

**FINLAND**

ANNELI VUORINEN, Head of Delegation

It is a pleasure to be here in Madrid to participate in this excellently organized Annual Meeting and enjoy the hospitality so graciously offered to us by the Government of Spain and the City of Madrid.

For the past two decades, many of the positive economic signals have come from Asia. But, in spite of its remarkably rapid and stable growth, the region is not immune to fluctuations in the world economy, nor to other problems such as climate change and the rise in food prices, which tend to hit the poorest people hardest. Growth at the national level does not always benefit the poor segments of the population and thus disparities in living standards continue to increase.

In these circumstances, a thorough review of policies is called for. Finland welcomes new long-term strategic framework 2008–2020 (Strategy 2020) of the Asian Development Bank (ADB) which has come at the right moment. We appreciate that the Board of Directors had a substantial role in the preparation of the strategy, which we find balanced, well focused and clear. ADB's vision of "an Asia and Pacific region free of poverty" remains as relevant as ever. As regional actors, ADB and Asian Development Fund still carry a huge responsibility in addressing the situation of the more than 600 million people in the region who live on less than US\$1 a day.

Finland endorses the development priorities of Strategy 2020. However, looking at the track record until now, inclusive growth and environmentally sustainable growth are clearly no easy targets. If something is to be done in order to curb the climate change, economic growth patterns must be made sustainable. ADB has therefore a major task in supporting the use of environmentally sustainable technologies in the region, and most notably clean energy. In addition, ADB should strive to use all available means to relieve rural poverty.

ADB should promote the adoption of adequate environmental safeguards and the strengthening of national and regional initiatives for mitigating, and adapting to climate change. These measures should include sustainable forest management among other important ways to control carbon dioxide emissions.

My delegation urges ADB to fully implement its gender policy, as the empowerment of women is a key to achieving success in development. The non-income Millennium Development Goals have not yet been reached in many parts of the Asian and Pacific region, and progress in the least developed countries is far too slow.

Strategy 2020 is not complete without an effective results framework which outlines ADB's targets and enables ADB to monitor its development progress. We expect the Board of Directors to contribute to the elaboration of the new framework. We also welcome the decision to produce an annual development effectiveness review, which will be subject to close internal and external scrutiny. Finland welcomes the inclusion of ADB's own institutional effectiveness as part of the results framework.

Finland has taken note of ADB's declining capital sufficiency. While this shows that ADB has affirmed its role as the region's development financier, it is at the same time also a cause of concern.

Finland believes that for the time being approval rates need to be adjusted to the level of available resources. Prioritization of projects, on the other hand, may enhance quality.

I am very pleased to note the satisfactory outcome of the Asian Development Fund (ADF) X replenishment negotiations. The excellent cooperation that Management has showed throughout the process certainly contributed to the result. Finland is proud to register an increase in its share of ADF X as a token of its support for the plans now agreed upon. We need to be assured that the implementation of ADF X will take place in an efficient and coordinated manner together with Strategy 2020.

Finland's bilateral development cooperation focuses on a limited number of poor countries in Asia. The Finnish Government has, in line with its new Development Policy, started planning for new bilateral, regional and thematic interventions in Asia. In order to achieve environmentally sustainable development, we will direct new funding to renewable energies and the forestry sector. New interventions in forestry are being designed for Nepal and Indonesia, while we will continue to support this sector in Viet Nam and the Mekong region. In renewable energies we are seeking to replicate a very successful programme in Central America by new interventions in Southeast Asia. Finland is also a shareholder of the Asian Pacific Carbon Fund. We encourage ADB to strengthen its country presence and would be interested in exploring possibilities of increased cofinancing in these sectors.

In Finnish development cooperation, the eradication of poverty in accordance with the Millennium Development Goals remains the main objective. We give special emphasis to issues relating to climate change and the environment. Finland has taken the view that eradicating poverty is possible only if progress made in developing countries is economically, socially *and* ecologically sustainable. We are pleased to note that much of this holistic approach is contained in ADB's Strategy 2020, and welcome its application in ADB's operations in the years to come.