

GERMANY
Uschi Eid, Governor

May I express my sincere thanks to the governments of the United States and the State of Hawaii and their people. These islands, where East and West meet culturally - as President Chino rightly stated in his opening address - provide an auspicious place to discuss problems we share and find solutions we may jointly tackle.

We all know that development and economic growth are closely linked. The growth rates in Asia are still significant, but as everywhere and always, it is the quality of growth that is crucial. Growth is only healthy if the quality of life for the individual improves and is lasting. Growth must therefore be clearly focused on poverty reduction; it is a means to an end. The successful replenishment of the Asian Development Fund is a valuable contribution to achieve this.

Sustainable economic growth must include soundly financed growth that is adequately protected against sudden fluctuations in the mood of the financial markets. Some important political reforms in various countries have been embarked upon. Now it is a question of continuing steadfastly along this path.

We all agree that a pro-poor growth strategy is needed for sustainable economic development. But there is no blueprint for it, yet some elements are emerging, that is for example creation of opportunities for income generation, investment in human capital development, and agricultural development.

Participation of the concerned is one of the very important elements. This means that their creative potential and their desire to help themselves are harnessed. For the Asian Development Bank (ADB), that is more difficult than financing the physical infrastructure. ADB will increasingly have to look for partners in this area, both bilateral donors and also United Nations (UN) organizations and civic organizations. Viet Nam and Germany, for example, have piloted a social forestry system that creates employment and sources of income, integrates ethnic minorities, and regenerates the forest. The system used in Viet Nam has shown itself to be transferable. We would be delighted to share this, and other, experience with ADB.

Concerned people must be the motor of development. They must be given the room, the encouragement, the equipment, and the skills. That is, in my view, one of the most crucial factors in the success of development. In Asia, in particular, there is an almost inexhaustible pool of human intelligence and knowledge. Asia has great and ancient educational traditions. Yet spontaneity can only emerge and creativity can only develop and be used productively if the social, economic, and political environment encourages it, fosters it, and first and foremost, allows it the necessary freedom. Another thing is also very clear, without private sector involvement, ADB cannot achieve its goals. Therefore, private sector activities must become an integral part of ADB's operations and strategy.

Poverty is interlinked with many factors. Poverty does not just mean a lack of economic opportunities. Poverty means a waste of creative potential. Poverty leads to the destruction of the environment and vice versa. Asia provides us with some of the most alarming environmental statistics.

It is therefore very important that ADB stresses environment as a crosscutting issue in its long-term strategic framework. I appeal to ADB to take this task very seriously. I highly appreciate that President Chino in his opening address has put so much emphasis on this. With great interest I am looking forward to the discussion of the forthcoming policy paper on the environment. Environmentally sound measures, for example water protection measures, must be implemented within each and every suitable program of ADB.

Sustainable development in Asia can only be achieved if any further destruction of the environment is prevented. ADB's plan for example to become involved in preserving biodiversity in protected areas is a good start. The fact that 60 percent of the world's plant and animal species live in Asia is, in itself, in many ways a resource whose value should not be underestimated.

The Asian countries are not yet amongst the greatest emitters of greenhouse gases. But if the rethink prompted by the 1997 crisis does not result in more environmentally compatible patterns of production and consumption, then that will change very rapidly. Asia must now be cognizant of its share of global responsibility. At the moment, this can still be done at a lower cost - and can prove extremely economically viable even in the short term. Increase of energy efficiency, broader use of renewable energy, and installation of environmentally compatible technology are necessities Asia cannot ignore.

I welcome that President Chino is leading ADB in making great efforts toward adjustment of its internal structure to changing challenges. The strengthened country focus - including performance-based lending - must be mirrored in its future organization. We will continue to support ADB in achieving adjustments toward its newly formulated goals. This must also impact on the role of the Board of Directors. As you know, I, together with many colleagues, have over the past few years particularly supported ADB in devoting its attention to the implementation of its poverty-reduction policy. I believe that this is still our shared vision. ADB must build on its comparative strengths within the concert of the multilateral development banks.

The concept of poverty reduction - qualitative growth and a responsible attitude toward the environment as a part of development - is fully in keeping with the goals defined at the UN Millennium Summit, which reflect the complexity of poverty. The participating countries pledged then to develop action plans on poverty reduction.

Germany presented its Program of Action last April. It will also serve as a basis for even closer and more intensive cooperation with Asian countries and with ADB. Before I close, I would like to reiterate a warm welcome to Portugal, which will

soon be joining ADB, and to Luxembourg, which hopefully will join us in time for our next meeting.

I am optimistic that the successful cooperation amongst shareholders, and with you, Mr. President, as well as with the staff will continue.