Remarks at the Development Committee

Dr. Donald Kaberuka, President
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Washington, DC
April 18, 2015
Mr. Chairman, Thank you.

It has been said already, 2015 is a landmark year.

Even the most important year since 1945.

We can all agree that what happens this year in New York and Paris, are two faces of the same coin, development and climate.

And there is a straight line linking the two;

A clear framework on how these two related ambitions are financed.

The Financing Conference in Addis will therefore be the turning point.

I will restrict my remarks to the issue of how countries themselves can best fund their development, which
fundamentally means how they grow and transform their economies and the revenue base.

Of course, development requires more than money, money does not deliver development.

It is policies, and capacity to implement those policies that do.

Delivery capacity, capacity to mobilize domestic revenues, optimize public financial management, and natural resource husbandry.

There is, agreement, overall that, even in the most generous assumptions about ODA, the reality is: it will be limited.

ODA will be an important part of the conversation leading to Addis, and one hopes the 0.7 target remains a target we must aspire to.
But, the discussion on ODA will be how best, that rare scarce resource is deployed, in particular to leverage private capital, to help build domestic delivery capabilities.

Today, domestic revenues are the most important source of development finance.

So much progress has been made over the last decade.

In 2014, alone, the African countries mobilized 500 billion dollars in domestic revenue.

That is ten times ODA.

With exception of fragile states, there is ample evidence countries could do more to overcome the limitations of narrow tax base, weak revenue administration and the large informal sector.
So the first item is how best to support and leverage ODA to enable countries fund their own development, through domestic taxation.

The second domestic agenda relates to the local capital markets, and new vehicles to tap own long term pools of savings.

More and more countries have taken advantage of benign international conditions to enter the bond markets.

For, African countries, $7 billion in 2014.

There is enough knowledge on how to do so while managing debt in a sustainable way.

The third area relates to illicit financial flows, ensuring fair taxation to all, investors and countries concerned, particularly, acute in the extractive industry area.
Of the 1.4 trillion dollars Africa lost in the last three decades, 60% is from the extractives, through complex tax haven based ownership models, transfer pricing, etc.

The final issue relates to public financial management, for at the end of the day, what will eliminate poverty will be those resources are managed, deployed and the impact on the ground.

Finally let me emphasize that we in the IFIs are called upon to re-engineer our business model, from catalyzing private capital, sweating our collective balance sheets, as we are doing now between several of our Organizations.

There is much to do between now and Addis and MDBs fully appreciate what, with your, support, is expected of us. The paper we have jointly prepared is part of that journey.

Thank you.