



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Annual Meetings 2007  
African Development Bank  
Shanghai, China**

**16 May 2007  
Statement by the  
Honourable Trevor A. Manuel, Minister of Finance**

Chairperson of the Board of Governors, Mr Zhou Xiaochuan;

President of the ADB, Dr Donald Kaberuka;

Distinguished Governors;

Respected Delegates;

Ladies and Gentlemen;

As we chart the way along our developmental path we are mindful of the virtue and curse that comes with living during interesting times.

African economies continue to sustain the growth trajectory of previous years - recording an overall real GDP growth rate of 5.7 percent in 2006 compared to 5.3 percent in 2005 and 5.2 percent in 2004. Twenty-eight more African countries recorded improvements in growth in 2006, relative to 2005. Three years of robust growth in Africa are underpinned by improvements in macroeconomic management in many countries, and strong global demand for key African export commodities - crude oil, metals and minerals. In 2005, oil-exporting countries ran average budget surpluses of 7.6 per cent of GDP and oil-importing countries had average deficits of a mere 1.6 per cent.<sup>1</sup>The macroeconomic performance across the continent has never looked better.

These interesting times present us with exciting and complex challenges. Many of us have made remarkable progress in translating our political, social and economic blessings into gains that are used for the good of our people. But there are still isolated cases where the interesting times are turned into a curse. One of these curses is the fact that commitments to ODA by our Northern partners, to double ODA to Africa by 2010 have not been met – rather, ODA flows in 2006 show a marked decline on the previous year.

The ability of governments to use resources wisely will determine how sustainable our current economic boom is and how widespread

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<sup>1</sup> Economic Report on Africa 2007

the benefits are shared. While improved management of public finances and budgeting provide us with the framework to use additional resources for the good of our people, these exciting times also pose an additional impetus for skills enhancement and the translation of the macroeconomic good into innovative microeconomic reforms. This demands a better understanding of both our capabilities and of the market, and an unwavering discipline in contracting, especially with larger partners.

This is a two way process that places a responsibility on our partners as well, but will be influenced by our own approaches to facets such as integration and opportunities.

Under the stewardship of Dr Kaberuka and the advice of former President Joachim Chissano and former Prime Minister Paul Martin, our Bank has launched an ambitious process to consult shareholders and clients on institutional and strategic policy reforms. I have confidence that this process will assist in placing the Bank in its rightful place, at the helm of the developmental agenda of our continent.

As a shareholder, South Africa will continue to ensure that the transformation of the Bank is not only about the way that accounting records are kept, but also about its vision, its priorities and choices,

its ability to attract resources, and modalities that are capable of supporting projects that range from the €6.4 million lent to Fabulous Flowers in Swaziland, to the US\$500 million to support financial sector reform in Egypt, to the multibillion dollar energy projects awaiting finalisation.

But the transformation of the African Development Bank is also about ownership and representation. Transformation of our bank must include the resonance of the African voice, its geographic representation and shareholder oversight. We must afford ourselves an opportunity both to overcome the colonial legacy that continues to divide us, and to demonstrate that what we desire is to construct a model of representativity and voice to hold up to other multilateral institutions. As part of the efforts towards the modernization of our bank, I want to ask that time and energy is committed to this task and that we return with clear proposals by the time of our next Annual Meeting in Maputo next year.

The development we seek and attain across our continent will be a function of the quality of our organization. The way the Bank responds to the developmental challenges of Africa must be informed by the changing way in which the world now interacts. A world where the barriers of plunder, war and political intrigue are slowly giving way to partnerships, opportunities for economic stability, growth and the continued prosperity of citizens. Our hosts have shown that it is possible, through a re-engagement with the world under a new set of

rules, that their economy is able to emerge at a phenomenal growth rate.

And unlike what many in the world may believe, China's engagement with Africa pre-dates the advent of colonialism. The sea voyage of Admiral Chang Ho in 1402 expanded on the trade, diplomacy and cultural exchanges begun between Africa and Asia from about the 9th century. If there were any doubts, the Chinese fleet that mapped Africa's coastline on both the Indian and Atlantic Oceans in 1421 left markers from Mogadishu in modern day Somalia to Jamela in Cabo Verde. The trades on these voyages were mutually beneficial, premised on the 'tribute' system that has been integrated into Chinese economic partnerships for over 600 years.

In contrast, from the 17<sup>th</sup> century onwards, Western expeditions to Africa left the scars of plunder, slavery, wars of domination and colonial rule. We should not let the experience of our colonial past erode from our continent's memory a time when we exchanged wares for goods that were desired, and we were not forced to be the mere producers of raw material for the exclusive benefit of others.

Governors, just over a year ago in Ouagadougou I stated that the developmental challenges facing Finance Minister were formidable. The good news is that the challenge remains – only it has become far more complex. The difference between then and now is that we now have the fiscal space to win decisive battles against poverty, without having to go to war.

Thank you