



GERMANY

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Let me express my sincere thanks to the Government of the People's Republic of China and to the city of Shanghai, where people have been working so successfully to reconcile the heritage of the oldest living civilization of the world and the challenges of globalization. This is indeed the right location for finding joint solutions to significant problems faced by Asia and the world.

The Asian Development Bank (ADB) has taken major strides during this past year to focus on the international development goals, the Millennium Development Goals. It is now the time to strengthen the implementation process. The Board has adopted policies for performance-based allocation of the Asian Development Fund and discussed a promising draft environment policy for ADB.

President Chino's speech at the annual meeting of the Board of Governors in May 2001 was an important step forward, when he named poverty, environment, and globalization as the three major challenges that Asia would have to confront in the 21st century. He said that it was the preeminent task of ADB to help Asia in that endeavor. For us, this means that whenever there are conflicts between targets, for instance between poverty reduction and growth, the solution must be found by means of assessing the anticipated results of a given program or project in the light of the needs implied by the three major challenges.

In the unfavorable environment of the world economy in 2001/02, many of the countries of Asia still reached impressive growth rates. While the outcomes are expected to be even higher in 2002/03, active policymaking will continue to be needed to achieve poverty reduction. Even in the 1990s, there was only isolated evidence of a trickle-down effect.

We now look forward with great expectations to ADB's country strategy and program papers and to its new projects. How successfully will they be focused on the millennium goals? This focus need not imply a marked change in the sectors in which ADB is involved. Of course, infrastructure projects, too, can be pro-poor and, at the

same time, highly progrowth. The fact that the macroeconomic benefit of, for example, rural roads cannot be measured as easily as that of highways should not discourage us.

In our discussion on ADB's environment policy, we need to find a solution that does justice to the special threats to the environment existing in many Asian countries. In those places, the victory over hunger and the growth of the past few decades has been so costly for the environment that the countries concerned cannot afford to make any more environmental sacrifices for further growth. In ADB's environment policy, the principle of country ownership must apply just as in other areas. As the "principal banker" and "family doctor" of many Asian countries, it bears responsibility vis-à-vis the countries themselves, but also vis-à-vis all shareholders and the general public.

The upcoming World Summit on Sustainable Development to be held in Johannesburg this autumn will uphold the momentum of the subject of sustainable development. The Rio process has become irreversible over the past decade and we have no doubt that future administrations must act in the same spirit.

In view of the goals we share, a clear and responsible environment policy on the part of ADB is vital for achieving sustainable development in Asia and worldwide.

Implementing the Monterrey decisions, and especially providing them with a financial basis, requires lasting public support. ADB can only sustain such support if it enjoys recognition as a learning institution, a reputation sought even by the global players of the private sector today. Although we welcomed ADB's guidelines for its inspection policy in 2001 we find it regrettable that the first test case had a disappointing end. There is now an urgent need for us to look jointly for a solution that is acceptable to all shareholders and that meets the expectations of the public in terms of performance.

Germany greatly welcomes ADB's active and significant involvement in Afghanistan. The Afghans themselves and the international community there must succeed in eliminating the poverty-based roots of civil war and terrorism. Other equally dangerous roots of terrorism in Asia, but also in other parts of the world, including Europe, roots that are based on ethnic, cultural, or religious tension, constitute an even greater challenge to good governance. Wherever ADB is in a position to support relevant efforts by improving the outlook for development, we will continue to encourage it to do so.