Abidjan, Cote d’Ivoire – This 45th Annual Meeting of the African Development Bank Board of Governors takes place at a time of continued uncertainty, as the global economic recovery has not yet found firm footing. At last year’s meeting, African leaders were bracing for significant economic impacts, through trade, remittances, and investment channels. As expected, 2009 turned out to be a difficult year, with GDP growth in Sub-Saharan Africa dropping to 2%, from the recent average of 5% per year. While the brunt of the decline fell on the large commodity-exporting economies of South Africa, Nigeria and Angola, negative social impacts were felt more broadly. The good news is that the downturn was not as severe as predicted,
partly due to the improved policy environment in the African continent over the last decade, especially among countries that adopted reforms to support private sector development. As a result of this resiliency, the IMF projects that economic growth will return to 5% in 2010 and 6% in 2011.

The African Development Bank, under the capable leadership of President Kaberuka, has stepped up to the challenge of supporting African economies at this difficult time. The Bank moved aggressively to increase lending in 2009, supporting counter-cyclical investments in infrastructure and social safety nets, and partnering with the IFC to ensure a steady flow of trade finance. The Bank’s concessional window responded flexibly to permit reprogramming of existing project resources toward crisis-related priorities in the poorest countries.
The African Development Bank is also realizing its potential as a convening authority, advocate and platform for amplifying African voice within the global economic and financial community. President Kaberuka played a key role in creating the C-10 finance and central bank governors group, which has already established itself as a recognized voice on global economic issues. The Bank, in cooperation with the African Union, is also playing an important advocacy role on international climate issues and is stepping up its work on food security issues.

This Annual Meeting is a pivotal one. Through the actions taken here, shareholders will affirm their confidence in the Bank by agreeing to a very significant general capital increase and considering the re-election of President Kaberuka. Deputies will also hold another round of consultations for the twelfth
replenishment of the African Development Fund, which we hope will lead to an early conclusion of negotiations later this summer and an increase in resources for the poorest. Bank management and staff, as well as all shareholders, should be proud of the hard work that has brought the Bank to this point.

With these increased resources comes increased responsibility to ensure that shareholder investments are put to effective use and managed well for the long-term. This is especially important as the substantial investment in the AfDB comes at a time of tight budgets in the United States and around the globe. Recent reform accomplishments and commitments give us confidence that the Bank is heading in the right direction. For example, the Bank has articulated a set of strategic priorities in which it has a comparative advantage including: infrastructure, economic governance and private sector development. We applaud
Management’s discipline in focusing on what the Bank does best while leaving important work in other sectors to its partners. Through this prioritization, the Bank has strengthened its role as a lead donor for infrastructure and become the leading source of official assistance for the private sector and regional operations in Africa. It is important that the Bank retain this strategic focus, particularly now as the medium-term strategy will be reviewed and the GCI will come into effect.

In addition, the Bank is making progress on improving the quality and effectiveness of its operations by implementing results reporting and project completion systems. It is also adopting measures to enhance project supervision and considering how to tailor the decentralization process to better meet the needs of the Bank’s clients.
The Bank has agreed to a range of additional forward-looking reforms, a few of which I would like to highlight.

- The Bank will strengthen its risk management, including through upgrading the risk function and establishing a separate credit committee. The Bank will also establish a comprehensive financial model, which will preserve capital, incorporate incentives for budget discipline and assure strong net income transfers to the concessional window and other low-income country initiatives.

- The Bank will increase transparency through a strengthened disclosure policy and practice. Improvements to the Bank’s website are already evident, and we look forward to seeing additional web content on project implementation status and results. The Bank has also
committed to revamping its outreach to civil society and other stakeholders.

- The Bank is modernizing its organizational structure in order to better address fraud and corruption, and has agreed to a new policy under which fraudulent and corrupt firms are cross-debarred in all the MDBs.

There will be many competing demands placed on the organization in the coming years. An ambitious reform agenda is best implemented by a strong cadre of motivated employees operating under a clear plan. It will be incumbent upon the leadership of the Bank to exercise prudence and good judgment in budgetary matters to ensure that the appropriate priorities are funded.
We see a strong, growing African Development Bank as a key partner in advancing vital cross-cutting policy priorities of food security, regional integration and climate change adaptation and mitigation. The Bank’s areas of comparative advantage, particularly infrastructure and economic governance, position it to be effective in these initiatives.

- Addressing food security and global hunger is both a moral imperative and an essential element of sustainable economic development in Africa. The Bank has a number of important roles to play:
  - in infrastructure, by building irrigation systems, rural roads and storage facilities;
  - in governance, by building policy environments needed to help farmers grow
more, earn more and lift themselves out of poverty.

• Strengthened regional integration is critical if this region is to realize the increased economic benefits from globalization that other emerging market countries already enjoy. We look to the Bank to play an even stronger leadership role on regional integration, through economic governance investments to strengthen policy coordination and regional economic institutions as well as “hard” investments in regional infrastructure.

• Climate change is one of the century’s greatest challenges, and climate-resilient, low-carbon growth must be a priority. The Bank’s infrastructure and economic governance work can address both sides of this issue. On the one hand, Bank
engagement can spur the deployment of clean energy technologies to hasten the transition to low-carbon growth, reduce the need for carbon-intensive projects, and strengthen policy and market conditions that are conducive to climate-friendly private investment. On the other hand, The Bank will play a critical role in helping the most vulnerable countries prepare for and respond to climate change impacts.

With the conclusion of the GCI, we look forward to a new chapter in the Bank’s institutional history. All of us -- management, staff and shareholders -- have a lot of important work ahead to ensure that the Bank realizes its potential as a key development partner, effectively contributing to improved development outcomes in Africa.