

CANADA

JAMES HALEY, Alternate Governor

I would first like to thank the Government of Spain for graciously hosting the 41st Annual Meeting of the Asian Development Bank (ADB). It is a great pleasure to be in Madrid, a city rich in history and culture.

This year's meeting is taking place in an environment of enormous uncertainty. Global growth is expected to slow; indeed, the *Asian Development Outlook* suggests that a global slowdown is now underway. At the same time, food prices have soared, threatening to reverse many of the gains we have made in fighting poverty over the past 10 years.

In this environment, all members of the international community must work together to advance sustainable growth and development, in particular the Millennium Development Goals (MDGs). Strong, credible and effective international institutions play a critical role in promoting and facilitating the international cooperation needed to achieve this goal.

In this context, I congratulate President Kuroda and the ADB staff on the successful replenishment of the Asian Development Fund (ADF X), which was completed on the eve of this Annual Meeting. ADF X will allow the fund to continue its work in bringing the poor into the development mainstream and helping the region achieve the MDGs.

I also commend President Kuroda and the rest of the ADB Management for their foresight in undertaking a review of ADB's strategic direction. Canada supports the long-term strategic framework 2008–2020 (Strategy 2020) and welcomes its reaffirmation of ADB's poverty reduction mandate, its call for more operational focus, and its emphasis on good governance and gender as key drivers of development. Strategy 2020 sets ADB on the right course to becoming an even more relevant and effective development partner in this rapidly evolving region.

We look forward to working with ADB in implementing Strategy 2020. Given the uncertainties we face, demands for ADB assistance may increase. Continued prudent financial stewardship of ADB's resources is therefore needed to ensure ADB remains effective in meeting the region's future needs. In this regard, we believe ADB should commit to managing its growth in a judicious and realistic manner.

In considering ADB's future resource needs, we attach great importance to a clear demonstration of how ADB's growth translates into greater poverty reduction and how its assistance is additional to private capital.

As I have noted, the development needs in the Asia and Pacific region are great. The onus is on us, ADB's shareholders, to ensure that ADB's limited resources produce the greatest results. We believe this comes from working with ADB to increase focus, efficiency, effectiveness, and accountability.

In responding to the current global food crisis, we commend ADB's readiness to provide immediate and targeted support for its most vulnerable members. Addressing the food crisis requires understanding the various factors behind rising prices. We encourage ADB to work with UN agencies and other international financial institutions for a well-coordinated response that fully utilizes each institution's comparative advantage.

Canada is doing its part. Last year we were the third largest donor to the World Food Programme. Canada has just announced an additional \$50 million in food aid funding, bringing the total this year to \$230 million. Canada is also taking concrete steps to ensure our aid is delivered efficiently and effectively by untying its food aid procurement. Untying will ensure that food aid is purchased where it is less costly, reduce transportation costs, speed delivery, and increase the effectiveness of our food aid dollars. It will also enhance the development of local and regional markets where food is needed most.

ADB's new long-term strategic framework 2008–2020 (Strategy 2020) should pave the way for ADB to become a more focused, effective and accountable institution. We welcome the progress made in development effectiveness and achievement of results, particularly the strengthening of ADB's capacity in managing for development results. We look forward to working with ADB in establishing a well-defined, institution-wide results framework for Strategy 2020. Canada is committed to working with ADB to foster a results culture.

In the context of the replenishment of the ADF, Canada raised concerns about the need to strengthen the independence of the independent evaluation office of ADB. We attach great importance to transparency and accountability and we believe an institution cannot remain effective and relevant to its clients without a strong and truly independent evaluation capacity. We look forward to the results of the independent review and to the implementation of measures to ensure that ADB's process is consistent with international best practice.

We welcome ADB's efforts to make its safeguards review more consultative. One of ADB's core strengths is its ability to share best practices with member countries and to help them build capacity to work with internationally-accepted standards.

Canada welcomes President Kuroda's recent initiatives for reforms in human resource management at ADB. The recent staff survey revealed that, while most staff are highly engaged in their work, they have serious concerns regarding transparency and merit-based opportunities in ADB. ADB must accelerate its institutional renewal and take urgent action to build trust and empower its staff. The continuing ability of ADB to serve the region and have impact requires determined institutional changes. In our view, human resources reform is ADB's biggest challenge and should be its highest priority.

CONCLUSION

I would like to close by thanking ADB staff, Management and the Board of Directors for their hard work and strong commitment to fighting poverty in Asia. I would especially like to highlight ADB's contribution to Afghanistan. We value this partnership with the ADB in the reconstruction

and development of Afghanistan, a continuing high priority for Canada and the region as a whole.

As highlighted in Strategy 2020, ADB faces a dramatically different Asia with rapidly changing needs. Canada remains committed to working with the ADB in engaging these new challenges. We look forward to remaining an active partner for many more years.