



39TH ANNUAL MEETING BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

GS-29

SWEDEN

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I wish to echo previous speakers in thanking the Government of India and the city of Hyderabad for hosting this year's Annual Meeting, for their warm hospitality and excellent meeting organization.

This year Sweden's official development assistance will be 1% of our gross domestic income. In parallel, we are directing greater attention to managing this increase in the most efficient way. We are at an early stage of formulating a more strategic approach for our future support and allocation of funds to the multilateral development institutions. The performance of the multilaterals will be measured more systematically and cross-compared, taking into account poverty reduction focus, development effectiveness and impact, transparency and accountability. We have to make sure that Swedish development assistance is channeled to institutions with the best prospects of contributing to reducing poverty and fostering sustainable development, empowering poor people, and attaining the Millennium Development Goals (MDGs). I would like today to concentrate on a few points that Sweden considers important for the sustained relevance of the ADB as one of the prime development institutions of the Asia and Pacific region.

First, ADB is operating in a rapidly changing and increasingly complex region. Like Sweden, ADB is actively assessing the options at hand for the optimal delivery of its future development assistance. Prevailing economic growth in the Asia and the Pacific region is a powerful vehicle for reducing income poverty. Still, more than half of the world's poor people are to be found here. Disparities and inequalities are growing between and within countries. Firm actions are needed to remedy this unacceptable situation and to make growth pro-poor and sustainable.

In this context we are encouraged that ADB's new medium-term strategy (MTS) firmly addresses the need for environmental sustainability. However, we would have welcomed more emphasis on growth inclusiveness, including the role of women in development. It is crucial that ADB demonstrates full alignment with its poverty reduction strategy, that its activities are demand-driven and contribute to clearer operational selectivity and focus, and that actions are implemented with a management for development results approach.

A second point that deserves special mention is governance. Promoting good governance and fighting corruption, complemented by mutual accountability and increased use of country systems, are essential to development and to efforts to achieve the MDGs. Commitments made by the heads of the multilateral development banks, recently reflected in the Development Committee Communiqué, clearly reconfirm this. With governance and anti-



corruption activities prominently included as priorities in the new MTS and in ADB's poverty reduction strategy, Sweden urges ADB to be more visible and to actively mainstream its commitments in all its operations, in close collaboration with its development partners.

Third, strong and strategic corporate leadership is essential to success for any organization undergoing transformation. A clear division of roles and responsibilities within the management and visible commitment to current reforms are prerequisites for successfully managing ADB's change process and providing staff with firm strategic guidance. Without these we may fall short of implementing reforms aimed at changing the institutional culture and carrying out ADB's development mandate. We also encourage management to engage in more systematic and strategic deliberations with ADB's Board of Directors.

Finally, the mid-term review of the Asian Development Fund later this year will be a major opportunity to take stock of the implementation of ADB's reform agenda. In particular, we will look at progress in changing attitudes, bringing harmonization and results-based management to the country level. Demonstrated results will serve as an important platform for the next round of replenishment negotiations and for sustained donor support for the Fund.

Sweden is a staunch supporter of ADB's guiding vision of the Asia and the Pacific free from poverty and it continues to see ADB as an important regional institution with a clear development mandate. In order to be successful, ADB must always ask who will benefit from its operations, and clearly demonstrate what impact its actions have on poor people and the possibilities of achieving the MDGs. Sweden encourages ADB to decisively pursue organizational, managerial and policy reforms in this spirit.

