

AFDB ANNUAL MEETING OF GOVERNORS, ABIDJAN, COTE D'IVOIRE
Statement by Temporary Governor of Mauritius
Mr Vishnu Dutt BASSANT

Mr Chairman
Governors
Excellencies
Ladies and Gentleman

I wish you all a very good afternoon.

On behalf of the new Government of Mauritius and the new Minister of Finance, Hon Pravind Kumar JUGNAUTH who has unfortunately not been able to make it to this meeting, it is my privilege to bring from my small island Mauritius with its large heart, the best wishes to Governors present and more particularly through you, Mr Chairman to the citizens of Cote d'Ivoire.

Mr Chairman,

Let me first congratulate Dr Donald Kaberuka for his re-election as President of the Bank for a second mandate. This in itself is a strong sign of trust in his leadership at the helm of the Bank in the last five years and we have not a single doubt that under his leadership the Bank will reach new heights.

Mr Chairman,

We recognise that the Bank has been very proactive during the recent global economic crisis through the timely provision of liquidity on flexible terms. We thought that we had turned the corner and could finally see some light at the end of the tunnel. However, we now see ourselves confronted with the Euro turmoil. This is particularly the concern of many of our member states that have open economies with a substantially large share of their export earnings in Euro. However, as the African states have shown some resilience to the effects of the financial crisis, we hope that we will all together sail through the difficult period. Yet, while hope is not a strategy, nor a policy, we all need to take collective action required to widen and deepen the reforms in our economies so as to become still more resilient.

More importantly, these events show that we need to be prepared at all times and to the extent possible for a black swan event that is normally beyond our control. Such situations cause chaos to our economies, and undo the gains that we have painfully achieved through many years of sacrifice.

Mr Chairman,

Out of this experience, there is a need to further strengthen the role of the Bank as a premier financial institution in the African continent. We have all recognised the need for a historical General Capital Increase of the Bank by 200% with a paid in portion of 6%. If we are to build the future of the Bank, we can only build it now and thus leverage more resource inflows required for growth and transformation of our economies. We need to be committed to fully subscribe to our share participation in capital increase. This will allow us to have sufficient resources to tide over crisis situations.

We are comforted Mr Chairman as to what the Bank wants to achieve. For this I refer to what the President did humbly say yesterday in his statement just after his election on his past achievements to quote “there are better times to come” and to the commitment he took together with his staff to further institutional restructuring for increased risk mitigation. To see these better times the Bank also needs to develop additional instruments to help countries to help industries to restructure and become more competitive. At the same time we have a collective responsibility to protect the people that are affected by crisis situations.

To bring back Africa to its pre-crisis growth rates, and as part of the broader objective to alleviate poverty in Africa, we need to adopt a dual approach to improve the business climate to attract FDI, build productive capacity and generate new employment opportunities while at the same time improving overall competitiveness so as to mainstream into the regional and international economy. This also implies removing barriers to the flow of goods, services, labour and capital to create an effective Free Trade Area and eventually a Common Market as provided for in the Abuja Treaty.

Accelerating integration for greater prosperity is also embedded in regional initiatives such as the COMESA-EAC-SADC Tripartite Framework and the Economic Partnership Agreement (EPA) with the European Union. However, in spite of significant investments made in studies and development of protocols and framework agreements, results in this direction have been poor as evidenced by very slow progress in reaching a Common Market in the RECs mentioned above. Worse, still the overall business climate remains far from conducive for private investment in regional projects and regional PPP projects while costs of production and trading are well above acceptable benchmarks.

A new approach is therefore required if we want to see results. This new approach needs to be pragmatic and grounded in the realities of the region and country specificities. It should address in priority the dual problem identified above. We need a programme that would focus, inter alia, on creating (i) an enabling environment to support the rapid lowering of barriers in the different Regional Economic Communities and (ii) a conducive Business Environment to mobilize private investment and Public Private Partnerships for regional projects whilst making the region a more attractive investment destination. This would contribute to move Africa to a high-growth development path based on increasing global export and FDI shares.

Since reforms are implemented nationally, we need an OPERATIONAL framework that links national development programme and regional policy reform agenda. The framework may integrate the regional/global dimension and indicate clearly the goals to be achieved through cumulative annual progress. The programme may also be implemented on the basis of variable speed and variable geometry to allow those countries that are ready to move to do so quickly while keeping the option for other to join when they are ready.

To move ahead on this agenda, Development partners would need to focus assistance to unlock policy reform at the regional level and lower barriers to achieve a common market and create a conducive business environment in addition to regional infrastructure projects and capacity building of Regional Economic Communities (RECs).

I look forward to working with your staff to design such a programme where the regional economic communities would be at the heart of the action with the Bank providing the technical and financial back up.