



FRANCE

RAMON FERNANDEZ, Head of Delegation

On the eve of the 40th anniversary of the Asian Development Bank, it is with great pleasure that I present, on behalf of France, my warmest wishes for our institution's continued work for economic development and poverty reduction in Asia. I would also like to thank the Turkish authorities for enabling us to meet in such good conditions and pleasant surroundings.

I would like to share with you today some thoughts on three subjects I feel to be of particular importance: the bank's response to the repercussions of the tsunami, the quest for innovative sources of financing to achieve the Millennium Development Goals in 2015, and the continuation of work on the bank's reform agenda.

*

2004 was a particularly contrasted year in Asia. Although economic growth rose again to reach 7.4% (excluding Japan) in 2004, the year was also deeply marked by the exceptionally tragic event of the tsunami. France commends the ADB's swift response to this disaster in freeing up considerable resources to help the hardest hit countries. We would like to thank President Chino, President Kuroda and their teams for their great responsiveness.

We feel that there are now three issues at hand: first, to guarantee the quick disbursement of the \$600 million earmarked for the tsunami; second, to ensure that the diversity and magnitude of the international community's contributions do not undermine the quality and consistency of the reconstruction projects to be implemented. And third, to rapidly rebuild ADB surplus account resources, whose value was demonstrated by the recent tragic events.

France will pay particular attention to these aspects and, for its part, will ensure that the €300 million in concessional loans it committed for reconstruction are put to work in co-operation with the other development institutions, and first and foremost the ADB. The surge of solidarity has been commensurate with the extent of the tragedy. Our collective responsibility to soundly manage the funds rallied is all the more vital. Otherwise, the legitimacy of the aid itself could be enduringly compromised. We have no right to fail, the challenges to eradicate extreme poverty in Asia remain huge, but they are within our reach.

*

To succeed in this endeavour, we have to stay on the path of responsible macroeconomic policies and continued solidarity. As you know, France feels it is vital to step up the international resources allocated to development if the Millennium Development Goals are to be achieved. The simplest way of doing this is obviously to increase the budget resources earmarked for this undertaking. Hence France, which will devote 0.44% of its GNI to development assistance in 2005, will continue with its effort to attain 0.5% of GNI in 2007 and 0.7% in 2012. Yet this effort will not be sufficient in the short term, and neither will the possible additional debt forgiveness under discussion. This is why France supports the adoption of innovative financing methods to mobilise predictable resources in addition to existing ones.

We are currently working with our British friends on an pilot international financial facility for vaccination and are also exploring, in particular with Germany, the possibility of international solidarity levies, as for instance a modest contribution on air transport allocated to fighting AIDS, a scourge which struck over eight million people in Asia.

With a view to the United Nations summit in New York in September 2005, France, which has heard the wish of many Asian countries to see their economic and financial concerns taken more into consideration at international level, is waiting for your support on this issue so that we give us together the means to achieve the goals set in 2000.

*

A last word on the Bank's agenda, since helping the tsunami victims will not be the ADB's only challenge in 2005. The reform agenda decided on in June 2004 is particularly ambitious, since it covers both the improvement of certain internal procedures and the bank's intervention strategy. Following the many steps forward already made, France sees three points as being of particular importance. As regards internal procedures, we feel it will be advantageous for the bank to introduce a new human resources management policy as scheduled by the end of 2005 so as to keep control of its growing administrative costs and reward the most talented staff. Considering the bank's operations, we welcome the swift development of operations to support the private sector, but believe that this expansion should go hand in hand with a thorough analysis of the risks as recalled yesterday by President Kuroda and should not be limited to equity investments.

Last but not least, we welcome the adoption of a new performance-based allocation policy in December 2004 and hope that this new approach will help further the countries with the highest quality governance and provide the wherewithal for the Asian countries to achieve the Millennium Development Goals in 2015, especially the challenge of reducing child mortality.

*

Ladies and Gentlemen, France firmly believes that ADB should continue to play a pivotal role to stimulate Asia's economic development and ensure that this process benefits all the populations. President Kuroda and the bank's staff can count on France's full support in this endeavour.

Thank you.