

Honorable John Paul Adam, MoFA & President of the IOC

Heads of Delegation of IOC Member Countries

Honourable Secretary General of the Indian Ocean Commission

The Heads of Delegation of COMESA, the European Union, the World Bank,
Agence française du développement

Members of the Diplomatic Corps

Distinguished Ladies and Gentlemen

Invited Guests,

It is a pleasure and honour for me to represent the ADB and PRST DK at this august gathering. Dr. Kaberuka would have liked to be present with you here today but conflict in his schedule prevented that from happening.

Your Excellencies, the ADB recognizes the specificity of the IO Countries as a regional grouping of small island states, with features and challenges specific to them. The ADB is also mindful that insularity increases the cost of doing business, raises the cost of infrastructure development and in particular the cost of transportation, hence an increase in the cost of imports and reduced competitiveness for exports.

The Bank has implemented a number of national and regional projects in the IOC member states to help address these constraints and will continue in earnest to build on this partnership.

Excellencies, There is general consensus that a number of these constraints are best addressed at the regional level; hence the strengthening of the AfDB's focus on regional operations. Within that context, the Bank in 2009 adopted a Regional Integration Strategy (RIS) that defines two mutually reinforcing pillars for Bank intervention

- (i) regional infrastructure and
- (ii) institutional capacity building.

These two priority pillars are complemented by interventions in cross-cutting issues on Regional public goods, Regional financial integration and Aid for Trade. In this regard, I'm pleased to note that our regional operations in the IOC are indeed consistent with this strategy.

This Regional Integration Strategy is further elaborated in five sub-Regional Integration Strategy Papers (RISPs), which are the key instruments for programming the Bank's support to regional integration. These RISPs provide the overarching framework for intervention in the various sub-regions and underscore the specificities of certain groups of countries, such as those of the IOC Member Countries.

For instance, our Eastern and Southern African RISPs clearly highlight the specific challenges faced by the IOC Member Countries by virtue of their

geographic location, weak linkages to the continent, small sizes of domestic markets and their high environmental vulnerability. These challenges are identified in the RIS, which notes that the island's blue economies require innovative instruments to effectively participate in regional programmes.

Mr. Chairman, I do not wish to belabour the virtues of regional integration considerations in this forum. I would instead simply note that the Bank has several key policies and programs that underpin its regional interventions and with your permission cite just a few key operations that underpin the ADB's partnership with IOC member states.

In Seychelles ADB has launched the Study for Water Storage & Distribution Enhancement program, the Seychelles Submarine Cable Project; a submarine optical cable linking Seychelles to Tanzania; and a study on "Infrastructure and Growth in Seychelles" which will be completed in October 2013 and is aimed at unlocking the country's growth potential.

In Mauritius the ADB is engaged in the ongoing the Public Sector Efficiency Support Project, the development of a Health Sector Strategy, the Debt Management Capacity Building Project and the Budget Support Project. Additionally, the Container Terminal Expansion Project and the East-Coast Trunk Road Project, are both at the identification stage.

Similarly, the Bank's key operations in the Comoros include the ongoing Drinking Water and Sanitation Project and the Capacity Building Project Support. Bank's portfolio also includes an Energy Sector Support Project, the Rural Youth Enterprises Support Project & a budget support project.

In Madagascar, Bank operations include the Irrigation Scheme Rehabilitation Project of Manombo, Lower Mangoky Rice Scheme Rehabilitation Project, Drinking Water Supply and Rural Sanitation Program and the Tulear Fishing Community Support Project, all of which are ongoing

At the regional level, the IOC Region Flagship Study was commissioned to serve as a benchmark and blueprint for AfDB-IOC cooperation. After its completion, the Study was adopted by our Board of Directors in 2012. In addition to strengthening AfDB- IOC dialogue, this Flagship knowledge product is also designed to serve regional policymakers, development partners, public & private sector officials and experts involved in the IOC regional integration.

This flagship study proposes the AfDB focus its future cooperation with the IOC on three key areas: (a) institutional capacity building of the IOC, its member states, and its private sector; (b) regional infrastructure development; and (c) management of response to natural disasters and regional pandemics.

Following the adoption of the Flagship Study, the Bank will prepare a regional integration strategy for the IOC sub-region and work on this strategy is expected to commence this year. As a corollary to these developments, the Bank is considering regrouping the IOC Member States under a single AfDB department, instead of the current 4 departments, for

increased efficiency and operational synergy.

Mr. Chairman, Your Excellencies, this Flagship Study has identified areas in which the Bank can provide support to the IOC. Going forward, it is vital that we all seek to fast track implementation of the actions identified under the Study. To this end, we wish to propose the launch of a multi-sector mission, including Bank staff and the IOC Secretariat, be launched soon to identify key projects and programs through consultations and discussions with IOC Member States.

In the meantime, i'm pleased to report following a recent Aide Memoire between the IOC and ADB, two projects have been developed in the social sector, namely (i) the Research Skills and Innovation Capacity Development Project, for an amount of UA 22 million (that is about USD 34 million) and (ii) Phase II of the HIV/AIDS Control Project, totaling UA 13 million (about USD 20 million). These projects have already been prepared and the Bank is working on putting together appropriate financing.

Mr. Chairman, we could continue enumerating several projects under consideration. However, in the heresy of time I would like to summarize by stating that pursuant to adoption of the Flagship Study, the Bank is considering projects in several sectors and 2013 is expected to be a busy year in our cooperation.

We look forward to cooperating to develop infrastructure in the ICT, Maritime, Energy and Transport sectors. We will support the development of knowledge products for the IOC Member Countries and Secretariat. The Bank will also continue to provide budget support while stepping up our lending and grant programs.

Excellencies, Our collaboration so far has already achieved significant results. The ADB, your Bank, will endeavour to work closely with the IOC and its member states to bolster the achievements through new and innovative projects and programmes.

We will aim towards finalizing and signing some of these programs before or during the Bank's 2013 Annual Meetings in Marrakech, to which the IOC will be invited.

I thank you for your kind attention.