

STATEMENT

By

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Governor for Tuvalu

On behalf of

**COOK ISLANDS, KIRIBATI, MARSHALL ISLANDS, FEDERATED STATES OF
MICRONESIA, NAURU, PAPUA NEW GUINEA, SAMOA, SOLOMON
ISLANDS, TONGA, AND VANUATU**

I have the great honor to speak on behalf of my fellow governors from the Pacific developing member countries (PDMCs), which include the Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu at this Thirty-Fifth Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). Our other fellow member country, the Fiji Islands, will be tabling a separate statement.

I would first like to associate myself with the previous speakers in thanking the people and Government of the People's Republic of China, especially the beautiful city of Shanghai, for their warm hospitality in hosting this meeting. I would also like to take this opportunity to congratulate and warmly welcome Portugal as the 60th member of ADB. On behalf of my fellow governors, I would like to congratulate President Chino on his second term as President of ADB. I am confident that he will continue to play a valuable and effective leadership role in the pursuit of ADB's overarching goal of poverty reduction.

May I, at the outset, also acknowledge the generous contributions of the donor countries to the Asian Development Fund, a source of funding which has greatly benefited some of our PDMCs.

The year 2001, in the wake of the September 11 events, saw world production greatly affected. The fallout however has been far greater for some of our member countries, highlighting the vulnerability of our small, open economies to exogenous shocks with real gross domestic product (GDP) for the region falling by 0.8% and GDP per capita dropping by 3%. Overall, there was mixed performance with recession in

Papua New Guinea, Solomon Islands, and Vanuatu, while other economies in the region managed to hold their own against the effects of this tragedy. Some of these countries also experienced natural disasters adding to the impact already felt from this tragic event.

Despite the setbacks experienced by the region, we are cautiously optimistic that there will be improvement given the strong growth recorded by some member countries, and the ongoing reforms in most of the PDMCs, which are likely to have a positive effect on growth. We would naturally look to ADB and our partners in development for financial and technical assistance to support our recovery efforts, and toward sustainable development.

We welcome the reorganization of ADB. This restructuring highlights ADB's efforts to increase its efficiency and effectiveness in the delivery of its mandate on poverty reduction and long-term strategic framework agenda. We welcome the structural changes and new business processes that have direct implications for ADB's responsiveness to the borrowing member countries' needs. We note particularly with appreciation the upgrading of the Office of Pacific Operations to a Pacific Department. We are encouraged by this commitment by ADB to its small island states from the Pacific and feel confident this arrangement will strengthen the partnership ADB has with its PDMCs.

As part of ADB's strategic approach to poverty reduction, we note the problem of achieving a regional agreement as proposed by Management owing to the difficulty in coordinating respective members' approval processes, which also need to take on board wider stakeholder consultation. In this regard, my fellow governors propose to have in place instead national agreements to progress this strategic approach further.

For the period ahead, we are in complete agreement with the thematic assessments proposed by Management as strategic areas for the focus of its next Pacific strategy, particularly in the areas of information and communication technology development, environment, private sector development, and good governance. All these themes have a direct impact on poverty reduction, and ADB's assistance thereto in identifying the impediments and solutions in partnership with us, will no doubt assist us in developing appropriate policies to achieve this goal.

The issue of good governance remains of paramount concern, in relation to the institutional capacity of some of our members to undertake the necessary reforms in some of the areas as in public administration. We do acknowledge as well the delays in engaging civil society participation in some of our member countries, while in others, there has been progressive achievement made in their participation in the processes of government.

We support the efforts of ADB to streamline its operations in the Pacific region, and express our appreciation for the establishment of a resident mission in Papua New Guinea. We have also been advised of ADB's intentions to establish another resident office for the Pacific. We fully support this proposal, and would strongly urge that such an establishment be located in one of the PDMCs.

Finally, we would like to acknowledge ADB's responsiveness to our unique problems, needs, and vulnerabilities. The capacity to develop basic infrastructures in transportation, communication, affordable energy, potable water, quality education, and health services, including our ability to attract foreign direct investment is severely limited in most of the PDMCs. The added risk to the environment of rising sea levels from global warming and climatic change is a real threat faced every day by most of our member island countries, further exposing our vulnerability. Strengthening our partnership with ADB and the development assistance community at large will bridge some of these gaps, as we ourselves work to reform our economies to take advantage of our natural resource base and capacities toward sustainability for survival.

May I thank you again President Chino, ADB's Management and staff, in particular our Pacific Department and constituency offices for another year of much valued contribution to the region. We wish you all a successful year ahead, and look forward to working with you to achieve our estimable goal of poverty reduction.