

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Statement Of The United States By Treasury Deputy Secretary Sarah Bloom Raskin At The 49th Annual Meeting Of The African Development Bank

5/22/2014

**KIGALI, RWANDA** - I am honored to represent the United States at the 49th Annual Meeting of the African Development Bank (AfDB). On behalf of Secretary Lew, I would like to thank the people and Government of Rwanda for their warm hospitality. I would also like to recognize President Kaberuka for his exceptional leadership and to thank him and his team for all of their hard work in preparing for these meetings.

Africa is undergoing rapid and dramatic change. The continent has achieved the fastest growth in the world after Asia, and eleven economies in Africa grew by more than seven percent in 2013. Looking ahead, the continent's demographic outlook is poised to profoundly influence the pace and direction of its growth trajectory. By 2050, the United Nations estimates that sub-Saharan Africa's population will more than double to over 2 billion people, making it the fastest growing region in the world and home to one-fifth of the global population.

With its young and growing workforce, expanding marketplace, and rich resource base, Africa offers tremendous economic opportunities. While natural resources continue to fuel growth in many countries, Africa is also benefitting from a strong resurgence in agriculture and rapid development of services. Investment is accelerating in many countries and trade is deepening, both within Africa and between Africa and the rest of the globe.

To translate these opportunities into tangible social and economic gain, leaders across the continent are rightly focused on implementing policies needed to generate broad-based economic growth that will enable all Africans to share the results of prosperity. Here in Rwanda, the benefits of strong policy action are visible. Solid economic growth and improving education, healthcare and food security are the result of Rwanda's progress in putting in place sound macroeconomic policies, strengthening the business climate, and making substantial investments in human capital.

A number of African countries are now tapping international capital markets, diversifying their sources of finance and raising funds on globally competitive terms. With new economic opportunities also come new challenges. Growing access to international capital markets means that countries' economic policies face greater scrutiny from global investors. And, as governments tap private sources of capital, it is essential that they invest in projects with high rates of social and economic return to avoid the re-emergence of unsustainable debt burdens, which led to two decades of stagnation.

Success, however, is uneven across the continent. While some economies are surging forward, many countries remain mired by conflict, weak capacity, and poor governance, with the poorest and most vulnerable populations feeling the brunt of these failures. The interethnic and religious-based violence in South Sudan and the Central African Republic has left thousands dead and hundreds of thousands displaced. It has also precipitated severe economic declines, collapses in government services and revenue, and the threat of food insecurity. We welcome the efforts of regional leaders in Africa, with the support of the international community, to restore peace and stability.

Africa is also being afflicted by the scourge of terrorism, from Nigeria to Mali to Somalia and beyond. Lives have been disrupted, households and businesses destroyed and communities uprooted. The capture of over 200 schoolgirls by Boko Haram in northern Nigeria is a searing example of the human impact of terrorism. These innocent victims were targeted in part because they chose to pursue an education and better themselves, a right that every girl—and boy—in Africa, and around the world, should be able to seek freely. We must all work together to thwart these forces which, if left unchecked, will profoundly undermine the continent's economic potential.

As African leaders work to address these challenges and take action needed to deliver on the promise of the next 50 years, the United States stands as a willing partner to help build capacity and invest in Africa's future. The AfDB, as the region's premier source of infrastructure finance and a platform for Africa's voice in the global economic and financial community, is a core ally in this endeavor. This is evidenced by the AfDB's active participation in the Power Africa Initiative which President Obama launched in June 2013 during his visit to Africa. Through Power Africa, the U.S. government and our committed partners at the AfDB and World Bank are working to improve the regulatory and business climate. We are also working with private sector investors and financiers to attract additional power sector investments. The success of this initiative will depend in large measure on whether leaders are prepared to undertake bold reforms, including adjusting tariffs to cost recovery levels and reducing subsidies so that power sectors are not a drain on government accounts.

The goals are ambitious – to deliver 10,000 megawatts of new, cleaner, and more efficient power generation and access to 20 million new households and businesses over five years. But this will only address a small part of the estimated \$300 billion in investment needed to achieve universal access to power across Africa by 2030. We welcome the AfDB's, and President Kaberuka's strong commitment and leadership in tackling Africa's infrastructure deficit. And we applaud the approval of new catalytic instruments that are enabling countries to leverage millions in private finance for infrastructure investments like Lake Turkana in Kenya, the largest wind farm in sub-Saharan Africa. We also welcome the recent adoption of a new Integrated Safeguards System which guides the AfDB's projects to ensure that vulnerable populations and the environment are fully taken into account and are not negatively affected by large infrastructure investments.

The AfDB is not just Africa's premier infrastructure bank. It is also an essential resource for the region's poorest and most fragile countries. Last year's thirteenth replenishment of the African Development Fund (AfDF-13) led to a new injection of resources for these countries, raising over \$7.2 billion. In committing these resources, donors called for a greater focus on the most vulnerable countries by working to address the drivers of fragility, including environmental degradation, gender discrimination, unemployment, and inequality. In particular, we welcome the AfDB's adoption of a regional approach to fragile states, from the Mano River Union to the Horn of Africa. For example, the AfDB is supporting an electricity networks interconnection project in the Mano River Union that will connect the Liberia, Côte d'Ivoire, Sierra Leone and Guinea national networks and build new sub-stations and two regional control centers. This type of project not only builds vital regional infrastructure, but reinforces regional cooperation, a critical ingredient of regional stability and economic growth.

We also welcome the AfDB's support for countries in North Africa as they pursue economic transitions to achieve more broad-based growth and opportunity. We encourage the AfDB to continue to explore options to provide additional technical assistance and financing to enhance economic stability and job creation in North African transition countries. We also urge the AfDB to remain actively engaged in the Deauville Partnership with Arab Countries in Transition.

These are exciting times for the AfDB as it enters a period of significant transition, with the impending return to Abidjan. We greatly welcome the AfDB's return to its permanent headquarters in Abidjan, which is a testament to how far Côte d'Ivoire has come.

Finally, the AfDB is launching a serious discussion on the future of concessional finance in the context of a rapidly shifting development landscape. As countries increasingly turn to new sources of funding, multilateral development banks, including this one, are examining their tools and added-value. With many countries in Africa poised to gain access to the AfDB's sovereign window, we agree that the time is ripe for a comprehensive strategic analysis and conversation on how to best leverage valuable resources in support of Africa's inclusive growth and development.

The United States looks forward to a momentous fiftieth year for this institution and to partnering with the AfDB to seize the opportunities ahead for the continent's emerging frontier economies, while putting the fragile states on a path towards stability and prosperity.

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