

# Chairman's Message

ADB: Relevant, Responsive, and Results-Focused



President Kuroda visits women's hospital in Jaipur, India, refurbished with ADB assistance

**T**ragedy on a staggering scale was a recurrent theme in Asia during 2005. The year started with the international community rushing to help survivors of the Indian Ocean tsunami and ended with the huge humanitarian task of sheltering the millions whose homes were destroyed in October by the South Asia earthquake.

Both catastrophes and the threat of avian flu throughout the year illustrated Asia and the Pacific's vulnerability to events that cannot be contained within national borders.

At the same time, even as the region as a whole has become a formidable player in the global economy, large numbers of poor people and growing inequality make evident that not all are benefiting from strong economic growth. Many countries are unlikely to reach the non-income Millennium Development Goals by 2015. Clearly, poverty reduction remains the region's key challenge.

The Asian Development Bank faces these and other emerging issues in its developing member countries with hardened resolve. We must pursue our vision of an Asia and Pacific region free of poverty amidst a new era of development in which nations, economies, and societies are becoming more interdependent, more integrated. We will strive to help the region and the countries become more inclusive, with the benefits of dynamic growth spread more equitably.

ADB sees regional cooperation and integration as a powerful tool that can complement national-level efforts aimed at poverty reduction and shaping a better future. In 2005, our efforts were rewarded as the Central Asian nations and the countries that

share the Mekong River started to benefit from coordinated cross-border transport and energy infrastructure plans. Recently too, with ADB's help, these countries began to work together to address issues that transcend borders, such as environmental and health threats.

In 2005, ADB established the Office of Regional Economic Integration to further strengthen regional cooperation and integration initiatives and to ensure that they are coherent and strategically focused.

Cooperation with other development partners also deepened over the course of the year, in keeping with the commitment made in March at the high-level forum at which more than 100 countries and major international agencies endorsed the Paris Declaration on Aid Effectiveness. The international community also reaffirmed its commitment to poverty reduction and the Millennium Development Goals at the United Nations Millennium+5 Summit in September in New York. ADB contributed to and participated in both these processes.

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ADB collaborated with development partners to deliver quick recovery and reconstruction assistance to communities devastated by the tsunami and the earthquake, and joined the World Health Organization and the Food and Agriculture Organization in the fight to stop the spread of avian flu.

A series of internal changes and realignments over the year reshaped ADB to become more relevant, responsive, and results-focused in its operations. Under our Reform Agenda, we are improving policies and strategies, seeking to manage for development results, refining business processes, expanding knowledge management, and putting in place new procedures to improve human resources.

Better systems for planning, monitoring, and evaluation are being designed to track ADB performance at every level: the country level, the institutional level, and globally as part of a network of development institutions. Results-based country strategies and programs have been introduced for all developing member countries. And a new Public Communications Policy promises much more transparency and accountability to ADB's stakeholders.

An array of financing instruments offered under the Innovation and Efficiency Initiative, meanwhile, aims at giving developing member countries greater flexibility in meeting their investment needs. A sharper focus on portfolio management and project implementation has produced an increase in public sector loan disbursement, while projects at risk decline steadily.

To manage the risks inherent in development work, ADB moved last year to a centralized risk management structure through the new Risk Management Unit.

ADB will continue to play a major role in the fight against poverty in the Asia and Pacific region. ADB has made a clear commitment to raise the standards of its operations in keeping with dynamic forces at work in the region.

Armed with its clearer strategic priorities, critical focus on results, a more selective approach to

assistance—and even more collaboration with development partners—the Medium-Term Strategy II, which will be launched soon, should improve the effectiveness of operations over the coming years. As ADB moves toward its 5<sup>th</sup> decade as the region's development partner, it does so with the confidence that it is increasingly well placed to meet the emerging challenges of its developing members, striving to ensure that all have the opportunity to participate in, contribute to, and benefit from sustained economic growth. With the support and commitment of the staff and all our members and partners, it is my privilege to continue to serve ADB and to support its role in fostering peace and prosperity in Asia and the Pacific.

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