

**THE NETHERLANDS****RONALD KELLER, Head of Delegation**

It is a pleasure and an honour to address this meeting of the Board of Governors of the Asian Development Bank (ADB). I thank the Government and the people of the Republic of Korea for hosting this annual meeting on this beautiful island. I also welcome Luxembourg and Palau as new members of ADB and congratulate ADB and donors for the successful completion of the Asian Development Fund (ADF) IX replenishment.

When planning this trip to Korea, I had to think back to the remarkable achievement of the Korean team during the World Soccer Championships in 2002. Not only because the coach of that team was Dutch, but mainly because Korea showed strong teamwork. And teamwork is what we really need in our joint efforts to combat poverty. This applies to both bilateral and multilateral donors, such as ADB.

The success of a team depends, first and foremost, on all team members striving towards the same goals. For us, partners in development, these are the Millennium Development Goals (MDGs). ADB has committed itself to the MDGs and will have to demonstrate how it will contribute to them, in collaboration with others and based on its comparative strengths. The best way to focus ADB's work on the MDGs is to align, in a results-based manner, its own programmes to the national poverty reduction strategies. Under the direction of the recipient government, development partners should coordinate and harmonise their activities, thus making far more effective use of limited resources.

I welcome the commitment of ADB to the harmonisation effort. This was illustrated today by the signing of the Memorandum of Understanding between ADB and the United Nations (UNESCAP). What matters now is the realisation of our good intentions in the field. Harmonisation in practice means more joint programming, more sharing of information, of field expertise, of monitoring systems, of missions and of policy dialogues. However, this does imply giving up our individual donor preoccupations, status, and influence. But there is no way back. We have to organise ourselves better, for the benefit of the poor. All of this requires a strong presence in the field. It is good that ADB has now established resident missions in most Developing Member Countries. The challenge now is to empower these resident missions by providing them with the necessary authority and capacity. As in soccer, success also depends on creating a level playing field. For Private Sector Development this means creating the right enabling environment, by providing, among other things, the right infrastructure, sound institutions and a conducive regulatory framework. For ADB to be more successful in this, it needs to clearly articulate its strategy for Private Sector Development, including the needed closer collaboration between private sector operations and the regional

departments. Secondly, ADB needs to demonstrate the development relevance of its private sector investments and address the risks associated with them.

Team effort can be seriously hampered if there is a weak financial basis. I am therefore impressed to see that ADB has improved its financial standing considerably. I also compliment ADB with the significant steps it has made in improving its financial policies by adopting the new Income Planning Framework. I urge management to include in next year's analysis of the resource position an assessment of ADB's capital adequacy on the basis of this new Income Planning Framework. This can provide us with very useful information on the true risk bearing capacity of the bank. I also invite ADB to provide us with the second Medium Term Strategic Framework, a strategy on its role in middle income countries and a paper on its possible role in a financial crisis.

Last, but not least, I turn to the team spirit within ADB. I note that the President has made a number of important commitments to improve on this, in particular on improving human resources management. Progress in this field is absolutely necessary for ADB to become a more effective international financial institute. Therefore, all of us, and certainly the management of ADB should step up efforts towards a more results oriented, open, and transparent culture. By putting far more commitment into mutual respect, accountability, and empowerment, ADB can become the true champion for development in Asia.

I thank President Chino for the significant steps that have been taken under his leadership to firmly establish poverty reduction at the core of ADB's work and for identifying the challenges ahead. The agenda has been set, the teams are lined-up, now the time has come to focus on implementation.