

FRANCE

JULIEN RENCKI, Head of Delegation

I would like to begin by expressing my sincere gratitude to the Spanish government for its warm welcome and the excellent organization of this Annual Meeting.

Despite strong economic growth in recent years, Asia remains the region with the largest number of poor people in the world. Poverty reduction therefore continues to be the mission of the Asian Development Bank (ADB), as confirmed by its recently adopted long-term strategic framework (Strategy 2020). The high growth rates observed in Asia have not helped to reduce inequality. On the contrary, the widening income gap between sections of the population is a worrying development. This is why ADB has made inclusive growth its main objective. This concept must be operationalized in every intervention of ADB, to make sure harmonious growth can be achieved in the region.

The donors strongly reaffirmed their commitment to fight poverty during the negotiations on the replenishment of the Asian Development Fund (ADF). After a negotiation process that culminated in the allocation of US\$11.3 billion to the Asian Development Fund, many challenges remain. ADF X will be last replenishment on the way to achieving the Millennium Development Goals and there is a long way to go. This is why we are pleased to see a significant increase in the allocation of ADF resources to the poorest countries in the region.

We support the principle of selectivity adopted for ADB's long-term strategy, in which five key intervention areas have been determined. However, as we repeated several times during the negotiations, we consider it particularly important for ADB to follow a differentiated approach in order to avoid withdrawal from crucial sectors in the effort to achieve the poverty reduction goal embodied in Millennium Development Goal number 1. Agriculture has long been a neglected sector for aid. The current food crisis is here to remind us of our errors. This is why we urge ADB to work in coordination with other donors to ensure that no country where agriculture plays a major role is left without funding for this sector, which is so vital for their economy. The adoption of flexible tools, on top of the traditional interventions of ADB in rural infrastructure, will be fundamental to ensuring a comprehensive answer to this issue.

In the years ahead, selectivity and flexibility will therefore be key to keeping ADB relevant and responsive to the needs of its clients.

The success of ADB's internal reforms will be another key factor. We welcome the efforts made by ADB staff to develop a satisfactory results framework that is more sophisticated than the system adopted by International Development Association (IDA) or the African Development Fund. We hope this will not remain merely a good intention and that it will be used routinely by

Management and the Board to monitor the performance of both the Asian Development Fund and ADB. We also welcome the measures announced in November by President Kuroda to improve human resource management. In a globalized world with strong competition for talent, we consider this area to be essential to ADB's long-term future. We are eagerly waiting for the evaluation of the human resources strategy, which we hope will culminate in concrete recommendations to improve ADB's performance in this area. There are other internal reforms we consider just as critical, such as the independence of the Operations Evaluation Department and Risk Management Unit. The latter is gradually becoming more important with the increase in loans to the nonsovereign sector, as demonstrated once again by the figures for 2007. France, which on 1 July will assume the Presidency of the Council of the European Union, has made private sector development one of the priorities of its mandate. We encourage ADB to intervene more in this sector given the strong demand from its client countries for such funding. However, we are also aware of the risks inherent in this type of activity and we want to be sure that the Risk Management Unit has the resources required to perform its duties successfully.

Finally, I would like to take a brief look at regional cooperation. I welcome the substantial increase in the resources allocated to regional projects during the ADF X negotiations. We believe that it is natural for ADB—as for other international financial institutions—to promote regional cooperation, not just with regard to infrastructure but also with regard to global public goods, especially the environment. The fight against climate change is an integral part of any poverty reduction strategy, since the poorest populations will be the first victims of this phenomenon. Its magnitude calls for a coordinated response at regional and global levels. Regional cooperation also requires stronger regional solidarity. Emerging regional donors have a strong role to play in this regard. We do hope this will be reflected in their future contributions to the ADF.

So far, the recent upheavals of the world economy have not seriously shaken the region and ADB. We genuinely hope this will remain the case in the months ahead to avoid blocking the efforts made by the regional countries to continue growing towards a sustainable reduction in poverty.

As a last personal comment, I would like to thank our executive director and his two advisers, who will leave the office this summer, for the work achieved in the last few years. I particularly wish to congratulate them for their skills and rigor, and their eagerness to serve not only their country of origin of course, but also ADB as a whole. I wish them great success for the future.