

Statement by Secretary Steven T. Mnuchin, Governor for the United States of America, on the Occasion of the 2020 Annual Meetings of the African Development Bank Group

August 26, 2020

WASHINGTON – On behalf of the United States, I would like to thank the Management of the African Development Bank Group for making it possible for the Board of Governors to meet virtually.

This meeting takes place at a time when the economic impact of COVID-19 is likely to force much of Africa into recession for the first time in 25 years. Expansionary policies designed to offset the economic consequences of necessary lockdown measures, emergency public health expenditures, and weaker tax revenues will drive fiscal deficits wider across Africa both this year and next.

While the international community has aggressively responded in providing debt payment suspension through the G20's Debt Service Suspension Initiative and emergency financing, the regional and global economic outlook remains uncertain. We encourage countries to treat this crisis as an opportunity to improve debt management and pursue structural reforms that lay the foundation for stronger medium-term growth and economic resilience.

The African Development Bank's potential to drive meaningful improvements in the lives of Africans is more relevant than ever. As the pandemic creates particular challenges for the poorest nations, the African Development Bank and African Development Fund are essential sources of support.

We appreciate the frank assessment Management has provided of its progress towards meeting the reform commitments under the Seventh General Capital Increase. In particular, we commend Management for attention to the steps needed to meet the end-of-year deadline for an updated financial sustainability model, so that the AfDB maintains capital adequacy ratios above their thresholds for at least ten years.

There remains, however, much more work to do. We urge a serious analytical effort this year to understand how the Bank will be more selective and cost-effective in its operations. The

Bank must do more to manage its resources more wisely and ensure through the Total Compensation Review that it offers a competitive and cost-effective value proposition to staff. The independent oversight functions of the AfDB—including integrity, evaluation, and audit—must be given the resources and necessary freedom to operate effectively. The AfDB’s ethics and governance framework must also be updated to bring it up to the standards of its peers.

The United States will continue working together in partnership to deliver on the potential of the African Development Bank Group and to support African countries in recovering from the COVID-19 pandemic and advancing their development goals. We hope the day will come soon when we can return to conducting business normally.

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