



# 39<sup>TH</sup> ANNUAL MEETING

## BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

**GS-23**

### **CANADA**

**Hau Sing Tse**, Head of Delegation

#### **Introduction**

Allow me to thank the Government of India and the State of Andhra Pradesh for hosting this 39th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). It is a pleasure to be in Hyderabad, a city with a rich history and a leader in the world of IT.

This meeting marks the end of President Kuroda's first year at ADB and the inclusion of two new members into the Bank family: Armenia and Brunei Darussalam.

We congratulate the President on progress made in the reform agenda over the past year. We are hopeful that the pace of reform will continue and even accelerate.

I would like to focus on three other issues that we believe are critical to the Bank's role in the region: (i) its commitment to poverty reduction and pro-poor growth; (ii) the focus on good governance and anti-corruption efforts; and, (iii) the renewal of the Bank itself.

#### **Pro-poor Growth and Poverty Reduction**

Asia is an economic powerhouse that has achieved dramatic reductions in poverty through economic growth. However, the gains from growth are uneven, with significant variations among and inequalities within countries. These inequalities create threats to social stability and come with an economic cost as the potential of millions of marginalized people remains untapped. Of particular concern is the slow progress on gender equality, especially given its relevance to all the Millennium Development Goals (MDGs). Despite substantial progress in narrowing gender gaps in education enrollment, ADB's analysis confirms that the region is seriously "off track" on indicators of women's equality.

In Canada's view, raising the poor out of poverty should be central to the Bank's efforts to promote equity and to reduce the gap between rich and poor. We hope the medium-term strategy for 2006-2008 (MTS 2) will articulate this vision more forcefully and will reaffirm the Bank's commitment to pro-poor growth, gender equality and inclusive development.

#### **The Challenge of Governance**

Meeting the challenge of poverty reduction requires that aid be used effectively. Good governance, accountability to taxpayers, and the fight against corruption are central to this effort. Corruption undermines development by distorting the rule of law, weakening institutions and eroding public support for development efforts.

**ADB**

My own government has identified accountability as an important domestic priority and is committed to strengthening its system of public governance. We are also committed to more effective use of Canadian aid dollars and will work to ensure greater accountability in the distribution and results of Canada's international assistance.

We welcome the inclusion of governance and anti-corruption as a new ADB priority in the MTS 2. We encourage the Bank to consult with other development banks on this issue to ensure that best practices are captured and that institutional innovations on governance are shared. If ADB is to make concerted progress on this issue, it will need to allocate sufficient resources to this effort.

### **Institutional Renewal to Enhance Effectiveness**

Last year in Istanbul, President Kuroda spoke about the need for institutional change and renewal as a means to further strengthen the Bank's development effectiveness. We agree.

In our view, this process of renewal must be based on three principles.

First, ADB must practice inclusiveness and transparency so that Governors, the Executive Board, management and staff are involved in and supportive of this reform.

Second, a merit-based organization must be created that empowers staff and makes best use of their talents.

Third, and most importantly, strong and consistent leadership is needed from management.

### **Conclusion**

As President Kuroda recently said: "Asia is a region where development works. People in Asia no longer just aspire to development—they expect it. Asia represents the world's best hope for meeting the MDGs."

To accomplish this, ADB must lead the way by emphasizing pro-poor growth that is gender-sensitive, by focusing on good governance and by continuing the renewal of ADB itself so that the resources that we all provide to it are used as effectively as possible.

I would like to close by paying tribute to our chair and to the staff of ADB for the high quality of their expertise and commitment to the people of Asia.

