



**Manila**  
2018  
51<sup>st</sup> ADB ANNUAL MEETING  
3-6 MAY



# SUMMARY OF PROCEEDINGS



Linking People and Economies  
for Inclusive Development





**Manila**  
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## **INTRODUCTORY NOTE**

The Fifty-First Annual Meeting of the Board of Governors of the Asian Development Bank was held in Manila, Philippines from 3 to 6 May 2018. This Summary of Proceedings of the Meeting is presented in accordance with the provisions of Section 9 of the Rules of Procedure of the Board of Governors.

The Honorable Carlos G. Dominguez, Secretary of Finance and Governor for the Philippines addressed the opening session on 5 May 2018, preceded by the President of the Asian Development Bank, Mr. Takehiko Nakao.

The Governor for the Philippines, the Honorable Carlos G. Dominguez, chaired the Meeting. The Governor for the Federated States of Micronesia, the Honorable Sihna N. Lawrence, and the Temporary Alternate Governor for Portugal, Ms. Ana Barreto, served as Vice-Chairs.

The views expressed by ADB members at the Annual Meeting of the Board of Governors are those of the speakers and do not necessarily reflect the views and policies of ADB.

Eugene Zhukov  
The Secretary  
Asian Development Bank  
July 2018



# SCHEDULE OF THE BUSINESS SESSION



## **SCHEDULE OF THE BUSINESS SESSION**

**Saturday, 5 May 2018\***

- 1:00 p.m.
- The Chair calls the meeting to order
  - Report of the Procedures Committee
    - Approval of the Provisional Schedule of the Business Session
    - Approval of the Provisions Relating to the Conduct of the Meeting
    - Adoption of the Agenda for the Meeting:
      1. Notation of the Annual Report for 2017
      2. Notation of the Updates to Rules and Regulations
      3. Notation of the Budget for 2018
      4. Notation of the Status of the Financial Resources of the Asian Development Bank
      5. Approval of the Financial Statements, Management's Report on Internal Control over Financial Reporting, and Independent Auditor's Reports
      6. Approval of the Allocation of Net Income
      7. Approval of the Composition of the Procedures Committee for 2018/2019
      8. Approval of the Chair and Vice-Chairs of the Board of Governors for 2018/2019
  - Management's Report to the Board of Governors
  - Remarks by Governors
  - Remarks by the Chair-Elect (2018-2019 Chair of the Board of Governors)
  - Closing Remarks by the ADB President
- 4:30 p.m.
- Closing

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\* Seminars and other events were held from 2 to 5 May 2018.



# OPENING SESSION



**Manila**  
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## **OPENING ADDRESS BY ADB PRESIDENT TAKEHIKO NAKAO AT THE 51ST ADB ANNUAL MEETING OF THE BOARD OF GOVERNORS ON 5 MAY 2018 IN MANILA, PHILIPPINES**

### **I. Introduction**

ADB Governors, distinguished guests, ladies and gentlemen:

It is my privilege to join the Honorable Secretary Carlos G. Dominguez, Chair of the Board of Governors, in welcoming all of you to the 51st Annual Meeting of the Asian Development Bank.

Mabuhay.

I would like to thank the Government of the Philippines and its people for the excellent arrangements and warm hospitality.

The Philippines played a key role in establishing ADB in 1966, and ever since has been home to ADB. The firm commitment and support of the government over the years has been essential to the success of our operations throughout Asia and the Pacific. And as Secretary Dominguez mentioned to me one year ago, this annual meeting in Manila is an important opportunity to start “reinventing ADB.”

Today, the Philippines is among the fastest growing economies in the region based on strong investment and consumption. President Rodrigo Roa Duterte’s administration has been implementing a comprehensive 10-point socioeconomic reform agenda, which includes investing in people and promoting rural development. The government is also implementing an ambitious “Build, Build, Build” infrastructure plan.

ADB is financing urban mass transport in Manila and Davao, the railway connecting Malolos and Clark, roads and bridges in Mindanao, and clean water and sanitation in local communities. ADB is also supporting school-to-work programs, financial inclusion and capital market reform, and conditional cash transfers to poor families in the Philippines.

### **II. The Year in Review: Achievements and Innovation**

Let me now report on our achievements in the past year.

ADB continues to respond to the growing needs of the region. In 2017, ADB’s own financial commitments, including loans, guarantees, and equity investments, were a record \$20 billion. Of these amounts, our private sector operations amounted to \$2.3 billion, and they mobilized commercial cofinancing of \$5.7 billion. Including official and commercial cofinancing and technical assistance, ADB’s total commitments last year were \$32 billion, a 26% increase from 2016.

Approvals for the financing of climate mitigation and adaptation reached a record \$4.5 billion in 2017, a 21% increase from the previous year. We are in a good position to achieve our target of doubling annual climate finance to \$6 billion by 2020.

These strong results were made possible by our solid capital base, thanks to the successful merger of the Asian Development Fund lending operations with the ordinary capital resources balance sheet—which took effect at the start of 2017.

We need further efforts to accelerate disbursements and increase cofinancing. ADB approved a new procurement policy in 2017 to reduce procurement time, support the adoption of high-level technologies, and better address life-cycle costs.

Along with our increased volume of operations, we are promoting innovative approaches and advanced technologies. For example, in Indonesia and Pakistan, we are using satellite data and remote sensing to improve irrigation. In the Pacific, we are supporting a regional disaster contingent financing program that will enable budget support to countries in the immediate aftermath of disasters.

On the funding side, ADB stepped up efforts to raise local currency funding to meet the growing demand for local currency loans in our private sector operations. ADB also issued new thematic bonds such as gender bonds and health bonds.

### **III. Regional Economic Outlook**

I will now turn briefly to the economic outlook for Asia and the Pacific.

Developing Asia grew by 6.1% in 2017, and we expect growth will be 6% in 2018. Excluding the four newly industrialized economies (Hong Kong, China; Republic of Korea; Singapore; and Taipei, China), developing Asia's rate of growth is expected to be 6.5% in 2018. It is encouraging that global and regional trade has started to grow robustly again since the beginning of last year.

The People's Republic of China is expected to grow 6.6% in 2018, even as its growth continues to gradually moderate. In India, growth should pick up to 7.3%. The Association of Southeast Asian Nations (ASEAN) region, with a large total population of 650 million, is continuing to grow at 5.2%. The recent rebound in oil prices has helped relieve fiscal pressures in oil-producing economies in Central Asia.

In countries like Bangladesh, Cambodia, the Lao People's Democratic Republic, Myanmar, the Philippines, and Viet Nam, growth continues at 7% or even more. At this pace, gross domestic product (GDP) will double in about 10 years.

Although challenges remain, Asia and the Pacific is well positioned to sustain its growth momentum, supported by robust private consumption and investment, and anchored by sound macroeconomic policies and structural reforms. Active trade and foreign direct investment are the foundation of Asia's economic success and are essential for continuing solid growth. Despite current disputes among some countries, we firmly believe that countries should make utmost efforts to maintain and foster an open multilateral trade system.

#### **IV. Rise of New Technology and Impacts on the Region**

One significant factor that will help drive the region's future growth is advancements in technology. Allow me to expand on this issue.

New technologies are emerging faster than people can imagine. New technologies such as robotics, artificial intelligence (AI), and "internet of things" have huge potential to raise productivity and improve our daily lives. In Asia, young entrepreneurs and homegrown innovations are becoming an increasingly important part of the economy.

At the same time, there is growing concern that the rise of new technologies could cause widespread job losses. ADB's research, however, as described in our Asian Development Outlook 2018 report, indicates that there are several reasons to be more optimistic.

First, a job, whether it is cognitive or manual, comprises many kinds of tasks. New technologies often can automate only some of those tasks, not the whole job.

Second, job automation takes place only where it is both technically and economically feasible. Even if automatic sewing machines can produce T-shirts, if they require a huge capital investment, they cannot compete with human workers who are paid reasonably.

Third, as our research shows, higher incomes driven by higher productivity may substantially increase demand for products, more than offsetting job losses caused by new technologies.

Fourth, new technologies create new occupations and industries. In the early 20th century, auto mechanics and car dealers emerged alongside the car industry. Today, we are seeing many new types of high-skilled jobs in information and communications technology (ICT), health care, education, and all kinds of business and consumer services.

Nevertheless, new technologies can alter the skills required for certain jobs and cause unemployment. Advances in technology may make the less-skilled more likely to experience lower wages, thereby widening income inequality.

This will require proactive and comprehensive actions by governments on skills development, labor regulation, social protection, and income redistribution. Governments must promote ICT infrastructure, protect personal data and privacy, and ensure fair competition.

Governments can also apply new technologies to improve public service delivery. In education, for example, adaptive learning and remote technologies will enhance learning outcomes in schools. Telemedicine, AI, and the use of big data will have great potential to improve health services.

#### **V. A New Strategy towards 2030**

Ladies and gentlemen:

Last year, we celebrated ADB's 50th anniversary and reflected on our past achievements. Today, I would like to speak about the future and our new long-term Strategy 2030.



Our region has experienced a fundamental transformation. Half a century ago, Asia was the poorest region in the world. Today, the economic center of gravity is shifting to Asia and the Pacific, and almost all our developing member countries have advanced to middle-income status.

Yet, large challenges remain, and new ones are emerging. There is still persistent poverty. We must address rising inequality, growing environmental pressures, and rapid urbanization. Aging in some countries and an increasing youth population in others present opportunities as well as challenges.

Strategy 2030 will renew our strong commitment to eradicate extreme poverty in the region and expand our vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

These aspirations will be aligned with the international agenda, such as the Sustainable Development Goals and the Paris Agreement on climate change.

Recognizing different conditions in our developing member countries, we will pursue differentiated approaches. The country partnership strategy will continue to be the primary platform for defining ADB's operational focus in each country.

I would like to highlight 10 priorities in Strategy 2030.

First, ADB will tackle remaining poverty and increasing inequalities. We will help create quality jobs, promote secondary and tertiary education, expand universal health care, and strengthen social protection programs. We will focus on lagging areas and pockets of poverty even in middle-income countries.

Second, we will help accelerate progress in gender equality. We will continue to incorporate gender elements when we design and implement projects and programs. We will support gender-focused projects in education, health, and financial inclusion. We will promote gender equality in decision making through our projects and technical assistance.

When I was in Bangladesh this February, I visited an ADB-supported ICT laboratory at a rural school. I was impressed by the enthusiasm of girls and boys to study ICT. One girl stood up and said she wanted to be a satellite engineer for the National Aeronautics and Space Administration (NASA) in the United States. Prime Minister Sheikh Hasina of Bangladesh was proud when I shared this story with her.

Third, we will scale up our support to combat climate change, build climate and disaster resilience, and enhance environmental sustainability. ADB will help countries to achieve their Nationally Determined Contributions under the Paris Agreement. We will invest in the conservation and restoration of natural capital. We will improve the water-food-energy nexus.

Fourth, we will build livable cities that are competitive, green, resilient, and inclusive. ADB will support multimodal mass public transport systems in cities, clean water and sanitation, and urban health facilities. ADB will help cities expand sources of funding and enhance inclusive, integrated, and participatory urban planning.

Fifth, we will promote rural development and food security. ADB will focus on developing agricultural value chains from farm-to-market through investments in rural roads, storage facilities, and mobile connectivity. We will foster advanced technologies in farming.

Sixth, we will strengthen governance. ADB will support public sector management reforms through policy-based lending and dialogue. ADB will help governments enhance their capacity to prepare, implement, and operate high-quality projects. And we will help raise standards globally for environmental and social safeguards, sound financial management, and anti-corruption.

Seventh, we will foster regional cooperation and integration. We will build on our experience in subregional cooperation initiatives since the 1990s in Central Asia, South Asia, Southeast Asia, and the Pacific. We will promote regional public goods such as transportation and logistical networks, and protection against communicable diseases. We will support a regional approach to energy security, education, tourism, and financial stability. ADB will cooperate with existing and emerging international and regional initiatives.

Eighth, we will mobilize private sector resources to meet the region's huge development financing needs. Our private sector operations help fill market gaps and promote private sector participation in infrastructure and other development finance. We will further scale up our private sector operations, widen their geographic coverage including new and frontier markets, and expand operations in social sectors such as health and education.

We will also continue to promote the effective use of public-private partnerships. We will enhance resource mobilization through credit enhancement operations and cofinancing with bilateral and multilateral partners.

Ninth, we will further strengthen our role as a provider and facilitator of knowledge. I strongly believe that ADB's value addition is combining finance with knowledge, whether tacit or explicit. We will develop and deliver integrated solutions that extend across sectors. ADB's knowledge work will strengthen the network of scholars and think tanks in Asia and beyond, and offer Asian perspectives.

Tenth, implementing the new strategy will require a stronger, better, and faster ADB. We will continue to use our financial resources efficiently and creatively. We will invest in our workforce, promote diversity including gender balance, and ensure a respectful workplace. We will expand our presence on the ground. We will dramatically modernize business processes to speed up our services to clients.

A One ADB approach will break down silos and bring together expertise across ADB. We will continue to work with a wide range of partners.

## **VI. Closing Remarks**

Ladies and gentlemen:

We plan to complete Strategy 2030 by mid-2018. We already held extensive consultations. I appreciate the guidance from Governors at this Meeting. We will continue to seek views from various stakeholders, including civil society organizations.

Our task ahead is to reinvent ADB and meet the challenges of a transforming Asia and the Pacific.

In the Philippines, there is a proverb “Kung may ti-na-nim, may a-a-ni-hin,” which means “The seeds we plant today offer harvest for the future.”

Together, let us continue our journey to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Thank you.



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**OPENING ADDRESS BY CARLOS G. DOMINGUEZ, SECRETARY OF FINANCE, REPUBLIC OF THE PHILIPPINES, AND CHAIR OF THE BOARD OF GOVERNORS AT THE 51ST ADB ANNUAL MEETING ON 5 MAY 2018 IN MANILA, PHILIPPINES**

Asian Development Bank President Takehiko Nakao, Fellow Finance Ministers and ADB Governors, distinguished guests: good morning.

We are greatly honored to be hosting the Asian Development Bank's 51st Annual Meeting this year.

As we begin the sixth decade of the Bank's work, there is a sense of a cycle ending and another one beginning. In the midst of the major shifts in the region and the changes driven by new digital technologies, we certainly have to examine the work of this institution in terms of what is new and what is forthcoming.

Hosting the ADB headquarters over the past five decades has been a source of immense pride for the Philippines. It certainly brought us into close contact with the experts and the emerging development thinking from across the vast expanse of countries served by this great institution.

Locating in Manila was a sound decision. It certainly brought the Bank closer to the realities of an emerging society—especially an emerging society such as ours with its intermittent episodes of turbulence and also moments of impressive achievement. It definitely brought the bank an ample supply of highly talented English-speaking personnel to support its operations.

The partnership between the ADB and the Philippines has been an especially fruitful one. The Bank has been a reliable and responsive partner in mobilizing resources and technical support needed for our development. The Bank helped us build critical infrastructure to support our economic growth. The ADB was generous in its support during the debt crisis of the 1980s and the Asian financial crisis of the late nineties. The institution stood with us in solidarity when calamities struck in this vulnerable archipelago.

We are extremely grateful for this strong partnership. It has enabled us in many ways to help improve the quality of life of our people. It contributed to the strong foundations on which we now build a strongly resurgent economy.

We commend ADB President Takehiko Nakao for the great work he put in leading this institution through a dramatically changing world. He is committed to the Bank's long-term vision and remains open to the reinvention of the institution's programs as we move into a more technologically-driven age.

Many things have changed in the Asia-Pacific the past five decades.

The center of gravity of the global economy has decisively shifted to Asia. The world's two most populous countries—China and India—are now also among the planet's largest economies. They have become the principal engines of growth for the global economy. The ASEAN region, a common market with 640 million consumers, includes some of the world's fastest growing economies. In a period haunted by rising protectionist regimes and threatened by autarkic politics, the Asia Pacific stands as compelling proof that free trade brings rapid progress.

This part of the world, after all, saw the liberation of hundreds of millions of people from the grip of poverty. Over the next few years, this part of the world will demonstrate to the rest that free markets are adapting to rapidly changing technologies that provide the best conditions for inclusive growth.

The Asia-Pacific is proud of its economic achievement over the past few decades. The ADB played a catalytic role in that economic achievement.

I am particularly proud of the fact that the Philippines is fully engaged with the rapid growth of the region. Fully capacitated by the economic reforms and more efficient institutions built over the past three decades, the country is at the forefront of the region's remarkable development. Over the past two years, our GDP grew by an average of 6.7 percent. We seek to grow at 7 percent on a sustained basis. By 2022, we expect to bring down the poverty rate to just 14 percent.

Today, we are in the process of completing a comprehensive tax reform program to further expand the fiscal space making possible immense investments in infrastructure and human capital. Our ambitious infrastructure program benefits from the support of the ADB and other partner development institutions. With this program, we will increase public sector infrastructure spending to 7.3 percent of GDP by 2022. This program will link all islands and all communities to the mainstream of wealth creation.

The infrastructure program will, at the same time, reduce our vulnerability to natural calamities. It will also foster the growth of manufactures that will lessen our dependence on remittances from our overseas workers and from the business process outsourcing sector.

We are encouraged by the ADB 2030 Strategy formulated by the present leadership of the institution. This roadmap offers a new vision and strategy for the Bank to maintain its relevance and improve its capacity to adapt to changing conditions. It is fortunate that the Bank today has sufficient financial resources to enable it to boldly expand operations and respond in a highly-differentiated way to the growing diversity and aspirations of its member-countries.

We live in a world where the pace of change is dictated by rapid advances in digital technologies. These technologies present us with upsides as well as downsides. They could improve productivity dramatically but they could also eradicate jobs and introduce greater inequalities. Our institutions must either master the technological surge or be swept away by it.

There is a need to "future-proof" our economies so that technological change makes them strong rather than undermines them. Smart technologies bring great promise but also some amount of peril.

The ADB, as the region's main concourse of development ideas, should help member countries to better harness the forces of technological change. It needs to develop the means to support member countries from falling into the wrong side of the digital divide.

Rapid, and especially disruptive, technological progress carries both risks and rewards. The ADB is a vital institution for the region ensuring the risks are mitigated and the rewards evenly distributed.

As we adapt to a more technology infused environment, we know that technology could dramatically improve productivity. But they will also radically transform the way our societies are structured. They will demand skills our schools were not prepared to provide. They will produce virtual constituencies our political orders were not conceived to include. They will dramatically improve access to the financial system but also open doors to such things as virtual currencies that no government is prepared to regulate.

ADB Strategy 2030 is a good beginning. It is not a fully developed program for fully adjusting to the new economic balance of power as well as coping with the enormous forces unleashed by new technologies. That program will evolve into place—but only if we are prepared to reinvent and rethink.

Thank you and good day.



# BUSINESS SESSION



## **PROVISIONS RELATING TO THE CONDUCT OF THE MEETING**

### **Admission**

1. The business session of the Board of Governors of ADB will ordinarily be open to all registered Annual Meeting participants.
2. Meetings of the Procedures Committee, should they be called, shall be open to Governors who are members of the committee and their advisers, and others as may be considered necessary by the Chair of the committee.

(A separate paper on the arrangements for the business session and the Procedures Committee will be circulated to the Board of Directors prior to the Annual Meeting.)

### **Order of Speaking and Records**

3. The Chair of the Board of Governors will establish the order of speaking for the business session. Governors desiring to speak and/or comment on any of the agenda item will generally be recognized in the established order of speaking. Speaking time for each Governor will be 3 minutes.
4. There will be one business session. Instead of delivering oral remarks during the business session, Governors will have the option to submit written remarks, which will be uploaded to the ADB website. Governors will also have the option to deliver abridged oral remarks during the business session with the complete written remarks posted on the website. Joint remarks are encouraged.
5. Governors are expected to keep their oral remarks within the allotted time. In cases where longer remarks may be necessary, Governors will provide the Secretary with the full text for the record.
6. Messages or remarks by observers may be brought to the attention of the Office of the Secretary.
7. The Secretary will keep a summary of the proceedings of the Annual Meeting, which will be made available to members as soon as possible after the meeting. Governors are requested to submit their remarks in English (the official language of ADB) for inclusion in the proceedings.

### **Procedures Committee**

8. Before the meeting, the committee will consider (via correspondence) and make recommendations to the Board of Governors on the schedule and agenda for the meeting, and the provisions relating to the conduct of the meeting (and any procedural matters). A report of the Procedures Committee will be prepared. Notwithstanding this arrangement, the Procedures Committee members will need to make themselves available to convene during the meeting should the need arise.



## **Public Information**

9. The Chair of the Board of Governors and the President of ADB may communicate to the media such information concerning the proceedings of the meeting as they may deem appropriate.



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Document No. BG51-3  
1 March 2018

## **AGENDA**

1. Annual Report for 2017
2. Updates to Rules and Regulations
3. Budget for 2018
4. Status of the Financial Resources of the Asian Development Bank
5. Financial Statements, Management's Report on Internal Control over Financial Reporting, and Independent Auditor's Reports
6. Allocation of Net Income
7. Composition of the Procedures Committee for 2018/2019
8. Chair and Vice-Chairs of the Board of Governors for 2018/2019



## **REPORT OF THE PROCEDURES COMMITTEE FOR 2017/18**

The Procedures Committee for 2017/18—consisting of the governors for Australia, Austria, Bhutan, Cook Islands, France, Japan, Nepal, Norway, the People’s Republic of China, the Philippines, the Republic of Korea, and the United States—considered by correspondence and on a no-objection basis the (Draft) Report of the Procedures Committee for 2017/18 on 26 April 2018.

The committee submits the following report:

### **1. Provisional Schedule of the Business Session**

The committee recommends that the Provisional Schedule of the Business Session (BG51-1) be approved with such changes as the chair may announce during the course of the meeting.

### **2. Provisions Relating to the Conduct of the Meeting**

The committee recommends that the Provisions Relating to Conduct of the Meeting (BG51-2) be approved.

### **3. Agenda for the Meeting**

The committee recommends adoption of the Agenda (BG51-3). Regarding the items on the agenda, the committee reports as follows:

- (i) **Annual Report for 2017.** The committee recommends that the Board of Governors take note of the Annual Report.
- (ii) **Updates to Rules and Regulations.** The committee recommends that the Board of Governors take note of the report of the Board of Directors (BG51-4).
- (iii) **Budget for 2018.** The committee recommends that the Board of Governors take note of the report of the Board of Directors on the ADB and ADB Institute budgets for 2018 (BG51-5).
- (iv) **Status of the Financial Resources of the Asian Development Bank.** The committee recommends that the Board of Governors take note of the report of the Board of Directors (BG51-6).

- (v) **Financial Statements, Management's Report on Internal Control over Financial Reporting, and Independent Auditors' Reports.** The committee noted the report of the Board of Directors (BG51-7) and recommends that the draft resolution entitled "Financial Statements, Management's Report on Internal Control over Financial Reporting, and Independent Auditors' Reports" be adopted by the Board of Governors.
- (vi) **Allocation of Net Income.** The committee noted the report of the Board of Directors (BG51-8) and recommends that the draft resolution entitled "Allocation of Net Income" be adopted by the Board of Governors.
- (vii) **Composition of the Procedures Committee for 2018/2019.** The committee recommends that a Procedures Committee be constituted consisting of the governors for Australia, Belgium, Fiji, Finland, Japan, Lao People's Democratic Republic, Pakistan, the People's Republic of China, Singapore, the United Kingdom, the United States, and Viet Nam. The committee should be available for consultations at the discretion of the chair regarding the schedule of meeting, provisions relating to conduct of meeting, the agenda for the meeting, and any procedural matters, by correspondence, and if necessary, by convening immediately before or during the Fifty-Second Annual Meeting. The committee further proposes that the Governor for Fiji be appointed chair of the Procedures Committee.
- (viii) **Chair and Vice-Chairs of the Board of Governors for 2018/2019.** The committee also proposes that the Governor for Fiji be elected chair and the governors for the Cambodia and Norway be elected vice-chairs of the Board of Governors for 2018/19.



**REVIEW OF RULES AND REGULATIONS**  
**REPORT OF THE BOARD OF DIRECTORS**

**AMENDMENT TO THE STAFF REGULATIONS**

1. On 5 June 2017, the Board of Directors approved a revision to Section 10 of the Staff Regulations to increase the retirement age of staff members appointed on or after 1 October 2017 to the age of 62.

**AMENDMENT TO THE STAFF RETIREMENT PLAN**

2. On 5 June 2017, the Board of Directors approved revisions to the Staff Retirement Plan to (i) introduce specific retirement benefits for staff members hired on or after 1 October 2017 which are different from the retirement benefits for staff members who were hired before 1 October 2017; and (ii) give all participants in the Staff Retirement Plan the option to commute up to 100 percent of their pension into a lump sum. The main differences between the retirement benefits of staff hired on or after 1 October 2017 compared to staff hired on or after 1 October 2006 are the following: (i) the maximum pensionable salary is limited at \$100,000 (this limit is adjusted each year in line with ADB's US Dollar salary structural increase for international staff) whereas the pensionable salary of staff hired on or after 1 October 2006 is not limited; (ii) the salary basis for a pension will be the highest average remuneration over 3 years whereas the salary basis for staff hired on or after 1 October 2006 is the highest average remuneration over 2 years; and (iii) staff members may retire before reaching the normal retirement age with an unreduced pension if the sum of the age of the concerned staff member and the eligible service of the concerned staff member is equal to 85 or more whereas staff hired on or after 1 October 2006 may retire before reaching the normal retirement age with an unreduced pension if the sum of the age of the concerned staff member and the eligible service of the concerned staff member is equal to 70 or more.

**AMENDMENT TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS OF THE ASIAN DEVELOPMENT BANK**

3. On 20 September 2017, the Board of Directors adopted an amendment to Section 4(c) of the Rules of Procedure of the Board of Directors of the Asian Development Bank to allow explicitly for two postponements of action by the Board of Directors on any matter.



## **BUDGET FOR 2018**

### **REPORT OF THE BOARD OF DIRECTORS**

1. A report on the 2017 budget of the Asian Development Bank (ADB) was submitted to the Board of Governors at the 50th Annual Meeting in May 2017.
2. Actual net 2017 internal administrative expenses (IAE) totaled \$586.2 million including budget carryover of \$12.9 million, compared with the budget of \$647.0 million (Appendix 1).
3. On 15 December 2017, the Board of Directors approved the net IAE budget of \$672.3 million for 2018 (Appendix 1). The 2018 net IAE budget consists of \$657.6 million for ADB, and (i) \$1.8 million for the Compliance Review Panel and the Office of the Compliance Review Panel (Appendix 2), and (ii) \$12.9 million for the Independent Evaluation Department (Appendix 3).
4. ADB's 2018 budget will support the strategic and institutional priorities of the work plan comprising \$17.0 billion and 145 projects for sovereign operations, \$2.7 billion and 32 projects for nonsovereign operations, and \$360 million and 270 technical assistance operations. ADB will respond to the strong demand for assistance from its developing member countries by designing quality projects that help achieving the Sustainable Development Goals, implementing climate change actions, mainstreaming gender, reducing poverty and inequality, and bridging infrastructure deficits.
5. The main cost drivers of the 2018 budget are (i) an increase in staff to strengthen ADB's capacity to deliver the work program, with an emphasis on improving the quality of operations and increasing ADB's field presence; (ii) ongoing information technology reforms and the organizational resilience program; and (iii) enhanced financial sustainability of the Staff Retirement Plan.
6. Appendix 4 provides a comparison of the 2018 work program with the actual results for 2017 and 2016.
7. In addition to the IAE budget, the 2018 budget includes (i) \$10.8 million for annual capital expenditure to fund the cyclical capital expenditure requirements of headquarters and field office for 2018, (ii) \$10.0 million for special capital expenditure to improve and expand field offices, and (iii) \$12.4 million for special capital expenditure to improve security and safety of ADB headquarters under the organizational resilience program.

## II. ASIAN DEVELOPMENT BANK INSTITUTE

8. The actual expenses of the Asian Development Bank Institute (ADBI) for 2017 totaled \$12.9 million, representing a utilization rate of 79% of the budget of \$16.3 million (Appendix 5). The utilization consisted of \$4.2 million for program expenses and \$8.8 million for IAE.

9. On 15 December 2017, ADB's Board of Directors approved the 2018 budget of \$16.8 million for the ADBI, comprising \$5.8 million for program expenses and \$10.9 million for IAE.

10. The program expense budget of \$5.8 million consists of \$3.2 million for the research program and \$2.7 million for capacity building and training. The IAE budget of \$10.9 million includes a 5% general contingency of \$0.6 million (Appendix 6).

11. The program expense budget of \$5.8 million accounts for 35% of the ADBI budget. The program-related IAE budget is \$6.5 million (39% of the total budget). These expenses include (i) staff costs; (ii) business travel, representation, and advisory council for research; and (iii) capacity building and training. The budget for program and program-related IAE amounts to \$12.4 million (74% of the total budget).

12. In addition to the IAE budget, the 2018 ADBI budget includes an annual capital budget of \$100,000 for upgrading the computer server system.

**ASIAN DEVELOPMENT BANK: INTERNAL ADMINISTRATIVE EXPENSES  
COMPARISON OF 2018 BUDGET WITH 2017 BUDGET AND ACTUAL RESULTS  
(\$'000)**

| Item  | 2017           |                            | 2018                       |
|---|----------------|----------------------------|----------------------------|
|   | Budget         | Actual                     | Budget                     |
| <b>A. Board of Governors</b>                                      | <b>2,187</b>   | <b>1,816</b>               | <b>2,417</b>               |
| <b>B. Board of Directors</b>                                      | <b>33,225</b>  | <b>28,842</b>              | <b>33,500</b>              |
| Offices of the Directors  | 18,502         | 15,878                     | 17,791                     |
| Accountability Mechanism  | 2,638          | 2,409                      | 2,851                      |
| Independent Evaluation  | 12,085         | 10,554                     | 12,858                     |
| <b>C. Operational Expenses</b>                                    | <b>483,927</b> | <b>441,873</b>             | <b>502,639</b>             |
| Salaries  | 251,065        | 231,897                    | 261,088                    |
| Benefits  | 151,189        | 138,257                    | 158,423                    |
| <i>Contribution to Staff Retirement Plan<sup>a</sup></i>          | <i>55,997</i>  | <i>51,919</i>              | <i>55,997</i>              |
| Staff development   | 7,500          | 8,007                      | 8,898                      |
| Relocation  | 9,104          | 8,088                      | 7,170                      |
| Consultants   | 29,564         | 25,477                     | 31,229                     |
| Business travel   | 34,925         | 29,700                     | 35,294                     |
| Representation  | 580            | 446                        | 537                        |
| <b>D. Administrative Expenses</b>                                 | <b>129,926</b> | <b>109,406</b>             | <b>129,373</b>             |
| Communications  | 8,477          | 5,834                      | 9,541                      |
| Office occupancy  | 34,549         | 28,882                     | 33,273                     |
| Library and subscription  | 5,794          | 5,082                      | 6,104                      |
| Office supplies   | 1,565          | 1,358                      | 1,348                      |
| Equipment, maintenance, and support                               | 11,619         | 11,765                     | 13,370                     |
| Contractual services  | 33,928         | 29,002                     | 34,300                     |
| Insurance   | 7,540          | 6,362                      | 7,505                      |
| Depreciation  | 25,110         | 20,262                     | 23,106                     |
| Miscellaneous   | 1,344          | 859                        | 826                        |
| <b>Total Regular Programs</b>                                     | <b>649,265</b> | <b>581,937</b>             | <b>667,929</b>             |
| <b>E. General Contingency</b>                                     | <b>6,493</b>   | <b>0</b>                   | <b>6,679</b>               |
| <b>Gross IAE</b>  | <b>655,758</b> | <b>581,937</b>             | <b>674,608</b>             |
| <b>F. Fee Reimbursements</b>                                      | <b>(8,770)</b> | <b>(8,717)<sup>b</sup></b> | <b>(9,000)</b>             |
| <b>G. Net IAE</b>   | <b>646,988</b> | <b>573,220</b>             | <b>665,608</b>             |
| SRP Switch Incentive Scheme                                       | ...            | ...                        | 6,656                      |
| <b>H. Net IAE After SRP Switch Incentive Scheme</b>               | <b>646,988</b> | <b>573,220</b>             | <b>672,264<sup>c</sup></b> |
| <b>I. Carryover of IAE Budget</b>                                 | <b>...</b>     | <b>12,940<sup>d</sup></b>  | <b>...</b>                 |
| <b>J. Net IAE after Carryover and SRP Switch Incentive Scheme</b> | <b>646,988</b> | <b>586,160</b>             | <b>672,264</b>             |
| Sponsor Funded Program  | 1,025          | 1,039                      | 1,518                      |

  

| Memo Item                              | 2017           |                            | 2018           |
|--|----------------|----------------------------|----------------|
|  | Estimate       | Actual                     | Estimate       |
| <b>Gross Administrative Expenses</b>   | <b>655,758</b> | <b>581,937<sup>e</sup></b> | <b>681,264</b> |
| <b>Accounting Adjustments</b>          | <b>114,052</b> | <b>52,089</b>              | <b>25,062</b>  |
| Accrual for SRP                        | 112,600        | 79,396                     | 50,939         |
| Accrual for GMIP/PRGMIP                | 29,260         | 11,666                     | 11,494         |
| Loan origination cost <sup>f</sup>     | (27,808)       | (36,964)                   | (37,371)       |
| Other adjustments <sup>g</sup>         | ...            | (2,009)                    | ...            |
| <b>Overall Administrative Expenses</b> | <b>769,810</b> | <b>634,026</b>             | <b>706,326</b> |

... = not available or not calculated, ( ) = negative, IAE = internal administrative expenses, GMIP = Group Medical Insurance Plan, PRGMIP = Post-Retirement Group Medical Insurance Plan, SRP = Staff Retirement Plan.

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> This excludes SRP contribution for the Board of Directors. The SRP budget for the Board of Directors is included under the Board of Directors budget category.

<sup>b</sup> This amount reflects the estimated total expenses apportioned during the year for administering external funds, excluding Japan funds for which the costs are charged to the funds.

<sup>c</sup> Net IAE for 2018 consists of \$657.6 million (including \$6.7 million for SRP switch incentive scheme) for ADB, \$12.9 million for Independent Evaluation Department, and \$1.8 million for the Compliance Review Panel and Office of the Compliance Review Panel.

<sup>d</sup> The purpose of budget carryover is to ensure funding for urgent, unplanned special initiatives, delayed projects, and the unfinished program of prior year's activities without distorting the funding for the current year's regular work program and without placing pressure on the general contingency. ADB carried over \$12.9 million to 2018—2.0% of the 2017 net IAE budget. The unspent balance of the budget carryover will lapse at the end of the budget calendar year.

<sup>e</sup> Refers to actual gross IAE before adjusting for fee reimbursements.

<sup>f</sup> Refers to administrative expenses related to loan origination. Accounting standards requires that a portion of the loan origination costs be deferred and amortized over the life of the loan. ADB defers 20 basis points of the amount of loans that become effective to represent the amount of loan origination costs that need to be deferred.

<sup>g</sup> Refers to adjustments net of accrued resettlement and repatriation allowances and severance payments, costs for Afghanistan Guest House and Country Director Residence and Public Information Center and other miscellaneous items, and expenses of the Japan Special Fund.

Source: Asian Development Bank.



**ASIAN DEVELOPMENT BANK:  
COMPLIANCE REVIEW PANEL AND OFFICE OF THE COMPLIANCE REVIEW PANEL  
COMPARISON OF 2018 BUDGET WITH 2017 BUDGET AND ACTUAL RESULTS**  
(\$'000)

| Item   | 2017         |              | 2018         |
|--|--------------|--------------|--------------|
|  | Budget       | Actual       | Budget       |
| <b>Compliance Review Panel</b>               | <b>909</b>   | <b>701</b>   | <b>865</b>   |
| Salaries                                     | 282          | 278          | 289          |
| Benefits                                     | 137          | 128          | 137          |
| Business travel                              | 40           | 51           | 40           |
| Administrative expenses                      | 450          | 245          | 400          |
| <b>Office of the Compliance Review Panel</b> | <b>708</b>   | <b>705</b>   | <b>977</b>   |
| Salaries                                     | 273          | 317          | 324          |
| Benefits                                     | 161          | 184          | 360          |
| Relocation                                   |              | 4            | 50           |
| Consultants                                  | 160          | 122          | 140          |
| Business travel                              | 100          | 66           | 80           |
| Representation                               | 1            | 1            | 1            |
| Administrative expenses                      | 14           | 11           | 23           |
| <b>Total</b>                                 | <b>1,617</b> | <b>1,406</b> | <b>1,843</b> |

Note: Numbers may not sum precisely because of rounding.  
Source: Asian Development Bank.

**ASIAN DEVELOPMENT BANK:  
INDEPENDENT EVALUATION DEPARTMENT  
COMPARISON OF 2018 BUDGET WITH 2017 BUDGET AND ACTUAL RESULTS**  
(\$'000)

| Item   | 2017          |               | 2018          |
|--|---------------|---------------|---------------|
|  | Budget        | Actual        | Budget        |
| Salaries   | 5,790         | 5,236         | 6,120         |
| Benefits   | 3,742         | 2,806         | 3,449         |
| Consultants  | 1,540         | 1,871         | 1,980         |
| Business travel  | 840           | 584           | 793           |
| Representation   | 3             | 2             | 5             |
| Administrative expenses  | 170           | 56            | 161           |
| <b>Sub-Total</b>   | <b>12,085</b> | <b>10,554</b> | <b>12,508</b> |
| Special Initiative for Validation of Technical Assistance Self-assessments |               | ...           | 350           |
| <b>Total</b>   | <b>12,085</b> | <b>10,554</b> | <b>12,858</b> |

... = not available or not calculated.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank.

**ASIAN DEVELOPMENT BANK:  
COMPARISON OF 2018 PROGRAM WITH ACTUAL RESULTS IN 2017 AND 2016**

| Key Outputs  | 2016<br>actual | 2017<br>midyear<br>estimate | 2017<br>actual | 2018<br>program  |
|--|----------------|-----------------------------|----------------|------------------|
| <b>A. Commitments<sup>a</sup> in Asian Development Fund and Ordinary Capital Resources</b> |                |                             |                |                  |
| Amount (\$ million)  | 13,256         | 17,628                      | 20,097         | 19,715           |
| No. of Committed Projects  | 120            | 166                         | 132            | 177              |
| Private Sector Operations  |                |                             |                |                  |
| Amount (\$ million)  | 1,750          | 2,200                       | 2,287          | 2,700            |
| No. of Committed Projects  | 16             | 22                          | 27             | 32               |
| Sovereign Operations <sup>b</sup>  |                |                             |                |                  |
| Amount (\$ million)  | 11,505         | 15,428                      | 17,810         | 17,015           |
| No. of Committed Projects  | 104            | 144                         | 105            | 145              |
| 1. Investment Projects   |                |                             |                |                  |
| Amount (\$ million)  | 8,008          | 11,839                      | 11,958         | 13,226           |
| No. of Committed Projects  | 77             | 113                         | 74             | 105              |
| 2. Policy-Based Lending  |                |                             |                |                  |
| Amount (\$ million)  | 2,904          | 2,073                       | 3,042          | 2,222            |
| No. of Committed Projects  | 16             | 19                          | 19             | 20               |
| 3. Results-Based Lending   |                |                             |                |                  |
| Amount (\$ million)  | 287            | 1,363                       | 2,175          | 492              |
| No. of Committed Projects  | 3              | 5                           | 5              | 4                |
| 4. Sector Development Programs   |                |                             |                |                  |
| Amount (\$ million)  | 80             | 67                          | 527            | 971              |
| No. of Committed Projects  | 2              | 1                           | 3              | 9                |
| 5. Project Design Advance  |                |                             |                |                  |
| Amount (\$ million)  | 17             | 13                          | 8              |                  |
| No. of Committed Projects  | 3              | 4                           | 3              |                  |
| 6. Technical Assistance Loans  |                |                             |                |                  |
| Amount (\$ million)  | 211            | 74                          | 100            | 105              |
| No. of Committed Projects  | 3              | 2                           | 1              | 7                |
| <b>B. Multitranche Financing Facilities</b>  |                |                             |                |                  |
| 1. Facilities  |                |                             |                |                  |
| Amount (\$ million)  | 4,493          | 5,396                       | 5,106          | 4,230            |
| No. of Committed Facilities  | 7              | 8                           | 7              | 8                |
| 2. Periodic Financing Requests   |                |                             |                |                  |
| Amount (\$ million)  | 2,341          | 2,990                       | 3,167          | 3,419            |
| No. of Committed Projects  | 16             | 26                          | 19             | 26               |
| <b>C. Portfolio Management</b>   |                |                             |                |                  |
| 1. Ongoing Projects at Year-End (no.)  | 880            | 912                         | 886            | 980              |
| Regional Departments   | 671            | 688                         | 670            | 734              |
| Private Sector Operations Department   | 209            | 224                         | 216            | 246              |
| 2. Contract Awards (\$ million)  | 9,256          | 10,390                      | 9,511          | 9,911            |
| 3. Disbursements (\$ million)  | 12,738         | 12,800                      | 11,676         | 12,909           |
| 4. Project Completion Reports (no.)  | 70             | 71                          | 86             | 83               |
| <b>D. Cofinancing</b>  |                |                             |                |                  |
| Project Cofinancing <sup>c</sup> Committed (\$ million)                                    | 11,875         | 14,300                      | 11,814         | 16,600           |
| <b>E. Technical Assistance Operations<sup>d</sup></b>                                      |                |                             |                |                  |
| Portfolio (no.)  | 897            | 831                         | 878            | 843              |
| New Commitments (\$ million)   | 327            | 331                         | 310            | 360 <sup>e</sup> |
| No. of New Committed TA projects   | 314            | 289                         | 308            | 270              |
| 1. Transaction TA <sup>f</sup>   | 154            | 154                         | 153            | 133              |
| 2. Knowledge and Support TA <sup>g</sup>   | 160            | 135                         | 155            | 137              |

| Key Outputs   | 2016<br>actual | 2017<br>midyear<br>estimate | 2017<br>actual | 2018<br>program |
|---|----------------|-----------------------------|----------------|-----------------|
| <b>F. Transaction Advisory Services (no.)</b>                                 |                |                             |                |                 |
| 1. New Mandates   | 5              | 7                           | 7              | 3               |
| 2. Mandates under Implementation  | 6              | 13                          | 13             | 16              |
| <b>G. Knowledge Products (no.)<sup>h</sup></b>                                |                |                             |                |                 |
| 1. Regional Departments   | 158            | 406                         | 251            | 220             |
| 2. Specialized Knowledge Departments  | 102            | 161                         | 119            | 100             |
| 3. Other Departments  | 31             | 98                          | 45             | 58              |
| <b>H. Country and Regional Strategies and Operations Business Plans (no.)</b> |                |                             |                |                 |
| 1. Country Partnership and Regional Cooperation Strategies                    | 7              | 8                           | 8              | 5               |
| 2. Country and Regional Operation Business Plans                              | 37             | 39                          | 39             | 40              |
| <b>I. Borrowings (\$ million)</b>   |                |                             |                |                 |
| Borrowings  | 20,602         | 27,000                      | 28,500         | 28,800          |
| <b>J. Resources</b>   |                |                             |                |                 |
| 1. Staff Positions <sup>i</sup> (no.)   |                |                             |                |                 |
| International staff   | 1,077          | 1,108                       | 1,108          | 1,153           |
| National and administrative staff   | 1,987          | 2,051                       | 2,053          | 2,081           |
| National staff  | 776            | 822                         | 820            | 847             |
| Administrative staff  | 1,211          | 1,229                       | 1,233          | 1,234           |
| 2. Internal Administrative Expenses (\$ million)                              | 589            | 638                         | 586            | 672             |
| <b>F. Income<sup>j</sup> (\$ million)</b>                                     |                |                             |                |                 |
| 1. OCR  | 488            | 621                         | 725            | 933             |
| 2. ADF <sup>k</sup>   | 115            | (21)                        | (24)           | (10)            |

ADF = Asian Development Fund, no. = number, OCR = Ordinary Capital Resources, TA = technical assistance.

<sup>a</sup> Commitment refers to the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or investee company and ADB.

<sup>b</sup> Includes periodic financing requests but not multitranches financing facilities.

<sup>c</sup> Excludes cofinanced TA projects.

<sup>d</sup> Includes cofinanced TA projects.

<sup>e</sup> Includes one-time transfer of \$20 million from net income to the Technical Assistance Special Fund.

<sup>f</sup> Transaction TA prepares, enhances readiness, develops capacity, and/or provides policy advice for a specific ensuing project; helps deliver outputs or mitigate the project risks under a specific ongoing project through capacity development and/or policy advice; or develops a specific public-private partnership project under transaction advisory services.

<sup>g</sup> Knowledge and support TA is not directly linked to ADB-financed projects. Examples include capacity development, policy advice, and research and development. The outputs of the knowledge and support TA (i) are often fed into the preparation of government policies and strategies, and ADB's policies, strategies, and plans; or (ii) may lead to a transaction TA to prepare a specific ensuing project.

<sup>h</sup> Using new typology introduced in April 2016 and reports the five types of knowledge products: flagship, technical studies, working papers, policy briefs, and op-ed articles. Figures include knowledge products and services funded by TA and administrative budget.

<sup>i</sup> Figures exclude the staff of the Office of the Compliance Review Panel, Independent Evaluation Department, and the director's advisors, and the support staff of the Board of Directors. 2016 actual refers to authorized staff positions at the end of 2016 while 2017 midyear estimate represents staff positions as of 30 September 2017.

<sup>j</sup> 2017 midyear estimate figure is from the Q2 2017 financial projections.

<sup>k</sup> 2016 actual represents reported net income before (i) net realized gains and/or losses, (ii) unrealized gains and/or losses, and (iii) grants expenses while 2017 actual and 2018 program includes the amortization of discounts from the accelerated note encashment program of contributions.

Sources: ADB. 2017. *Work Program and Budget Framework 2018–2020*. Manila; ADB. 2018. *Statement of the Asian Development Bank's Operations in 2017*. Manila; Procurement, Portfolio and Financial Management Department; and Strategy, Policy and Review Department.

**ASIAN DEVELOPMENT BANK INSTITUTE:  
COMPARISON OF 2018 BUDGET WITH 2017 BUDGET AND ACTUAL RESULTS**  
(\$'000)

| Item                                       | 2017          |               | 2018          |
|--|---------------|---------------|---------------|
|  | Budget        | Actual        | Budget        |
| <b>A. Program Expenses</b>                 | <b>5,285</b>  | <b>4,170</b>  | <b>5,815</b>  |
| Research                                   | 3,164         | 2,451         | 3,164         |
| Capacity building and training             | 2,121         | 1,719         | 2,651         |
| <b>B. Internal Administrative Expenses</b> | <b>11,009</b> | <b>8,751</b>  | <b>10,949</b> |
| Advisory council                           | 100           | 62            | 100           |
| Staff costs                                | 5,726         | 4,913         | 5,945         |
| Business travel                            | 400           | 362           | 500           |
| Representation                             | 3             | 2             | 3             |
| Office occupancy                           | 3,379         | 2,754         | 3,000         |
| Depreciation                               | 70            | 16            | 70            |
| Office equipment                           | 570           | 508           | 570           |
| Contractual services                       | 50            | 42            | 50            |
| Library                                    | 62            | 6             | 62            |
| Communications                             | 60            | 55            | 60            |
| Office supplies                            | 19            | 16            | 19            |
| Fire insurance                             | 5             | 3             | 5             |
| Bank charge                                | 15            | 12            | 15            |
| General contingency                        | 550           | 0             | 550           |
| <b>Total Expenses</b>                      | <b>16,294</b> | <b>12,921</b> | <b>16,764</b> |

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank Institute.

**ASIAN DEVELOPMENT BANK INSTITUTE:  
2018 BUDGET  
DISTRIBUTION OF EXPENSES BY PROGRAM**  
(\$'000)

| Item   | Research     | Capacity<br>Building and<br>Training | Administration,<br>Management and<br>Coordination | <u>Total</u><br>Amount | %         |
|--|--------------|--------------------------------------|---|------------------------|-----------|
| <b>A. Program Expenses</b>   | 3,164        | 2,651                                | 0   | 5,815                  | 35        |
| <b>B. Program-Related Internal<br/>Administrative Expenses</b>               | 1,832        | 2,322                                | 2,394   | 6,548                  | 39        |
| Staff cost   | 1,697        | 2,126                                | 2,122   | 5,945                  | 35        |
| Business travel, representation, and<br>advisory council                     | 135          | 196                                  | 272   | 603                    | 4         |
| <b>C. Subtotal (A+B)</b>   | <b>4,996</b> | <b>4,973</b>                         | <b>2,394</b>                                      | <b>12,363</b>          | <b>74</b> |
| <b>D. Administrative Expenses</b>  |              |                                      |   | 3,851                  | 23        |
| <b>E. Total Administrative Expenses Before<br/>General Contingency (B+D)</b> |              |                                      |   | 10,399                 | 62        |
| <b>F. General Contingency</b>  |              |                                      |   | 550                    | 3         |
| <b>G. Total Administrative Expenses After<br/>General Contingency (E+F)</b>  |              |                                      |   | 10,949                 | 65        |
| <b>H. Total Expenses (A+G)</b>   |              |                                      |   | 16,764                 | 100       |

Note: Numbers may not sum precisely because of rounding.  
Source: Asian Development Bank Institute.



**Manila**  
2 0 1 8  
51<sup>st</sup> ADB ANNUAL MEETING  
3-6 MAY



Document No. BG51-7  
16 April 2018

**FINANCIAL STATEMENTS, MANAGEMENT'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING, AND INDEPENDENT  
AUDITOR'S REPORTS**

**REPORT OF THE BOARD OF DIRECTORS**

In accordance with Article 31 (iii) of the Articles of Agreement and Section 15 of the By-Laws, the audited financial statements of ADB for 2017, including the financial statements for the operations of Special Funds, as contained in the Annual Report for 2017, are submitted for approval, together with the text of a draft Resolution.

**(DRAFT) RESOLUTION NO. \_\_\_\_**

**FINANCIAL STATEMENTS, MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING, AND INDEPENDENT AUDITOR'S REPORTS**

The Board of Governors

Having reviewed the Independent Auditor's Report on the Financial Statements and Management's Report on Internal Control over Financial Reporting of ADB for 2017

RESOLVES:

That the audited Financial Statements as contained in the Annual Report of ADB for 2017, which include separate financial statements for the operations of Special Funds, are approved.



## ALLOCATION OF NET INCOME

### REPORT OF THE BOARD OF DIRECTORS

1. The net income of the Asian Development Bank (ADB) for 2017 was \$773,939,549 after the allocation of income from the transfer of Asian Development Fund loans and certain other assets to the ordinary reserve of \$30,748,159,523.<sup>a</sup> In accordance with Article 17 of the Agreement Establishing the Asian Development Bank,<sup>b</sup> the amount of guarantee fees received by ADB must be set aside in the special reserve to meet the liabilities of ADB. In accordance with this requirement, ADB appropriates the guarantee fees earned during the year to the special reserve; this portion of the net income is excluded from the income allocation exercise. In 2017, after appropriating for the guarantee fees of \$20,585,763 from the operating income to the special reserve, the total remaining amount is \$753,353,786.

2. Additional adjustments are made to allocate a portion of this remaining amount to both the cumulative revaluation adjustment (CRA) account and loan loss reserve (LLR) account. The CRA and LLR are separate categories of reserve accounts (equity accounts) in ADB's financial statement and reflect the underlying financial transactions and financial risks for income allocation. The CRA components are temporary in nature, and the adjustments resulting from the CRA would generally reverse at the maturity or unwinding of the instruments and have minimal impact on ADB. Therefore, these unrealized gains or losses are excluded when calculating the allocable net income. LLR is a portion of expected losses that is not recognized in the statutory net income. This amount is set aside in a reserve account (the LLR) and represents a decrease to the allocable net income. Accordingly, after due consideration, the Board of Directors recommends to the Board of Governors that

- (a) \$49,048,050, representing the Accounting Standards Codification (ASC) 815/825 adjustments, the unrealized portion of net income from equity investments accounted for under the equity method and the unrealized gains or losses resulting from the translation adjustment of nonfunctional currencies, for the year ended 31 December 2017, be added from the net income to the CRA account; and
- (b) \$14,200,000, representing the adjustment to the LLR as of 31 December 2017, be added from the net income to the LLR account.

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<sup>a</sup> ADB. 2017. *Transfer of Asian Development Fund Loans and Other Assets to Ordinary Capital Resources*. Manila and Board of Governors' Resolution No. 387.

<sup>b</sup> ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.



3. After these adjustments, the resulting allocable net income of ADB for 2017 is \$690,105,736. After due consideration, the Board of Directors recommends that this allocable net income be allocated as follows:

- (a) \$350,705,736 to the ordinary reserve;
- (b) \$259,400,000 to the Asian Development Fund; and
- (c) \$80,000,000 to the Technical Assistance Special Fund.

4. A draft Governors' Resolution implementing the allocations described in paras. 2 and 3 above is attached.

**(DRAFT) RESOLUTION NO. \_\_\_\_\_**

**ALLOCATION OF NET INCOME**

The Board of Governors

Having considered the report of the Board of Directors on the allocation of the net income of the ordinary capital resources of the Asian Development Bank (ADB) for the year ended 31 December 2017

RESOLVES:

That, of the net income of ADB from its ordinary capital resources for the year ended 31 December 2017 amounting to \$753,353,786, after the allocation of income from the transfer of Asian Development Fund loans and certain other assets to the ordinary reserve of \$30,748,159,523 and appropriation of guarantee fees of \$20,585,763 to the special reserve,

- (a) \$49,048,050 representing the Accounting Standards Codification 815/825 adjustments and the unrealized portion of net income from equity investments accounted for under the equity method, for the year ended 31 December 2017, be added from the net income to the cumulative revaluation adjustments account;
- (b) \$14,200,000 representing the adjustment to the loan loss reserve as of 31 December 2017, be added from net income to the loan loss reserve;
- (c) \$350,705,736 be allocated to the ordinary reserve;
- (d) \$259,400,000 be allocated to the Asian Development Fund; and
- (e) \$80,000,000 be allocated to the Technical Assistance Special Fund.



**OFFICERS OF THE BOARD OF GOVERNORS AND PROCEDURES COMMITTEE  
FOR 2017/2018 AND 2018/2019**

**2017/2018**

**BOARD OF GOVERNORS**

Chair: Philippines  
Vice-Chairs: Portugal  
Federated States of Micronesia

**PROCEDURES COMMITTEE, 2017/2018 (MANILA)**

Australia, Austria, Bhutan, Cook Islands, France, Japan, Nepal, Norway, the People's Republic of China, the Philippines, the Republic of Korea, and the United States

**2018/2019**

**BOARD OF GOVERNORS**

Chair: Fiji  
Vice-Chairs: Norway  
Cambodia

**PROCEDURES COMMITTEE, 2018/2019 (FIJI)**

Australia, Belgium, Fiji, Finland, Japan, Lao People's Democratic Republic, Pakistan, the People's Republic of China, Singapore, the United Kingdom, the United States, and Viet Nam



# RESOLUTIONS ADOPTED BY THE BOARD OF GOVERNORS



**Manila**  
2018  
51<sup>st</sup> ADB ANNUAL MEETING  
3-6 MAY



## **RESOLUTION NO. 392**

### **FINANCIAL STATEMENTS, MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, AND INDEPENDENT AUDITOR'S REPORTS**

The Board of Governors

Having reviewed the Independent Auditor's Report on the Financial Statements and Management's Report on Internal Control over Financial Reporting of ADB for 2017

**RESOLVES:**

That the audited Financial Statements as contained in the Annual Report of ADB for 2017, which include separate financial statements for the operations of Special Funds, are approved.

(Adopted 5 May 2018)



**Manila**  
2018  
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## **RESOLUTION NO. 393**

### **ALLOCATION OF NET INCOME**

The Board of Governors

Having considered the report of the Board of Directors on the allocation of the net income of the ordinary capital resources of the Asian Development Bank (ADB) for the year ended 31 December 2017

RESOLVES:

That, of the net income of ADB from its ordinary capital resources for the year ended 31 December 2017 amounting to \$753,353,786, after the allocation of income from the transfer of Asian Development Fund loans and certain other assets to the ordinary reserve of \$30,748,159,523 and appropriation of guarantee fees of \$20,585,763 to the special reserve,

- (a) \$49,048,050 representing the Accounting Standards Codification 815/825 adjustments and the unrealized portion of net income from equity investments accounted for under the equity method, for the year ended 31 December 2017, be added from the net income to the cumulative revaluation adjustments account;
- (b) \$14,200,000 representing the adjustment to the loan loss reserve as of 31 December 2017, be added from net income to the loan loss reserve;
- (c) \$350,705,736 be allocated to the ordinary reserve;
- (d) \$259,400,000 be allocated to the Asian Development Fund; and
- (e) \$80,000,000 be allocated to the Technical Assistance Special Fund.

(Adopted 5 May 2018)



**MANAGEMENT'S REPORT TO  
THE BOARD OF GOVERNORS**



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## **MANAGEMENT'S REPORT TO THE BOARD OF GOVERNORS**

Good afternoon. I am making this report on ADB's operations in 2017 during the Business Session for the first time, based on the good advice of the Chair, Governor Dominguez.

We had a successful year. Our lending program produced strong results. We made important progress in our knowledge work and human resource management initiatives. We are sustaining efforts to be a trusted and strong partner to deliver results.

### **Performance in numbers**

On the resource side, we started 2017 with the successful merger of our Asian Development Fund (ADF) lending operations and Ordinary Capital Resources (OCR) balance sheet. This merger allows ADB to deliver higher levels of assistance to our developing member countries.

In our new performance measure of commitments, loans and grants reached \$20.1 billion, a 52% increase from \$13.3 billion in 2016 and a record high. Of this, private sector operations commitments increased from \$1.8 billion in 2016 to \$2.3 billion in 2017, the highest level to date.

Private sector operations expanded with such ideas as inclusive business, gender, and corporate governance, and included an increased number of small but high development impact projects in frontier economies. For example, Samoa's Solar Power Development Project was ADB's first private sector investment in support of an independent power producer for renewable energy in Pacific island countries.

Disbursements are essential to getting projects and programs to be implemented on the ground but these fell short of our target in 2017 for disbursements. We need more efforts. ADB approved a new procurement policy to enable faster and more flexible procurement approaches. We are starting to use country systems beginning from the executing agency's procurement and safeguards systems in such countries as India and Indonesia.

While we had a shortfall in our official cofinancing target, we have been successful in mobilizing private financing and promoting public-private partnerships (PPP). Our private sector operations mobilized \$5.9 billion in commercial cofinancing, more than double our own financing. And we secured 7 new mandates for PPP transaction advisory services (TAS) in 2017, and on a cumulative basis 13 TAS mandates since our PPP office started operations in 2015. Going forward, we will take enhanced measures to crowd in private resources and cofinancing from other development partners including bilateral and multilateral.

On the funding side, ADB made large strides last year. We delivered the largest borrowing program in 2017, totaling \$28.6 billion, an increase of 39% from 2016. We offered new and innovative thematic products in 2017, including health bonds and gender bonds. ADB stepped up efforts to raise local currency funding to meet the growing demand for private sector local currency loans.

We continue to evaluate our performance using our corporate results framework and publish the results in the annual Development Effectiveness Review.



## **ADB as a trusted knowledge partner**

ADB's competitive advantage lies in combining finance with knowledge. Sector and thematic groups, in close collaboration with our operations staff, help deliver new ideas in our projects. ADB's new procurement policy is placing more weight on quality and innovative technologies.

We delivered many quality knowledge products in 2017. Our report Meeting Asia's Infrastructure Needs has been widely quoted by media, academics, and other international institutions. A Region at Risk: The Human Dimensions of Climate Change in Asia and the Pacific was another important report. ADB's history book was also published in 2017 to commemorate ADB's 50th anniversary and share insights and lessons on the region's economic development.

As part of our knowledge work, we hosted important events such as the Asia Clean Energy Forum and Regional Cooperation and Integration Week.

ADB's knowledge work is a bank-wide mandate. For example, the Treasury Department held a forum on how to manage the investment of foreign exchange reserves. The Office of Anticorruption and Integrity has begun to help our developing member countries to meet international anti-money laundering and tax integrity standards. The Office of the General Counsel organized workshops for judges and other legal professionals in areas like environmental law and enhanced access to justice for women. The Independent Evaluation Department also engaged in a number of successful knowledge events.

We have emphasized the One ADB approach with a view to making this a more integrated part of our corporate culture. One ADB encourages multisector solutions, greater knowledge sharing, and collaboration between departments. The nonsovereign Samruk Energy Project in Kazakhstan showcased how the Private Sector Operations Department and regional departments can work together as One ADB.

## **Continued reforms in managing human resources**

ADB's strength lies in its diverse and dedicated workforce. I would like to mention some important HR initiatives.

ADB is strengthening performance management. In November last year, we introduced 360-degree feedback for all managers (IS 7–10) as part of leadership development and performance assessment.

We included stronger recognition of collaboration and innovation in annual work planning and performance assessment.

We continue to conduct leadership training programs, strengthening managers' communication and team-building skills.

The Respectful Workplace Initiative is in place to prevent harassment and bullying. A special unit for awareness raising, training, and investigation has been in operation since June 2016. Mandatory training for all staff was launched in October 2017.

Comprehensive pension reforms were adopted in 2017, including the establishment of a Defined Contribution Plan for new hires from October 2017. This will help the long-term sustainability of the pension fund.

Regarding gender balance within ADB, the representation of women among International Staff increased to a new high of 35% in 2017. We are making progress to achieve our target of 40% by the end of 2022. Out of 15 new appointments to Heads of Department since the last Annual Meeting, 6, or 40%, were women.

### **Moving forward with Strategy 2030**

This year we will finalize Strategy 2030, which will guide us in making the necessary changes to our approaches, operational priorities, and business processes.

Let me conclude by reaffirming my commitment to "reinvent ADB" for achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. I draw on your continued strong support.

Takehiko Nakao  
President  
Asian Development Bank



# GOVERNORS' STATEMENTS



## GOVERNORS' REMARKS: ORDER OF SPEAKING

(5 May 2018)

Philippines (Chair)

1. Japan
2. United States
3. People's Republic of China
4. India
5. Indonesia
6. Republic of Korea
7. Australia
8. Canada
9. Germany
10. Luxembourg
11. Nordic member countries<sup>1</sup>
12. Pakistan
13. Pacific developing member countries<sup>2</sup>
14. France and Spain<sup>3</sup>
15. New Zealand
16. Bangladesh
17. Nepal
18. Italy
19. Austria
20. Ireland
21. United Kingdom
22. Georgia
23. Azerbaijan
24. Netherlands
25. Afghanistan
26. Sri Lanka
27. Taipei, China
28. Switzerland
29. Maldives
30. Bhutan
31. Portugal

The following ADB members have indicated that they will not deliver but will submit written remarks:

- Armenia
- Belgium
- Brunei Darussalam
- Cambodia
- Hong Kong, China
- Lao People's Democratic Republic
- Kazakhstan
- Kyrgyz Republic
- Malaysia
- Myanmar
- Papua New Guinea
- Singapore
- Tajikistan
- Thailand
- Turkey
- Turkmenistan
- Uzbekistan
- Viet Nam

<sup>1</sup> Denmark, Finland, Norway, and Sweden. A joint remark will be delivered by the Alternate Governor for Denmark.

<sup>2</sup> The Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu. A joint remark will be delivered by the Governor for Kiribati.

<sup>3</sup> A joint remark will be delivered by the Temporary Alternate Governor for France.



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## **AFGHANISTAN**

**Mohammad Khalid Payenda**, Alternate Governor

Thank You. Madam Chair,  
Mr. Secretary,  
President Nakao,  
Fellow Governors,  
Distinguished Guests, and  
Ladies and Gentlemen!

It gives me and my delegation immense pleasure to be here in Manila for the 51st Annual Meeting of the Board of Governors of ADB. I wish to join my fellow Governors in thanking the Government of the Philippines for the generous hospitality. I would also like to compliment President Nakao and the ADB team for excellent preparations and arrangements for this Annual Meeting.

I welcome the consultative process President Nakao and his team are pursuing for the setting of ADB's new long-term "Strategy 2030". Efforts are being made to make the new strategy as much aligned as possible to ensure effective implementation in the wake of emerging development challenges being faced by the Asian and Pacific region.

We hope the new strategy would include the measures that have been suggested by the esteemed colleagues during the deliberations.

Excellencies, Afghanistan's economy is slowly recovering as the National Unity Government is making efforts to address the current problems, implement major economic projects, end unemployment and poverty, and continue counter-corruption efforts that will bring better changes in the lives of the Afghan people.

Following the declaration of the Afghanistan National Peace and Development Framework (ANPDF) at the Brussels Conference on Afghanistan (BCA) in 2016, Afghanistan has made further progress on economic reforms while maintaining macroeconomic stability. Afghanistan witnessed significant achievements in 2017 regarding regional integration, governance, economic cooperation, and infrastructure development.

Afghanistan and People's Republic of China (PRC) signed MoUs to build a four-nation (PRC-Kyrgyzstan-Tajikistan-Afghanistan) Silk Road Fiber Optic Cable that will connect Central Asia to Europe.

In late 2017, the IMF Board approved the completion of the second review under Afghanistan's Extended Credit Facility (ECF). The IMF program constitutes an important seal of approval for the country's macroeconomic management.

In 2017, Afghan-India air freight corridor and the Chabahar trade seaport were inaugurated. In June 2017, Afghanistan was removed from the international Financial Action Task Force (FATF) 'grey list' of countries that are monitored for Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) risks and compliance.

Azerbaijan, Georgia, Turkey, and Turkmenistan signed the Lapis Lazuli (trade and transport corridor) agreement with Afghanistan that will connect Afghanistan directly to Europe.

In the same year, the actual work finally started on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project.

Distinguished guests, despite the mentioned promising signs, Afghanistan continues to face severe economic hurdles and remains one of the world's poorest countries. With the inflow of a large number of refugees returning to Afghanistan and the nearly 400,000 new job seekers entering the market annually, the already high unemployment rate continues to grow.

Further, in 2017, the real GDP growth in 2017 was estimated at 2.6%, only slightly higher than the 2.2% achieved in 2016. The forecast for GDP growth in 2018 is projected 3.2 percent assuming no further deterioration in the security situation.

Although the government revenue has grown rapidly during the last three years, it has not significantly reduced Afghanistan's deep dependency on foreign aid in the face of growing expenditure needs.

In fact, sustaining steady revenue increases, effective macroeconomic management, and stable international support will be crucial for navigating the next several years.

Excellencies, if we want the SDG 2030 Agenda to help Afghanistan to overcome the problems of poverty, and insecurity, it would require dedicated partnership with private sector, international communities, development partners, civil society organizations and other relevant stakeholders.

Here, I would specifically mention the stronger support of ADB as we believe that ADB is in a position to connect our region through investing in infrastructure.

We are happy that ADB continues to focus on infrastructure development in Afghanistan and is supporting our reform priorities. ADB has been directing its financial assistance to improve Afghanistan's position in infrastructure and regional cooperation. We request ADB's strong support in Private Sector development in Afghanistan as well as a thriving private sector will lead to economic growth, job creation, contribute to improving human and traditional security conditions in Afghanistan. It will also fill the gap produced as a result of the declining aid in Afghanistan in the years to come.

We also thank ADB for concluding the Country Partnership Strategy (CPS) 2017-2021 for Afghanistan.

Fellow Governors, concerning political settlement for peace, in early 2018, the Afghan government in the second meeting of the Kabul Process outlined a roadmap for peace with specific deliverables, for genuine peace to take root in Afghanistan and the region.

Furthermore, the Government is firmly committed to fighting corruption systematically across the government institutions. To fight the underlying drivers of corruption, our president recently launched a national anti-corruption strategy.

Parallel to its anti-corruption efforts, the Government remains firmly committed to credible, transparent, and inclusive parliamentary election in 2018 and presidential elections in 2019. We

firmly believe that fair and timely parliamentary and presidential elections are essential for stability, peace, and the consolidation of democracy.

Excellencies, I want to conclude by saying that peace and stability in Afghanistan is not only in the interest of Afghans but also in the interest of our neighbors, region and the world and to achieve this goal your continued strong support will be very crucial in the coming years so that we together address the challenges that Afghanistan faces.

Once again, I thank the Government of Philippines and ADB for organizing this meeting.

Thank you.



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## **ARMENIA**

**Armen Hayrapetyan**, Alternate Governor

Dear Mr. Chairman,  
Dear Mr. President, Takehiko Nakao  
Distinguished Governors and Delegates,  
Ladies and gentleman, good morning

Thank you for the invitation to address this distinguished audience.

It's an honor to be here at this important event for rethinking our cooperation with the Asian Development Bank (ADB) in meeting global challenges and aspirations of the humanity.

Over the years ADB has been helping Armenia to integrate our economy regionally, and rebalance it toward more resilient, inclusive and environmentally sustainable growth. We appreciate ADB support in improving transport links, upgrading cities, strengthening energy security, to name but a few. And we exert our best efforts to facilitate smooth implementation of the ADB projects in Armenia.

Recently the ADB has marked the steps forward in its Strategy 2030, especially, its aspiration to help generate decent and productive jobs for inclusive growth for all through enabling the business environment for entrepreneurs and companies. We share the same objectives.

It is very high on our country development agenda to provide opportunities for people and for businesses to connect, trade, and access better and developed service. One approach to deliver this is promotion of Public-Private Partnerships (PPPs). However, this is possible only with the support of ADB in designing and imposing a balanced regulatory environment for PPPs, as well as building their capacity and engaging with all relevant stakeholders.

For decades, ADB has shown genuine commitment in helping governments to improve the quality of infrastructure and today I see a very prominent opportunity to achieve these through expanding our cooperation with the ADB in developing private sector.

I am confident that the main targets of ADB activities in Armenia are invaluable not only for us, but the whole region as well, as have similar reforms to be implemented.

I do believe that our joint efforts towards the implementation of global challenges will bring more significant results for the better life of our people and for the fulfilling of SDG.

Thank you very much, Mr. Chairman, the esteemed board, and participants of this event.





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## **AUSTRALIA**

**Lisa Elliston**, Temporary Alternate Governor

I would like to thank the Government of the Philippines for hosting the 51st Asian Development Bank (ADB) Annual Meeting.

It is my pleasure to be here today, representing Australia on behalf of Australia's Governor, the Treasurer.

The Asia Pacific region is an engine of growth for the global economy. By 2030, Asia stands to deliver nearly two thirds of global growth.

But significant development challenges remain. There are pockets of poverty, fragility, and lagging regions in many middle and upper middle-income countries.

Developing countries in the Pacific have unique vulnerabilities based on geographic isolation, economic structure and risk of natural disasters.

The ADB is an important partner for Australia in addressing these challenges, in line with our commitment to the Sustainable Development Goals.

I would like to highlight five priorities for Australia.

First, we consider the ADB has an important role in setting and promoting good practice standards in infrastructure financing and development in the region.

ADB projects are invaluable in building capacity and lifting national standards in project design, safeguards, procurement and life cycle asset maintenance in recipient countries.

Second, Australia encourages the ADB to continue adapting its instruments and operations to the diverse economic needs of countries in the region.

We commend the ADB for giving this due consideration in drafting Strategy 2030.

We welcome the increase in ADB financial assistance to Pacific countries, including through the Asian Development Fund.

But, we would like to see the ADB match the financial scale-up with more technical staff based in the Pacific region to support capacity building and project implementation.

The ADB also has an important role in promoting economic and regulatory reform in South East Asia.

Australia considers the ADB could do more to offer well-designed policy-based loans for promoting structural reform, strengthening governance, boosting productivity and improving the mobilisation of domestic resources.

Third, we urge the ADB to continue to develop new ways to catalyse private sector investment.

Australia's 2017 Foreign Policy White Paper acknowledges the ADB's guidance on the infrastructure shortfall of around USD26 trillion in the Asia-Pacific out to 2030, including USD46 billion in the Pacific.

ADB infrastructure projects have great potential to engage private sector finance – but ADB needs to do more to leverage commercial co-financing to help bridge the infrastructure financing gap that the ADB has highlighted.

We would like to see more ADB partnerships with institutional investors, including through third party funds, to better channel private finance into developing country infrastructure.

We would also like the ADB to take more risk in its private sector operations and expand operations in frontier markets.

Fourth, Australia would like to see the ADB take a stronger leadership role on gender quality: the ADB should do much more to advance women's economic empowerment, by opening paths to employment in better paying, higher skilled jobs.

Finally, we encourage the ADB to continue to work closely with other multilateral development banks and multilateral forums, including the G20.

Improved cooperation and coordination will maximise its comparative strengths and lead to better development outcomes.

Australia is committed to improved international economic governance and to supporting institutions, such as the ADB, which are crucial to enabling an open, outward-looking regional economy and resilient Indo Pacific.

Thank you for your kind attention.



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## **AUSTRIA**

**Hubert Fuchs**, Head of Delegation

Mr. Chairman,

Mr. President,

Distinguished Governors,

Ladies and Gentlemen,

It is my great pleasure to address the 51st Annual Meeting of the Asian Development Bank. I would like to thank the Government of the Philippines and all organizers for the warm welcome and hospitality. Mr. Chairman, let me share some remarks on Austria's thinking concerning the challenges of developing Asia and where we see the role of the Asian Development Bank.

During the history of the Asian Development Bank a large number of countries have transformed from low income countries to middle income countries. Asia and the Pacific is an amazing success story but there is still a lot to be done. Today favourable external factors and robust growth rates create an ideal moment to deepen structural reforms in order to build fiscal space and financial resilience. Fiscal space that can be used to tackle challenges of improving education and social systems for the poor and for the highly vulnerable „missing middle” and fiscal space which is very much needed for investments in high quality infrastructure and to tackle climate change.

Austria is convinced that the Bank can be a leading institution on the continent in driving forward the common agenda of poverty reduction, climate change and sustainable economic growth. Not alone, but together and in collaboration with other institutions on the continent the Asian Development Bank plays a pivotal role in reducing the root causes for social unrest and insecurity as well as forced migration.

Austria supports, that the Bank has a strong focus on building high quality infrastructure and knowledge exchange. These are key elements to deepen economic cooperation and trade links regionally and globally. It is a prerequisite for private sector development. It is key to build up a buffer against global downward trends possibly triggered by protectionist measures and retaliations against them.

Austria sees some similar challenges in Europe and in Asia and the Pacific when it comes to climate change, aging, large scale migration and the impact of automation on the job market. Austria believes that strengthening the economic and scientific cooperation between Europe and Asia is therefore of key importance. Let me ensure you that Austria is committed to remain an active and reliable partner of the Asian Development Bank.

Thank you for your attention.



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## **AZERBAIJAN**

**Samir Sharifov**, Governor

Dear Mr. Chairman,  
President Nakao,  
Honorable Governors,  
Distinguished Delegates!

It is my great honor to represent Azerbaijan at this Annual Meeting of the ADB Board of Governors. Hosting 51st Annual meeting marks an important milestone for the Philippines, as fifty years ago in 1968 Manila hosted the first ADB Meeting. I would like to thank the government and people of Philippines for hosting this high-level event and their great hospitality.

Since the establishment, ADB's aimed to contribute to inclusive and sustainable growth, as well as regional integration and cooperation in Asia and Pacific. Today, ADB continues its efforts to reduce poverty and develop economically and environmentally viable infrastructure among its developing members.

Three years ago, at Baku Annual Meeting the Board of Governors approved merger of OCR with ADF aiming at significant enhancement of the balance sheet of the Bank starting from 2017. In 2017, ADB had record setting year with commitments reaching \$20.1 billion which is \$7 billion more compared to 2016 and \$4 billion more compared to 2015. Of particular importance is the 31% increase in private sector operations reaching \$2.3 billion. These are quite impressive achievements!

Along with increasing operations, ADB also started a series of reforms to increase operational efficiency and productivity. The new procurement policy allows greater flexibility and facilitates more innovative, tailor made procurement approaches. Human resource management reforms that aims to widen employee skills set, ensure more balanced and flexible workplace. In this regard, it is commendable to see efforts to strengthen ADB's presence in member countries, with the majority of new staffing positions placed in resident missions. These efforts should continue. Wide range of IT reforms will allow increasing productivity of operations as well as ensuring transparency of internal business processes significantly.

Like many other member countries, Azerbaijan has also benefited a lot from cooperation with ADB, which played active role in economic development of the country. Since joining the ADB family in 1999, Azerbaijan received continuous support from ADB with our portfolio doubling over the last two years. Loans provided by ADB have been particularly instrumental in road construction, water supply, sanitation and irrigation, energy infrastructure as well as public sector reforms. Growth of the loan portfolio for the last years demonstrates both an elevated project implementation rate and an increased level of interaction between Azerbaijan and ADB.

Being at the crossroads of Euro-Asian region Azerbaijan implements a series of projects aimed at regional cooperation and integration. In 2017, ADB's biggest financing commitment to Azerbaijan was a loan of \$500 million and a guarantee of \$498.3 million for the Shah Deniz Gas Field Expansion project which aimed to support energy security in the region. I have to particularly mention that ADB was the first among IFIs to approve this project after which World Bank, AIIB, EBRD, and others followed. Another remarkable commitment for the regional integration was \$400 million Policy-Based-Loan (PBL) for the Railway Sector Development Program which supports financial, governance, tariff and corporate reforms in the railway sector and also restoration of the Sumgayit–Yalama railway line, a key part of the North–South Railway Corridor within the CAREC (Central Asia Regional Economic Cooperation) network.

In this regard, potential collaboration of CAREC—BRI programs, that was extensively discussed during yesterday's seminar, could be very instrumental. Pooling together greater financial resources these two programs could better address the growing infrastructure needs of the CAREC region, which would further regional integration and boost economic prosperity.

I would like to take this opportunity to thank President Nakao and his able team for their outstanding support to Azerbaijan as well as their exceptional performance in 2017.

Mr. Chairman,

ADB's commitments are helping to improve the infrastructure and quality of life of millions in Asia and Pacific. Nevertheless, the need for development finance in Asia, and the Pacific continues to escalate and significant challenges remain.

I am confident that, ADB's new Strategy 2030, will address existing issues as well as new global challenges mentioned in the Sustainable Development Goals and the global climate agreement. By combining finance with innovative knowledge solutions, ADB will be well-equipped to tackle these challenges and continue to play an active role in building sustainable Asia and Pacific.

Thank you for your attention!



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## **BANGLADESH**

**Abul Maal A. Muhith**, Governor

Mr. Chairman, Honorable Governors, President of ADB, Excellencies and distinguished guests.

It gives me and my delegation immense pleasure to be here in the Philippines for the 51<sup>st</sup> Annual Meeting of the Board of Governors of the Asian Development Bank. As I alighted in Manila I recalled my happy days in the ADB from December 1974 till May 1977 as the Executive Director here for Bangladesh, India and Sri Lanka group and the celebration of its tenth birth anniversary then. At that time, however, the ADB office was at the seaside in Pasay area and we were occasionally victims of heavy rainfall that blocked us in the waterlogged roads of this sprawling City for even ten hours. This does not happen now as the country has improved its living conditions quite substantially. I welcome the strident steps in economic development that this country has taken in the last few decades and happily note that its forward march is still on.

Let me join my fellow Governors in thanking the Government and the people of the Philippines for their warm welcome and generous hospitality since our arrival in this historic city. I would like also to take this opportunity to express my sincere thanks to the ADB for arranging such a wonderful gathering. On the auspicious occasion of its 51<sup>st</sup> Annual Meeting, I wish to convey my heartiest felicitations to President Takehiko Nakao for his dynamic leadership and to his team for their unrelenting efforts towards ADB's substantive accomplishments in accelerating growth and reducing poverty in Asia and the Pacific. The bright idea of giving a title for this meeting "Linking People and Economies for inclusive Development" appears to me to be very thoughtful and appropriate, indeed.

Distinguished Guests,

Please allow me to briefly touch upon the emerging global macro-economic scenario. The IMF in the latest update to its World Economic Outlook has predicted world growth at 3.9 per cent in 2018 and 2019. That, indeed, is an improvement compared with the years of development crisis which began in 2008. It seems that at last we have overcome the economic crisis finally. A notable rebound in global trade driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a real upswing in emerging Europe and signs of recovery in several commodity exporters is very healthy, indeed. Asian Development Outlook 2018 foresees continued momentum after growth accelerated to 6.1% in 2017 in Asia and the Pacific.

But this over-all healthy scenario covers up difficult issues confronted by some countries for reasons not of their own making. Take the case of Bangladesh; we have been doing quite well for over two decades and only a few days ago on March 15 the UN Committee for Planning and Development graduated us from a Least developed economy to the middle income status. We shall formally graduate in 2024 even though we are in the list of low middle income country in the World Bank Atlas since 2015. Suddenly we have become a serious victim of a planned and ruthless ethnic cleansing operation by our neighbour Myanmar which is being ruled by a rogue military clique for a long time.

Some 275 years ago the maghs of Myanmar conquered the Rakhain state mostly inhabited by an ethnic group called Rohingya, who happened to be Muslims and not Buddhists like the maghs. The maghs have always maltreated all other ethnic minorities of their country and tried to drive them out of Myanmar. Rohingyas became their targets and they are being expelled from their country now and then. In the sixties of the last century some of them were driven out to Bangladesh (which was then East Pakistan). In 1992 they drove out another group of about 3000 Rohingyas who found shelter in Bangladesh and have been living in camps for decades. Myanmar took back only some hundreds of them during the last 25 years. But in August last year they began their most brutal and horrible operation of ethnic cleansing. They burnt and killed the Rohingyas and destroyed their homes and properties so that the fleeing children, mothers and their old and weak men could not return to their homes. This time the refugees in Bangladesh most likely will reach a million. It is an intolerable burden for the most densely populated country in the world. The district of Chittagong Hill Tracts where these refugees have found shelter is not a very accommodating area as arable land is very limited there and the hills are not habitable. We are trying with all our friends to stop Myanmar from its mad pursuit and agree to rapid repatriation of their citizens. We have persuaded them to hold meetings and make agreements about repatriation but progress is zero although a year will be over soon. The world has been helpful in feeding and sheltering these unfortunate Rohingyas but it is running out. We seek international pressure on Myanmar so that they take back their citizens and we request assistance for looking after them in the meantime. Educational and health requirements are most important next to relief and shelter. We also seek your help and advice on how to tackle this issue which is breaking our back.

Ladies and Gentlemen,

Turning my attention back to the ADB annual meeting let me say that global economic expansion will come from strong external demand, which is supported by a further pickup in growth this year in the major industrial economies and robust domestic demand. South Asia remains the fastest growing of all sub-regions. Growth in the sub-region eased to 6.4% in 2017 from 6.7% in 2016. The rebound in India in 2017 will lift growth above 7% in the sub-region in 2018. Bangladesh's growth accelerated to 7.28% in FY 2017 from 7.1% in the previous year and is expected to reach 7.65% in FY 2018. Across the South Asia region, domestic demand will remain as the key sustainer of growth.

I am pleased to acknowledge ADB's contribution to socio-economic development in Asia and the Pacific region through promotion of inclusive economic growth, environmental sustainability and regional integration. However, more can be done to keep pace with the aspirations of the people. The region remains home to over 1.24 billion of the world's poor who live on less than \$3.20 a day; 326 million of these people live on less than \$1.90 a day and are classified as extremely poor. Income inequality in the region has worsened and social disparity continues to remain in access to education, health services, electricity, water resources, and sanitation in several countries. There is a critical need to further strengthen ADB's efforts towards ending poverty and reducing inequality by the year 2030. ADB needs to scale up its programmes for job creation, improving education and training, providing health care services, securing agricultural expansion and ensuring social protection.

By the end of 2016, the number of displaced people in the world had risen to 65.6 million. This denotes an increase of 300,000 from the year before and the largest number ever recorded according to the UNHCR. ADB provides ADF (grant only) assistance to smaller, less developed member countries, fragile and conflict affected situations (FCAS) and small island developing

states (SIDS) under differentiated and special allocations. ADB needs to give similar consideration to the communities facing vulnerability due to environmental degradation, military conflict or forcible displacement.

Bangladesh has come a long way in achieving remarkable development and setting an example for others. Despite the ongoing global recession in the last decade Bangladesh has been able to sustain a positive economic development. The rate of growth in the twenty-first century has been well above 6%. According to the World Economic Forum, Bangladesh is ranked 34th in Inclusive Development Index. A policy regime conducive to inclusive growth brought the poverty rate down to 23.2 percent in 2016 from 31.5 percent in 2010 and extreme poverty rate to 12.1% in 2016 from 17.6% in 2010. Led by prudent government policies and driven by a vibrant, productive workforce, the country has achieved high economic growth in the last eighteen years and I feel proud to mention here that all these achievements have been possible due to good governance and exemplary leadership of our charismatic Prime Minister Sheikh Hasina. Based on the current economic development trajectory, our target is to become an upper middle-income country by 2021. Attaining the status of a Developed Country by 2041 is the next big target in the long-term development canvas of Bangladesh and we are confident that the SDG targets will be achieved well before 2030 including eradication of poverty.

All these suggest that Bangladesh has to make some extraordinary efforts in its economic and social development programmes in the coming years to keep itself on its ambitious track. The overall capacity of the economy has to be vastly improved. Actions are underway for diversification of the economy through upgrading technological infrastructure, accelerating industry-appropriate skills development, institutional strengthening and improving productivity.

Despite all these efforts we cannot deny the fact that a lot more needs to be done in the areas of institutional reforms and human capital development, climate change adaptations, combating natural disasters, generating employment and ensuring good governance. A huge investment is needed to sustain the current growth momentum. Much of the additional resources will need to come from our national savings; but the need for drawing on external funding sources will not disappear till the structural transformation of the economy is complete. We hope that the ADB and other development partners will join us as before to overcome these challenges and help us in our journey towards the status of a developed economy.

Excellencies, ladies and gentlemen,

I am pleased to note that ADB's Strategy 2030 is aligned with major global commitments such as Sustainable Development Goals, the new climate agreements reached in Paris in 2015 and Sendai Framework for Disaster Risk Reduction. It is however, speedy implementation of the new procurement framework is the need of the hour. Bangladesh attaches great importance to its thriving and time-tested partnership with the ADB which accounted for twenty-one percent of the overseas development assistance of the country last year. Bangladesh is happy to note that it happens to be the fourth largest recipient of ADB assistance.

Ladies and gentlemen,

I would like to conclude with the hope that our 45-years-long mutual and meaningful relationship will continue to flourish in the future. I also assure all out support to the ADB and wish all member countries continued success in their quest for development, peace and prosperity with a special wish for the success and well-being of our host country. Mr. Chairman, thank you very much for affording me an opportunity to share my thoughts with this august body.

Joi Bangla, joi Bangabandhu, joi ADB.





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## **BELGIUM**

**Ronald De Swert**, Temporary Alternate Governor

Mr. Chairman of the Board of Governors  
Mr. President of the Asian Development Bank  
Fellow Governors  
Ladies and Gentlemen

We thank the Philippine authorities for hosting our meeting.

The landscape in the Asian and Pacific Region is evolving rapidly and it is expected to remain the fastest economic growing region until 2030. Extreme poverty has been drastically reduced from 50% to 9% over the last 25 years, but remains high in absolute terms. More than 300 million people still live on less than 1.9 USD per day. Despite the impressive growth figures, poverty and fragility remain a big challenge going along with rising inequality in most DMC's. Considering the huge infrastructure needs, which are key to sustainable growth, it's important that ADB targets its scarce resources by a focused approach in the best possible way.

Against the background of the huge development needs in the region, it is important to build a more efficient and financially sustainable Bank through strengthening ADB's self-financing capacity and through more "organic growth" in the future.

Pricing differentiation can be a part of the strategy to generate more resources "organically". Belgium is in favour of pricing differentiation by product and/or instrument, rather than according to the client's income. For example, the fight against climate change would offer us the opportunity to apply a legitimate surcharge on transport projects, for the harm the project will do to the environment once in operation, without endangering the profitability of the project. Unlike charging more clients who have a choice of financing, this would generate a more important and more reliable income. Let us keep the dialogue on this open.

The gap between the challenges and the resources available is such that it is also timely to seriously deal with domestic resources mobilization, a priority since the 80's which received so far too little attention. One cannot close this gap without engaging in a policy to increase government revenue to fund the investments and, more particularly social expenditure which cannot be financed by public debt over the long run.

In 2018, the major task ahead is the design of a new Strategy for the next decade, ADB's Strategy 2030, including ambitious targets guiding the future of the Bank.

We welcome the improvements of the Draft Strategy 2030 with the latest version published. However, there is still room for improvements.

How ADB will walk the road to 2030 within this fast-changing continent needs to be set out clearly in the new Strategy 2030 Framework through a set of guidelines. We bear in mind that this Strategy is a roadmap to guide the Bank's future path and, this, without setting too many details resulting in an unimplementable framework. To be implementable the strategy should also be commensurate with the resources available: its relevance should also be quantitative. On the other hand, the Strategy must be clear enough with targets to be set forward. Therefore, we welcome the well-designed approach of the Strategy. We also welcome the integration of new technologies and the important role of ICT included in the Strategy and we are especially happy to see the insertion of the following concrete targets in the new Strategy:

On gender. Gender is key to inclusive growth and essential for fast poverty reduction, meeting the SDG's and better development outcomes. Therefore, we welcome that at least 50% of ADB's projects will promote gender equality by 2030.

On commercial co-financing, Belgium supports ADB's target to substantially increase its commercial co-financing by 2030, with every dollar in financing for its private sector operations matched by two dollars of long-term cofinancing from private sources.

On climate, building on its strong performance in integrating climate change mitigation and adaptation into project design, 75% of ADB's commitments will be made climate relevant by 2030, which is extremely ambitious. We are aware that a reduction in the consumption of fossil fuels will be a key parameter of success to COP21. We are also aware that with six billion dollars of annual commitments for climate-related operations the contribution of ADB will be somewhat modest, but well-chosen projects can have a strong demonstrational impact. In this regards we want to encourage ADB to define the indicator for measuring "climate relevant" projects. Clear criteria are needed to measure which amount can be considered as "climate adaptation" or "climate mitigation".

Next step to take in this regard is expanding renewable energy, as well as new technologies to respond to climate change. Our view is that ADB should focus rather on the more innovative and complex green technologies where the private sector is not yet strongly involved, like geothermal technologies and isolation of buildings with artificial intelligence for example. We found that the strategy stays cautious on renewable energies and silent on fossil fuels, without any commitment to revise ADB's outdated energy policy.

Belgium supports ADB's intent to continue to apply its current graduation policy and invites ADB to keep the discussion open with various stakeholders to further diversify the terms of ADB products and instruments. Although the bank's toolkit should be kept limited since too many instruments would only trigger further endless and useless discussions on the classification of each operation and on the classification criteria.

Belgium would like to see the new strategy better reflect what ADB can reasonably expect to achieve over the next decade considering the likely evolution of the DMCs and of its own resources, both human and financial. The current draft Strategy 2030 is still in its present shape a catch-all document with a lack of focus. ADB must remain a cost-effective lender and Belgium remains in favour of prioritizing fewer, bigger projects as well as projects which are shovel-ready or at least well advanced in their preparation in the middle and upper middle-income countries. Striving to be "all things to all people" is a noble endeavour, but unrealistic given the Bank's size and resources. Therefore, a wide list of subcategories derived from the SDGs without setting any target is unsatisfactory. A more realistic scenario has to prevail. Belgium considers that the bulk of ADB activities must remain in large scale infrastructure and wholesale financing as well as in

loans to local intermediaries for SME development which represent almost 90% of the economy and provide the bulk of jobs needed to reduce poverty. The European Investment Bank allocates almost 20% of its commitments to that activity for those very reasons. In addition, because all the other forms of fund raising for investment remain complex, costly, and used by a small minority, because they are most of the time a one-off custom-made solution, they bring diseconomies of scale due to the high cost of expertise and the little replicability of solutions.

Regarding ADF. The transfer of the assets of the Asian Development Fund to the Bank and the first replenishment of the new grants-only ADF was successfully concluded in 2016. Belgium invites ADB to provide more information on the role of the ADF in the future, in particular on its financing.

On the Private Sector Operations. Belgium is in favour of a strong focus on the private sector operations, which deserves a boost in our view. The Private Sector Department needs to be strengthened. We would like to see an elaboration on how PSOD will operate, which instruments it will use and how it can show a bigger risk appetite and stronger focus on frontier markets. Let us hope that the private sector department will be put in a position to increase its operations and the income prospects of the bank. We would like to raise your attention that the strategy doesn't commit to any concrete targets in this regard. Therefore, we would like to request for a clear PSOD strategy to be set out.

It would be timely and opportune to have a closer look on the advantages of spinning off the private sector department with specific rules and procedures, a more adequate location and a specific human resources policy, including salaries and benefits.

For all the above-mentioned reasons, the Strategy 2030 should not only focus on what ADB should do in the coming decade, but it should elaborate much more on how it will realize this.

To conclude, Mr. Chairman, Belgium keeps ADB achievements in highest regards and hopes it will successfully implement its internal reforms to remain the most efficient development partner of its donor member countries.



## **BHUTAN**

**Namgay Dorji, Governor**

Mr. Chairman, Mr. President, Fellow Governors, Ladies and Gentlemen.

At the onset, I would like to convey the warm greetings of His Majesty the King, the Government and the people of the Kingdom of Bhutan to this very important conference taking place here in Manila, Philippines. It is indeed an immense pleasure for me and my delegation to be a part of the 51st Annual Meeting of the Board of Governors of the ADB.

I would like to thank the Government of Philippines for extending kind hospitality and warm welcome to me and my delegation. I would also like to express our sincere appreciation to President Nakao and ADB team for the excellent arrangement made for this Annual Meeting.

Excellencies, ladies and gentlemen, it is inspirational to note that the global growth has estimated to have grown by 3.7 % in 2017 and is forecasted to grow at 3.9%in 2018 and 2019.

In Bhutan, the economic growth averaged at 6% over the past four years, among the highest in the SAARC region. Investment in hydropower projects and expansion in the service sector have been the main drivers of growth. The economic growth in 2016 was recorded at 7.99% from low of 2.15% in 2013. It is projected to grow at 6.5% in 2017. With this, the per capita income has increased to USD 2,879.07 in 2016 from USD 2,720.34 in 2015. Considerable progress has also been achieved in alleviating poverty, reducing from 12% in 2012 to 8.2% in 2017. As such Bhutan is on track to achieve the most of the MDGs and SAARC development goals. The decline in global fuel and commodity prices and the lower inflation in the region during the recent years have enabled Bhutan in containing inflation at modest level. At the end of 2016, Bhutan experienced a record low inflation at 3.3%. Nonetheless, in the medium term due to increase in the commodity prices globally, Bhutan's headline inflation is projected to increase within the range of 6 - 7 percent.

Although, overall unemployment rate improved to 2.5% in 2015 from 2.6% in 2014 youth unemployment rate has increased to 10.7% in 2015 from 9.4% in 2014. Given the higher growth economic estimates and the implementation of various employment generation programs, youth employment is expected to increase in the near term.

On the fiscal front, with prudent fiscal policy guided by strong legal framework and continued support of the development partners, the Government has been able to contain the fiscal deficits below 3% of GDP. In the current fiscal year, i.e. FY 2017-18, the deficit is projected at 2.4% of GDP.

Being on a high growth trajectory and dependent on external financing for all major projects, besides having to virtually import everything; Bhutan today faces the challenge of deteriorating external balance and mounting debt burden. The trade deficit as percent of GDP was 21.5% in FY 2013-14 and widened to 25.4% of GDP in FY 2015-16. With the government's initiatives to improve external sector position, the trade deficit is expected to improve by the end of 11<sup>th</sup> FYP.

Similarly, the current account deficit was 26.4% of GDP in FY 2013/14 and widened at 29.4% of GDP in FY 2015-16 mainly on account of investment related imports such as hydropower constructions. With the completion of three mega hydropower project constructions, the current account is estimated to improve at 21.7% of GDP in FY 2017-18.

Mr. Chairman, ladies and gentlemen, since becoming member, Bhutan has received development support from ADB in sectors such as energy, finance, transport and urban development. ADB is currently Bhutan's largest multilateral development partner. ADB's assistance in the form of budgetary support has helped to improve the fiscal position and provide flexibility to respond to the changing priorities of the RGoB. I am also happy to report that all ongoing ADB funded projects and programs are progressing well. These projects and programs will have immense benefits to Bhutan's socio-economic development and in improving the living standards of Bhutanese people.

To conclude, I would like to once again express our appreciation and gratitude to President Nakao and ADB management for the continued support extended to the Royal Government and the people of Bhutan. We would like to wish success to President Nakao in carrying forward the reforms successfully.

I thank the Chairman and the distinguish delegates for this opportunity.

Thank you and Trashi Delek!



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## **BRUNEI DARUSSALAM**

**Mohd Amin Liew**, Governor

Your Excellency, Chairman of the Board of Governors, Fellow Governors, President of the Asian Development Bank, Excellencies, Distinguished Guests, Ladies and Gentlemen.

First and foremost, on behalf of the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, let me express our sincerest gratitude and appreciation to the Government and people of the Republic of the Philippines for the warm hospitality and for the excellent arrangement in organizing the 51<sup>st</sup> Asian Development Bank (ADB) Annual Board of Governors' Meeting in this modern and dynamic city. Taking this opportunity, I would also like to thank His Excellency Mr. Takehiko Nakao, the President of the ADB and the ADB Secretariat for the excellent arrangements.

Mr. Chairman and fellow Governors.

The global environment is ever changing and unpredictable. Accompanying these volatilities are the increasing development gaps among nations and challenges that may hold up growth and socio-economic progress. As Governments, we must ensure that our people are not left behind amidst global progress. We must meet the fundamental needs of our people especially the symbiotic linkages that exist between the people and the economy so that we can achieve sustainable and robust growth in the long term. This is why we believe this year's theme of **"Linking People and Economies for Inclusive Growth"** is pertinent and relevant.

The ADB has done a lot of good work to address the development needs of this region and must continue with the momentum. In particular, further strengthening the people-economy linkages and narrowing the development gaps within member countries through provisions of financing support, technical assistance and expertise.

Mr. Chairman, allow me to share some of the initiatives that Brunei Darussalam has undertaken, aligning with this year's theme.

Firstly, quality education systems are the most fundamental element in supporting the building blocks for growth. The quality of growth correlates positively with the quality of human capital, as too, the linkages between growth and poverty reduction. Therefore, it is essential to continuously strengthen the education system quality in coherent with global development needs. With over US\$8.2 billion in loans and grants to the education sector over the past forty years by ADB, we acknowledge and commend the work done by the ADB in supporting and strengthening the education quality of its member countries as well as the region, and encourage the ADB to continue to give emphasis on this important sector.

For us in Brunei Darussalam, education is a top priority and is accessible to all citizens of Brunei Darussalam. Measures are taken to ensure that everyone receives proper education enforced through the Compulsory Education Order 2007.

In ensuring quality education, Brunei Darussalam through the Ministry of Education has introduced The Brunei Teachers' Standards (BTS) that is a set of teaching competencies designed to raise the quality of teaching in order to improve attainment of all students and the overall quality of education in Brunei Darussalam. Teachers are provided with standards to help them reflect on their teaching practices and aspire towards achieving high quality teaching and learning.

The Literacy and Numeracy Coaching Programme was also implemented to increase capacity in academic achievements and quality of local teaching staff. Effective teaching through coaching will enable students to achieve high learning outcomes and in this respect, good quality teaching in literacy and numeracy has the potential to also improve students' attainment.

In enhancing the quality of our human capital, Brunei Darussalam has established a multi-programme skills training center for Capacity Building with the objective to produce job-ready prospects through the alignment of skills and industrial development in Brunei Darussalam. The Capacity Development Centre strives to become the blueprint, model and leader in skills training to enable competent national as well as, international local workforce for Brunei Darussalam.

Additionally, we have also introduce a 3 year apprenticeship programme known as i-RDY (i-Ready) as a platform to expose graduates to various industries in both the public and private sector. The host organization has the option to permanently employ the apprentice at any time. The objective of this program is to enhance the marketability and employability of the young graduate.

Secondly, establishing a conducive ecosystem for entrepreneurship to flourish and contribute to socio-economic development. Entrepreneurs are important to society and play many vital roles in the development of an economy. They often offer new innovative products and services and create new quality employment opportunities. This will lead to further spin-offs and thereby spur economic growth and development. Some entrepreneurs also go beyond their own business ventures to provide financial support to community projects and make donation to charities. These activities do not only support community development but also motivate other entrepreneurs to support good causes for the community.

As part of our efforts in diversifying our economy, we continue to improve the business environment in order to facilitate the growth and development of the private sector especially the Micro, Small and Medium Enterprises (MSMEs) as well as attracting Foreign Direct Investment. Some of the initiatives that we have undertaken towards this goal include streamlining processes to make starting and doing businesses easier, enhancing our legal structure and provision of tax incentives.

Most recently, we have established a MSMEs Bank called "Bank Usahawan" that offers financial products and advisory services which are Shariah-compliant to MSMEs and is open to citizens and permanent residents of Brunei Darussalam.

With the view of cultivating an entrepreneurial culture in Brunei Darussalam, we have stepped up our entrepreneurship education and training programmes. We have introduced the National Entrepreneurship Agenda that aims to instill an entrepreneurial mindset in our local youths. Its programme includes 'Success Weekends', the 'Community Incubation Program', 'Summer Venture Program' and 'Co-Curriculum Student Activities'. An entrepreneurship Village was also established to encourage more school leavers to have the interest and capability to pursue entrepreneurship.

On the entrepreneurship development front, we have established Darussalam Enterprise (DARe), a statutory body to monitor and nurture the growth and development of local enterprises in Brunei including MSMEs. Through DARe, a common, unified approach is taken to direct, support and encourage growth of local enterprises under a single entity represented and driven primarily by the private sector. Some of the initiatives lunched under this body includes a Startup Bootcamp which is a 100 day “accelerator” programme that identifies businesses that have the potential to scale rapidly and export their products and services beyond Brunei’s borders and a Micro Business Bootcamp which is a programme to upskill and develop youth aged between 18-30 years old to participate in entrepreneurship, more specifically into micro businesses.

Third, food security has become the prime concern for Brunei Darussalam. As economic growth accelerates and socio-economic transformation deepens, the complexity of producing and managing food resources increases. Therefore, it is critical that investments in agricultural research on sustainable ways of producing and distributing food be increased and local food systems that link the population to food producers be strengthened through the application of technology. We believe that ADB with its extensive networks and expertise can further enhance the food security of its member countries as well as the region as a whole.

For Brunei Darussalam, food security has become the prime concern lately as we believe through food security the sovereignty of a nation is safeguarded. The Ministry of Primary Resources and Tourism has implemented a number of initiatives to increase the productivity of the primary sector which includes among others providing the basic infrastructure and technical know hows for farming and agriculture activities; and promoting the use of new technology such as multitier recirculation aquaculture system, recirculating aquaculture system and high density intensive aquaculture that can increase the productivity of aquaculture activities.

On the other hand, in our effort to promote a healthy nation, the Government has imposed excise tax on sugary drinks, sugar, cocoa and monosodium glutamate (MSG) effective 1st April 2017. The excise tax on tobacco, vape, and smoking pipes has also increased by 100%.

We believe there is more room for ADB to enhance its role in assisting the region in the areas mentioned above. With ADB’s expertise, more technical assistance can and should be offered to member countries without being prejudice to income level. Nevertheless, we would like to commend ADB especially on their role in providing support to the countries that are in need and in the development of key infrastructure projects. I would like to encourage ADB to continue to build and strengthen their internal capacity as to ensure that the changing needs of the region is always met.

Mr. Chairman and fellow Governors,

With that, let me conclude by acknowledging ADB’s achievements under Mr. Takehiko Nakao in fostering economic development and cooperation and alleviating poverty in the region. We call on the ADB to build upon these achievements and continue to be a reliable partner for the region. We also would like to thank ADB on their involvement in our journey in promoting Private Public Partnership, in particular the successful workshop held in Brunei Darussalam earlier this year which incidentally marked the first event held after the signing of the MoU. We hope this collaboration will pave the pathway for greater cooperation between Brunei Darussalam and ADB. Thank you.





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## **CAMBODIA**

**Vissoth Vongsey**, Alternate Governor

Mr. Chairman, President Nakao, Fellow Governors, Ladies and Gentlemen

It is my great honor today to represent the Royal Government of Cambodia at this 51st Annual Meeting of the Board of Governors of the Asian Development Bank and exchange insights about global and regional development trend, opportunities and challenges facing member countries and how the ADB is responding to them. Let me first, on behalf of the Royal Government of Cambodia, express my heartfelt appreciation to the people of Manila for their gracious hospitality and for the excellent arrangements made by the Government of the Philippines for hosting this prestigious Annual Meeting.

Ladies and gentlemen, as we are all aware, most developing countries across the Asia-Pacific region have made tremendous strides in reducing poverty and achieved impressive economic growth; however, sustaining this growth momentum will require substantial development investments. Over the past 50 years, ADB has been a key partner in the remarkable transformation of the Asia and Pacific region, and we can say with certainty that it will continue to play a significant role in the region in the next phase of its development. To respond better to its member countries' diverse challenges and needs, ADB has responded by mobilizing financial resources combined with innovative solutions to expand opportunities and build prosperity across the region. With the successful merger of the concessional Asian Development Fund (ADF) with the Ordinary Capital Resources (OCR), and other Bank's progressive internal reforms, ADB has now established a solid capital base, and capacity to optimize its operations, and better serve the needs of member countries. We hope that the recently approved reforms in the procurement framework will improve the implementation of the ADB's portfolio and at the same time facilitate greater ownership of the borrowers; and the use of advance technologies in ADB operations would help ensure greater productivity, efficiency, and impact delivery. We all look forward to working closely with ADB and other development partners to create more innovative, inclusive, resilient, integrated, and sustainable Asia and Pacific region through forward looking policies and a strategic vision.

Although the Asia-Pacific region continues to experience healthy growth in recent years, it is still home to over 1.24 billion of the world's poor, and poverty reduction remains an important development agenda. At the same time, the region is facing several evolving development challenges including inequality, unplanned urbanization, environmental degradation and climate change, low productivity and lack of competitiveness, macroeconomic instability, and insufficient economic diversification in order to sustain the robust growth into the future. ADB is expected to play an increasingly greater role in supporting regional countries' sustained efforts to overcome these new challenges. For example, to raise productivity and competitiveness, ADB can provide financial resources to projects/programs that can emphasize systems of education and training that match skill development with market needs.

At the same time, ADB should support the formulation of sound regulatory framework in developing member countries that can improve total factor productivity through technical assistance and policy dialogue. In this context, we strongly support ADB's vision of a region free

of poverty and mission to help its member countries improve their quality of life under its Corporate Strategy to 2020. We also commend the ADB's effort to develop a new long-term Corporate Strategy to 2030 which will enable ADB to pursue better quality of growth rooted in intensified support for social and geographical inclusion, environmental sustainability, and 2 regional cooperation and integration, promoting innovative technology and providing customized solutions to the region's changing challenges and needs. We strongly believe the integration of technological innovation is key to the development of the digital economy, and critical to reignite productivity growth for rapidly aging Asian economies. At the same time, ADB should support member countries in building social safety net as a result of technological transformation. We look forward to productive consultation among stakeholders, and the early finalization of the ADB Strategy 2030.

Ladies and gentlemen, I would like to take this opportunity to highlight some of the keys achievements in Cambodia's economic growth and development. Over the past five years, Cambodia has achieved a largely inclusive economic growth of around 7% annually. Real growth is projected to remain strong, expanding at 7% in 2018, and 7.1% in 2019. GDP per capita has increased from 1,042 dollars in 2013 to 1,427 dollars in 2017. Moreover, the inflation rate and exchange rate remain stable and the fiscal deficit is manageable at below 5.0% of GDP. Overall, the growth is mainly driven by the garment, construction and services sectors. These macro achievements have pushed up Cambodia to another historical milestone, progressing from Low-Income Country to Lower Middle-Income Country in 2015. At the same time, Cambodia has been cited by the ADB as "Asia's New Tiger Economy", and as one of the "World's Fastest Growing Economies" by the World Bank.

In the same period of five years, the fiscal performance has improved remarkably as a result of substantial revenue growth as well as rationalizing and prudent expenditure. The revenue collection significantly increased from 15.2% of GDP in 2013 to 19.7% in 2017. Expenditure has been broadly in line with budget plan, reaching the level of 23.7% of GDP in 2017. More importantly, the government has significantly increased expenditure on the priority sectors to support the Government's policy and reform agenda, and accelerate socio-economic performance. Public expenditure for education has increased by more than three fold in 2018; for health by two and half fold; and for agriculture by three fold. Public debt to GDP ratio as of end of 2017 was around 23% in net present value.

Going forward, Cambodia's economic activity continues to expand at a robust pace, and poverty reduction is expected to continue a downward trend over the coming years. In order to realize Cambodia's full growth potential, the Royal Government of Cambodia will continue to maintain sound macroeconomic policies, invest more in infrastructure and human capital, improve the investment climate, build institutional capacity, and develop a sound financial system.

In conclusion, I would like to congratulate President Nakao, his Management Team and Staff for the excellent performance of the ADB in 2017 and look forward to the continued leadership of President Nakao in realizing the vision and goals under the proposed ADB Strategy 2030.



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## **CANADA**

**Donald Bobiash**, Temporary Alternate Governor

I would like to warmly thank the Government of the Republic of the Philippines and the City of Manila for hosting this year's Annual Meeting. Canada places great value on continued engagement with the Asia-Pacific region, and we view the ADB as a key multilateral development partner in fostering sustainable, green, gender-responsive and inclusive economic growth throughout the region.

Since the creation of the ADB in 1966, the development landscape has been changing at an increasing pace. There has been considerable progress in the region with over 1 billion people lifted out of extreme poverty since 1990, an outcome in which the ADB played a crucial role in achieving. But while there have been important successes, significant challenges remain, such as climate change and gender equality.

We therefore welcome the ongoing consultations towards a new strategic framework for the ADB, the Strategy 2030, which seeks to respond to the region's changing needs and achieve a prosperous, inclusive, resilient and sustainable Asia and the Pacific. We are encouraged by the inclusion of a number of key issues, such as a differentiated approach towards support for Small Island Developing States (SIDS) and fragile, conflict affected states (FCAS), and accelerating progress in gender equality and tackling climate change. As Strategy 2030 is further developed, we encourage the ADB to set out specific ambitions, including targets, and elaborate on how the Strategy will be implemented using a coordinated approach with other multilateral development banks (MDBs) working together as a system. By working as a system, MDBs have the potential to achieve a transformational development impact that is beyond the reach of a single institution.

Going forward, we consider that the ADB will be most effective by marshalling its resources towards the region's highest development priorities, which includes tackling the remaining pockets of poverty and ensuring inclusive growth, narrowing the gender gap and fighting climate change. Given the scale of the challenges, it is important that ADB makes the best possible use of existing resources, as demonstrated by the merger of the Asian Development Fund and ADB's Ordinary Capital Resources balance sheets, which we applaud.

The first of these challenges is tackling the last pockets of poverty as well as growing inequality – to ensure that economic growth works for everyone.

Focusing on the poorest and most vulnerable countries and groups, especially women and girls, is a priority for Canada. We also believe that it must remain at the core of the ADB's work, including through the Asian Development Fund. We encourage the Bank to develop a range of differentiated pricing options reflective of countries' economic development.

Recognizing that public resources alone will be insufficient to meet the Sustainable Development Goals, we encourage the ADB to use its capital wisely by seeking to mobilize private capital where possible to increase total resources available for projects. As ADB mobilizes more resources externally through partnerships and internally through the optimization of its balance sheets, the ADB should strive not just to increase business volumes but to design and implement quality

projects with clear, positive, development impacts. In particular, we welcome greater involvement in highly complex, fragile or difficult environments, with a greater focus across all sectors on gender mainstreaming.

We would like to underline the crucial importance for both ADB and the region to bridge the gender gap by greater promotion of gender equality and empowering women and girls.

Canada believes strongly that focusing on advancing gender equality and the empowerment of women and girls is the best way to reduce poverty and achieve the Sustainable Development Goals, which is why Canada has a Feminist International Assistance Policy.

We need to foster greater participation of women in the social, economic and political spheres – starting with project design and aiming for ambitious gender equality targets and tangible results, across all sectors of ADB programming, with additional staffing and training resources to attain these objectives. Canada believes that addressing the systemic barriers that women and girls face, and providing them with the tools and opportunities to be powerful agents of change, are of paramount importance to the region's long-term prosperity.

The Strategy 2030 has identified five action areas to promote gender equality, which Canada fully supports. Although Strategy 2030 proposes a target of 50% of ADB's projects that will promote gender equality, Canada believes in order to make a real difference in the application of ADB's GE commitments, as stated in the ADB Gender and Development Policy and for the achieving the Sustainable Development Goals in Asia, the ADB should work with its partners to reach higher. Canada encourages ADB to put more emphasis on implementing a gender mainstreaming approach into all programming, along with an increased target for gender equality integration into all projects and consider projects focused specifically on gender equality. Canada would encourage ADB to reach beyond the targets that were achieved in 2012 (which was 56% of all projects and 58% of ADF operations).

As an organization, the ADB has made great strides to address gender inequalities. The Bank should further empower its staff, especially women, at the senior level where they remain under-represented, to continue and increase these efforts and Directors and senior officers should explore ways to enhance and promote gender diversity at the Board level.

Last but not least, I would like to emphasize the global challenge of climate change, and particularly its impact on the Asia and Pacific region.

The fight to limit the impacts of global climate change will be lost or won in the Asia and Pacific region, and the ADB can play a leadership role in addressing this enormous challenge. Canada welcomes the ADB's commitment to double its annual climate financing by 2020, and we encourage stronger consideration of adaptive solutions. We also support the target of 75% commitments by ADB to be climate relevant, and look forward to seeing the methodology that will underlie this commitment, which should be defined in collaboration with other MDBs to ensure consistent accounting of climate financing.

We look forward to the implementation of the new Climate framework and the development of measurable targets. Canada is looking forward to contribute to the strategic thinking necessary to maximize the impact of the ADB's climate financing and enabling it to be deployed with the empowerment of women and girls in mind as they often are most affected by disasters and climate change impacts.

The ADB is a key stakeholder in efforts to ensure that the region moves further away from non-renewable energy sources to meet its COP21 commitments. To do so, the Bank needs to update its 2009 Energy Policy to reflect these new priorities. We strongly believe that the ADB could play a greater and more catalytic role in promoting clean energy, energy efficiency, climate-proofed infrastructure and environmentally sustainable, gender-responsive growth throughout the Asia-Pacific region.

I am pleased that last year Canada provided \$200 million to establish Phase 2 of the Canadian Climate Fund for the Private Sector in Asia at the ADB, both for mitigation and for adaptation. Canada's Fund is tangible proof of our commitment to global climate action, and our pledge to deliver \$2.65 billion in climate finance by 2020.

The Canadian Climate Fund is an excellent example of the collaborative and innovative partnership helping to catalyze private finance towards important development objectives. It highlights what can be achieved when we work together in helping support private sector climate change mitigation and adaptation projects that would otherwise not have happened.

The success of Canada's partnership with the ADB, the other multilateral development banks (MDBs), working together as a system, highlights the effectiveness of blended finance as a tool to both attract private sector investment to developing countries and to disseminate technological knowledge and expertise.

This year Canada has the distinct privilege of hosting the G7, and two of the priority themes are advancing gender equality and women's empowerment, and working together on climate change, oceans, and clean energy. We are working closely with our international partners to explore innovative tools and mobilize greater partnerships, capacities and resources for sustainable development. The ADB and the other MDBs, working together as a system, are important partners throughout our collective efforts to achieve the global Sustainable Development Goals.

Going forward, we encourage the ADB to increasingly approach its operations in the context of multilateral development banks (MDBs) operating as a system. By working together and coordinating their interventions, MDBs have the potential to achieve a transformational development impact that is beyond the reach of a single institution. Ongoing work on MDBs as a system in fora such as the G7 and the G20's Eminent Persons Group (EPG) on Global Finance Governance point to a growing appetite of shareholders to increase MDBs' effectiveness, coherence and coordination. In particular, we would welcome the ADB's participation in the alignment of MDBs credit enhancements across the system, which in turn could allow for the emergence of a critical mass of standardized securities that investors would increasingly see as part of an asset class of emerging markets infrastructure debt.

To conclude, I would like to repeat Canada's steadfast commitment to the ADB and the Asia and Pacific region, as together we address poverty reduction, gender equality and climate change challenges.



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## **FIJI**

**Aiyaz Sayed-Khaiyum**, Governor

Chairman of the Board of Governors  
President of the ADB  
Fellow Governors  
Distinguished Guests  
Ladies and Gentleman

Let me first convey Fiji's warm greetings and gratitude to the people and Government of the Philippines for hosting the ADB's 51st annual meeting. I would also like to extend our appreciation to the President, management and staff of the Asian Development Bank (ADB).

Mr Chairman, the ADB is an invaluable development partner for Fiji and have been financed a number of infrastructure projects including funding for disaster rehabilitation. ADB has also provided various technical assistance towards accelerating public sector reforms, private sector development and building climate resilience.

Mr Chairman, climate change is one of the greatest challenges of our times. Countries such as Fiji and other small island states are facing the dire consequences of adverse climatic impact despite not contributing to the underlying cause of climate change. Tropical Cyclone (TC) Winston in 2016, with damages and losses around 30 percent of GDP, was a stark reminder of the threat climate change poses to our economy, infrastructure and livelihoods. In the midst of recovery, we recently experienced back to back cyclones, TC Josie and Keni which brought massive flooding. This is yet another call for urgent and decisive global climate action.

Mr Chairman, the joint statement on behalf of the Pacific Developing Member Countries (PDMC) by the Governor for Kiribati will reiterate our plea as a region facing the full brunt of climate change and the need for climate finance in an expedient and targeted manner.

### **Fijian Economy**

Mr Chairman, Fiji is on track for its ninth year of consecutive economic growth – unprecedented since our independence in 1970. Economic growth in the last five years has been hovering above 4 percent, excluding the 0.4 percent growth following TC Winston in 2016. The economy rebounded strongly in 2017 with a positive growth outlook for the medium term.

The swift reconstruction efforts by Government following TC Winston and the recent cyclones has contributed to the sustained growth. Government intervention following the disaster was to ensure immediate relief, rehabilitation of infrastructure and public utilities, and provide income support to the affected and vulnerable segment of our society.

Mr Chairman, fiscal policy has been geared towards building resilient infrastructure, provision of social services and supporting private sector development. Tax rates have been maintained at a low and competitive level with greater emphasis on tax compliance and minimising revenue leakage. Government debt has been on a downward trajectory, dropping from around 56 percent

of GDP in 2010 to 45.5 percent of GDP – lowest in the last 15 years. External debt remains relatively low with a bulk of this financing accessed at concessional interest rates.

The Fijian Government also issued a FJD 100 million Green Bond, listed on the London Stock Exchange, primarily aimed at raising finance for climate adaptation and mitigation projects. This augurs well with Government's intention for more innovative financing products and providing a new asset class for investors who are interested in funding green projects.

Domestically, interest have been at historical lows supported by record foreign reserve levels and ample liquidity in the financial system. Buoyant performance in the tourism industry, rising exports and remittance inflow has sustained international reserves at above FJD 2 billion. Private sector investment continues to increase with total investment expected to surpass 25 percent of GDP. Inflation is anticipated to stabilise at below 3 percent following a temporary uptick in the aftermath of the recent natural disasters.

### **National Development Plan**

Mr Chairman, Fiji recently launched its 20-Year Development Plan (2017-2036) and a comprehensive 5-Year Development Plan (2017-2021) in Bonn, Germany during the COP23 meeting, with a vision of "Transforming Fiji" into a progressive, prosperous and peaceful nation. In the next 20 years, we will increase the size of our economy by four fold.

New and emerging growth sectors will be harnessed through value addition in the agricultural and natural resource sector, adoption of cutting edge technologies to improve productivity and developing high yielding niche markets. Investment to improve physical and digital connectivity will be aggressively pursued with funding aimed at modernising road infrastructure, sea and airports and building Information and Communication Technology (ICT) capabilities.

Government will ensure growth is inclusive and prosperity is shared. Human capital investment through education, skill development and better health opportunities will continue to be a key priority. We are on track to achieve universal access to clean water and electricity by 2020. Income generating projects mainly targeted at promoting the MSME sector will continue to be supported. To modernise the health sector and expand the tertiary health care in the country, innovative financing mechanism such as public private partnership (PPP) will be adopted. Social protection schemes will continue to protect the disabled, disadvantaged and the elderly.

### **Partnership with ADB**

Mr Chairman, ADB will continue to be an integral partner in our vision of transforming Fiji. In order to fund a pipeline of infrastructure projects, we seek innovative and blended financing from ADB.

Government is grateful to ADB for its support for Fiji's Urban Water Supply and Wastewater Management Investment Project. The overall investment program is US\$405.1 million, and comprises two tranches that aims to increase wastewater treatment capacity as well as a new water supply scheme. The first tranche is for water supply improvements with a total cost of US\$180.3 million and will be co-financed by ADB, Green Climate Fund and the European Investment Bank. The second tranche is for wastewater improvements and sewer network upgrade with a total cost of US\$224.7 million. The first disbursement under this program by the ADB is expected in July 2018 and works should commence by year end.

Mr Chairman, we had a very positive discussion with ADB for a policy based lending to Fiji in collaboration with World Bank. The policy based loans mirrors well with the ongoing Government's reform agenda which covers three sub-programs and these include reforms in (i) public financial

management (PFM), (ii) business environment, and (iii) State Owned Enterprises (SOE). PFM reforms include the development of a PFM improvement plan, review of relevant legislation, improvements in budget transparency and accountability, development of a medium-term expenditure framework for government, and planning frameworks for a number of ministries. Improvements to the financial management information system are also envisaged.

Mr Chairman, the broad reform agenda is expected to improve the business climate in Fiji by improving transport links, reducing the cost of doing business, enhancing the business regulatory environment and ultimately promote inclusive growth. Apart from the aforementioned, ADB and Fiji have engagements in various other areas and we acknowledge and appreciate the important role that ADB plays in our development.

### **Conclusion**

To conclude Mr Chairman, our warm Fijian hospitality awaits the ADB and member country delegations for next year's annual meeting which will be held in Fiji. This is a momentous and proud occasion for our nation as it is a first for a PDMC. We look forward to this invaluable opportunity to showcase the Fijian hospitality and at the same time emphasise the unique development needs of the Pacific region.

Thank you Mr Chairman and see you all in Fiji next year. Vinaka Vakalevu!





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## **FRANCE and SPAIN**

**Cyril Rousseau**, Temporary Alternate Governor for France

Mr. Chairman of the Board of Governors,

President Nakao,

Honorable Governors,

Distinguished guests,

First let me thank the Republic of the Philippines for welcoming us in Manila for this 51<sup>st</sup> Annual Meeting of the Asian Development Bank. Let me extend my deep appreciation to the Filipino people for its warm hospitality. I believe it is timely and symbolic to meet in the host city of the ADB to lay the foundations of a new strategy for the decade to come.

The Asia-Pacific region comprises more than half of the global population, about one third of the global output and ADB developing member countries deliver 60% of the world's economic growth. The region has increasingly become critical for addressing global challenges and preserving public goods.

In this regard, we commend the ADB for spearheading the implementation of the Paris Agreement in the Asia-Pacific region. High ambitions for climate finance over the next decade are much welcomed. However, the ADB must go further on the support to renewables and the phasing out of fossil fuel energies. It must also strive to protect biodiversity.

The ADB must contribute to sustainable and inclusive growth, as part of the Sustainable Development Goals Agenda, and keep up with the compelling mission of eradicating poverty and improving the well-being of people in the region. To do this, the ADB should keep its focus on infrastructures, which enable equal access to economic opportunities and regional connectivity and will support low-carbon and resilient development. Complex urban challenges of megacities require delivering a large investment and planning effort, to address environmental and social issues. It should also contribute to human capital development, with the support of the relevant actors, to improve health and education and achieve equality between men and women in the Asia-Pacific region. Last, the ADB should also consider the issue of growing inequality, especially within countries.

The ADB engages this discussion on Strategy 2030 with a strong financial position. The combination of paid-in capital and past contributions to the Asian Development Fund, known as the "merger", is equivalent to a 30 billion dollars general capital increase. This gives the ADB the opportunity to expand its financial operations to improve its response to the needs of Developing Member Countries and fulfil its mandate. But it also gives the ADB the responsibility to make an optimal use of these resources entrusted by shareholders and donor countries and grow in a sustainable manner.

Financial sustainability will be achieved by “organic growth” of capital. It is a unique occasion to work out a financial sustainability framework, to match income generation parameters with the capital accumulation targets needed to realize the ambitions of Strategy 2030. Organic growth means more strength and less uncertainty for the institution and therefore for the Asia-Pacific region.

This goes hand in hand with a review of the financial terms of ADB instruments. The number of countries eligible for concessional windows is shrinking due to successful economic development in Asia-Pacific. As a result, the volume of concessional finance in ADB, as a share of total operations, has halved in 5 years to fall to 12% in 2017. While economic discrepancies are building up between countries in the region, flat pricing is no longer fit-for-purpose, nor fair. Differentiated pricing allows to better adjust ADB products to the financial capacities of Developing Member Countries while strengthening the Bank. It contributes to channeling more resources to poorer and more fragile countries. For emerging economies, it will pave the way to graduation, which must be the ultimate long-term success metric for multilateral development banks. This product review is the next step to finalize the merger: turning a financial innovation into a strategic vision.

Public resources must leverage private resources. Public institutions cannot keep pace with the economic growth of the largest economies and fill financing gaps by themselves. The ADB must play a catalyst role in crowding-in private flows from commercial banks and investors, as well as developing local financial markets. The ADB can also play a more prominent role in supporting directly the private sector, as a financier, when market failure makes a case for true additionality of public money. While the ADB has already embarked on such a path, a specific business plan for private sector operations is yet to be designed. This plan should notably clarify, for ADB private-sector operations, sector and geographic priorities, financing or capital allocation ambitions, integration within ADB country strategies, as well as expected development impact and risk-return targets, at project and portfolio levels.

Last, the ADB operates within a global financial system, where, as a public institution, it works with others to achieve common global objectives, in open economies. That is the essence of multilateralism, which we must strive to uphold. The ADB shares with all other lenders, public and private, the responsibility to promote transparent and sustainable financing practices and address debt vulnerabilities. As stated by the Group of Twenty, a strong and effective coordination is needed between the International Monetary Fund and the Multilateral Development Banks when they consider providing financing to countries facing macroeconomic vulnerabilities. We also encourage the ADB to keep on supporting Developing Member Countries in strengthening public financial management, combating money-laundering and financing of terrorism, as well as corruption. Financial integrity and trust are a bedrock for development. Significant progress has been made but efforts remain to be done, including on tax transparency standards, to prevent base erosion and profit shifting, and foster domestic resources mobilization.

I strongly expect to see these priorities reflected in Strategy 2030. Thank you.



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## **GEORGIA**

**Nikoloz Gagua**, Temporary Alternate Governor

Esteemed President Takehiko Nakao, Honorable Heads of Delegations, Honorable Ministers, Distinguished Delegates, Ladies and Gentlemen

It's my sincere pleasure to be here with you all, participate in the 51st Annual Meeting of the Asian Development Bank (ADB) and the wide range of seminars and events dedicated to foster dialogue, partnership and knowledge sharing. On behalf of the delegation of Georgia, I would like to express my sincere appreciation to the Government of Philippines for the excellent organization of the event and warm hospitality.

My remarks today will address the importance of progressive values in the context of globalization. In an era of globalization, which shaped our international economic governance system, especially, in terms of economic development, social progress and peace, the process has simply been positively incontrovertible. It is undoubtable that partnership among countries played an important role in this considerable success. ADB is one of the most important financial institutions in the world. In December of 2018, the Bank marked 52 years of development partnership contributing to economic development and poverty reduction across the region of Asia and Pacific and has quite a lot to share with member states in terms of achievements in order to fulfill its mission – namely to help developing member countries to reduce poverty through inclusive growth. With this aim, ADB approved loans, grants, technical assistance and co-financing in order to meet the necessities for the proper development of a specific region. Annual operations of the Bank, reached a record \$32.2 Billion, formed by - \$20.1 billion in loans, grants and investments from its own resources (up to 51% from 2016) including non-sovereign operations of \$2.3 billion (a 31% increase from 2016); \$11.9 billion in co-financing from bilateral and multilateral agencies and other financing partners; and \$201 million in technical assistance (a 11% increase from 2016). This was a 26% increase from the year before. Additionally, ADB's financing of climate mitigation and adaptation reached a record \$4.5 billion in 2017, a 21% increase from the previous year. Therefore, it is clear, that in 2017, the Bank continues to meet growing development needs of Asia and the Pacific.

Specifically in regards to the partnership of Georgia and ADB, we should emphasize, that since 2007 the latter is one of Georgia's largest multilateral partners with over \$2.1 billion approved for development assistance. We highly appreciate the support of ADB in fostering inclusive and sustainable economic growth, accelerating poverty reduction, and enhancing regional connectivity and investment environment.

Strategic location of Georgia justifies its importance for Europe and Asia, as well as to the rest of the world. A bridge between Europe and Asia, Georgia offers direct access to European and Asian markets. Three major oil and gas pipelines, Black Sea ports, well-developed railway systems, together with numerous airports are playing an increasingly important role in linking the EAST to the WEST and vice versa.

Georgia is an asset to any investor.

Our country is more open to international trade than ever.

The examples are apparent - DCFTA with the EU, Free Trade Agreement with People's Republic of China and Turkey opening non-barrier access of Georgian companies to around 2.3 billion customers.

It is of considerable importance that Georgia is one of the lowest tax burden countries with a very simple tax structure, and streamlined regulations for businesses. Simplified customs procedures closely align with the most appraised international practices. According to the index of economic freedom published by the Heritage Foundation, Georgia ranked 16th (score – 76.2, increase by 0.2 point) in 2018.

The Rule of Law Index published under the World Justice Project in 2017-2018 ranks Georgia as the leader country in the Eastern Europe and Central Asia region. These indexes are a solid proof that our aspirations of becoming a part of democratic and sustainable world are attainable.

Having considered Georgia's strategic location and stable environment for investment, the Bank has been actively engaged in public and private operations, with a steadily growing portfolio. Key development priorities of ADB in Georgia are to foster inclusive and sustainable economic growth, accelerate poverty reduction, and enhance regional connectivity. Guided by the country partnership strategy, priority sectors include transport, water supply and sanitation, energy, public sector management, and finance. Herewith, I would like to highlight that we need ADB's active and continued engagement in Georgia's economic growth, especially in regards to implementing the reforms in the following sectors: education, governance, economic development, which includes pension reforms, capital market reform, reforms in tax system, Deposit Insurance, and infrastructure as well – initiated by the Government of Georgia.

Finally, we believe that Banks' resources directed to Georgia and to the other countries will play significant role in scaling up project financing, sharing development knowledge and expertise, improving current economic stance and provide the best example to other International Financial Institutions.

Mr. President, I want to take another opportunity to express our gratitude to all the delegates present today and to the ADB and desire to see the expansion of our cooperation in all of the sectors of the Economy.

The people in this room have an advantage – we owe it to the developing world to use this advantage for good. I am confident that with the continuous work with organizations like ADB, this dream, no matter how Ludacris it might seem at times, can become a reality.

We strongly appreciate the existing cooperation with ADB and hope it will continue in the same directions as it was before and moreover, will further broaden its support for country's development by financing projects in the priority areas of Georgia.

Thank you!



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## **GERMANY**

**Norbert Barthle, Governor**

Mr. Chairman of the Board of Governors, President Nakao, Honorable Governors, Distinguished guests,

It is a great honor for me to address this audience for the first time as the newly appointed Governor for Germany. Last year, the Bank celebrated its 50th anniversary in Yokohama, and its important contribution to the economic development of Asia and the Pacific. I see an important symbolism in our coming together here in Manila, in the ADB Headquarters, to discuss what direction this Bank should take over the next 12 years or so.

The world's economic center of gravity is shifting towards Asia and the Pacific. These regions have experienced significant progress in their efforts to fight poverty. Most ADB member countries have graduated to middle- and even upper middle-income status. Their integration into global value chains is progressing speedily.

This is good news. However, at the same time, huge challenges remain for ADB's developing member countries. Some are still facing fragile and conflict-affected situations; there are still persisting pockets of poverty, and growing inequality; health and education outcomes have still to be improved; the increasing impact of climate change is threatening achieved and future progress in development, particularly in small and vulnerable island states.

In addition, huge investments will have to be made in infrastructure and to equip youth with vocational skills if Asia and the Pacific region want to enjoy sustained growth and sustainable economic development.

ADB plays a pivotal role in supporting its developing member countries in their ongoing endeavors to cope with these and other challenges, such as the need to harness the benefits of technological advances in digitalization and automation.

In order to carry on fulfilling its role successfully in the future, the Bank needs in my view to answer the following core question: How can the ADB effectively and efficiently help its members achieve their self-set goals in line with the SDGs and the goals of the Paris Agreement, and make growth environmentally and socially sustainable and inclusive while simultaneously helping countries to make the transition from factor accumulation growth models to sustained productivity-led growth, thereby avoiding the middle-income trap?

To my mind, the short answer to that question is: By doing what it does best—providing sustainable quality infrastructure via project financing coupled with tailor-made support for the reform agendas of DMCs. This in turn means that ADB should avoid becoming the family doctor for all the challenges in Asia and the Pacific. If it wants to continue to provide real value for money, ADB should focus on its comparative advantages and core competencies—catering to the specific needs of the different groups of countries, from poor and fragile to upper middle-income. Having said that, however, a business-as-usual approach is not an option.

There are succinct aspects that Germany sees as pivotal for ADB to make an important contribution to Asia's and the Pacific region's sustainable growth in the future.

First, ADB needs to be an important and reliable partner for investment in and the financing of sustainable high-quality infrastructure in Asia, while continuing to maintain high environmental and social standards.

We expressly welcome the ramping-up of climate financing both for mitigation and for adaptation up until 2020, the Bank's accreditation to the Green Climate Fund and its membership in the NDC partnership. We commend ADB for the projects approved by the Green Climate Fund (GCF) and expect that the Bank will actively continue its engagement with the Fund by jointly identifying the most innovative and transformative opportunities for climate finance. We also expect the Bank to lay out clearly how climate-focused blended finance and other green financing vehicles can support countries in reaching their Nationally Determined Contribution (NDC) commitments, including through the Asia-Pacific Climate Finance Fund (ACliFF). Furthermore, we expect ADB to outline its ambitions regarding climate financing for 2030, not only in terms of numbers but also with regard to how it would aim to achieve these ambitions, reflecting the innovations that have been made in terms of financial instruments such as climate-related guarantee and insurance schemes. It is only logical in our view that the strategic realignment with sustainable development as the leitmotif of the Bank should go hand in hand with the revision of the Bank's outdated energy policy. ADB needs to further align its portfolio with the long-term goals of the Paris Agreement. This requires—among others—the elaboration of a clear strategy on phasing out fossil fuel investments.

In this context, Germany would also like ADB to strengthen its assistance for education, in particular with respect to TVET, as this has a double impact: Market-oriented skills development and vocational training have huge potential for boosting job creation and productivity in Asia. In addition, high-quality infrastructure needs to be properly constructed and maintained, and technology needs to be operated by skilled technicians.

This brings me to the second point. ADB's value proposition and business model needs to be fundamentally changed toward taking a systemic and catalytic role in mobilizing financing for green growth. It must be borne in mind that the vast majority of external financing is now being provided by the private sector, including foreign direct investment (FDI). The Bank therefore needs to help design regulatory frameworks, develop innovative financial instruments and partnerships, and function as an anchor investor, so that the private sector is incentivized to invest in "green" sectors and sustainable infrastructure.

To this end, we encourage the Bank to develop clear principles for investing in and working with the private sector—reflecting market structure, and regulatory and institutional maturity. Mobilizing private finance is a means to an end, not an end in itself. This also means that ambitious mobilization targets should avoid setting the wrong incentives that result in private financing where public financing would have been more desirable. But it also means that there has to be evidence of additionality of public finance.

As regards the instruments, we commend ADB for its efforts to expand and standardize risk-sharing instruments in the form of guarantees, insurance products, blended finance, equity investment, and liquidity backup facilities. These should be utilized more than in the past, particularly in frontier markets—it is here that we believe ADB's private sector operations can have the biggest impact.

Operationally, the described shift in the business model of ADB also has consequences. ADB will increasingly have to take on the role of project developer and originator. This may require partnering with other actors. A notable example in our view is the Cities Development Initiative for Asia (CDIA), where Germany, together with other countries, has partnered with ADB to support cities in bridging their planning-investment gap by preparing and structuring their urban infrastructure investment projects. We welcome ADB's plan to increase the presence of staff in the field offices in this respect, whilst keeping in mind the additional costs.

Providing value for money—and this is my third point—for middle-income countries, in particular upper middle-income countries (UMICs), will be the litmus test for ADB in the future. UMICs value ADB more and more as a partner that provides advanced technology, expertise and technical assistance on their green growth path. ADB must therefore make every effort to become a knowledge bank for Asia and the Pacific by optimizing its knowledge management and diffusion, and attracting high-caliber staff with the right skill set. We commend ADB on its new procurement framework, which recognizes the increased capacity of UMICs, but also the demand for quicker delivery and high-quality technology.

Let me come to the final part of my statement. To achieve its mission and respond to the changed context in which it is operating, the Bank needs a solid capital base. The ADF-OCR (ordinary capital resources) merger has put ADB on a solid footing in this regard. However, we would like to encourage the ADB to capitalize on the current momentum and also consider how it can achieve more financial sustainability in the future through an approach that is aimed at organic capital growth. One possible way to achieve this could be greater diversification of financial terms for ADB products and instruments; bigger reflows from increasing private sector operations activity could also be expected.

While we are on the subject of financial resources and capital, it makes sense to also talk about ADB's administrative budget. We would like to encourage ADB to implement commensurate investments in staff capacity, supervision, learning and evaluation, and IT infrastructure speedily so that it can serve clients efficiently and effectively. In this context we also call upon ADB to optimize its administrative budget utilization rate, which could also lead to less need for administrative budget increases in the future.

Overall, Germany trusts in ADB's capacity, both financial and technical, to play an important role in tackling the development challenges that the upcoming decades may bring in Asia. Mr. President, I have faith in you and I trust that the ADB will carefully deliberate how to make the best use of its staff, the Management and its Board.

Germany is fully committed to its successful partnership with the Bank, as a shareholder, as a donor and as a development partner.

In closing, I would like to thank the Government of the Philippines and the Bank for the excellent organization of the Annual Meeting and for the hospitality extended to us.

Thank you very much.



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**HONG KONG, CHINA**  
**Paul M.P. Chan, Governor**

I would like to thank the Government of the Philippines for hosting the 51st Annual Meeting of the Asian Development Bank (ADB) in Manila, a city where the first ADB Annual Meeting was hosted fifty years ago in 1968. I would also like to thank the Management and staff of ADB for the excellent arrangements of the event.

The theme of this year's Annual Meeting is "Linking People and Economies for Inclusive Development". Although Asia has achieved unprecedented economic success in the past decades and has substantially improved the overall living standards of people in the region, there remain communities and local economies that have yet to fully benefit from such exponential growth. We need to continue to invest in infrastructure, especially in the emerging economies, in order to raise productivity, eradicate poverty, and tackle bottlenecks for longer-term and sustainable economic development.

In this regard, we are pleased to note that the ADB made a record level of commitments amounting to US\$20.1 billion in 2017 to improve the lives of millions, and that it is committed to ensuring that growth in its developing member countries is inclusive and environmentally sustainable, while maintaining an emphasis on regional cooperation and integration.

Given the vast infrastructure needs in Asia, it is essential to draw in not only public but also private sector investment and financing to bridge the funding gap. We appreciate the critical role that ADB has been playing in promoting public-private partnerships to bridge the funding gap, and in supporting Government initiatives that complement and accelerate private sector development.

As an international financial and business centre with worldwide leading capital markets, Hong Kong, China is well-positioned to be a major investment and financing hub offering funding and high-end professional services for infrastructure projects. As such, the Hong Kong Monetary Authority set up the Infrastructure Financing Facilitation Office (IFFO) in July 2016 with the mission of facilitating infrastructure investment and their financing through working with a cluster of key stakeholders.

To date, the IFFO has attracted over 80 organizations to join as partners. They include multilateral financial agencies and development banks, public sector investors, private sector investors/asset managers, banks, insurance companies, project developers and operators, professional service firms and international business council. Since its launch, IFFO has been actively pursuing its work in various areas, and organized and participated in over 20 large-scale conferences, seminars and workshops on infrastructure investment and financing.

Hong Kong, China will continue to uphold its commitment in facilitating more efficient and sustainable infrastructure investment flows to fill the substantial infrastructure gap for fostering more inclusive development in the region.





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## **INDIA**

**Subhash Chandra Garg, Alternate Governor**

Chair of the Board of Governors, His Excellency Mr. Carlos G. Dominguez,  
Distinguished members of the ADB Board of Governors, President Nakao and the ADB Board of Directors.

Heads of Delegations, Ladies and Gentlemen,

Let me first express my sincere gratitude to the Government and people of Philippines for the warm welcome, excellent arrangements for the meetings and hospitality extended to us.

India undertook fundamental structural reforms last year. We brought about a national goods and services tax merging almost all indirect taxes and cesses; we introduced a first-class bankruptcy and insolvency regime in the country; we did several other major structural reforms. Taking temporary disruptions in our stride, India grew by 6.7% in 2017-18. With all reforms stabilizing, India is expected to become the fastest growing economy clocking growth of about 7.4% in 2018-19. India has also made impressive progress in poverty reduction and development.

In our journey and efforts to achieve growth, development and poverty reduction, ADB has been extending exemplary and valuable support for the past 28 years. ADB has invested significantly in India's energy sector, in transportation sector, in urban development, in finance and also in health and education. Let me congratulate ADB for its enormous support and uninterrupted service at scale in accomplishing growth and development in India. ADB has extended similar support and contribution to entire Asia and Pacific. I would urge ADB management to continue rendering this big service and massive financial support.

ADB has initiated the process of redefining its long-term vision. A document titled 'Strategy 2030' has been issued for initiating discussion. ADB has undertaken consultations with shareholders and other stakeholders to shape its vision document. We believe that this exercise is very timely and very much needed. The World adopted Sustainable Development Goals (SDGs), New Climate Goals and Addis Ababa Development Action Plan recently. These agreements reflect new global compact for growth, development and poverty elimination in the World. ADB Strategy 2020 needs to be revisited and a long-term vision needs to be defined for what ADB will do to contribute in accomplishing these goals. This discussion will take on board changing development landscape and effectively cater to the diverse evolving demands of developing member countries of the region. In this context, let me list out certain themes, which I think the ADB needs to place its focus on.

First, ADB should continue to place its primary focus on infrastructure creation energy, communication, transportation, cities, rivers cleaning and the like. It should simultaneously attempt to develop infrastructure in disaster resilient manner and cleaning up cities and climate in general. ADB should assume the role of a catalyst and become a powerful driver of change to become a "Stronger, Bigger, Faster and Better ADB". ADB should aim to transform the region by unleashing its transformational potential and fuel global growth trajectory, create new Asia and Pacific and replace wrinkles on the faces of millions with twinkles in their eyes.

Second, new technologies are reshaping production of goods and services. This is new revolution- Digital Age. While Agriculture Age and Industrial Age would continue to exist, and we should not ignore that; the Digital Age is shaping up. ADB should become a facilitator of ushering in Digital Age in Asia. ADB should invest in innovations, in start-ups and in venture capital to help countries produce goods and services using technologies of digital age. It should invest in fin-tech, health-tech and several other ways in which public services and also merit services can be delivered to people of Asia to make them achieve good quality and ease of life.

Third, more direct attack on poverty reduction, mal-nutrition, illiteracy, including digital illiteracy and health is needed. ADB needs to devote its resources in financing and providing its knowledge to member countries to achieve sustainable development goals related to these aspects.

ADB, in our judgement, would also need to review its administrative processes and ways of delivering its finance and services to help realize this vision and achieve these goals

For this, first, ADB should encourage adoption of country systems. Many countries in the region, including India, have sound country systems for social and environmental safeguards. We would like to emphasize that ADB should adopt country systems for procurement and safeguard reforms expeditiously.

Second, at present, ADB assistance is based on headline socio-economic indicators. These macroeconomic parameters potentially mask important ground realities of poverty e.g. income inequality, regional imbalances, etc. The number of poor people living in a country besides income inequality, geographical imbalances, etc., need to be factored in and to be incorporated in the policy criteria mix for resource allocation. ADB should also introduce more targeted intervention in low income and poverty concentrated geographical pockets.

Third, ADB's major thrust so far has been on long term traditional project loans. In a rapid changing developmental landscape, it is imperative for ADB to undertake diversification of its product offerings to keep pace with the evolving needs of developing member countries by way of innovative new instruments including ones suitable for sectors like health, agriculture and education. It should also substantially expand its private sector operations, especially equity financing and investment in new instruments of financing like Infrastructure investment trusts etc.

Fourth, there is a strong need to speedup processing of proposals, undertake effective business process reforms to achieve greater agility, effective decentralization and delegation to improve responsiveness and bring operations closer to the ground. We should aim at delivering a project financing within one year of its being posed. ADB also needs to transfer more international staff from the headquarters to resident missions. ADB should open its missions in major business locations and mainstream use of latest technology.

Let me also one useful suggestion for alliance building and for collaboration in an area which both ADB and India strongly advocate. ADB has been rightly focusing on climate change adaptation and mitigation measures. India has also been in the forefront of undertaking numerous measures in climate space. We have, with France, set up International Solar Alliance. Solar power is going to become principal source of energy, most specifically in the tropical belt. Much of Asia is in this zone. We would like to invite ADB to become a major partner in this venture to promote such clean and renewable energy technologies.

Let me also touch one other subject before I close. ADB's success in realizing its Vision would depend most on the quality of its human resource. The best possible human resource is gained

only by selecting staff on purely meritorious considerations, without being unduly weighed down by other consideration, I would strongly urge the ADB to review its human resource planning to get the best of the talent to work in ADB and make their effective use to deliver its Vision.

Mr Chairman, with these remarks, I conclude my speech with the hope that ADB would scale further heights in its march towards 2030 and beyond that.

Thank you.



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## **INDONESIA**

**Sri Mulyani Indrawati**, Governor

Excellency Secretary of Finance Carlos G. Dominguez III, Chair of the Board of Governors,  
Excellency President Takehiko Nakao, Chairperson of the Board of Directors,  
Excellencies Governors and Alternate Governors,  
Distinguished Guest, Ladies and Gentlemen,

Let me begin by extending our appreciation to President Nakao and his ADB team for their excellent management of the annual meeting collaboration with the Government of the Philippines in preparing the Fifty-First ADB Annual Meeting here in Manila. I congratulate the Board of Directors, Management and all staff for another year of excellent performance of the Bank. I also would like to thank you the government and the people of the Philippines for the hospitality during this ADB Annual Meeting.

Governors, Ladies and Gentlemen,

The global economic condition is now on an optimistic trend. Key economies have shown better outlook, global trade and investment are improving, while commodity prices are moving in a positive direction. However, global challenges and uncertainties still remain. The changing phase of monetary policy normalization, the rise of protectionism, and the introduction of various inward-looking policies are potential sources of risks.

In that regard, coordinated effort amongst policymakers is needed to ensure that these economic challenges will not threaten the positive momentum for global recovery. Such policies should focus on strengthening the prospect for higher and more inclusive growth, building buffers to deal more effectively with the potential next downturn, improving financial resilience to contain market risks and stability concerns, as well as fostering international cooperation.

ADB, as a flagship regional development bank, can play a greater role in supporting policymakers in its member countries to deal with those global challenges through financial support, technical assistance and policy advice.

ADB should continue engaging with its member countries to develop better project planning and design, as well as to build stronger partnership. This should be demonstrated through closer dialogues and better understanding of the client countries' challenges and needs. Accordingly, the use of various modalities is paramount. I fully support the mainstreaming of the result-based lending by 2019, as well as larger utilizations of policy-based lending and multi-tranche financing facility in the future. Furthermore, the quality of ADB's assistance --particularly for project preparation-- needs to be improved in order to ensure better performance of ADB project implementation.

I welcome ADB's strong commitment to improve its pursuit of knowledge and experience sharing, both between ADB and member countries as well as among member countries. In that regard, I support the increasing cross-country experiences, especially among the developing countries. 2

As most of the ADB's member countries are prone to disaster risk, including Indonesia, I would kindly request ADB's assistance to support member countries in enhancing disaster risk financing strategy.

I also do appreciate and support the ADB's Strategy 2030. Under Strategy 2030, ADB will sustain its efforts to eradicate extreme poverty, given the region's unfinished poverty agenda, and expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. We support the private sector expansion, more gender balanced orientation and greater focus on human capital development. We believe it is important to follow up the vision with a comprehensive plan on the needed resources, alternative tools and instruments to achieve the vision.

Indonesia's economy is resilient, last year our GDP grew by 5.07 percent—better than most emerging economies and among the highest in G20 nations. Inflation rate, which used to be pervasively double digits, has been kept low and stable at around 3.5 percent. Our debt to GDP ratio is well below 30 percent—among the lowest compared to peer countries. Furthermore, the poverty rate which reached almost a quarter of the population during the height of the Asian Financial Crisis is now at around 10 percent.

All of this is a testament of our strong economic fundamentals as the result of comprehensive and continued reforms. This entails seamless coordination of monetary, fiscal, and financial sector reforms. Our sound and discipline fiscal policy focuses on strengthening revenue collection from tax and non-tax revenues as well as better productive spending.

In closing, Indonesia will be hosting the World Bank–IMF Annual Meetings in Bali from October 12–14, 2018. On behalf of the Government and the people of Indonesia, I am pleased to invite all Governors and distinguished delegates from member countries to participate in the annual meetings. It is our great honor to welcome you all and extend the hospitality of the Indonesian people to all attending delegates in Nusa Dua, Bali later this year.

Thank you.



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## **IRELAND**

**Paul Ryan**, Alternate Governor

Mr. Chairman, Mr. President, Honorable Board members, Governors, Distinguished Ladies and Gentlemen

On behalf of the Government of Ireland, I would like to join others in thanking the Philippine Government for hosting the 51<sup>th</sup> Annual Meeting of the Asian Development Bank (ADB). I would also like to commend our hosts, along with the management and staff of the ADB, on the professional organisation of the event and the warm welcome shown to us here in Manila.

Ireland's membership of the ADB demonstrates the strength of our relationship with the Asia-Pacific region, with our forthcoming Asia Pacific Strategy a reflection of our commitment to further develop relations and engagement. Just last week, on foot of last year's celebrations of the 60<sup>th</sup> anniversary of diplomatic relations between Ireland and Japan, the Ministry of Finance hosted a Japan-Irish event attended by the Japanese ambassador to Ireland, which is illustrative of the history and extent of Ireland's relationship with the Asian Pacific region.

This year's location is very fitting given the first Annual meeting of the Bank took place here in Manila 50 years ago. That first Annual Meeting was crucial in framing the ADB's work in Asia over the past 50 years, with each subsequent meeting providing a valuable opportunity to reflect upon the events of the previous year, the progress achieved, as well as the challenges and opportunities ahead. This year's meeting is particularly important, with our horizon extended as we discuss our strategic framework to 2030.

In that regard, Ireland, along with our Constituency partners have been welcoming of the opportunities to engage and provide input to the strategy's formulation. The 2030 Strategy is a once-per-decade opportunity for the ADB to review its operations, and its implementation will be of paramount importance in ensuring the Bank's position as a leading player in addressing the region's development challenges. To achieve this, it is important that the new Strategy clearly articulates the Bank's priorities going forward, and provides a clear vision of what successful implementation looks like.

Ireland takes pride in its contribution as co-chair to the drafting of the Sustainable Development Goals, and we are therefore delighted that the new strategy is grounded in these principles. Similarly with regard to the Bank's contribution to the goals emerging from the Paris Agreement at COP21, the commitments set out in the Strategy to scale up supports for climate change operations is very welcome, and of specific interest to Ireland in light of our policy objectives in this sphere.

I would also like to take this opportunity to provide you with a brief update on Ireland's economic progress. I am pleased to report that the recovery continues at a robust pace. In fact last year Ireland was once again the strongest growing economy in the EU, with GDP expanding by 7.8 per cent. This is perhaps most clearly evident in the labour market with employment growth of 2.9% in 2017, and unemployment levels now below 6 percent, down from a peak of 16 percent in early 2012. The unemployment rate is forecast to continue to decline to 5.3 percent in 2019.

The recovery in the economy has taken place alongside the restoration of sound public finances. However, there is no room for complacency given the heightened uncertainty surrounding the international outlook. The best way to deal with such risks is through competitiveness oriented policies and prudent management of the public finances and that is what the Irish Government will continue to do.

Finally, I would like to express my gratitude to our representation at the Board through our newly appointed Executive Director, Kris Panday and our long-serving Alternative Executive Director, Joar Strand and this excellent team. In 2017 Ireland took up an Advisor post at our Constituency Office for the first time since becoming members in 2006, which represented a significant step in terms of cementing and strengthening our relationship with the Bank.

In conclusion, I would like to wish President Nakao well in taking forward the work of the Bank, and to assure him of Ireland's continued support over the period ahead.



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## **ITALY**

**Federica Diamanti**, Temporary Alternate Governor

### **Introduction**

Over the past decades, Asia and the Pacific have experienced significant advancements, with rapid growth, decline of poverty rates and the resulting transition from a low-income to a middle-income region. 2017 has confirmed this trend and it has been a successful year for ADB.

However, the goal of eradicating poverty is yet to be achieved. Numerous challenges remain to be addressed: needs are considerable and reflect the differences in developing member countries.

We are proud shareholders of this institution that has the capacity to respond to the tremendous changes happening in the Region; it is our firm commitment to continue supporting ADB as one of the most significant players, aligned with the global development agenda, aiming at environmentally sustainable and socially inclusive growth.

In view of the approval of the new corporate strategy later this year, we would like to put emphasis on two factors: the coordination with other International Financial Institutions and the nexus between growth and inequality.

### **IFIs Coordination**

In the last decade, the international community has repeatedly called on MDBs to improve their effectiveness and efficiency through better coordination and collaboration, without forgetting the importance of reporting results and tracking their capacity to deliver, both collectively and individually, in a comparable way.

MDBs should not be seen as individual institutions competing for scarce resources, but as a system able to deliver a transformative impact, where each institution builds on its respective mandate and expertise for an effective and efficient division of tasks. There are a number of areas where we see scope for improving across MDBs: scale up their impact; make better use of their balance sheets; adhere to the highest standards in transparency and accountability; mobilize additional private finance; align their practices so as to increase their collective impact; support domestic resources mobilization; complement the work of the IMF.

Two specific topics are catalyzing attention among MDBs: i) developing a common framework on the concept of value-for-money, so as to better capture key dimensions of economic efficiency and effectiveness; ii) the additionality of investments in the private sector, with some ground rules to be developed, as a first step toward an integrated framework.

We highly value ADB commitment in this exercise and we look forward to seeing progress in the following up of joint discussions among MDBs.



## **Growth and inequalities**

In spite of overall growth, inequalities persist within countries, reflecting the uneven distribution of increased prosperity among the population.

Sustainable growth needs investments in infrastructure, innovation and human capital. These three pillars need to be supported by institutions and policies that ensure inclusive growth, underpinned by macroeconomic stability. ADB must help governments develop comprehensive policy packages that encompass social sectors and spread evenly the benefits of prosperity.

Investing in human and technological capital is key to address inequality by helping all generations to cope with opportunities and challenges from globalization and adapt to changes.

ADB operations with the private sector should also be instrumental to achieve inclusive growth, by focusing on fields of activity that improve access to employment, finance and services that enhance economic opportunities for disadvantaged groups.

## **Strategy 2030**

Poverty eradication is at heart of the Bank mandate; this ambitious goal can only be reached if prosperity, inclusiveness, resiliency, and sustainability become a reality in Asia and the Pacific.

We are glad to see that the draft Strategy 2030 focuses on modalities to respond to the changing needs of DMCs: to remain relevant in the development context, ADB needs to aim at high quality, by setting priorities, adopting a selective approach and improving its flexibility.

Quality operations need to be structured following the principles of inclusiveness, sustainability, and resiliency, with infrastructure investments embedding social, environmental and regional integration aspects.

We see with favor a stepping up of investment in education and health, given their benefits both to individuals and societies at large in terms of poverty reduction and social cohesion. ADB can contribute to the improvement of public policies in support of these sectors.

Furthermore, more should be done to cope with the environmental challenges of the Region, including by strengthening the use of innovative technologies. To this end, a long-term strategic and operational approach to environmental sustainability should be designed, starting from a comprehensive review of ADB's energy policy to ensure the ability of this institution to meet the compelling requirements of the global agenda.

We welcome the grouping of countries corresponding to differentiated approaches. We also commend the ADB engagement to make sure progress achieved in fragile countries and vulnerable groups are long lasting.

The selective approach is particularly relevant in the case of MICs, where more differentiation should be pursued by the institution. ADB relevance in these countries indeed will depend on its value added in contributing to sustainable productivity and inclusive growth, as well as on its role as a knowledge institution.

The adoption of differentiated approaches – which seems to gather consensus among shareholders – is strictly interlinked to pricing differentiation.

We note that the revised text of the Strategy 2030 spells out the principle of diversification. [diversification of the terms of products and instruments]; and we look forward to concrete further progress and options to be discussed in the coming months.

We welcome the mentioning of the graduation policy in the draft Strategy; however, ways for strengthening the framework and improving its implementation should be explored. Simultaneously, modalities for the Bank to stay engaged in graduating countries to ensure smooth transition should be devised.

In the future of ADB we see a strong potential for enhanced operations with the private sector, provided that these generate truly additional investment and development impact. MDBs are uniquely placed to reduce the mismatch between demand and supply for private finance, and even to favor the demand through the development of bankable projects, but it is essential that MDBs' support to private sector operations does not crowd-out the private sector itself and goes beyond what is available, or that is otherwise absent from the market. Although some differences may occur across the MDBs, we see great scope for convergence and we strongly support the joint work of MDBs aimed at developing an harmonized framework and its operationalization right away.

Although we see merits in the “One ADB” approach, a more focused strategy for the private sector could be beneficial for this institution. To start with, a review of policies applied by the other MDBs could provide precious inputs. For instance, we can learn lessons from the cascade approach developed by the World Bank to encourage the private sector to step in, while preserving public resources for critical public investment.

### **Resource base**

We are pleased to acknowledge the ADB current solid capital base. In the years to come, preserving the solidity achieved will be of utmost importance, including by exploring mechanisms to maintain the ADB financial sustainability over time. Pricing differentiation, which naturally follows the adoption of differentiated approaches in beneficiary countries, is the first measure that the Bank needs to implement for the sake of long-term sustainability.

In addition, considering the increasing financing needs of DMCs, we encourage Management to follow the path of budget discipline and capital optimization. More can be done in terms of efficiency in managing administrative and operational costs: the constant under-use of administrative budgets over the past few years is hard to reconcile with the requested budget increases and seems to indicate that the available resources are not utilized in the best possible way. We also see the need to speed up the planned review of compensation and benefits as ADB must develop its own methodology for salary assessment, taking into due account its own specificities.

### **Asian Development Fund**

Finally, we would like to see the ADF included in the Strategy 2030.

Whilst we wait for the ADF12 Midterm Review in 2019, we could benefit from lessons learnt so far: in the first year of operations of the post-merger Fund, the main beneficiaries have become Afghanistan and some small states, particularly Pacific island states.

We would welcome an overview of challenges and mitigation measures in support of fragile situations and islands exposed to climate disaster risks, also in the light of the risk of reversals.

Including the ADF in the Strategy 2030 would provide the opportunity to better coordinate activities on the field with other multilateral as well as bilateral actors in order to avoid duplications.

We should lay the grounds, ahead of the Midterm Review, for a strategic plan able to keep donors interested in the Fund, for instance by narrowing the scope of action to agreed themes, developing innovative products, linking grants to compliance of international standards (e.g. on tax transparency).

## **Conclusion**

This is undoubtedly a challenging as well as exciting period: shareholders are asked to take crucial decisions and we want to do our best not miss the opportunity offered by the Strategy 2030 to contribute to shaping the future of ADB and its developing member countries, whose interests and well-being are the guiding directions for our work.



## **JAPAN**

Taro Aso, Governor

### **Introduction**

Mr. Chairperson of the Board of Governors, Mr. President, Governors, Ladies and Gentlemen:

First of all, I would like to express my sincere gratitude to the Government of the Philippines, the host country of this meeting, and the citizens of Manila for their warm welcome. Japan and the Philippines have developed a strong partnership in various respects, including Japan's announcement of cooperation with the railway project in the Manila metropolitan area. I hope that the partnership between Japan and the Philippines will continue to expand and deepen.

### **Development of the Asia-Pacific Region and the Roles of Japan and ADB**

#### **Overview**

When ADB was established half a century ago, the Asia-Pacific region was in a state of severe poverty. Since then, the region has achieved remarkably strong economic growth. However, it is the region where over 300 million people are still living in poverty. It also faces a variety of development challenges, including widening inequality, infrastructure gap, rapid urbanization, and aging. Japan will continue to actively assist countries in the region in addressing these development challenges. ADB is expected to continue to play an important role as the core organization for the development of the region, making maximum use of the experiences and value addition over the past half century, including its strong partnerships with member countries.

#### **Infrastructure**

Infrastructure serves as an important backbone of economic activity. According to an estimate by ADB, infrastructure needs in the Asia-Pacific region amount to as much as 1.7 trillion dollars annually. We must respond to those needs.

In doing so, it is important to secure adequate infrastructure investment in terms of not only quantity but also quality. In order to promote "quality infrastructure investment," Japan, in close cooperation with ADB, has been engaged in various activities. For example,

- To promote private-sector infrastructure investment, Japan has provided approximately US\$300 million in equity investment and loans through a trust fund established within ADB in 2016, while ADB itself is providing approximately US\$400 million in parallel.
- To facilitate the use of high level technologies in infrastructure projects, Japan last year announced a plan to provide US\$40 million over a 2-year period to ADB's newly created High-Level Technology Fund.

To further promote quality infrastructure investment, I would like to take this opportunity to explain Japan's new vision about such investment.

When you hear the term "quality infrastructure investment," what first comes to your mind may be attributes of the completed infrastructure such as safety and economic efficiency in view of life-

cycle cost. However, if we reflect on what “quality infrastructure investment” means, we realize that its significance goes beyond the physical value of the infrastructure to be developed.

When a country develops quality infrastructure and makes it open and available for everyone, its economic gear starts moving, leading to economic development. Quality infrastructure investment sustains inclusive growth through creating positive interactions between such elements as promotion of private-sector investment, job creation, capacity building, and sustainable borrowing. In other words, quality infrastructure investment powerfully drives the “virtuous cycles” for economic development. This “virtuous cycles” for economic development, I believe, is indeed another critical value created by quality infrastructure investment.

Based on this idea, toward G20 next year, we intend to make clear the effect of quality infrastructure investment as global public goods to realize the “virtuous cycles” for economic development, and upgrade the principles concerning the concept of quality infrastructure investment. In upgrading the principles, we intend to highlight economic efficiency, consideration for environmental and social impacts, and resilience against risks including natural disasters, as the factors of quality infrastructure investment that achieves the “virtuous cycles” for economic development. We will also emphasize governance, in particular, responsible financing and openness, as important elements.

It is also important to prepare a comprehensive menu of support measures. Such measures will range from upstream activities, namely project preparation, to downstream activities, namely financing for projects, and also cover data collection on quality. We believe that such menu will help developing countries invest in quality infrastructure with full ownership.

As for upstream activities, Japan is considering additional financial contributions to the ADB’s High Level Technology Fund.

On downstream activities, Japan has a new proposal. Taking a full account of current global trends on ESG investment, Japan will establish a new financing facility at Japan Bank for International Cooperation (JBIC).

This facility provides support for a variety of infrastructure projects that contribute to global environmental preservation, including renewable energy projects. We expect this new facility to take the lead in assisting developing countries in a new dimension. Under this new facility, Japan will closely cooperate with the international community, for example by co-financing with MDBs.

By upgrading the principles in this way and preparing a comprehensive support measures including the JBIC’s new facility, we will be able to further promote quality infrastructure investment as global public goods. This will contribute to achieving the “virtuous cycles” for economic development in developing countries, including in Asia and Pacific region, thereby further promoting mobilization of private resources.

## **Disaster Risk Management**

Quality infrastructure investment aims to promote resilience against natural disasters, and is important for the Asia-Pacific region as it is prone to such disasters. The region has suffered from frequent typhoons, earthquakes and tsunamis, with significant adverse impacts on its economic growth. Japan welcomes ADB’s commitment to strengthening its engagement in disaster risk management (DRM) and encourages further mainstreaming of DRM in its operations by, for example, developing infrastructure projects that are resilient against natural disasters.

Small island states are particularly vulnerable to natural disasters. Japan believes that the 8th Pacific Islands Leaders Meeting in Japan’s Fukushima Prefecture this month and ADB’s annual

meeting in Fiji next year, the first such meeting in the Pacific Islands, provide valuable opportunities to share Japan's experiences and knowledge in and strengthen international cooperation on DRM.

Japan welcomes the agreement on establishing "Southeast Asia Disaster Risk Insurance Facility", for rapid mobilization of financial resources in the wake of natural disasters. Japan will make further contributions to strengthening the region's resilience against disasters.

## **Health**

Provision of quality medical care and health services is the foundation of economic stability and national development. Japan places a high priority on the promotion of universal health coverage (UHC) in developing countries. Japan hosted the UHC Forum in Tokyo in December last year with the high level participation from ADB and many countries/other organizations. The forum confirmed the important role of finance ministers in establishing sustainable health finance systems. As a frontrunner to introduce UHC, Japan is committed to continue to lead the global discussions on UHC, taking advantage of its experiences under a rapidly-aging society.

Dealing with public health emergencies is also a critical challenge. Japan welcomes the steady use of the facility for regional health security under the ADF XII (Asian Development Fund the 12<sup>th</sup> Replenishment).

At ADB's Annual Meeting in Yokohama last year, a Memorandum of Understanding (MOU) was signed between ADB and JICA (Japan International Cooperation Agency) on the promotion of health security and UHC. Japan welcomes the launch of activities in Lao PDR and Mongolia based on the MOU, and encourages ADB to enhance its engagement in the health sector.

## **Debt Sustainability**

There has been a growing concern on debt sustainability in developing countries. In order to ensure "sustainable finance", urgent actions are required to promote data transparency in both creditor and borrower countries, and to enhance debt management capacity of developing countries. We expect ADB and other international organizations to play a bigger role in this regard.

## **Strategy 2030**

Japan welcomes that extensive discussions on Strategy 2030 have been undertaken with member countries and various stakeholders, aiming for its finalization by the end of this year. Let me say a few words on key issues under "Strategy 2030" that Japan believes are of particular importance.

## **Approach to Assistance**

Developing countries' economic situations and their development needs are increasingly diversifying. Japan supports ADB's new approach under "Strategy 2030" to provide assistance in a wider range of sectors, and to apply different financial terms according to countries' income levels, specific situation, and assistance fields.

However, this approach should not require additional resources, or hamper the effectiveness and efficiency of assistance. Clear prioritization of ADB's assistance is imperative at the country and sectoral levels.

With respect to assistance for upper middle-income countries, UMICs, it is important for ADB to shift its emphasis from quantity to quality. ADB should also focus its assistance on policy advice

and knowledge sharing, as well as on global and regional public goods, such as environment issues including climate change. For countries above the income threshold under the graduation policy, ADB should be more ambitious in shifting its emphasis from quantity to quality and in focusing its assistance, with differentiated pricing. ADB's capital base has been reinforced through the innovative merger of combining the Asian Development Fund (ADF) and ordinary capital resources (OCR). However, the shift of emphasis to quality and the prioritization in assistance for UMICs will help ensure ADB's financial sustainability in the long-term and allocate more resources to poorer countries. I believe that this approach is consistent with ADB's graduation policy.

ADB should be proud of having achieved successful graduation of countries such as Singapore and South Korea. These countries have transformed themselves from recipients of assistance to providers of assistance. Japan strongly hopes that ADB will help countries graduate, which is a marked evidence of success in the development of the Asia-Pacific region.

### **Organization and Staffing of ADB**

ADB will need to have the organization and human resources to address specific and diversifying needs of developing countries. I expect that ADB will continuously review and improve its organization structure and human resources so that it can effectively carry out new focuses under "Strategy 2030", such as health.

### **Conclusion**

The Asia-Pacific region has now become a powerful driver of the global economic growth. It is said that if the region's economy continues to grow at the current pace, its share of global GDP will increase to more than half by 2050. Japan hopes that a strong "Strategy 2030" will be formulated reflecting discussions at this Annual Meeting, and that ADB will fulfill its missions more effectively under President Nakao's outstanding leadership. Japan, in close cooperation with ADB, will continue to contribute to further development of the region.



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## **KAZAKHSTAN**

**Timur Suleimenov**, Governor

Dear President Nakao,  
Dear Mr. Dominguez,  
Dear Governors, Ladies and Gentlemen!

First, let me express sincere gratitude to the Government of Philippines and ADB for excellent arrangement of the 51st Annual Meeting of Asian Development Bank (ADB) Board of Governors with the Agenda of “Linking People and Economies for Inclusive Development”.

We highly appreciate cooperation with ADB: participation in the Annual Meeting became our tradition, and is perceived as effective platform for discussion of vital Economic Development issues and gaining an understanding of solutions to address global challenges.

As of today, Inclusive Development is one of the fundamental pillars of Global Economic Policy.

In the ranking of the World Forum of 2018 among developing economies on the index of inclusive development, Kazakhstan took the 15th place, after Peru and Malaysia.

Agenda of the 51st Annual Meeting of ADB’s Board of Governors “Linking People and Economies for Inclusive Development” is tightly interfaced with economic development of Kazakhstan, that is highly committed to multilateral cooperation followed by selection of progressive approaches to Economic Development promotion.

Our focus is aimed at Economic Development Transformation so to enable Quality Growth through the pursuance of Positive Competition, equal International Trade, improvement of Investment Climate, as well as technological Modernization and Digitalization of economic industries.

The year of 2017 was positive for global economy and Kazakhstan, where the growth of our economy amounted 4,0%, and this active trend of 2017 migrated to the current year. In the 1st quarter, GDP growth in Kazakhstan amounted to 4,1%.

ADB undertakes continuous efforts to promote regional and sub-regional cooperation, taking participation in economic and social processes in Asian and Pacific region, inclusive of Kazakhstan.

To date, the Bank has provided 28 Sovereign Loans for about USD 4.6 billion; 9 Non-Sovereign Loans for USD 575.2 million have been provided to the Private Sector; and 89 Technical Assistance Projects have been implemented for USD 44.4 million.

The Loans were leveraged to support economic activity in the year of 2017 and creation of jobs, diversification of economy, enhancement of Public Management and Financial Sector development.



It is gratifying to confirm that the newly adopted Country Partnership Strategy 2017-2021 for Kazakhstan is aligned with the Priorities of the “Third Program of Modernization of Kazakhstan: global competitiveness”.

Within the context of the new Country Partnership Strategy, we are ready to cooperate with ADB on the five key areas: accelerated technological upgrading; improved business environment and expanded private sector activities; macroeconomic stability; enhanced quality of human capital; and institutional change, national security, and the fight against corruption.

ADB is planning to invest around KZT 1 trillion up through the year of 2021 to implement the new Country Partnership Strategy, and route these funds to agriculture, water supply, energy, rural and urban development, transport, healthcare, education and financing of small and medium enterprises.

Support of the Project funding in local currency will contribute to the development of new projects in the fields of potable water supply to rural settlements, livestock, development of small and medium enterprises. ADB is ready to provide funding in local currency.

Having an aim of budget efficiency assurance, quality improvement of services and enrollment of Corporate Governance, we recognize implementation of PPP projects as one of the most important areas of our cooperation that will enable attraction of private capital in the context of inclusive growth.

Apart from loan projects implementation, we do acknowledge significant Technical Assistance provided by the Bank to support the efforts of Kazakhstan Government.

With a great interest, we are successfully implementing the joint TA Project with the Asian Development Bank and the World Bank for USD 1 million that is dedicated to Modernization of Urban Infrastructure.

Having the goal of Green Economy Concept implementation, ADB is providing assistance to the development of Renewable Energy Sources in Kazakhstan through integration of RES into the National Network.

The Framework Partnership Agreement with Indicative Portfolio of about USD 1 billion signed in Astana during our Annual Meeting in 2014 has critical importance for our cooperation.

Alongside, to date, Kazakhstan has all the opportunities to achieve Sustainable Development Goals, because the National Priorities defined in "Kazakhstan 2050" Strategy and the new "Strategy for Economic Development 2025" fully coincide with SDG targets.

Introduction of methodology and coordination of SDG targets at the level of the Government will allow Kazakhstan to ensure systemic adaptation of Kazakhstan's Strategic Planning System to Global Standards.

We are interested in further implementation of Central Asia Regional Economic Cooperation Program with ADB and expansion of associated Strategic Priorities. Kazakhstan, as logistic and transportation hub of CAREC region, is imposing high expectations to its further implementation under the umbrella of the new CAREC 2030 Strategy.

Dear Mr. Nakao!  
Dear Mr. Dominguez!

To enable consolidation of our joint efforts and partnership expansion, the Government of Kazakhstan fulfills its financial contributions to the joint Knowledge and Education Exchange Program for project preparation and transaction advisory services with an overall portfolio of around USD 7 million.

As of December 2017, additional Agreement to the Memorandum of Understanding has been signed between the Government of Kazakhstan and Asian Development Bank.

Our partnership that lasts for more than two decades resulted in Kazakhstan becoming Donor Country in the Asian Development Fund, and our contribution amounted to USD 8.1 million, whereof contribution of USD 5.2 million was made in 2013, and USD 2.9 million was targeted for the years 2017-2020.

Donor Role in the Fund allows Kazakhstan to provide assistance towards the development of Central Asian countries and our Partners.

Thank you for attention.

I wish you continuous prosperity.



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## **KYRGYZ REPUBLIC**

**Mirlanbek Baigonchokov**, Temporary Alternate Governor

Dear Mr. Takehiko Nakao, President of the ADB  
Dear Mr. Carlos Dominguez, Chairman of the Board Governors in the ADB,  
Dear participants and guests,

This is an honor on behalf of the Government of the Kyrgyz Republic to welcome all participants of the 51st Annual Meeting of the Board of Governors ADB.

Let me express gratitude to ADB and especially to the President Mr. Takehiko Nakao, and also to the Government of the Republic of the Philippines for their warm hospitality and excellent organization of this large-scale event.

Dear ladies and gentlemen,

ADB, being a significant and strong financial institution in the Asia and Pacific region, plays large role in promoting social and economic development of our region, provides assistance to developing member countries in achievement of SDGs, namely: poverty reduction, improvement of conditions and quality improvement life of people.

The Bank adequately and quickly responds to the challenges arising in ADB member countries, in particular in developing countries because it is difficult to them to overcome difficulties on their own. In this regard, it would be desirable to welcome efforts of ADB in use of innovative approaches in response to new development challenges.

We welcome ADB's initiative in developing and adopting Strategy 2030, which will allow to develop effectively key areas of ADB's engagement with developing member countries until 2030, and will support sustainable development goals, the Paris Agreement on Climate Change and other global commitments and identify institutional reforms necessary to increase the productivity and effectiveness of ADB.

Meanwhile, the approved CAREC Strategy 2030 defines a new long-term strategic framework for the Central Asia Regional Economic Cooperation program until 2030, which will be based on a mission to create an open and inclusive regional cooperation platform that connects people, policies, and projects for a shared and sustainable development.

Dear ladies and gentlemen,

The Kyrgyz Republic has significant water resources, the main consumer of which is agriculture - more than 90% of the water used is in the agricultural sector of the economy.

There are about 3,000 large and small rivers in the country, of which about 20 percent are used. There are also opportunities for a significant increase of the area of irrigated land.

In this regard, development of irrigation is also a promising area of cooperation with ADB with a large multiplier effect - among other things, it addresses issues of food security, poverty alleviation and rural migration.

The high-quality implementation of projects in this direction will have a tangible positive social effect and significance.

Another no less important area of cooperation could be providing the population with clean drinking water, which is the key to a healthy nation. We intend to ensure maximum access of the population to drinking water supply services, and we also consider ADB as an important partner in that.

The last line of cooperation, which I would like to raise in my speech, is the Taza Koom project.

"Taza Koom" is a program of digital transformation of the country, adopted by our Government.

Its goal is to build an open and transparent state that serves the people and is people-centered aiming at improving the life, rights, freedoms, health, education, quality of life, and conditions for business.

This is a large-scale national project and it will be difficult to overestimate assistance in implementation of this project by ADB, as our long-time and reliable partner.

Dear ladies and gentlemen,

We do appreciate prompt attention of ADB to resolve a number of challenges in developing countries.

I would like to join my colleagues from other countries and to express deep gratitude to the President of ADB Mr. Nakao and all staff of ADB for their continuous work.



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**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
**Thiphakone Chanthavongsa**, Temporary Alternate Governor

Mr. Chairman  
Fellow Governors  
Ladies and Gentlemen

It is a great pleasure for me and my delegation to be present here in Manila, the home of ADB, to address the 51st Annual Meeting of the Board of Governors of the Asian Development Bank.

I join my fellow Governors in congratulating our chair and express our deep appreciation to President Takehiko and his team for the dedication, commitment and leadership in steering ADB towards achieving its overarching goal of realizing a poverty-free Asia and Pacific Region. I would like to extend our special thanks to the Government of Philippines and the people of Manila for their warm hospitality and excellent arrangement.

Mr. Chairman,

Global economy remains uncertain and complex partly due to volatile political and economic situation in the US, EU and some Middle-East countries, directly and indirectly reflecting their economic growth as well as the growth in Asian countries. Global growth is projected to edge up to 3.1% in 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3% in 2019-20. Growth in advanced economies is projected to slow, as labor market slack diminishes and monetary policy accommodation is gradually unwound, moving closer to subdued potential growth rates, which remain constrained by aging populations and weak productivity trends.

Growth in the East Asia and Pacific (EAP) region strengthened marginally to 6.4% in 2017, largely reflecting a significant improvement in the external environment. Regional growth is projected to gradually slow to 6.2% in 2018, and to 6.1% on average in 2019-20, broadly in line with previous forecasts, with the structural slowdown in People's Republic of China outweighing a modest further cyclical pickup in the rest of the region. Risks to the forecast have become more balanced, especially because of the potential for further upside surprises to growth in advanced economies, but are still tilted on the downside. Downside risks include rising geopolitical tensions, an abrupt tightening of global financing conditions, increased global protectionism, and steeper-than-expected slowdowns in major economies, including People's Republic of China. Highly leveraged economies and countries with high or rapidly rising fiscal deficits are particularly vulnerable to financial and real disruptions.

Ladies and Gentleman,

Lao PDR's economic growth remains solid with inflation dropping significantly in 2017, the average of inflation rate in 2017 stood at 0.83% dropping from 1.59% over the same period, which caused by a decrease in food and non-alcoholic prices. Exchange rate has remained broadly stable against major foreign currencies. The economy grew by 6.8% in 2017, slightly lower than the rate of 7.0% in 2016, due to a moderation in expansion of the power sector. Growth is

expected to remain stable at 6.8% in 2018 and then pick-up to 7.1% in 2019 as large hydropower projects are completed and come on-stream. Structural reforms are needed to diversify the economy and sustain growth. The Government's efforts on fiscal consolidation and strengthening the banking sector will enhance the resiliency of the economy.

The external position improved in 2017, benefitting from strong exports and foreign direct investment inflows. A broad-based increase in exports of electricity, manufacturing goods related to special economic zones, and agriculture products, offset the impact of a weaker tourism sector, resulting in a narrower current account deficit in 2017. Diversifying the economy beyond hydropower and mining sectors into tourism and manufacturing will help the economy become more inclusive and resilient. We understand that more policy efforts are needed to address long-term goals of building strong institutions, improving labor quality, and enhancing infrastructure.

Although the authorities' efforts to strengthen revenue and cut spending are commendable, the fiscal position continues to be challenging. The 2017 fiscal outcome and the 2018 budget deficit target of 4.92% of GDP are substantially larger than the authorities' medium-term consolidation deficit target of an average 4% of GDP by 2020. A clear and feasible medium-term fiscal plan together with enhanced debt management system is crucial.

Mr. Chairman

Lao PDR and ADB have established long standing and excellent relationship over 50 years in which it has continued to play an important role in providing financial and technical assistance and economic policy advice to support of the implementation of National Socio-Economic Development Plan that aims to develop and assist the transition of the country for the development programs with the stated goal of alleviating poverty. With valuable support provided, the livelihood of the Lao people has been enhanced.

Since the establishment of relationship, ADB has particularly provided enormous financing support to Lao PDR in active ongoing support to programs. Our ongoing Country Partnership Strategy 2017-2020 with ADB is proven to be productive and is well aligned with our 8th five year National Socio Economic Development Plan 2016-2020. The Country Operations Business Plan (COBP) 2019-2021 for Lao PDR was recently discussed between ADB with relevant sectors in which will further support the Government's strategic objectives to accelerate the socio-economic development for the achievement of the SDGs and to graduate from LDCs by 2020.

For Lao PDR, a strong and growing ADB is our esteemed wish as ADB has been the largest and a very valuable development partner of Lao PDR and has helped supporting various sector developments like energy, transport, education and regional cooperation under the GMS Initiatives.

Ladies and Gentleman,

On behalf of the Government of Lao PDR, I would like to express our heartfelt gratitude to the Management and staff of the Asian Development Bank, and fellow member countries for the assistance given to the Lao PDR and extend the Government's continued support to join forces with ADB in realizing significant development results for Lao PDR. Let me conclude by wishing this Annual Meeting a great success.

Thank you



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## **LUXEMBOURG**

**Arsène Jacoby**, Alternate Governor

The Asian Development Bank (ADB) is at a crucial juncture in its history. The geopolitical and economic landscape of Asia Pacific has undergone dramatic changes in recent decades. East Asia and Pacific accounted for more than a third of global growth in 2017 and Asia's dynamic economies will lead global growth for the foreseeable future. Against this backdrop it is of utmost importance that ADB constantly adjusts to this fast-changing socio-economic environment in order to stay relevant to its widely diverse group of members. In particular, ADB will have to assist its growing middle-income membership in addressing their specific development challenges while at the same catering for the needs of its most vulnerable and fragile member states. In addition, ADB will need to adopt a more assertive position as the lead development agency of the Asia Pacific region. New development partners such as AIIB and the BRIC's new development bank will certainly provide opportunities for ADB to increase even further its development impact. The Sustainable Development Goals (SDGs) have set the stage for a new collaborative effort between private and public partners and will trigger a system-wide change. Strategy 2030, ADB's new long-term strategic framework, will play a crucial role in implementing these goals.

### **Strategy 2030**

A strategy is a high-level plan to achieve goals under risks and uncertainties. It plays a crucial role in the optimal allocation of scarce resources and involves the definition of precise targets, decisive actions and the design of appropriate policies. The current draft of the Strategy 2030 often fails to address these challenges. We expect a more targeted approach with clear, specific and focused indicators that will help us measure progress. We also expect ADB to identify more concrete actions. Also, the amount of resources required remain unclear and we still do not know how to mobilize these resources. ADB should also be more selective and devise the long-term strategy considering its comparative advantages.

Notwithstanding these shortcomings, the draft of Strategy 2030 contains also very positive elements. We welcome that the gender target shall apply for the first time to non-sovereign operations. Addressing gender inequality is vital. Equality and non-discrimination are human rights, but there are also smart economics. Gender equality leads to higher productivity and long-term sustainable economic growth and development. On climate and energy, we welcome the ambition to scale up support to renewables and energy efficiency and encourage the Bank to adopt higher targets that urge the institution to do even more. In this context, we would also like to stress the important work that is being done by the European Space Agency and we very much welcome ADB's close cooperation with the former. We are convinced that satellite earth observations and geospatial analytics have far reaching potential to heighten the impact sustainable development works. We would also like the Bank to assist member states in phasing out fossil fuel subsidies. The carbon intensity of the region is declining. However total emissions are still growing and represent 40% of global CO<sub>2</sub> emissions. Against this backdrop, ADB's needs to focus more on supporting the necessary low-carbon transition in the energy sector, gradually phasing out support to fossil fuels and opting for the most energy-efficient technologies. Finally, we need more ambitious climate change targets.

## **Financial Sector**

The proportion of adults (15 years and older) with a bank account or with access to a mobile money service provider grew from the beginning of this decade from 44% to 58% across ADB DMCs overall, and from 22% to 25% in the concessional assistance countries. However, in some of the region's poorest countries, more than 90% of people remain unbanked. Furthermore, finance sector operational performance at ADB still trails that of other sectors. Among the reasons are misaligned design, process, approval and volume incentives, lack of implementation focus, shortfalls in resources, skills, capabilities, and insufficient ability to capture staff knowledge and practical experience across ADB.

In face of the urgent need for a better access to finance and the operational challenges of ADB, it is of utmost importance to retain focus on finance sector development, inclusive finance, and infrastructure finance. We need to build capacities in emerging and innovative finance areas that have a cross-cutting impact. We urge ADB to add resources and upgrade staff skills to support emerging and innovative areas and to grow finance sector operations customized to specific DMC demand. There is a need to increase resources for both sovereign and non-sovereign operations to better serve client needs, including in frontier countries. We are convinced the financial sector – infrastructure finance, financial sector development, and inclusive finance – is a key area in the SDGs framework. It is one of five core areas in the current Strategy 2020 and must remain a priority for ADB.

## **Green Finance**

The financing needs for climate-adjusted infrastructure in developing Asia is estimated at \$26 trillion till 2030. This necessitates crowding-in private corporations to bridge financing, efficiency, and technology gaps. Attaining the SDGs will not be possible without the private sector. Sustainability has become a top global priority. Luxembourg identified the need for green finance early on. The Luxembourg Green Exchange provides issuers and investors with a regulatory and rules-based environment that guarantees that securities issued and listed are truly green, social and sustainable. It ensures quality and allows investors to reliably compare green bonds. Luxembourg Green Exchange is nowadays the world's leading platform for green finance. We urge ADB to extend its offer of green finance products and we welcome the efforts undertaken for substantially raising commercial co-financing by 2030, with every dollar in financing for its private sector operations matched by two dollars of long-term co-financing from private sources.

## **Asian Development Fund**

Climate change is affecting every country on every continent. However, it affects disproportionately the poorest and most vulnerable populations. The Asian Development Fund is a unique tool to help the poorest and most vulnerable member states to address the challenges created by global warming. ADF will also play a crucial role in positioning ADB strategically in a changing development landscape. Many economies have made the transition from low- to middle-income country. At the same time, some members are lagging and remain very vulnerable. 1.3 billion people in the region remain close to or below the extreme poverty line and inequality in the region is on the rise, albeit at a slower pace than in the past. A higher Gini-coefficient is of concern in some larger developing member countries and illustrates the need for ADB to focus on further strengthening the inclusiveness of its projects. ADB's overarching goal is fighting poverty, and the region's poorest countries need more assistance to pursue economic prosperity for their people while putting the emphasis on inclusive and sustainable development. In this sense, it is important to revive the discussions around the innovative ADB-ADF merger and aim for new ideas to make



ADF more relevant again, a scale up facility for ADF-only countries, and additional allocation for disaster risk reduction. In addition to the country performance criteria, indicators of fragility, conflict, and vulnerability, ought to be considered. Strategy 2030 needs to explain how ADF is utilized to pursue ADB's developmental objectives. ADF is too important for not being part of Strategy 2030.

In all these important and challenging endeavors ahead, let me assure you of Luxembourg's conviction and fullest support for ending extreme poverty and boosting shared prosperity. Finally let me express my warmest thanks to the Philippine authorities for their gracious hospitality.

Thank you.



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## **MALAYSIA**

**Mohd Irwan Serigar Abdullah**, Alternate Governor

On behalf of the Government of Malaysia, please allow me to express my heartfelt gratitude to the Government of the Republic of the Philippines for hosting the 51st Annual Meeting of the ADB Board of Governors in this wonderful city of Manila. I also wish to express my appreciation to His Excellency Mr. Takehiko Nakao as well as the ADB management and staff for their relentless effort in organising this Annual Meeting under the theme “Linking People and Economies for Inclusive Development”.

For the past 51 years, we have witnessed the ADB growing and playing its role in partnering with member countries in realising their development agenda. Being one of the distinguished multilateral development institutions in the world, Malaysia is proud to note the various achievements by the ADB in promoting sustainable economic growth and reducing poverty in Asia and the Pacific.

First, Malaysia would like to commend the ADB for being proactive and innovative, in assessing its current capacity and constraints, and continuously evolve in becoming a premier global development institution towards achieving the ADB Strategy 2030. Secondly, Malaysia acknowledges ADB’s value-added focuses on addressing issues associated with poverty, including: education and health deficits, clean water and energy shortfalls as well as infrastructure gaps, in support of the Sustainable Development Goals (SDGs). It is essential for the ADB to not lose sight of its main objective which is addressing the remaining poverty and inequalities. As stated clearly in the ADB Strategy 2030, there is still much to be done to address the non-income dimensions of poverty and vulnerabilities. Therefore, Malaysia would like to recommend that ADB should continuously evaluate and stay focus with its core mandated role and long-term strategic direction so that it does not negatively impact client demand and opportunities for financing.

In addition, Malaysia would like to highlight that due to the fact that multilateral development banks’ financial resources are limited and fiscal space in most of the member states is stretched, we hope that there will be a more coordinated approach among these institutions in addressing clients’ need as well as avoiding inefficiencies and delay. Given the global economic challenges and growing complexities of the development architecture, the ADB must position itself to cooperate and collaborate with other development partners.

Malaysia also notes that ADB has given emphasis to the role of private sector to drive the economic growth as they are the real catalyst for development. Therefore, Malaysia strongly support ADB’s efforts to find new and innovative ways in financing development projects and at the same time exploring means to efficiently leverage the growth in member countries.

### **Linking People and Economies for Inclusive Development**

“Linking People and Economies for Inclusive Development” is a timely theme for a world that has changed so much. Truly, the fast changing global landscape has brought along a string of challenges which are often intertwined and integrated with one another. Now, the world is facing with, among others, technological advancements, which will alter the way we live, work and relate

to one another; and growing environmental pressures, as we are not only dealing with pollutions but also poor waste management, deforestation and biodiversity loss. We are also looking at rising inequality and social disparities, of which there is still so much work to be done in terms of gender gaps particularly for productivity and wages, as well as women empowerment. These are just some of the instances of the challenging world that we are currently living in.

As we all know, digital technologies are now wide-spread and pervasive. According to the World Economic Forum, digital economy is growing at more than 10% a year, significantly faster than the economy as a whole while in emerging markets, the internet economy is growing at 12% to 25% per year. In addition, automation, big data, and artificial intelligence enabled by the application of digital technologies could affect 50% of the world economy.

In light of this, governments should maintain a sense of cohesion in facing disruptions to the economic, social and political landscape. Technological advancements will forever change our economic landscape and often, we change only when the change has occurred and this is the curve that we need to stay ahead at all times. We also need to understand and embrace the changing role of government, where it is important for governments to cultivate an understanding of new technologies and the risk and opportunities it presents. It is time for us to make better things while making things better or in short, an enabler where we need to provide a facilitative ecosystem for all. In view of this, the necessary infrastructure must be in place to take advantage of opportunities presented by digital technologies. Renewed investments will be needed to build the necessary infrastructure and increase resources to support the continuous growth. Therefore, good digital infrastructure is required to enable reliable and secure technological advancements.

Backed by a thriving digital economy and strong fundamentals in place, Malaysia is leveraging on sharing economy, a socio-ecosystem built around the sharing of assets via digital platforms to create economic value through increased utilisation of resources between individuals, businesses and governments. The global value of sharing economy amounted to USD270 billion in 2016 and is expected to grow 30% yearly to USD3.1 trillion by 2025. Malaysia's contribution to the sharing economy is about RM3.4 billion in 2016 and projected to reach RM17 billion by 2020. In line with Malaysia's aspiration to nurture talent and attract investment to develop the digital industry, we have implemented several programmes such as Digital Maker Movement (DMM) and Digital Content Programmes. In addition, Malaysia has announced the world's first Digital Free Trade Zone (DFTZ) outside the People's Republic of China to facilitate cross-border trade via eCommerce platform. In terms of education, we have also introduced Coding@Schools, a program aimed at introducing young people into the world of computing and programming to encourage them to become creators and contributors to the Internet rather than mere consumers.

For Malaysia, specific attention for technological advancements is also being given to SMEs, as they account for the bulk of manufacturing companies (97%) and a major part of employment (42%). New technologies has the potential to transform manufacturing SMEs in multiple ways: improving productivity, efficiency and cost; enhancing organisational, management and production capabilities; enabling better quality monitoring; and developing innovators and producers of new technologies. In this regard, Malaysia calls upon ADB to leverage on the internet economy to help the SMEs in our least developed member countries to capitalise on the trading platform as a means of penetrating new markets for their goods and services. In this regard, provision of useful and affordable financial products and services to the SMEs will advance financial inclusion and promote sustainable economic growth and development. Therefore, ADB should promote greater FinTech adoption in these countries. This is also especially relevant in efforts to bridge the rural digital divide.

## **ADB Strategy 2030**

The key strategic objectives contained in the ADB Strategy 2030 are noble and laudable initiatives which include inclusiveness and connectivity for growth. Malaysia strongly believes that ADB Strategy 2030 will give the impetus to ADB to meet the many challenges in the future. Towards this, Malaysia hopes that the ADB will not only provide financial assistance but also able to disburse more knowledge and expertise to member countries. ADB is indeed a development institution possessing a repository of knowledge that members can utilise and leverage on. Assistance to member countries should be packaged with knowledge transfer as a value-added proposition.

With that, Malaysia remains steadfast and supportive towards the role that ADB plays and looks forward to further collaborating with ADB particularly in achieving a prosperous, inclusive, resilient and sustainable Asia and the Pacific.



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## **MALDIVES**

**Ahmed Munawar**, Governor

Bismillahi-Rahmaani-Raheem

Mr. Chair; the President of ADB; fellow governors; ladies and gentlemen. A very good afternoon.

I am honored to be attending the 51st Annual Meeting of the Asian Development Bank here in Manila this year. I would like to express my sincere appreciation to the Government of Philippines for the excellent hospitality extended to us during this meeting.

Ladies and gentlemen;

ADB has been one of the foremost development partners to Maldives in the past four decades. The financial and technical assistance provided by ADB has helped us to advance from a least developed country to a country with a per capita GDP of more than \$10,000 today. ADB's generous support to Maldives has spanned various sectors and these projects have allowed us to pave the way for inclusive development.

I would also like to highlight, the first project for Maldives that is going to be implemented under the SASEC initiative—the National Single Window project. This project aims to integrate all cross-border trading activities into a single online platform. This, too has been possible with the help of ADB.

Mr. Chair;

Under the leadership of our President Abdulla Yameen, Maldives has witnessed a remarkable progress in its development during the last five years. Our vision is to become a resilient and diversified economy through investments in infrastructure projects. In this respect, over this five-year period, the government have invested over 2 billion dollars in infrastructure spending. Similarly, on average, the economic growth has been maintained at 6%, while inflation has been subdued at 2% and the fiscal deficit has been kept below 5% of GDP.

However, a major challenge towards our economic transformation is the high cost of public service delivery due to geographically dispersed islands. To overcome this, the government has embarked on plans to consolidate almost 70% of the country's population in the Greater Male' region. In this regard, I would like to thank ADB for providing technical assistance in helping us to create a comprehensive development strategy for Greater Male'. During 2018, many mega infrastructure projects would be completed including New Runway of the Velana International Airport, the development of a new city called the Youth City and the Bridge linking the Youth City to the Male' city.

Ladies and Gentleman;

As part of the Sustainable Development Goals, our government has prioritized the protection of our environment. This has prompted the government to plan for a proper solid waste management system in Maldives especially in Greater Male'. I am pleased to announce that with the support of ADB and other multilateral partners, we have now secured more than \$160 million to address this critical issue.

Male' City, with over 1/3 of the population of the country, produces more than 300 tons of waste every single day. This massive amount of rubbish used to be collected into a huge garbage dump located in the middle of Male' city, and then being transported to a nearby island Thilafushi where the solid waste is ultimately openly burnt. The situation has become so severe, that Thilafushi is often seen as a literal "burning island". This problem has persisted for more than a decade and has posed substantial social and health hazards to the densely populated city of Male'. Our president, President Yameen, was compelled to think outside the box to tackle this immense problem. In this respect, the government has created Maldives Industrial Village by reclaiming additional land in outer Male' inclusive of a waste collecting zone. Likewise, a special state-owned company for waste management was formed.

With the engagement of ADB and the vision of our president, we are embarking on a project that is the first of its kind—the Greater Male' Environmental improvement and Waste Management Project—one that will create a sustainable and environment friendly solution to the problem of waste disposal. I sincerely thank ADB for being our partner in this historic project; I am confident that we will be able to improve the quality of life for those living in Greater Male'.

Ladies and gentleman;

Environmental conservation and climate change mitigation continues to be a major commitment of our government. Given the structural constraints for small countries such as Maldives, grants and concessional financing is imperative to meet our climate adaptation costs. We need greater support from our development partners, in terms of facilitating access to global climate funds through, simplified processes.

Before I conclude, let me extend my appreciation for ADB for organizing this event so efficiently every year. I truly believe this platform benefits us tremendously as it provides an excellent opportunity for us to network and learn valuable lessons from our peers. It is with great confidence, that I see even more fruitful partnerships between ADB and Maldives going forward.

Thank you.



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## **MYANMAR**

**Kyaw Win, Governor**

Mr. President, Mr. Chairman of the Board of Governors, Governors, Delegates, Distinguished Guests, Ladies and Gentlemen.

On behalf of the Republic of the Union of Myanmar, I would like to express my sincere gratitude to the Government of Philippines and the personnel of ADB Headquarter in Manila for your warm hospitality and outstanding preparations for the Annual Meeting this year. I would also like to congratulate President Mr. Nakao and his staff for their impressive performance over the past years.

We have gathered today to discuss and share our views on theme of 51st Annual Meeting “linking people and economies for inclusive development ” within our region.

Firstly, I would like to briefly touch upon the Myanmar Economy. Currently Myanmar economy is mainly based on agriculture sector; however, multi sectors (manufacture , construction , trade and transportation) are the driving forces of economic growth. Furthermore, other services in the sectors of hotel and tourism, financial, communication are also facilitating for growth.

Although the world is facing the intensive economic globalization along with increasingly diverse and unpredictable challenges, Myanmar is on track to post high economic growth in FY 2017 (ends 31 March 2018), as anticipated in the Asian Development Outlook 2017 Update. Myanmar economic growth was 5.9 percent in 2016-2017 fiscal year and it is estimated that economic growth rate of 2017-2018 is 6.8 percent. As of 2016-2017 fiscal year (provisional actual) data, the share of Agriculture Sector, Industry Sector and Services Sector were 25.5%, 35.0% and 39.5 % respectively.

Myanmar’s economy is projected to stay on a steady growth path over the next two years, supported by economic reforms, strong global growth, and higher foreign direct investment flows, according to a new Asian Development Bank (ADB) report launched on 11 April 2018.

With the return of normal weather this year, agriculture is recovering from flooding last year. Crop production is benefiting as well from higher demand and strong international prices for agricultural commodities. Industry growth continues to accelerate with higher investment, both public and private, in garments and other light manufacturing.

As we all know that ADB commenced reengagement with Myanmar in early 2012. ADB has since been supporting the country’s national development strategies and its national priority programs in collaboration with other development partners. ADB supports Myanmar in promoting inclusive and sustainable economic growth, with focus on infrastructure, education and training, and agriculture and rural development.

Currently, Myanmar is endeavoring to address local needs, enhance resource flows and capacities, and ensure inclusivity and relevance of services to people. Moreover, Government

has prioritized shifting a rapidly increasing budget into social, education and health sector. Government has shifted these increased budgets also from capital to recurrent expenditures, now at 70 percent of the total, to recruit more personnel and increase operational costs for front line services.

As we all know that higher education, health care and financial services play a major role in nation economy. Educational institutions are a major source of new highly skilled professionals for the nation's workforce. In this regard, Myanmar launched the National Educational Strategic Plan (NESP) in 2017 with the aim to improve teaching and learning for all levels of education from preschool to higher education as well as alternative education. The NESP includes reform in teacher education and education management, capacity development and quality assurance. Moreover, Myanmar launched the National Health Plan which aims for significant improvements in health status, on universal health coverage, and in strengthening resilient and sustainable health systems, in equitable access to inclusive and quality health services. Regarding the social protection programme, Myanmar has made significant advances by introducing the National Social Protection Strategic Plan (NSPSP) since 2014, and implementing the integrated social protection system. It is increasingly evident today, both theoretically and empirically, that technological advancement, underpinned by high quality of physical, human capital and social protection services are the main drivers for linking people and economy for inclusive development.

Myanmar is scaling up engagement by two critical transformations underway: (i) towards openness and integration; and (ii) toward empowerment and inclusion. Together, these two socio-economic shifts offer a historic opportunity and hold the key to reduce poverty and boost shared prosperity in Myanmar.

Taking this opportunity, I would like to briefly touch upon the update tasks carried out for the inclusive development of Myanmar. The Government has now drafted the Myanmar Sustainable Development Plan (MSDP) based on coherence among the policies, systems and institutions which are necessary to achieve inclusive socio-economic development. MSDP includes 3 pillars, 5 goals, 28 strategies and 238 action plans, based on 12 points of Government's Economic Policy, other international and regional commitments, including UN Sustainable Development Goals (SDGs), ASEAN Economic Community (AEC) and the GMS Strategic Framework. Among the 5 goals of MSDP, Goal 4 is focused on human resources and social development. The strategies under this goal can raise the overall capacity of Myanmar's human capital and contribute social development, as of the goal is focusing on primarily quality and access to social services such as education and health and related social protection program.

Therefore, it is ensure that MSDP is fully aligned with other strategic priorities of the country's new administration. It will be finalized through broad-based consultations with all stakeholders. I would like to emphasize that the implementation of the MSDP will benefit the people of Myanmar as well as contribute effectively to the regional initiatives. MSDP addresses the strategies that Myanmar approaches to SDGs and their targets. Furthermore, this strategic document will soon be followed by a new Myanmar Public Investment Programme - PIP, a list of prioritized national development projects and programmes to be implemented, in full consideration of regional and subregional initiatives.

According to the changing global landscape, I strongly accept that our cooperation areas should be expanded based on the emerging challenges to meet the national priorities as well as to respond our regional needs in an effective way. In this connection, we recognize that the key drivers of future long-term growth tomorrow will come to us in the form of technological progress.



Regarding the technology advancement, currently, we are transforming from manual system to computerized system in our government services, and also implementing the Core Banking System to operate interbank deals. To implement Data ID Card System, Digital Government Strategy, and e-Government System by practicing ICT is one point out of 12 points of Myanmar Economic Policy.

As we are aware that the ADB program in Myanmar aims to promote sustainable and inclusive economic development, and job creation for poverty reduction. It focuses on infrastructure such as transport, energy, and urban development; education and training; and rural development.

We believe that the Country Partnership Strategy – CPS (2017-2021)'s strong focus on infrastructure can help to address some of critical development constraints and bring about the development results which support Myanmar in achieving inclusive and continuous and sustainable development as envisaged by the government's national economic policy manifesto. We would like to express our sincere thanks to ADB for helping us by supporting macroeconomic policy reforms, accelerating human capital development and developing suitable infrastructure projects.



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## **NEPAL**

**Yuba Raj Khatiwada, Governor**

Mr. Chairman  
President Nakao,  
Fellow Governors,  
Ladies and Gentlemen!

Let me join fellow governors to express my sincere appreciation to the Government of Philippines, the Filipino people and ADB for their warm hospitality extended to us during this meeting.

Let me also reiterate that ADB has been instrumental in fighting poverty and enhancing inclusive development in the region. I would like to congratulate President Nakao for the excellent leadership and ADB team for tireless efforts to get the outstanding achievements.

Mr. Chair,  
Nepal is a country not only of young mountains and young people, but also of a young democracy and one of the youngest federal systems. So it has to face multidimensional risks and vulnerability in the development process. The country is now striving for sustainable inclusive economic development with struggle for political rights being over and stability being ensured. Historical democratic achievements have been made through the central, provincial and local elections under the new inclusive constitution which has fully shifted the country's administrative system from a unitary to federal one. In a single last year, representatives of the three layers of the federal system were elected with 41 percent of them being women. The newly elected government is committed for eradicating extreme poverty, improving living standards of people and driving economic development through the institutionalization of the federal system.

Having achieved significant progress in social outcomes along with achieving satisfactory growth in the recent years, Nepal faces huge infrastructure and connectivity gaps. Also inequality is persistent. Lack of in-country and regional connectivity exacerbates inequality. This might ignite conflict, disturb social cohesion among societies and reverse the development outcomes. This is what SDGs have also flagged on. As we are trying to address this challenge, ADB also needs to perceive it seriously and shape its policy discourses to address this.

Mr. Chair,  
Nepal's goal of graduating from LDC status in the next four years, meeting the fundamental civil rights of the citizens as enshrined in the constitution, and achieving the SDGs calls for synchronizing our development programs with these goals. The country needs to invest at least 50 per cent of GDP annually to meet the SDGs alone during the entire period till 2030, and this translates to public sector financing gap of more than 10 percent of GDP for the SDG period. This is where I see a great role that ADB can play for meeting the financing gap.

Besides, there are challenges in addressing global environment and climate change vulnerability in the entire region, cross-border migration, crime, and human trafficking. We need strong regional cooperation and financing in the form of grant assistance to address these social and environmental issues. It is global justice too for countries which are not the cause of these problems.

Finally, I am extremely thankful to ADB for its support to Nepal's development during the last almost three decades, during which time the country has gone through many upheavals. Government of Nepal and its people are very much confident of getting higher support from ADB to take our country to the path of prosperity.

I thank you all.



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## **THE NETHERLANDS**

**Jan Willem van den Wall Bake**, Temporary Alternate Governor

Chairman Dominguez, President Nakao, distinguished Governors, Ladies and Gentlemen,

On behalf of the Government of the Netherlands, I would like to express my deep appreciation to the Government of the Philippines and Asian Development Bank for their warm hospitality.

The Netherlands places great value on its engagement with Asia and the Pacific, and we view the Asian Development Bank as a key multilateral development partner in fostering sustainable, green and inclusive economic growth throughout the region. To deliver as effectively as possible on its ambitious mission to eradicate poverty in Asia and the Pacific, we believe that development impact should be at the heart of ADB's new long-term strategic framework, Strategy 2030. We want to highlight three aspects that we consider crucial in this regard:

First, The Netherlands believes that the Bank's main contribution to the region is not funding in itself, but the knowledge it provides. Therefore, the Strategy must go hand in hand with adequate adjustments of staff incentives - from volume driven to more quality and innovation driven incentives. Furthermore, the Strategy remains thin on the question of how the Bank can strengthen its role and instruments for incorporating and disseminating knowledge through its operations. We believe for example that ADB should further expand its funding to technical assistance. Another example is the key role ADB plays in the field of water. It is important to further enhance the Bank's role in more sophisticated and innovative projects in areas like integrated water resource management and flood protection.

Second, given the different stages of development of countries in Asia and the Pacific, we welcome the proposal of differentiated approaches for different country groups as part of the new Strategy. In this regard, let me mention one recently agreed best practice from the World Bank, namely the introduction of enhanced price differentiation.

Third, we welcome the fact that the Strategy includes a focus on the poorest and most vulnerable countries and people and shared prosperity as despite the region's many successes, it remains home to a large share of the world's poor. We would like to underline the pivotal importance of empowering women and girls and investing in climate change mitigation and adaptation. We welcome the targets on both topics in the draft Strategy. At the same time, we feel that these targets could be further enhanced by more specificity in definition and indicators, and the question of how the goals will be met. As this is the first overarching strategy since the merger of the Asian Development Fund with the Ordinary Capital Resources, integrated approaches and ambitious milestones on these issues are more important than ever.

Finally, given the recent allegations of sexual misconduct in international development, please allow me to also use this opportunity to underline the importance of transparency, openness and an independent Ombudsperson.

At the project level clear and adequately specific safeguards should ensure the prevention of sexual exploitation and abuse. I would like to thank the President Nakao and others in the Bank for their commitment in this field. In a broader sense, we would encourage the Bank to firmly promoting gender equality, both within ADB as well as in its operations.

Thank you.



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## **NEW ZEALAND**

**Jon Grayson**, Temporary Alternate Governor

Good morning Honorable Governors and President Nakao. We thank the Philippine Government for their warm hospitality. We also appreciate the hard work of the ADB President, management and staff during the past year.

### **Progress in 2017**

We note that the ADB is effective in delivering development results in challenging circumstances. We welcome the initial evidence of the benefit of the merger of the ADF and OCR. The significant scale-up in approvals and commitments responds to calls from DMCs to strengthen assistance for pressing development needs.

The major opportunity is to strengthen implementation of approved projects. The ADB still has too many projects that rate poorly on sustainability and timely implementation remains a challenge. We look forward to strong implementation of procurement reforms and early work on a dramatic modernization of business process.

### **Strategy 2030**

We welcome the directions signaled in the draft of Strategy 2030. The document reminds us how far the region has come in addressing poverty. At the same time the outstanding challenges are complex and pressing.

We fully support the framework for differentiating clients by their needs. Recognising Small Islands Developing States' specific vulnerability to natural disaster and climate change will allow us to better serve their needs. This gives life to the vision in the ADB charter to have special regard for smaller member countries. We support the proposal to increase ADF base allocation to \$13 million and look forward to further information so that donors can reach a decision during 2018.

We welcome the addition of targets to guide implementation. We would appreciate if more ambitious targets are considered in these areas. On poverty and inclusive growth, the absence of a target is something that needs to be addressed. Our expectation is that ADB will need to significantly scale-up its staff and TA resources to deliver on the emerging directions in Strategy 2030.

### **Partnership**

New Zealand values its partnership with ADB highly. Government recently approved an additional commitment of \$12.5 million to ADF 12. Changes made by the ADB to improve project implementation in the Pacific, including a stronger ADB staff presence in the region, have been very welcome.

New Zealand has signaled a reset of its approach in the Pacific and intends to strengthen its commitment to the region in the coming years. We look forward to working more closely with the ADB. We look forward to meeting again in Fiji in 2019. This will be a chance to celebrate ADB operations in Fiji and the Pacific region and take stock of the future opportunities. This will be a good opportunity to welcome and support the application by Niue to become an ADB member.

Thank you, Mr. Chairman.



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## **NORDIC MEMBER COUNTRIES**

**Jan Top Christensen**, Alternate Governor for Denmark

(On behalf of Governors from Denmark, Finland, Norway, and Sweden)

Mr. Chairman, President Nakao, Distinguished Governors, Ladies and Gentlemen,

On behalf of the four Nordic countries – Denmark, Finland, Norway and Sweden – let me express our sincere appreciation to the Republic of the Philippines, the city of Manila as well as ADB management and staff for your hard work in making this event happen.

Together we have agreed on a set of shared global goals, notably the Sustainable Development Goals, the Addis Ababa Action Agenda and the Paris Agreement. Clearly these international agreements must form the basis for an ambitious new Strategy 2030.

On behalf of the Nordic Countries allow me to emphasize three issues that we believe must be at the core of a Sustainable 2030 strategy: Green Growth, a stronger private sector and gender equality.

Firstly. We welcome ADB's efforts to support the Paris agreement and to allocate 6 billion USD annually to climate finance – However, we would like to see more ambition and suggest that ADB makes a commitment to be the greenest of the development banks.

One important issue in this regard, is the need to update the energy policy from 2009.

Asia's total emissions of greenhouse gases continues to grow. ADB's operations therefore need to focus more on supporting low-carbon transition in all sectors, not only the energy sector.

Secondly. In order to achieve the SDG's, the Asia Pacific region needs a stronger private sector. ADB's private sector projects need to demonstrate clear development impact. More emphasis should be put on development impact in project selection.

Thirdly, we commend the ambition of the bank in obtaining gender equality, both inside the organization and in the bank's operations. The Nordic experience with gender equality clearly shows that empowering girls and women makes economic sense and will be essential for the achievement of the new long term strategic vision of the Bank. We would therefore like to see more ambitious and clearly defined gender targets in Strategy 2030 with specified actions and timelines.

We firmly believe that in order for ADB to achieve these ambitious goals and deliver knowledge products of the highest quality, ADB must increase its focus.

Please allow me to assure you that we will work with you to create sustainable development, especially in less developed nations and regions.



Mr. Chairman, Mr. President, Distinguished Governors, let us work together to create a greener Asia, with gender equality and a strong private sector.

On behalf of the Nordic countries, Denmark, Finland, Norway and Sweden, I thank you for your attention.



## **PACIFIC DEVELOPING MEMBER COUNTRIES**

**Teuea Toatu**, Governor for Kiribati

(On behalf of Governors from Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of Marshall Islands, Nauru, Papua New Guinea, Republic of Palau, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu)

**Mr. Chairman**

**President Takehiko Nakao**

**Fellow Governors**

**Ladies and Gentlemen**

On behalf of my fellow Governors from the fourteen Pacific Developing Member Countries, let me extend to you and your delegations warm greetings from the Pacific.

We congratulate the ADB on for the hosting of the 51st Annual Meeting. We would also like to express our gratitude to the Government and people of the Philippines for their warm welcome and hospitality.

We would like to thank the President and management team for meeting with PDMC Governors earlier in the week, and for their unwavering support in facing the unique challenges of Pacific member countries. We also want to thank ADB for its efforts to date for an increase in the base allocation, and appreciate that the proposal was discussed with ADF donors during the AGM sideline meeting.

While each country is different, many small Pacific states face common challenges.

- We are among the most vulnerable in the world to natural disasters, losing on average 1% of GDP per year – and in some cases much more. In just the past few years, we have faced cyclone Pam in Vanuatu and Tuvalu in 2015, cyclone Winston in Fiji in 2016, and cyclone Gita in Samoa and Tonga in 2018.
- We are on the front line in dealing with climate change. Atoll countries like Kiribati have a maximum height above sea level of about 3 meters. Climate change will increase risks of extreme weather such as cyclones and droughts. Adapting to climate change will carry significant costs.
- We continue to face common challenges of distance and dispersion, with small populations scattered across an ocean that, in total, makes up about a quarter of the world's surface.

Pacific countries continue to work hard to overcome these formidable challenges, and to deliver better services for our people. In recent years, for instance, Pacific island countries have significantly increased revenues from fisheries, helping to conserve the world's last great fishery and ensuring we have more resources to deliver services for the betterment of the lives of our people. We are welcoming increasing number of tourists visiting our beautiful islands. And we are undertaking bold reforms to provide a solid platform for future growth and development.

Mr. Chairperson;

Pacific Governors greatly appreciate ADB's growing engagement with the Pacific region. ADB's total portfolio of investments has been doubling every 5 years; from \$500 million in 2005, to \$1 billion in 2010, \$2 billion in 2015, \$2.6 billion today, and, we hope, to \$4 billion by 2020.

ADB has successfully supported Pacific countries to undertake transformative investments. To list just a few examples:

- ICT cables landed in Palau, Samoa, and Tonga (and underway in Cook Islands, FSM, Kiribati, Nauru) have significantly increased speed and reduced costs – connecting our communities to the global economy.
- Over 2 million people have benefitted from 1,000 km of ADB financed roads, including in Kiribati, Fiji, PNG, and Solomon Islands;
- ADB has been the largest single source of financing to help Pacific countries meet ambitious renewable energy targets, supporting over 120 MW of new generation – almost 15% of the total installed capacity in the region.

As well as financing, we appreciate ADB's analysis, advice, and technical support. ADB now has a presence in every one of the Pacific member countries – allowing you to better understand our needs and engage with us on a daily basis as a true partner.

Mr. Chairperson;

Last year, Pacific Governors highlighted 8 priorities for ADB engagement in the Pacific. I'm pleased that there has been progress on a range of fronts:

- We acknowledge ADB's efforts to increase financing for the Pacific, as evident in the rapidly growing portfolio. This has been supported by increases in base allocations, as well as significant funding from ADB's regional cooperation and integration (RCI) facility.
- Recognizing the fragility and vulnerability of small states, we appreciate ADB's efforts to provide increasingly concessional funds to avoid risks of debt distress. Since the Annual Meetings in Yokohama last year, both Samoa and Tonga have become eligible for 100% grants (along with FSM, Kiribati, Marshall Islands, Nauru, and Tuvalu).
- ADB continues to scale up support for countries to build resilience to natural disasters and climate change. We acknowledge your commitment to double ADB's own financing for climate change and, in the Pacific, Vice President Groff's commitment at the Pre-COP meetings in Fiji last year that ADB would double climate change financing over the 4 years from 2017 to 2020 to at least \$500 million.
- ADB continues to support Pacific island member countries in the – unfortunately still overly complicated and difficult task – of mobilizing climate resources. In the last 12 months, ADB signed the first project agreement with the Green Climate Fund for the Suva urban water project in Fiji. ADB also secured GCF Board agreement for financing to the Nauru port last October, and we expect project agreements for this and the renewable energy investment in Cook Islands agreed in 2016 can be signed soon. Governors look forward to ADB securing additional GCF resources this year for Kiribati and Tonga.

- ADB is introducing flexible new mechanisms to Pacific countries build resilience to disasters. The contingent credit facility for Cook Islands approved in 2016 was the first time ADB has provided such financing globally. ADB's new Pacific disaster resilience facility approved in December 2017 was effective in providing fast disbursing funds to Tonga within 3 days of cyclone Gita in February 2018.
- ADB's private sector department in September 2017 approved an investment to increase renewable energy in Samoa – ADB's first ever private sector investment in the Pacific outside PNG. We hope that this will be the start of a significant increase in private sector investments across the Pacific.

Mr. Chairperson;

While Pacific Governors greatly appreciate ADB's growing engagement and partnership with the region, we would like to highlight some continuing priorities for the ADB.

First, the size of our islands, diseconomies of scale and geographical isolation from large markets have collectively weakened our ability to leverage and benefit from the global economy and limit our ability to self-finance many of the critical investments needed for our development. While the recent increases go some way towards bridging this financing gap in infrastructure, we are still well short of what would be required. This becomes even more challenging when we incorporate the disproportionate impacts of climate change.

As mentioned in the recent Pacific Possible report, a significant financing gap exists with inadequate infrastructure investment presenting a major constraint to long term growth prospects. For leaders in PDMCs, this creates an impossible policy choice: which communities do we invest in and which communities do we allow to have little or no access to basic services? For island nations, this is the reality the infrastructure financing gap creates when we consider what equitable growth looks like in the Pacific.

Mr President, we are grateful for your decision to start a discussion with ADF deputies this week about increasing base allocations from \$6 million per year to \$13 million. This will enable discussions about key infrastructure investments that were simply not possible previously. As has been shown in several projects around the region, the constraint to implementation of these projects has not been our ability to mobilise, but rather, our ability to arrange adequate financing. The increase in allocations works towards somewhat alleviating this constraint, and further strengthens the transformational role that the ADB can play in the Pacific, including in the provision of increased Technical Assistance in the areas of Public Financial Management and Disaster Risk Management. We hope that this increase in allocation is the start of a process, rather than the end.

Even with the proposed increase, ADB base allocations will remain about 60% of the World Bank. The small island states are the only set of ADB countries where ADB provides fewer concessional resources than the World Bank. Strategy 2030 and the graduation of several large concessional borrowers provide an opportunity for ADB to be even more ambitious.

Further, we strongly value the technical guidance and leadership shown by ADB staff, and would welcome associated increases in staffing resources to further strengthen the ADB analytical contribution.

We very much hope that further increases in base allocation can be considered in the lead up to the Annual Meetings in Fiji in 2019.

Second, Pacific Governors would encourage ADB, as part of Strategy 2030, to consider trigger-based mechanisms, where countries can access concessional financing in the event of adverse climatic events. Embedding vulnerability and fragility into Multilateral Development finance is essential for our adaptation, prudent fiscal management, meeting the sustainable development goals by 2030.

We welcome the strong focus that ADB intends to place in Strategy 2030 on building resilience to climate change and natural disasters. Even singular, high intensity and erratic climatic behaviour can set back our economies for decades.

At this juncture, we the Pacific DMC Governors would like to highlight our complementary regional initiatives approved last week by Forum Economic and Finance Ministers, with strong, unanimous support given to progressing the proposal for establishing a Pacific Resilience Facility. It will ensure that we equally invest in ex-ante preparedness to climate change and disaster risks and will require development partner commitment and support.

In addition, the Pacific DMCs are also working on developing a proposal for a Pacific Islands Climate Change Insurance Facility and leveraging investments from our regional super- and provident funds for greater investment in regional resilient infrastructure.

Further, we strongly encourage ADB to extend eligibility for concessional resources for highly vulnerable countries currently only eligible for regular OCR lending for the specific purposes of building resilience and responding to disasters and other climate events. I cannot emphasise the huge impact that these events can have on economic development across all Pacific countries.

For instance, in the case of severe natural disasters when damage and losses exceed a particular threshold – perhaps 10% of GDP – we consider that it would be appropriate for ADB to extend concessional resources and TA to all Pacific member countries, including those that may not otherwise regularly have access to such resources.

Further, we note that ex-ante resilience and adaptation measures often represent better value for money than reconstruction, and that this has been the focus for other multilateral organisations. We also note that cumbersome administrative processes can be counter-productive in the case of disaster response, highlighting the need for bespoke arrangements that are customised to Pacific countries. With this in mind, we strongly encourage the ADB to explore this same concessional treatment for investments in disaster and climate resilience for non-concessional Pacific Islands countries in preparation for the potentially severe impacts of climate change. We also call on the ADB to support the classification of vulnerable island nations to access grant resources not only within the ADB, but also in other international forums.

Third, we note the recent assessment by the Australian Transaction Reports and Analysis Center (AUSTRAC) declaring the Pacific as a low risk region for money laundering and counter terrorism financing (AML-CTF). We call on the ADB to collaboratively work with other partners such as the IMF and World Bank to find practical solutions to the de-risking of money transfer operators' agents licensed abroad. We also encourage ADB and other partners to ensure that US correspondent banking relationships for locally-owned commercial banks continue to effectively participate in the international payment system.

Mr. Chairperson,

Let me conclude my remarks by thanking you for granting the opportunity to Fiji to host the 2019 ADB Annual Meeting in the Pacific region – the first time ever in a small island developing state.

This is a unique opportunity for Governors from across the world to view first-hand the challenges in the Pacific, as well as the efforts we are making to build resilience. It is also an opportunity for ADB to demonstrate its leadership role in supporting transformative growth backed by scaling up concessional resources available to small developing island states.

We look forward to seeing you all in the Pacific next year.

Thank you.



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## **PAKISTAN**

**Miftah Ismail, Governor**

Honourable Chairman,  
President Nakao,  
Fellow Governors,  
Distinguished delegates,  
Ladies and gentlemen,  
Good Afternoon!

I would like to thank the Chair, President ADB and the Government of Philippines for their warm reception and hospitality in hosting 51<sup>st</sup> Annual Meeting of the Board of Governors of ADB in this beautiful, historical and lively city of Manila.

I also extend my deep appreciation to President Nakao and his team for making this event possible. It is my privilege to take part in this momentous event to renew my country's commitment in the realization of ADB's vision of a poverty-free prosperous Asia-Pacific region.

I would like to specifically mention that we've had useful discussion on the Draft Strategy 2030 earlier this morning. It will continue to engage us till its finalization later this year.

The reforms and initiatives being implemented under President Nakao's leadership are impressive. I would like to appreciate expansion of ADB's operations during the recent years by mobilizing more financial resources through the merger of ADB's Asian Development Fund (ADF) and Ordinary Capital Resources (OCR) facilities as well as arranging co-financing from other bilateral and multilateral development partners. Of special importance are the ADB's policy-based program loans that have proved pivotal in supporting the reform agendas of the Developing Member Countries (DMCs).

Government of Pakistan appreciates the proposal regarding Project Readiness Technical Assistance (PRTA) loans with advance facilities. The Project Design Facility (PDF) has further streamlined the business processes. We would emphasize augmentation of support for Public Private Partnerships to address the evolving needs and operating environment of the DMCs, as well as leverage for funding for their development needs. Results-Based Lending (RBL) is another very effective modality initiated by ADB in the year 2013 and we hope that the share of RBL will continue to be enhanced.

In the context of Pakistan, our recent initiatives under CAREC and China-Pakistan Economic Corridor (CPEC) will contribute to improve regional connectivity, build modern infrastructure, promote rapid industrialization and create enormous job opportunities in the whole region. In this regard, ADB's continued technical and financial support is highly commendable and will enhance regional connectivity and trade between CAREC member countries.

It is also important to highlight that many of the Developing Member Countries (DMCs) continue to face challenges caused by entrenched poverty and vulnerability, global economic uncertainty, inequality, climate change and environmental degradation, urbanization, and aging. Therefore, it is imperative that ADB should build on its strengths to support infrastructure financing and regional integration. It may further strengthen its capacity to support social sectors, help expand private sector operations including Public-Private-Partnerships (PPPs), enabling DMCs to address these challenges. I would, therefore, like to propose that Resident Missions may be strengthened more to oversee the implementation of projects and augment the locally deficient capacities.

Ladies and gentlemen, the 21<sup>st</sup> century has distinctive characteristics with a shift from industrial economies to knowledge-based economies. Today, Asia is ready to lead this momentous transformation. If the potential of our economies is fully harnessed through appropriate policies and plan of actions, Asia will certainly play a far greater role in world affairs and in promoting global well-being. In this regard, each one of the Asian country must find ways and means of contributing to the fulfillment of this vision. I strongly feel that the time has come for greater cohesion amongst our economies for building a more prosperous, stable and secure world. The major development agencies in the region are expected to play a pivotal role in this regard. We look forward to enhancing our partnership with ADB and fellow member countries.

Thank you for your time and attention.





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**PAPUA NEW GUINEA**  
Charles Abel, Governor

Mr. Chairman, Mr. President, fellow Governors, distinguished representatives, ladies and gentlemen. It is a great honour and privilege to deliver my statement as Governor for Papua New Guinea (PNG) on this occasion of the 51<sup>st</sup> Annual Meeting of the Asian Development Bank (ADB).

At the outset, let me take this opportunity to express my country's appreciation to President Nakao and the ADB and of course the Government and beautiful people of the Philippines for hosting this year's Annual Meeting, and for the warm hospitality extended to us.

As always, we look forward to representing our country, our region and contributing to the **"Linking People and Economies for Inclusive Development"** theme of this meeting.

I take this opportunity, on behalf of the Government and people of PNG, to convey our sincere appreciation and gratitude to the ADB for its timely provision of grant support, to help with our relief and recovery efforts after the 7.5 magnitude earthquake and aftershocks that struck the Highlands of PNG on 26<sup>th</sup> February this year. This small intervention points to the broader issue in the Pacific and elsewhere of the innovations required in terms of financing fragile and vulnerable States, particularly in terms of climate and other natural disasters.

We commend the ADB on the work being done here and we request that there be a coordinated effort by all development partners in this space to pool resources and minimise transaction costs and inefficiencies. Indeed coordination of development financing activities in general needs to be further addressed given the multitude of existing institutions and new players such as the AIIB.

We thank the Bank and staff generally for its ongoing efforts in pursuing its mandate to develop an Asia and Pacific region free of poverty.

We welcome the ADB's new long-term Corporate Strategy 2030, which reinforces and strengthens the Bank's mission and objectives of achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

We acknowledge the Bank's continued efforts and commitments to improve and explore innovative modalities to respond meaningfully to unique development needs of member countries. PNG has and continues to benefit from the Multi-Tranche Financing Facility, an innovative PNG tailored modality that complements our medium term development plans and fiscal strategies, and should the environment be appropriate in our region, we stand ready to assist Member countries and the ADB from our experiences.

As the largest of the Pacific Developing Member Countries (PDMC), PNG is a good barometer of some of the benefits and strengths of the multilateral participation in our region and of course some of the areas that we strive to improve.

We are in the process of finalising a PPP arrangement for the upgrade and operation of Port Moresby International Airport and completed a PPP arrangement in the operation of our upgraded main sea ports of Lae and Port Moresby with the support of the ADB.

We also acknowledge the ADB's efforts in streamlining procurement processes that permits more flexibility and dynamism in the bidding process allowing multiple stage bidding for complex procurement. In particular, we welcome the use of agency procurement systems that we believe will help pave way for greater use of country systems.

We support the intentions of the Bank to improve in the area of program monitoring and evaluation.

PNG aspires to be a net contributor in terms of climate security, energy security, food security, and overseas development assistance.

It has the globally significant elements in terms of natural resources that make this aspiration credible.

The solution to true sustainability in a holistic sense and addressing the basis of issues like climate change, lies in supporting countries like PNG transition to a new low carbon, low population paradigm economy that monetizes its natural assets in a sustainable manner.

We face development pressures, internal and external, that places this at risk and we ask multilateral agencies, such as the ADB, World Bank and the WTO to help manage these risks in the interests of sustainable development.

Issues such as cross border interactions of a criminal or illicit nature, profit shifting, transfer pricing tax avoidance, multinational corporation resource agreements, illegal fishing, and even WTO obligations can transfer wealth from vulnerable countries and compromise natural assets such as forest and tuna stocks.

The economic growth of PNG was sluggish in 2017 owing to the contraction associated with the natural declines of the oil fields, lower production and export of logs and the continued softness and sluggish rebound of the global economy. But we have taken the opportunity to address the mistakes of our past with public financial management reforms and now make that an essential part of any multilateral investment in our country.

In 2018, the economy was expected to pick up modestly, expanding by 2.4 per cent, however our recent earthquake has dampened this growth forecast. The full assessment of the impact will be documented in our mid-year economic and fiscal outlook report. The non-mining sector remains buoyant driven by factors such as the hosting of the APEC meetings, higher domestic Government spending such as required from the reconstruction efforts post the earthquake, the reduction in the foreign exchange imbalance due to a substantial increase in external financing, an improved coffee season and expectations of increased demand for copra and coconut oil.

Over the medium term the PNG economy is expected to grow at an average of 2.4 per cent driven largely by the non-mining sectors of the economy, particularly our value-added agriculture, fishery and forestry sectors.

To ensure this growth translates into economic benefits for our people, our Government is addressing a range of structural reform and policy areas that are crucial for inclusive growth and

development. These include supporting policy priorities in the: financial; education; health; infrastructure; agriculture; and MSME sectors.

PNG commends the choice of Fiji as host of the 2019 Annual Meeting.

We support the membership application of Niue to the ADB and look forward to them participating as a fully-fledged member next year.

To conclude, let me say that the PNG Government commends the work of the ADB in our country and the region more generally. We value the relationship we have with the ADB, and look forward to continue working in partnership in addressing our development challenges.

Thank you.



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**PEOPLE'S REPUBLIC OF CHINA**  
**Yu Weiping**, Temporary Alternate Governor

Honorable Secretary Dominguez,  
ADB President Takehiko Nakao,  
Dear Colleagues,

Asian Development Bank (ADB) is an important multilateral development bank (MDB) in the region. Over the years, it has made prominent contribution to its developing members' endeavor in tackling various challenges, poverty reduction and development.

Taking this opportunity, I would like to express my appreciation to President Nakao and the Management for their devotion to the innovative operation and institutional management of ADB. Under the leadership of President Nakao, ADB has significantly improved its overall lending capacity and financial resilience by merging OCR and ADF. ADB supports the cooperation between its regional cooperation programs and the Belt and Road Initiative, promotes the process of regional cooperation and integration, and serves the building of a community of shared future for the Asia-Pacific region. ADB is committed to building a knowledge bank and providing much-needed intellectual support for the reform and development of its developing members, from which the developing country members would generally benefit. In particular, ADB's deep participation and pragmatic cooperation during the great course of the People's Republic of China's (PRC) 40 years of reform and opening up have made positive contributions to the synchronized development of PRC and Asia.

Dear Colleagues,

The key to achieving inclusive development lies in people, in that all people should participate in the development process and share in the benefits of development. The funding, technology and knowledge of ADB are critical to achieving inclusive development in the region. Looking to the future, I hope that based on the development experience of the past 50 years, ADB can keep pace with times and engage in innovation, and actively support the promotion of inclusive development in the Asia-Pacific region. In this connection, I would like to offer 4 proposals:

First, innovate development strategies to promote high-quality development in the Asia-Pacific region. Poverty reduction is one of the key goals of ADB, but it should not be the only one. With more and more developing members entering the ranks of middle-income countries, ADB should strengthen its cooperation with middle-income countries to help them achieve high quality development while supporting low-income countries, small island countries, and vulnerable countries.

Second, deepen regional cooperation and promote the building of a community of shared future for mankind. We support ADB's continued efforts to increase support for regional cooperation and encourage ADB to continue to set long-term funding targets for regional cooperation and improve the linkages among regional cooperation mechanisms such as the Belt and Road initiative, in order to achieve shared benefits through extensive consultation and joint collaboration and build a community of shared future for mankind.

Third, increase financing to support infrastructure interconnectivity in the Asia-Pacific region. We encourage ADB to make full use of the capital advantages from ADF-OCR merger to expand the scale of loans and provide more financial support for developing members. And we support ADB to fully leverage ADB's private sector operation develop new loan products and tools and catalyze more private capital to support infrastructure interconnectivity and long-term growth.

Fourth, expand partnerships to enhance overall development benefits and levels in the Asia Pacific region. We encourage ADB to further expand its cooperation with new MDBs such as AIIB, NDB and other financial institutions, so that the scale of joint financing could be expanded, and the overall development benefits of the region will be enhanced by more actively carrying out tripartite and multi-party cooperation.

Dear Colleagues,

PRC, along with other ADB members, will continue to support the development of ADB, and we will continue to deepen PRC's all-round cooperation with the ADB to jointly contribute to the sustainable development of the Asia-Pacific region and the world.

Thank you.



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## **PHILIPPINES**

**Carlos G. Dominguez, Governor**

On behalf of the Philippines, I would like to thank the Asian Development Bank (ADB) for this opportunity to host the 51st Annual Meeting of the Board of Governors. I am sure this will be a landmark event in the Bank's history.

The ADB must be commended for the five decades of fruitful cooperation in the region. With the Bank's strong partnership, the region has emerged from poverty and backwardness. Today, we lead the growth of the global economy.

The economic achievement of the region will have to be attributed to strong international cooperation and free trade. Many of the problems we confront prospectively, from climate change to international terrorism, will require the same degree of cooperation that brought us to where we are today.

I must commend ADB President Takehiko Nakao for the exemplary job he has done for this vital institution. He has led the ADB through a period of dramatic changes and in an environment driven by disruptive technological innovation. He has helped provide a blueprint for the ADB to continue as a vital institution through constant rethinking and renovation.

I find the theme for this year's meeting—"Linking People and Economies for Inclusive Development"—most appropriate. It underscores the need for greater interconnection between countries and between communities as we navigate towards a better future for our peoples.

The Philippines identifies strongly with the focus on greater interconnection. We have embarked on an ambitious infrastructure program that will ensure that no island and no community will be left out of the mainstream of national growth. This program underpins our general strategy for making growth more inclusive by improving access, enhancing transparency and instituting accountability.

We thank the ADB for its expression of support for this program. We thank our partners in the region who have expanded their official development assistance specifically to support our infrastructure investments.

We are reassured by the institution's openness to adaptation in this changing environment as demonstrated by ADB Strategy 2030.

Over the next few years, we expect the ADB to go beyond the standard project financing activity and evolve programs to help member economies adjust to the rapid technological changes driving our economies. We expect the ADB to function as a channel for continuing exchange on best practices regarding technological adaptation.

In this world of profoundly disruptive technologies, however, one thing is certain: The ADB will remain as relevant to the region's unfolding in the next fifty years as it has been in the past fifty.



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## **PORTUGAL**

**Ana Barreto**, Temporary Alternate Governor

Mr. President,  
Mr. Chairman,  
Dear Governors,  
Ladies and gentlemen,

It is a great pleasure for me to attend the Annual Meeting of the Asian Development Bank Board of Governors. I would like to express my gratitude to the city of Manila and to the Government of Philippines for the warm welcome and hospitality.

As you may be aware, 2017 was a notable year for the Portuguese economy. Allow me to share a few positive aspects with you: (i) the GDP growth rate of 2.7%, the highest of the century and above euro area average; (ii) the rise of employment by 3.3% and the fall in the unemployment rate to 8.1% in the last quarter of 2017; (iii) supported by an increase in investment and exports, at 9.1% and 7.8%, respectively; (iv) the overall general government balance was – 0.9%, the lowest ever in democracy; (v) a reduction of 4.2 p.p. in public debt (in % of GDP), the largest reduction in 20 years; and (vi) the upgrading of the debt rating to investment grade levels by two rating agencies. As a small open economy, we are committed to deepen our engagement with ADB, which we perceive as a strategic partner and a catalyst for international economic cooperation in Asia.

But 2017 was also a prosperous year for the ADB. Annual operations reached a record USD 32.2 billion, a 26% increase from the year before. 2017 was marked by an increase of the Bank's capital position, with the ADF-OCR merger, which resulted in an increase of the Bank's core equity, not only settling the issue of a general capital increase for the foreseeable future, but also enhancing the Bank's AAA rating.

In exchange for the ADF-OCR merger, Management committed to increase annual financing commitments to poor countries (former ADF countries) by up to 70% from the 2014 level of USD 6.5 billion to a range between USD 7.5 billion and USD 11 billion. Taking into consideration the figures regarding concessional lending, which are below the expectations, we do believe that further efforts should be developed towards supporting the poorest countries in the region.

The key topic under discussion in this Annual Meeting is the first draft of the Strategy 2030. We praise the Bank for presenting a first proposal, which helps framing the discussion with shareholders. We do think that the document is a good step in the right direction. Looking forward, we would like Management to include some targets, particularly in areas such as commercial cofinancing, climate operations, and private sector operations.

Differentiated approaches for fragile and conflict-affected situations (FCAS) and small islands developing states (SIDS), which have very different contexts of development, should also be taken into account. Finally, further diversification of the terms of products and instruments offered to borrowers should be further considered in a rapidly evolving and highly competitive development finance framework.

Ladies and gentlemen,

Allow me one final message. ADB is a very innovative Bank. It was the first Multilateral Development Bank approving a general capital increase after the 2008-2009 crisis. It was also the first MDB setting a long-term strategy, the so-called Strategy 2030. In addition, ADB was the first MDB proposing a merger of the ordinary capital and the concessional resources to better maximize the Bank's balance sheet. We are confident that the Bank will find the right way forward to combine finance with innovative solutions to respond better to the region's diverse and specific challenges and needs.

Thank you for your attention.





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**REPUBLIC OF KOREA**  
Dong Yeon Kim, Governor

President Nakao, Fellow Governors, and Ladies and gentlemen,

First of all, I am pleased to share with you the recent progress on the inter-Korean relations. The two Koreas have taken a meaningful step towards peace and co-prosperity of the Korean peninsula through the inter-Korean Summit. This might be a small step but it could also be a giant leap for the stability and development of the Asia Pacific region and further, the global community. I ask for the support and cooperation of member countries and the international community in Korea's future endeavor to realize "Panmunjom Declaration".

The theme of this Annual Meeting, 'Inclusive Development', is especially meaningful to Korea. Over the past few decades, Korea's growth-centered policies have driven its record development. However, on the other side of this growth, there was also a challenge of addressing income and wealth inequality. Recognizing that inequality undermines both the growth sustainability and potential, the Korean government recently began to shift its economic policy paradigm to focus more on the people through income-led growth strategy and reinforcement of social safety nets.

Drawing on such development experience, I would like to emphasize two points in our efforts for sustainable and inclusive growth of the region.

First point is the importance of developing human capital.

The key to an "Inclusive Growth" is establishing a virtuous cycle between economic growth and human development that can be fully enjoyed by all the people. Especially in the face of the 4th Industrial Revolution, the differences in availability and utilization of ICT can widen the economic disparity among classes.

Therefore, it is important to make sure that everyone in the region has capacity to utilize advanced technologies, supported by easy access to information infrastructure. Going forward, Korea would like to contribute more to building human capital in the region through ADB Korea trust fund and Knowledge Sharing Programs.

As a second point, I would like to emphasize the importance of collaboration among various development agents, given the growing infrastructure gap and diversifying demand of developing countries.

For inclusive development, we need to secure sufficient resources and use them properly, considering their impact on the vulnerable and fragile groups. This cannot be done by one agent alone. We need to combine our resources and expertise together to produce synergy effect.

For example, private sector can fill the infrastructure gap and compliment expertise needed to pursue inclusive development. Therefore, it is important to create a favorable environment that attracts active participation of the private sector. I hope that ADB will play a key role in supporting regional countries to establish necessary PPP framework and enhance capacity in this area.

Fellow governors, and Ladies and Gentlemen, with fast-changing development environment, we are at a critical time in our journey towards sustainable and inclusive growth. I would like to highlight the importance of our partnership so that no one and no country is left behind.

Closing my statement, I extend my appreciation to the government of the Philippines and ADB for organizing this wonderful meeting and for their kind hospitality.

Thank you.



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## **SINGAPORE**

**Heng Swee Keat**, Governor

I thank the Government of the Philippines for hosting the 51st Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) and President Takehiko Nakao for the excellent meeting arrangements.

The theme of this year's meeting - "Linking People and Economies for Inclusive Development" - is very apt given the rapidly evolving needs of ADB members in the Asia and Pacific region. With mega-trends such as rapid technological advancement, climate change, as well as demographic changes, it is imperative for members to work closely with the ADB to jointly develop solutions for mitigating these challenges and promoting inclusive growth.

As ASEAN chair in 2018, Singapore welcomes the ADB's significant contributions to building a "Resilient and Innovative" ASEAN. ADB's priorities under Strategy 2030 on Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific, and Singapore's priorities as chair of the ASEAN Finance process i.e. sustaining growth, boosting resilience, and fostering innovation, are very much aligned.

On sustaining growth, I welcome the ADB's work in promoting greater infrastructure financing in ASEAN. The ADB has estimated ASEAN's infrastructure needs from 2016 to 2030 at US\$2.8 trillion, or US\$184 billion per annum. The climate-adjusted estimates are even higher at US\$3.1 trillion, or US\$210 billion annually. These are significant opportunities requiring significant investment by the private sector. I thank President Nakao for outlining the ADB's eight principles for quality infrastructure support at the ASEAN Finance Ministers' Meeting last month.<sup>1</sup> These are sound principles that ASEAN members should look to adopt as we implement our projects.

Singapore looks forward to strengthening our collaboration with the ADB through our new Infrastructure Asia office, in line with the ADB's focus on expanding its private sector operations, including in the preparation of bankable private sector projects and expanding its infrastructure sector coverage. Infrastructure Asia seeks to bring together infrastructure players and professional services providers and match them with infrastructure projects, so as to facilitate greater private sector financing for infrastructure development in ASEAN and Asia. I hope that this will help to catalyse infrastructure financing and bring benefit to the regional economy and our people.

I also appreciate ADB's work in supporting the Asian Bond Markets Initiative, as well as its publication "Promoting Green Local Currency Bonds for Infrastructure Development in ASEAN+3" (April 2018), a topic that is very much in line with our chairmanship priority of sustaining growth.

On boosting resilience, I welcome the ADB's focus on building climate and disaster resilience under Strategy 2030. The ADB's support for developing member countries (DMCs) in ensuring a

comprehensive approach to build climate and disaster resilience, is critical. ASEAN also seeks to collaborate with the ADB and tap on the ADB's expertise in this area, as we implement Phase 2 of the ASEAN Disaster Risk Financing and Insurance (ADRFI) programme, approved by ASEAN Finance Ministers last month in Singapore. Under ADRFI Phase 2, ASEAN will: (i) improve the data required for assessing disaster risk exposure and financing solutions; (ii) enhance capacity building amongst ASEAN members in ex ante disaster risk financing; and (iii) harness risk advisory expertise from academia, international organisations and private sector to provide advice and design innovative insurance and risk financing solutions. We look forward to our partnership with the ADB in this area.

On fostering inclusion, one key priority under Singapore's ASEAN chairmanship is to promote greater financial inclusion in ASEAN by harnessing FinTech. Last month, President Nakao shared with ASEAN Finance Ministers examples of how the ADB has provided FinTech support in ASEAN members, including the Philippines and Viet Nam. We welcome this interest and hope to continue our strong collaboration with the ADB.

I would also like to commend the recent joint effort by the ADB, the African Development Bank, the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB) on "The Future of Work: Regional Perspectives" study. This study, which considers the impact of technology in labour markets and the actions that countries can take to harness the opportunities and manage the challenges that arise, is certainly timely and useful. In this regard, I welcome ADB's finding that there are compelling reasons to be optimistic about the region's job prospects. Recognising that re-training programmes and lifelong education are key in enhancing employability, I also support the ADB's efforts to help DMCs facilitate quality job creation, and expand the ADB's support for education programmes. Singapore stands ready to contribute as a knowledge partner to share our own experiences.

Singapore's relationship with the ADB and its members is one of shared history, continuous growth, and mutual learning. We reaffirm our commitment to continue collaboration with ADB and members towards making a positive impact on the lives of our people.

Thank you.



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## **SRI LANKA**

**Mangala Samaraweera**, Governor

Hon. Carlos G. Dominguwz, Chairman of the ADB Board of Governors; Hon. Takehiko Nakao, President of the ADB; Distinguished Governors; Ladies and Gentlemen,

I thank you for giving me the floor at this august gathering today, that celebrates 51 years of yeoman service to the people of Asia and the Pacific region by the Asian Development Bank. Sri Lanka has been working hand in hand with the ADB for over half a century that I can describe as a robust partnership in empowering our people to achieve sustainable development.

This year's meeting theme "Linking People and Economies for Inclusive Development" resolves to strengthen the ADB's founding vision to create a poverty free Asia and the Pacific. In fact, Mr. Chairman, my own government has been unequivocally promoting an inclusive growth trajectory for Sri Lanka in a knowledge based, highly competitive social market economy with a vision to become a rich country by 2025.

We are living at a time that you can call unparalleled to any age in human history, because of the rapid technological advances that enable innovative solutions for many development challenges. Asia's moment of economic growth, buttressed by fast improving health and educational opportunities allow the millennium generation to connect to each other by overcoming cultural, language and other feigned barriers which regressed our progress for centuries. This unique opportunity should be seized with much optimism for a new era of prosperity in the 21 Century.

Our concerted efforts at this regional forum would no doubt bring about changes to the millions of lives at a rapid phase. My government's National Budget proposed this year offered a package of concessional credit schemes empowering young entrepreneurs, women, and the differently abled in the country within the theme of "Enterprise Sri Lanka". We wish to reawaken our nation's entrepreneurial spirit and to regain its rightful place as a vibrant trading hub in the Indian Ocean. Your theme here at the ADB today stands a matching tribute to those domestic policies embedded in our core values ranging from inclusive growth, good governance, and empowering the private sector as the engine of growth.

Despite the brunt of extreme weather conditions and other adverse external factors, Sri Lanka's economy demonstrated time tested resilience in 2017. We recorded our highest ever FDI inflows and our highest ever export performance. These led to meaningful job creation as the unemployment rate also declined to 4.2%. We expect the economy to accelerate growth driven by private enterprise and exports. We have introduced some key reforms including the new Inland Revenue Act, which came to force last month that could be called the most progressive tax reform in Sri Lanka in several decades. This is part of a broader agenda of introducing transparent rules based legislative and governance frameworks. Our Active Liability Management Act was made effective with a view to improve domestic and foreign debt management. The rules based and transparent auction mechanism for government securities was introduced in the same vein. We are at the doorstep of becoming an upper-middle income country and your continued support to accommodate the desired transition without any hindrance to our national development agenda would be immensely appreciated.

With an ever active ADB resident mission established in 1997, over US \$ 8.5 billion project and policy based active loans, grants and technical assistance since 1968, reaching over 500 projects, Sri Lanka's ADB portfolio remains robust and active. Our interactions span mainly from the Transport Sector, Energy to Agriculture, Natural Resources and Rural Development. I fervently hope that our national priorities and expectations have an attentive hearing in this august assembly that evolves for greater mutual benefit.

As a founding Member and a strong partner, let me Mr. Chainman, reiterate Sri Lanka's steadfast commitment to a long-lasting engagement with this entity in time to come for the immense benefit of our own countrymen and millions of others in the Asian Pacific region.

I thank you.



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## **SWITZERLAND**

**Denise Lüthi Crisan**, Alternate Governor

Mr. Chairman, Mr. President, Fellow Governors, Distinguished delegates, Ladies and Gentlemen,

On behalf of Switzerland, I would like to extend my gratitude to the Government of the Philippines and the authorities of Metro Manila for hosting this 51st Annual Meeting of the Asian Development Bank (ADB), and the citizens of the city for their warm welcome and hospitality. We always appreciate to come back where this noble undertaking took its first steps.

Switzerland attaches great importance to its long-standing development partnership with the ADB. The Bank represents an efficient, innovative and trustworthy development partner. Its excellent record of achievement has definitely contributed to foster more than 50 years of successful partnership. Switzerland remains committed to continue this collaboration marked by dialogue, mutual trust and determination to succeed.

Following five decades of impressive economic and social transition, Asia and the Pacific have become more than ever prosperous and integrated at regional and global scale. Yet, successes should not be taken for granted. They are the result of wise policy decisions, political will for transformation and good governance, openness and, the hard work of people.

At the same time, the region is in a rapidly changing environment, facing unfinished business of the MDGs as well as new challenges. They encompass notably remaining poverty, rising inequalities, a large infrastructure deficit, institutional weaknesses, threats from climate change and disasters as well as macro-economic imbalances. Continued efforts and new tailored responses are therefore required. As constant reflection on its adequacy and ability to evolve are part of its DNA, we are confident that the ADB will tackle at best its mission and will continue to contribute to an inclusive and sustainable region free of poverty.

### **Paving the way**

In 2015, world leaders agreed on the 2030 Agenda for Sustainable Development to eradicate poverty, shifting onto an inclusive, resilient and sustainable development path. The Paris Agreement on climate change as well as the Addis Ababa Action Agenda equally constitute landmark agreements that emphasize global commitment to overcome together the current development challenges. Succeeding in these ambitious goals will be only possible through a collective effort. The ADB as a key multilateral institution must continue to play a catalytic role in Asia and the Pacific in contributing to these common endeavors. It must strive to cooperate and coordinate with other development actors, mobilize the private sector, engage Academia, and collaborate with governments, the civil society and citizens.

The ADB has a great capacity to think outside the box and to adopt a leadership position. The “Galaxy Merger” is a perfect example of an institution that paves the way. The Strategy 2030 is central to continue along this path. It will present the basic framework to succeed. Switzerland acknowledges how complex such a task is. That is the reason why we have been deeply engaged along the whole process. Significant progress has been made since our meetings in Yokohama

last year, and we would like to thank the ADB's staff for their commitment in this demanding exercise. As this remains a work-in-progress, we would like to raise the following points:

First, Switzerland strongly believes that the ADB has to focus on its core business where it provides a great added value to its clients, such as transport infrastructure and renewable energies. We strongly advocate for ADB to be selective in its actions. Selectivity does not entail that the Bank must remain static. All its products must continuously incorporate lessons learnt and best practices. We are convinced that the Bank will remain a relevant development partner for the region if the quality of its engagements is improved. Evidence-based operations, results and impact orientation supported by high quality data, are therefore key to position optimally the ADB as a "SDGs-achieving institution". Along the same lines, the ADB has to further align its strategic directions with the global development agenda, working in close partnership with other actors. In a more than ever interconnected world, each participant has to focus on its key competencies to shift development finance levels from "billions to trillions".

Second, as remaining challenges require levels of funding that are far beyond the Bank's capacities, the ADB's own resources must be primarily used in a catalyzing perspective. It must act as a facilitator, to champion successful initiatives across its portfolio and channel private resources to high-impact projects. It must ensure a subsidiary function, preventing any crowding out of the private sector. The Bank must also strengthen its key role to favor the provision of public goods, at all levels. Built on more than 50 years of practice, its solid expertise in the infrastructure domain combined with deep knowledge of the public sector makes the ADB the ideal partner to tackle these issues. Switzerland also perceives great potential in public private partnerships as well as risk mitigation instruments. The Bank can accelerate, increase and make its impact more resilient via the private sector involvement. No compromise must however be made to the strict enforcement of the whole set of ADB's standards. In a similar perspective, the ADB must become a true knowledge bank, testing cutting-edge operations, fueled by incessant innovation, learning from them, to finally scale up the most successful experiences.

Third, reaching middle-income status and beyond is a key feature of the Asia-Pacific region today. While this is an extraordinary achievement, it also calls for a reflection on the Bank's interactions with recipient countries. Needs vary indeed along the development spectrum. Switzerland supports more tailor-made assistance to better address respective challenges. At the same time, we are convinced that all client groups can be adequately served, while increasing the developmental impact of ADB's limited financial resources. Importantly, the ADB must stay engaged in upper middle-income countries. The latter still face significant challenges, such as poverty alleviation, overburdened infrastructures and deficient institutions, many development issues possess a cross-border nature and they are to play a decisive role in the provision of regional and global public goods. Nevertheless, Switzerland considers that it is worth exploring more targeted interventions and elements of differentiated pricing. A country's higher level of development entails a larger ability to pay, which should be reflected in the Bank's terms. We consider it as fair and inherent to the logic of cooperation towards development of the ADB. Similarly, a preferential pricing for domains that entail positive externalities would generate excellent incentives. Such a differentiated approach has however to be based on clear, fair and transparent rules, which we would expect to be worked out in the new strategy.

Lastly, it is crucial to address in the strategy and accompanying results framework where ADB sees its region in 2030 and how it wants to contribute to the development, growth and eradication of poverty. This calls for clear and ambitious targets that will drive the Bank's operations in the coming decade and that reflect the high expectations donors as well as recipients have in cooperating with this institution.



## **Concluding remarks**

All actors and institutions are measured by their achievements. This is always true and even more so today in an environment where the demand greatly outweighs the supply of resources and where needs and aspirations are far from being fully satisfied. Therefore, we expect also from the ADB to continue to focus on selected priority areas, crowding in more private resources and making best efforts to stay a key player with an outstanding reputation for development cooperation in the 21st century.

In closing, Switzerland would like to thank President Nakao, ADB Management, staff and the Board for their firm engagement and dedicated work to continue building a more efficient and better Bank for the benefit of the people of the Asia and the Pacific region.



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**TAIPEI, CHINA\***  
Yu-Jer Sheu, Governor

Mr. Chairman, President Nakao, Fellow Governors, Ladies and Gentlemen,

On behalf of the delegation of Taipei, China, I would like to extend our thanks for the hospitality of the Government of the Philippines. Manila has a long history and is the political, economic and cultural center of the Philippines. The Asian Development Bank (ADB) set up its headquarters in Manila because it is an important transportation hub connecting Asia, the Americas, and Europe. Manila has been sharing the achievements with the ADB for the past 51 years, and was cited as a “rising star” in foreign direct investments by the United Nations Economic and Social Commission for Asia and the Pacific. The annual meeting of the Board of Governors held in Manila after the establishment of ADB for half a century signifies a reflection of the past while ushering in the future. We also believe that under the leadership of the ADB, the Asia-Pacific region will realize the goal of inclusive development for its people and economies.

Regarding the challenges and visions that the ADB mentioned in its “Road to 2030,” we have already aggressively promoted multiple measures and reforms as follows:

**I. Encouraging PhD-level manpower to enter industry, and assisting enterprises to innovate and develop**

In the past, PhD-level employment over-concentrated in college faculty or post-doctoral research. According to a survey conducted by the Ministry of Science and Technology (MOST), only 18% of PhD-level talents are in industry, which is far below that of other advanced countries. In order to make full use of PhD-level talents, encourage PhD-level manpower to enter industry, and assist enterprises to innovate and develop, we launched the RAISE Project in December 2017. We used corporate research institutes and universities as training units. After training, the Ph.D.s will be assisted in finding employment or starting a business. This project is expected to cultivate 1,000 interdisciplinary and innovative PhD-level professionals in three years.

**II. Establishing an attractive tax system to increase labor productivity**

In order to establish a fair and rational income tax system which is competitive, compatible with international trends, and able to attract professionals to stay in Taipei, China, we have taken into consideration tax fairness, economic efficiency, simplification of tax administration, and fiscal revenue to make adjustments to income taxation. According to the amendment to the Income Tax Act enforced from January 1, 2018, the highest marginal tax rate of the individual income tax was reduced from 45% to 40%, and the amount of four deduction items of individual income tax were raised, to relieve the tax burden on salary earners and attract good-quality workers to stay.

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\* Changed by Meeting Secretariat.

To attract high-quality foreign professionals to stay in Taipei,China and to help promote industrial innovation and up-grading, we enacted the “Act for the Recruitment and Employment of Foreign Professional Talent” in 2017. The Act entitles special professionals who meet certain conditions to have half of their annual salaries over US\$100,000 (NT\$3 million) exempted from individual income tax during their first three years of coming to work in Taipei,China. In addition, we also have promulgated amendments to the Statute for Industrial Innovation, which provides tax incentives such as tax deferral on income in the form of stock from technology investment, founder of academic and research organizations, and stock-based employee compensation. Thus, these tax preferences will increase incentives to attract human talent to stay in companies.

### **III. Fostering financial innovation industry to extend economic growth momentum**

In order to promote innovative financial services and the development of a FinTech industry, we established a Fintech Office in 2015. We have committed significant resources aimed at making Taipei,China a FinTech hub, such as setting up a FinTech Development Fund, nurturing FinTech startups, building a digital financial environment, putting forward 10 main measures of the Fintech Development Promotion Plan, and so on. Furthermore, in January 2018, we passed the “Act on Financial Technology Innovations and Experiments” in a bid to upgrade the nation’s financial sector by granting technology firms more leeway when experimenting with innovative financial services. We are one of only a few, if not the first in the world, to have promulgated such a sandbox mechanism into the law. We hope to enhance FinTech cooperation with other Asian economies, to provide faster, safer, and more convenient financial services for financial consumers.

### **IV. Safeguarding gender equality and boosting female entrepreneurship**

Gender equality is essential for accelerating inclusive growth and fostering poverty reduction. The Gender Equality and Women’s Empowerment Operational Plan 2013-2020 published by the ADB provides the guiding framework for providing financial services and business development services for female entrepreneurs.

To boost female entrepreneurship, we recently launched the “Phoenix Micro Startup Program” and “Women Entrepreneurship Flying-geese Program.” As a result, the number of female business owners has increased from 443,000 in 2007 to 516,000 in 2016, accounting for 36% of all business owners. We will continue these efforts to enhance female entrepreneurship and enable it to thrive.

### **V. Implementing our “New Southbound Policy” to enhance cooperation with ADB members**

We are currently implementing our “New Southbound Policy” (NSP) to establish closer economic and trade relationships with ADB members such as the ten ASEAN countries, six South Asian countries, Australia, and New Zealand. We look forward to enhancing economic integration and cooperation with these countries through ADB’s assistance.

To assist and promote businesses in Southeast Asian countries, we organized four expos in the past year which served to strongly promote Taipei,China in countries under the New Southbound Policy. In tandem, we are providing various services to small and medium-sized businesses (SMBs) for their entry into the Indian, Indonesian, and Malaysian markets by establishing a product center. Furthermore, the “Government Procurement Agreement (GPA) Project” helps

local industries penetrate the global supply chain for government procurement business opportunities.

It's my honor to share our experiences and express our wish to improve economic and trade cooperation with ADB members. Last but not least, I would like to reiterate that Taipei,China is a founding member of ADB and has fully carried out her membership responsibilities. My delegation continues to protest against the unilateral alteration of our membership designation. I would also like to call on member countries to respect each other concerning the equal opportunities of hosting meetings and workshops of ADB.

It is with this hope that I conclude my address and I wish this meeting every success. Thank you.



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## **TAJIKISTAN**

**Davlatoli Said, Governor**

Dear Mr. Chairman, Governors, Mr. President, Ladies and Gentlemen,

I am delighted to have the privilege of addressing the 51st Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) in this beautiful city of Manila.

I would like to extend my gratitude to the Government of the Republic of the Philippines for the warm hospitality and wonderful organization of this event and thank ADB management and staff for their preparation of the meeting. I wish ADB all the best in achieving the set objectives.

We consider this meeting as an important step in enhancing mutually beneficial cooperation and establishing closer relations both between Tajikistan and ADB, and countries in the region.

### **Status of the world economy**

The cyclical upswing that began from mid-2016 has become stronger. Compared to a year earlier, in 2017, growth accelerated in about 120 countries that account for three quarters of the world GDP. And that was the largest synchronized expansion that the world economy experienced since 2010.

The world GDP growth reached 3.7% in 2017, 0.1% higher than autumn forecast and 0.5% more compared as to 2016. The growth took place thanks to the unexpected economic acceleration in Europe and Asia. World growth forecasts for 2018 and 2019 were raised by 0.2% to 3.9%. This transformation reflects the increased dynamics of the global economy and the expected effect of recent changes in the US tax policy.

The growth of the world economy is forecast to be generally balanced in the short term but will decline in the medium term. Volatility in financial markets, the slowdown in structural reforms in some countries, geopolitical uncertainty in the world create barriers to sustainable global growth. In this connection, ADB member countries need to carry out relevant reforms, including sectoral, structural and institutional reforms to maintain sustainable growth in the medium term.

### **Tajikistan**

In 2017, the efforts of the Government of the Republic of Tajikistan were aimed at addressing strategic goals, particularly ensuring energy security and efficient use of electricity; breaching the communication deadlock and the transformation of the country into a transit country; ensuring food security and public access to quality nutrition; expansion of productive employment.

Under the National Development Strategy of the Republic of Tajikistan till 2030, the country has three key tasks at the new stage of development: achieving a level of socio-economic development comparable to the middle-income countries; ensuring the sustainability of development by diversifying and enhancing the competitiveness of the national economy, expanding and strengthening the middle class.

Successful implementation of successive initiatives of the Founder of the Peace and National Unity, the Leader of the Nation, President of the Republic of Tajikistan, Emomali Rahmon during this period gave good results for the implementation of reforms, in particular, to improve the investment climate, support the private sector and take necessary measures for developing priority sectors, which created a favorable environment for sustainable economic development of the country. As a result of the successful implementation of these initiatives and reforms, economic growth reached 7.1% in 2017, and inflation remained at the one-digit level of 6.7%. The growth of industrial production increased by 21.3%, agricultural production 6.8%, retail trade turnover 6.6% and incomes of the population by 10.4%.

To increase the export potential, the State Program for Export and Import Substitution in the Republic of Tajikistan for 2016-2020 was adopted. Successful implementation of the main activities of this program contributed to the increase in the share of exports from 20% in 2015 to 31% in 2017. The share of imports decreased from 80% in 2015 to 69% in 2017.

As a result of the increase in domestic production over the past two years, the import of food products declined by \$273 million. Thus, the increase in exports, the reduction of imports and the receipt of remittances contributed to the improvement of the current account.

The Republic of Tajikistan continues to make every effort to achieve the objectives of national policies and programs, in particular in maintaining sustainable growth during the period of global economic and geopolitical uncertainty and full implementation of social commitments.

Effective economic growth of the republic is impossible without the dynamic development of the private sector. In the adopted National Development Strategy of the Republic of Tajikistan up to 2030, development of the private sector is one of the main factors for the future prosperity of the country. Therefore, the Government of the country does a lot to improve the investment climate, attract foreign and domestic investment in the economy, support small and medium-sized businesses, and create jobs.

To this end, Tajikistan is constantly improving legislation and procedures to ensure balanced sustainable economic growth in macroeconomic stability, reforming the financial sector, trade, implementing reforms to prevent administrative obstacles towards the development of the private sector.

In 2017, Tajikistan issued and sold in the international market \$500 million Eurobonds for completing the construction of the Rogun hydropower plant. The successful implementation of Eurobonds demonstrates confidence of international investment and financial companies in Tajikistan.

CAREC 2030 defines five operational priorities: economic and financial stability, trade, tourism, and economic corridors, infrastructure and economic connectivity, agriculture and water resources, and human development, including the development of appropriate countercyclical policy responses at the regional level during times of economic crisis.

I would like to note that the goals and priorities of the National Development Strategy of the Republic of Tajikistan up to 2030 fully coincide with the CAREC 2030 priorities, which are aimed at developing and improving trade and economic relations, simplifying trade procedures, liberalizing trade, education, health, social development and prosperity of the state as a whole.

All development strategies focus primarily on economic growth and job creation, with an emphasis on sound macroeconomic structure and the stability of the financial sector.

To respond to global economic uncertainties, ADB should assist countries in developing policies to support demand, improve productivity, supply of labor force and investment through structural reforms and supportive fiscal measures, as well as infrastructure development.

In an integrated world economy, many countries in the region need strategies to transfer public debt to a stable trajectory.

The implementation of ADB's new long-term corporate strategy till 2030 will make a tangible contribution to the development of the poorest countries in the Asia-Pacific region. And this can only be welcomed, as even though since 1990 the population of this region living in extreme poverty (\$1.9 per day) has declined rapidly from 53% to 9% in 2013, more than 900 million people still live at great risk to return to the extreme poverty.

Considering the successful implementation of Strategy 2020, Strategy 2030 should contribute to fair and sustainable economic development of ADB member countries.

ADB's support, as a regional bank, should have a positive impact on sustainable growth, investment in infrastructure, private sector development, human capital, and the creation of a strong social protection, health and gender to support vulnerable population.

Regional cooperation and integration is a prerequisite for achieving sustainable growth for all countries in the region and we pay special importance to regional cooperation in our foreign policy.

For example, in the framework of regional cooperation, Tajikistan and Uzbekistan successfully concluded negotiations on mutually beneficial cooperation. 27 documents were signed concerning the establishment of cooperation in all spheres, including mutual visa-free travel of citizens, the resumption of air and car communication.

Our common goal is to implement and achieve the set priorities, mutually beneficial cooperation, reliability, transparency and trust in the implementation of the tasks.

This mission will positively affect the cooperation between countries in all areas of development, but only with a common effort and cooperation of stakeholders. ADB plays an important role in realizing the enormous potential of projects and initiatives in the Central Asian region and in Tajikistan, in particular.

We hope that ADB will continue to strongly support Tajikistan in realizing its vision of development in the coming years.

Thank you for attention.



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## **THAILAND**

**Apisak Tantivorawong**, Governor

Mr. Chairman, ADB President, Fellow Governors, Distinguished Guests, Ladies and Gentlemen,

### **Economic Outlook**

During the past few years, Asian economies have enjoyed robust growth despite risks in global trade and financial markets. Thailand, in particular, expanded close to our potential at 3.9 percent per year in 2017 from strong growth in exports and tourism as well as pickup in domestic demand. We expect this growth momentum to continue in 2018 with Thai GDP expanding at 4.2 percent per year.

### **Technology and Jobs**

The advancement of new technologies and artificial intelligence has played significant impact to consumer behavior, nature of business and productivity in the past decade. On one hand, technologies create opportunities to access to market place, financing sources, global standards, which in turn provides better living and security to people. Technologies also create businesses and equip economies with efficiency, productivity, and creativity. On the other hand, the replacement of technology in workplace posts threats to employment and forces labors to elevate their skills to cope with automation.

Looking forward, rapid changes in technology will be both challenges and opportunities. Policies to adjust domestic workforce, resource and environment must be undertaken by governments in a timely manner in order to sustain growth and development.

We are pleased that the ADB recognized challenges from globalization and technological changes to jobs in Asia. It is highly importance that, going forward, the ADB plays a critical role in supporting countries to undertake relevant adaptive policies to enhance human capital such as educational reform and/or re-skilling workforce to keep up with new technologies.

### **Thailand's Experience**

Thailand has undertaken 3 main developments recently to cope with technological growth.

Firstly, the Eastern Economic Corridor (EEC) was introduced as area-based development policy with an aim to be the strategic location for driving the country's investment in up-lifting innovation and advanced technology for the future generation.

Secondly, we launched the "National E-Payment System" with an aim to increase the efficiency of Thailand's payment infrastructure system, helping the public make e-payments more easily and conveniently, with less need for cash. In addition, the government is developing National Digital Identification Platform with an aim to facilitate businesses, reduce verification time and improve transaction security. These two platforms enhance transparency and efficiency of business transactions among individual, business, and government.



Lastly, as inclusive growth is sustainable growth, the Thai government has initiated “Government Welfare Registration” project to identify and locate low-income earners who are target recipients for welfare allocation. Effective data collection system and data analytics platform will help us identify problems and tailor-made economic measures which will improve resource allocation to specific target groups and thus reduce social inequality.

We noted with pleasure that the ADB has put human development and social inclusion as operational priorities in Strategy 2030. We believe that the ADB could contribute its expertise, financing and advisory support to members in developing such database systems so that governments of member countries can optimize their budget envelope and modernize benefits system to be more effective and efficient.

### **Conclusion**

Ladies and Gentlemen, ADB can play an important role in the field of technical assistance in projects relating to adaptation of technologies. Along with supporting Regional cooperation and connectivity which enhance infrastructure which may lead to the strengthen of the region. Building such efficient economic environment leads to sustainable development.

Thank you.



## **TURKEY**

**K. Çağatay İmirgi**, Temporary Alternate Governor

Mr. Chairman, Mr. President, Distinguished Governors,

It is my pleasure to participate in the Annual Meeting of the Asian Development Bank in Manila. I would like to extend my sincere appreciation to the Government of Philippines and the Bank for their warm hospitality and this excellent organization.

Global growth has accelerated in 2017, and Asia, constituting almost one third of the global economy today, will be at the fore in the global growth with its expected growth rate of around 6.5 percent over 2018-2019. I am certain that ADB, as the major development partner in the region, will maintain its important role in facilitating inclusion of the poorest segments in this high growth environment.

Yet, rapidly changing circumstances require development finance institutions to address issues beyond poverty alleviation; such as climate change, urbanization, aging, empowerment of women and youth, and income inequality.

In this respect, the new strategy that will guide the Bank in the next decade should present realistic and relevant approaches. I am glad to see that the process for the preparation of the new Strategy has accelerated and will be completed by the end of 2018.

Let me share my views on the draft Strategy 2030 document:

**First.** The strategy should have a prioritization of SDGs based on ADB's comparative advantages, and a business operation plan how ADB will success these targets.

**Second.** In terms of mobilization of additional resources for financing of infrastructure investments, we are glad to see the focus on private capital mobilization, co-financing and public-private partnerships.

**Third.** We agree that it is appropriate to approach differently to different groups of countries. Yet, implementation should be articulated more clearly in the Strategy by elaborating on some details, for example, differentiated pricing. In addition, while prioritizing the poor countries, the Bank should also not ignore the upper-middle income countries, which still need ADB's support especially in areas like climate change and knowledge sharing.

**Fourth.** We welcome ADB's commitment to enhance gender balance in its workforce. Besides, we urge the Bank to implement open and merit-based human resources practices at every level, while also considering balanced representation of member countries in the workforce.

And finally, while the Bank will offer new modalities to different needs of DMCs, on the financing side, it should also further focus on new instruments like asset-backed lending, which has been increasingly gaining significance in the finance world.

Dear Participants, taking this opportunity, I would like to thank the President and his team for a successful 2017 in terms of operations. I have no doubt that the ADB will continue to be an important development partner in the region.

Thank you.



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## **UNITED KINGDOM**

**Richard Montgomery**, Temporary Alternate Governor

The UK would like to thank the Government of the Philippines for hosting the Asian Development Bank's 51st Annual Meeting in Manila. We also appreciate all the preparatory work done by ADB management and staff to ensure that the Annual Meeting and the side-events are informative, engaging and help the Bank adapt and expand its role in a changing Asia.

After last year's review and celebrations of the Bank's progress over the last 50 years, these meetings present an important opportunity to look forward to the next decade of ADB's history. We have been pleased to see the discussions around Strategy 2030 gathering pace and we appreciate the consultative process that staff carried out. We were grateful for the opportunity to review the draft Strategy in advance of these meetings and look forward to discussing it further at the Governors' Plenary.

In a changing region and among a developing system of MDBs, we believe that the Bank should focus more clearly on its areas of comparative advantage. We fully agree that the ADB's operations and expertise cannot remain static, but in engaging in new areas the Bank must show that it is the best organisation for the job. This is important for two reasons. First, to ensure that ADB is investing in projects and programmes where it is best placed to deliver effectively and offer value for money. And second, to further establish ADB's position as a strong regional knowledge broker which stimulates and shapes debate on solutions to regional challenges.

As Asia develops, millions of people have, and will continue, to emerge from poverty. However, significant pockets of poverty will remain at the sub-national level and ADB must work to ensure that these vulnerable groups also benefit from its work. In order to deliver for everyone, ADB will also need to make a stronger commitment to the UN 'no one left behind' initiative. We would like to see a greater articulation of how the ADB will identify and support the most vulnerable people in the region. One marginalised group which can benefit greatly from ADB's investments, for instance in inclusive infrastructure, is those with disabilities.

As clients' needs change, support to the private sector becomes ever more important. Sustained, job creating growth driven by the private sector creates economic opportunities everywhere ADB works, including in Fragile and Conflict-affected Situations (FCAS). We would like to see ADB articulate a clearer, bold set of targets to grow its private sector portfolio. We would like to see a bigger role for ADB in incentivising private sector investment, leveraging finance and creating markets to shape and grow pipelines for developmental projects in the most challenging markets.

Climate change is one of the greatest challenges facing the world today, and it poses an even greater threat to a number of ADB members, including Small Island Developing States (SIDS). We are therefore pleased that Strategy 2030 highlights the importance of tackling climate change, and makes reference to the development of green, sustainable infrastructure and clean energy. We would encourage the mainstreaming of a climate sensitive approach into ADB working practices. In our view, the final strategy should clarify the nature and scale of the ADB's ambitions for addressing climate change from 2020 through to 2030, and set new, increased, climate finance targets for the period.

Whilst the ADB continues to tell a strong story with regard to natural disasters, we would like Strategy 2030 to take a broader view of crisis. Fragility and crisis hamper countries' ability to consolidate hard won development gains and can put ADB investments at risk. Building on its welcome response to the Rohingya crisis, we would like to see the Bank consider its role in crises beyond natural disasters and reflect on what instruments and frameworks might be required were it to play a greater role in economic, migratory and protracted crises.

With many crises originating in conflict, it is good to see ADB proposing to incorporate sub-national conflicts into its definition of fragile and conflict affected situations and we would encourage the Bank to incorporate political economy and institutional fragility in the approach. We are pleased that the Bank has increased its commitment to FCAS, but it is important that ADB develop and meet its commitment to take a more conflict sensitive approach to country partnership strategies, project documents and business tools, and ensure it has the appropriate staff in place to support this.

Over the last year we have been encouraged by the Bank's engagement in discussions on its role in upper middle-income countries. This is also a challenge for other MDBs and ADB has an important role in exploring these ideas. However, we would like to see Strategy 2030 do more in this regard. We believe that ADB should focus its spending in Upper-Middle Income Countries (UMICs) on regional and global public goods, innovation and knowledge sharing and areas holding back graduation, such as anti-corruption, business climate and domestic resource mobilisation. We welcome the reference to diversification of terms on ADB products but would like this to explicitly reference differential pricing. An increase in burden sharing by the wealthier countries will boost ADB's organic capital, whilst increasing the lending head room for the poorest. It will also help the governments of non-regional donor countries maintain a convincing case for continuing to provide concessional assistance to an increasingly wealthy region.

As a significant donor to the ADF we are concerned by the lack of clarity around the future of the ADF within Strategy 2030. Given its increasingly narrow scope, the ongoing purpose and structure of the ADF needs to be re-examined. We hope that the Mid-Term Review of ADF 12 will begin to explore some of these issues and we look forward to participating in the relevant donors' meetings.

The UK is committed to preventing all forms of violence, exploitation and abuse, including but not limited to sexual exploitation and abuse. We greatly appreciate the Bank's positive contribution to a cross MDB seminar hosted by EBRD at the World Bank Spring Meetings. The ADB has strong processes in place to identify and tackle sexual exploitation and abuse, including the Respectful Workplace Unit and recently strengthened Staff Code of Conduct. We appreciate ADB's commitments to further strengthen procedures for consultants and contractors.

ADB should continue to find ways to secure better value for money, in programming and in controlling administrative costs. We call for an administrative budget for 2018 that is no larger than 2017, the ending of annual pay increases for staff above inflation, and the best use of available financial resources to support development and poverty reduction in the region. We are concerned about increases in the Bank's administrative budget given the continued over-budgeting and low utilization rate. We welcome the reforms to the Staff Retirement Plan which have already begun to improve the sustainability of the Bank's pension liabilities, but once again call for the normal retirement age to be extended to 65 in line with most other international institutions.

Finally, we are pleased to continue to be one of ADB's largest non-regional cofinanciers, and the largest in terms of grant support. In this regard, we would like to thank the Office of Cofinancing for their ongoing engagement and support. In December we launched the ADB-DFID Cofinancing Guide which will improve the design and implementation of future cofinancing operations. It builds on past lessons and new requirements and makes recommendations to better align business processes to support successful outcomes. This will ensure that the ADB and DFID continue to develop collaborative and effective cofinancing projects in the years to come.



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## **UNITED STATES**

**Geoffrey W. Okamoto**, Temporary Alternate Governor

On behalf of our Governor, Treasury Secretary Mnuchin, I am pleased to represent the United States of America at the 51st Annual Meeting of the Asian Development Bank (ADB). We would like to thank ADB for its warm reception, and we thank our long-standing friend, the Philippines, for its generous hospitality in hosting these meetings.

When we gathered in Yokohama last year, we reflected upon 50 years of ADB leadership to address extreme poverty and build the foundations of prosperity across Asia and the Pacific. Today I wish to turn toward the future of the region.

Global growth has further strengthened and is increasingly broad-based. Robust Asian growth has been a key driver of this trend and will continue to support future momentum if firmly set in an environment of sound fundamentals and good economic governance. We appreciate the ADB's efforts as a reliable partner to help countries achieve strong, balanced, inclusive, and job-rich growth that lifts more people out poverty and improves their livelihoods.

Throughout its history, ADB has remained a steadfast representative and effective partner of our shared goals, rising to the challenge of addressing constraints to growth by financing high-quality development throughout the region. We gather here today with the firm hope and expectation that ADB will continue as a leader toward these ends. As we seek reforms across multilateral institutions to reflect the contemporary landscape, we look to ADB for continued leadership through a Strategy 2030 that directs resources to those most in need, focuses on ADB's greatest areas of expertise, and takes a pragmatic approach to positioning ADB as a responsive and effective institution capable of swiftly adapting to emerging development challenges.

### **Financial Discipline**

To be effective, however, our institutions must maintain financial discipline and remain capable of leading amidst a shifting economic and political backdrop. Institutional resilience begins with a strong capital base, but it must be maintained through sound investment decisions and careful financial management. Shareholders were last called upon to expand ADB's capital base in 2009, which ADB then enhanced through the innovative merger of its concessional and non-concessional lending windows in 2017. We urge Management to steward these resources prudently and to ensure that ADB's future efforts can be sustained by organic growth in the capital base through retained earnings.

It is with this in mind that we join other shareholders in calling for ADB to refine its lending model to bolster its long-term sustainability and redouble its focus on the needs of its poorest members. Going forward, we consider it essential that wealthier borrowers with market access that continue to borrow from ADB contribute more progressively to ADB's capital resources. Hence, we welcome Management's recent discussions of implementing differentiated pricing and highlight ongoing conversations at the World Bank to implement such pricing there. We also call upon Management to re-examine the institution's graduation policy to ensure that it is objective, clear, and credibly implemented. These are critical steps toward a necessary rebalancing of ADB's focus towards its poorer borrowers that face much greater constraints on their access to development finance.

### **Operational Efficiency**

ADB's long term sustainability also rests on its ability to improve operational efficiency, institute modern business processes, and discerningly apply cost savings measures.

Bureaucratic overburden and red tape often mistake motion for progress and stifle an organization's ability to perform while contributing to unnecessary costs. We therefore stress the need for thoughtfully streamlined procedures that contribute to, rather than hinder, the ultimate success of ADB's economic development mission. Streamlining should be done carefully to preserve the empirical analysis and proper diagnostics that are not only critical to successful economic growth and development, but also part of ADB's core strengths. We support ongoing capital investments in ADB's Information Technology systems and recent improvements to the institution's procurement processes to support these ends.

Ultimately, people are the driving force behind an institution's operational efficiency and overall success. We have therefore been steadfast advocates for refining ADB's human resources practices. We welcome Management's initial efforts to develop an improved performance management system that incentivizes high performers and eases out poor performers. Fair compensation is a key part of attracting and retaining talented staff; however, we note that ADB's wage growth has consistently outpaced the broader market. We call for restraint. The United States feels strongly that the Board of Directors is not excepted from these expectations and should temper its own salary increases while cutting expenses. Lastly, we underscore the continued importance of the open, transparent, and merit-based hiring practices needed for ADB to recruit highly qualified and capable staff. We also urge Management to intensify efforts to address the barriers that lead to unrepresentative gender ratios for International Staff and senior positions so ADB can reach the goals set out in its results framework.

### **Development Effectiveness**

Ultimately, the institution's success will be determined by the development results that it can achieve and the number of people who can be positively affected. Effectiveness begins by offering products to borrowers that meet their most pressing development challenges and reflect ADB's additionality. We therefore welcome the introduction of new financial products and modalities and support periodic review of the ADB's toolkit to ensure that it is meeting the needs of borrowers. We also welcome the Independent Evaluation's Department review of the Policy Based Lending modality, anticipating the need to consider how this instrument can be better used to advance important economic reforms. Increased private sector engagement, including through limited guarantees and credit enhancement products, will also play an important role in stimulating the region's development as countries continue to progress on the income scale. However, we



underscore the need to demonstrate additionality in private sector projects and for limited engagement with state-owned enterprises.

The United States continues to view strong social and environmental safeguards as underpinning high-quality projects and a large reason for why borrowers seek to work with ADB. Such safeguards not only protect the poor and vulnerable but also improve projects' positive impacts. We welcome the Independent Evaluation Department's upcoming safeguards review and call upon Management to focus on the implementation and monitoring of safeguards to ensure high quality results.

Finally, we highlight the continued need for strong coordination among the International Financial Institutions (IFIs) and emergent bilateral creditors. Coordination is particularly important at a time when rising debt levels increasingly threaten economic stability and imperil hard-won development gains in some countries. We strongly endorse the ongoing efforts of the World Bank and IMF to enhance debt transparency and sustainability among members and call upon the ADB to work with both these institutions and its member governments to ensure that the region stays on a sustainable path for future growth.



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## **UZBEKISTAN**

**Sukhrob Kholmurodov, Governor**

Honorable Chairman Dominguez,  
Fellow Governors,  
President Nakao,  
Distinguished Guests,  
Ladies and Gentlemen,

First of all, I would like to thank the Government of the Philippines for hosting Asian Development Bank's 51st Annual Meeting. I also appreciate Asian Development Bank's management and staff for their excellent preparations for this event.

In 2017 ADB demonstrated remarkable operational strength as demonstrated by record \$20.1 billion lending and grant commitments, as well as the highest operating income of \$725 million. These laudable achievements confirm the right direction taken by ADB after the Mid-term Strategy 2020 Review. Successful merger of the lending operations of the Asian Development Fund with ADB's ordinary capital resources, sizable scale up in both sovereign and non-sovereign operations and "one ADB" approach were well executed and delivered results.

The first draft of Strategy 2030 provides us a good opportunity to take a look beyond 2020. We support special focus paid in the draft Strategy 2030 to Fragile and Conflict Affected States. Six weeks ago, Uzbekistan hosted Afghanistan Peace conference attended by delegates from across the region and around the world. The Government of Uzbekistan believes that joint efforts will facilitate political process and bring peace to the people of Afghanistan. We are also pleased that ADB will pay close attention to the transport infrastructure needs of landlocked countries, focus on water-energy-food security nexus and increase the use of country systems in areas of procurement and safeguards.

Ladies and Gentlemen:

Let me turn to a brief update on recent development of the Uzbekistan's economy.

The Government of Uzbekistan has demonstrated its strong commitment to take difficult yet necessary reforms to address the most pressing economic challenges. Due to inherent constraints, previous economic model could not deliver long-term sustainable growth, ensure enhanced productivity and accommodate growing number of working age population entering labor market every year. Major reform areas include foreign exchange market and trade liberalization, reliable and transparent official statistics, SOEs' corporate governance strengthening, simplified tax system and streamlined public services.

As a result of structural transformations, economic growth in Uzbekistan slowed down from average 8% in previous decade to 5.3% in 2017. National currency devaluation and price liberalization accelerated inflation from traditional 5-7% to 14.4%. During this transition period the Government of Uzbekistan makes dedicated efforts to maintain macroeconomic stability in coordination with international financial institutions.

ADB as a key development partner in Uzbekistan was among the first to support policy reforms by providing necessary knowledge technical assistance. We expect ADB's further engagement in policy dialogue and financial assistance through extended policy-based lending operations. We also expect ADB to remain reliable financier of our large-scale housing and infrastructure programs.

Uzbekistan's recent initiatives aimed at policy of peace and strong friendly relations with neighboring countries have revitalized regional cooperation and integration process. We are encouraged by support in this important area from The Central Asia Regional Economic Cooperation (CAREC) Program.

We welcome preparation of new Country Partnership Strategy (CPS) for Uzbekistan. The new CPS in our opinion will maximize value added from the Bank's assistance in Uzbekistan with particular focus on employment generation through better business and investment environment, public finance efficiency and social development.

Ladies and Gentlemen:

In conclusion, I would like to thank President Nakao's strong leadership in enhancing ADB's financial capacity, operational efficiency and responsiveness to growing diverse needs of Developing Member Countries. On behalf of the Government of Uzbekistan I would like to reassure our continuous support to ADB's core objectives going forward.

Thank you, Mr. Chairman.



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## **VIET NAM**

**Dao Minh Tu**, Temporary Alternate Governor

Mr. Chairman, President Takehiko Nakao, Distinguished Governors, Ladies and gentlemen!

It is my great honor today to deliver the speech at the 51st Annual Meeting of the Board of Governors of the Asian Development Bank. First of all, I would like to express my high appreciation to the Government and people of the Philippines for the warm welcome and hospitality in the dynamic and vibrant capital of Manila. I would also like to sincerely thank ADB and the Secretariat for the excellent arrangements for the Annual Meeting.

With the theme "Linking People and Economies for Inclusive Development," I am confident that the events will be an opportunity for delegates to exchange, discuss and offer solutions that help the economies become more connected and inclusive for the prosperity of the people.

### **Global economic development**

The world economy showed strong and broad-based recovery and growth rate achieved at 3.7% in 2017, according to IMF forecasts, which was much higher than 3.2% in 2016. Some highlights may include the US experienced strong growth, the EU gradually recovered, Asia-Pacific region continued to be the most dynamic economic region and the main driving force for global growth.

At the beginning of 2018, the global economy continues to grow positively and forecasted to remain at 3.7% or higher. However, according to many international organizations, positive momentum is difficult to maintain in the absence of strong economic structural reforms while the global environment contains various risks such as the tightening monetary policy trend could slow down the global economic momentum; trade liberalization enduring hardship in the context that many countries strengthen non-tariff barriers to protect the domestic markets; geopolitical turmoil and competition among big economies.

### **Viet Nam Economic Development**

In 2017, despite the impacts of global economic turbulence and natural disasters, the Vietnamese economy saw positive changes and continued to grow well under stable macroeconomic conditions. GDP growth reached 6.81%, CPI increased by 3.53% and growth momentum remained high in the first quarter of 2018 when the GDP increased by 7.38%, the highest increase as compared to those in the same periods for the last 10 years. Trade surplus reached approximately \$ 1.3 billion. Average inflation increased only by 1.32%, lower than that in the same period (1.69%). Interest rates, foreign exchange market remained relatively stable, foreign exchange reserves continued to rise, stock market grew strongly. The results are evidenced that the Government's guidance and directions are efficient and effective. The Government is consistent with objectives of macroeconomic stability, inflation control, institutional development, improving business environment, promoting economic integration, infrastructure and human resources development, climate change response, social security and debt ceiling. It is forecasted by ADB that Viet Nam economic growth is positive and can reach 7.1% in 2018.

## **ADB and Viet Nam's partnership**

The Government supports ADB's 2030 Strategy to help member countries achieve the United Nations' Sustainable Development Goals and address challenges such as poverty, inequality, climate change and promoting private sector. Viet Nam encourages ADB to continue its ongoing institutional reform to enhance the effectiveness and efficiency of its operations in the coming years.

The Government highly appreciates the combination of ADF and OCR into one balance sheet, which increases the Bank lending capacity to its member countries. With such abundant resources, Viet Nam proposes that ADB consider remove ADF accelerated repayment policy to graduates, by which helping these countries to maintaining socio-economic development and poverty reduction in a sustainable way.

ADB has been playing an active role in promoting regional cooperation in Asia-Pacific, including the Greater Mekong Sub region (GMS). Viet Nam attaches great importance to this mechanism and hopes that ADB will continue to contribute to the stability, sustainable development and common prosperity of the region.

Viet Nam highlights its relationship with ADB and considers ADB one of the leading donors providing funding, technical assistance and policy advice. ADB's support has effectively supported the socio-economic development of the country. The Government has made strong commitments to ongoing reform and efficient use of funding for the economic development and prosperity of the Vietnamese people.

I would like to sincerely thank ADB, a development partner who has accompanied the Government and people of Viet Nam for the past years. We expect that such support will be continuously extended to member countries in the coming time.

Thank you very much.



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## **CLOSING ADDRESS BY ADB PRESIDENT TAKEHIKO NAKAO AT THE 51ST ADB ANNUAL MEETING ON 5 MAY 2018, IN MANILA, PHILIPPINES**

Mr. Chair, ADB Governors, ladies and gentlemen:

I would like to express our deepest gratitude to the Government of the Philippines and its people for the warm hospitality and excellent arrangements. I would also like to thank all of you for your active participation.

Let me begin with three general observations about the world economy.

First, the economic outlook remains positive, with the region well positioned to sustain its growth momentum. However, there are several risks including a concern about inward looking policies.

Second, a significant factor driving future growth is advancements in technology such as robotics, artificial intelligence (AI), and “internet of things.” This will require proactive and comprehensive actions from governments and ADB to adapt and capitalize on opportunities, while minimizing the risks.

Third, the world economic center of gravity is shifting towards Asia and the Pacific. We should take these opportunities in a positive way while recognizing that challenges remain.

Much of the discussion over these past few days focused on our new strategy to 2030. I would now like to make 16 points about our operations and institution based on the key issues you have raised.

**1. Support for Strategy 2030.** Governors supported the broad directions highlighted in Strategy 2030 and ADB’s expanded vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and Pacific, while emphasizing the need to sustain efforts to eradicate poverty.

**2. Pursuing differentiated approaches across groups of countries.** There was support for using differentiated approaches given the significant diversity across countries. It is important for ADB to remain engaged in Upper Middle-Income Countries (UMICs) through a combination of financing and knowledge services. But our support to UMICs should be focused on areas such as regional cooperation and integration, global public goods, and strengthening economic and social institutions to address new challenges such as aging, climate change, and environmental degradation. There was a consensus that ADB should prioritize its resources for poorer countries. Governors welcomed the increased focus on Small Island Developing States (SIDS) and Fragile and Conflict-Affected Situations (FCAS) in the new strategy.

**3. Graduation, differentiated pricing, and sustainable lending framework.** There were discussions on graduation policy and differentiated pricing. ADB will continue to implement its graduation policy. Some Governors supported an idea of applying differentiated pricing in our regular OCR lending to address the diverse situations of countries. The primary purpose of this differentiated pricing is not to increase ADB’s net income. If countries become richer, it is reasonable and fair to ask them to pay a little bit more as an extension of our current system of transitioning from grant only to concessional lending to market-based lending. Other Governors had reservations with differentiated pricing because ADB does not have an immediate need to build equity. As part of differentiated pricing, ADB will consider preferential pricing, for example,

for countries transitioning out of concessional assistance. Some Governors emphasized the importance of organic capital growth and a sustainable financial framework toward the future. Building on our strong financial position following the successful ADF–OCR merger, we will develop more concrete proposals for differentiated pricing and long-term lending scenarios for further discussion.

**4. Expanding private sector operations.** There was a consensus that scaling up ADB’s private sector operations is crucial to strengthen infrastructure investment, achieve the Sustainable Development Goals, create jobs, and drive innovation. A key measure of ADB’s success will be the volume and quality of additional resources it mobilizes on top of its own financing. We will explore innovative ways to mobilize resources including the expanded use of credit enhancement products and management of third-party funds. Public–private partnerships will be a major area of emphasis. We will also help mobilize domestic resources by supporting improvements in the business environment and capital markets to crowd-in private sector financing to support development.

**5. Scaling up support to address climate change and disaster risk management.** Climate change and natural disasters will affect large sections of the Asian population, especially the highly vulnerable SIDS in the Pacific. Governors recognized the urgency to tackle these issues. Approvals for the financing of climate mitigation and adaptation reached a record \$4.5 billion in 2017. We are in a good position to achieve our target of doubling annual climate finance to \$6 billion by 2020. We will continue to scale up our climate finance. ADB will support countries to adhere to their nationally determined contributions under the Paris Agreement on climate change.

**6. Accelerating progress in gender equality.** Governors stressed the importance of promoting gender equality in our operations and our institution. ADB has been enhancing gender mainstreaming in all its projects and we will further strengthen these efforts in both sovereign and nonsovereign operations. We will design projects that help women and girls secure higher skills, better health, more jobs, and a larger voice in decision making.

**7. ADB’s areas for work and selectivity.** On the areas of ADB’s work under Strategy 2030, there is agreement on the continued importance of infrastructure investments combined with knowledge and expertise. Infrastructure investment is all the more important because of the need to address climate change and international calls to close the infrastructure deficit and promote growth. Some stressed the need for greater selectivity based on ADB’s comparative advantage. The country partnership strategy will continue to be the primary platform for defining ADB’s operational focus in each country. Governors underscored the need to support social sectors including health and education. Strengthening the health sector is increasingly important for addressing the growing challenge coming from the aging population. Enhancing the quality of education is critical for developing skills to adapt to new technologies. There is great potential to use new technologies for health, education, and financial inclusion.

**8. Operational targets.** Governors welcomed the operational targets on climate, gender, and commercial cofinancing. Some encouraged us to have more specific and ambitious targets. Our new corporate results framework for 2019 to 2023, which will be developed based on the new strategy, will include many more indicators and targets.

**9. Deepening regional cooperation and integration.** There were discussions about regional cooperation and integration, and the need to enhance connectivity between countries particularly in Central Asia and the Pacific region. ADB will continue to promote regional cooperation and integration based on its decades of experience. ADB will work with emerging international and regional initiatives.

**10. Applying an appropriate mix of instruments.** Some Governors stressed that ADB should provide its support with an appropriate mix of instruments including policy-based lending (PBL) and results-based lending (RBL) in addition to project lending. We will use PBL to promote reforms in key areas such as public financial management, capital markets development, and energy sector modernization, underpinned by strong policy dialogue with country counterparts. PBL will also be used to respond to crises in a timely manner. We will further refine and expand our products and instruments to provide tailored support to both public and private sector clients.

**11. Concessional support.** Governors emphasized the importance of concessional support especially to SIDS and those affected by fragility and conflicts. Strategy 2030 puts special focus on SIDS and FCAS. We will discuss the future of ADF during the midterm review of ADF 12.

**12. Strengthening knowledge and technical assistance.** Governors agreed that knowledge will be a critical part of our transformation toward 2030. ADB will strengthen its knowledge services, both tacit and explicit, in partnerships with knowledge institutions. We will work closely with countries to identify their needs and produce the most relevant knowledge products and services. We will use technical assistance (TA) resources to effectively generate and disseminate knowledge. We will continue to strengthen staff knowledge through our sector and thematic groups. ADB will support its member countries to strengthen measures against corruption, enhance environmental and social safeguards, promote financial integrity and tax transparency, and combat money laundering and the financing of terrorism.

**13. Modernizing business processes and procurement.** ADB will pursue a dramatic modernization of its business processes by taking advantage of available technology. It will further increase its operational efficiency and reduce the time for preparing and administering loans and TA projects without compromising quality and integrity. We will complete the roll out of the new procurement policy approved in 2017 to reduce procurement time, support the adoption of high-level technologies, and better address life-cycle costs.

**14. Strengthening human resources.** There was consensus for the need to make the best use of our human resources. ADB will strengthen its performance management, better recognize collaboration and innovation in annual work planning and performance assessment, and conduct leadership training programs. We will continue to promote diversity in our workforce and emphasize gender balance within the institution. The Respectful Workplace Initiative is in place to prevent harassment and bullying. A special unit for awareness raising, training, and investigation has been in operation since June 2016.

**15. Enhancing partnerships.** We recognize the importance of building strong partnerships with diverse institutions—private and public, traditional and new—and with civil society organizations. Governors emphasized the importance of better coordination with other multilateral development banks (MDBs). We are committed to further strengthening our collaboration with other multilateral institutions, including the Green Climate Fund, Asian Infrastructure Investment Bank, and the New Development Bank.

**16. Instituting a One ADB approach.** A One ADB approach will break down silos and bring together expertise across ADB. We will continue our efforts to increase synergies between public and private sector operations. We will strengthen our presence on the ground. ADB will enhance staff mobility between headquarters and resident missions.



We plan to complete Strategy 2030 by mid-2018. We already held extensive consultations. I appreciate the guidance from Governors during this Annual Meeting. We will continue to seek views from various stakeholders.

Ladies and gentlemen:

I would like to thank you again for the substantive and frank discussions.

Before I conclude, let me again express my deepest gratitude to the Philippines for hosting this year's Annual Meeting. I would like to convey my heartfelt appreciation to Secretary Carlos G. Dominguez, Chair of the Board of Governors, for his strong and personal commitment to ensuring the success of this meeting. He and I met numerous times to discuss how we can make this meeting more substantive and focused.

I would also like to extend my thanks to our two Vice-Chairs, Ms. Sinha Lawrence, the Governor for the Federated States of Micronesia, and Ms. Ana Barreto, the Temporary Alternate Governor for Portugal.

Finally, the tireless efforts of staff from both the Philippine government and ADB made this meeting truly fruitful and memorable. Thank you very much.

Our task ahead is to reinvent ADB and meet the challenges of a transforming Asia and the Pacific. Together, let us continue our journey to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Next year we will have our Annual Meeting in Fiji. This will be the first time for an MDB annual meeting to be hosted in a Pacific developing member country. It will highlight the achievements and development challenges of the region.

I wish you all a safe journey home and see you again next year in Fiji.



**PARTICIPANTS**



## REPRESENTATION OF MEMBERS

### (GOVERNORS, ALTERNATE GOVERNORS, TEMPORARY ALTERNATE GOVERNORS)

| <b>ADB Member Represented</b>     | <b>First Name</b>                            | <b>Last Name</b>                    | <b>Registration Category</b>   |
|-----------------------------------|--|-------------------------------------|--|
| Afghanistan                       | Eklil Ahmad<br>Mohd. Khalid                  | Hakimi<br>Payenda                   | Governor<br>Alternate Governor   |
| Armenia                           | Armen  | Hayrapetyan                         | Alternate Governor   |
| Australia                         | Lisa<br>Concetta                             | Elliston<br>Fierravanti-Wells       | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Austria                           | Elisabeth<br>Hubert<br><br>Verena<br>Michael | Gruber<br>Fuchs<br><br>Hagg<br>Wogg | Alternate Governor<br>Temporary Alternate Governor<br>(Head of Delegation)<br>Temporary Alternate Governor<br>Temporary Alternate Governor |
| Azerbaijan                        | Samir<br>Azar                                | Sharifov<br>Mursagulov              | Governor<br>Temporary Alternate Governor   |
| Bangladesh                        | Abul Maal A.<br>Kazi                         | Muhith<br>Azam                      | Governor<br>Alternate Governor   |
| Belgium                           | Ronald<br>Stefany                            | De Swert<br>Knoll                   | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Bhutan                            | Namgay<br>Dasho<br>Loday                     | Dorji<br>Penjore<br>Tsheten         | Governor<br>Alternate Governor<br>Alternate Governor   |
| Brunei<br>Darussalam              | Dato Dr. Amin Liew<br>Dr. May Fa'ezah        | Abdullah<br>Ahmad Ariffin           | Governor<br>Temporary Alternate Governor   |
| Cambodia                          | Vissoth<br>Vanndy<br>Phalla                  | Vongsey<br>Hem<br>Phan              | Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Canada                            | Donald<br>Calvin                             | Bobias<br>Piggott                   | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| China,<br>People's<br>Republic of | Shixin<br>Zhijun<br>Weihua<br>Weiping        | Chen<br>Cheng<br>Liu<br>Yu          | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor               |
| Cook Islands                      | Garth<br>Angelia                             | Henderson<br>Williams               | Alternate Governor<br>Temporary Alternate Governor   |
| Denmark                           | Jan Top<br>Jesper Segelcke                   | Christensen<br>Thomsen              | Alternate Governor<br>Temporary Alternate Governor   |

|                       |   |  |  |
|-----------------------|---|--|--|
| Fiji                  | Aiyaz<br>Faizul Ariff<br>Makereta<br>Lorraine<br>Pankaj       | Sayed-Khaiyum<br>Ali<br>Konrote<br>Seeto<br>Singh          | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor                                 |
| Finland               | Leena<br>Max  | Viljanen<br>von Bonsdorff                                  | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| France                | Rousseau<br>Nicolas   | Cyril<br>Galey   | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Georgia               | Mamuka<br>Nikoloz   | Bakhtadze<br>Gagua   | Governor<br>Temporary Alternate Governor   |
| Germany               | Norbert<br>Dominik  | Barthle<br>Ziller  | Governor<br>Temporary Alternate Governor   |
| Hong Kong,<br>China   | Mo-po<br>Ho-lim, Joseph<br>Willy                              | Chan<br>Chan<br>Tsoi                                       | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| India                 | Subhash Chandra<br>Sameer Kumar                               | Garg<br>Khare  | Alternate Governor<br>Temporary Alternate Governor   |
| Indonesia             | Sri Mulyani<br>Bambang<br>Suahasil<br>Parjiono<br>Rionald     | Indrawati<br>Brodjonegoro<br>Nazara<br>Parjiono<br>Silaban | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor                                 |
| Ireland               | Paul<br>Sean<br>Patrick                                       | Ryan<br>Judge<br>Mulhall                                   | Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Italy                 | Federica<br>Maurizio<br>Alberto                               | Diamanti<br>Ghirga<br>Cogliati                             | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Japan                 | Taro<br>Haruhiko<br>Masatsugu<br>Takeshi<br>Takashi<br>Wataru | Aso<br>Kuroda<br>Asakawa<br>Kurihara<br>Miyahara<br>Sakata | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor |
| Kazakhstan            | Nurym<br>Ruslan<br>Dinmukhamet                                | Ayazbayev<br>Dalenov<br>Sagynyshov                         | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Kiribati              | Dr Teuea<br>Faitele<br>James                                  | Toatu<br>Mika<br>Webb                                      | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Korea,<br>Republic of | Dong Yeon<br>Ju Yeol  | Kim<br>Lee   | Governor<br>Alternate Governor   |

|                                  |                                   |                                       |  |
|----------------------------------|-----------------------------------|---------------------------------------|--|
|                                  | Kunil                             | Hwang                                 | Temporary Alternate Governor   |
| Kyrgyz Republic                  | Aziz Mirlanbek                    | Aaliev Baigonchokov                   | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Lao People's Democratic Republic | Vathana Thipphakone               | Dalaloy Chanthavongsa                 | Alternate Governor<br>Temporary Alternate Governor   |
| Luxembourg                       | Arsene Miguel Sami Yves Catherine | Jacoby Marques Masri Weber Wiseler    | Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor |
| Malaysia                         | Muhammad Azah Hanim Malahayati    | Ibrahim Ahmad Abdullah                | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Maldives                         | Ahmed Ahmed                       | Munawar Mazin                         | Governor<br>Temporary Alternate Governor   |
| Marshall Islands                 | Maybelline                        | Andon                                 | Alternate Governor   |
| Micronesia, Federated States of  | Sihna Marion Robert Alexander     | Lawrence Henry Solomon                | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Mongolia                         | Lkhagvasuren                      | Byadran                               | Temporary Alternate Governor   |
| Myanmar                          | Kyaw Tun Tun Si Si Soe            | Win Naing Pyone Thein                 | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Nauru                            | David Martin Ranin Russ           | Adeang Hunt Akua Kun                  | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Nepal                            | Yuba Raj Kewal Prasad Homkanta    | Khatiwada Bhandari Bhandari           | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| The Netherlands                  | Jan Willem Sophie                 | van den Wall Bake Willems             | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| New Zealand                      | Jon Ashley Peter Constantijn      | Grayson Holleaux Shackleton Vandersyp | Governor ad interim<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor                                |
| Norway                           | Paul Sverre Siljan                | Tharaldsen                            | Temporary Alternate Governor   |

|                  |   |  |  |
|------------------|---|--|--|
| Pakistan         | Syed Ghazanfar<br>Abbas<br>Amjad<br>Shahid<br>Aman                      | Jilani<br>Mahmood<br>Mahmood<br>Rashid   | Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Palau            | Elbuchel<br>Sally   | Sadang<br>Techitong-Soalablai  | Governor<br>Temporary Alternate Governor   |
| Papua New Guinea | Charles<br>Dairi  | Abel<br>Vele   | Governor<br>Alternate Governor   |
| Philippines      | Carlos<br>Nestor<br>Benjamin<br>Peter<br>Diwa<br>Ernesto<br>Maria Edita | Dominguez<br>Espenilla, Jr.<br>Diokno<br>Favila<br>Guinigundo<br>Pernia<br>Tan | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor |
| Portugal         | Ana catarina<br><br>Antonio   | Apolónia Gomes<br>Barreto<br>Rufino  | Temporary Alternate Governor<br><br>Temporary Alternate Governor   |
| Samoa            | Epa<br>Iulai<br>Atalina<br>Benjamin<br>Margaret                         | Tuioti<br>Lavea<br>Enari<br>Pereira<br>Tafunai                                 | Governor<br>Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Singapore        | Swee Keat<br>Ping Yi<br>Lina<br>Edmund                                  | Heng<br>Yee<br>Chua<br>Ng  | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Solomon Islands  | Harry Degruit<br>Denton   | Kuma<br>Rarawa   | Alternate Governor<br>Temporary Alternate Governor   |
| Spain            | Clara<br>Silvia   | Crespo<br>Torices  | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Sri Lanka        | Mangala<br>Ruwanchandra<br>Samantha                                     | Samaraweera<br>De Sliva<br>Samaratunga   | Governor<br>Alternate Governor<br>Temporary Alternate Governor   |
| Sweden           | Harald<br>Kerstin   | Fries<br>von Hedenberg   | Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Switzerland      | Denise<br>Markus<br>Joël  | Lüthi Crisan<br>Dürst<br>Farronato   | Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Taipei,China     | Yu-Jer<br>Songhuann   | Sheu<br>Lin  | Governor<br>Temporary Alternate Governor   |
| Tajikistan       | Davlatali   | Said   | Governor   |

|                |   |  |  |
|----------------|---|--|--|
|                | Nematullo   | Khikmatullozoda  | Alternate Governor   |
| Thailand       | Apisak<br>Sasiphand<br>Suwit<br>Pornwasa<br>Chularat<br>Pattama<br>Soraphol<br>Jindarat | Tantivorawong<br>Bhanarai<br>Rojanavanich<br>Sirinupongs<br>Suteethorn<br>Teanravisitsagool<br>Tulayasathien<br>Viriyataveekul | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor |
| Timor-Leste    | Fernanda<br>Joao<br>Pedro   | Borges<br>Da Costa Braz<br>Laranjeira  | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Tonga          | Pilimilose Balwyn<br>Lesieli Tufui  | Faotusia<br>Faletau  | Alternate Governor<br>Temporary Alternate Governor   |
| Turkey         | Kemal Cagatay<br>Oguzhan<br>Hasan   | Imirgi<br>Keles<br>Talakaci  | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Turkmenistan   | Serdar  | Gurbandurdyev  | Alternate Governor   |
| Tuvalu         | Maatia<br>Talavai   | Toafa<br>Iona  | Governor<br>Alternate Governor   |
| United Kingdom | Gabby<br>Bill<br>Richard<br>Daniel Robert   | Crane<br>Kilby<br>Montgomery<br>Pruce  | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| United States  | Geoffrey<br>Colin<br>Robert<br>William  | Okamoto<br>Huerter<br>Kaproth<br>Beach   | Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Uzbekistan     | Sukhrob<br>Djamshid<br>Sardor   | Kholmuradov<br>Kuchkarov<br>Sagdullayev  | Governor<br>Temporary Alternate Governor<br>Temporary Alternate Governor   |
| Vanuatu        | Gaetan<br>Letlet  | Pikioune<br>August   | Governor<br>Alternate Governor   |
| Viet Nam       | Tu<br>An  | Dao Minh<br>Ha Hai   | Temporary Alternate Governor<br>Temporary Alternate Governor   |



**OTHER MEMBERS OF THE GOVERNORS' DELEGATIONS (ADVISERS)**

| <b>ADB Member</b> | <b>First Name</b> | <b>Last Name</b> | <b>Registration Category</b> |
|-------------------|-------------------|------------------|------------------------------|
| Afghanistan       | Mustafa           | Aria             | Adviser                      |
|                   | Abdul Qahhar      | Khan             | Adviser                      |
|                   | Mohd. Yamma       | Shams            | Adviser                      |
| Australia         | John              | Alikpala         | Adviser                      |
|                   | Grace             | Borja            | Adviser                      |
|                   | Jeremy            | Bruer            | Adviser                      |
|                   | Robert            | Christie         | Adviser                      |
|                   | Jamie             | Cooper           | Adviser                      |
|                   | Ryan              | Coughlan         | Adviser                      |
|                   | Rachael           | Cusack           | Adviser                      |
|                   | Mariel Ella       | Eduarte Clark    | Adviser                      |
|                   | Samuel            | Guest            | Adviser                      |
|                   | Amelia            | Henty            | Adviser                      |
|                   | Glenn             | Kilimann         | Adviser                      |
|                   | Mat               | Kimberley        | Adviser                      |
|                   | John              | Larkin           | Adviser                      |
|                   | Francesca         | Lawe-Davies      | Adviser                      |
|                   | Luke              | Lyons            | Adviser                      |
|                   | Anthony           | McDonald         | Adviser                      |
|                   | Jenni             | McEwin           | Adviser                      |
| Michelle          | Pendrick          | Adviser          |                              |
| Daniel            | San Jose          | Adviser          |                              |
| Nardia            | Simpson           | Adviser          |                              |
| Katherine         | Tuck              | Adviser          |                              |
| Joy               | Valenzuela        | Adviser          |                              |
| Malcolm           | Westhead          | Adviser          |                              |
| Austria           | Mag. Clemens      | Mitmesser        | Adviser                      |
| Azerbaijan        | Yusif             | Heydarov         | Adviser                      |
|                   | Amin              | Muradov          | Adviser                      |
| Bangladesh        | Asad Uddin        | Ahmed            | Adviser                      |
|                   | Tanvir            | Bashar           | Adviser                      |
|                   | Debaprosad        | Debnath          | Adviser                      |
|                   | Sajib             | Hom Roy          | Adviser                      |
|                   | Mohammad Manik    | Hossain          | Adviser                      |
|                   | Syed Rashedul     | Hossen           | Adviser                      |
|                   | Mohammad          | Islam            | Adviser                      |
|                   | Samina            | Muhith           | Adviser                      |
|                   | MD                | Rahman           | Adviser                      |
|                   | Asad Alam         | Siam             | Adviser                      |
|                   | Muhammad Alkama   | Siddiqui         | Adviser                      |
| Fatima            | Yasmin            | Adviser          |                              |





|                     |                      |                       |                    |
|---------------------|----------------------|-----------------------|--------------------|
| Fiji                | Makosoi              | Bati                  | Adviser            |
|                     | Suliano              | Cavuilati             | Adviser            |
|                     | Andrew               | Coriakula             | Adviser            |
|                     | Shahana              | Didar                 | Adviser            |
|                     | Adi Miriama          | Drauna                | Adviser            |
|                     | Shiri                | Gounder               | Adviser            |
|                     | Kelera               | Savu                  | Adviser            |
|                     | Malvina              | Singh                 | Adviser            |
|                     | Suliana              | Taukei                | Adviser            |
|                     | Melaia<br>Bernadette | Tuitikoitoga<br>Welch | Adviser<br>Adviser |
| Finland             | Simo-Pekka           | Parviainen            | Adviser            |
| France              | Patrick              | Pillon                | Adviser            |
| Georgia             | Giorgi               | Beridze               | Adviser            |
|                     | Archil               | Chitidze              | Adviser            |
|                     | Giorgi               | Choladze              | Adviser            |
|                     | Akaki                | Lemondjava            | Adviser            |
| Germany             | Elke                 | Baumann               | Adviser            |
|                     | Monika               | Beck                  | Adviser            |
|                     | Turan                | Caglayan              | Adviser            |
|                     | Cornelia             | Gröhl                 | Adviser            |
|                     | Stefan               | Kramer                | Adviser            |
|                     | Anja Jane            | Niemann               | Adviser            |
|                     | Joachim Walter       | Prey                  | Adviser            |
|                     | Roland               | Siller                | Adviser            |
|                     | Florian              | Theus                 | Adviser            |
|                     | Andreas              | Ziesmann              | Adviser            |
| Hong Kong,<br>China | Yuen Kau Hormany     | Chan                  | Adviser            |
|                     | On Yee Angie         | Chung                 | Adviser            |
|                     | Chui-ping, Michelle  | Ho                    | Adviser            |
|                     | Kwan Yu Jessie       | Hui                   | Adviser            |
|                     | Vincent              | Lee                   | Adviser            |
|                     | Wing Fung            | Lo                    | Adviser            |
|                     | Wai Yee              | Pang                  | Adviser            |
|                     | Chi Wang             | Te                    | Adviser            |
|                     | Kai Ki               | Wong                  | Adviser            |
| Indonesia           | Mirza                | Adityaswara           | Adviser            |
|                     | Ahmad Arief          | Adnan                 | Adviser            |
|                     | Irfa                 | Ampri                 | Adviser            |
|                     | Bondan               | Anggrita              | Adviser            |
|                     | Ferry                | Ardiyanto             | Adviser            |
|                     | Abun                 | Bunyamin              | Adviser            |
|                     | Bella                | Custodio              | Adviser            |
|                     | Dalyono              | Dalyono               | Adviser            |
|                     | Rahutomo Anugrah     | Dewanto               | Adviser            |
|                     | Budi                 | Dhewajani             | Adviser            |

|                   |                     |           |         |
|-------------------|---------------------|-----------|---------|
| Dewi              | Kania               | Adviser   |         |
| Raden Siliwanti   | Kaspija             | Adviser   |         |
| Monica            | Maranatha Christina | Adviser   |         |
| Marivic           | Marcaida            | Adviser   |         |
| Retno             | Maruti              | Adviser   |         |
| Any               | Muryani             | Adviser   |         |
| Fickry Widya      | Nugraha             | Adviser   |         |
| Evan              | Oktavianus          | Adviser   |         |
| Wahyu             | Pratomo             | Adviser   |         |
| Wempi             | Saputra             | Adviser   |         |
| Eko Nugroho Mardi | Saputro             | Adviser   |         |
| Sinyo Harry       | Sarundajang         | Adviser   |         |
| Gandy             | Setiawan            | Adviser   |         |
| Kennedy           | Simanjuntak         | Adviser   |         |
| Juliandi Ricardo  | Sipayung            | Adviser   |         |
| Suminto           | Suminto             | Adviser   |         |
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| Hendrawan Tri     | Susilo              | Adviser   |         |
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| Tri Dewi          | Virgiyanti          | Adviser   |         |
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| Hidayat           | Zakaria             | Adviser   |         |
| Rizki             | Zakiyah             | Adviser   |         |
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| Micronesia, Federated States of  | Julyn<br>Senny  | Lawrence<br>Phillip   | Adviser<br>Adviser  |
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| United       | Shantanu  | Mitra   | Adviser  |



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## LIST OF OBSERVERS

| Organization                            | First Name        | Last Name       |
|---|-------------------|-----------------|
| Agence Francaise de Developpement       | Cyrille           | Bellier         |
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|   | Hugo              | Lecue           |
|   | Stéphanie         | Margot          |
|   | Jean-Claude       | Pires           |
| ASEAN+3 Macroeconomic Research Office   | Akira             | Ariyoshi        |
|   | Junhong           | Chang           |
|   | Feng              | Gong            |
|   | Beomhee           | Han             |
|   | Pum               | Huot            |
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|   | Hamid             | Sharif          |
| Association of South East Asian Nations | Jonathan          | Panggabean      |
| Black Sea Trade and Development Bank    | Nina              | Stavreva        |
|   | Serafeim          | Tsokas          |
| CAREC Institute                         | Ziqian            | Liang           |
|   | Yiwen             | Zhang           |
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| European Bank for Reconstruction & Dev. | Mandeep           | Bains           |
| European Commission                     | Pierre            | Amilhat         |
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|   | Arab              | Hoballah        |
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|   | Ira               | Lasaraty        |
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|   | Enrico            | Strampelli      |
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|   | Angela            | Marcarino Paris |
| European Stability Mechanism            | Kari              | Korhonen        |

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| Export-Import Bank of Korea               | Sung-soo<br>Yong-seok<br>Hee-won<br>Jin-Kyun<br>Sung Yong   | Eun<br>Kim<br>Ko<br>Lee<br>Um  |
| Food & Agriculture Organization of the UN | Tamara Jean<br>Jose Luis<br>Claudius<br>Maria Cecilia   | Duran<br>Fernandez<br>Gabinete<br>Pastores   |
| Green Climate Fund                        | German  | Velasquez  |
| International Finance Corporation         | Oualid<br>Valentino<br>Jose Manuel<br>Hyun-Chan<br>Harmen Jan<br>Jingdong<br>Mikio<br>Hiroshi<br>Yuji<br>Laura<br>Vivek<br>Snezana<br>Yuan  | Ammar<br>Bagatsing<br>Benitez<br>Cho<br>Groesbeek<br>Hua<br>Ishiguro<br>Jinno<br>Kano<br>Laurio<br>Pathak<br>Stoiljkovic<br>Xu   |
| International Labour Organization         | Pablo<br>Jose<br>Eddie Ernie<br>Ola<br>Cliff Winston<br>Dr Hewage Chithral<br>Christine Martha<br>Ella Mariel<br>Antonio Isidro<br>Ellirie<br>Edsil<br>Bryan<br>Ronnie John<br>Christopher<br>Klaus<br>Arnold Grant<br>Marilyn<br>Katherine<br>Beatriz<br>Liezl<br>Ma Mercedes<br>Katrina Janine<br>Ramon<br>Mary Anndie<br>Ma. Teresa<br>Virginia<br>Ernesto | Acosta<br>Aguilar<br>Albano<br>Almgren<br>Alvarico<br>Ambawatte<br>Anievas<br>Antonio<br>Asper<br>Aviles<br>Bacalso<br>Balco<br>Barrientos<br>Bautista<br>Beck<br>Belver<br>Betis<br>Brimon<br>Brondial<br>Bugtay<br>Bullas<br>Cabanos<br>Certeza<br>Clavel<br>Combatir<br>Creer<br>Cruz |

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| Nepomuceno       | Malaluan         |
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| Federico         | Marquez          |
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| Missie Ann       | Martinez         |
| Nieva            | Natural          |
| Michael Duane    | Navales          |
| Brenda           | Nazareth-Manzano |
| Tomoko           | Nishimoto        |
| Pauli Andrenette | Ong              |
| Grace            | Palmos           |
| Gwyneth Anne     | Parales          |
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| International Organization for Migration        | Marco   | Boasso  |
| International Fund for Agricultural Development | Charlotte Sofia Elisabeth<br>Wei  | Salford<br>Wang   |

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| Islamic Financial Services Board          | Bello Danbatta   | Lawal   |
| Ministry of Finance, Israel               | Ofer   | Peleg   |
| Japan Bank for International Cooperation  | Seigo<br>Haruna<br>Nobumitsu<br>Yoko<br>Hiromitsu<br>Akira<br>Takashi<br>Tomohiro<br>Tsuyoshi<br>Fumio<br>Koji   | Baba<br>Fujii<br>Hayashi<br>Katakura<br>Koike<br>Kondoh<br>Matsuzaki<br>Mochida<br>Nishitani<br>Suzuki<br>Yamada  |
| Japan International Cooperation Agency    | Maria Pherpetua<br>Tracy Melissa<br>Shinya<br>Keisuke<br>Akira<br>Koichi<br>Katsuo<br>Ryutaro<br>Kessy<br>Patrick Adams<br>Atsushi<br>Takashi<br>Yoshio<br>Tetsuya | Carandang-Patio<br>Decena<br>Ejima<br>Fukui<br>Fukuyama<br>Hasegawa<br>Matsumoto<br>Murotani<br>Reyes<br>San Juan<br>Shibata<br>Usami<br>Wada<br>Yamada |
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| Kuwait Fund for Arab Economic Development | Waleed<br>Hesham   | Albahar<br>Alwaqayan  |
| Mekong River Commission                   | Naruepon   | Sukumasavin   |
| Multilateral Investment Guarantee Agency  | Histed   | Timothy James   |
| New Development Bank                      | Ningqian<br>Xian   | Zhang<br>Zhu  |
| Niue                                      | Pats<br>Wayne<br>Peleni  | Aue<br>McCaughan<br>Talagi  |
| Nordic Development Fund                   | Pasi   | Hellman   |

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| Pacific Islands Forum Secretariat                      | Raymond Nilesh<br>Cristelle  | Prasad<br>Pratt   |
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| <b>Executive Director</b> | <b>Alternate Executive Director</b> | <b>Director's Advisor</b>            |
|---------------------------|-------------------------------------|--------------------------------------|
| In-Chang Song             | Bobur Khodjaev                      | Huingchul Lim<br>Simon Tiwok         |
| Shahid Mahmood            | Paul Dominguez                      | Jerry Nathan<br>Amjad Mahmood        |
| Kris Panday               | Joar Lonning Strand                 | Marc Rooijackers<br>Alan Gibbons     |
| VACANT                    | Anthony Scott Dawson                | Alik Alik<br>Joe Chow                |
| Syurkano Ishak Kasim      | Mario Guisepe Di Maio               | Lesieli Tufui Faletau<br>Aziz Aaliev |
| Zhijun Cheng              | Jin Lu                              | Yanrong Wang<br>Jie Qin              |
| VACANT                    | Michael Strauss                     | Celine Senseney<br>Marina Best       |
| Anuar Bin Ariffin         | Som Lal Subedi                      | Somkid Boonlonlear<br>San San Oo     |
| Pierre-Emmanuel Beluche   | Johannes Schneider                  | Stefany Knoll<br>Pablo Facchinei     |
| Kshatrapati Shivaji       | Mahbub Ahmed                        | M Devaraj                            |
| Helmut Fischer            | Philip Rose                         | Hasan Talakaci<br>Yves Webber        |
| Takeshi Kurihara          | Masashi Tanabe                      | Hidemasa Fukuda<br>Goshi Tsukamoto   |





**Manila**  
2018  
51<sup>st</sup> ADB ANNUAL MEETING  
3-6 MAY



### **ADB PRINCIPAL OFFICERS AND SENIOR STAFF**

|                       |   |
|-----------------------|---|
| Takehiko Nakao        | President   |
| Stephen Groff         | Vice President (Operations 2)                                     |
| Wencai Zhang          | Vice President (Operations 1)                                     |
| Bambang Susantono     | Vice President (Knowledge Management and Sustainable Development) |
| Diwakar Gupta         | Vice President (Private Sector and Cofinancing)                   |
| Deborah Anne Stokes   | Vice President (Administration and Corporate Management)          |
| Ingrid van Wees       | Vice President (Finance and Risk Management)                      |
| Ayumi Konishi         | Special Senior Advisor to the President                           |
| James Nugent          | Special Senior Advisor to the President                           |
| Xianbin Yao           | Special Senior Advisor to the President                           |
| WooChong Um           | The Secretary   |
| Pierre Van Peteghem   | Treasurer   |
| Yasuyuki Sawada       | Chief Economist and Director General, ERCD                        |
| Christopher Stephens  | General Counsel   |
| Toshio Oya            | Director General, BPMSD   |
| Werner Liepach        | Director General, CWRD  |
| Marvin Taylor-Dormond | Director General, IED   |
| Ma.Carmela Locsin     | Director General, PARD  |
| Risa Zhijia Teng      | Director General, PPF   |
| Michael Peter Barrow  | Director General, PSOD  |
| Hun Kim               | Director General, SARD  |
| Amy Leung             | Director General, SDCC  |
| Ramesh Subramaniam    | Director General, SERD  |
| Tomoyuki Kimura       | Director General, SPD   |
| John Versantvoort     | Head, OAI   |
| Kai Preugschat        | Head, OCO   |
| Yoji Morishita        | Head, OPPP  |
| Adnan Ally Agha       | Head, ORM   |

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|-------------------------|---|
| Wayne Blair             | Ombudsperson  |
| Dingding Tang           | Chair, OCRP   |
| Naoyuki Yoshino         | Dean, ADBI  |
| Vicky Tan               | Principal Director, DOC   |
| Lakshmi Menon           | Principal Director, OAS   |
| Shirin Hamid            | Principal Director, OIST  |
| Warren Evans            | Special Project Facilitator   |
| Kazuki Fukunaga         | Deputy Treasurer  |
| Juzhong Zhuang          | Deputy Chief Economist, ERCD  |
| Ramit Nagpal            | Deputy General Counsel  |
| Hong Wei                | Deputy Director General, CWRD   |
| M. Teresa Kho           | Deputy Director General, EARD   |
| Veronique Salze-Lozac'h | Deputy Director General, IED  |
| James Patrick Lynch     | Deputy Director General, PARD   |
| Ashraf Mohammed         | Deputy Director General, PPFD   |
| Christopher Thieme      | Deputy Director General, PSOD   |
| Diwesh Sharan           | Deputy Director General, SARD   |
| Nessim Ahmad            | Deputy Director General, SDCC concurrently Chief Compliance Officer     |
| Chiara Bronchi          | Deputy Director General concurrently Chief Thematic Officer, SDTC, SDCC |
| F. Cleo Kawawaki        | Deputy Director General, SERD   |
| Eugene Zhukov           | Deputy Director General, SPD  |
| Noritaka Akamatsu       | Senior Advisor (Financial Cooperation and Integration), EROD            |
| Avonechith Siackhachanh | Senior Advisor, EROD  |
| Tatsuya Kanai           | Senior Advisor, OCO   |
| Kenji Yuhaku            | Senior Advisor, OPSD  |
| Robert Guild            | Chief Sector Officer, SDSC and concurrently Director, EATC              |
| Safdar Parvez           | Director, CWRC  |
| Rie Hiraoka             | Director, CWSS  |
| Dong-Soo Pyo            | Director, CWTC  |
| Ye Yong                 | Director, CWUW  |
| Omana Nair              | Director, DCMD  |

|                        |   |
|------------------------|---|
| Ying Qian              | Director, EAPF  |
| Sangay Penjor          | Director, EASS  |
| Cyn-Young Park         | Director, ERCI  |
| Rana Hasan             | Director, ERDI  |
| Edimon Ginting         | Director, EREA  |
| Joseph Zveglich        | Director, ERMR  |
| Walter Kolkma          | Director, IETC  |
| Nathan Subramaniam     | Director, IESP  |
| David Binns            | Director, OAI   |
| Makoto Ojira           | Director, OAFA  |
| Qifeng Zhang           | Director, OAIS  |
| Jacob Sorensen         | Director, OCO   |
| Pierre Passin          | Director, OIID  |
| Takeo Koike            | Director, OPPP  |
| Olly Norojono          | Director, PATE  |
| Emma Veve              | Director, PAUS  |
| Jeffrey Taylor         | Director, PFP1  |
| Walter Poick           | Director, PFP2  |
| Christine Engstrom     | Director, PSFI  |
| Shantanu Chakraborty   | Director, PSIF1   |
| Jackie Surtani         | Director, PSIF2   |
| Janette Hall           | Director, PSIS  |
| Craig Roberts          | Director, PSPM  |
| Mark Kunzer            | Director, PSTS  |
| Priyantha Wijayatunga  | Director, SAEN  |
| Sungsup Ra             | Director, SAHS  |
| Bruno Carrasco         | Director, SAPF  |
| Ronald Antonio Butiong | Director, SARC  |
| Preety Bhandari        | Director, SDCD concurrently Chief of Climate Change and Disaster Risk Management Thematic Group |
| Andrew Jeffries        | Director, SEEN  |
| Jiangfeng Zhang        | Director, SEER  |
| Ayako Inagaki          | Director, SEHS  |

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|-----------------------------|--|
| Alfredo Perdiguero          | Director, SERC   |
| Hiroaki Yamaguchi           | Director, SETC   |
| Vijay Padmanabhan           | Director, SEUW   |
| Valerie Hill                | Director, SPBP   |
| Leah Gutierrez              | Director, SPOP   |
| Bernard Woods               | Director, SPRA   |
| Cheong Ann Png              | Assistant General Counsel, OGC                               |
| Asel Djusupbekova           | Assistant Secretary  |
| Maria Lomotan               | Assistant Treasurer, TDFD                                    |
| Michael Jordan              | Assistant Treasurer, TDID                                    |
| Sukhumarn Phanachet         | Assistant Treasurer, TDTS                                    |
| Alain Duminy                | Advisor and Head, OIOD-AC                                    |
| Andrew Clinton              | Advisor and Head, OAOR                                       |
| Eleonora Windisch           | Advisor and Head, SAOD-PR                                    |
| Gambhir Bhatta              | Advisor and Head, SDCC-KS                                    |
| Lesley Lahm                 | Advisor and Head, SPIN                                       |
| Jonathan Grosvenor          | Advisor, TDOT and Head, TDCS                                 |
| Brajesh Panth               | Chief of Education Sector Group, SDSC-EDU                    |
| Yongping Zhai               | Chief of Energy Sector Group, SDSC-ENE                       |
| Anne Charlotte Schou-Zibell | Chief of Finance Sector Group, SDSC-FIN                      |
| Sonomi Tanaka               | Chief of Gender Equity Thematic Group, SDTC-GEN              |
| Srinivas Sampath            | Chief of Public-Private Partnership Thematic Group, OPPP     |
| Arjun Goswami               | Chief of Regional Cooperation and Integration Division, EROD |
| Wendy Walker                | Chief of Social Development Thematic Group, SDTC-SOC         |
| Manoj Sharma                | Chief of Urban Sector Group, SDSC-URB                        |
| Thomas Panella              | Chief of Water Sector Group, SDSC-WAT                        |
| Kelly Bird                  | Country Director, PHCO                                       |
| Abdul Abiad                 | Economic Advisor, EROD                                       |
| Robert Schoellhammer        | Advisor, EAOD  |
| Jesus Felipe                | Advisor, EROD  |
| Jose Antonio Tan III        | Advisor, IEOD  |
| Munawar Alam                | Advisor, OCRP  |

|                |  |
|----------------|--|
| Robert Jauncey | Advisor, PAOD                                  |
| May Yap        | Advisor (Finance), OGC                         |
| Steven Beck    | Advisor (Trade and Supply Chain Finance), OPSD |