

UNITED KINGDOM

ADRIAN WOOD, Head of Delegation

May I begin by thanking the governments of the People's Republic of China (PRC) and Shanghai for hosting this annual meeting of governors, and the Asian Development Bank (ADB) for their arrangements.

Shanghai has been physically transformed since I first visited in 1980. It has been transformed economically too—becoming a thriving financial center. These changes in Shanghai parallel the PRC's notable record in raising the living standards of its people. Since 1979, some 200 million people have been lifted out of absolute poverty. This owes much to the PRC's economic reforms, which have yielded a high and sustained rate of growth, and to its investments since 1949 in basic education and health. But much remains to be done, and over 200 million people, particularly in the western regions, remain poor.

The situation in the PRC reflects the picture across Asia as a whole. Over the past 20 years, more people have been lifted out of poverty than in any other region in the world. Yet, Asia remains home to two thirds of the world's poor, with 800 million people—70% of them women—surviving on less than a dollar a day. Persistent poverty and inequality, including gender inequality, continue to characterize the poorest countries of the region. Achievement of the Millennium Development Goals by 2015 depends crucially on progress in Asia. Particular challenges include improving governance and institutions; building political support for poverty reduction; and capturing the potential benefits of globalization for poor people, especially in South Asia, which could follow the same successful path as East Asia.

Success in meeting all these challenges requires collaboration and partnership. It is very much part of the United Kingdom's philosophy on development to work in partnership with others—developing countries, civil society, private business, and donors. We attach great importance to working with multilateral development institutions such as ADB, which can play such an important role through the scale of their lending and their dialogue with developing countries. But ADB alone cannot win the fight against poverty in the Asia and Pacific region. To be successful, ADB needs to work in partnership with donors—multilateral and bilateral. The United Kingdom's own commitment to working effectively with ADB has never been stronger.

We participated fully in the discussions on ADB's reorganization, and urged it to develop an appropriate country focus for its work. In each borrowing member country, there should be an effective ADB team with delegated authority to formulate country strategy papers, to take forward programming and project design, and to manage the portfolio. In implementing its plans, we urge ADB to ensure that this country focus is achieved, so that it can play its full part in supporting countries' own poverty reduction strategies.

We also followed closely the first ever inspection of an ADB project—the Samut Prakarn Wastewater Treatment Plant in Thailand. It is crucial for an institution such as ADB to have an independent and transparent inspection process; this helps an institution to learn from its mistakes and increase its future effectiveness. As shareholders in ADB—whether as borrowing or nonborrowing members—this is something to which we should all be able to subscribe. The Samut Prakarn project has been a learning experience for us all. We are pleased that ADB, recognizing that its inspection mechanism is flawed, has started a review process. We welcome its commitment to consult widely, drawing on the experiences of others, including other international financial institutions, and involving its severest critics from civil society. It is important that this review leads to ADB adopting a much simpler but more effective inspection system that is not only transparent but also adheres to the highest rules of governance, and maintains the neutrality of senior ADB management.

As in all multilateral institutions, it is important that the full diversity of views within ADB should be heard, and that there is a good partnership between ADB management and staff on the one side and its shareholders on the other. Without questioning the prerogative of management to manage ADB, we see scope for greater involvement of shareholders, particularly through the Board of Directors, in determining ADB's strategic direction. Shareholders have a key role in maintaining the financial adequacy of ADB, whether through replenishments of the Asian Development Fund or its capital base, and have a clear interest in playing a fuller part in its decision making. There is also scope for much more informal contact between ADB management and the Board, particularly in the early stages of developing new policies or strategies.

We look forward to the development of just such a partnership between ADB and all its shareholders to ensure that our shared vision of an Asia and Pacific region free from poverty is realized.