the bank resources.

Ladies and Gentlemen,

Egypt has managed to overcome the first wave of the fallout of the financial crisis thanks to the financial and banking policies adopted by the Central Bank of Egypt. Actually, the banking system reforms, including strengthening of bank supervision, restructuring and consolidation, and a cleanup of nonperforming loans have contributed to the resilience of the Egyptian economy.

However, Egypt has been adversely affected by the global economic slowdown. In 2009, economic growth is expected to reach 4% as opposed to a yearly average of 7% posted by Egypt since 2005. This slowdown is a combined result of the retreat in foreign investment and exports as well as in the revenue from tourism and the Suez Canal.

To help combat the slowing growth, Egypt has taken a number of measures to shore up the economy. The government has embarked on an economic stimulus package for 2009, which will increase public spending, especially for financing new infrastructure projects.
There are also other measures intended to boost employment, and provide more support to the export sector.

Ladies and Gentlemen,

I am certain that Africa is able to weather the storm, but we need confidence in ourselves and confidence in our ability to get through this crisis.

Finally, I would like to extend my thanks to you, Mr. President and express my appreciation for your efforts. I would like also to thank the Group’s management and the staff for their great efforts and the results they have achieved. I wish them all luck and more success.
STATEMENT BY
ALTERNATE GOVERNOR FOR SAUDI ARABIA
Mr. AHMED M. AL-GHANNAM

In the name of God, the Beneficiary, the Merciful

Honourable Chairperson of the Board of Governors,
Excellencies,
Ladies and Gentlemen

I would like to start by expressing my appreciation for the generous hospitality that was extended to us by both the Government and the people of the Republic of Senegal, and the facilities put at our disposal in this meeting, and my gratitude is extended to all those who contributed in the preparation for hosting it.

Honourable Chairperson,
Distinguished Delegates

Reflecting on last year’s Annual Meetings, we were faced with the twin crises of food and energy. This year, we gather facing a crisis of a different kind, in its root causes, nature, complexity and magnitude “The International Financial Crisis”. Its significance emanates from its dual effect, i.e. affecting both developed and developing countries reinforced by the unpredictable degree of its duration, severity and penetration.

Therefore, it can be said that these meetings take place at difficult times accompanied by uncertainty in the world economy fueled by instability in financial markets. However, it is not that we are not left without a choice, as choices and alternatives are always part of crisis management. We are left with the difficult task of choosing the right ones as they can affect our journey towards success. Hence, for purposes of our meeting today and to pave the way for receiving positive tangible results, our focus this year is on Bank Group policies and initiatives, putting priorities into clear perspective, and a great deal in this respect rides on countries of the African Region and their willingness to embrace the opportunity of creating a special conducive environment for collective efforts to emerge in favour of the particular needs of each country, while at the same time satisfying the ultimate and common goal of overcoming the crisis.

Honourable Chairperson,

Having said that, we have to ensure that short-term pressures do not jeopardize the long-term common interest in effective development, an outcome that materializes through a balanced approach of prioritizing towards the highest development impact, balancing quick gains with longer-term objectives and initiatives. I commend the Bank Group for its efforts in applying measures to enhance its governance structures and internal capacity while making extended efforts which are apparent in the area of broad initiatives. Nevertheless, I would like to place great emphasis on the need to support those who are most affected especially post-conflict countries and Fragile States, as the situation clearly indicates the challenges involved.
Harnessing international trade and investment linkages is one path to take which includes multiplying our efforts to help boost agricultural productivity by bringing rural development and sustainable agricultural growth more into the focus of international cooperation. This entails enhancing trade justice and building food security, striving to create a conducive environment for the private sector – the major contributor for growth and job creation.

Experience has shown that SMEs are regarded as the cornerstone of social and economic development due to their huge impact on all levels of productive sectors in the economy. These enterprises exercise a leading role in broadening the economic base and creating synergies between sectors, not to mention its sizeable contribution in the Gross Domestic Product. Therefore, a regulatory framework is needed to be put in place to create an enabling environment for investment and entrepreneurship in order for SMEs to flourish.

It is to be noted that this will require high quality support systems in order to bridge any gaps that may obstruct the achievement of broad-based and pro-poor growth, a matter which additional resources would not individually achieve as developing human resources and building the organizational and institutional capacity come at the forefront of such efforts which are, in a broader sense, also vital in reaching the MDGs.

MDGs have been extremely useful in the development debate. They have made development targets much more concrete focusing the efforts of developing and donor countries alike.

Foremost, among remarkable efforts undertaken by the Bank is the importance given to the water and sewage sector in Africa to attain the MDGs. We are confident that investing in this sector will yield a high social and economic rate of return, we speak this from experience accumulated through the Kingdom of Saudi Arabia’s programme for digging wells and promoting rural development in the countries of the Sahel implemented by the Saudi Fund for Development (SFD), the main channel through which the Kingdom provides bilateral development assistance. The Programme is designed to help countries of that region to reduce the effects of drought and has served millions of people to provide them with much needed clean potable water. The amount allocated to the programme since it was launched reached about USD 230 million benefiting more than three million African people living in rural areas.

Honourable Chairperson,
Distinguished Delegates

In essence, Saudi Arabia has been and remains an active player in the collective efforts directed towards development support especially in the African continent. Clearly, accomplishments realized by Saudi Arabia in the domain of collective efforts towards development support in general is a product of what it was able to achieve regarding levels of the ratio of official assistance to Gross Domestic Product (GDP) as Saudi Arabia maintained in the past recent years a ratio of 1.2 per cent which exceeds the level of 0.7 per cent set by the U.N. Moreover, African countries constitute the majority of those benefiting from the assistance provided by the Kingdom of Saudi Arabia especially assistance through its main channel, the Saudi Fund for Development (SFD). Targeting continuation will mark the grounds on which Saudi Arabia places its vision to maintain its development effectiveness at
this critical stage, giving men and women across Africa the opportunity to escape poverty, improve their lives and pull through to overcome the crisis.

Honourable Chairperson,

I would like to stress that the role of technical assistance should represent a main channel through which the Bank utilizes its capacity as a catalyst for growth. Cases which are indeed worthy of consideration on a wider basis are those categorized as ineligible for loans, while at the same time are in need of such assistance. A mechanism that could contribute in the proliferation of such activities is extending technical assistance in these cases on a cost recovery basis.

Honourable Chairperson,
Distinguished Delegates

I should not end these remarks without commending ADB for its positive efforts in maintaining the financial position of the Bank and its good standing status. To that end, we encourage the Bank to continue exploring options to make the best use of its existing capital to sustain its sound financial position along with its ability to achieve its development agenda. This may be achieved by enhancing the catalytic role of the Bank as the main driver of Development and Poverty Reduction in Africa.

Honourable Chairperson,

Finally, I would like to welcome the Grand Dutchy of Luxembourg as a member of the ADB Group, and the progress made by the Republic of Turkey since the last meeting in this respect. And would once again like to thank the Authorities of the Republic of Senegal for hosting this meeting and wish you all success and prosperity.

Thank you for your attention.
STATEMENT BY
GOVERNOR FOR MOROCCO

Mr. SALAHEDDINE MEZOUAR

Mr. Chairperson of the Boards of Governors,
Mr. President of the African Development Bank Group,
Honorable Governors,
Ladies and Gentlemen

Permit me, first and foremost, to express on behalf of the Kingdom of Morocco, to His Excellency President Abdoulaye WADE, to the Senegalese Government, to the authorities of the City of Dakar and to the Great People of Senegal, our thanks for their warm reception and our congratulations for the excellent arrangements taken with a view to the success of our Annual Meetings.

I would also like to thank the President of the Bank, the Board of Directors, Management and the entire staff for efforts made to prepare these Annual Meetings.

*World Economic Situation and its Impact on Africa*

Mr. Chairperson,

Our meeting is taking place in a difficult international context, characterized by uncertainty related to the evolving global financial and economic crisis. It is obvious to all that world growth prospects have deteriorated and continue on a downward trend.

Given that situation, I welcome the recent recognition of the global nature of the crisis by the international community and the need to provide global solutions.

*Initiatives Taken to Counter the Crisis*

Mr. Chairperson,

I note with satisfaction that the G20 meeting provided the occasion for drawing up a series of measures that could contribute to overcoming the crisis and restoring confidence in the international banking system.

In that connection and within that context, I would like to pay homage to the ADB Group for reacting proactively by putting in place, starting March 2009, a number of measures to counter the crisis in the form of an emergency liquidity facility, a trade financing initiative and an action plan to speed up resources transfers to poor countries eligible for the African Development Fund.

There is no doubt that these major initiatives will be followed with concrete action geared towards putting at the disposal of multilateral development banks, especially our Bank, the additional resources necessary for building their capacity to extend concessional loans to developing countries, thus facilitating their emergence from the crisis.
Our Expectations in the Face of the Crisis

Mr. Chairperson,
Ladies and Gentlemen

Permit me from the height of this rostrum to launch, on behalf of the Kingdom of Morocco, a call to the international community to substantially increase public development aid, reject all forms of trade protectionism aimed at reducing African export access to markets in developed countries and rapidly conclude the Doha trade liberalization round.

I also call on developed countries to ensure that, while not affecting the volume of public development aid, their recovery plans should also create opportunities for unleashing new dynamics at the international level that would enable African countries to go back on the growth path.

Regarding international financial institutions, I consider it necessary that they put in place innovatory instruments with which to respond adequately to the specific needs of different countries through the simplification of conditionalities, the development of flexible instruments mainly in the form of budgetary support and the introduction of emergency facilities to support external trade financing.

While supporting ADB’s initiative to set up an emergency assistance facility for African countries, the Kingdom of Morocco believes that our Institution needs more financial resources.

In that regard, I am persuaded that it would be wise to substantially increase ADB’s capital in the medium and long term, taking into account the financial capacity of African countries and the Bank’s resources needs, to enable the Institution to fulfill its mission of financing development in Africa.

Furthermore and with a view to responding to the urgent needs of low income African countries for concessional resources, the Kingdom of Morocco would support the immediate start of negotiations for an early replenishment of ADF resources.

Mr. Chairperson,

I am convinced as always that the ADB, in its capacity as a development bank, will be able to preserve its competitive edge and appeal through the extension of long-term resources at affordable conditions, especially the rapid restoration of fixed-rate loans, the simplification of procedures, the establishment of quality expertise and the adoption of the country-based system whenever country procedures proved reliable and more effective.

Within the framework of its medium-term strategy, I believe that the Bank will certainly continue to give importance to the private sector especially by supporting SMEs and micro-credit activities, more so in view of the sector’s role as the principal vector of accelerated job-creating growth, capable of sustainably reducing poverty.

In these areas, my country is ready to put its expertise in the service of other brotherly African countries within the context of the new South-South dynamics, made even more necessary by the current context.
Moreover, my country is renewing its call for enhanced African regional integration. Such integration would contribute to reducing the negative impact of the current crisis by strengthening intra-continental trade and the implementation of joint investment projects.

In conclusion, I would like to reiterate my heartfelt thanks to Management, the Board of Directors and entire staff of our Institution for their constant effort in the service of our continent’s development. I would also like to salute the performance recorded in 2008, notwithstanding the unfavorable international environment.

I thank you for your attention.
STATEMENT BY
GOVERNOR FOR SWITZERLAND
Ambassador BEATRICE MASER MALLOR

Thank you Mr. Chair,
Mr. President,
Distinguished Delegates

On behalf of Switzerland, I would like to extend my gratitude to the Government of Senegal for their excellent and generous arrangements and their warm welcome in this bustling city of Dakar.

Ladies and Gentlemen,

As it has been mentioned many times already during this meeting, the worldwide economic crisis has serious impacts on Africa’s development efforts and requires the international community’s determined response. The MDBs, including the AfDB, have an important and countercyclical role to play during these times, which are characterized by multiple negative effects.

In the context of a “triple punch” from the food, fuel and financial crisis which is hitting the poor particularly hard, development partners need to support governments efforts to protect the most vulnerable parts of the population and avoid serious slippages in achieving MDG’s.

Switzerland commends the AfDB on its reactivity to these three intertwined crises and for responding quickly, flexibly and massively to the global crisis. While the responses need to be fast and flexible, I will mention five points which need to be kept in mind to make the responses both consistent with established policy and effective in the long run.

First, the focus on quality cannot take a back seat. Under the leadership of President Kaberuka the AfDB has initiated institutional reforms, which should not only be sustained but have to be reinforced. The AfDB has to maintain its strategic focus on infrastructure, governance and private sector development, which is where it has its comparative advantages.

Second, crisis-related operations should be time-bound and should avoid crowding out other critical policy targets, such as good governance, gender and climate change. Even in times of an urgent crisis response, long term policy priorities and strategies must continue to be pursued. Example, we wish to highlight the importance for countries to pursue a prudent macroeconomic management agenda and maintain debt sustainability.

Third, the shareholders and the management of the Bank must ensure that all categories of regional member countries receive a fair share of the Bank’s finance. This balancing act is particularly needed as we will engage simultaneously in consultations for a GCI and negotiations for the replenishment of the Fund. Moreover, good coordination among IFIs and donors must be ensured within the framework of the Accra Agenda for Action.
Fourth, ADF-11 is into its second year after having been replenished generously. Frontloading of the Fund’s resources for development expenditures will ease some of the problems caused by the economic crisis. However, there will remain only limited capacity to commit resources for new operations in the third year. Given that situation we welcome the Bank’s efforts to explore ways to put unutilized funds to work and to be innovative and flexible within the given frameworks.

Fifth and last point: the international community is faced with a situation where most MDBs are proposing increased financial contributions or capital increases to their shareholders. The challenge is, for each MDB, to make a solid business case that demonstrates the need and the value of the additional finance. This will be the foundation for convincing our parliaments that these contributions from taxpayers are needed, are well invested and contribute efficiently and effectively to the ultimate goal of poverty alleviation.

Today’s challenges, and the responses we are designing, have significant implications for the Bank’s future. Therefore, a continuing, transparent process of debating and deciding these responses in the Board of Directors and the Board of Governors is required. President Kaberuka’s continued leadership will be instrumental. I would like to thank the President and his staff for their hard work during this demanding last year. I wish us all the best in tackling the challenges ahead and assure AfDB once more of the continued support of Switzerland.
Permit me to first thank the people and authorities of the Republic of Senegal and Dakar City for their very warm reception.

Whereas our previous Meeting was held within the context of the food crisis, this Meeting is taking place within the context of the financial crisis that has plunged industrialized countries into recession and provoked a sharp fall in growth in developing countries. Two days ago, the seminar on the impact of the financial crisis and the road ahead, and solutions proposed by Heads of State and experts were sufficiently explicit. Therefore, I consider it appropriate to mention the initiatives planned by the Bank Group to help member countries to absorb this external shock. Without entering into details, the core message is that we all should, together and without exception, preserve the results obtained over the past half decade and guarantee that countries do not fall back into a difficult situation. All must bear their part of responsibility: on the one hand, donors should keep development aid flowing - Belgium is ready to maintain such flows – and, on the other, countries should avoid resorting to the sort of massive borrowing that would threaten their debt sustainability, even as they continue to pursue sound economic, financial and social policies.

Measures already taken by the President, especially the Trade Finance Initiative, the Emergency Liquidity Facility and agreements signed with other development agencies, highlight the role played by the Bank in addressing difficulties encountered by African countries.

Mr. Chairperson, permit me at this juncture to address two issues that will require our full attention in the coming months: of course, I refer to the Bank’s capital increase and the future replenishment of the African Development Fund resources.

Although Belgium is ready to discuss a Bank capital increase, it is necessary to qualify that assertion. In a first Information Note on the Institution’s capitalization, the risk coverage capital utilization rate was fixed at 45%. The Note also stressed that a capital increase would only be inevitable when that ratio would hit the 80% threshold. Therefore, it is with a degree of surprise that we learned about a proposal already advanced to triple the capital, 6% of which would have to be paid up.

Tripling the capital seems very ambitious at this point. We know that due to the capital structure and the financial restrictions imposed on commitments and borrowing, the increase must be substantial. However, most regional countries are eligible for concessional resources and only a few countries can borrow from the Bank. Furthermore, it is hard to imagine other borrowers, the private sector and local authorities, for instance, capable of
absorbing such a large amount of resources. Therefore, there are a number of issues that need to be clarified before deciding on a general capital increase.

I will conclude on this issue by noting that the G-20 (of which Belgium is not a member) has called for an evaluation of development banks. In other fora, the representatives of the same G-20 countries had stated that a capital increase could not be considered as an adequate response to the crisis insofar as it would take time for such increase to enter into force and the resources would most likely be released only when the impact of the crisis would have reduced.

A second important issue concerns the ADF commitment capacity, now diminishing more rapidly than projected. Although we are not in a position to adopt a final position on the matter at this point, Belgium is ready to envisage measures capable of responding to prevailing challenges. Subject to certain conditions yet to be specified, negotiations on the 12th ADF replenishment could be initiated – and concluded – early, so as to avoid a drop in the volume of commitments between the two replenishments.

Having said that, as we already stated in Maputo, Belgium remains convinced that the utilization of ADF grants to subsidize interests on loans contracted on the ADB window would help to generate a lever effect on Fund resources, and amplify the impact of its operations. This modality for the utilization of concessional resources and a more frequent blending of ADB/ADF resources would help to justify greater use of ADB resources, hence an eventual GCI, while putting the shortage of ADF resources into perspective. Such a mechanism is already being used in other institutions.

Various debt cancellation initiatives in favor of most Sub-Saharan countries have contributed to restoring a modest debt capacity for several member countries. For that reason, we are also of the view that there is need to reflect on the possibility offered by these debt relief measures to re-engage the ADB window in Sub-Saharan Africa, even if modestly and on a case-by-case basis, especially in infrastructure.

To maintain its regional character, the Bank should not be limited to servicing a few creditworthy countries, provided that falls within the concessionality levels fixed for such countries.

Lastly, we renew our support for President Kaberuka and our trust in the Institution.

Thank you for your attention.
STATEMENT BY
TEMPORARY GOVERNOR FOR BRAZIL

Mr. DAS NEVES MARIO JOSE

Mr. Chairman of the Board of Governors,
Honorable Governors,
Mr. President of the African Development Bank Group,
Ladies and Gentlemen

I firstly wish, on behalf of the Government of Brazil, to extend my sincere thanks to the Government and the people of the Republic of Senegal, for the warm welcome extended to us here in this beautiful city of Dakar. We also congratulate the African Development Bank for the excellent organization of these Annual Meetings.

Dear Colleagues,

Since our last Annual Meetings held last year in Maputo, the economic and social situation has deteriorated considerably. The financial crisis originating in the developed countries has also impacted on the economies of the emerging countries and developing countries. It has affected the Real Economy and is compromising the growth of African countries; it is a serious threat to the social progress achieved over the past decade.

Direct investment flows to developing countries have been sharply curtailed, leading to deterioration of current account balances. The resource flows to finance external trade have not yet attained their prior levels, and that already compromises employment and output worldwide.

It is only through concerted efforts by countries, for example within the G-20 framework, and vigorous intervention by international finance institutions that solutions can be found, making it possible to meaningfully meet the present and future economic and development challenges.

Ambitious responses are absolutely essential in respect of fiscal and monetary concerns as well from international finance institutions. We must adopt a practical approach in considering all instruments available, dispel our preconceived notions and implement the emergency measures commensurate with the gravity of this situation. This is why we welcome the Bank’s implementation of the anti-crisis measures with the approval of the Emergency Liquidity facility and the Trade finance Initiative.

Africa is an unquestionable priority for Brazil and never before has a Brazilian President so greatly emphasized relations with the African continent. As President Lula has said, relations with Africa constitute a political, moral, historical and cultural obligation for Brazil.

Trade flows between Brazil and Africa recorded a substantial increase in the 2003-2008 period; trade increased by 321.3%. During the same period, Brazil’s exports to African countries recorded a 255.3% increase, while Brazilian imports increased by an even greater margin of 378.7%. Not only has there been an exponential increase in trade with Africa, but cooperation has also strengthened. We are implementing several projects in the areas of
health -- notably HIV/AIDS control-- education, agriculture and reduction of hunger and poverty.

Biocombustible fuels- ethanol, biodiesel and H-Bio – offer immense possibilities for a veritable agricultural and energy revolution on our continents. They could offer Africa a new development model, since they diversify the energy matrix, create numerous jobs, maintain the populations in the rural areas and positively impact the countries’ external trade.

South-south trade must therefore be strengthened around the world, promoting solidarity in order to reap the benefits of close political and economic ties. The interest is reciprocal, as are the actual gains. The Bank must make greater efforts in this area.

Mr. Chairman,

We all recognize that the Bank has reacted promptly, within the limits of its means, right from the first signs of the financial and food crises. I believe the consolidation of the ongoing structural reforms will enable us to better coordinate sector action and thereby lay emphasis on the real needs of the countries.

The Bank’s support to the private sector has been one of this institution’s salient contributions to the development of the region. The Bank is showing immense competence and dynamism in this sector, attested by the major injections of private resources into the region, even during this period of systemic risk aversion.

The Bank’s process of decentralization and strengthening of national representation offices should be continued and it is imperative that it approves the implementation of the national systems. We believe that decentralization as well as the sectors highlighted under the medium-term strategy will translate into improved project implementation with more flexible disbursement.

Mr. Chairman,

Permit me, in conclusion, to reiterate the Brazilian Government’s commitment to intensifying cooperation with the Bank in the fields of sustainable development and poverty reduction in the region. Despite the financial crisis, this commitment is seen in our contribution to ADF 11 and Brazil’s manifest desire to put in place new mechanisms for financial cooperation with the Bank in the near future. Brazil remains ready to support this institution by placing at its disposal its best technical experts, its resources and its know-how.

Thank you for your attention.
STATEMENT BY
TEMPORARY GOVERNOR FOR CANADA

Ambassador JEAN-PIERRE BOLDUC

Mr. Chairman,
President Kaberuka,
Honourable Governors

I would like to thank the host country for its hospitality and for the excellent organization of this annual meeting. It is my pleasure to represent Canada here today.

We are coming together at a time of unparalleled global economic and financial turmoil. The effects of the current crisis are hitting emerging and developing countries with increasing force. For Africa, the crisis threatens the considerable progress of the past two decades, and will be felt most strongly by the poorest and most vulnerable. Emerging and developing countries’ growth is already slowing down and countries in Africa face even bigger challenges if they are to meet the needs of their people.

Canada values the African Development Bank as a critical regional institution, and we congratulate President Kaberuka and his team at the Bank for the catalytic role they have played in ensuring Africa’s participation in global discussions to seek solutions to the crisis.

Like many other industrialized countries, Canada responded to the current global economic situation by announcing a major national economic stimulus package. But, in today’s globalized economy, such measures are not enough in themselves. We realize that maintaining open markets is critical to regional and global economic recovery, and history has shown us that mutually beneficial trade is critical for expanding economic growth, and supporting social development.

At the recent meeting of the G20, member nations—including Canada—recognized the magnitude of the effort needed for global recovery. Collectively, we reaffirmed our commitment to ensuring that the AfDB and other development banks have sufficient resources to fulfill their mandates during the current crisis. Additional lending will bring a swift depletion of resources, weakening the Bank’s risk-bearing capacity. Should the need for a General Capital Increase be clearly demonstrated, Canada is prepared to participate in negotiations towards such a result.

The G20 also called for a review of the flexibility of the Debt Sustainability Framework. There are risks, however, to making adjustments to the framework. In this time of fiscal challenge, it is all the more important to learn from the mistakes of the past, and to avoid changes that could lead to additional debt stress on developing countries. Canada is a strong supporter of existing debt relief initiatives. In fact, this year we made an advance payment to the AfDB of over one hundred million Canadian dollars, covering contributions for the Multilateral Debt Relief Initiative to 2020, as a reaffirmation of our support for this process. And, as a strong supporter, Canada will be monitoring debt sustainability proposals very closely.

Canada supports the efforts of the African Development Bank to help member countries deal with the effects of the financial crisis, which are likely to be far-reaching,
especially in some African member countries. In anticipation of the repercussions the crisis will likely have for the poor and small entrepreneurs, we encourage the Bank to keep the most vulnerable—especially women and children—in mind, as it works to address economic issues and support growth in Africa.

With many fragile states among its membership, the Bank will need to work with these governments to ensure that progress towards security and stability, is not negatively impacted by the changing global environment. The Bank must ensure that the Fragile States Facility is empowered to support eligible countries in their transition out of fragility.

The AfDB has a key role to play in helping countries to promote growth, and to sustain economic activity. The Bank’s focussed support is the best way to reduce the impact of the current crisis and to ensure that the continent is well positioned for recovery. Infrastructure support and regional integration, in particular, are vital to future growth and local job creation. Better governance and private sector development are essential complements to the plan for weathering the economic storm without losing substantial gains.

Canada supports the AfDB’s efforts to focus on a few priorities where it has a comparative advantage, as expressed in the Bank’s Medium-Term Strategy. We welcome the new multi-year approach to budgeting and programming. We continue to encourage the Bank to ensure that the expansion of programming does not decrease its quality. Care must be taken to ensure that reforms continue, and that appropriate human and financial resources are in place to support the Bank’s expansion.

In the process of promoting growth and addressing poverty, it will be important for the Bank to integrate cross-cutting issues, such as gender equality and environmental considerations, more systematically into all of its policies and programs. Like other donor nations, Canada needs to be able to report on development results to Canadians, and we look to the Bank to address this challenge by improving results reporting in the coming year. The Bank is making progress on its reforms, but still has some way to go towards its goal of becoming the “premier development institution” for Africa and Canada is there to support the Bank as it strives toward this goal.

We look forward to the mid-term review of African Development Fund (ADF) 11 in October. This will provide a good opportunity to review issues of interest such as the Bank’s lessons on agriculture and decentralization. It will also be a time to assess the way forward in ensuring that the ADF is ready and able to provide strong support to African countries in this crucial period.

Canada remains committed to the AfDB and to Africa. In fact, Canada is on track to meeting its commitment to double aid to Africa, over 2003-04 levels. It is important for all donors to keep their existing aid commitments, as agreed to in the 2008 OECD Development Assistance Committee Aid Pledge and we take our pledge seriously.

In response to the scale of today’s challenges demands that multilateral institutions coordinate their efforts, including the World Bank and the International Monetary Fund, as well as with each other. We must all work together to ensure the most appropriate and efficient use of resources in support of both a crisis response and long-term poverty reduction. In this context, Canada is proud to support the AfDB’s African Financing Partnership, which brings together development finance institutions for common private-
sector project development and co-financing. This is exactly the type of coordination and joint effort that is required at such a time as this.

Strong, credible and effective international institutions like the African Development Bank play a critical role in promoting and facilitating the international cooperation needed to achieve results. In the current economic crisis, the African Development Bank stands to play a key leadership role in the region. As member countries, we must all take responsibility for ensuring that the AfDB is ready and able to meet the daunting challenges facing Africa.

Thank you.
STATEMENT BY
TEMPORARY GOVERNOR FOR KOREA
Dr. EUN-BO JEONG

Honorable President Kaberuka,
Honorable Minister Abdoulaye Diop,
My fellow Governors

I am honored to deliver speech at this meeting here in Africa, the Continent of Hope.

I would like to take this opportunity to commend the devoted efforts of President Kaberuka and the staff for the regional development.

I would also like to extend my appreciation to the Government of Senegal and the citizens of Dakar, who have wonderfully organized today’s meeting and provided us with warm hospitality.

Ladies and Gentlemen,

The global economy is now going through low economic growth and recession. Moreover, the recent IMF Global Economic Outlook has forecasted such economic difficulties would be lingering on for quite a while.

The African countries are not immune from such global economic turmoil. They, who have shown unprecedented economic advancement over the last decade, are on the edge of collapse.

Particularly, the poorer countries in the region could more severely suffer from the sharp decline in external aid, which their economies are heavily dependent on.

Against this backdrop, Korea, being a member of the Troika countries, and other G20 countries, agreed on policy coordination for boosting global economy through expanding fiscal expenditure by 5 trillion dollars until 2010 and rejecting protectionism in any form.

They also agreed to strengthen the financial support to low income countries with maintaining the current level of external aid and enhancing financial capability of International Financial Institutions.

To develop such agreement into more tangible outcomes, Bank members must also take an active role so that the regional economy would get out of recession back to the normal development and poverty reduction.

My fellow Governors,

The Bank is making diversified efforts to overcome the current crisis in the region. In particular, the General Capital Increase of the Bank, which is now under discussion, would be a fundamental step toward helping the region tide over economic difficulties. I hope we can reach conclusion at the earliest and hence strengthen the Bank's financial resources.
At this juncture, I would like to make some suggestions regarding the Bank's policy measures to put more focus on.

First, the Bank needs to enhance its counter-cyclical role by providing an adequate amount of liquidity and to strengthen the facilitating role for boosting trade finance.

In this respect, I welcome the Bank’s decision to establish the Emergency Liquidity Facility of US$ 1.5 billion and to introduce the Trade Finance Initiative of US$ 1 billion.

In order to make these measures more effective, let me urge the Bank to take concrete measures for front-loading and fast disbursing of the Bank's resources.

Second, I would like to ask the Bank to pay more attention to the nations who are suffering from poverty and disease.

Under the global economic turmoils, the Bank should focus more on those countries which are undergoing economic difficulties due to reduced aid from advanced donor countries.

In this regard, the Bank's suggestions for enhancing flexibility and expediting replenishment of ADF need to be actively discussed and agreed in timely manner.

Third, I would like to ask the Bank to take a long-term perspective and prepare for the post-crisis period.

Although it will take time, the current crisis will eventually be overcome. What we need to do is to come up with ways to turn the crisis into an opportunity to take another leap forward in the future.

In this context, I would like to ask the Bank to step up efforts to achieve sustainable growth and poverty reduction in the region.

In the process of overcoming the Asian financial crisis in 1997, Korea successfully managed to restructure our economy and enhanced its competitiveness through decisive investment in social infrastructure and high-tech industries.

Based on such experience, Korea is ready to support whoever is in need of our experience among African countries.

My Fellow Governors,

The 2nd KOAFEC Ministerial Meeting, which took place last October in Seoul, was successfully held and participated in by President Kaberuka and Ministers of many African countries.

We shared the view that Africa and Korea have similar cultural backgrounds, including colonial rule, civil war, national division, and a strong will toward economic development.

We also shared that Korea’s experience in economic development and poverty reduction could be good reference for African countries who are trying to find more efficient economic development model.
As part of that, we held four workshops throughout the Continent last year. Concentrated on sharing Korea's development experience, they were successfully held and participated in by more than 40 African countries.

From this year, the focus of workshop will be transformed into sector-specific topics. In this context, the 1st ICT cooperation conference was held last April in Cairo, Egypt and it was very productive in sharing our ICT experience with northern African countries.

Today, for enhancing knowledge sharing opportunities and strengthening economic cooperation between Korea and African countries, we signed an agreement with President Kaberuka on replenishing five million dollars to the KOAFEC Trust Fund. More than ten million dollars will be additionally replenished over the next two years.

Ladies and gentlemen,

It has been 27 years since Korea joined the Bank. We have been great friends both in joy and sorrows.

It is said that friendship improves with age. I sincerely hope our relationship gets closer and stronger in the future and please keep in mind that Korea will remain committed as your long lasting friend and supporter.

For the last word, like summer is sure to come, if you keep on believing the best day is ahead of us, then it will be sure to come. Let's make it come true.

Thank you very much for your attention.
Mr. Chairman,
President Kaberuka,
Fellow Governors,
Ladies and Gentlemen

It is a pleasure for me to address this Assembly on behalf of the Government of Spain. I would like to join previous speakers in expressing my gratitude to the Government of Senegal for the efficient organization of this Annual Meeting, as well as to the people of Dakar for their great hospitality and warm welcome.

Mr. Chairman, 2008 has been a very challenging year for the world economy. In the context of a severe and synchronised global fall in demand, Africa continued to register positive rates of economic growth, albeit lower than years precedent. Yet, despite recent successes in terms of economic growth, reduced conflict, expanded political liberalization and substantial improvements in governance, the African continent continues to suffer from the deepest levels of poverty. Economic growth in Africa has been uneven, has not yet translated into meaningful social development, and has not sufficiently benefited vulnerable groups, in particular in low-income and fragile states.

The severe challenges arising from the present global financial crisis, such as the decrease in the global demand for commodities or the slowdown in capital inflows and remittances, endanger the life of millions of persons in Africa. The private sector has been severely hit by the shortage of liquidity and, hence, trade and investment. Therefore, we strongly welcome the initiatives launched by the Bank to assist countries to address the current situation, such as the Trade Finance Initiative and the Emergency Liquidity Facility. We commend the Bank also for having established in 2008 the Africa Food Crisis Response Initiative. In this regard, we wish to congratulate the President for his leadership to carry an African input to the G-20 process of trying to address the present financial crisis.

Mr. Chairman, 2008 has also been a busy year for the Bank. We welcome the new Medium-Term strategy, as well as the move to multiyear budgeting integrated with program budgeting.

We welcome the new Chief Operating Officer, Vice President Mr. Moyo, and all the new senior management team, and wish them well in their task ahead of completing the Bank’s transformation into a results oriented institution.

Mr. Chairman, Spain continues to be fully committed to supporting the ADB in making a significant contribution to Africa’s development. The Bank has a key role to play in helping countries preserve the foundations of growth that have been steadily built over the last decade. In this common endeavor, we wish to encourage the Bank to continue to advance the pursuit of the Millennium Development Goals by continuing to assist its member countries to finance programs in health, water, education and nutrition, to protect the poor and most vulnerable.
We wish to stress the importance that the Bank continues to pay attention to its key objectives of regional integration, investment in infrastructure, and better governance, in order to strengthen Africa’s ability to profit from the world recovery once it is underway. We wish to encourage the Bank to continue to help fragile and post-conflict countries. We urge the Bank to pay special attention to gender issues, and to enhance its support for women in economic activity. And finally, we strongly encourage the Bank to find additional avenues for private sector support.

Mr. Chairman, the severity of the crisis calls on donor countries to deliver on existing commitments and rightly calls on the Bank to do more. Spain is willing to explore the need for a capital increase of the Bank, and we look forward to a constructive and positive discussion on this issue.

Further, we look forward to the Mid Term review of ADF-XI. We support the frontloading of present ADF resources, and wish to stress the importance of a timely framework of negotiations of ADF-XII in order to allow the Fund to be effective when required.

Spain is already a contributor to the African Water Facility Trust Fund. Further, we wish to thank the Bank’s staff and management for helping us establish a new dedicated multidonor Microfinance Fund, with a very special focus on gender and women support. Spain expects this initiative will canvass wide donor support, and help reinforce strongly the area of microfinance in Africa, where the Bank can expand its activities with a very substantial impact on development.

Let me finally add that Spain has continued to maintain a generous attitude with regard to the different debt relief multilateral efforts, namely the HIPC and MDRI Initiatives, and has backed and actively participated in the European Union partnerships with Africa. Spain also maintains its commitment to bilateral debt relief agreements.

Mr. Chairman, it is clear to us that Africa has to lead its own development process and in this context the role of the African Development Bank is increasingly instrumental to back the efforts of its regional member countries.

In this respect, I would like to reiterate our full support to you, Mr Chairman, and your team in your current efforts to complete an efficient implementation of the Bank’s Institutional Reform. We sincerely believe that the Bank is on the right track to play its role as the high performing, results-focused, efficient and effective knowledge institution Africa needs.

Thank you very much.
Mr. BAUKOL ANDREW

President Kaberuka,
Ministers,
Ladies and Gentlemen

I am honored to represent the United States at this 44th Annual Meeting of the African Development Bank.

On behalf of Secretary Geithner, I would like to thank the people and Government of Senegal for their warm hospitality in hosting this important meeting in this historic city of Dakar. I would also like to recognize President Kaberuka and his staff for all their hard work in preparing for these meetings.

This is a crucial period for Africa. Over the past decade, many African countries have taken the lead in pursuing sound macroeconomic policies, greater transparency, and more openness to foreign investment, all of which have laid the foundations for vibrant economies that delivered high rates of broad-based, sustainable growth and made major inroads on poverty reduction.

Now the global economic crisis, coming on the heels of last year’s exceptionally high food and fuel prices, has put many of these gains at risk. Growth will deteriorate dramatically in many African countries, fiscal revenues are likely to decrease, and private capital flows – which had been a key part of the recent growth acceleration – will slow as investors become more cautious. Many governments are struggling to finance immediate needs such as protecting the most vulnerable segments of their populations as well as longer-term priorities such as infrastructure projects that will determine the future growth potential of their countries. Without a rapid and robust recovery in the global economy and additional financial support, there is a risk that economies will stagnate.

The question before us now is how we will react to this economic challenge. We believe that there is a need for coordinated, global response with three main elements: sustained commitment to support economic activity through appropriate monetary and fiscal policy measures; actions to stabilize and repair our financial system and restore the credit that businesses and consumers depend on; and support from donors and the international financial institutions to help developing countries mitigate the impact of the crisis. We recognize that the final element is of particular importance to many African countries that did not cause the crisis and may have limited domestic resources to respond to the crisis.

On this point, the United States will remain a strong partner to African countries and the African Development Bank. The Administration is committed to meeting its pledge at Gleneagles to double official development assistance to sub-Saharan Africa by 2010. U.S. ODA was $7.8 billion in 2008, putting us close to our goal of $8.7 billion by 2010. At the recent G20 Leaders Summit in London, President Obama pledged to work with our Congress to provide nearly half a billion dollars in immediate assistance to vulnerable populations and double support for agricultural development to more than 1 billion dollars in 2010, so that we can give people the tools they need to lift themselves out of poverty.
It is also imperative to strengthen our international financial institutions, ensuring that they are able to use existing and additional resources expeditiously to help developing countries mitigate the impact of the global financial crisis. We support the steps taken to date by the IMF and World Bank to provide additional resources to the poorest countries, and we applaud the Bank’s decision to front-load ADF commitments and restructure existing country portfolios. We welcome the establishment of the Trade Finance Initiative and the partnership with the IFC to support trade flows and bolster domestic financial sectors.

This institution has made significant capacity gains under President Kaberuka’s leadership. The Bank has wisely narrowed its strategic vision to focus on core issues—such as closing the continent’s infrastructure gap and supporting the private sector—that fit its comparative advantage and reflect its borrowing members’ development priorities. In this vein, we strongly support the Bank’s expanding work on leveraging private investment to help meet the continent’s huge infrastructure needs. The U.S. Treasury is particularly pleased to work with the Bank and the infrastructure Consortium for Africa to strengthen the dialogue between African Governments, private project developers and development finance institutions to attract private investment into Africa’s power sector.

The Bank has also committed to strong internal governance and transparency through the adoption and initial implementation of strategies for human resources reform, IT, communications, risk management, business continuity, and improved procurement rules, among others. These reforms, which have strengthened this institution, should remain priorities even during this crisis.

We look forward to participating actively in the upcoming capital adequacy review of the Bank. The review presents an opportunity to ensure that the Bank has an appropriate level of resources and the capacity to manage them prudently and effectively deliver results. Let me reiterate the priority areas that Secretary Geithner has stated must underpin reviews of the MDBs:

- **A commitment to good governance, which is essential to institutional effectiveness.** We look forward to further progress increasing transparency, including improved information disclosure and full implementation of internal controls.

- **An appropriate division of labor between the international financial institutions, both in more normal economic circumstance and in times of crisis.** We support the agenda President Kaberuka has set for the Bank to focus its resources on infrastructure, governance and private sector development.

- **Managing results.** We commend the adoption of results metrics for the Bank’s operations and encourage Management to continue progress in ensuring that incentives structures reward outcomes rather than lending volumes.

- **Sufficient focus on the poorest countries.** We expect to see greater demonstration of the Bank’s commitment through higher net income transfers to ADF countries. The review of the Bank’s resources must also take into account resources availability for the ADF.
• Demonstrated flexibility in its balance sheets to address the crisis, and an ability to leverage both public and private finance. We understand the Bank’s commitment to safeguarding its AAA rating but encourage management to engage directly with the ratings agencies to determine whether there is additional room to expand the AfDB’s balance sheet.

Finally, we expect the Bank to produce a cogent and defensible demand analysis, differentiating between crisis demand and likely post-crisis demand. The analysis should identify how lending will be consistent with the Bank’s comparative advantage.

Colleagues, the African Development Bank’s resources and expertise are needed now more than ever. The United States pledges its ongoing support to President Kaberuka, the Bank, and the region as they confront the immediate challenges of the financial crisis and pursue long-term development objectives.
STATEMENT BY
TEMPORARY ALTERNATE GOVERNOR FOR INDIA

Mr. DAS SHAKTIKANTA

Mr. Chairman,
Secretary General of AfDB,
Excellencies

Introductory Remarks

At the outset, let me place on record, our deep sense of gratitude for the warm hospitality and arrangements made by the Government of Senegal and the African Development Bank Group for creating a perfect ambience for holding this important event.

The Government and people of India convey their warm greetings to the people of Senegal. The Finance Minister of India could not come to Senegal today as India is conducting a General Election to its Parliament now and has desired me to convey his best wishes for the successful conclusion of the annual meeting.

India’s Engagement with Africa

Before coming to India’s response on ‘Africa and Financial Crisis: An Action Plan’, let me brief you on current status of India’s engagement with Africa.

The India Africa friendship is based on strong historical roots. Echoing the same sentiments, at the India Africa Business Partnership summit held at New Delhi in January 2009, Indian External Affairs Minister and Finance Minister said that, (quote) “India’s ties with Africa are historic. Trade across the Indian Ocean has linked us for hundreds of years. We were fellow victims of colonialism in the 19th and 20th century. We inspired each other in the resolve to resist and defeat the forces of imperialism. Our shared kinship rejoiced every time a blow was struck by the Afro-Asian liberation movement. We have seen and shared a difficult past. It is only natural if we now choose to consolidate national gains and work together towards a prosperous future” (unquote).

India has been making a determined effort to sustain economic growth to reduce poverty and improve the quality of life of our people. At the same time, we have always believed in sharing our experience and knowledge in the true spirit of South-South cooperation.

India-Africa Framework for Cooperation spelt out the agreed areas of cooperation. These included human resources and institutional capacity building, education, science and technology, agricultural productivity and food security, industrial growth, including small and medium enterprises and minerals, development of the health sector, development of infrastructure, ICT and the establishment of judicial system with police and defense establishment under civilian control.

India has extended Duty Free Tariff Preferential Scheme for the 50 least developed countries, 34 of whom are in Africa. This will cover 94% of India’s total tariff lines and,
more importantly provide preferential market access on tariff lines for 92.5% of the global exports of all LDCs.

India has been providing quality education and training to African students and Civil Servants. Long-term scholarships for undergraduates, postgraduates and higher courses will be doubled and the number of slots under the Indian Technical and Economic Cooperation Programme (ITEC) will be increased from 1100 to 1600 every year. We have also offered to share with our African friends our experience in using remote-sensing and satellite-imagery for weather-forecasting, natural resources management, land use and land-cover mapping and a variety of other applications.

Government of India has set up IT Training Centres of Excellence in Ghana and Senegal. Benin and Central African Republic have been offered the same facility. Computer literacy is being extended through kiosks developed by Hole-in-the-Wall Education Limited in Zambia, Swaziland and Namibia. More of such projects are being considered for the Central African Republic and Uganda.

On 26 February 2009, our Finance Minister (who is also Minister for External Affairs) had inaugurated the first phase of the Pan-African e-network covering 11 countries, viz., Benin, Burkina Faso, Gabon, Gambia, Ghana, Ethiopia, Mauritius, Nigeria, Rwanda, Senegal and Seychelles. The tele-education and tele-medicine segments of this project link leading universities and hospitals of Africa with their counterparts in India. The Pan-African e-network demonstrates India’s Commitment to share our progress in the knowledge-sector and help bridge the digital divide in Africa. Thirty-three countries have already joined the network. The second and third phases of the network will be commissioned in the next four months.

Trade between India and Africa has increased from US$3 billion in 2000-2001 to US$36 billion in 2007-2008. Efforts are on to further diversify trade relations.

Responses to Financial Crisis

This meeting is being organized at a very crucial juncture. Effects of International Financial Crisis are gradually unfolding and it is increasingly becoming evident that the dimension of the crisis is enormous and its tremors cut across the countries in the World, irrespective of whether or not the epicentre of the crisis lies somewhere else.

Current financial crisis has brought to the fore, several issues to be addressed immediately by the international community jointly; such as urgent need to enhance the liquidity in international money and credit markets to regain investors’ confidence, step-up cross border capital flows to support investment and growth, particularly in emerging economies and more importantly upgrading international financial architecture as well as improving the regulatory and supervisory framework. The remedial measures should balance the need for tightening financial ‘regulation and supervision’ for staying ahead of innovation in financial markets and ensure that such stringent regulation does not stifle innovation.

While countries world over are coming out with stimulus packages as a counter cyclical measure, in the absence of demand triggers from OECD countries, supply side stimulus would have only partial effect and their success would largely depend on possibility of investment, growth and enhance demand within the region. Therefore, need of hour is to
resist protectionism and developing countries in one voice have to bring forward strong agenda for countering moves in this direction being initiated by some countries. Emphasising this point in the London G-20 Meeting, the Prime Minister of India said that, (quote) “We must tackle the crisis in a way which does not create other problems for the future. For instance, protectionism or restrictions on the free flow of trade and persons would be counterproductive. Nor can development be halted or sacrificed in the search for solutions to the financial crisis. Hence the need for special attention to the needs of developing countries.”

I would like to highlight now the implications of the crisis for India, the manner in which the Indian authorities have responded to it, and the structural issues that have enabled India to weather the shock more effectively than many of the other countries elsewhere.

At the outset, the crisis has spread to India through financial markets, equity, money, forex and credit markets and the real sector through the slump in demand for exports. Two fiscal stimulus packages, together amounting to about 3% of GDP were announced in December 2008 and January 2009. It consisted of additional public spending, Government guaranteed fund for infrastructure financing, cuts in indirect taxes, and support to micro and small enterprises and exporters. The monetary measures, announced in various steps since mid September 2008 have potentially made available over US$75 billion, or 7% of GDP of cumulative primary liquidity.

Growth in India, is likely to slacken but Indian economy will continue to register commendable performance, in relation to the general global trends. This can be attributed to certain structural features like: an extensive network of programmes for creation of infrastructure and social safety nets, which protect the poor and disadvantaged from the extreme impact of external shocks; an efficiently regulated and well administered banking system, which enables financial markets in India to withstand the severity of the impact of the crisis: and a relatively low rate of participation in the equity and asset markets, which insulates the majority of the population from the negative impact of the wealth loss effect.

Annual Report 2008 of the African Development Bank points out that despite Africa’s economic performance remaining positive in 2008, they face severe challenges from the global financial crisis. It is reported that due to decline in global demand, African exports have come down. Furthermore, the financial crisis has led to a slowdown in capital inflows, reduced aid flows, and substantial outflows of short term capital.

The effects of this crisis are likely to severely impact the availability of adequate resources required for meeting the MDGs. Given the economic status of Regional Member Countries, African Development Bank Group has much larger and delicate role to play. In this context, India appreciates the efforts of African Development Bank to meet the challenges posed by the crisis. Without waiting for crisis to unfold completely, African Development Bank Group became the frontrunner in devising a concrete action plan in collaboration with the African Union and the United Nations Economic Commission of Africa leading to the formation of a Committee of 10 Ministers and Governors to continuously monitor the situation and recommending for suitable interventions.

India fully endorses the view point of the African Development Bank that despite crisis, focus shall be on strategic priorities as outlined in the medium term strategy for 2008-2012.
G-20 Initiatives

India approached G-20 summit meeting at London with a strong agenda. Our Prime Minister had said (quote) “It is an unfortunate reality that the effects of the slowdown have spread across the world, and developing countries, particularly those in Africa, are facing its worst consequences. There are some issues which require particular focus such as the need to ensure the adequate flow of finances to the developing countries to overcome the reversal of international capital flows, and not retard progress towards the attainment of the Millennium Development Goals, the need to avoid protectionism in the trade of both goods and services, facilitation of trade finance, and reform and restructuring of international and financial architecture to reflect contemporary economic strengths.” (Unquote)

India’s view point received wide acceptance and support. India emphasised the need for substantial increase in capital flows to developing countries and availability of adequate resources with International Financial Institutions. On both these counts progress has been substantial; G-20 agreed to expand the resources of the multilateral institutions and to also bring forward the quota review in the IMF. The leaders have also agreed to a fresh issue of SDRs. These are positive decisions and involve a massive provision of $1.1 Trillion. India does not need IMF funding as such but we have been in favour of expanding IMF resources as this will help developing countries that need assistance. This move is bound to restore confidence among the emerging markets.

We also emphasised the need for improvements in regulatory and supervisory structure for the World’s financial system. These are likely to take effect with a time lag.

The role of New Partnership for Africa’s development (NEPAD) has been laudable in the G-20 Summit. After the summit, the President of the African Development Bank stated that the provision of an additional Dollar 850 billion to be channeled through IMF and multilateral development Banks could benefit AfDB as well. An action plan emerging out of G-20 initiative needs immediate implementation. Reforming international financial institutions is the integral part of the action plan enunciated by G-20. It is imperative that Afro-Asian consensus is evolved on the issue.

Enhancing the resource base

To realize the objective of the medium term strategy paper floated by AfDB, capital base of the African Development Bank needs to be substantially raised. In the paper circulated on GCI-6 issues and framework, various scenarios have been worked out. In the short-lived crisis scenario paid-in capital is stated to increase by 2624 million UA and in under drawn-crisis scenario paid-in capital is proposed to be increase by 4374 million UA. While the proposal is being extensively examined, we feel that the paper on TCI-6 does not capture the flow of funds through multilateral institutions as an outcome of G-20 decisions. This needs to be incorporated in the document.

Concluding Remarks

To conclude, it is my pleasure and privilege to inform you that at AfDB’s request India has revalidated the ongoing technical cooperation agreement between India and AfDB up to December 2010. Further, India is actively considering to launch the second phase of
technical cooperation with AfDB. The draft of the proposed agreement is under consideration now and we are likely to finalize the same shortly.

We hope that when we next meet in Abidjan, Côte d’Ivoire, in 2010, the strategies put forward by the African Development Bank Group to meet the challenges posed by the financial crisis would have yielded significant positive impact. At Abidjan, we would continue to focus on our shared objectives to make Africa a vibrant growth centre devoid of poverty and malnutrition. With these words, I once again thank the Chair for allowing me to make this statement on behalf of India.
STATEMENT BY
ALTERNATE GOVERNOR FOR ITALY

Mr. CARLO MONTICELLI

Mr Chairman,
Mr President,
Fellow Governors,
Ladies and Gentlemen

First of all, let me thank the Senegalese authorities for their warm hospitality.

We meet today in the middle of the most severe global financial and economic crisis in decades. The global downturn, which initiated in advanced countries, has now spread to developing and transition countries.

Africa is not immune to the contagion. Quite the contrary, in difficult times, less developed countries are the ones that suffer most and, within them, the poorest and most vulnerable parts of population are hit hardest. For several countries in Africa, moreover, this crisis immediately follows other two disasters: the 2007-2008 food and fuel crises, which had devastating effects on poverty.

The World Bank estimates that, as a result of the current crisis, in 2009 the number of people below the poverty line is bound to increase by at least 50 million, possibly by twice as much. And most of them in Sub-Saharan Africa.

The recent advances in the fight against poverty and in progress towards Millennium Development Goals, which took years of hard work to achieve, risk being wiped out by the crisis in few months.

The international community has risen to the challenge, responding to the crisis with unprecedented unity and a clear commitment to avoid the tragic mistakes of the past: myopic insulation and protectionism.

Leaders from both advanced and emerging countries convened and decided to act together. Exceptional policy actions have been taken in the financial, monetary and fiscal fields. The firm commitment to ensure adequate support to cope with the emergency confronting poor countries was, from the very beginning, part and parcel of the joint response to the crisis.

Against this background, Italy has strongly endorsed the call on Multilateral Development Banks to substantially increase their activity as a key element in the strategy to contrast the effects of the financial crisis on developing and poor countries.

MDBs should review their existing instruments and constraints on capital utilization for a full use of their balance sheets. The urgent objective is to maximise the development impact of their activity in the effort to offset the drastic contraction in private capital flows, including remittances. Accordingly, Italy has appreciated and strongly supported the African Development Bank’s initiatives aimed at delivering counter-cyclical help, such as the “Emergency Liquidity Facility” and the “Trade Finance Initiative”.

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Indeed, we commend the Bank’s intensified efforts to expand the volume of operations in these troubled times. At the same time I feel my duty as a shareholder is to remind Management that the Bank’s contribution to contrast the crisis must not come at the cost of lowering the guard in two crucial respects: first, the pursuit of good governance - capacity building, particularly in low income and fragile countries, is paramount to achieve sustainable development; second, the strict adherence to the soundest financial practices. No emergency can provide excuses to derogate from the high standards that the Bank has set for itself in these two fields. I am sure that President Kaberuka, together with the whole staff, will ensure that this is the case.

In difficult times like the current ones, setting strategic priorities is even more important than usual. I thus want to flag one field that the Italian government regards as absolutely crucial for Africa and has set at the forefront of the development agenda of its presidency of the G8 in 2009: food security.

The recent food crisis had a devastating impact on the living conditions of the poorest countries in Africa. The emergency response was rapid and generous, including by the Bank, through the prompt approval of the “Africa Food Crisis Response”. But now that food prices have fallen, that crisis risks being forgotten. On the contrary, this is just the time for action to prevent future crisis. Emergency plans have now to be complemented by a broader strategy aimed at raising agricultural productivity.

To generate lasting and widespread productivity gains, as well as to maximize the impact on poverty, a special focus on small-scale farmers is required. For this reason we strongly encourage the Bank to elaborate and finance, possibly in association with other international agencies, initiatives directed to improve market access for smallholder farmers in poor countries.

Before concluding, I wish to stress that Italy remains deeply committed to the Bank and stands ready to assess its needs for additional resources. Resources are scarce, now more than ever, and must be employed to maximize their development effect. Therefore, the evaluation of the need for additional resources must take place within the framework of a comprehensive strategy ensuring that i) administrative inefficiencies hindering the use of existing resources are removed; and that ii) a clearer division of labour between ADB and other institutions is set out, so as to avoid inefficiencies and costly duplications.

Finally, I would like to express my heartfelt thanks to President Kaberuka, whose vision and leadership makes the ADB a true “force of the good” in the fight against poverty and disease. And we all know how much Africa needs it.

Thank you for your attention.
Mrs. YOKA BRANDT

Responding to the global financial and economic crisis: short-term flexibility and long-term sustainability

Mr Chairman,
Your Excellencies,
President Kaberuka,
Ladies and Gentlemen

I want to start by thanking the Government and people of Senegal for hosting the 2009 Annual Meetings of the African Development Bank Group and for the warm welcome we received from the moment we touched ground in this beautiful country.

It is an honour to be here at a time when concerted effort is a great asset. This is a time that will prove crucial for the African Development Bank.

We are in the midst of a global financial and economic crisis. A crisis that affects us all. Africa has been hit hard, though it had no part in creating the crisis, and has only limited capacity to respond. Now, it is our joint responsibility to ensure that the continent has the means, in terms of both funding and expertise, to cope with this reality. Important steps have been taken, for instance at the AfDB Ministerial Conference in Tunis in November 2008 and at the London Summit last month.

We must now follow up on these steps. We need to act in order to mitigate the socio-economic and human impact of the crisis. But while we try to find solutions to short term problems, we should also remain focused on important long term issues. Within this context, I would like to address three issues:

1. the importance of honouring existing development commitments;
2. the need for a dual focus on short-term flexibility and long-term sustainability;
3. the role of the AfDB – now and in the future.

Honouring existing development commitments

The current crisis threatens to negatively impact on the achievement of the Millennium Development Goals by 2015. However, the importance of the MDGs remains undiminished: they are a concrete and agreed framework that can help us combat the socio-economic and human impact of the global crisis. It is therefore in all our interests, perhaps now more than ever, to attain the MDGs. The progress that has been made cannot be lost; we need to redouble our efforts. It is therefore crucial that we uphold existing commitments on e.g. ODA pledges and debt relief. These commitments are crucial elements of our global response and we cannot compromise on them. I am therefore happy to announce that the Netherlands will be able to keep its ODA commitment at the current level of .8 per cent of GDP.
**Dual focus – short-term flexibility and long-term sustainability**

We all remember how the current crisis started. Terms such as ‘casino capitalism’ have now become part of our vocabulary. Initially, there was little attention for the impact of the crisis on developing countries. Now we are beginning to understand that what started as a financial crisis has the potential to become a human tragedy. Sources of external capital to developing countries are under pressure. Export-based income, remittances and foreign investment are on the decline, and levels of official development assistance are under threat because of domestic budgetary constraints in donor countries.

We should work together to deflect the worst consequences of the crisis, especially for the world’s poorest of the poor. We welcome the additional resources that have been made available through the IFIs, private sector operations and trade facilities. Facilities are in place – now it is time for implementation. And while we are at it, let's remind ourselves that implementation needs to be done with a longer term perspective in mind. We all believe that ‘the future starts today’. Our interventions will therefore have to be sustainable and green and the most vulnerable have to be taken into account. It is possible, even in the current situation, to lay the foundations for a more efficient economic system, to enable us to take a more balanced approach after the worst of the crisis has passed.

**The role of AfDB – now and in the future**

The challenges we face on a global scale are not to be taken lightly. Even before the current crisis, we were struggling to find answers to questions on climate change, food scarcity, conflict and equity. The crisis has made a response to these issues even more complex. This is also true for Africa, and makes the mandate of the African Development Bank Group ever more relevant. We commend President Kaberuka for showing leadership in presenting the African perspective on various international platforms, in convening and informing African leaders, and in collaborating with other international organisations such as the World Bank Group.

Much has been said about what is needed to mitigate the direct financial and economic effects of this crisis, and we welcome the facilities the ADB has already put in place to support countries in Africa. I would, however, also like to encourage the Bank to focus on the aftermath of the crisis, on needs that are often overlooked at such times. Practical needs, such as national capacity to help countries adapt their policies.

We need a strong AfDB to accomplish all of the above. The Bank’s institutional capacity to deliver will be just as important as its financial capacity. We congratulate President Kaberuka and his staff on considerable progress made in his respect. The role of knowledge provider is now embedded within the Bank and has had visible effect. Recruitment efforts have been stepped up. We particularly welcome the appointment of Mr. Moyo as Chief Operating Officer and we wish him and the senior management team a lot of success in their important task.

The Netherlands understands that the Bank needs the financial basis to implement its mandate in crucial times. We therefore support the start of discussions on the need for a general capital increase and on the acceleration of ADF replenishments. We are looking forward to the President and his staff preparing a convincing business case for both the GCI and the ADF replenishment.
Finally, we would like to express our appreciation for the work done on fragile states. We stand ready to further strengthen our cooperation in this field. We would also particularly welcome the Bank strengthening its role in Zimbabwe at this crucial point in the country’s history.

I am convinced that the AfDB will continue, with unflagging effort, to strengthen its organisation – pairing its financial ambitions with the required human and institutional capacity to deliver. This will be one of the Netherlands’ areas of special interest for the coming midterm review of ADF-11. We are convinced that the AfDB is up to the task.

Thank you.
STATEMENT BY
TEMPORARY GOVERNOR FOR PORTUGAL

H.E. Mr. NUNO SOUSA PEREIRA

Mr. Chairman of the Board of Governors,
Honorable Governors,
Ladies and Gentlemen

I am particularly honored to address this distinguished body, whose collaboration with all development actors, particularly the ADB Group, has been nothing short of exemplary.

I take this special opportunity to express my gratitude to the Government of Senegal and all those who have made it possible to hold these Annual Meetings. I also wish to welcome Luxembourg.

Portugal affirms what is evident to all of us today in Dakar; that the ADB Group plays and will be playing an increasingly decisive role in poverty reduction as well as in resolving the current crisis.

The African continent is a priority for Portugal in terms of official development assistance. My country thus considers the ADB Group as a strategic partner of choice in furthering Africa’s development.

We recently signed a new technical cooperation agreement and we intend to participate in the new Multi-donor Fund for the Governance sector.

We also plan to extend our joint cooperation activities to other strategic sectors.

Based on these close ties between Portugal and the ADB Group, we reiterate our proposal to host the 2011 Annual Meetings of the Bank’s Board of Governors in Portugal.

We once more stress the importance of the Portuguese language in the relations between the Bank Group and the Lusophone countries. We acknowledge the commitment that the President and his team have demonstrated in that regard; however, further efforts are required, particularly with regard to the recruitment of professionals who are proficient in Portuguese and in touch with the specificities of Lusophone countries, with a view to raising the level of implementation of projects and programs.

Mr. Chairman,
Ladies and Gentlemen

It is true that, during the past decade, the African continent has recorded positive growth rates, thanks to favorable external conditions and the strengthening of domestic economic policies; however there are still glaring disparities between one country and another. The Fragile States and low-income countries are still finding it extremely difficult to achieve sustainable growth.
In addition, this period of growth is now gravely compromised by the dual world crisis. The majority of African countries are hit by the global crisis, owing to the slump in export earnings, migrant remittances, and capital flows.

Despite the difficulties we are all encountering in the current context, opportunities will no doubt be given us. It is at times like these that major changes unfold and that is good reason to consolidate international cooperation and support developing economies, without aggravating the disparities and questioning the progress achieved in the past decade.

This year’s Meetings are being held at what is seen to be a crucial juncture for Africa; and thus, in line with the G20 recommendations, we must take the necessary steps to ensure the multilateral development banks adequate resources to carry through their missions.

Portugal believes that the institution’s financial resources should be increased and they should remain available to all the regional member countries- ADB member countries and ADF member countries, Fragile States and Islands, in accordance with the specificities and needs in each case.

There is a need for innovative mechanisms allowing the most needy populations access to the institution’s resources. ADB Group net income should be increasingly transferred to the ADF members.

The process of decentralization and alignment of rules and procedures with those of other institutions should be consolidated. The Bank Group must be present on the ground and, in conjunction with other partners, identify the real needs and move rapidly and efficiently to meet them. It is also crucial to stimulate the regional integration process and promote trade in Africa.

Lastly, we reaffirm our support to President Donald Kaberuka and his team for the efforts accomplished during this troubled phase, in implementing the program of reforms and defining strategies and action plans for poverty reduction and sustainable development in Africa.

We look forward to welcoming you to Lisbon in 2011!

Thank you for your kind attention.
STATEMENT BY
TEMPORARY GOVERNOR FOR AUSTRIA

Dr. MARCUS HEINZ

Mr. Chairman,
Distinguished Governors,
Mr. President,
Ladies and Gentlemen

It is a great honor for me to take part in the Annual Meetings of the ADB Group in this beautiful city of Dakar. On behalf of the Government of Austria, I would like to join other speakers in expressing our gratitude to the people of Senegal for welcoming us in the land of “teranga”, the legendary hospitality, and to the Senegalese authorities for hosting this event so effectively.

This meeting takes place at a particularly challenging moment. Only a year ago, the world was struggling with the effects of a food crisis and rapidly climbing commodity prices. With its Africa Food Crisis Response, the African Development Bank was quick in adopting a two-pronged approach, 1) to ensure the short-term provision of agricultural inputs for the planting season, 2) to transform and revitalize the agriculture sector to create new opportunities.

While it would be premature to claim that food prices have returned to their pre-crisis level in Africa, the debate has in the meantime been muted by the devastating effects of the global financial crisis. Even though African financial institutions account only for a fraction of the global financial system, the countries are hit severely by the economic crisis, with variations from country to country. Overall declining trade flows, deteriorating trade balances, reduced capital inflows and a slowdown in migrant remittances all contribute to further limiting resources at a time when developed countries find themselves forced to implement huge fiscal stimulus plans. Private sector projects have been delayed, and attempts to raise long-term finance through sovereign bond issues have become futile. Regional growth engines could also be jeopardized.

More than ever, the African Development Bank is called upon to play a pivotal role. In this respect, I would like to commend President Kaberuka’s efforts in bringing together African leaders in Tunis last November, followed by the meetings of the Committee of Ten and the African Union. As a result, a clear message was sent to the G20, and the African voice was heard.

Mr. Chairman,

The African Development Bank deserves praise for its rapid reaction. However, there is no room for complacency. The effects of the crises have barely started to unfold. It is expected that the demand for Bank financing will increase dramatically during the next two years, and maybe longer. We understand the Bank's strain to live up to member countries’ expectations and fulfil its mandate as defined by its founding fathers. It is in this context that Austria is ready to participate in a review of the need for a capital increase at the African Development Bank.
Let me now turn to the operational priorities of the Bank Group. Again, a lot has been achieved during the last year: the medium-term strategy is now firmly in place. Austria notes the focus on infrastructure, regional integration, governance and fragile states. We welcome the further increase of private sector operations in low-income countries. The Bank has done well in identifying projects with a maximum development impact. We see the need for selectivity in Bank interventions which also implies that the Bank Group should not open up too many windows/facilities for purposes that might be justified in themselves, but still split up know how and resources and go beyond the main focus of the Institution..

Sadly, the global food crisis also highlighted Africa’s vulnerability to unstable food prices given that agriculture remains a key economic sector for most countries on the continent. This clearly shows that we cannot afford to be absent from this sector, or from the social sectors, for that matter. Austria has consistently argued that the Bank needs to define its relevance in such sectors in close collaboration with other development partners. We think more work needs to be done to understand how the Bank can contribute best in these sectors.

Mr. Chairman,

To confront these numerous challenges, the Bank has stepped up its already ambitious recruitment program. It has embarked on a skills mix assessment. In the context of the decentralization process, it will be particularly important to focus on the right balance of staff between headquarters and field offices. It is also crucial to clearly define their respective roles. These and other reforms undertaken further strengthen the Bank’s position as the leading development institution in Africa. This is also evidenced by the renewed interest for Bank membership; with Turkey joining last year in Maputo; and Luxembourg this year. We wish to warmly welcome these new members and encourage others to follow.

Austria will continue to support the Bank in its efforts. We have subscribed to ADF XI as well as to MDRI. We remain engaged in the African Water Facility and are open-minded to provide resources for technical assistance and seconded staff.

Mr. Chairman,

During the last days, a number of high-level seminars and side events have focused on the financial crisis but also on a number of other important subjects such as the use of country systems in procurement or the results agenda. We would like to show our appreciation for organizing such events, which contribute to the increased attractiveness of the Annual Meetings to a wider audience.

To conclude, let me say that the challenges lying ahead are formidable. However, the Bank has demonstrated its willingness to play a major role in addressing the manifold issues in close co-operation with its development partners. As the Bank moves forward, it can count on Austria’s continued support.

Thank you for your attention.
STATEMENT BY
GOVERNOR FOR LIBERIA

Mr. AUGUSTINE K. NGAFUAN

Mr. Chairman,
Fellow Governors,
Dr. Donald Kaberuka, President of the Bank Group,
Distinguished Ladies and Gentlemen

Let me join others in expressing our gratitude to the Government and people of Senegal for the warm welcome and for hosting us in this beautiful city of Dakar. The level of hospitality extended since our arrival has provided for enhanced productivity at these meetings. Senegal’s economic dynamism holds many lessons for Liberia as it emerges out of conflict. We look forward to drawing on the experiences of Senegal.

The statement presented by my predecessor at the Annual Meetings in Mozambique emphasized the progress Liberia had made in re-establishing a relationship with the international community. In that relationship, we are happy to note that our partners and friends have continued to work closely with us in resolving our extremely large debt overhang. We have recently conducted a successful commercial debt buyback, with over 97% participation, and continue to make progress in resolving our bilateral debt stock. Since this Government came to power Liberia’s debt has been reduced from nearly 4.9 billion USD to 1.7 billion USD. With continued support from the African Development Bank and our other partners we look forward to reaching HIPC completion point at end-2009, at which time we can open a new chapter, free of the odious debts of the past.

Despite the negative effects of the food, fuel and financial crises, Liberia remains committed to staying the course of reforms and with the help of our partners and friends, our first full Poverty Reduction Strategy is being implemented. The financial crisis has had and is expected to continue to have a devastating effect on our economy; our cash-based balanced budget and borrowing constraints under our current IMF program leave us unable to borrow. As such, revenue losses due to the financial crisis can only be offset by reducing expenditures. Our fiscal space to respond using countercyclical measures may be among the most constrained of any country represented here, or in the world. As such, exceptional grant financing is critical. I hope that the ADB will continue to think creatively about how to cushion the shocks of the financial crisis on our economies, allowing us to maintain all of our pro-poor spending, and fully implement our poverty reduction strategies.

Mr. Chairman, let me at this juncture commend the Bank for its leadership role both in terms of advocacy and direct support to member countries during this crisis period. The Bank has produced a consolidated response to the economic impact of the financial crisis encompassing: (a) An Emergency Liquidity Facility (b) A Trade Finance Initiative (c) A Framework of Accelerated Resource Transfers to ADF Countries and (d) Enhanced Policy Advisory Support. While the initiatives are tilted more towards ADB-only countries, we encourage the Bank to continue its support, but to be more creative in dealing with ADF-only countries and some of the country-specific difficulties that they are now surfacing. The current discussions of flexibility regarding the debt sustainability framework are most welcome in this regard.
We would be remiss, Mr. Chairman, were we not to mention the generous assistance of the Bank over the last year, which together with our own actions have to an extent mitigated though not by any means eliminated, the negative social and economic impact on our economy as a result of the crisis. The Bank has been leading the way on budget support, demonstrating confidence in our reform program and PFM reform efforts via a UA 12 million Public Financial Management Reform Support Programme. The Bank has also financed our debt service falling due this calendar year, and provided UA 12.5 million for an Agriculture Sector Rehabilitation Project, among other interventions. These programs will assist us in sustaining our reform momentum while building the foundation for future economic development. The Bank has also continued to work with us in financing much-needed infrastructure via a labor-based public works project, supporting good governance and institutional reform, supporting institutional capacity through the fragile states facility, and serving as the lead partner in the water sector. We are most grateful and extend appreciation to the Bank on behalf of our President Madam Ellen Johnson Sirleaf and the people of Liberia for all of these initiatives.

At the institutional level, we are heartened by the Board’s and President Kaberuka’s stewardship and their demonstrated intention to make the Bank the premiere financial institution on the continent and more responsive to the needs of member countries. We are aware that the current global financial situation, the current demands on the Bank from member countries and the need for the Bank to pursue its Medium Term Strategy may affect the financial position of the Bank and prospects for achieving its goals on the continent. We therefore commit ourselves in working with the Bank in ensuring financial viability, while at the same time allowing for all voices to be heard. Let me however stress, as we have done in previous meetings, the need for the Bank to establish an on the ground presence in post conflict countries like ours, to increase the strength of our policy dialogue and further enhance portfolio performance.

In closing, permit me Mr. Chairman to say that it has been an honor and privilege to participate in these meetings over the few days. The Bank has indeed come a long way and has much to be proud of.

Thank you very much, Mr. Chairman.
STATEMENT BY
ALTERNATE GOVERNOR FOR SUDAN

Dr. LUAL A. DENG

Your Excellency, The Chairman of the Board of Governors of the Bank Group,
Dr. Donald Kaberuka, President of the Bank Group,
Fellow Governors of the Bank Group,
Ladies and Gentlemen

Please, allow me to express our gratitude and appreciation to the Government and people of Senegal for the superb hospitality they have given to the Sudanese delegation since our arrival in this beautiful city of Dakar. I would also like to extend special thanks to the staff and Management of the Bank Group in their sustained quest for excellence in the service of Africa.

Mr. Chairman,

These Annual Meetings of the African Development Bank Group are taking place at a critical time of a Wall Street-generated global financial crisis, which has in turn led to an economic downturn world-wide. In Sudan, the effect of the crisis is demonstrated by a sharp fall in oil prices, by a decline in foreign direct investment, and by a slowdown in the remittances of Sudanese Diaspora. This has in turn resulted in the deterioration in our public finances and foreign exchange reserves.

Mr. Chairman,

The global financial crisis and subsequent recession have compounded the management of the economy of a fragile state like Sudan. It is complicating the implementation of the Comprehensive Peace Agreement (CPA) in that falling oil revenues means less resources for post-conflict reconstruction and development, which increases the risk of renewed civil conflict in Southern Sudan. It is also undermining our efforts in combating poverty, in resolving the conflict in Darfur as well as in clearing our arrears with the Bank Group, World Bank and the IMF.

Mr. Chairman,

I would like to acknowledge at this juncture the timely and valuable technical assistance the African Development Bank has been given to Sudan in building our capacity to combat poverty. Such assistance by the Bank Group, demonstrates beyond doubt that the Bank’s overriding goal is service to Africa.

In conclusion, Mr. Chairman, I would like to make two proposals:

First, the Bank can help Sudan to emerge out of fragility if it lifts double cross-conditionality it has on Sudan with the World Bank and the IMF. This would enable Sudan to normalize its relation with the Bank Group, since our arrears to the African Development Bank are relatively smaller. This proposal should not be misunderstood as calling for non-
cooperation with the IMF and World Bank or as a call for rejecting participation of non-African countries in the share holding of the Bank.

Finally, Sudan is proposing to host a special technical meeting of the Governors of Africa Central Banks to examine the viability of establishing dual banking system – conventional and Islamic – as one of the vehicles for mobilizing additional resources in support of trade-led growth. We would like the Office of the Chief Economist of the Bank to provide a secretariat for this meeting. Sudan is ready to co-finance with the Bank the cost of the proposed meeting.

Thank you.
STATEMENT BY
GOVERNOR FOR SWAZILAND

Mr. MAJOZI VINCENT SITHOLE

Mr. President,
Executive Secretary of the United Nations Economic Commission for Africa,
Honourable colleagues,
Invited guests

Let me take this opportunity to greet you all, and thank the Bank for availing me this chance to bring the situation of my country to the attention of the world, in the wake of the current global financial and economic meltdown.

Mr. President,

The Swazi economy has been prima facie insulated from the financial turmoil stemming from the sub-prime mortgage. The direct impact of the financial turmoil to the monetary sector in Swaziland has not been evident, as banks were not exposed to trade in the toxic instruments that have lead to the financial crises.

The implementation of strict domestic prudential regulation (i.e. capital adequacy, liquidity and reserve requirements) and the exchange controls implemented by South Africa and other CMA member countries have made Swazi banking sector less susceptible to the crisis.

The Swazi economy however, has not been totally insulated from the financial crisis. The contagion effect from the rest of the world is reflected in the economic slow down which we are currently experiencing. Projections for 2009 indicate that growth will be less than 2 percent as our economy adjusts to the global economic crisis.

This is a result of lower export earnings, reduced consumer spending and slowing private sector investment. There are other factors which could threaten the growth outlook, and these include the volatile oil prices, the rising costs of agricultural inputs, while high energy costs may feed into high production and transportation costs of goods and services.

Mr. President,

The global financial market turbulence has shown some drastic effects on our consumer and investor confidence, and as it persists, it will impact, negatively, on the real sector of the Swaziland economy.

The crisis has had a negative impact on the demand for our exports as the markets for our internationally traded goods and services in the United States of America (USA)-(comprising 14 percent of total exports), European Union (EU)-(comprising 15 percent of total exports) and the Republic of South Africa (RSA)-(comprising 70 percent of total exports), experience substantial reductions in demand. Citrus, sugar and beef are exported to the EU. Japan buys wood pulp, and textiles are sold in the US.

Thus with reduced export growth and lower commodity prices, the current account will be under pressure and it will be more difficult to fund the deficit, and further exerting
downward pressure on foreign exchange reserves. Moreover, the slow down in global demand has negatively impacted on the level of employment as companies have engaged in cost cutting measures including scaling down production.

In the near future, it is expected that the crisis will affect access to credit as financiers have become more risk averse and, as a result, the general re-pricing of risk increases the cost of borrowing.

This will in turn affect investment given the high cost of money and ultimately the consumer will buy commodities at risk-adjusted higher prices, leading to an overall contraction in consumer spending. This outlook reveals challenges as the general slow-down in growth will force companies to shed jobs and scale down investment plans while the struggling ones face closure.

Within the banking sector Mr. President, the impact is already felt by the increase in the number of non-performing LOANS and credit tightening. Notwithstanding the turbulence, the Swaziland financial sector is expected to ride the storm as it is largely protected by capital controls and sound regulation within the Common Monetary Area (CMA).

Even though there is no evidence so far to suggest cut backs by donors on grant funding, past experience points to a high possibility. Developing countries including Swaziland have braced themselves for a dry spell which we are hoping will not last many years.

Mr. President,

The South African economy is considered as the major economic power house on the continent, and is one of the worst affected countries by the global economic downturn.

Since our economy is closely linked to that of South Africa, we will not be spared from the drastic effects, which will be prominent in the related sectors including the manufacturing, tourism and retail sectors.

In fact, a slowdown across all sectors of the economy is anticipated mainly affecting manufacturing, mining and retail sectors as investment slumps in response to weaker domestic and international demand. Currently the RSA’s mining, retail and manufacturing sectors are in recession. As a result, those miners, who may be from many Southern African countries, including Swaziland, send much less money home to their families.

Mr. President,

I wish we can have an opportunity with my colleague at some point in time and share experiences. We read from publications that some corporations like Standard Bank, and Old Mutual,1 who have established themselves widely in the Swazi economy, have been involved in speculation on the global credit derivatives market, and that they have incurred losses. This is because they have links with overseas firms, where they found out that their shares were almost worthless because of the current crisis.
Of course Mr. President, I stand to be corrected by my colleague. We are sceptical then, Mr. President as these companies command a substantial share in the Swaziland monetary sector, because they can start withdrawing their money from our economy if the situation becomes worse.

Some of the largest overseas traders in the Johannesburg Stock Exchange (JSE), like JP Morgan, Merrill Lynch, Morgan Stanley, the Deutsche Bank, Citibank and Northern Trust Company have been hit hard by the crisis. These companies have felt the pinch of the crisis, and they are rapidly withdrawing their money from the JSE. This has reduced the average share value of JSE-listed companies by a substantial percentage (30%) since the beginning of the year.

The massive outflows of money have caused the value of the Rand/Lilangeni to plummet. The weaker our currency becomes, the more expensive for us to cover our costs of imports, hence increase in the trade deficit. This will cause serious problems with our balance of payments. The depreciation of our currency against major currencies has caused our external liabilities to increase. As at December 2008, total external debt stock had increased by 6.7 percent from a revised figure recorded in September 2008.

Mr. President,

For the first time in five years, the projected size of the SACU revenue pool has had to be revised downwards. This is a result of the unforeseen global financial crisis, which has reduced trade amongst SACU and international partners. Inflation rates soared to average 12.9 percent due to escalating oil and food prices. In August last year, this indicator recorded a peak of 14.7 percent. Electricity, food, and transport were the main contributors to the inflation outcomes.

_Bank Intervention on the Swazi Economy_

On a more positive note Mr. President, the Kingdom of Swaziland would like to appreciate the Bank’s support, which has been flowing in over the years. We have just received the approved Results Based Country Strategy paper (RBCSP) covering 2009 – 2013, which is a result of extensive consultations between the Bank and Swaziland. We cannot agree more with the strategy, as it has been anchored on our very own Poverty Reduction Strategy and Action Programme.

Mr. President,

In the medium term 2009 – 2012, the Government of Swaziland is working on improving the investment climate among other things. There is need to increase investment, both domestic and foreign, to stimulate economic growth. The country will intensify its focus on value adding industries, establish and promote local empowerment through Small and Medium Enterprises. As I speak, the ministry of commerce, industry and trade is reviewing legislation and policies to make the country’s investment climate more attractive.

We will welcome, Mr. President, any form of assistance from the Bank, to further improve our infrastructure to enhance productivity and competitiveness, to foster the business environment, and increased agricultural productivity and ensuring food security.
Mr. President,

Tourism is one of the world’s fastest growing industries that have potential for job creation and poverty alleviation. The Government of Swaziland is working on strengthening the development of the tourism industry. There is a series of initiatives like registration and grading of hotels, commercialization of game parks and national parks that have been taken to improve this sector. By early 2010, we would have begun construction of our international airport, and a luxury resort close to the Republic of South Africa, all aimed at enhancing tourist attraction.

However, Mr. President, the Kingdom of Swaziland is still faced with the greatest challenge of all time (HIV/AIDS). The impact of this epidemic is clearly visible through the numbers of orphans and vulnerable children, which is at 31 percent of total child population. Our donors have pledged more funding for the fight against HIV, for which we are grateful.

The Bank offered grant funds which were used for the assessment of the status of primary health care facilities and training institutions, in order to identify rehabilitation and upgrading requirements, all aimed at improving primary health care delivery. We are very grateful to this form of assistance from the Bank, and I must report Mr. President, that a final report of this study is already available. We will have consultations with the Bank for support shortly. A word of thanks also goes to the Bank officials Mr. President, who tirelessly worked with us on this project.

Lastly Mr. President, I am looking forward to the outcomes of this years’ meeting, which couldn’t have been themed more correctly. We are hoping that solutions and strategies on how we can survive and ride through the crisis will come out of these meetings.
STATEMENT BY
TEMPORARY GOVERNOR FOR MAURITIUS

Mr. DHOORUNDHUR MOHIT

Mr. Chairman,
President of the African Development Bank,
Dear Governors,
Distinguished Guests,
Ladies and Gentlemen

On behalf of the Government of Mauritius, it’s an honour for me to address today the Annual Meetings of the Bank Group. The Hon. Dr. Ramakrishna Sithanen, Deputy Prime Minister, Minister of Finance, the substantive Governor would have so much wished to be present especially in these difficult times had it not been for his presentation of the Budget in a week’s time. I however, bring his good wishes from Mauritius.

Chairman,

I wish to express my own appreciation to the warm hospitality extended to us and through you to the Government and people of Senegal.

I also take this opportunity to congratulate the President and management for the initiatives taken during the year to maintain the excellent financial performance of the Bank on course. More importantly, we appreciate the early response to the crisis by urgently putting in place the Emergency Liquidity Facility and the Trade Finance Facility to assist member countries. However, the Bank is now called upon to do more; especially with a recession that was projected to be short and shallow is now pessimistically being viewed as one that would be long, broader and prolonged with serious contraction in projected growth in member states and the African continent.

At this juncture, with rapidly changing perceptions and state interventionism on a scale never thought possible, the needs of each member state are different and a balance in policy choices remains critical. In these exceptional circumstances, Bank should consider developing a longer term Africa Restructuring Facility to meet country specific requirements with speed in unlocking funds being essential.

The challenges suddenly seem un-surmountable. But Mr. Chairman, we all have hopes. Since 2005, in Mauritius we have been implementing an ambitious economic reform program which has put the economy on a higher and more resilient development path amidst a number of external shocks. It has built resilience into our economy but not immunity. As a small open economy, we are still very vulnerable.

We did anticipate some of the problems and adopted an expansionary fiscal stance with the creation of a number of special Funds. With greater insights into the crisis, we have also put in place an additional stimulus package to shore up economic performance.

In particular, these Funds will invest in the future and provide G20 call for about 2 percent of GDP additional stimulus. They will invest in our people to upgrade skills and education whilst improving our public infrastructure, encouraging the use of renewable
energy and protecting our environment, supporting the emergence of SMEs and the transition of our manufacturing sector from protection to global competitiveness and providing financing for housing. This will position us for a strong rebound when international recovery comes.

In the immediate, we are also focusing on preventing and minimizing the human sufferings that closing down businesses can cause. Under a “Mix of Work and Training Scheme” enterprises in the Tourism and Manufacturing sectors hit by crisis would receive financial assistance from Government to minimise layoffs.

Furthermore, Government is fast-tracking implementation of major infrastructure projects. The port, airport, roads, utilities and wastewater have all become a binding constraint to further economic development. We plan to upgrade as well as add to the stock of infrastructure over the next ten years at an estimated cost of Rs 125 billion - a level of expenditure which Government alone cannot sustain. Some will have to be implemented under Public Private Partnerships.

In this respect, we also appreciate the close collaboration and coordination between the Bank and our other development partners that have general budget support operations in Mauritius.

In conclusion Mr. Chairman, this is a financial crisis that we must not waste. We have to learn every lesson we can from it as it was also rightly put during yesterday’s Ministerial Roundtable on “Africa and the Financial Crisis: Agenda for Action”. It’s an unprecedented call for Africa to wake up for greater collaboration and faster integration.

Thank you.
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CLOSING STATEMENT BY THE PRESIDENT OF THE AFRICAN DEVELOPMENT BANK GROUP

Dr. DONALD KABERUKA

Mr. Chairperson of the Boards of Governors of the African Development Bank Group,
Honorable Governors,
Ladies and Gentlemen

We have now reached the end of deliberations of the 44th Annual Meeting of the African Development Bank and the 35th Annual Meeting of the African Development Fund.

Once more, I would like to present my sincere thanks to His Excellency Abdoulaye WADE, President of the Republic of Senegal, who honored the Ministerial Round Table with his presence and kindly open the deliberations of these Annual Meetings.

My heartfelt thanks also go to His Excellency Blaise COMPAORE, President of Burkina Faso, as well as the Vice-President of Ghana, who travelled to Dakar to grace our Meetings with their presence. I would like to thank the Chairperson of the African Union Commission and the ECA Executive Secretary, whose presence was also highly appreciated.

Honorable Governors,

I would particularly congratulate you for your very active participation in the Governors’ Dialogue and High Level Seminars, which greatly enriched us. Permit me to express to you my gratitude and satisfaction for the results obtained.

These Annual Meetings were held within a particular international context, namely the international financial crisis and its impact on Africa. This situation requires urgent action and that is what your Bank has done. We organized the meeting of Ministers of Finance in Tunis and set up the Committee of Ten. We gave our support to that Committee and to the African Delegation to the G-20 Summit. We have developed appropriate instruments, especially by establishing the Emergency Liquidity Facility, the Trade Finance Facility, and taken action for the rapid disbursement of ADF resources. I would also like to mention the ADF-XI mid-term review held in Helsinki.

I wish to thank you for the support you have given to all these initiatives, and for your encouragement to continue implementing them.

I take due note of your messages. They are rich in advice, and we are sure that they contain a lot of ideas and proposals that will inspire us in the coming years. Permit me to outline some of the key points here:

1. You have unanimously requested us to initiate a review of the Bank’s Sixth General Capital Increase. This decision is certainly one of the major conclusions of our meetings. We will provide all appropriate assistance to the Governors’ Consultative Council, and produce all the studies required for facilitating a decision on the matter.
2. We have also noted your guidelines requesting that, in reviewing the capital increase, special attention should be paid to the poorest countries. We will review, in an innovative manner, all the possibilities open to us, particularly before the ADF-XII negotiations. I wish to thank the donor countries for their availability and for maintaining their commitment to help the poorest countries.

3. We have also heard your call on us to bear in mind the actions to be undertaken in the medium and long term, and we are pleased with the support you have given to the Bank’s Medium- and Long-Term Strategy. Indeed, we need to reflect on the post-crisis situation so as to enable countries to regain sustainable and equitable growth. We have taken due note of the priorities you want us to retain in the Bank’s strategy, namely the financing of infrastructure, governance, the private sector, not to mention cross-cutting issues, particularly gender, climate change and the environment.

4. Several of you have questioned the Bank’s capacity to implement all the new initiatives. Indeed we recognize this challenge. The Management strengthening mentioned by some of you, the recruitment campaign that I have referred to in my opening statement, the new human resource strategy, etc. are all measures that we are implementing with the support of the Board of Directors. Given the hope the African countries have placed in the Bank, we must build our capacities to meet their expectations. One of the main measures concerns enhanced decentralization. A study underway to evaluate the effectiveness of this decentralization is expected to be concluded this quarter. Its results will no doubt guide us in taking appropriate steps to bring the Bank closer to its regional member countries.

5. The results on the ground are another source of concern. Like the Board of Directors, I attach great importance to this aspect, and it is one of my priorities. I have put in place mechanisms and a dedicated structure to monitor the indicators. The initial results obtained proved useful to us during the ADF 11 negotiations and I believe they will further enlighten us during the ADF-XII negotiations. This is a good time to appeal to our regional member countries to constantly develop the culture of results, without which the Bank will be unable to produce results accompanied by precise and satisfactory indicators. To that end, we will consolidate the efforts to implement the Accra Declaration Plan of Action.

In conclusion I salute in particular His Excellency Abdoulaye Diop, Minister of State, Chair of the Board of Governors, for the perfect organization and extremely smooth conduct of all the deliberations of these Annual Meetings. I also take this opportunity to commend the National Organizing Committee for a job well done. We thank the people and Authorities of Senegal for their Teranga.

I wish all the Governors and participants a safe return to your respective countries and look forward to seeing you in Abidjan in 2010.

Thank you.
TRANSCRIPT OF THE CLOSING REMARKS OF THE
IN-COMING CHAIRPERSON OF THE BOARDS OF GOVERNORS

Hon. PAUL ANTOINE BOHOUN BOUABRE

Honorable Governors,
Members of the Board of Directors,
African Development Bank Group President, Dr. Donald Kaberuka,
Distinguished Guests, ladies and gentlemen

Everything has been said as this Bureau begins its term; let me simply congratulate the two Vice-chairs, the Governors for Portugal and Guinea Bissau, on their appointment. I am confident of their support in accomplishing the mission entrusted to us. I also wish to stress on their behalf as well as mine that we are fully aware of the various challenges lying ahead. These have just been eloquently stated by President KABERUKA as well as our outgoing Chair, Mr. Abdoulaye DIOP.

The central challenge, President KABERUKA, lies in implementing the Plan of Action that you have proposed to the Boards of Governors. In addition to that, I wish to draw attention to certain key issues that we will be broaching: the stages leading up to the capital increase and the matter of Board of Directors representation, both of which have been raised at these meetings; other important subjects for discussion include the mechanism of the Eleventh ADF Resource Replenishment.

In conclusion, following the motion of thanks addressed to him on behalf of us all, I wish to reiterate my appreciation and sincere congratulations to Governor Abdoulaye DIOP for these excellent meetings and his masterful conduct of our deliberations.

Ladies and Gentlemen,

You have chosen Côte d’Ivoire as the venue of the Forty-fifth Annual Meetings of the Board of Governors of the Bank and the Thirty-sixth Annual meetings of the Board of Governors of the Fund, scheduled for 27 and 28 May 2010; I thank you on behalf of Côte d’Ivoire.

We are very pleased to host this event and look forward to welcoming you. I have full confidence in my country’s capacity to meet the challenge of organizing these meetings. Côte d’Ivoire awaits you!

Thank you.
CLOSING STATEMENT BY THE OUT-GOING CHAIRPERSON OF THE BOARDS OF GOVERNORS

Mr. ABDOULAYE DIOP

Mr. KABERUKA, President of the African Development Bank,
Honorable Governors,
Ladies and Gentlemen

We have now reached the end of the 44th Annual Meetings of the African Development Bank Group, which principally offered us a platform for discussing a crucial subject for our economies, namely Africa and the international financial crisis.

Our deliberations were marked by record participation - in terms of the number of participating countries, delegates and observers.

Without doubt, Mr. President, that is attributable not only to the international financial crisis that has snowballed into an economic crisis, but also to your dynamism and that of your management team.

Indeed, your proactive reaction to the crisis by initiating an Emergency Liquidity Facility and a Trade Finance Initiative – two essential mechanisms representing a strong reaction to the crisis – was indeed timely.

Therefore, I would again like to seize this opportunity to congratulate you, on behalf of the President of the Republic and on my own behalf, and wish that the ADB continue to follow its exponential orbit, without incident.

On another front, it was obvious throughout our deliberations that our Continent has suffered the full impact of the multiple effects of the world crisis that has called into question efforts deployed over several years to improve the fate of the African people.

Hence, the concerns unanimously expressed prior to and during these Meetings, are justified. However, we must agree that Africa should keep hope alive for two reasons.

Firstly, our continent has immense potential, the judicious exploitation of which should enable us to make headway towards economic and social development.

Secondly, this Meeting has helped to identify measures that would likely dampen the impact of the crisis and create better conditions that would enable our countries to benefit from the world economic recovery expected from 2010.

In that regard, I would like to recall a number of areas that most Governors emphasized during their intervention:

- Stabilization of the macro-economic framework;
- Consolidation of the financial system;
- Optimization of resources mobilization, combined with prudent and sound public expenditure policies;
- Structural reforms to maintain, even deepen, despite the unfavorable context;
- Enhanced economic integration;
- Our demand for governance reform in international financial institutions;
- Maintaining our position regarding world trade liberalization and the development of our capacity in that regard.

Mr. Chairperson,
Honorable Governors,
Ladies and Gentlemen

All Governors join voices with me to pay a befitting homage to the African Development Bank for all the work done prior to our Meeting, without which we would not have obtained the significant results that we did, in such a short time.

Henceforth, Africa, with the support of its partners, has its fate in its own hands. The action plan that will emerge from these Annual Meetings should be implemented as soon as possible. We have absolutely no doubt about the commitment of each and every one to join hands and play their part. In that regard, I believe it essential to reiterate the main thrusts enunciated by President WADE, especially the need for a strong union because in our day, only large communities are viable.

Our countries must remain united and active in implementing the New Partnership for Africa’s Development (NEPAD). In the same vein, they should speed up the diversification of partnership in the direction of emerging nations (Brazil, India, China, Turkey, etc.) whose operating flexibility constitutes a decisive advantage.

I have no doubt whatsoever that the ADB, the pride of the entire Continent, will continue to facilitate the attainment of our goals by supporting other regional institutions, especially the African Union, whose contribution to this Meeting proved primordial.

Mr. Chairperson,
Honorable Governors,
Ladies and Gentlemen

I will conclude: on behalf of the Senegalese people, I would like to thank you again for answering the call of the Continent by being present in Dakar for these historic Meetings. I would also like to wish you a safe return to your respective countries, with the hope that we will again meet in far greater numbers in Cote d’Ivoire, one year from now.

On that hopeful note, I declare closed the 44th Annual Meetings of the African Development Bank Group.

Thank you for your kind attention.