

**AUSTRIA****KARL-HEINZ GRASSER, Governor**

I feel very honoured to speak to you on behalf of Austria at this Annual Meeting of the Asian Development Bank (ADB). At the outset let me start by thanking the Government of the Republic of Korea for their hospitality and warm welcome as well as the excellent organization of this meeting.

I also want to take the opportunity to welcome Palau and Luxembourg as the newest members of ADB.

ADB's approach tries to tackle the problems of Asia at its roots and rightly concentrates on poverty reduction. The rising number of members of ADB serves as proof of the trust regional and nonregional countries put into this institution and its capabilities.

Despite a number of challenges the region was facing last year—amongst them the Iraq conflict, SARS, and rising oil prices—Asia as a whole achieved impressive economic growth figures, underpinned by sound macroeconomic data. However, the economic achievements were not evenly distributed and many risks remain. It will take great efforts in the foreseeable future to lift the 720 million people in Asia still living below the poverty line out of their dreadful living conditions.

ADB should continue to streamline its activities towards the achievement of the Millennium Development Goals (MDGs) in Asia. The targets the Millennium Summit has set in the year 2000 are ambitious and the danger of missing them altogether is already looming. All the more, it is vital that the International Financial Institutions cooperate closely and that ADB is doing its utmost to ensure that the Asian region will succeed in meeting the MDG targets. Considering the magnitude of this challenge, I believe ADB is doing increasingly well.

This leads me to the strategic issues Austria would like ADB to concentrate on in the coming years. Regarding the achievement of pro-poor growth as our main aim, Austria would like to underline the vital importance of well-functioning infrastructure for economic development. By this I refer not only to classical infrastructure like railways and roads for badly connected and therefore poor rural areas: Without a well functioning *institutional* infrastructure, pro-poor growth is also unthinkable. Good governance is *the* key prerequisite to creating an enabling economic environment and a thriving private sector.

Women and children would benefit most from the realization of the MDGs. Being aware, that ADB is increasingly streamlining gender issues in its activities, the challenges of gender equality and empowerment of women remain vast. Women still account for the majority of the Asian poor, and decisive efforts regarding education,

health care, economic empowerment, and legal protection will be crucial to change their plight.

Another issue, to which Austria is attaching great importance, is the environment. Regional member countries affected by environmental degradation can no longer afford not to deal with the problems of diminishing arable land and polluted soil, air and water. ADB should—through its policies and lending activities—provide them with the necessary help.

ADB, as the most eminent regional development institution, should also maintain and step up its support for the provision of global and regional public goods. In this respect Austria asks ADB to uphold its engagement in the fight against AIDS and global warming, and in the support of international and intraregional trade flows. As we all know: Aid without Trade is not enough.

I would now like to add a few comments regarding internal issues of ADB. The changes brought forward by the reorganisation in 2001 so far show a number of highly welcome improvements. In other areas, however, we believe more could still be done. Austria has long advocated the delegation of more executive authority to the Vice-Presidents. This should make use of their connecting function between staff and the top management level. I believe ADB has underused the valuable asset it possesses in its Vice-Presidents far too long.

Austria would also like to see the Board of Directors organised according to the highest standards of corporate governance. Those standards have changed considerably since the inception of ADB in 1967 and for good reasons. However, Board procedures have remained unchanged since then. Although all Board Members perform an admirable job, I believe the time is ripe for a review of their procedures taking into account the special nature of ADB.

Austria is recognizing with satisfaction the considerable effort ADB has made over the past year to enhance its Development Effectiveness and its shift towards a Culture of Management for Results. We also welcome ADB's achievements regarding greater harmonisation of its procedures and operations with other Multilateral Development Banks in line with the Rome Declaration.

I thank the Members of the Board, as well as ADB management and staff for their dedicated and successful work and you, Mr. President, for your successful leadership of ADB in an increasingly complex environment.