

SPAIN

GONZALO RAMOS, Head of Delegation

It is my honor to address this meeting on behalf of the Government of Spain. Allow me first to join others in thanking the people of the People's Republic of China and the Shanghai authorities for their warm hospitality, as well as the Asian Development Bank (ADB) for the organization of this event. It is also my great pleasure to take this opportunity to welcome Portugal very warmly to our constituency at ADB.

This annual meeting is the first after the September 11 atrocities. The ensuing uncertainty brought about an economic slowdown that posed serious challenges, but the international community reacted promptly and with strong coordination. Latest data signal the beginning of a worldwide recovery, with a global growth rate of 2.8% estimated for 2002 and 4% in 2003. If this scenario is confirmed, we could conclude that the downturn has been less pronounced than previously expected.

Allow me to address the issue of development effectiveness. The fight against poverty must continue to be on top of our agenda. From this point of view, the consensus reached in Monterrey must be transformed into practical steps, if we are to achieve the millennium goals.

First and foremost, developing countries have a crucial role to play in ensuring, through appropriate structural reforms and policy measures, that a stable and enabling environment is in place for generating, attracting, and channeling adequate resources, be they domestic, external, private, or public.

Secondly, trade liberalization is needed to foster economic growth, thus contributing to poverty reduction. It is essential that protectionist measures are resisted both in the developed and developing world.

Finally, it is important to recognize that greater efficiency in the use of official development assistance (ODA) is as important as increasing ODA flows themselves. In this respect, under the current presidency by Spain of the European Union (EU), the EU agreed in Barcelona that collectively a EU average of 0.39% of gross domestic product (GDP) be reached by 2006. All EU member states will strive to reach at least 0.33% of ODA/GDP by 2006. This means an additional €7 billion of additional ODA by this date.

Allow me now to address some issue regarding ADB. During 2001, ADB has been able to carry out a relevant internal reorganization. The new LIBOR-based lending system is bringing important benefits to borrowers. At the same time, the definition of the main lines of policy, regarding private sector, long-term strategic framework, and other sectorial policies has been completed.

However, we would like to share with you our concern for the trend reduction in ADB's operations both in lending levels and private sector operations, as well as in technical assistance. ADB should aim to maintain lending levels at least equal to its recent historical average, with greater emphasis on private sector operations. At the same time, we note the gap in financing the provision of knowledge-based products and services.

I also wish to address the issue of the possibility of conducting a general capital increase. Two years ago, in Chang Mai, we agreed on the need to produce a report on the financial scenarios facing ADB. Given the current limit on authorized capital of ADB and the likely need for a higher volume of lending in the short and medium term, we strongly urge ADB to produce such a report on the need for a general capital increase.

The private sector is the driving force of economic growth. More resources should be used to finance private sector development, up to a full use of the statutory limit, creating good conditions for investment. However, we must recognize that official financing of private sector development is quantitatively marginal. The development of the private sector does not depend as much on the availability of official finance as on the existence of an investment-friendly environment. ADB has still a major role to play in facilitating the development of this environment by favoring institutional capacity building and creating good regulatory systems.

Faced with the crisis in Afghanistan and neighboring countries, ADB and you, Mr. President, have shown determination. I want to underscore the importance of ADB's commitment of \$500 million to the reconstruction of Afghanistan taken in Tokyo last January. Congratulations, Mr. Chino for your very swift response and for a job well done.

In this context, it is my pleasure to announce that Spain has committed \$100 million to the reconstruction effort in Afghanistan and neighboring countries, and has decided to do so together with, and through ADB. Specifically, Spain has committed an additional contribution of \$100 to the Asian Development Fund. This brings Spain's share in the Asian Development Fund to over 4% of the total. The Government of Spain firmly believes in joining forces to strengthen ADB's ability to address the pressing needs of the region. We hope that this contribution will encourage other donors to follow suit.