



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

## BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

**GS-48**

### **NEW ZEALAND**

**Trevor Colin Mallard**, Head of Delegation

Fellow governors and delegates let me begin by extending New Zealand's appreciation to our hosts, the Government of India, to the Asian Development Bank (ADB) President and his staff and to the people of Hyderabad for the excellent arrangements for this meeting.

The region continues to be beset by natural disaster. In this regard New Zealand welcomes the initiative of ADB in establishing the Pakistan Earthquake Fund and the earlier Asian Tsunami Fund.

The past 12 months have seen a significant lift in the relationship between ADB and New Zealand. In March this year the New Zealand Prime Minister Helen Clark took the opportunity to call upon President Kuroda and we appreciate the welcome extended to her. This visit provided an opportunity for New Zealand to discuss its concerns and priorities, particularly for the Pacific, and to exchange views on how to address these.

The past year also saw the initiation and a second round of what will be regular consultations between ADB senior management and New Zealand. We emphasized the importance we place on developing an effective partnership with ADB and agreement was reached on cooperative approaches to development assistance in a number of areas.

The consultations provide a framework for ADB and the New Zealand Agency for International Development (NZAID) to develop effective partnerships at the operational level, in accordance with the Paris Declaration principles on donor harmonization and alignment with developing country strategies and processes.

Because ADB has made a full commitment to the Paris Declaration and for reasons of common sense, it is important that this commitment be made more effective at the operational level. The fundamental principle of ownership by our developing partners must also be pursued. New Zealand believes that this can be done within acceptable prudential bounds and that it will have important impacts by lowering the cost of administering development assistance for developing partners, while at the same time building their capacities.

In this context, New Zealand is concerned that ADB's medium-term strategy for 2006–2008 did not sufficiently emphasize the implementation of Paris Declaration targets. These targets were more evident in the preceding strategy. This is an area where we believe much more needs to be done by ADB. We were also disappointed that the strategy did not deal more explicitly with how it intends to assist weakly performing states, and we look forward to the promised companion paper on this issue.



Nonetheless, the strategy's emphasis on core activities, particularly on catalyzing investment and improving governance, is welcome. The focus on regional cooperation and integration is also timely, as regional approaches, pursued by the Bank within its core mandates, can enhance the ability of developing countries to take advantage of globalization and mutually strengthen their efforts toward development.

In this context, New Zealand appreciates ADB's contribution to the development of the Pacific Plan, which was adopted by the Pacific Islands Forum in October 2005. New Zealand firmly believes that many of the challenges faced by Pacific island countries can be best dealt with through greater regional cooperation and integration. We look forward to cooperating closely with the Bank and other development partners in the Pacific in supporting the implementation of the Pacific Plan under the guidance of forum leaders.

Notwithstanding, the progress made by Papua New Guinea and the involvement of ADB in the "Honiara Club", we remain concerned that debt levels in other Pacific island countries continue to rise. In this respect we urge ADB to make full use of the grant element in the Asian Development Fund when assisting the Pacific. Such an approach would also be useful for other developing member states suffering from debt stress, and also for funding activities, especially in social sectors, that do not generate immediate cash returns which could be used to service debt.

New Zealand welcomes the intervention of our host Prime Minister on the matter of trade liberalization. We are certainly willing to work with India to convince others that, as well as trading in the brilliant biotech and ICT products from this city and country, Asian and Pacific food should likewise be freely traded, rather than held at artificially high prices throughout the world. The biggest contribution that donor nations could make to the economic growth of all countries is not through aid, it is through the removal of trade barriers. There is no justice in pouring funds into developing more productive farmers in developing countries and then turning away their goods at your borders.

As a small country, and hence a small player in the global efforts toward development assistance, New Zealand has found that close partnerships with developing countries and sometimes other donors are the most effective way to achieve development impact. Our partnership with ADB has continued to strengthen and we look forward to building on this in the year ahead. We thank President Kuroda and his staff and wish them success for the coming year. .