

AUSTRALIA

DARYL WILLIAMS, Head of Delegation

May I first express my appreciation to the Government of the People's Republic of China and the city of Shanghai for their warm hospitality in hosting this Thirty-Fifth Annual Meeting of the Asian Development Bank (ADB). Australia would like to welcome Portugal as ADB's 60th member. We would also like to congratulate ADB's President, Tadao Chino, on his reappointment.

Economic Growth, Poverty, and Development

The international community has made real gains in reducing poverty. Over the past decade, poverty has fallen faster than ever before, with the proportion of people living in poverty around the world being reduced from one quarter to one fifth. Progress has been particularly evident in the Asian region and is clearly exemplified by the achievements of our host country, the People's Republic of China.

Further progress in reducing poverty requires strong and sustained economic growth. Despite recent weakness, prospects for the world economy have improved markedly, and in the Asian region, evidence of a recovery is emerging. The imperative now is for all of us to ensure that this recovery is fostered and strengthened. However, for developing countries to benefit most, they will need to look toward more closely integrating themselves where possible into the global economy. It is no coincidence that those developing countries that have had some of the fastest trade growth over recent decades have also seen faster income growth than industrial countries.

We welcome the agreement reached at Monterrey that attacking poverty and promoting development requires a partnership between developed and developing countries. This partnership must be grounded in national government responsibility for, and ownership of, the development process. A key feature of this partnership includes sound policies, governance, and institutions in the developing countries themselves. These underpin development by enabling effective use of external assistance, utilizing trade opportunities, and attracting foreign investment.

We strongly endorse the importance of lowering all trade barriers, particularly barriers on agriculture, in promoting growth and development. Reducing barriers to trade and expanding trade opportunities could lift an additional 300 million people throughout the world out of poverty by 2015.

Effective Use of Aid

To make inroads against poverty, aid must also be better used. Aid should be targeted to developing countries' needs and capacities. All country plans, including those of ADB, need to be coordinated with all key development players, fully engage governments, and provide for input from civil society. The greater country focus derived from the recent reorganization is an important step in improving ADB's capacity to deliver more effective aid. We support ADB in working toward timely implementation of its new structure.

Aid is most effective when directed to countries with good policies and institutions. We support focusing aid allocations on good performers, but recognize the need to support those who are not, through appropriate assistance. In this regard, Australia values ADB's work to support countries in improving their governance and institutions, and consider this to be a major role of ADB.

Gains in aid effectiveness can also be made through improved coordination and harmonization of operational policies and procedures by donors. We welcome the signing of the memorandum of understanding between ADB and the World Bank. Close cooperation between these institutions is vital, particularly in smaller countries. We also recognize the special role ADB can play in fostering regional cooperation.

Asian Development Fund And Reform

Many improvements in ADB's policy framework have been made in recent years, but the challenge now is to continue that progress, and to ensure that it results in improved development outcomes on the ground. Australia is a very strong advocate of the reforms agreed as part of the Asian Development Fund (ADF) seventh replenishment (ADF VIII). In particular, Australia supports those measures targeted to improve country focus and internal accountability, and strengthen evaluation systems and measurement of development impact. Australia is keen for ADB to develop meaningful indicators for these important reforms prior to the ADF VIII midterm review to ensure that the intent of the ADF reforms is realized in full.

Another important aspect of the ADF VIII reforms is improved engagement with civil society. Australia supports the opening of ADB's NGO Center and its valuable role in promoting greater interaction between ADB and civil society. As an expression of our commitment to the center's task, and our desire to see it succeed, Australia has provided assistance toward the development of a framework for ADB-NGO cooperation.

All these reforms are important in improving the effectiveness of ADB's poverty reduction efforts. However, ADB can only continue to have an impact if its own financial position is safeguarded and we urge ADB to undertake all internal measures to do so.

Before closing, I'd like to make a comment about the recent inspection of ADB's Samut Prakarn Wastewater Management Project in Thailand. This was ADB's first full inspection, and therefore not surprisingly, it identified a range of deficiencies in both the project and the inspection process. Importantly, the inspection also presented ADB with a valuable learning opportunity. ADB's standing in the international community will be

enhanced by displaying a capacity to move forward from this inspection in a constructive manner and to incorporate the lessons learned.

In this vein, Australia welcomes the review of the Inspection Function and considers its timely completion a key priority for ADB. A positive outcome to the review, which furthers transparency and accountability, will signal that ADB is truly committed to continual improvements in its effectiveness. We look forward to working with ADB over the next year on this review, and at the broader level, to achieve poverty reduction and development in the Asia and Pacific region.