

LUXEMBOURG

GEORGES HEINEN, Head of Delegation

It is an honor and a pleasure for Luxembourg to participate at the 37th Annual Meeting of the Asian Development Bank (ADB) on the beautiful island of Jeju. As you know, Luxembourg has just become a member country of ADB in September 2003, so this is our first chance to express ourselves on the policies of ADB.

But before doing so, let me thank the Korean authorities for the wonderful arrangements they have made to make us feel comfortable here, which I am sure will greatly contribute to the success of this meeting.

When Luxembourg a few years ago resolved to apply for ADB membership, we were looking for appropriate ways to channel our growing official development assistance (ODA) to the most needy parts of the developing world. Steadily increasing since the mid-1990s, our ODA now amounts to some 0.80% of gross domestic product (GDP), thus surpassing the recommendations on aid levels set by the United Nations. Besides using the bilateral channel, there was of course the multilateral option, and we identified ADB as a promising institution on the continent with the largest number of poor in the world.

We were heartened by the fact that at the time of our membership application, ADB had initiated a comprehensive agenda for reform, striving to transform itself from a development bank focused on infrastructure lending to an institution where poverty reduction is the overarching goal. This reform agenda has progressed steadily ever since, supported by ADB's shareholders and the Asian Development Fund (ADF) replenishment process.

Just coming from Seoul where ADF-IX was successfully completed at a record level of \$7 billion, the commitments subscribed to by President Tadao Chino, and based on the recommendations of the donors, are very promising indeed. Concrete measures will be taken to transform ADB into a truly results-based institution that is accountable for using resources effectively. The performance-based allocation system for ADF resources will be further improved, with an increased weight given to good governance. The new Human Resource Strategy will continue to be put into practice, improving staff's incentives and motivation levels, while delegating further authority to the resident missions.

The overall drive for enhanced coordination with the Bretton Woods institutions and other multilateral and bilateral agencies to increase development effectiveness is another very welcome initiative. Concerning the harmonization of policies and procedures, Luxembourg explicitly supports the commitment by ADB to work closely with the International Monetary Fund (IMF) on debt sustainability analysis; to bring disclosure on performance ratings in line with the International Development Association (IDA); and to adopt a role in weakly performing countries that is consistent with the "low-income countries under stress" (LICUS) approach of the World Bank.

With regard to the future orientation of ADB, Luxembourg wholeheartedly supports the important work being undertaken by the newly created Results Management Unit at ADB, developing the processes and procedures required for delivering on the institution-wide results agenda. At the same, the enhanced role to be given to Vice-Presidents within a transparent and integrated management accountability framework is highly appreciated. Finally, we look forward to the findings and recommendations of the now fully independent Operations Evaluation Department.

Luxembourg has undertaken to be represented at the Director's Advisor level in the Board of Directors of ADB. We are sure that this will be another way to ensure that the policy orientations that we as a new shareholder want to impress upon the institution will be well communicated. At the same time, we shall be exploring ways to catalyze ADB's work through cofinancing and technical assistance operations. We are looking forward to establishing a fruitful cooperation with ADB in achieving our mutual goal of poverty reduction in the most needy countries of the region.