

GERMANY

BERND BLANK, Head of Delegation

On behalf of the German Governor, Parliamentary State Secretary Uschi Eid, I would like to convey her best wishes for the success of this 37th Annual Meeting of the Asian Development Bank (ADB). She regrets deeply that she cannot participate as planned for a long time.

The German delegation wishes to thank our host country, the Republic of Korea, wholeheartedly for the invitation and perfect management of this year's Annual Meeting. The Republic of Korea also managed the 4th Asian Development Fund (ADF) IX Donors' Meeting at Seoul a few days ago with the same professionalism and thus contributed substantially to the remarkable success of that meeting.

We would like to convey a warm welcome to the new members of ADB, Luxembourg and Palau.

- ADB has gone and will go through a time full of challenges. My Government would like to thank the President, Management, Staff, and the Board of Directors for their strong commitment.

Starting with the latest events on 12 May, we are particularly pleased that at the replenishment negotiations the People's Republic of China joined the group of donors for ADF as the seventh Asian member. These seven members have overcome the absolute poverty faced by large sections of their populations, or are making good headway towards that goal. Maybe someday people will say that in its fight against absolute poverty, ADB had "seven tigers" by its side.

Progress has been made concerning changes in ADB's structure and management. We have great expectations with regard to their implementation and a change of the spirit in ADB. We trust in the leadership of the President and his Management team, especially the Vice-Presidents and, not least, the Board of Directors.

- Asia is achieving the highest growth rates worldwide and displayed great confidence again. This confidence is based on sound footing. If the lessons learned from the crisis continue to be implemented, growth becomes economically sustainable if it is consistent, not too accelerated, and accompanied by investment in physical and social infrastructure, and if it is pro-poor and ecologically sustainable. As we know in Europe, regional cooperation is also a great advantage.

Asia has made impressive progress in reducing income poverty. However, most of that progress has been achieved in a small number of countries on the basis of robust growth. There are also countries in Asia where the economy is growing but absolute poverty is not decreasing.

A thorough investigation and discussion of the causes of such developments is needed. This is the responsibility of the governments in question. Helping them in that endeavor is also a capacity of ADB, which in Asia is sometimes referred to as the "family doctor."

We are deeply satisfied that ADB is now responding to this challenge, stating that it needs, and wants, to analyze the root causes of poverty and put them on the agenda.

- In the framework of the replenishment negotiations for ADF, ADB voiced a warning that Asia is running the risk of not achieving the major non-income Millennium Development Goals (MDGs). We share that concern. Making headway in achieving non-income MDGs is also a precondition for continued sustainable pro-poor growth. For instance, the main prerequisite for mobilizing the productive potential of the poor and for empowering them is education. And education is the most promising factor of production in many economies today, including in Asia.

We hope that ADB will be able to help reduce some of the more serious deficits on non-income MDGs, especially through ADF resources.

Among the other MDGs' special emphasis should be put on environmental sustainability, access to safe drinking water. We expect that the "Water for All" policy will be implemented soon.

However, "more money" is not enough to remedy those deficits. Often the main problem is not constituted by inadequate investment resources for social infrastructure. It is the responsibility of the developing member countries (DMCs) to analyze and address the root causes of their deficits with regard to non-income MDGs. It is ADB's responsibility to help in that endeavor. We believe this is our joint expectation of ADB.

- During the ADF-IX negotiations, partners agreed that ADB's Performance-Based Allocation policy must be enhanced. In particular, the analysis of governance must be deepened so as to give appropriate attention to the governance factor. Development effectiveness continues to be a key issue for ADB.
- We welcome ADB's proposal for a special strategy for weakly performing DMCs. There must be no further failing of states. That would be unacceptable from a humanitarian, and extremely dangerous from a political, point of view. Dialogue must be upheld even with governments that lack the capacity to perform better or are unable to do so because they are too weak. However, no approach is justified in the case of governments

which hold basic human rights in contempt and are not development minded.

- ADB's new and very progressive accountability mechanism has been introduced just in time, and so has ADB's adoption of results-based management also and especially with regard to the new grant scheme of ADF. President Tadao Chino's commitment to formulate and establish this agenda is laudable indeed. Germany will fully support the implementation of this agenda. In our opinion, Board procedures dating back to the 1960s require a major overhaul as well. The Board should devote more time to strategies, especially country strategies, and should be in the position to discuss them at an early stage and to approve them before they are signed up by ADB. We now see things in motion to this regard.

Finally, let me mention that from 1 to 4 June 2004, the International Conference for Renewable Energies will take place in Bonn. We would like to invite you all very cordially to this conference. The aim of the conference is to develop, together with representatives from governments and various interest groups, strategies for the more broad-based utilization of renewable energies in both industrial and developing countries. Asia has a natural potential for greater use of renewable energies and must prepare for the time when oil and gas will become more scarce and costly. We are pleased that the host country, ADB, and others have already announced their participation.