



AFRICAN DEVELOPMENT BANK GROUP

“Masters of our Destiny”

Opening Statement at the 2014 Annual Meetings

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Your Excellencies,

Heads of State and Government,

Governors,

Eminent Persons, Ladies and Gentlemen,

Good morning and thank you for honoring us with your presence.

A very warm welcome to Kigali, the Land of a thousand hills, and to the AGM.

This is a great day.

Thank you, President Paul Kagame, Your Government and the People of Rwanda for inviting us, for the hospitality, for such fine arrangements, and for making us feel so very welcome.

I know how much effort has gone into making this event a success, the first time in fifty years that the AGM takes place in this country.

I speak for everyone here in expressing our very deep appreciation.

That we have so many Leaders, today at a time of our Golden Jubilee, is truly gratifying.

We are very much conscious of the competing demands on your time, and hence why, your presence, today is more than courtesy, it is a symbol.

To the many distinguished personalities here today;
Retired former Leaders,
Chairperson of AU Commission,
Executive Secretary of ECA,

Heads of RECs,
My distinguished predecessors, Heads of Global, Continental and Regional Organisations,
Leaders of Rwanda's institutions and Ministers of the Rwanda Government,
Members of the Diplomatic corps,
Captains of industry and civil society here today,

Thank you all for your friendship.

Mr. President, that we are here, today, so many, is not a coincidence.

Twenty years ago, here in Rwanda, a million people were exterminated. In only three months, the fastest massacre in recent history.

Innocent men, women, babies, were eliminated in cold blood, with unprecedented brutality, simply because of their circumstances of birth.

That chapter, one of Africa's darkest, will forever mark the history of this continent.

Last month the international community, came together, in Rwanda, united in commemoration.

I was here representing the Bank and its members.

Like many of you here today, in the light of events in South Sudan, the Central African Republic, we must sometimes wonder, though, whether lessons have been fully learnt.

In the aftermath of this ignominious chapter, Rwanda was written off as on the way to a failed state.

Indeed, from all angles, the situation looked desperate.

And yet here we are today, the cross-section of the whole world of finance and beyond.

A recognition of how far this nation has come.

We pay homage to you, Mr. President, and your Government, the People of Rwanda for your accomplishments, your resilience and tenacity in healing a wounded nation.

The story of this country's journey of reconstruction is one yet to be written.

But there are lessons, here, very relevant to many African countries, facing challenges of reconstruction.

I can immediately think of two:

First, it does not matter how bad the initial conditions, a determined people can prevail against even the most impossible of all odds.

I know that many friends of Rwanda, in Africa and abroad, individually and collectively have made a contribution.

We pay homage to them all, individually and collectively.

That said, it is only fair to add that nothing would have been possible without the People of Rwanda themselves doing the heavy lifting.

Second, while there are manuals on how to put up the most complex structure, there is no such a toolbox as to how a destroyed nation is rebuilt.

People have to look to their culture, their history, the nature of the crisis they face and come up with their own solutions.

This is what is happening here in Rwanda.

I know Rwanda has a long way to go. There are many challenges.

But those solutions that are often difficult and counterintuitive are working.

I hope, Mr. President, you will agree that the AfDB, through our different interventions, over the years, has been a reliable partner in this journey.

Only last week, our Board approved a sector budget package of 76 million dollars, to promote skills and help deal with unemployment.

We remain a committed friend in this quest for reconstruction and transformation of Rwanda, of this Region and Africa at large.

I referred a while ago to South Sudan, Central African Republic.

I applaud the AU and Regional Organisations for what they are doing to find ways, to overcome the crisis and pick up the pieces.

We, ourselves, had opened up offices in Bangui and Juba and were already at work to help these two countries overcome the many obstacles they face.

For now, we have had to close and evacuate our staff, but we remain fully committed once security is restored.

Your Excellencies, Ladies and Gentlemen,

We all share a sense of revulsion at what is going on in that corner of North Eastern of Nigeria and the ramifications.

Our hearts and minds go to the People, in the State of Borno.

To that school in Chibok.

To those innocent girls abducted as they prepared for their exams, and now in captivity for more than a month.

I know I speak for you all to say to the captors, the kidnappers of those innocent girls and those who support them:

None of the faiths known to humanity would condone that ghastly action.
You are fighting a lost cause and you will not succeed.

As Africa's leading Development Finance Institution, we hold very dear the right for girls to go to school, alongside their brothers.

It is at the heart of the demographic dividend.

We are at the disposal of the Nigerian Government as to what support we can provide.

In that same vein, we vehemently condemn, the violence and terrorist groups bent on interrupting our economic takeoff, spreading mayhem in Nigeria, in Kenya, the Sahel and the Horn.

To all those groups we say, give the people of Africa a break.

Whatever you claim to fight for, you are fighting a losing battle.

Your Excellencies, Dear Governors, Friends,

In Marrakech last May, we discussed at length the state of the African economy, in the global context;

We asked the question: What it would take to sustain the current positive trajectory;

To take the next step, from economic growth to economic transformation, to create jobs for our young people.

All issues were outlined in our Ten Year Strategy.

Infrastructure and logistics, and in particular power,
The value chains,
Integration,
Natural resource husbandry and the need to avoid premature Dutch disease,
Private Sector, etc.

I recall, in particular, the focus on ensuring equity, social justice and social mobility.

That policy of inclusion, "leaving no one behind", is not only right, socially, politically, but an economic imperative, to expand Africa's growing consumer power.

I know these are issues on which all of us agree.

Our expectations this week, therefore, is not that we discuss the same issues all over.

Nowadays there are far too many events on Africa, about Africa, that end up saying the same things.

We know what is needed, we know what has to be done.

The fundamental question we could address this week is that of the rather large gap between diagnosis and problem-solving.

Sometimes even when there are low-hanging fruits.

Let me give you an example of one such low-hanging fruit: The free movement of Africans on their continent, to do business.

Is it really normal that foreigners can circulate more freely in Africa than Africans?

The recent experience here in East Africa is quite revealing:

Governments of the East African Region have taken bold moves on free circulation, eliminating the need for passports, national IDs are sufficient.

I understand they will shortly have common visas.

Already here in Rwanda, African nationals can enter and exit freely, and the experience is all the way positive.

The fears – of criminals, security threats, and massive waves of migrants – those often turn out to be paper fears, easily manageable by cooperation and technology.

In the name of the participants here, I salute that decisive step.

That is why I joined President Kenyatta and President Kagame, Aliko Dangote, Prime Minister of Mali at the last WEF in Abuja to sign a petition for visa simplification to make it easier for Africans to circulate on their continent.

I look forward to that day, the day of an African passport.

This is not a sentimental issue of our Africanness; it is about deepening Africa's domestic market, which is the indispensable platform for stronger economic growth and prosperity.

That is how we build resilience to external shocks.

We have reason to pat ourselves on the back, on many issues, where progress has been made.

The reality though, is that time is not always on our side.

Some windows of opportunities open for a brief period of time.

Your Excellencies, Ladies and Gentlemen,

In 2009, the global economy came to a "near death experience".

Although, it is now out of intensive care, repairing the damage of 2009 will take time.

It is true much of Africa has been and remains resilient.

Much of Sub-Saharan Africa will grow at above 6%, investments flows are up. In fact FDI is now inching close to 80 billion dollars.

While structural problems persist, our continent continues to defy pessimists tempted to write premature obituaries.

But, Africa cannot be an island.

Decoupling is not possible in today's world.

There are many things we should do towards not simply growth, but transformation to consolidate our achievements, to minimize our vulnerability to exogenous shocks.

Fundamental to all this: is macroeconomic discipline.

We must continue to rebuild buffers against external shocks, against unforeseen events.

Of late we have seen a succession of weakening currencies, growing fiscal and current account deficits, creeping debt, weaker commodity prices, effects of tapering and slower growth in large emerging markets, have raised concerns.

Concerns regarding macroeconomic stability in the medium term.

We must always recall that macroeconomic stability came at such a high price.

The painful reforms during the years of structural adjustment.

The so-called decade of sweat and tears.

One such area is debt management.

Let us always remember the three iron laws on debt:

Borrow carefully,
Invest wisely, and
Build debt management capacity.

That said, at this stage, there is no cause for alarm, only areas requiring careful attention.

I, in fact think once the GDP rebasing is done, as many countries are doing, some of those metrics may look different.

Attention to more than macroeconomic issues, is also urgent in North Africa.

As the three affected countries (Libya, Egypt and Tunisia) continue to navigate the transitions, the economic situation has gotten tougher.

The economic dislocations much deeper.

Libya's oil production which used to be around 1.3 million barrels a day is now down to between 25,0000 and 30,0000 barrels.

Tunisia and Egypt, historically two major borrowers from the Bank, though stabilizing somewhat, have suffered successive downgrading in credit ratings making it difficult for them to access capital.

Of even greater concern is that, the downgrading of both countries ratings, limits those countries to have access even to our own funding.

Due to the prudential limits, we cannot lend more funds until the ratings of those countries improve, which I hope will come soon.

We have had to limit our exposures.

I am fully confident these two countries will bounce back soon, for they are fundamentally promising, strong economies with a good track record.

Meantime, at the request of the G8 Finance Ministers, we are working on an innovative solution together with other IFIs, whose outline we will share with you today, which if successful might offer a solution to reopen lending by the IFIs to North Africa.

Your Excellencies, Friends, Governors, Ladies and Gentlemen,

In 1964, the founding fathers laid the foundation for the creation of the African Development Bank.

This year, 2014, we celebrate the Golden Jubilee.

It is a moment to look back into the mirror, the last fifty years, the road we have travelled.

But above all to project into the future for the mountains we must still climb.

In 1964, the founding fathers had a dream.
That dream was born, at a moment of high hopes, aspirations, optimism for our continent.

There followed a period marked by cycles of changing fortunes.

Political instability and economic decline.

Times of optimism, times of discouragement, even moments of despair.

New terms were even coined: Afropessimism, the lost decades.
However the important thing is, irrespective of setbacks, those early hopes and aspirations never died.

Men and women of goodwill ensured the dream never died.

Among the institutions that stuck to that dream is the African Development Bank.

Fifty years later, we can say we can be proud that the African Development Bank has been faithful to the dream of the founding fathers.

An institution which has remained true to its mandate and for which Africans and their partners can be very proud.

From a modest start, today, the African Development Bank is a first class, world class, institution of global standing, out there with the very best.

An Institution that committed around 110 billion dollars since it was founded.

An institution whose franchise value grows by the day and which continues to attract new members.

Last week I was in Luxemburg to sign the acts of the membership of that country and I am honoured to welcome them today, joining Turkey which has now completed membership procedures.

The franchise value of this Bank has been powerfully demonstrated by your decision to triple our capital base four years ago.

I have been pleasantly surprised at how, even the poorest countries who subscribed to the capital increase, have been paying up and on schedule.

That franchise value has been demonstrated by the way our concessional window, the ADF, has been continuously replenished even at times of tight budgets, as last September, for which I express my deep appreciation.

So on what basis do we assert that, the AfDB has been true to the founding fathers?

FIRST

We have been true by remaining FINANCIALLY sound.

From whatever financial metric, this is a very robust institution, financially, one of the few in the world still rated AAA by all the leading rating companies.

Our business has continued to grow, increasing by 45% in the last five years and tripling in the last eight years, our risk bearing capacity is up 25% in the last four years.

Even at the most testing period, times of maximum turbulence, such as the global

financial crisis, the economic dislocation in North Africa, all our stress tests, for even the most unlikely scenario, return a verdict of very robust risk bearing capacity.

SECOND

We have remained true to the spirit of the founding fathers by staying RELEVANT.

In normal times, making the needed sound strategic choices, emphasizing such things as infrastructure which is the key binding constraint for growth at this time.

We have remained relevant in crisis times, with countercyclical lending, as we did in 2009, nearly doubling lending as high as one to six.

In addition, our knowledge products, our voice, have contributed in providing the Member Countries, timely policy advice, while on broader global issues giving an African perspective based on our local knowledge.

At all times, in our ability to leverage private capital as high as one to six.

THIRD

We have remained true by insisting on being a focused institution.

We resisted mission creep, a temptation to be everything for everyone.

We narrowed on a few areas of comparative strength:

Infrastructure,
Economic integration,
Private sector, and
Governance and support to countries in transition.

Your Excellencies, Governors,

We remained true to the spirit of the founding fathers by building a resilient Organisation.

In my time as President of this Organisation, I faced many challenges, but I could say three of them tested our mettle.

First challenge:

The prolonged operation out of Headquarters. The relocation from our Headquarters in the Ivory Coast was initially thought to be a brief interlude, a few months at most.

In the end it ended up as a ten-year sojourn. This meant that staff were operating in circumstances of considerable uncertainty for over a decade.

Second challenge:

Three years into my tenure we had to confront the impact of the global financial crisis. Our task was first to minimize the impact on the Bank's own financial health, at a time when banks and non-bank financial institutions the world over were under threat. The second was to find ways to ensure that our countries do not suffer lasting damage. We decided to step up countercyclical lending.

Third challenge:

One year into my second term we had to operate right in the middle of the revolution in Tunisia and of course, the subsequent impact of the Arab Spring, and economic dislocation among our major clients in North Africa.

These were challenging moments for the Bank, which could have had an impact on weaker institutions.

Yet at no time was the Bank's operational capacity or its finances weakened, or our ability to serve our clients lowered in quality.

To the contrary, business continued to grow in size, in scope, in complexity, as the demand on the Bank's products was on the increase in the aftermath of the financial crisis.

I do not know of any institution of this size and complexity which had been through this trauma, yet emerged fully intact.

Only a super resilient Organisation, and staff committed to deliver on their mandate could have been able to pull off this feat.

Finally let me say, the African Development Bank has strived to remain a dynamic Organisation that changes continuously to adapt to Africa's needs.

Just a few examples: The decision to open up the capital to non-Regional countries, a decision controversial at the time, but which multiplied several times the Bank's firepower.

The introduction of the private sector window, now accounting for close to 30% of our operations. The new innovative instruments being created all the time to support the private sector.

The many institutions we have nurtured:

Import Export Bank for Africa, Afreximbank;
Housing institution, Shelter Afrique;
A Pan African Reinsurance, AfricaRe.

And now the historic decision to create a special vehicle and platform for African infrastructure – Africa50 – a vehicle set to make a step change in the way we finance infrastructure. Remember, the philosophy of Africa50 is to mobilize Africa’s own long term savings to fund its own development. Following the decision by our Board to provide equity, as a cornerstone investment, and provide initial funding for project preparation, we will launch Africa50 here today and begin the incorporation.

The African Development Bank has also continued to search for new partners to leverage its resources.

This afternoon I will have the pleasure to sign with my good friend Governor Zhou of the Central Bank of China, the two (2) billion dollar co-financing instrument for both sovereign and non-sovereign loans, for which I would like to express our appreciation to the People’s Republic of China.

So while the AfDB has fulfilled its mandate, it must now adapt and reinvent itself.

Africa is going through fundamental mutations.

From demographic dynamics, fast-growing populations to fast urbanization.

From the impact of IT to that of climate change.

The African Development Bank must now adapt to the challenges of Africa in the 21st century, remembering that the number one mission in 1964 remains valid today.

The theme of the Summit is “The Africa we want.” The AU Agenda 2063 provides that clear vision. Those dreams, ambitions are well articulated in Dr. Dlamini-Zuma’s “email from Bahar Dar”.

Some may feel 50 years is too far away.

To the contrary.

In our planning process, Africa’s vision has suffered too much short termism.

Africa needs a long-term view of her interest, her future.

Such as how our external partnerships are defined, or how our natural resources will serve our own industrialization.

The Africa we want is in reality no different from what our founding fathers defined at independence.

What is different is that in the last 50 years the world has undergone “tectonic” shifts.

Massive shifts in economic power, which so to speak has “democratized” the distribution of that power around the world.

We now have poles of economic power in the North, in the East, in the West and parts of the South.

Our task now is to ensure Africa is part of that process.

But here is the problem.

We must reinvent and re-engineer our development financing model.

On this continent, pools of savings are not insignificant.

The willingness to “pool investment strategies”. Pooling a bit of our economic sovereignty for collective good is what will define our ability to make progress.

This applies not only to financial power, but other sources and capabilities such as our natural resources utilization strategy.

The future that is dependent on foreign goodwill is no future.

So I return to where I began.

The founding fathers of the Bank gave us a principal mission: Africa’s single market, where there is free movement of people, merchandise and capital. That is how we will be part of the ongoing global democratization of wealth.

Your Excellencies,

Let me now say a few things about our return to our Headquarters in Ivory Coast. Next time we meet in May it will be at our Headquarters in Abidjan.

The next twelve months will be a momentous period for the Bank as we go back to our Headquarters. It is a logistical challenge but for which we are well prepared.

The road map you approved for the return is being implemented faithfully.

The return is already well underway.

Many staff have already settled in the Ivory Coast and the feedback is very positive. Others are set to follow.

I myself and the Board are moving in early July.

We have received excellent cooperation from both Tunisia and the Ivory Coast.

I would like, once again, to thank the Tunisian People and Government who were such marvelous hosts during our decade-long stay in Tunis.

I will be stepping down after our next meeting in May, after ten momentous and exciting years. It has been an incredible opportunity to lead the Bank at a time of very deep and fundamental changes in the economies of Africa.

It has been a pleasure to work and lead with the support of the highly committed and talented staff. We have done our very best. I hope I have merited the confidence you put on me when you elected me in 2005 and renewed my term in 2010.

My Senior Management is equally honoured to be able to return the Bank to its Headquarters as we celebrate the Bank's 50th Anniversary.

There remains much to do in the next twelve months, in particular ensuring an orderly return of the Bank to the Headquarters and rolling into place some key initiatives underway.

To conclude let me thank you all for your support and the friendship, the Bank continues to enjoy.

I thank the Governors, our Board, management and staff of the Bank for their dedication.

I thank partner institutions and all those who in one way or another contribute to ensuring the AfDB remains an instrument that serves the African People and which you can always be proud of.

God bless you all and thank you for your attention.