

STATEMENT BY TEMPORARY GOVERNOR FOR SPAIN

Mrs. María Pérez Ribes

*Mr. Chairman,
President Kaberuka,
Colleagues,*

1. First of all, I would like to join previous speakers in thanking our host country Ivory Coast for the efficient organization of these Annual Meetings, and the people of Abidjan for their hospitality and warm welcome. My gratitude goes also to the Bank for the excellent work to prepare this event. It is an honor and a pleasure to address this Assembly representing Spain here today.

2. Mr. Chairman, it is a matter of satisfaction for all of us here that although 2009 was a very difficult year the Bank was able to rise to the demands made by the G-20 and Africa's own leaders, in terms of accelerating its support for the economies of the region as they faced the worst international economic crisis since independence.

Although the continent continued to register positive growth, the economic contagion, from declining commodity prices in particular, more than offset the benefits of the relative insulation of Africa's financial markets. Unlike many previous crises, the current crisis was not caused by domestic policy failure but nevertheless turned into a huge stumbling block in the path to the Millennium Development Goals. Despite Africa's recent progress, the pace of economic growth was still not fast enough to cut the 1990 poverty rate by half in 2015. Of greatest concern are the human development goals. With five years left before 2015 there is an unfortunate consensus growing that it is unlikely that the MDG's can be attained.

Countries can achieve better development outcomes through improved policies, most notably shifts in expenditure, increases in domestic revenue and better service delivery. However stronger policies are unlikely to fully compensate for the deterioration in human development indicators as a result of slower growth. In the current context, better development outcomes will thus depend on the speed at which the global economic recovery supports increases in developing countries' export revenues and external finance. In this regard we particularly welcome the two special initiatives created by the Bank: the Emergency Liquidity Facility, and the Trade Finance Initiative.

3. Last year was a busy one. First, to compensate for the impact of the crisis on regional member countries, the Bank almost doubled its commitments to over 10 billion dollars, thus playing a very important countercyclical role.

Second, the negotiations for the Sixth General Capital Increase and the launching of the Twelve Replenishment for the Fund have been very demanding.

We welcome the agreement on a 200% General Capital Increase that we are approving at this meeting. This huge increase in ordinary resources, the biggest among MDBs, is both an answer from donor countries to the needs of Africa, and a recognition to the unique role that the Bank is playing in the region and for the region. At the same time we all call on the institution to do more and more efficiently: to be a better Bank.

4. We are confident that the present process of reforms of the Bank will enable the new resources to make a distinctive contribution to Africa. From our perspective, the results agenda is showing progress: the improvement in project completion reports is a case in point and we encourage the Bank to continue on this path. We need to work on risk management and tackle the challenge of improving the enabling environment in LICs and integrate this work with what other partners do. In a nutshell: how can the Bank maintain its overall portfolio risk at a reasonable level without being forced to do low-risk projects that others could finance, in order to offset the high risk LICs projects?.

5. Mr. Chairman, Spain continues to be fully committed to supporting the AfDB in making a significant contribution to Africa's development. The Bank has a key role to play in helping countries preserve the foundations of growth that had been steadily built over the last decade. In this endeavor we strongly encourage the Bank activity dealing with private sector support. A strong Africa private sector is vital for a sustainable growth in the long run This is specially needed at this moment as one of the most negative effects of the present global financial crisis is the slowdown in capital inflows to the region.

Spain is contributing specially to the support of the private sector through the Multi-Donor Microfinance Trust Fund where 15 million euros are committed and five already disbursed. Further we are very advanced in the process of contributing to the Guarantee Fund for SME. We are confident that these initiatives will play a positive role in the region by supporting an expansion of the Bank's activities in this sector, the engine for growth and development.

6. Allow me Mr. Chairman a word on regional integration. We are well aware of the difficulties involved in programming in more than one country. The Group's Regional Integration Strategy approved last year was a step in the right direction and we are happy to see further progress as the Committee on Development Effectiveness recent work is proving. The commitment to include reports on the portfolio performance of regional operations in the Annual Report on Portfolio Performance is of the outmost importance for us. There is a real need to find a way to ensure that the national governments actually own the regional projects that are approved and to find ways and means to engage MIC governments who do not benefit from the concessional funding for regional operations from the Fund.

7. On the Board Reform that we are approving, we are happy to see that the increase of voice for the region through a South African region Chair, will enable us to be better represented as well. From this moment on, Spain will have permanent representation in a constituency that we will be sharing with Belgium and France, and we are looking forward to it. Africa has become a very important region for the Spanish economic cooperation policy and we need to be able to work with the Bank, the major voice for the region, hand in hand on a daily basis.

8. Finally, Mr. Chairman, I must mention that we fully support a second term for President Kaberuka. After a first one with many challenges, let us remember the food, fuel and financial crises among others, we see this new term as the consolidation of the reforms enabling the Bank to play its role as the high performing, results-focused, efficient and effective knowledge institution that Africa and all of us need.

Thank you very much.