

SWEDEN**ANDERS OLJELUND, Head of Delegation**

Let me join those that have thanked the Turkish authorities and the City of Istanbul for hosting this year's Annual Meeting in these superb cultural surroundings bridging Asia and Europe, for their warm hospitality and excellent arrangements.

I would also like to extend my warm congratulations to President Kuroda on his election as the eighth President of the ADB. When he took office, the devastating Tsunami had recently struck several coastal communities around the Indian Ocean basin. President Kuroda showed strong leadership from the very beginning of his term.

With the September UN Summit looming large, today I would like to cluster my remarks around the Millennium Development Goals (MDGs). ADB clearly has the capacity to assist and equip the countries of Asia and the Pacific in the challenge they face to attain the millennium targets by 2015. Sweden thinks of the ADB as so much more than a Bank. We look upon the ADB as a development institution with a crucial role to play on the MDGs. In this context, there are particularly four general issues that we expect the Bank to focus on.

First; the economic growth in Asia and the Pacific that has prevailed during the last years has been impressive and will remain a major driving force for reducing income poverty. This is the most important lesson to learn from Asia: poverty is possible to eradicate! Here Sweden welcomes ADB's strong support to regional economic integration and to creating an enabling environment for private sector-led growth. The second lesson is that growth is difficult to distribute evenly. Income figures of the Region hide large variations between and within countries. Measures for stimulating growth must therefore be complemented by actions targeted at making it more equitable. As a regional development institution the ADB has a distinct advantage of being able to support its Developing Member Countries where markets may fail. This calls for an increased focus on good governance, fighting corruption, social services delivery and building efficient and accountable institutions; elements that are fundamental if growth is to be made equitable and sustainable. ADB must constantly pose the question of who will benefit from its operations, and to tell what impact actions have on poor individuals and the possibilities to meet the MDGs. We must not forget that our objective is poverty reduction.

Second; aligning our development aid to countries' national priorities, coordinating support and using country systems in a harmonized way are crucial undertakings if aid is to be used more effectively for the MDGs to be met in time. These undertakings are clearly spelled out in the Paris Declaration. Harmonization and results-based management must now be taken to the ground. ADB already has a comprehensive tool-kit in the form of the Reform Agenda, outlined at the start of the ADF IX negotiations. The real challenge for us pertains to ensuring quality in implementation at the country level. In this regard, Sweden particularly welcomes the commitment of President Kuroda to turn ADB's system for managing for development results fully operational.

Third; I firmly believe that the next Medium Term Strategy (MTS) should have the potential to manage and pull ADB's different reform processes in one direction. In order to make best use of the resources and knowledge at hand, the MTS should provide guidance for clearer operational selectivity and focus. It should also help to further develop ADB's comparative advantages in a regional as well as in a global context. In our view, the strategy will be a crucial instrument to step up ADB's efforts on the MDGs, not least since it will cover the years 2006-2010 – a period that will be decisive for attaining the millennium targets by 2015. This is also a period when all multilateral institutions, including the ADB, will be measured against the undertakings that we will all make during the Millennium Summit. To this end the MTS must be closely aligned to ADB's Poverty Reduction Strategy and express a solid partnership between ADB and its member countries. Increased ADB efforts to engage in a strategic discussion with the Board of Directors are therefore something that Sweden particularly encourages.

The final point I would like to make cuts across the ADB as a whole and relates to the most valuable asset of the Bank - its staff. Without aligning staff incentives to performance, increasing accountability at all levels and introducing a merit-based system, we may fall short of implementing strategies and reforms aimed at effectively carrying out ADB's development mandate - something that would badly influence the Bank's role on the MDGs. Sweden therefore urges the ADB to proceed rapidly with the implementation of its Human Resources Strategy. It is crucial that management's commitment to implement is clearly visible to each and everyone within the organization, through transparent and merit-based selection processes and enhanced gender equality.

In 2015, we will look back on past actions. We will ask ourselves: How effective have our efforts been in reducing poverty and improving the lives for millions of poor people? We have listened to what President Kuroda has said on several occasions, and we are optimistic of ADB's commitment to attain the MDGs. ADB's guiding vision – Asia and the Pacific free from poverty – is one Sweden deeply shares. Therefore we remain very supportive of the Bank and its new President, Mr. Haruhiko Kuroda.