

## **AUSTRIA**

### **MARCUS HEINZ, Alternate Governor**

It is a great honour for me to speak to you today on behalf of the Republic of Austria. Please allow me to begin by thanking the Turkish authorities for hosting this Annual Meeting and the people of Istanbul for their warm welcome and hospitality. The beautiful city of Istanbul has always symbolised openness and cultural diversity at the juncture of Europe and Asia. It, therefore, provides us with the perfect setting for further vitalising the partnership between our two continents.

Let me also congratulate you, President Kuroda, on your election as the 8<sup>th</sup> President of the ADB. Asia is facing a multitude of challenges such as the widening gap between the rich and the poor, the negative aspects of globalisation and climate change — to name but a few. The continued relevance of ADB for the region on these and other issues depends on the focused leadership you will provide in the coming years.

### **Tsunami**

The Tsunami catastrophe presented an external shock of unprecedented magnitude, causing widespread devastation for some Asian countries and leaving a previously unimaginable number of people dead. Beside the tragic death of thousands, many — without work and hope — were also driven back into poverty. In this context, the ADB has acted quickly and with focus. Austria hopes that the ADB will continue to present a leading example of immediate and coordinated aid taking into account that sustained support for a longer term is necessary to help the tens of thousands of persons afflicted.

### **Millennium Development Goals (MDGs)**

With this in mind we should in general not lose sight of our longer term goals. This year, the international community will evaluate the progress in achieving the MDGs. Although very positive results in some Asian countries have already been achieved, much still remains to be done. High growth rates certainly enable further economic development, yet, parts of society may be bereft of the benefits of economic growth. Economic policy thus should be accompanied by pro-poor social policy to mitigate increasing wealth disparities and inequality between social groups.

The ADB itself should continue to make the MDGs the cornerstone of all of its operations in the region. It should keep the fight against poverty as the overarching goal and implement the enhanced poverty reduction strategy adopted last year with a clear focus on managing for development results.

### **Climate Change**

After the Kyoto Protocol has now come into effect, Austria believes that the ADB should also start to become more conscious about the role it should play regarding Climate Change in the region. ADB carries a responsibility here both towards its Member Countries, where the Pacific States are counted amongst the most vulnerable, and towards the poor themselves. The poor are the ones least able to shield themselves from the effects of Climate Change such as desertification and rising sea levels. ADB should help in the preparation for this "Long Term Tsunami" that is going to hit the region and should further expand its advising role in the policy dialogue with governments. It should also further extend its expertise and

knowledge in areas such as the Clean Development Mechanism, where potential additional financial resources for Asia are currently lying undiscovered.

### **International Trade / Regional Integration**

Last year, the world economy was characterised by uneven and moderate economic expansion in industrialised countries. Asia, however, succeeded to be one of the most dynamic economic regions worldwide with overall impressive economic growth rates between 6.5% and 7.5%. This expansion was driven not only by an increasing internal demand but also by rising exports to the neighbouring countries and the rest of the world. Export growth benefited from competitive advantages, regional integration, favourable exchange rates and a further reduction of trade barriers. Thus, inter- and intraregional trade is increasing, leading to favourable economic conditions for most of the Asian countries. However, it will be important to link further trade reforms with measures — such as the creation of social safety nets — which serve to lessen the negative side effects of globalisation especially on the poorest and most vulnerable parts of society.

### **Good Governance / Private Sector Development**

In general, stable and predictable economic conditions are a prerequisite for a positive business climate, conducive to investment and economic growth. But this business climate is marked not only by a sound macroeconomic policy enhanced by structural reforms, fiscal discipline and a stable financial sector. Only transparent public institutions, well defined property rights, reliable enforcement mechanism, information and transparency of all activities, in short: a system marked by Good Governance will create — in the medium and long term — a stable business environment, where investors can count on predictability and transparency. Austria considers this to be the most influential precondition for long-term growth.

### **Internal Reforms**

In order to keep its relevance for the region, Austria hopes that ADB will stay the course on its necessary internal reforms. In order to meet all the internal organisational requirements of a learning institution, the Bank constantly has to be open for new ideas and willing to consider further internal reorganisation where appropriate and most effective. We note that some change is — slowly — taking place. We consider the implementation of the Human Resource Strategy together with the Innovation and Effectiveness Initiative as priority areas which should be focused on in the immediate future.

In the same vein it is very important to monitor and to strictly control the costs of all operations. We hope that the ADB will continue to strive to be a "lean and mean" institution and use resources wisely and with a focus on operations and knowledge building. This should be supported by rigorous audit and evaluation mechanisms that monitor all activities and will be crucial for the improvement of transparency and accountability and the achievement of tangible development results.

In conclusion, I want to thank you, President Kuroda, for taking over the helm at ADB and your staff for their fine work accomplished over the past year.

Thank you very much for your attention.