



STATEMENT AT

THE GOVERNORS' FORUM ON

THE SIXTH GENERAL CAPITAL INCREASE OF

THE AFRICAN DEVELOPMENT BANK

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Chairman of the
Board of Governors, Minister Bouabre
Governors
Ladies and Gentlemen,

Good morning.

1. It is my pleasure to see so many of you esteemed Governors here. Thank you for finding the time off your busy schedules at this time of the year. Testimony to the importance you attach to these consultations. I join the Chair in thanking the Tunisian Government and People for their continued support and hospitality – always evident each time we organize major events here.
2. Before the financial and economic crisis, the Bank Group had carefully crafted, a Medium Term Strategy 2008-2012 to chart the way ahead. That strategy did not envisage a GCI till 2013 at the earliest. It was at the same time a strategy predicated on continued solid growth in most African Countries and the role of the Bank in supporting that growth through better infrastructure, stronger private sector, robust institutions and greater economic integration.
3. As the global economic turbulence reached our shores, we had to innovate to support our countries mitigate and minimize the impact. The Bank has responded quickly and effectively to requests from our regional members, enabling them to maintain crucial investment, helping them mitigate the worst effects. My senior management will give you more detail.
4. The G20 called on the MDBs to play a counter-cyclical role. We have done so. But as demand surged in, our resources were utilized much more quickly than envisaged in the MTS. It became clear that a GCI which was not expected till 2013 had to kick in earlier to avoid breaching our prudential ratios. The alternative, without such a GCI would have been to scale back drastically operations, both to sovereign

borrowers and the private sector, an undesirable path given Africa's needs.

5. Much the same applies to the ADF: we frontloaded commitments, restructured portfolios to release additional resources, and improved disbursement rates.

For the same reasons, we have already begun discussions on replenishment for ADF XII. We understand fully the challenges of the times we live in. Nearly all the Multilateral Banks are seeking additional capital and replenishments of their soft loan windows, so are the other international vertical funds. We need a strong African voice out of these consultations spelling out clearly our case, our expectations. Our Bank has proven to be a responsive, flexible and partner of choice both in normal times and those of crisis.

6. These consultations will take into account what Africa needs to keep momentum. In addition, the costs to Africa of climate change have to be taken into account in these discussions both for the GCI as well as ADF XII to adapt to a more hostile climate. Nearly all our countries are facing the big challenge of energy: how to close the massive energy deficit in Africa whilst at the same time moving to a lower carbon growth path.

The sources of climate finance, and the international architecture has yet to be agreed, but I want, in your name, to express our appreciation to Prime Minister Meles who in Copenhagen argued that at least 50% of the additional resources should go to Africa, and should be managed by the African Development Bank.

7. In more ways this is a defining moment for the Bank and its shareholders. It is time to do what it takes to sustain the recovery and regain a momentum to growth. The Bank has demonstrated its capacity and innovative capabilities. The Bank has a clear strategic focus on selected priority areas where it has or is building comparative

advantage. It continues to demonstrate expertise. In short, we have shown we can delivery, we can produce results.

We want to do more to support Africa's recovery and ability to regain momentum built since the beginning of this decade. That is why we need to look at our capital needs now. Just to give you a small but important example. At the Bank, we strongly believe we should take leadership in Africa's economic integration. It is one of our core areas. You will be pleased to hear that we are already the leading source of funding for regional integration in Africa having invested close to 9 billion dollars over the last nine years.

8. Many of our non-regional members have undertaken massive domestic stimulus programmes, and now face pressures to consolidate or reduce their budgets. Unsurprisingly then, the major donors will take a view across the international system and assess what they see as the comparative merits of competing bids. But they also want to know what the views are of the clients. They want to hear what priority you give to this Bank, to investing in it as an African institution, or as a lender of choice, an issue I know to be close to your hearts and which no doubt you will reaffirm today.

Honourable Governors,

9. It is again with much joy and pride that I warmly welcome you this morning to Tunis. Thank you for accepting to make room in your respective busy schedules to come in such large numbers. Permit me to recall this other meeting that was held here in Tunis on 12 November 2008, at the very start of the financial crisis. On that day, accompanied by your Central Bank governors, you adopted joint African response to the global financial and economic crisis raging at the time.
10. Better still, you decided to set up a committee of ten ministers of finance and central bank governors to deepen your reasoned

decisions. The purpose at the time was to enable Africa's voice to be heard worldwide.

11. This time again, you are about to discuss the General Capital Increase of your Bank, with a view to enabling your Bank to respond to new financing needs dictated by Africa's economic recovery.

Honourable Governors,

12. I would at this juncture like to reiterate to you all my satisfaction and profound gratitude. I wish you success in your deliberations.