

**AUSTRALIA****RICHARD EDWARD MURRAY, Head of Delegation**

May I first express my appreciation to the Government of the Republic of Korea, and the Province of Jeju for their warm hospitality in hosting this thirty-seventh Annual Meeting of the Asian Development Bank (ADB).

Australia would like to welcome Timor-Leste, Luxembourg, and Palau as ADB's 61st, 62nd, and 63rd members. We particularly welcome Palau as the 10th member of our constituency.

We also welcome the appointment of Vice-Presidents Liqun Jin, Geert Van der Linden, and Khempheng Pholsena, and acknowledge the continuing efforts of Vice-President Joe Eichenberger.

We congratulate President Tadao Chino and the Vice-Presidents for the recent significant enhancements to the roles and responsibilities of Vice-Presidents. An effective, coherent leadership team will help drive the changes necessary to achieve ADB's vision of a bank that is truly results-oriented, developmentally effective, and fully accountable to member governments and their citizens.

ADB has sharpened its focus on development effectiveness and results-based management in recent years. This was acknowledged in the successful conclusion of the Asian Development Fund (ADF) IX round, which Australia welcomed.

The broad reform direction has been set. The key challenge now is implementation.

As the recent review of ADB's Poverty Reduction Strategy shows, Country Strategy and Programs (CSPs) are the linchpin of a results-based management framework. Australia wants the average quality of CSPs to rise, and to see better evaluation of outcomes. Key elements are level of client ownership, extent of donor harmonization, linkages developed between analysis and lending and nonlending pipelines, and performance measures used to assess results.

ADB needs to focus on its culture—as well as systems and processes—to improve the accountability of individuals for results. ADB needs to replace perceptions that staff members are rewarded for the quantum of lending activity, with a reality that they are rewarded for quality lending and nonlending activities which are country-relevant and developmentally effective.

ADB's March 2000 Private Sector Development Strategy called on staff members to "think private sector" in their public sector operations, and to "think development impact" in their private sector operations. While some progress has occurred, we believe that the promise of this vision remains largely unfulfilled. With a review of the implementation of the 2000 strategy imminent, we call on ADB to redouble its efforts to deliver private sector development that is country-owned and effective.

Australia congratulates ADB on beginning to rebuild its private sector operations. As they expand, Australia expects to see these operations promote ADB's poverty reduction mandate by supporting all three core strategic themes in ways that can be monitored and independently evaluated.

ADB is a key regional institution that can play an important role in improving the business climate in developing countries to attract private capital flows and encourage trade in goods and services across the region.

Freeing up international trade would also significantly assist the growth prospects of developing countries. At the recent International Monetary Fund (IMF) and World Bank ministerial meetings in Washington DC, Australia highlighted that a successful conclusion of the Doha Round of multilateral trade liberalization was the largest single positive factor that could boost the development of low-income countries, as well as be of major benefit to developed countries.

Trade barriers subtract some \$350 billion a year from developing countries' potential income.

Greater international trade has significantly contributed to the strong growth of many economies in our region over recent decades. This has led to many benefits for these countries in fighting poverty and, in some cases, allowed them to become ADF donors. It is striking that in 1973, at the Fund's inception, there were 3 regional donors; today there are 10.

This meeting provides an opportunity for us to reflect on how trade has contributed to the success of many countries in the region, and to renew our efforts to achieve multilateral trade liberalization.

Financial assistance is most effective when directed to countries with good policies and institutions. We support ADB's performance-based allocation system, which focuses aid allocations on good performers.

However, ADB still needs to support countries whose institutional capacities are weak and still evolving. Technical assistance and capacity building, in particular, can be useful in these countries. We look to ADB to improve its support for them by providing incentives to staff members to engage in policy dialogue and deliver innovative nonlending products and services.

We have been encouraged by the progress made during the ADF IX process, in particular the additional funding for technical assistance and capacity building that will improve ADB's ability to take immediate action to support changes on the ground.

Australia will not judge ADB on its lending levels but by the overall quality of its engagement and the development effectiveness of its operations.

Australia commends ADB's reforms to improve development effectiveness in recent years. The main challenge now is to ensure that reforms articulated to date are fully implemented. Under the leadership of the President and the Vice-Presidents, and with the continued support of shareholders, we are confident that significant progress can be achieved this coming year. Australia is committed to working with ADB as it strives to achieve its vision of an Asia and Pacific region free of poverty.