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LUXEMBOURG

Arsène Jacoby, Alternate Governor

It is an honor for me to represent Luxembourg at the 39th Annual Meeting of the Board of Governors of the Asian Development Bank here in Hyderabad. Echoing previous speakers I would like to extend my thanks and appreciation to the Indian authorities for graciously hosting this event.

Yet another year of significant growth has come to an end in the Asia and Pacific region, home to the world's most dynamic economies. Despite this strong expansion of growth, progress towards the Millennium Development Goals (MDGs) is uneven and insufficient. Although the proportion of poor people has decreased, poverty remains widespread. Following current trends, many developing nations will fail to meet the MDGs. Clearly ADB's focus has to remain on poverty alleviation and pro-poor growth. In this context, particular attention should be given to the human development MDGs.

At present there are many discussions going on about where ADB is or should be heading. These are crucial in order to reposition ADB in a highly dynamic environment with diverging needs and priorities. On the one hand, the Bank will have to engage in a strategy with middle-income countries and emerging economies. On the other hand, it will need to devise a clear strategy with regard to low-income countries and weakly performing countries.

We appreciate the first steps undertaken under the innovation and efficiency initiative in order to make ADB more effective, efficient and responsive. However, more needs to be done. Lending procedures must be streamlined, so resources can be freed up to focus on implementation, country assistance and capacity building. ADB should act as a knowledge bank and catalyst to spread best practices, help target pro-poor policies and promote regional cooperation. As a founding member of the European Union we certainly think that regional cooperation is worthwhile promoting. However, we have some doubts about ADB's strategy in this context, more specifically, we doubt there's a role for ADB when it comes to monetary and financial integration. Other fora seem to be better equipped to deal with this issue.

We take note of the current discussions on ADB's medium-term strategy. By insisting on greater selectivity within countries of operation and by refocusing ADB's attention on core operational issues, this strategy may well prove vital to better addressing the remaining development challenges. However, we are concerned about ADB's continuous insistence on increasing the volume of loans, whereas the real issue is to improve its track record in poverty reduction. We also feel that private sector development could play a more prominent role. Finally, promoting good governance, including the fight against corruption, is of utmost importance.



We sincerely hope that under the President's strong leadership, there will be progress on *all* of these matters. Ensuring robust support by all shareholders is essential in this context. More open exchange between management and the Executive Board is badly needed. All these measures will have been in vain if they are also not taken in consultation with ADB's most precious resource, its highly qualified personnel. In order to maintain a highly motivated and highly skilled staff, ADB must strive toward a culture of dialogue, participation, and transparency. Necessary measures should include clearly defined responsibilities for staff at all levels, starting with the vice presidents.

Without dialogue there will be no consensus and without consensus the Bank will become neither more relevant nor more responsive. Let me conclude by referring to one of India's greatest leaders. As Mahatma Gandhi put it: 'We must become the change we want to see.' ADB has Luxembourg's full support in this endeavor.