



**SPAIN**

**RAMÓN GUZMÁN, Head of Delegation**

It is for me an honor to express, on behalf of the Government of Spain, our recognition to the Government of the Republic of Korea and to the Asian Development Bank (ADB) staff involved in the preparation of this Meeting for its excellent arrangements and organization.

Our host, the Republic of Korea, provides still today an excellent case study for those involved in development economics. The Republic of Korea has been able to achieve extremely high rates of economic growth and improvements in socioeconomic development in an impressively short period of time. This welcoming island of Jeju is a mirror of this progress.

### **Recent Economic Performance in the Asian and Pacific Region**

In the past year the economies of the region have accelerated their growth rates and once again outperformed all other regions in the world. This level of economic performance sustained over a number of years is favoring a positive record in reducing poverty in Asia, but we must not forget that the majority of the world's poor still live here. While the People's Republic of China (PRC) and India have once again been the main engines of this performance, most other countries in the region have also grown rapidly. There are nevertheless some risks to face, mainly associated with a possible overheating of the PRC economy, the potential inflationary effects of a rapid accumulation in reserves, a negative development in oil prices or interest rates, and/or the threat posed by health epidemics and fanatic terrorism.

### **Financing for Development and the Improved Role of the Asian Development Bank**

This rapid rate of economic growth is creating opportunities for the developing countries of Asia to implement policy reforms that help reduce poverty: they must be exploited.

Of course there are still great needs for financing development in the region. This is particularly true if the international community wants the non-income Millennium Development Goals to be met. In this respect we welcome the successful conclusion of the negotiations for the eighth replenishment of the Asian Development Fund (ADF IX). Spain has reaffirmed its commitment to ADB's efforts to combat poverty in the region by doubling its regular contribution to ADB's special resources.

It is true that ADB's financial flows are small relative to the huge overall needs of developing Asia. But they are increasing and the institution is working to improve its development effectiveness. We would like to encourage ADB to become the leader among the multilateral development banks in the region, working, of course, in concerted action with the rest of the development partners.

In this respect we believe that the ADB should continue defining its role by focusing in the core objectives of the institution and by better coordinating and complementing efforts with other agencies and institutions, under the leadership of each developing member country (DMC).

Mr. President, you have contributed greatly with your leadership to make ADB a better institution. ADB has strengthened its financial position and is beginning to work like a results-oriented institution. In the near future, ADB should continue working to increase the quality of its interventions, refine strategies, and keep on the path of reform and improvement of the past few years. In this process we shall welcome the review of the poverty reduction strategy, and we remain expectant on the results of the independent assessment on the recent reorganization.

### **Some Outstanding Issues**

We would like to share with all of you a few short comments on three issues that we consider essential for the success of ADB in the near future:

First, Spain will strongly favor a continued process of reform and fully supports the recent decisions to implement best practices within the institution. While we acknowledge that much has been done lately and that ADB's management has been decidedly committed to improving institutional efficiency, there are still obvious gaps between the conceptual side and the implementation of the move towards reform. Sustained implementation will be required for these reforms to translate into tangible results.

In this context, we consider the ongoing review of the human resources policy of paramount importance and encourage ADB to work towards an even stronger commitment of its staff and management towards poverty reduction, with full accountability and responsibility.

We also consider that the Country Strategies and Programs are a key element for ADB's country assistance to achieve better results. We would like to see the Board have a closer and stronger role in their discussion and approval.

Second, we have actively supported in the past an increase in the activities related to private sector development. The private sector is the driving force of economic growth, and ADB has still a major role to play in facilitating private sector-led growth, favoring institutional capacity building, helping create regulatory systems and acting as a catalyst, and attracting domestic and foreign private capital to complement and reinforce ADB activities. We welcome the recent increase in private sector lending, but its magnitude is still modest. We believe that ADB can and should do more to give coherence to its private sector activities. The next review of the Private Sector

Development Framework is an opportunity to further strengthen the role of ADB in this area.

Finally, we consider ADB's involvement in further promoting good governance and the fight against corruption in the region as extremely important.

Allow me to close my intervention by reaffirming Spain's continued commitment to the development needs of the Asia and Pacific region and to the efforts of ADB to reduce poverty and improve the living conditions of its DMCs.