



NEW ZEALAND

(Governor ad Interim or Head of Delegation)

I extend New Zealand's appreciation to our hosts for their excellent organization of this meeting, and concur with fellow delegates' positive comments about Shanghai.

Regional Economic Situation

The New Zealand economy is now much stronger than expected a few months ago. Indeed, the New Zealand economy is already operating at close to full capacity. Economic recovery is taking hold in non-Japan Asia sooner and stronger than had been expected a few months ago, and the pickup in United States' economic activity has flowed through to New Zealand.

Nevertheless, the global economy is still not as strong as it could be. Significant risks remain. Japan continues to have major difficulties, and the United States' recovery appears at least slightly at risk when one considers the balance of payments. Significant policy challenges remain in Asia to ensure a transition to sustainable growth, stable macroeconomic policies, and progress on structural reforms.

The International Development Cooperation Architecture

We have seen a remarkable past six months in discussions on global development issues. At the Financing for Development Conference in Monterrey, developed and developing countries reached an unprecedented agreement on the direction of our joint efforts to reduce poverty in line with the Millennium Development Goals.

Policy coherence is vital, not only for developing countries so that efforts in one sector are not undone by conflicting policies elsewhere, but for donors too: rich countries that maintain billion dollar agricultural subsidies and trade barriers contradict their assertions of commitment to developing countries. We look forward to rapid and thorough agricultural liberalization for a true World Trade Organization development round. Taken together, Financing for Development, the Doha Development Agenda, and

the prospective World Summit for Sustainable Development outcomes, set us on the path to a new era in development.

My Government will be establishing a new development agency, with a central focus on poverty elimination, to work with our key partners in the region and on the global stage. The new agency will continue to work closely with the Asian Development Bank (ADB) on development solutions for the region, and especially in the Pacific.

ADB Governance and Development Effectiveness

Reducing poverty is not easy. We have learned from experience and analysis that common principles characterize effective development, strong country ownership, partnerships of mutual respect, good policy environments and governance, and targeting assistance to priorities that have the best chance of making progress. Questions of governance and effectiveness apply equally to the multilateral development banks.

ADB has much in common with other development banks. They all compete for donor funds, clients, and projects. This competition is useful to the extent that it encourages specialization, better resource allocation, best practice, benchmarking, and piloting of new ideas. The downside is duplication and overlap when using scarce aid dollars. To overcome these concerns, New Zealand considers that increased specialization and increased cooperation among the multilateral development banks would increase the overall effectiveness of the development banks.

The objective of reform of ADB should be to find new and better ways of promoting poverty reduction. This should be a process of constant learning and innovation.

New Zealand would like to again endorse the President's work in addressing issues relating to ADB's internal governance and external transparency. This transparency can initially feel uncomfortable, and require adjustment to operations and even to culture. The Inspection Function of ADB is a vital expression of the commitment to transparency. Findings may well lead to hard questions being asked of ADB. The ultimate benefits of transparency, however, are quite clear: A development partner that is trusted, effective, and receives shareholder and stakeholder support.

We welcome ADB's reorganization to date and the country focus given to this process. In responding to the strengthening of ADB's strategic framework based upon the rededication of the objective of an Asia and Pacific free of poverty, it is observed that the initial effort has centered on the operational aspects of ADB. It is now time to reexamine the role played by the Board of Directors, President, and vice presidents.

In this era of greater accountability and responsibility of international organizations to their members, ADB must continue to lift the hurdle of internal administrative governance.

We expect the Board to be more accountable for the achievement of ADB's goals and through the subcommittees of the Board to report more openly on their work program and outcomes. This applies particularly to the Development Effectiveness Committee.

ADB in the Pacific

New Zealand welcomes the growing commitment by ADB in addressing the unique challenges facing the region. New Zealand also appreciates ADB's involvement in East Timor as a key player in the reconstruction effort.

We are especially pleased to see the creation of the Pacific Department following the ADB reorganization. Given the complexities of the development issues facing our Pacific partners—including vulnerability, isolation from markets, postconflict trauma, and diverse social and cultural settings—we urge ADB to fully support and resource its Pacific operations, both in Manila and in the field.

We look forward to increasing dialogue with ADB and our development partners on aid coordination and harmonization in the Pacific region. A key factor in this will be the location of an office in the Pacific. I should make New Zealand's position clear. A Pacific office should be established in one of the three Pacific island nations that have offered to host it. It would be inappropriate for the office to be established, even on an interim basis, in either New Zealand or Australia.

In conclusion, on behalf of New Zealand, I wish to extend to President Chino, the management and staff of ADB, our appreciation for their efforts and endeavors in the fight against poverty over the recent year.