

UNITED KINGDOM

MARGARET CUND, Head of Delegation

May I begin by thanking the Governments of Korea and Jeju for hosting this Annual Meeting of the Asian Development Bank (ADB) Governors in this magnificent setting.

Everyone here is aware that progress in the Asia and Pacific region is critical if the development community is to meet the commitments it made at the Millennium Summit in June 2000. Four years on, we are on track to achieve some of the Millennium Development Goals (MDGs) in Asia, including that of reducing income poverty by half. But complacency would be dangerous: there is only a decade to go before 2015, and many millions of people still to be lifted out of poverty. We must redouble our efforts to meet those targets which are *not* yet on track, particularly those on basic education and primary health.

ADB, with its overarching objective of poverty reduction, and explicit commitment to the MDGs, can play a pivotal role in ensuring that these targets are met. Nevertheless, we are all aware that there have been a number of criticisms of ADB for its highly centralised organisation, devolving little decision-making power to its Resident Missions; and for its reluctance to work closely with other donors in the planning and implementation of its operations.

President Chino, you were rightly applauded when, in Copenhagen last October, at the start of the Asian Development Fund (ADF) negotiations, you reiterated ADB's mandate to reduce poverty in this region, while recognising the criticisms of its organisation. The 13 commitments you made then sought to address these.

The United Kingdom (UK) welcomes the successful conclusion to the ADF replenishment in Seoul last week, and is indebted to the Government of the Republic of Korea for facilitating this. We were pleased to increase our share of the replenishment from 4.8 to 6.0 per cent, in recognition of the progress ADB has made to date, and your commitments that it would do more. Further support will depend critically on continuing to implement those reforms to which you, Mr. President, committed ADB.

We feel this is a time of immense opportunity for ADB—but also one of great challenge. Now is the moment to translate its words into actions.

I would like to highlight six areas which the UK believes are key to ADB's continued reform, on which we shall be following progress closely, and which will influence the level of our support in future:

First and foremost, there is the question of greater levels of decentralisation of ADB's activities to its Resident Missions in borrowing member countries. We very much welcome your commitment, Mr. President, to strengthening ADB's Resident Missions, and devolving greater decision-making authority to them. We are encouraged that ADB's

experience of this so far has been positive—but this is just a beginning. We believe strongly that this process of decentralisation must now be accelerated, and regard it as essential that these Missions should be adequately staffed to deliver their devolved responsibilities effectively.

Second, and closely related, ADB needs to contribute fully and effectively to promoting and practising greater harmonisation of the development effort. We have to move away from having a large number of donors in each country, each with their own systems, demanding very specific responses from country governments. ADB, under your leadership, Mr. President, has a real opportunity to promote change in this area. This requires aligning support as closely as possible with nationally owned and led development strategies. But it also requires assistance to be provided in a way which enhances the collective effort of all development partners, minimises the burden on Developing Member Countries (DMCs), and thereby maximises impact. This, in turn, means providing support, through budgets where appropriate, for effective implementation of national poverty reduction strategies and sector programmes.

Third, we shall be following with great interest the implementation in ADB of the results-based management system, as in the other multilateral development banks. For all these institutions, this is a very important development, and one that we have strongly advocated and strongly support. But genuine progress in this area will require fundamental changes in what is targeted, what is measured, and in management and leadership at every level. ADB has raised our hopes in this regard; it is imperative that it now delivers in a way which satisfies these expectations, particularly with regard to the impact on its DMCs.

Fourth, on the continuing process of ADB's reorganisation, we have, from the outset, welcomed the planned organisational review. For this to be seen as a robust and objective process, we believe it needs to involve external consultants with broad expertise in this field. We shall need to consider very carefully whether, as proposed, the review would meet both ADB's own, and its partners', expectations.

Fifth, we believe ADB needs to ensure that *all* its staff are able to make the best possible contribution to ADB's outputs. We know that a fully effective organisation needs engaged and cohesive leadership. Mr. President, we commend you for putting in place a first-class team of Vice-Presidents, appointed on merit, to help you fulfil this institution's mandate. We urge you now to take full advantage of their talents, commitment, and experience by extending their management role and responsibilities.

Sixth, we welcome the intention to undertake a comprehensive review of ADB's human resources strategy and policies. Any weakness in this area clearly jeopardises ADB's ability to meet its commitment to its DMCs to be a centre of excellence. In particular, we welcome the emphasis to be placed on strengthening leadership skills and accountability for outputs. We also hope that ADB can continue to identify ways of adopting cutting-edge ideas and perspectives. Forthcoming senior-level retirements may

provide an opportunity to look outside the institution to recruit the sorts of skills it now needs to deliver this challenging agenda over the coming years.

Development progress in Asia is at the core of global progress, and must lead the way in terms of achievement of the MDGs. No other region is better placed to demonstrate to the world that development works. Because we believe ADB's contribution to this is unquestionable, we want to work with ADB and its partners to maximise its impact. At times, this requires us to lay down difficult challenges, but we do this to ensure the best possible outcome for the hundreds of millions of poor and disadvantaged people living in the Asia and Pacific region.

Finally, Mr. President, the UK thanks you for all you have done to raise awareness of the scale of Asia's development needs, and for your commitment to make ADB an even stronger player in helping to meet these. Our expectations are high, but we have confidence in you to deliver.