



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

## BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

**GS-25**

### **REPUBLIC OF KOREA**

**Duck-Soo Han, Governor**

First of all, let me express my deepest appreciation to the Government of India for hosting this Annual Meeting. I also extend my sincere gratitude to President Kuroda for his dedicated efforts to make this meeting a great success.

It is truly an honor for me to address such a distinguished audience today, in the city of Hyderabad. As you can see, Hyderabad is a city where we can clearly witness the great potential of the latest IT developments to more even development and to contribute to poverty reduction.

During the past year, the Asian economy has steadily maintained its position as a major growth engine for the world economy. The Asian region recorded a growth rate of over 6%, while developing countries expanded their trade surpluses and foreign asset base, maintaining inflation rates at a stable level.

I have no doubt that ADB's painstaking efforts greatly contributed to the outstanding economic performance of the Asian region.

For this remarkable track record to firmly settle into more sustainable growth, allow me to make the following proposals for the ADB.

First, ADB should step up its efforts to narrow the digital gap in this region. In the past, the term "digital divide" referred to the difference in the level of IT development, which was one of the main causes of the growth gap among Asian nations.

However, as I mentioned at the beginning of my speech, the advances in IT technology are emerging as a means to create a more even world.

Thanks to the benefits of the IT development, countries such as the People's Republic of China and India are achieving rapid economic growth and contributing to the redistribution of wealth among nations. Nevertheless, for the benefits of the economic growth to be more broadly shared among all Asian nations, ADB needs to strengthen its efforts to close the digital gap in this region.

In this regard, I sincerely hope that the "e-Asia & Knowledge Partnership Fund", launched with \$20 million financed by the Republic of Korea, will greatly assist ADB's efforts.



**ADB**

Second, I suggest that ADB reinvent itself as a knowledge bank, which can produce knowledge from its own resources. The Asian region is constantly faced with rapid changes, and the demands of ADB clients are changing accordingly. For ADB to respond flexibly to such demands and to maximize its aid effectiveness, it needs to provide productive knowledge, on top of financial support, by proposing projects and programs based on its comparative advantage.

To this end, ADB should expand its links with world-class think-tanks and increase the opportunities for policy dialogue and forums, thereby establishing an efficient system of knowledge production, accumulation, and distribution.

Third, it is crucial for ADB to emerge as an agency that reflects the unique characteristics of the Asian region, while pursuing harmonization with other multilateral development banks at the same time.

Considering the difference in the absorptive capacity of organizations and the market situation among many developing countries, imposing standards that are identical to those of advanced economies may hamper economic growth.

Therefore, as a regional development bank, ADB must strive to come up with economic development strategies and governance models that can most efficiently operate in each developing nation of Asia. Moreover, the unique culture and practices of all individual nations should be taken into consideration in this process.

Within one generation, the Republic of Korea has successfully transformed itself from a borrowing to a donor country. Because of this unique experience, the Republic of Korea has the ability to understand the positions of both developing and advanced countries.

Taking advantage of this, the Republic of Korea is determined to play a leading role as a neutral and creative mediator between advanced and developing economies of Asia.

In this context, I have no doubt that the Republic of Korea's e-Asia & Knowledge Partnership Fund will serve as a very useful tool to bring this commitment into being.

Before I close my remarks, I would once again like to express my appreciation for the President's excellent leadership.

I also hope that the medium term strategy for 2006-2008, which envisions the future directions of reform for the next three years, will produce positive results. I anticipate tangible improvements to ADB's aid effectiveness, both in terms of quality and quantity.