

**OPENING STATEMENT
AT THE NON-REGIONAL GOVERNORS' FORUM
ON THE SIXTH GENERAL CAPITAL INCREASE
OF THE AFRICAN DEVELOPMENT BANK**

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Cape Town, 24 February 2010

Vice Chairman of the Board of Governors
Ladies and Gentlemen,
Good morning.

1. It is my pleasure to see so many of you esteemed Delegates 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 South African Government and People for their 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 drastically scale back 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 were here for the last two days. 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. Our Bank has proven to be a responsive, flexible and partner of choice both in normal times and those of crisis.

Regional members of the Bank at their meeting in Tunis on the 12th unanimously agreed, and that includes fragile and low income countries, on a GCI of 200%, evidence of the high priority place of the Bank as a strong partner.

6. These consultations will take into account what Africa needs to keep momentum including the costs of climate change. 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.

8. 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.

9. Many of your Governments have undertaken massive domestic stimulus programmes, and now face pressures to consolidate or reduce their budgets. Unsurprisingly then, you will take a view across the international system and assess what you see as the comparative merits of competing bids. The regional members have clearly indicated what priority they give to this Bank, to investing in it as an African institution, or as a lender of choice, a sentiment I know you share and no doubt you will reaffirm today.

10. It is again with much joy and pride that I warmly welcome you this morning to Cape Town – the Cape of Good Hope, as one of our Ministers reminded us yesterday. Thank you for accepting to make room in your respective busy schedules to come in such large numbers.

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