

# **From Vision to Reality:**

## **REFLECTIONS ON THE AFRICAN EXPORT-IMPORT BANK**

---



**Dr. BABACAR NDIAYE**

*...with an introduction by C. C. Edordu*

© Copyright: Afreximbank, Cairo 2004

All rights reserved

No part of this publication may be reproduced or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise or stored in any retrieval system of any nature without the prior, written permission of the African Export-Import Bank, application for which shall be made to the Bank.

Africa Export-Import Bank  
World Trade Centre  
1191 Corniche El Nil.  
Cairo 11221, Egypt  
P.O. Box: 404 Gezira, Cairo 11568  
Tel : (202) 5780281 – 6  
Fax : (202) 5780276 - 9  
Tlx : 20003 AFRXM UN  
E-mail : [info@afreximbank.com](mailto:info@afreximbank.com)  
[mail@afreximbank.com](mailto:mail@afreximbank.com)  
Website: [www.afreximbank.com](http://www.afreximbank.com)

Afreximbank Distinguished Lecture Series publishes important papers that address current issues in Africa's economic and trade development. The papers are normally commissioned by Afreximbank and are usually delivered at Annual Meetings of the Bank's Advisory Group on Trade Finance and Export Development in Africa.

## Foreword

I am highly honoured for the opportunity to write the Foreword to this important book which documents the Foundation Lecture delivered by His Excellency, Dr. Babacar Ndiaye, President of the African Development Bank (ADB) (1985 to 1995) on the occasion of the 10<sup>th</sup> Anniversary celebration of the African Export-Import Bank (“Afreximbank” or the “Bank”) held in Abidjan, Cote d’Ivoire in August 2004.

Dr. Ndiaye not only conceived the Afreximbank project but pursued it tenaciously against all odds, to make the project a reality. The exemplary vision he exhibited in conceptualizing the project was only matched by the zeal and doggedness with which he ensured that the vision of a pan-African trade finance institution became a reality. To understand the visionary in him, one only needs to take a historical excursion to Africa in the mid-1980s. During that time, Africa had turned from a potential bread basket of the world to a basket case. The economy was in severe decline; trade was making little or no progress; intra-African trade was paltry and faced many barriers; many economies carried large debt burdens; and many pan-African initiatives were at best redundant and ineffective. It was no wonder then that Dr. Ndiaye’s vision of creating an export-import bank for Africa was received with extreme pessimism.

Thanks to his clarity of vision, he was undaunted by the pessimism and, in fact, believed that the reasons for the pessimism provided the very justification for the Afreximbank project. It is a thing of joy to real Africans and those interested in Africa’s development that Dr. Ndiaye has been eventually vindicated by the success Afreximbank has achieved not only in the pursuit of its mandate but also in being a professionally run and profitable pan-African institution. Dr. Ndiaye therefore has to his credit the rekindling of the African spirit - the very foundation for the African renaissance that we are witnessing today! On the occasion of the 10<sup>th</sup> Anniversary celebration of Afreximbank, it was considered important that Dr. Ndiaye be invited to deliver a Foundation Lecture to share his experience with others. The Bank has chosen to document the lecture in this book to ensure that it is properly preserved and circulated widely. This is because the lessons of Dr. Ndiaye’s Afreximbank odyssey are likely to challenge the current and up-coming generations of Africans to pursue even loftier goals.

The introductory chapter of this book documents the statement made by the pioneer President of Afreximbank, Mr. Christopher C. Edordu, on the occasion of the 10<sup>th</sup> Anniversary celebrations of the Bank. In that short statement, Mr. Edordu recounted those who in various ways ensured that the dreams of an Afreximbank became a reality. That introductory chapter therefore complements the story told in the Foundation Lecture and therefore makes this publication an important historical document for those interested in the work of Afreximbank. Let me quickly add that as pointed out by Dr. Ndiaye in his paper, Mr. Edordu, as pioneer President of the Bank, ran an excellent race with the baton handed over to him by Dr. Ndiaye which made it possible for the Bank to attain the important milestone of its 10<sup>th</sup> Anniversary and for us to be challenged by its history. It was in fact for that purpose that Mr. Edordu conceived the idea of this Foundation Lecture as part of the events for the celebration of the Bank's 10<sup>th</sup> Anniversary. While we express our appreciation for the excellent work done by these two Africans, let me now invite you to a memorable and enjoyable reading of this important document which we believe will become an important reference document for those interested in African trade and economic development.

**J-L EKRA**

President, Afreximbank

October, 2005.

# *Introduction* \*

*by*

*C. C. Edordu*

*Your Excellencies  
The Chairman of the General Meeting  
Honourable Ministers  
Distinguished Shareholders  
Special Guests  
Distinguished Ladies and Gentlemen.*

It is a very special honour and privilege for me to welcome you to the home of our Bank as we celebrate our tenth anniversary, and do other statutory business. Given the doubts that characterized our gathering at our establishment, it is most delightful that we are all here again after ten years. I wish therefore to congratulate all members of the Afreximbank family for witnessing the milestone implied in today's events.

Your Excellencies, it is a universal practice that a birthday is an occasion for celebration and reflection on the past as well as on the promises of the future. Before reviewing our Organization's past and outlook, Your Excellencies, please permit me, on behalf of all shareholders and friends of the Bank, to specially thank you and representatives of the Heads of State of Nigeria and Ghana for honouring our gathering with their presence. Your personal involvement in our activities here in Abidjan is a clear testimony of the high esteem with which you hold our Bank and your spirit of fraternal co-operation and brotherhood in our Continent.

---

\* Being a statement read by Mr. C. C. Edordu, Pioneer President of Afreximbank (the "Bank"), on the occasion of the 10<sup>th</sup> Anniversary celebration of the Bank during which the Foundation Lecture was delivered

*Your Excellencies,  
Distinguished Shareholders*

As I ponder the first decade of our Bank's existence, some persons readily stand out for the leading roles they played in making our Bank the reality it is today. In this regard, we have prepared a Roll of Honour which has TEN items/names -one for each year. I wish to specially welcome these founding fathers of our Bank. Let me give you brief accounts of their contributions to our organization and invite you to join me in welcoming them.

Your Excellencies, about fifteen years ago, one man's vision and dream was followed by a courtship, which started in Cairo, and was transformed into a long and difficult gestation period. His tenacity, courage and persistence made him pursue the idea of an Afreximbank without wavering. He lived and worked in Abidjan until Afreximbank was finally born. Some told him that they would not support the idea of an Afreximbank — even in principle! some others told him after the Bank was set-up that it was a mistake. Perhaps you know whom I am referring to. His is Dr. Babacar Ndiaye — Thank you Babacar for giving us an Afreximbank! We welcome you to our celebration. Secondly, in the lonely efforts of Babacar, one man provided assistance. Our records show that he is Mr. Pierre-Claver Damiba, former Regional Director for Africa at the UNDP who provided the funding for the feasibility study of our Organization. Welcome to our celebration, Pierre-Claver.

Our initial years were full of pessimists who were often tentative and gave our Bank only a few years — they gave our Board a life of one year and the President a term of three years! At our first General Meeting, our leading founding fathers resisted this diffidence. The leading performers here were Messrs. Ondo-Ndong of Gabon, B. Kamara, Managing Director at AfricaRe and Dr. Clark of Bostwana. Thank you Gentlemen for believing in the Afreximbank.

Fourthly, I welcome and thank the first ten International Organizations and States who signed and approved our Bank Agreement, and made it possible

---

for us to take-off. These were Cote d'Ivoire , Malawi, Botswana, Guinea, Nigeria, Egypt, African Development Bank (ADB), Central Bank of West African States (BCEAO), Africa Re, and PTA Bank. I welcome these founding Shareholders and thank them for their contributions. I also thank subsequent signatories and welcome all States for ensuring that we did not remain an Organization of ten entities.

Fifthly, I welcome all our 97 founding Shareholders who provided the initial resources that enabled us take off at our first General Meeting.

Sixthly, we welcome our pioneer Board members who laid the foundation for us to do the business for which we were set up, and helped us create an enduring corporate culture that will serve our operations for many more decades.

Seventhly, we thank and welcome our international partner banks who have made our funding operations bountiful. We welcome West-LB, Standard Chartered Bank and WGZ who have readily returned to African trade finance.

Eighthly, we welcome, and thank, 88 local banks in various African countries who have played the role of trade finance intermediaries and facilitated our deployment of trade finance resources across our Continent.

Ninthly, we welcome and thank all our clients who have worked with us in the last decade to enhance African trade, from Unimer in Morocco to Ghana Cocoa Board in Ghana; Sudatel in Sudan to Comilog in Gabon; Sonangol and Sonils in Angola to Shell Petroleum Development Company (SPDC) and Intels in Nigeria.

Finally, we thank and welcome the local business community, who represent a sample of all our African clients, for joining our celebration and milestone events today and the next few days.

*Your Excellencies,  
Distinguished Ladies and Gentlemen*

As I welcome our men and women in our **Roll of Honour**, I am sure that a key question that would arise as we celebrate is whether our Bank has mattered. Have we made a difference? Clearly, that would not be a question for us to answer as we would be judges in our own case and cannot escape a charge of conflict of interest. Our founders and others who will be speaking in the sessions of today will begin this assessment which I am sure others will pursue further in the days, months and years ahead. However, there is one question which we should briefly consider. Was the setting up of our Bank a mistake as alleged by some who wished to obstruct Dr. Ndiaye? I am sure that our partner banks in Nigeria would not think so; Oil and Gas companies in Angola and Nigeria; the aviation industry in Ghana and Nigeria; banks and non-banks in Zimbabwe; our Ivorian clients in Oil & Gas and soft commodities; our Ghanaian and Kenyan banking partners; forfeiting partners in Egypt; telecom companies in Nigeria, Sudan and Zimbabwe; our partner international banks who, through our country risk guarantee facility are able to do business in Zambia, Kenya, Mali, Ghana, Zimbabwe, etcetera; and our commodities clients across the Continent would certainly not think so.

We welcome you all to join us in our celebration as we wish our Bank a most delightful and happy birthday.

**FROM VISION TO REALITY:  
REFLECTIONS ON THE  
AFRICAN EXPORT-IMPORT BANK**

**FOUNDATION LECTURE**

*Delivered By*

*BABACAR NDIAYE  
FORMER PRESIDENT  
AFRICAN DEVELOPMENT BANK*

On The Occasion  
Of The 10<sup>th</sup> Anniversary  
Celebration Of The African  
Export-Import Bank

*ABIDJAN, COTE D'IVOIRE  
26 AUGUST 2004*



# FROM VISION TO REALITY - REFLECTIONS ON THE AFRICAN EXPORT-IMPORT BANK

by  
BABACAR NDIAYE<sup>1</sup>

*Your Excellencies, distinguished Heads of State here with us today  
Honourable Ministers  
Your Excellency, the President of Afreximbank  
Your Excellencies  
Distinguished Ladies and Gentlemen.*

It is to me a great honour and privilege to have been given the opportunity to deliver the Foundation Lecture on the occasion of the 10th Anniversary Celebrations of the African Export-import Bank (the “Bank” or Afreximbank). I am particularly honoured to be making this presentation in an occasion graced by distinguished Heads of State whose visions and actions are beginning to concretize an African renaissance. I will like in particular to thank His Excellency President Laurent Gbagbo, the distinguished host of today’s event, for inviting his peers to witness this important ceremony. That they honoured the invitations, despite their very busy schedules, is a true manifestation of their support for the African Export-import Bank, a bank whose mandate of promoting African trade and integration is in harmony with the goals of the New Partnership for Africa’s Development (NEPAD) promoted and supported by our distinguished Heads of State.

*Your Excellencies  
Distinguished Ladies and Gentlemen.*

---

<sup>1</sup> Babacar Ndiayé is former President of the African Development (ADB). It was under his Presidency at the ADB that Afreximbank was conceived and established.

Today is a remarkable day in the history of our institution and, to some of us, it has an added value in that it validates some of the arguments we put forward to gain support for the project at the conceptual stage of the Bank. As we congratulate the Bank for a successful ten years of operation, and celebrate the event, we must not lose sight of the many challenges that stood in the way of the project as it was being promoted. These challenges were not very different from those encountered by the promoters of the African Development Bank (ADB) in the early 1960s. Mr. Moalla Mansour of Tunisia, who coordinated the Group of Experts that worked on the ADB Project, succinctly captured the challenges in his address to that group in 1963. With your permission, I will like to quote aspects of that address as follows:

*“..... the creation of the African Development Bank (ADB) constitutes a real challenge. It is going to put to test the solidarity of African leaders and the ideals of African elites. It will test their capacity to organize and work in the general interest of Africa. .... The external world is often skeptical and considers projects that tend to promote unity in Africa as utopian and unrealistic as they think that Africa cannot make a success of any such ventures. “*

The same concerns and skepticism rang true at the time the Afreximbank was being promoted, and you only need to substitute Afreximbank for ADB in the above quotation to aptly capture the mood at that time. Those words even assumed new poignancy at the gestation period of the Afreximbank due to the fact that Afro-pessimism reached new heights in the decade of the 1980s. The consequence was that the Afreximbank project faced great skepticism and resistance from various quarters and, as I will soon elaborate, it had to be handled with pragmatism, tact and diplomacy. Indeed, the success achieved in establishing the Bank, when viewed against the skepticism that preceded it, inspired me to proclaim, in my statement to Shareholders of the Bank at their First General Meeting in 1993 in Abuja, that *“Afreximbank is without question a unique model for developing a constructive partnership on a multinational basis”*. I went on to add: *“...Where else can one point to an international organization, established through the ratification of an agreement made by sovereign nations, yet owned by a wide range of public and private sector*

---

*institutions and individuals, that operates on a profit-making basis and on sound commercial principles? And then concluded by saying that ‘the Afreximbank is very much a triumph for the African imagination, intellect and spirit...’*

I think, therefore, that the occasion of the ten years anniversary of such an institution should provide a platform for those who played important roles in realizing that initiative to share their experiences as such sharing of experience will not only help in filling important gaps in the history of our Bank but may inspire other visionary projects and initiatives. Accordingly, I feel highly honoured for the opportunity today’s event has afforded me to share my own experience. As some of the events surrounding the conception and establishment of the Bank are now 15-19 years behind us, I think I can be at liberty to say a few things which will enrich the history of the Bank but which, for obvious reasons, might not have been said in the past. I share my experience with the main objective of using the force of history to define our vision for tomorrow.

*Your Excellencies  
Distinguished Ladies and Gentlemen*

The idea of creating an institution to help promote African trade was formulated way back in August 1985 in the programme of work I announced during my first investiture as President of the ADB. Permit me, Your Excellencies, distinguished Ladies and Gentlemen, to quote the relevant paragraph of my statement on that occasion, as follows:

*“..... we should over and above our traditional activities, also consider new initiatives which will assist recovery, especially in the field of trade. Whereas export credit facilities are today widely available to exporters from other developing regions, it is not the case for African countries. The Bank (ADB) may assist its member countries in this area to explore mechanisms which would help African exporters in this respect, and see how it can collaborate with governments and institutions for the creation of such mechanisms”*

I went on to add:

*“similar initiatives might be taken to promote private sector investment in Africa and to encourage the development of small and medium-scale enterprises....”*

At that time, I was gravely concerned about Africa’s marginalization in world trade at an age trade had assumed the role of an engine of economic development as demonstrated in south-east Asia. Africa’s share of world trade was, at the period in question, at a paltry level of about 2%; there were very few national export credit agencies operating in the Continent; the African financial sector was undergoing reforms and lacked the capacity to support African trade; and international banks were withdrawing from African trade finance as a result of the debt crisis that then plagued the Continent. Further, at a time Africans were being encouraged to reform and privatize their economies, there was limited capacity to finance the emergent private sector. I was thus convinced that specialized continental financial institutions were needed to support private sector investments in Africa and to finance African trade. Those institutions would complement the work the ADB was already doing in financing public-sector projects and programmes. The growth synergies arising from such a continental financial architecture would bring dynamism to the African economy and promote growth and economic integration.

The year, 1987, was important in that it was at the ADB Group Annual Meetings held in that year in Cairo that we sought and obtained ADB Board of Governors approvals for a number of key initiatives that I had outlined in my statement of 1985. Two of such approvals that have relevance to today’s event, are:

- (i) their approval authorizing management to conduct a feasibility study concerning the creation of an African Export-import Bank; and
- (ii) their approval authorizing management to create the African Business Roundtable (ABR).

---

As some of you gathered here may be aware, the journey from the vision expressed in my inaugural statement in 1985, through the authorization we received in 1987, to the creation of the Bank in 1993, was a hard and tortuous one which, as I had earlier mentioned, required tact, diplomacy and pragmatism to navigate all the obstacles on the way. Accordingly, and as would be expected, the concept of the Bank changed, or was modified, in response to threats the project faced as we undertook that arduous journey. Permit me, Your *Excellencies, distinguished Ladies and Gentlemen*, to share the story of some of those difficulties with you and how they shaped the form and purpose of the institution we are today celebrating. In this regard, you may wish to know that our initial idea was to structure the Afreximbank as a special arm of the ADB, and also to create a link between the Bank and the ADB in the same manner the International Finance Corporation (IFC) was linked to the World Bank. We had then thought that this was the right thing to do as it would help ADB to achieve one of its main missions as contained in the Accord of Khartoum of 1963 which established the ADB, aspects of which state that the ADB would, among other things, “*finance investment projects and programmes which will make economies of its members more complementary through the promotion of trade*”.

Rather to our surprise, and contrary to our expectations of support, we soon realized that the project faced strong resistance from some important quarters. For example, although the Board of Governors of the ADB mandated management to conduct a Feasibility Study concerning the project, there was no funding to implement that mandate! This is why the role played by Mr. P.C. Damiba deserves a special mention in this Foundation Lecture. As regional director for Africa at the United Nations Development Programme (UNDP), Mr. Damiba quickly recognized the importance of the project to Africa and swiftly approved the funding required, using his discretionary approval limits. The funding made it possible to launch the feasibility study for the project which was conducted by a team led by late Dr. D. Avramovic.

The initiation of the Feasibility Study gave us the opportunity to buy time for the project. In this regard, it made it possible for us to plead with the opponents

of the initiative at the 1989 Annual Meetings of the ADB to give the project a benefit of the doubt and to, at least, reserve their opinions until that Feasibility Study became available. Further, it led us to redesign the capital structure of the proposed bank by reducing the level of ADB's participation in its shareholding and by devising an administrative and operational relationship, different from what was initially planned; and finally, as the Feasibility Study was being executed, we slowed progress on other aspects of the project and waited for an opportune time to accelerate it.

Your Excellencies, distinguished Ladies and Gentlemen, this opportunity came in 1992 while I was vacationing in Tunisia and Egypt. During that vacation, I met separately with the Ministers of Foreign Affairs of Egypt and Tunisia who gave the project their firm support. The support received extended to the highest levels of the Governments as His Excellency, President Hosni Mubarak of Egypt mentioned the project in his statement during the Organization of African Unity (OAU) Summit in 1993. While on that vacation, I also addressed representatives of Egyptian banks and received their unflinching support for the project. It was, in fact, my meeting on that occasion with Mr. M. Abdel-Aziz, who was then the Chairman of National Bank of Egypt, that prompted us to raise the proposed authorized capital of the Bank from US\$100 million to US\$500 million.

I will, at this juncture, also like to mention other emotional and inspirational factors that played important roles in shaping our Bank. In May 1993, I visited South Africa at the invitation of the South African Government and the African National Congress (ANC) as they prepared for multi-racial rule. Visiting Capetown, and seeing the statue of Cecil Rhodes, a man credited with the dream of linking Capetown to Cairo through a road network, I was inspired to work towards a translation of that dream into a noble pan-African reality through the work an Afreximbank would do in the promotion of trade from Cairo to Capetown and vice versa. Let me also point out that it was this inspiration that made me dream that the Headquarters of the Afreximbank would be in Cairo with the first branch to be located in Southern Africa. Looking at that statue on that occasion, I was convinced that my dreams would

---

be fulfilled given the strong support the project had by then received from the Egyptian authorities and banks.

The year, 1993, was a remarkable one for the Afreximbank project as it was in that year that it gathered momentum and became unstoppable. Following consultative and preparatory meetings held in Cairo and Harare respectively, a Constituent General Assembly Meeting was held in this beautiful city of Abidjan, where the Founding Governments signed the Bank Agreement. On that occasion, the authorized capital of the Bank was raised to US\$750 million. In October of that year, the first Annual General Meeting of the Bank's Shareholders was held in Abuja, Nigeria where many important decisions were made, including the appointment of Mr. C.C. Edordu as the pioneer President; the election of the first Board of Directors; and the selection of Cairo and Harare to host the Bank's Headquarters and first branch office respectively. There were contending interests with regard to hosting the Headquarters and the Southern Africa branch office of the Bank. In order to smoothen the exercise, a Selection Committee was set up to study the matter and make appropriate recommendations to Shareholders at their first General Meeting. At that meeting, negotiations involving the two largest shareholders, namely Nigeria and Egypt, led to an arrangement whereby Nigeria supported Egypt's bid to host the Headquarters while Egypt supported Nigeria's bid for the Presidency. This was how my dream of basing the institution's Headquarters in Cairo, Egypt came to be fulfilled. I believed then that it was the right thing to do to ensure regional inclusiveness as the Organization of African Unity (OAU) and the ADB were respectively based in east and west Africa. Locating the Headquarters of the Bank in north Africa and its first branch in southern Africa therefore made sense to me.

It can be seen from the above therefore that it was in Abuja in 1993 that this novel institution, founded on the basis of international as well as private - public partnerships, took its functional form. In my address to Shareholders attending that first General Meeting, I elaborated the role the Afreximbank would be expected to play in the years ahead. With your kind permission, Your Excellencies, distinguished Ladies and Gentlemen, I will quote the relevant

parts of that statement as it will provide a basis for a better appreciation of the event we are celebrating today. On that occasion, I said, and I quote:

*'The Memorandum of Understanding which was adopted by potential shareholders in Cairo spells out clearly the kind of export-import bank that Afreximbank's shareholders wish to establish. That Memorandum also underscored the value of constructive partnership, both amongst African public and private sector institutions, and between African and non-African entities. The admission into Afreximbank, at the time of its creation of non African shareholders is grounded in the conception of the Bank as a truly international institution in a borderless global village.*

*The Afreximbank will concentrate its initial operations on providing short-term trade finance through the provision of lines of credit to eligible financial intermediaries, for on-lending to importers and exporters. It will also provide direct financing to exporters and importers by means of pre-shipment and post-shipment export credits. The Bank will assist non-African or foreign exporters in identifying African buyers of essential imports of equipment, machinery and spare-parts needed for the production of Africa's exports. The Bank will also encourage African exporters by providing insurance facilities to cover commercial as well as sovereign risks associated with international trade. In addition, shareholders would also like the Bank to provide guarantee facilities to overseas or foreign suppliers, to ensure the payment for goods and services delivered to African importers. In the medium to long term, the Bank is expected to diversify and strengthen its operations by providing medium-term credit aimed at strengthening export development, as well as to introduce other innovative financial instruments. The specialized services of the Afreximbank are intended to complement rather than to compete with the existing facilities available from commercial banks which currently provide trade financing to importers and exporters.*

*The Bank will operate on sound commercial principles on a profit-making basis. We hope that its prudence and success will before long, earn for the institution a Triple A credit rating in the international capital markets.*

---

*These specific operational responsibilities of the Afreximbank are not ends in themselves: they have a broader purpose: to enhance Africa's standing in world trade. Beyond its purely financial mandate, therefore, Afreximbank will be expected to act as a forum for collective action in a wider multilateral framework, giving Africa more weight in global trade negotiations than could be arranged by any one country or any small sub-regional grouping of countries. The Bank should enable Africa and its friends to embark upon more concerted efforts that will permit them to reap the benefits likely to arise from well coordinated export-based operations and bulk purchasing of essential imports needed for export development.*

*The impact of the Bank will be most manifest in increased supply of short-term trade credit, which will enhance growth, and ultimately, social progress. The new Bank would boost intra-African trade, especially in non-traditional and manufactured products... Above all, Afreximbank's support for intra-African trade will play a crucial role in the promotion of African regional integration. In this regard, the prominent role that a democratic South Africa could play in African trade and economic integration should give us further grounds for optimism.*

*If the Afreximbank is to attain the proud position of a pan-African organization, it will also need to redress the dearth of knowledge and information about trading opportunities within Africa that has hindered the development of trade between African nations and between Africa and the rest of the world...*

Your Excellencies, distinguished Ladies and gentlemen, in the letter inviting me to deliver this important Lecture, I was asked to attempt to make an assessment as to how far the Bank has gone towards translating our vision to reality.

I decided to take up that daunting challenge primarily because since the Bank was established, I had been largely detached from its activities and can

therefore make a dispassionate assessment of its accomplishments. After a careful review of the records, considering the difficult operating environment of the past decade, I feel satisfied that the Bank is solidly on the road towards a full realization of our dreams. In this regard, over a short period of operations, the Bank has become a major source of trade finance to Africa. Cumulative credit approvals in support of African trade reached US\$6.7 billion, from inception to December 2003. Through its syndications/investment banking programmes, it had attracted more than US\$5 billion into Africa. Indeed, my understanding is that the Bank has contributed immensely to the return of international banks to Africa and for the amelioration of stringent lending terms that Africa suffered prior to its establishment. Through its Financial Future Flow Pre-Financing Programme, the Bank has created structures for mobilizing the more than US\$9 billion per annum of migrant remittance flows to Africa for use in financing important projects that would have been otherwise unbankable. The Bank recently introduced an Export Development Programme as a way of contributing towards diversifying Africa's exports to include manufactured goods. I consider this a laudable development which is in line with the mandate of the Bank.

With regard to raising the levels of intra- and extra- African trade, some progress was made in the form of a 3.2% average annual growth in the value of African trade in goods and services between 1994 and 2003, and about 30% increase in the value of intra-African merchandise trade from about US\$21.8 billion to US\$31 billion between 1994 and 2003. Intra-African trade share of total African trade, nevertheless, only rose marginally from less than 9% to slightly under 10% between 1994 and 2003. Africa's share of world merchandise trade was also virtually unchanged over the period. The limited progress made with regard to improving certain important trade ratios do not in anyway detract from the successes the Bank has achieved. It can indeed be argued, given the large trade finance resources deployed or attracted by the Bank to the Continent over the period, that the outcome would have been worse were the Bank not in existence. This is most probably the case given the occurrence of so many trade-disruptive events during the period, such as the Mexican (Peso) and the Asian crises; and the reform of the African

---

commodity sector, among others. It was also clear in our minds, at inception, that the Bank, by itself, would not be sufficient to promote African trade but would act as a catalyst towards achieving that objective. It is in the fulfillment of that catalytic role that the Afreximbank was expected to make a significant contribution to African trade. This is why I still consider it important that for a full range of development-enabling financial architecture to be available to Africa, the private sector investment bank I alluded to in my 1985 statement is still needed. I have toyed with various names for such a bank, and *the African Renaissance Bank* appears to be the most appropriate, as it would convey the message of a new Africa powered by private sector activities and investments. The establishment of such a bank will, no doubt, complement the work the Afreximbank and the ADB are doing in the Continent. Whereas the ADB will finance infrastructure and large public sector projects that facilitate trade and private sector activities, such a bank will finance private investments that will create tradable goods. Afreximbank can then finance the ensuing trade thereby promoting economic growth and regional economic integration.

Your Excellencies, distinguished Ladies and Gentlemen, the review of the operational performance of the Bank conducted above sets the stage for a proper assessment of its financial performance. In this regard, I have carefully examined the Bank's Financial Statements and I am of the view that the Bank's financial performance has been remarkable, and reflects the results of prudence and professionalism. All key performance indicators are encouraging and show that the Bank has exceeded most financial performance projections contained in the Feasibility Study for its establishment. Loan loss was quite minimal; net income grew by 208% from about US\$6 million in 1995 to US\$18.5 million in 2003, which ensured that the Net Asset Value of the Bank's shares saw a 60% increase over the same period. In 1998, the Bank became the first multilateral bank in Africa to pay dividends to Shareholders, a practice that continues till date. I will like to use this opportunity to commend the Board of Directors (both past and present), under the Chairmanship of Mr. Christopher Edordu, as well as the management and staff of the Bank, for making Africa proud through the work they have done at the Bank. In a few days, Mr. Edordu will retire as President of the Bank having served

out two terms of office. I am convinced that he is leaving a bank in a good shape, with solid assets, operational programmes and dedicated staff. As the first President of the Bank, the success story we are celebrating today can not be complete without congratulating him personally for the good foundation work he has done in the Bank. In my closing remarks to Shareholders at the first General Meeting in Abuja, where Mr. Edordu was appointed President, I posed a challenge to him in the following words, and I quote:

*“... we have elected a good President... I want to tell him that the ADB is what it is today not because of me, not because of Mr. Mungomba, not because of Dr. Fordwor, and not because of President Labidi. It is the first President who is the first investment. If you miss the goal, you miss totally the road for the Afreximbank... If we think of who made the ADB what it is today, I always say it is Maamoun El-Behiery. I hope in twenty, thirty years from now, people will say that the person who made Afreximbank a success is Christopher Edordu”*

I am pleased to say, ten years after, that Mr. Edordu lived up to our expectation and successfully nurtured the African child we handed over to his care on that day. You will all agree with me that he deserves our appreciation as he hands over the mantle of leadership of the Bank. He has set a good example and raised the stakes which I am sure will greatly challenge his successors. We hope that, as he steps aside, he will remain available to enable his successors to draw from the rich institutional memory he represents.

*Your Excellencies, distinguished Ladies and Gentlemen*, having assessed the work of the Bank over the past ten years, it is important to articulate our expectations of the role of the Bank in the coming decade as this will likely be the bench-mark against which the Bank’s achievements may be assessed in the future. Permit me, distinguished Ladies and Gentlemen, to briefly share my thoughts on this. As we are all aware, the African Continent and the world are undergoing tremendous changes. While some of the challenges we identified in the 1980s and early 1990s remain, some have assumed new slants, while others have emerged. The Bank must be dynamic enough to understand these changes and leverage them in support of African trade. The Doha Development

---

Agenda; the internet and associated out-sourcing; the tremendous growth in services and tourism trade; the rising importance of migrant remittances; and most importantly, the introduction of the New Partnership for Africa's Development (NEPAD) and the coming into force of the African Union Treaty are examples of the new challenges and opportunities before us today. We are happy that the Bank has adopted the philosophy of strategic planning which I think provides a good platform for responding to the above opportunities and challenges. I will nevertheless, like to emphasize the need for the Bank to align its programmes and activities in such a way that they facilitate the fulfillment of the goals of NEPAD. I believe firmly that the Afreximbank represents one of the most pertinent continental financial institutions to be used as an instrument for promoting the objectives of NEPAD, particularly the promotion of trade and economic integration. Some of the specific roles we will like the Bank to play in this regard are not very different from those outlined in my address to its shareholders in Abuja in 1993, and include:

- Facilitating Africa's exports to developed countries through bilateral initiatives, and assisting the negotiation of more equitable terms of trade for African countries within the World Trade Organization (WTO) multilateral framework;
- working with African leaders to encourage investment in Africa by the private sector in developed countries, including the establishment of insurance schemes and financial instruments that will help lower risk premiums on investments in Africa;
- assisting in the raising of consumer protection standards for exports from developed countries to developing countries as applicable to the domestic markets in the developed countries; and
- providing technical support to accelerate the implementation of aspects of the NEPAID programme of action, including strengthening Africa's capacity in planning and development, financial and infrastructure regulation, accounting and auditing, and management of infrastructure.

Apart from the above, I believe that the Bank will have important roles to play in promoting regional projects that facilitate African integration as well as in ensuring that the African export sector, which in many cases operates as enclaves, have greater linkages with their domestic economies. I can see that the Bank is making some effort with regard to the latter issue as it is developing a programme that will facilitate the creation of industry clusters and the development of credible supply chains within and outside those clusters.

As a new President takes over from the pioneer President, we all expect the Bank to attain new heights while maintaining the prudent operating model witnessed in the past ten years. As our Bank is there to serve us, it is only fair and proper for it to expect us to provide an enabling environment to facilitate its work. In particular, it will need the firm support of our governments, shareholders, international banks and traders during the coming decade to enable it to fully achieve its mission. In order to effectively contribute to the expansion of African trade, intra-African trade, and Africa's share of world trade, African countries must first facilitate trade amongst themselves by improving market access and removing visa restrictions, so as to ease the movement of people within the Continent. The above will enlarge the opportunity for intra-African trade which the Bank will be called upon to finance. The numerous incisive publications the Bank released on this occasion confirm to me the intellectual input the Bank is making with regard to African trade development. All stakeholders must take advantage of these inputs as "knowledge is power" in the "new" highly competitive world in which we find ourselves.

*Your Excellencies, distinguished Ladies and Gentlemen*, this has been a fairly long speech. It had to be so as it represents about 20 years of history. In its production, I had to balance the objectives of brevity and content. I do not know whether I achieved my objectives but hope that this paper becomes an important contribution to the history of Afreximbank.

Before I close, permit me, Your Excellencies, to put on record the contribution of Mr. M. K. Ndiaye who designed the logo of the Bank and prepared the documentation for the road-show to promote the Bank. I am pleased to learn

---

that he is attending this event. Mr. Samir Kurayem, an Executive Director representing Egypt at the ADB at the time the Bank was being promoted, played a very important role in facilitating the support we received from the Government of Egypt. I am pleased to use this occasion to place on record the crucial role he played in the successful establishment of the Bank. Although I highlighted his contributions to this project at the first General Meeting of the Bank's Shareholders in Abuja in 1993, I am highly honoured to use this opportunity to once again express our immense gratitude to Mr. P.C. Damiba for his support to this project. At a time his position gave him an opportunity to act in the interest of Africa, he did not disappoint, and I am glad that he is also physically here with us today to witness the coming of age of an African child he helped to deliver. Let me thank again *Your Excellencies*, the Heads of States gathered here, for your patience as I recounted my Odyssey regarding the African Export-import Bank project. I also wish to use this opportunity to thank you for the African vision you are promoting through NEPAD and the African Union. To His *Excellency, President Laurent Gbagbo, my dear brother, as well as the government and people of Côte d'Ivoire*, I extend my deepest thanks and commendation for the excellent arrangements that made this important event possible. Abidjan is always home to me and I feel honoured to have returned home to deliver this Foundation Lecture.

Thank you all for listening and may God bless you all.

**BABACAR NDIAYE**  
**ABIDJAN, COTE D'IVOIRE**  
**26 AUGUST 2004**