



39TH ANNUAL MEETING

BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

GS-49

AUSTRALIA

Peter Dutton, Head of Delegation

I would like to warmly thank the Government of India for hosting this 39th Annual Meeting of the Asian Development Bank. I would also like to congratulate Mr Kuroda on his first year of achievement as President of the Bank and to welcome Vice President C. Lawrence Greenwood to the ADB senior management team.

The Asian region has achieved remarkable economic and social development over the last decade, reflected through strong growth in per capita incomes.

However, this is not the case for all of the ADB's developing member countries. In particular, the Asia and Pacific region contains around 15 weakly performing countries where there has been little or no growth in per capita incomes for many years.

Of course, income is only one part of the equation. As highlighted by the recent World Bank *Global Monitoring Report*, all regions will have difficulty in meeting at least some of the non-income Millennium Development Goals (MDGs), with South Asia singled out along with sub-Saharan Africa as being off track on all of the non-income goals. Clearly, enormous challenges still lie ahead.

Australia's commitment to assisting the sustainable development of poor countries in our region is highlighted by the Government's goal to increase our aid budget to about \$4 billion by 2010. Embedded in this goal is the principle of mutual accountability, with the increase in Australia's aid budget conditional on strengthened governance and reduced corruption in our partner countries.

The strategic framework for Australia's aid program, as outlined in the Government's aid white paper, demonstrates our commitment to poverty reduction, sustainable development and progress towards the Millennium Development Goals. It reaffirms the focus on improving development outcomes in the Asia and Pacific region by promoting sustained economic growth, fostering functioning and effective states, investing in people and promoting regional stability and cooperation.

The white paper also outlines several initiatives for working closely with the multilateral development banks, which we envisage will include greater collaboration with ADB across several fronts.

While we are taking steps to strengthen our aid program, the Australian Government also recognizes that aid, by itself, does not constitute a growth strategy. If we are serious about addressing the challenge of global poverty, trade reform is critical. The current round of



trade negotiations is crucial and I implore ADB member countries to display leadership by dismantling trade barriers.

We note that ADB will soon release its medium-term strategy for 2006-2008 to address the short-term challenges stemming from the region's rapidly evolving development environment.

The medium-term strategy provides an important opportunity for ADB to become even more effective in bringing prosperity and opportunities to people in the region, particularly in those weakly performing countries that need greater assistance. ADB can and should redouble its efforts to help build the institutional capacity of developing member countries and support private sector development through integrated country strategies.

While we acknowledge that the process for ADB's second medium-term strategy was truncated so as to address pressing short-term issues, we hope that the process for the next medium-term strategy will afford greater opportunities for a thorough consideration of members' views.

We therefore applaud President Kuroda's announcement that the ADB will review its long-term strategic framework over the next 2 years.

We look forward to a wide-ranging, widely consultative and transparent review process. This is important for the review to be credible, internally and externally, and influential in shaping the future of ADB over the longer term.

One tool for improving development outcomes in the region is the contribution that ADB can make to strengthening regional cooperation and financial integration. The Asia and Pacific region has much to gain from pursuing integrated, market-oriented, and outward-looking policies, including through free trade. ADB's interest in greater regional cooperation and integration should be guided by its poverty reduction mandate and regional economic development objectives. We encourage the Bank to assess its role in this area within the context of the proposed long-term strategic framework review.

Australia congratulates ADB on introducing broad-ranging operational reforms during 2005. We look forward to ADB dispensing with its loan approvals focus and further embedding a results-oriented learning culture to ensure that operational structures and practices are aligned with ADB's strategic objectives.

In particular, we strongly support ADB's new human resources strategy, which is aligned with Australia's long-standing view that recruitment and selection processes should be transparent, open, and merit-based. Indeed, we would like to see ADB's human resources strategy extended to all levels of ADB management, including changing the convention that appointments to senior management positions are restricted to certain countries or regions. We would like to see a united, empowered management team working together to lead the ADB through the management challenges that still lie ahead.

We live in the world's most dynamic region. However, rapid aggregate economic growth and reductions in poverty have not been evenly shared. Large numbers of people still live in extreme poverty in our region, including in weakly performing countries that have the greatest need for our assistance.

Australia looks forward to continuing our strong partnership with President Kuroda and the rest of the ADB team in the fight against poverty in the Asia Pacific region.