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Marjatta Rasi, Governor

Let me join the previous speakers in expressing my government's appreciation to the authorities of our host country India, the state of Andhra Pradesh, and the city of Hyderabad, for the warm welcome and generous hospitality.

The UN Millennium Summit in September marked the first global stocktaking of the progress made in achieving the Millennium Development Goals. The summit acknowledged the vast challenges in reaching the goals. For Finland, ADB's contribution to the Millennium Development Goals, translated into specific targets at the country level, is a key criterion for assessing its development effectiveness. We expect ADB to be clear and concrete in its commitment and contribution to the MDGs in all of its major strategic documents and actions.

The general economic outlook in the Asian region is encouraging. Despite this positive trend, we must not underestimate the challenges facing the region. While the proportion of the poor is declining, there are still more than 620 million people living in absolute poverty and the available information indicates little progress toward the non-income MDGs. We are all aware that growth alone is not enough to ensure equitable social and economic development. In this context, I would like to highlight, in particular, the challenge of extreme inequalities in terms of incomes and income distribution, access to health, education, employment and other opportunities, which cut across the countries, population groups, and genders in the region. This is well addressed in the poverty reduction strategy of ADB. We are concerned that this focus may be somehow diluted in the draft medium-term strategy for 2006-08. The draft strategy must be enhanced in this respect, to provide an efficient tool to turn the poverty reduction objectives into operations.

We have also been concerned with the process of putting together the new MTS, perhaps the most important strategic document of ADB. This is a reflection on some features of the strategic management and policy setting in the Bank that I will turn to later on. We do, however, commend ADB for addressing inclusiveness as a strategic priority of the MTS. We expect ADB to demonstrate a high level of ambition in turning this commitment into concrete actions. In Finland's view, this is an area where ADB in particular can bring added value by acting as a catalyst for promoting pro-poor, inclusive and equitable development. The benefits of growth can be extended to the entire population only by ensuring political and economical empowerment and the participation of all, especially the poor and vulnerable, a group that unfortunately is still too often dominated by women.

The high level of economic growth that is transforming Asia is also posing new challenges for ADB. How can it be a relevant and effective partner to all borrowing member countries?



We welcome the efforts to enhance and streamline ADB's cooperation with middle-income countries, remembering that these countries continue to be the home of the majority of the region's poor. Creating an enabling environment through an institutional, legal and financial framework will increase the impact of private sector operations on poverty reduction. ADB can function as a catalyst for private financing and as a quality insurer on issues such as environmental and social concerns. Furthermore, ADB can assist the borrowing countries in strengthening their capacity for corporate governance, especially by promoting a strong anti-corruption culture and to setting up transparent regulatory regimes.

Improving governance and preventing corruption is a most welcome strategic priority of the MTS and very high on Finland's list of priorities. We very much appreciate President Kuroda's remarks on the need to eliminate corruption. Thus we expected an even stronger commitment to pursuing good governance and to the fight against corruption. The establishment of a concrete accountability framework for ensuring effective implementation would demonstrate a firm intention to pursue the fulfillment of objectives. Furthermore, we expect ADB to take urgent action as recommended by the review of the implementation of the ADB governance and anticorruption policies. We are also monitoring with great interest progress on the development of a uniform framework for preventing and combating fraud and corruption as agreed by the heads of the regional development banks, the IMF and the World Bank in February in Washington.

Regional cooperation and integration features will play a big role in ADB's future. We support the increased emphasis on regional cooperation in the context of a greater value-adding strategic focus and selectivity, in line with the overriding objective of poverty reduction. This cooperation must be based on demand and ownership by the borrowing countries.

Finland values ADB's commitment to the harmonization agenda in accordance with the Paris Declaration. We urge ADB to further enhance the process by using its comparative advantage and leadership for proactive dialogue with borrowers, civil society, and all bilateral and multilateral donors present at country level. One option for aligning programmes in a more strategic and results-oriented manner is to work together with governments and donors in sector wide approaches (SWAPs) and joint country strategies and programs.

To capture the positive momentum created by the adoption of the reform agenda, we stress the importance of designing a strategy for coordinated change management. At the corporate level we are yet to see the kind of change in management culture envisaged in the reform agenda. This requires immediate action and long-term commitment by top management to issues related to strategic management and managerial guidance in the organization. In the process, management should aim at greater interaction with the Board of Directors and give the Board a meaningful role in setting the strategic directions of the bank.

Last but not least, I would like to turn to the strong partnership between the European Union and Asia. Finland, which will assume the Presidency of the European Union as of the beginning of July this year, is committed to continue working on our common challenges, such as climate change, energy, anti-money-laundering activities, human trafficking, and social protection, with a focus on empowering disadvantaged and vulnerable groups.

To conclude, I wish to reconfirm Finland's strong partnership with ADB. We are convinced that ADB will continue to enhance its contribution to the promotion of long-term prosperity in the Asia and Pacific region.