



GS-48

SINGAPORE

Tharman Shanmugaratnam, Governor

Introduction

First, let me congratulate President Kuroda for a successful Fifth General Capital Increase (GCI-V) which would allow ADB to respond quickly and proactively to the developmental needs of the region. I would also like to express my deepest appreciation to the Government of Indonesia for the excellent organisation of the meeting and the warm hospitality accorded to us.

Global Economic Crisis: Challenges for Asia

The world and Asia will face great challenges in 2009. The World Bank's latest Global Economic Prospects Report projects global GDP in 2009 to contract by 1.7%, the worst performance since World War Two. The volume of world trade is also expected to contract about 6.1% in 2009.

The global economic downturn has severe knock-on effects on developing economies, including those in Asia. The developing world's GDP is expected to shrink by 2.1% in 2009. East Asia is likely to be the most affected by the falloff in global investment and trade, with GDP growth at 5.3% in 2009, a significant reduction from 8% in 2008.

As one of the most open economies in the world, Singapore has also been hit by the global slowdown since the onset of the financial crisis. Our GDP is expected to contract by 6 to 9% in 2009. In response to the deteriorating economic environment worldwide, Singapore delivered in January 2009 an unprecedented S\$20.5 billion (US\$13.7 billion) fiscal stimulus package to mitigate unemployment, help viable companies stay afloat and enhance Singapore's long-term capabilities.

ADB's Role in Asia's Economic Recovery

At the ADB Annual Meeting in Madrid last May, our discussions had focused on how developing countries in Asia were facing problems of inflation caused by high commodity and food prices. One year on, the problem has dramatically shifted to one of unprecedented economic decline precipitated by the global financial crisis.

Unfortunately, just as the poor and disadvantaged were disproportionately affected by food and fuel price inflation, the same group of people would also be hit hard by the economic downturn. In this gloomy economic environment, Asia faces critical challenges in the form of reduced

government revenues to maintain social safety nets and a steep slowdown in poverty reduction. In this regard, the role of regional development banks such as the ADB is more significant than ever. A strong ADB is instrumental to ensuring that the important task of alleviating poverty in Asia is not neglected, and that we continue our work on developing infrastructure and capabilities to prepare Asia for sustained economic growth.

The release of ADB's Strategy 2020 in May 2008 and its subsequent implementation has been vital in keeping ADB's focus on these key areas. Hence, Singapore strongly supports ADB's GCI-V which will provide crucial funding for the implementation of Strategy 2020 and other loan programmes to developing member countries (DMCs).

Beyond resource considerations, the ADB will need to implement internal reforms to improve its effectiveness and stay relevant in a rapidly changing environment. Therefore, Singapore applauds the recent institutional reforms put in place in the ADB's Independent Evaluation Department (IED) and in the area of human resource management. These are positive steps that will strengthen ADB's capabilities in the effective delivery of development assistance to DMCs.

Future Steps

Apart from ongoing internal reforms, there are three areas that ADB could enhance as it embarks on Strategy 2020:

I. Leveraging on Member Countries' Expertise

A number of member countries have accumulated relevant developmental experience and built up pockets of useful expertise that are aligned with ADB's priorities, including urban management and agricultural development. With its extensive network, the ADB could act as a powerful conduit for these experiences and expertise to be shared with other developing economies.

The joint ADB-Singapore project, ATRIUM or Asia Training and Research Initiative for Urban Management, is such an example of synergistic collaboration leveraging on Singapore's urban management experience to deliver focused assistance to DMCs. Under ATRIUM, several joint capacity building and training programmes have been conducted. These include the Singapore-ADB-People's Republic of China Forum on Urban Water and Environmental Management held in March 2007 and a Trade Facilitation and Single Window Development Workshop for Central Asia Regional Economic Cooperation (CAREC) countries held in July 2008.

II. Tapping on Private Sector Expertise and Resources

In order to supplement its technical assistance programmes, the ADB could further leverage on the wealth of private sector expertise and capital to supplement its resources. Much synergy can be derived from the ADB's experience in working with governments, and the private sector's commercial discipline and capacity for innovation.

This approach is well illustrated by the ADB's collaboration with Singapore's private and public sector entities in the establishment of the Asia Infrastructure Project Development (AIPD) Pte Ltd in Singapore in April 2008. The AIPD is a joint partnership between the Singapore Government, three Singapore-based water management companies and the ADB to develop commercially viable public-private partnership (PPP) projects in water supply, sanitation and

wastewater treatment. It is an innovative approach that can be replicated for other aspects of ADB's work.

Since its inception, AIPD has actively engaged many municipal governments, mainly in the People's Republic of China, to establish partnerships with them. In April 2008, AIPD signed a Memorandum of Understanding (MOU) with the Kunming Municipal Government and Kunming Water Supply Group (KWSG) to assist them in developing PPP projects in municipal water supply and waste water treatment.

III. Enhancing Partnerships with other IFIs and the Region

The increasingly proactive role played by international financial institutions (IFIs) such as ADB, World Bank and IMF to support emerging economies in overcoming the global economic downturn is a positive development. Recent moves to enhance this important role include recent G20 initiatives to increase resources of IFIs, increased commitments by the ADB and World Bank towards infrastructure development, trade finance and other needs in Asia, and the introduction of the IMF's new Flexible Credit Line (FCL).

In this crisis, the rationale for closer collaboration between IFIs is especially compelling. Better coordination of developmental efforts and donor harmonisation would increase synergies and optimise the use of limited resources. With its extensive experience in working with Asian economies, the ADB could also play an important role in working with other IFIs such as the IMF to tailor their tools and facilities to better address the needs of the region.

Conclusion

The scope and depth of the myriad challenges facing the region call for a strong ADB to adopt innovative approaches to address the needs of Asia. This should encompass not just important institutional reforms but also collaborative mechanisms to pull in expertise and resources from member countries, the private sector and other IFIs.

In closing, I would like to congratulate President Kuroda and the management of the ADB on another year of notable achievements and wish them the best in the years ahead.