

the region itself. This trend must be encouraged, for it demonstrates clearly the profound potential for Asian leadership on the global stage.

Mr. President,

The Bank is to be commended for its excellent performance in 1990 as in so many past years, and its responses to the evolving circumstances of its members. I wish to mention in particular the severe impact of the Gulf crisis on many peoples and countries of Asia -- some of whom were already facing difficult circumstances. The Bank responded quickly to UN resolutions and complemented bilateral and other multilateral efforts. The effects will remain for some time and will require close monitoring and further support.

The Bank, like Asia itself, is going through a time of analysis and change. The Bank has recognized that it must respond, and for this reason Governors commissioned the report which became known as the Panel Report, "The Role of the Asian Development Bank in the 1990s." It was universally welcomed as a blueprint for the Bank's future operations.

The Asian Development Bank has a well-deserved reputation for the role it has played in the phenomenal economic growth of the region as a whole. It benefits from a sound reputation as a respected financial institution. The Panel Report, however, pointed the way to a new focus on the problems of the half billion people who still live in poverty. It was recognized that Bank operations must be aimed at increasing productivity of the poor, improving social conditions, and protecting the natural environment.

My message to the Bank is that it must move quickly to play an even more effective role in a changing region. Above all, the Bank must be prepared to operate more strategically, and must re-align itself internally to do so. The Bank must play a dynamic role in the policy environment of the region. It is time to forego the reticence which has prevented it from guiding borrowing member countries through the reform process which they must undertake to meet the emerging challenges. The issue is not one of sovereignty: the issue is the establishment of a climate of mutual confidence and shared direction between the Bank and its members. It is this belief that leads us to the conclusion that policy dialogue must emerge more clearly as a framework for the Bank's country-lending strategies.

Governors should give a strong and clear message on these issues. To our distinguished President I would say, we are your strongest supporters, and you will find plenty of