



39TH ANNUAL MEETING

BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

GS-27

TURKEY

İbrahim H. ÇANAKCI, Alternate Governor

It is a great pleasure for me to be here in Hyderabad for the 39th Annual Meeting of the Board of the Governors of the Asian Development Bank (ADB), and I extend my deepest thanks to our Indian hosts for their splendid arrangements.

Today, Asia is the most dynamic region in the world in terms of economic growth. Despite its impressive economic growth performance, 1.9 billion people in the region still survive on less than US\$2 a day. It is still a major challenge to reduce income disparities, to ensure the benefits of growth are more equitably distributed, both across countries and within countries, and to attain the Millennium Development Goals (MDGs). Therefore, ADB's unique role in the Asia and Pacific Region is very important to support poverty reduction and development in the developing member countries (DMCs)

It is our responsibility as shareholders to give our utmost support to make ADB a more transparent, responsive, and results-oriented institution. ADB's wide-ranging reform agenda is a challenging framework for its institutional change and renewal in this respect. Although there has been some progress since last year on the agenda, ADB has to continue with determination to build on this progress to assist developing member countries to meet their development goals. While doing this, it is important to enable full involvement of all stakeholders, taking all views and comments into consideration. We are well aware that transforming the institutional culture of an organization is a difficult task and requires deep commitment and decisiveness to actively manage the change process. In this sense, we are pleased to have heard from President Kuroda that the finalization of the medium-term strategy II is postponed to best serve the diverse and evolving needs of developing member countries.

Reducing poverty should be the prime objective of ADB's comprehensive reform agenda. Coherence and compatibility among the reform initiatives must be ensured, and between individual reforms and the medium term strategy as well. This requires a multidimensional approach, and an effective and focused ADB that delivers tangible results. Budget implications and human resources requirements for the implementation of this comprehensive reform agenda are also issues that require in-depth analysis.

We welcome ADB's recent work on the middle-income countries (MIC) partnership and ordinary capital resources (OCR) borrowers. As was stated in that study, one of the common issues that all multilateral development banks (MDBs) have been facing in recent years is the relatively stagnant lending levels to MICs, home to more than 70% of the developing world's poor and ADB's principal client-base for its OCR operations. Concerted action is needed with other MDBs so there is continued support for MICs to further raise development



effectiveness, without ignoring the specificities of the region. What happens in the MICs matters a lot in the global picture, since they are critical to the achievement of the MDGs and they have the potential to make a significant impact on poverty reduction.

The issue of regional cooperation and integration deserves special attention. As a leading development partner in the region in terms of global knowledge, skills, as well as technical assistance and advice, we appreciate plans to enhance ADB's roles as a promoter of regional economic cooperation and integration. However, the pillars of this initiative should be thoroughly discussed with all regional member countries so as to achieve a consensus.

We place great emphasis on promoting good governance and the fight against corruption. We also support the recent efforts by all MDBs in February to work together to tackle corruption, a development issue that hampers economic growth, disproportionately burdens the poor, and undermines the effectiveness of investment and aid. Although the roots of corruption run very deep in many countries' political cultures, making it difficult to overcome the problem, ADB should stay the course on its governance and anti-corruption strategy. We support ADB's close cooperation with other MDBs in this area.

We are content with the emphasis on private sector development in ADB's medium-term strategy. We believe ADB has a role in promoting sound policies and continued reforms, enabling an improved environment for the development of the private sector. However, increasing lending volumes for private sector need to be accompanied by a substantial strengthening of ADB's financial risk management.

On a final note, I would like to stress how important it is to implement a far reaching reform agenda and deliver concrete development results, which will make ADB a more relevant and effective partner in the region. Turkey values its partnership and engagement with ADB highly. In this sense, I would like to extend my deepest appreciation to Mr. Kuroda, the Management and staff of ADB for their dedicated work for the future of ADB and give them best wishes for the next year of operations.