

**BELGIUM**  
**GINO ALZETTA, Alternate Governor**

This is for me a great honor and a pleasure to address this 34th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). Let me first thank the authorities and the people of Hawaii for their warm welcome and excellent arrangements.

**Regional Prospects**

As mentioned in the annual report, the short-term economic prospects of the region are closely linked to the performance of the industrial economies. A lot of uncertainty comes from the slowdown of the United States economy and its impact on a region whose growth remains mainly export-driven. One immediate consequence of this potential adverse impact is an increased difficulty in pursuing the reforms that appeared necessary in the aftermath of the crisis. Those reforms proved difficult to introduce, and because of their cost and unpopularity tend to be even more difficult to implement in hard times. Therefore we are left to hope that those who predict only a slowdown of a few quarters before a pickup in the United States are right, and that, if this is the case, the authorities of the region will seize such an improvement as an opportunity to push further the reforms under way to cope with future crises, which are likely to be recurrent due to the volatility of capital flows. To use once more the words of the annual report, let us hope that complacency will not once again replace urgency.

One has discussed at length at the highest levels what kind of reforms to undertake to mitigate the impact of such crises. I do not intend to elaborate on this. However, one major reform to undertake in our view has to do with what some circles call “export over reliance.” One has to realize that if the region is home to two thirds of the world’s poor, it is also home to half of the world’s potential consumers of goods and services. Therefore the region should start developing more inward-looking policies and rely more on its own strengths. In this aspect, poverty reduction is a powerful tool to create a domestic market with increased purchasing power for the benefit of local enterprises.

**Long-Term Strategic Framework**

The main topic of these recent months is of course the adoption of the long-term strategic framework. We congratulate the team that successfully completed this exercise. We are also pleased to note that the strategy does not really call for turning ADB upside down. We consider indeed what ADB did in the recent past to be the right things in the environment of that time, which was to assist its borrowing countries to boost their economic growth. Maybe the new period in which we are entering calls for something somewhat different, but the difference should not be so much in the “what to do” but in “how to do it.” The annual report gives several examples of this by showing how various activities ADB is already familiar with have an impact on the social priorities

assigned by the international communities. Therefore the creativity of the institution should not be to find “something new again” but to “do the same by looking at it differently,” particularly by selecting those operations with a maximum positive side effect on poverty reduction and “pro-poor growth” as shown by a series of social indicators.

The preparation of the long-term strategic framework generated a lot of analytical work on various fields. One major field of investigation was ADB’s strengths and weaknesses. Two basic strengths we appreciate are ADB’s pragmatism and its ability to get things done quickly when the need arises, which is curiously in contradiction with one of its highlighted weaknesses, inefficient business procedures and weak delegation system. We are confident that ADB will quickly implement its proposals to redesign its operational business process presented one year ago and become even more responsive and pragmatic than before.

### **More Selectivity**

However, this being said, although this streamlining will undoubtedly save time and money, I am afraid it will not be enough to implement this ambitious agenda in a cost-neutral manner as some of us would have wished it. We are therefore once again confronted with the issue of selectivity and the recurrent dilemma of having the means of our ambitions or the ambitions of our means, while unfortunately the ambitions grow faster than the means available for their implementation. We hence reiterate our invitation of the closing session of the ADF VIII negotiations in Okinawa to put an end to the Christmas tree approach by which each occasion is used to add another layer of new priorities without subtracting any activity already under way. On the other hand, by its nature of wholesale financial intermediary, ADB is in our view at present ill-fitted to undertake some of its new missions; we should recognize the costs involved in pushing it into “new territories.” We therefore invite our fellow members and the institution to think about “the things we should not do” and to undertake a realistic assessment of the resources needed to achieve the long-term objectives assigned by the international community.

### **Conclusion**

To conclude about the long-term strategic framework, we have also been struck that this exercise of strategic thinking undertaken in all the international financial institutions has resulted in very similar conclusions. We are eagerly looking forward to seeing how these frameworks will be translated into specific regional answers.

Finally, as you know, on January 1st 2002, over 300 million Europeans will share the same currency. This will have repercussions all over the world. Through the continued increase of the economic and commercial relations between our two regions, we, Europeans are ready to share with the Asian region all the benefits of the introduction of the euro.