

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Strong partnerships are essential for achieving our goal of an Asia and Pacific region free of poverty. We forged many such partnerships in 2002—global, regional, organizational, and individual. These partnerships strengthened ADB as an organization and brought us that much closer to our goal.

ADB as a voice in the global community

The importance of many voices speaking to an agreed objective—the voices of institutions and governments alongside the voices of civil society, businesses, and stakeholders—was vividly underscored at the World Summit on Sustainable Development in Johannesburg. It was also evident at other conferences and symposiums I attended in 2002. At the International Conference on Financing for Development, for example, more than 50 heads of state or government and over 200 ministers agreed to place development finance at the forefront of the global agenda. At this meeting, ADB and other organizations reiterated a shared commitment to the Millennium Development Goals. I noted in my address the importance of working closely with development partners to complement and build on one another's strengths.

ADB as an alliance broker

Several partnerships we developed in years past reached important milestones in 2002. For example, in 1992, ADB had helped broker an alliance of six countries that shared a common resource, the Mekong

River. The six developing member countries (DMCs) have met often since then, and have formed what has become known as the Greater Mekong Subregion (GMS). They have developed shared projects and programs that are bringing benefits to the entire subregion. The GMS has become a model of regional cooperation and, in 2002, it held its first summit to celebrate a decade of partnership. This gathering set the stage for many more years of cooperation and allowed all of us to reaffirm our commitment to creating a prosperous and equitable subregion.

Another partnership ADB helped nurture in 2002—Protecting the Coastal and Marine Waters of South Asia—brought regional groups, such as the South Asia Cooperative Environment Programme, together with national agencies and international organizations such as the United Nations Environment Programme. Through a network of centers of excellence in policy, legislation, education, and communication, the partnership is expected to build capacity and encourage knowledge transfers to contribute to human security and conservation of the region's natural resources.

We also helped organize a meeting in 2002 at which a regional group of governments of small island nations of the Pacific, nongovernment organizations (NGOs), and others concerned about water came together to develop a unified approach to the problems these nations face in managing this scarce resource. The result was a regional action plan for sustainable water management.

Alliances often grew out of existing relationships and previously agreed priorities, such as working to clean the air we breathe. A partnership—the Clean Air Initiative for Asia Cities—was launched by ADB, the World Bank, and others in 2002 to address the problem of air pollution in the region. We also joined the International Labour Organization in promoting a decent work environment for all people in the region, and we collaborated with the World Trade Organization in promoting knowledge and capacity for open trade.

ADB in partnership with its members

ADB is, of course, a partnership of 61 members, and it enjoys a high level of trust and confidence among governments and civil society. Through this partnership, ADB has a tremendous opportunity to forge the broad-based strategic initiatives needed to enable the poor to achieve peace and prosperity in the decades to come.

In 2002, we continued to build on this trust. Several of our donor members have over the years provided ADB with untied grant funds to support technical assistance and the soft components of loans. In 2002, a new thematic poverty-focused multidonor financing



arrangement was established, with the first contribution coming from the United Kingdom. The Netherlands made another contribution to the cooperation fund for the water sector; Norway contributed to a fund on promoting governance; and Switzerland to a fund for consulting services. Japan maintained trust funds set up earlier with ADB for poverty reduction and for promoting information and communication technology.

We signed poverty partnership agreements in 2002 with six Asian and four Pacific island DMCs, bringing to 17 the total number we have signed. These partnership agreements are based on long-standing relationships between ADB and each DMC, and every agreement I signed reminded me of the trust and commitment that has grown over the years.

Commitment to a common goal was also evident in the reorganization we effected in 2002. We improved our own internal work environment to raise our output and enhance the management of our knowledge and information resources. Management and staff alike joined our DMC partners to ensure DMC leadership and ownership of the development agenda.

Integral to the reorganization was the need to develop better mechanisms and products for engaging NGOs and other civil society groups as partners in development. A new department was formed to work with development partners on thematic and sector issues. ADB's NGO Center, as part of this department, continued to serve as an important focal point.

ADB in partnership with the poor

The three pillars of ADB's Poverty Reduction Strategy—pro-poor sustainable economic growth, inclusive social development, and good governance—provide a solid basis for partnerships to reduce poverty in Asia and the Pacific. Our promotion of the private sector in development, our support for regional cooperation and integration, and our advocacy of environmental sustainability—add further strength to each partnership we forge.

It is our common vision, our shared strategic objective, that makes the partnerships we formed in 2002 so meaningful. Each summit I attended, each memorandum of agreement I signed, each partnership ADB renewed has, I believe, moved us closer to realizing our vision of an Asia and Pacific region free of poverty.

At a meeting in September 2002, I reiterated ADB's commitment to Afghanistan, assuring our development partners of our determination to contribute to the reconstruction of the country. My words and our commitment would have meant little, however, were it not for the commitment of our primary partners in Afghanistan—the country's people. I had seen their

involvement when I visited Kabul earlier in the year. Their enterprise and determination to begin life anew was impressive. The energy of the people was evident. Private enterprises were springing up everywhere despite a near absence of financial services.

I remember too with fondness and humility other people I met in 2002: street children in Bangladesh, small business entrepreneurs in India, farmers in the Lao People's Democratic Republic, slum dwellers in the Philippines.

It is the alliances we have formed with these individuals that bring us closer to understanding the nature and structure of poverty. And it is these alliances that strengthen our resolve to make a difference.

Partnerships at the heart of ADB

Our greatest challenge in 2002 continued to be the poverty that blights the lives of so many in the Asia and Pacific region. Our greatest strengths in the fight to overcome poverty are the partnerships we have joined to meet that challenge. Partnerships are at the heart of ADB.

ASIAN DEVELOPMENT BANK
Manila

11 April 2003

Chairman of the Board of Governors
Asian Development Bank

Dear Mr. Chairman,

In accordance with Article 39 of the Articles of Agreement of the Asian Development Bank and Section 13 of its By-Laws, I submit to the Board of Governors the *Annual Report 2002*, including a separate report on the activities of the Special Funds, which has been prepared under the direction of the Board of Directors. The *Annual Report* also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely,

Tadao Chino

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President and Chairman
of the Board of Directors