

ANNUAL MEETINGS OF THE AFRICAN DEVELOPMENT BANK

ABIDJAN, 27-28 MAY 2010

STATEMENT BY FRANCE

Mr. Chairman of the Board of Governors,

Mr. President of the African Development Bank,

Honourable Governors,

Ladies and Gentlemen,

The Forty-Fifth ADB Annual Meetings will on all account remain in the annals, firstly because they are held in Abidjan, the historic and official headquarters of the ADB. I would like to thank the Ivorian authorities and the City of Abidjan for the quality of their reception and the smooth organization of these Meetings. Needless to say, it is my wish that this unqualified success open the way for the rapid return of the ADB to Abidjan.

These Meetings will also remain memorable since they have laid the foundation for a new, bigger, more efficient and more legitimate Bank, at a crucial time in Africa's history.

1) The tripling of the share capital has indeed given the ADB fresh resources to match Africa's ongoing economic and social changes. Even while the economic and financial crisis was raging, the Bank was able to respond to the demands of African States and those of the G20, as well as participate fully in the global solidarity effort. During crisis exit, it has had the foresight of selecting and targeting its interventions on clear and incontestable strategic priorities – infrastructure, regional integration, the private sector and governance, not to forget climate change, in which the ADB must, in cooperation with other stakeholders, play a leading role based on a comprehensive analysis of its comparative advantage and the projects that are likely to be financed. It was also able to further win the confidence of its shareholders, to the point of obtaining the highest capital increase granted to multilateral development banks since 2009.

I am convinced that we will soon measure the importance of this decision. After nearly a decade of robust growth, Africa demonstrated its resilience to the crisis in 2009. It will resume growth in 2010 at an average rate of nearly 5% and all the continent's regions will benefit from the recovery. Henceforth,

the African Development Bank has the resources to accompany and further amplify this resurgence which will put the continent at the very heart of new major global challenges. This shift goes well beyond the counter-cyclical response to the crisis. It bears a new prospect, a long-term vision.

2) Of course, the counterparty to this unflinching confidence expressed by its shareholders is the increased responsibility devolved on Bank Management. A new accountability framework has been drawn up and consigned in a detailed reforms matrix that cannot be dissociated from the capital increase itself. I will only here recall three essential components on which we must rapidly achieve concrete results:

- Firstly a revised risk management policy, to enable the Institution to control the utilization of its new resources, in a context where the share of non-sovereign activity will increase significantly;
- Secondly, a precise results-based management framework to allow for evaluating the utilization of resources entrusted to the Bank at all times, given its development mandate;
- Last but not the least, a sound economic and financial model which should give the African Development Bank a sustainable base as is the case with other multilateral development banks, whereby the lending activity covers the Institution's recurrent expenditure.

In addition, we expect the ADB as a financial institution to be exemplary in its internal control functions – the independence of which should be further strengthened to fight fraud, engage jurisdictions that are reluctant to cooperate and promote environmental and social norms.

In the interest of its clients and staff, the Bank should also go further today to promote bilingualism – English AND French – and offer better incentives in that regard. I am very happy with the proactiveness shown by the President and his team in this area that is key to maintaining the diversity and effectiveness of Bank interventions.

3) I have no doubt whatsoever that the new Bank Board of Directors will vigilantly and constructively monitor the ambitious reform programme, in order to contribute to its success. The increase in the number of Board members should help in that regard by ensuring better representation of ADB countries in response to the just demand of Southern African countries, and by allowing for the effective and careful monitoring of Bank strategy, management and activities, in day-to-day partnership with Management. A permanent and resident Board of Directors is an essential asset that will enable the Bank to meet the expectations of donors, assisted countries and public opinion.

4) Lastly, I wish to lay emphasis on the core mandate of our Bank which must always be our compass: assistance to States and the most vulnerable populations. This attention to the most fragile is imperative for all development institutions and even more so for the ADB which is the only regional development bank whose majority members borrow from the concessional window.

In that connection, I am happy with the Bank's commitments under its capital increase to have ADF countries benefit from the consolidation of Bank resources. This orientation presupposes that priority will be given to private sector support in the continent's poorest countries, if necessary, to the detriment of commitment volume. It is now up to Management to find ways and means of attaining the objective of raising non-sovereign operations in Low Income Countries from 40% to 60%, in accordance with the commitment made.

Regular and high transfers of income from the African Development Bank to the African Development Fund is also a useful means of providing support to the most vulnerable countries, and is strongly recommended by Bank shareholders.

Lastly, it is within the framework of negotiations for ADF 12 replenishment that our attention to the poorest States must find its strongest expression. The emphasis on regional integration and sustainability of the "Fragile States" window will mark significant advancements under ADF 12 that will help to mitigate performance-based aid allocation, that in some cases are excessive and even unfair. Moreover, there is no doubt that more must be done to further improve our aid allocation formula with a view to better incorporating the structural vulnerabilities of countries. This will offer us the opportunity to send a strong signal on the capacity of multilateral institutions to draw lessons from the crisis and be at the forefront of collective solutions. This is a point of attention for France.

Honourable Governors,

By authorizing a major shift for the ADB, by validating a modernized strategic framework for meeting Africa's challenges and by basing our actions henceforth on more legitimate and effective governance, we have deeply strengthened the African Development Bank. By renewing our confidence in President Kaberuka, we have put finishing touches to our edifice by giving it a firm, rigorous and ambitious Management capable of pursuing the Bank's development and reform.

Thank you for your attention.