

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks by Assistant Secretary for International Markets and Development Marisa Lago at the Annual Meeting of the African Development Bank

5/31/2012

WASHINGTON - President Kaberuka, Governors, ladies and gentlemen, I am delighted to be back in Tanzania to represent the United States at the 47th Annual Meeting of the African Development Bank.

These meetings take place at a time of continued challenge and uncertainty in the global economy, but also at a time of dynamism and growth in Africa. Many African economies have shown resilience in the face of the global economic slow-down, drawing on the economic buffers that they had built up in better times. Looking forward, the IMF projects economic growth in Africa to be sustained, edging higher to 5½ percent in 2012 from 5 percent in 2011.

The continent is not monolithic, containing middle-income and low-income countries, transition and frontier economies, and fragile states facing their own challenges and opportunities. But taken together, Africa is a continent of great economic promise that is positioning itself to move forward. The African Development Bank has an important role to play as a source of knowledge, partnership and finance to assist countries prepared to make the coming decade one of growth, poverty reduction and opportunity.

Over the last year, the African Development Bank has progressed on key policy reforms that will better position it as a partner for African growth and development. We particularly welcome the recent approval of a new policy on Disclosure and Access to Information, which represents a sea change in the Bank's approach to transparency. We look forward to successful implementation of the new policy.

The Bank is also poised to implement the cross debarment agreement among international financial institutions, an important and long-awaited anti-corruption measure.

Many other important policies are actively under consultation and development, including the integrated environmental and social safeguards system and the energy policy. We commend the Bank for the dramatic improvement in the process of external consultations, which now routinely involves reaching out through meetings and the Bank's web site to seek comments on draft policies. The new approach recognizes that the Bank's stakeholders extend well beyond its Directors and Governors.

We would also like to welcome progress made toward Bank membership for South Sudan and look forward to South Sudan's full membership in the near future.

Looking at the year ahead, we would like to highlight a number of priorities and challenges that will require the attention of Bank Management, staff and the Board.

Supporting economic transition in North Africa. Several countries in North Africa are undergoing historic transformations. The African Development Bank, with its history of strong relations with the countries of North Africa, is well positioned to play a leadership role in supporting these transitions, including through the Deauville Partnership with Arab Countries in Transition. The Bank has effectively chaired the international financial institution coordination platform, an important effort to help ensure stronger complementarity and synergy among the 10 multilateral institutions that work in the region. The Bank has provided Tunisia with over \$900 million in new commitments over the past year, including budget support designed to promote transparency and economic inclusion. As transition countries step forward with plans for reform, we call on Bank Management to respond with financial and technical support.

Strengthening risk governance. As shareholders, we ask a lot of the African Development Bank. We want the Bank to promote private sector development across its full membership, including through highly selective private sector operations in low-income countries. We want the Bank to respond vigorously in cases of crisis, as it did in 2009, and in cases of opportunity, as it is now doing in North Africa. But it is imperative that the Bank manage its risk capital carefully and in a sustainable manner. We applaud Management for making strong efforts to manage the pressures from credit downgrades in North Africa. In the coming year, we call on Management to place priority on strengthening risk reporting and ensuring effective positioning of its risk management function, in line with best practice among multilateral development banks (MDBs). An effective risk management function, under the leadership of an empowered Chief Risk Officer reporting to the President, will best serve the Bank by ensuring that its capital is well positioned to respond where there is compelling need.

Deepening the focus on results and impact. We have called on all of the MDBs to move from a culture of measuring success by loan volume to one of measuring actual impact. We are pleased that the AfDB has taken meaningful steps in this direction. We welcome the extension of the reach of the Results Measurement Framework to encompass the entire Bank and the achievement of high rates of timely project completion reporting. We now call on Management to explore how it can incorporate more rigorous forms of impact evaluation to better understand which of its interventions are working well and, as importantly, which are not working and why. Going forward, we would expect the Annual Report on Development Effectiveness to reflect progress on the results agenda by more clearly reporting on Bank outcomes and impact, rather than merely on inputs and outputs.

Mainstreaming gender issues. Strong, focused attention to gender issues is essential to promoting inclusive development and achieving sustainable improvements in development outcomes. The AfDB has an important role to play in helping close the “gender gap” in Africa. We call on the Bank to redouble its efforts in this area. Specifically, we ask that the Bank markedly increase its attention to gender issues in Bank infrastructure, economic governance and private sector projects beyond traditional social sector operations. We would also like to see the Bank disaggregate results data by gender on a more consistent basis. The Bank can play a key role in helping to establish legal rights for women, as well as giving them better access to economic inputs. We look forward to advancing this important objective at the Mid Term Review of the African Development Fund (ADF) and in the Bank’s Long-Term Strategy.

Promoting regional integration. The African Development Bank has a well-established comparative advantage in helping Africa address its significant infrastructure gap, a mission that we fully endorse. The Bank has an important role to play in helping to knit together larger, more attractive, regional economic areas by investing in regional physical infrastructure and facilitating the adoption of harmonized policies and regulations. The United States has been working with East African governments, the MDBs and the private sector to support regional infrastructure development in this region. We call on Management to deepen the Bank’s important role as advisor, convener and financier for regions that demonstrate the political will to forge regional integration.

We welcome the opportunity during these meetings for Governors to reflect on the Bank’s Long-Term Strategy. We would like to see the Bank retain the discipline and focus of its Medium-Term Strategy. We continue to see the Bank’s comparative advantage in infrastructure, private sector, economic governance and regional integration. In the Long-Term Strategy we would like the Bank to deepen its efforts to improve project quality, to sharpen its focus on results and impact, and to mainstream gender issues into projects and strategies.

Thank you.

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