

STATEMENT BY  
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DENMARK, FINLAND, NORWAY AND SWEDEN

On behalf of the four Nordic countries, Finland, Denmark, Norway and Sweden, I would like to start by expressing our appreciation to the Ivorian authorities and the City of Abidjan for the warm welcome. Let me also thank the ADB management and staff for their good preparations for the success of this Annual Meetings. I would also like to congratulate president Kaberuka on his re-election as the President of the African Development Bank Group.

The financial crisis posed an unexpected challenge – but also an opportunity for this institution and for this continent. Many African countries have shown remarkable determination in managing their economies through these difficulties. With continued efforts Africa may emerge out of this crisis better placed as an attractive player in the global economy. However, some of the damage resulting from the crisis will take years to emerge, and may have a significant impact on many countries' socio-economic performance and potential for development. Therefore, while we are optimistic about the future of Africa must also remain vigilant and committed to preventing negative development outcomes.

The Bank's quick reactions to the crisis gives cause for satisfaction. This clearly shows the Bank Group's commitment to fulfilling its development mandate. Going forward, the Nordic countries consider the Bank an important partner in efforts to enhance economic growth and to reduce poverty and inequality in Africa. From the point of view of the Millennium Development Goals it is important to pay increasing attention to the Sub-Saharan Africa, which lags badly behind in many of the MDGs.

The Annual Meeting of the Board of Governors this year is exceptional in many respects. The Governors mandated the Bank to initiate the process for the Sixth General Capital Increase that is to be/has been approved at this Annual Meetings. The process has, in our view, clearly demonstrated the commitment of ADB shareholders, Bank management and staff to developing the ADB into not only a bigger but, more importantly, a better, more efficient and focused institution. We are also at an advanced stage of the ADF-12 negotiation round, and signals from those negotiations are also encouraging.

The Nordic countries are happy that a consensus has been reached on the 6<sup>th</sup> General Capital Increase. We are particularly satisfied that the key institutional reforms and their anticipated impacts have been defined for the GCI-VI period. We Commend the Bank for embarking on an impressive range of internal reforms and its aim to foster a uniform Bank vision across the institution to make the Bank even more effective, client-focused and equipped to tackle the challenges ahead. One of the areas that will require special attention was well-designed and customized decentralization. It is very important to increase the Bank's relevance and development effectiveness at country level and to strengthen the Bank in meeting its commitments under the Paris Declaration and the Accra Agenda for Action. In light of the decision to expand the membership of the Board of Directors, we would like a review of the Board practices and expenditures. The Nordic countries expect to follow very closely the implementation of these reforms and we warmly welcome the Bank's commitment to develop a comprehensive, bank-wide results framework. We also believe that the capital increase will enable the Bank to strengthen its engagement for regional economic

integration in Africa. The need for a shift for greater integration is urgent if Africa would like to benefit from the opportunities offered through expansion of the global markets. Sub-Saharan Africa is home to close to 12 per cent of the world population and yet it only accounts for circa 2 per cent of the global trade. Clearly, there is a great potential to boost economic development through regional trade and investment.

We would encourage the Bank to increase its private sector lending in the Low Income Countries in Africa. Private sector is the main engine of growth in Africa, also generating a sustainable resource base for poverty reduction through domestic revenue collection. Private companies are the main long-term source of jobs and incomes. They are therefore crucial in addressing the youth employment challenge. By boosting growth that generates employment the Bank contributes efficiently to the reduction of poverty in Africa. Special attention should be given to small enterprises which have tremendous financing difficulties. While external inputs are valuable to the African countries development, we cannot emphasize enough the importance of fully mobilizing all domestic resources. In this regard improved governance and rule of law are central.

Another issue which needs attention is illicit financial flows. According to a recent report, illicit financial flows in Africa amounted to USD 854 billion in the period 1970-2008 causing developing countries lose more each year in tax revenues than they receive in ODA. This problem should be tackled head-on. A regional organization such as the African Development Bank can address the issue at both national and international levels. We encourage ADB to take a more active role, support for capacity-building and better governance is important in taking this issue forward at the country level. At an international level, a financial system in which secrecy jurisdictions are allowed to operate ends up encouraging tax evasion, corruption and organized crime. Africa is on the losing end of this equation; less capable of preventing the outflow in the first place and of subsequently retrieving the funds. Africa is also less influential when global rules are laid down for accounting, banking, tax information exchange, etc. Transparency in financial markets should be an absolute requirement. A step in the right direction was the agreement by banks to cross-debar firms and individuals found to have been involved in wrongdoing in MDB-financed development projects.

One of the greatest threats to development results at the global level as well as regional and local is inequality. No development is sustainable unless it is based on participation of both women and men of all backgrounds. Based on our national experiences, the Nordic countries have always attached great importance to gender equality in our development policies. In particular we should see the role women play in sectors closely associated with climate change, such as agriculture and water management. Women should be seen as powerful agents of change whose inclusion in decision-making should be advanced in all forums. We have to bear in mind that even good policies do not translate into better interventions without adequate resources. Given that gender mainstreaming is a priority for the Bank, sufficient internal resources need to be guaranteed for its implementation. We ask the Bank to take measures to increase the representation of women in executive and professional positions.

Last but not least, I would like to touch upon a global challenge that affects us all, namely climate change. We are happy to learn that an action plan for the Bank's future work will be read in a few weeks' time. This is an important step in ensuring that the Bank leads the way down a path to a low-carbon future for the African continent. The Bank's role is

essential, particularly in regional cooperation. In our view climate change mitigation and adaptation should be seen in a wider context of environmental sustainability but at the same time, both economical and social sustainability should be ensured. We welcome the recent commitment of the Bank to the African climate institutions. With its regional expertise, strong country knowledge and ability to innovate, we would like to see the Bank take a more proactive role in promoting the use of renewable energies as well as sustainable forest management. It is also important that all operations should be climate proofed. It is also crucial for the Bank to address the challenges of monitoring and reporting climate change-related activities in its operations and to be able to demonstrate its contributions along the lines agreed in Copenhagen last year.

In my view when we look back at what has been achieved during the past year, we can be proud. At the same time we recognize that the great challenge of implementing all that has been decided is still ahead of us.