

STATEMENT BY CARLO MONTICELLI,
ALTERNATE GOVERNOR FOR ITALY

Mr Chairman,
Mr President,
Fellow Governors,
Ladies and Gentlemen,

On behalf of the Government of Italy let me express our appreciation for the arrangements made for this Annual Meeting. Being in this city after such a long time is a sign of determination as well as a reminder of the challenges ahead.

We are still in the middle of the worst crisis in decades. African countries were not at the origin of the crisis. But they have been hit severely, often experiencing recessions that wiped away hard-won gains in the progress towards the Millennium Development Goals.

The response of the international community to the crisis is unprecedented in vigour, coordination, determination.

The Bank has played a key role for Africa in the response to crisis. A flexible approach of frontloading and restructuring of loans has been essential to mobilise resources and provide fast-disbursing relief. Although the outlook for 2010 and 2011 is improving, the Bank's proactive approach remains essential to support the needs of the Region.

The agreement reached on the General Capital Increase represents a major vote of confidence in the Bank's role and capacity, enabling it to pursue its mandate more effectively.

It is necessary to complement it with the full implementation of the reform agenda.

Let me restate here some of the main points to which Italy attaches the highest priority.

First, it is essential to establish a sound and comprehensive financial model. In this respect, we welcome the approval of the revision of loan charges as an important element to ensure that loan revenues cover direct and indirect lending costs. Attention must be also paid to ensure that pricing adequately reflects the specific risk and maturity features of the operations.

This approach is necessary to ensure that the needs of Low Income Countries remain at the top of the agenda. For this reason we support the increase in the percentage of net income allocation to the African Development Fund, while preserving the financial soundness of the Bank.

Secondly, we underline the importance of reinforcing the Bank's risk management function. In this connection, we look forward to the introduction of risk mitigation instruments, and we are glad to confirm that Italy is willing to commit technical assistance funds for the "Initiative for Risk Mitigation in Africa".

Thirdly, we welcome the convergence towards a methodology common to the other Multilateral Development Banks to better evaluate the performance of the Bank.

Time is short. Let me touch on three more issues only.

First, sustainable development cannot be attained without appropriate attention to the environment. The poor are often those who suffer most for the consequences of climate change. We urge the Bank to support low-carbon growth, taking into consideration the needs and constraints of Regional Member Countries, while avoiding overlaps with other International Financial Institutions.

Secondly, we need to take advantage of a stronger partnership between public and private sector, especially in Low Income Countries. The Bank must try hard to develop innovative instruments that can leverage its resources working together with the private sector. Let me just mention the example of the International Financing Facility for Immunization (IFFIm) and the Advance Market Commitment for the Pneumococcal vaccines – two innovative initiatives in the field of health and development, which have been promoted by Italy and other partners.

Thirdly, we welcome the consensus on the enlargement of the Bank's Board. Italy has been receptive to several instances and has followed a constructive approach to foster consensus. When implementing the resolution enlargement, however, we urge the Bank to contain costs as much as possible.

I would like to conclude by reiterating the strong commitment of the Government of Italy to support the African Development Bank in the new challenges of this decade. I take the opportunity to express our sincere appreciation to President Kaberuka, Management and all staff for their dedication to the pursuit of our common goal: eradicating poverty out of Africa.