



# 39<sup>TH</sup> ANNUAL MEETING

## BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

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**GS-31**

### **AUSTRIA**

**Marcus Heinz**, Alternate Governor

I feel very honored to speak to you this morning on behalf of Austria at this Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). Like many of the previous speakers yesterday, I would like to thank the Indian authorities and the city of Hyderabad for their warm welcome, their hospitality and the excellent organization of this meeting.

Let me also start by taking the opportunity to welcome Armenia and Brunei Darussalam as new members of the Asian Development Bank. It is a particular pleasure to see that the community of ADB member countries is still expanding.

#### **Macroeconomic Development**

In 2005, Asian economies recorded average growth rates of a remarkable 7.4%. Most countries also managed to keep inflation under control, despite some pressure from high oil prices. Beside internal reforms and increasing internal demand, favorable external economic conditions and high foreign demand have contributed to this remarkable upswing of the Asian economies. Currently, the People's Republic of China, India, and Japan account for one-fourth of global output and this economic dynamism is spreading out to the rest of the region. In sum, the Asian economies are undoubtedly one of the driving forces for the worldwide economy.

This economic dynamism presents an opportunity for the region to tackle the problem of poverty. In fact, overall the region is doing well in its progress toward the attainment of the Millennium Development Goals (MDGs), although more has to be done in a region where still about 70% of the worldwide poor are living. The positive economic environment presents a unique opportunity for the region to make ongoing growth processes more equitable and more pro-poor-oriented. ADB thus has to make every effort in its programs and loan policies to contribute to the overarching goal of poverty reduction.

#### **Internal Bank Reforms, First Year of the Presidency**

This fast changing environment presents a challenge and an opportunity to ADB, to which it has to find the right answers. Mr. President, during your first year at the helm of this Bank, we already observed some positive reforms and promising steps toward internal restructuring that are pointing in the right direction. Austria welcomes in particular all the initiatives for more flexible and effective development financing instruments that respond to client needs and mobilize resources efficiently. The vice presidents of ADB should support you in this, Mr. President, by filling meaningful management roles.

As regards transparency and objectivity within ADB, which is vital for motivated staff and any well functioning organization, we are particularly pleased with ADB's review of the



governance and anti-corruption policy. Detecting weaknesses and formulating adequate responses to them is without doubt a sign of the strength of any institution.

Concerning revisions and reforms, we also regard the revision of the procurement guidelines and guidelines on the use of consultants to be significant. Harmonization of procedures between multilateral development banks is fully in line with the aim of lowering transaction costs for developing countries.

### **Energy Efficiency, Clean Energy**

In order ADB to stay relevant to its clients, it is important that it develop its comparative advantages. Austria believes that one such opportunity is offered by the need to provide clean and efficient energy services to the mostly underserved majority of people in the Asia and Pacific region. This is becoming even more important under the current continuing fast economic growth in the region, where we consequently face an ever increasing demand for energy.

To enhance access to clean and efficient energy technology, better use of old technologies and the development of new ones are crucial. The focus has to be on renewable energy, such as solar, wind, hydro and biomass sources. Austria considers international cooperation to be extremely important and we not only encourage ADB to play a greater role in the provision of clean and efficient energy projects, but also to participate actively in international cooperation programmes such as the World Bank Initiative for an Investment Framework.

However, let me also add as a caveat that Austria cannot support the inclusion of nuclear energy under the title of 'clean energy'. Nuclear energy cannot be brought into line with the principles and priorities of sustainable development. If all costs are taken into account, it is not a cost-efficient, feasible way to combat the greenhouse effect.

### **CMI/International Cooperation**

Cooperation is the keyword for addressing issues of global public goods or global public threats that affect both developing countries and developed nations. As well as such disasters as the South Asia earthquake and the immediate threat of avian influenza, we are also concerned by the long-term threat of global warming. Austria, therefore, welcomes the efforts of the ADB to set up a new carbon market initiative (CMI) and has an active interest in contributing to it.

The CMI initiative of the ADB was also discussed during the recent Seventh Asia-Europe Meeting (ASEM) of finance ministers in Vienna. The ministers welcomed the initiative and emphasised the need for links and coordination with existing and developing schemes.

These initiatives are vital signs of an intensifying cooperation between nations and even between continents. In this dialogue, ADB should continue to be a key stakeholder for addressing global and regional issues and for promoting sustainable development. With regard to economic, social and environmental problems, Austria is committed to promoting further dialogue and cooperation to strengthen this partnership for mutual benefit.

### **Concluding Remarks**

Let me close my remarks by wishing you, President Kuroda, and ADB good luck and a lot of "clean" energy in the constant pursuit of the Millennium Development Goals. Let me also thank the ADB staff as well as our executive directors and our constituency office for their professional work last year.