

**AUSTRIA**  
**WALTER RILL, Head of Delegation**

It is a great honor for me to speak for the Republic of Austria at this 34th Annual Meeting of the Asian Development Bank (ADB). At the outset, I would like to thank the people of the United States, in particular those of the State of Hawaii and of the city of Honolulu for their warm welcome and hospitality extended to us, as well as for their efforts and courage to host these meetings.

I would like to take this opportunity and welcome Turkmenistan, which joined ADB last year as a new member.

In terms of the economic situation, the year 2000 showed a mixed economic record for this region. While overall growth was buoyed by a strong world economy, a number of countries in the region – at all levels of development stage - were either still suffering from the effects of the recent financial crisis and the attempts at solving the underlying problems or from inadequate structural reform. To my mind, ADB has made a valuable contribution to help remedy this situation.

The year 2000 was characterized by the successful completion of the negotiations of ADF VIII. We believe that the overall volume of \$5.6 billion is adequate and will put ADB in a position to continue its financial support for its less affluent member countries.

As you, Mr. President, have expressed in your address yesterday, ADB has developed and unanimously agreed upon a vision for poverty reduction that must now be transformed into action. Austria supports this vision. This is one of the reasons for us to participate in the ADF VII replenishment.

In particular we strongly subscribe to the three major components necessary for sustainable development of the developing member countries of ADB as outlined in the Donor's Report and by you, Mr. President:

- pro-poor sustainable economic growth,
- social development and,
- good governance.

Apart from the fact that we have agreed upon a large number of criteria we want ADB to take into account in its activities - and sometimes we do have a slight tendency towards micromanagement that might raise doubts about the donors' perception of good corporate governance - would like to highlight especially the aspect of partnership building. This means that .like other institution - ADB has to make all efforts to improve upon its already existing cooperation with other development institutions operating in the region in order to avoid duplication and potential waste of scarce resources. ADB, being a regional institution with a specialized knowledge and understanding for regional specificities, should seize the opportunity and take the lead in co-coordinating concerted

development aid among development actors wherever and whenever appropriate. The recent statement of the Development Committee meeting only a week ago is encouraging in this respect.

Another salient issue is the allocation of the scarce Asian Development Fund resources according to a country's policy performance. We believe that aid should preferably flow to those recipients that make best use of it in terms of poverty reduction and development impact. Careful consideration must be given - from the borrowing country's point of view as well as from ADB's point of view - to the question of to what extent aspects of a performance-based allocation scheme can be applied in the context of ordinary capital resources lending.

Over the course of last year, ADB has elaborated a long-term strategic framework (LTSF) for the coming 15 years, up to 2015, as a strategic orientation for its future activities. The elaboration of such strategic goals is a commendable exercise. We were able to participate in it through the consultation process initiated by ADB. In order to facilitate long-term planning, ADB needs goals. The clearer such goals are spelled out the better. In tackling poverty, the developing member countries must be in the forefront. ADB must complement the developing member countries' efforts by tailoring its interventions according to its comparative advantage. This has implications for ADB's engagement with governments, civil society, the business community, and other donors and organizations in the country context. The LTSF, as presented recently, does tackle these issues, but we expect that, in the context of the medium-term strategy under preparation, a clearer vision will evolve and will make it more operational.

Another important issue with operational and strategic implications is the Social Protection Strategy that ADB will develop this year; in this context, I would like to emphasize that we consider the adequate consideration and incorporation of Core Labour Standards as particularly important.

Project portfolio performance is yet another issue that needs special attention. The fact that at the end of 2000 about one fifth or 23 percent of the number of loans, or roughly one third (30 percent) of the loan amount under administration were rated only partly satisfactory or unsatisfactory shows that performance leaves a lot to be desired.

We must ask management to analyze carefully the reasons for such unsatisfactory performance of a significant part of the portfolio and to apply remedial action as quickly as possible. Taking into account the overall volume of ADB's activities, an improvement on this front would yield much higher benefits for borrowing countries than an increase in the volume of loans.

Regarding budgetary and administrative issues, we take note that the budget for the year 2001 envisages an increase vis á vis last year's budget due to a necessary augmentation of staff in the context of transforming ADB into a broad-based development institution. Let me stress that we fully support this direction; nevertheless, I

would like to encourage management to continue its general approach of tight cost control and further improvements of ADB's operational efficiency.

In conclusion, I want to thank you for your excellent leadership and the staff of ADB for their fine work accomplished over the past year.