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## BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

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### **UNITED KINGDOM**

**Charlotte Seymour-Smith**, Temporary Alternate Governor

It is a real pleasure to be in this cosmopolitan city with its rich history and culture, and I wish to join other colleagues in thanking the Indian Government, the Government of Andhra Pradesh and the people of Hyderabad for their kind hospitality.

The recent conference, Asia 2015, co-hosted by the Asian Development Bank, the World Bank and the Department for International Development (DFID) in London, reviewed the remarkable development achievements that many regional countries have made in the past two decades and also looked forward to the challenges ahead in achieving the goal of ending extreme poverty within a generation.

Asia 2015 re-affirmed the important role which all development partners must continue to play to support national and regional efforts to promote broad-based sustainable growth and social development. Helping borrowers to achieve the Millennium Development Goals will make a lasting difference to the lives of some 620 million people in the region who today still subsist on less than US\$1 per day.

ADB has served its members well over the past four decades. However, in a dynamic and rapidly changing world, it faces its own challenge to remain, as President Kuroda has characterized it, responsive, relevant and focused on achieving results. I have three specific comments in this regard.

First, ADB needs to focus on its strengths. This was a key theme in Istanbul last year. Focusing means making difficult decisions on disengaging from areas and sectors where ADB will add little or no value, and concentrating on those where it enjoys a comparative advantage. The UK is convinced that ADB has a proven capability in infrastructure; we are keen to see the Bank responding to developing member countries' requirements in this area and to take on a more evidence-based and pro-poor approach. As last year's excellent report "Connecting East Asia" noted, infrastructure does not lead to inclusive development on its own, it requires actions that support the delivery of services to the poor, and that underpin the growth dynamics on which improvements in welfare depend.

The new draft medium-term strategy moves some way toward selectivity and prioritizing core operational activities for the future. However, we were disappointed that the draft strategy did not address the different needs of middle-income, low-income and weakly performing borrowers. We remain concerned about ADB's capacity and willingness to implement an agenda for both its public and private operations which emphasizes support for pro-poor policies and delivery of services to tackle social exclusion and inequality – all issues of major concern to borrowers.



In this regard, ADB is a pivotal organization in promoting regional cooperation, and in particular providing a range of regional public goods. The energy sector is a case in point. Over a billion people in Asia still have no electricity and 2.3 billion rely on basic biomass for their heating and cooking. ADB is to review its energy policy this year and the UK urges it to consider in particular how best to support the region's ambitious targets to achieve electricity for all; for example, 2012 in India and 2010 in Pakistan. It is important that new investments in energy include provisions for improving access for the poor.

All countries, not just in Asia, must give much greater attention to energy efficiency and to opportunities to use low carbon technologies. The UK strongly supports ADB's intention to ensure indicative targets are set for decreasing greenhouse gas emissions in the region, in line with the UN Convention on Climate Change. This is an area where ADB can and should play a proactive role, by thinking about, and acting creatively on, its existing balance sheet and financial instruments to deliver quick climate friendly investments. To pull all of this together, we are calling on ADB to develop a comprehensive and innovative Asian Clean Energy Investment Framework to meet the climate-friendly investment needs of its borrowers.

As ADB increasingly focuses on its strengths, it will be imperative to implement vigorously its commitments under the Paris Declaration on Aid Effectiveness. It will be important, for instance, for ADB to harmonize its operating practices and programmes with other partners to reduce the burden on borrowers, and to build capacity in local systems. The UK plans to work with ADB, the World Bank and other bilateral donors to try and accelerate the harmonization process in the region. We hope that early action will be possible on this, including more joint work on specific country strategies and sectoral programmes.

My second comment relates to ADB's strategic priority of preventing corruption. The recent internal review of this subject was admirable for its open and candid description of the difficulties encountered in mainstreaming ADB policy. The conclusions of the review – on the need to renew the Bank's corporate commitment to anticorruption action and to reduce corruption risks in projects – must be given top priority by management. We call for these to be comprehensively addressed in the new action plan, including the provision of adequate professional staff resources in regional departments and resident missions. More broadly, however, ADB should maintain a constructive but frank dialogue on governance issues with borrowing countries.

My third and final point relates to the Bank's internal reform agenda. The Asian Development Fund (ADF) review at the end of this year will provide an important opportunity to discuss and assess the progress made to date. However, I wish to underline here the critical role that senior management has to play in defining ADB's operating culture, ensuring that the principles of transparency, accountability for results and cohesive teamwork are deeply rooted across the entire organization. This is why the UK is calling for the Bank's Vice Presidents to be given greater direct responsibility for delivering results and to be held accountable for this.

In a speech a few weeks ago, the Prime Minister of India said that his country was engaged on a Himalayan adventure of pursuing development which will provide a social and economic environment to unleash the creativity and enterprise of every Indian. Such creativity and enterprise is already manifest here and in many other countries in the region, and we believe the Asian Development Bank can play its full part in helping all its borrowing members scale those high mountains and finally eradicate poverty.