

## MALDIVES

RILUWAN SHAREEF, Alternate Governor

May I first of all express our sincere gratitude to the Spanish Government for the kind hospitality accorded to the Governors, and the excellent logistics provided for this 41st Annual Meeting of the Asian Development Bank (ADB) in this historic and beautiful city of Madrid. The magical opening event with world-renowned Spanish talent and the honor of this session being graced by His Majesty the King of Spain, all make this indeed a very special annual meeting.

At the outset, may I echo the sentiments of fellow governors in conveying my delegation's condolences to the people of Spain for the loss of their beloved previous prime minister H.E. Leopoldo Calvo Sotelo, and to the people of Myanmar for the grave loss of life during the recent natural disaster.

We meet today at a time when many developing member countries (DMCs) are faced with serious challenges, not the least of which is the global food crisis and the record-high oil prices, along with several commodity prices in the world markets.

We discussed ADB's long-term strategic framework 2008–2020 (Strategy 2020) on Sunday, and, as has been voiced by several governors, the strategy is relevant and important in guiding the work of ADB in achieving the dream of an Asia rid of poverty. May I use this opportunity to congratulate the group of eminent persons, President Kuroda, and his staff for their valuable contributions to this important work. However, at the same time, as a DMC, we wish to reiterate the importance of not losing the focus of ADB's mandate, and of continuing to fight poverty through inclusive and environmentally sustainable growth, by supporting critical areas such as agriculture and water resources for the most needy. More resources must be made available for public sector investment while at the same time enhancing the ordinary capital resources window for leveraging of the private sector.

There are two critical challenges faced by Maldives, and by other small and vulnerable island economies. The first is the plight of these low-lying islands in the face of climate change and particularly the effects of sea level rise.

The Maldives has adopted a National Adaptation Plan of Action as the guiding principle for mainstream adaptation to climate change in all infrastructure development. The population and development consolidation program, and the concept of developing selected safe islands are all aimed at creating fewer and safer land masses for the people of Maldives. With some of strictest laws on the preservation of marine ecosystems in the world, we strive to plan a future that is more prosperous, economically sustainable, inclusive of essential social services, and safer from natural disasters and sea level rise.

The potential threat to the Maldives from climate change is so serious that we brought this to the attention of the global community as far back as 1987. Over the past more than 20 years we have unfortunately not seen enough global action to mitigate the negative effects of climate change. There now appears to be some hope that the Bali Plan of Action and other heartening developments will start at least minimizing if not reversing global warming.

I wish to gratefully acknowledge the European Commission's declaration of support to the Maldives' Safe Islands program through the Global Climate Change Alliance and the recent adoption of the resolution by the United Nations Human Rights Council on the protection of human rights from the effects of climate change. We are immensely grateful to the countries that have supported these outcomes and applaud their courage and resolve.

We urge the ADB membership to stand by these resolutions and commitments and assume a strong role in seeking and mobilizing the resources needed, minimizing aid fragmentation, and adopting innovative tools for financing this dire need, even if it means digressing a bit from the norms ADB is used to. The issue is so serious we believe that tradition and institutional bureaucracy should not get in the way of the world's desire to reverse global warming ... if that desire indeed is global.

The second critical issue is soaring commodity prices, especially of food and fuel. Maldives imports essentially all consumer goods, including food. The weak US dollar to which our currency is pegged and the tightening of dollar resources are putting a lot of strain on our reserves, and capital squeezes in foreign currency markets are placing small and medium enterprises at risk of shutting up shop.

We urge ADB to urgently act and make available alternative financing mechanisms to assist DMCs to cope with high inflation and strained balance of payment positions. In addition, ADB could, with assistance from its membership, attempt to stabilize world commodity prices.

Maldives congratulates President Kuroda and the donor community for having successfully concluded the ninth replenishment of the Asian Development Fund (ADF X) negotiations, and thanks the donors for having come up with a high net ADF envelope. I wish to request ADB to allow formal representation of non-donor DMCs in these negotiations in the future. In conclusion, I wish to the Chairman and through him the people of Spain and the municipality of Madrid for the warmth hospitality and excellent arrangements accorded to the delegates at this 41st Annual Meeting of ADB.