

AUSTRALIA

Stephen Jones, Alternate Governor

I would like to thank the Government of the Philippines for hosting the Fifty-Fifth Annual Meeting to discuss the important work of the ADB and the challenges confronting our region. Importantly, we recognise the challenges currently being faced by Sri Lanka, our original host for this meeting. At this time of upheaval, our concern is with the people of Sri Lanka.

More than two years after the onset of the pandemic, the world continues to grapple with its health and economic impacts. The ADB's crisis response efforts and unprecedented financial support for health, education, and social protection for the most vulnerable have been pivotal, in particular for low- and middle-income countries in our region. While vaccination rates have increased, the pandemic is far from over. Newer, more transmissible variants have emerged, underscoring the need to address the uneven deployment of vaccines and prepare for further challenges. The pandemic also had significant impacts on the workforce, which will need to be addressed and ameliorated going forward.

In this regard, we continue to recognise and support the ADB for the level of ongoing support it provides to the Asia and Pacific region. The ADB has cumulatively committed over \$33 billion under its COVID-19 financing, including over \$4 billion under its Asia Pacific Vaccine Access Facility (APVAX). We also note that the ADB continues to work towards supporting new vaccine manufacturing initiatives to bolster vaccine security in our region, with APVAX expected to deliver more than 1 billion doses to 17 developing member countries. It is important the ADB continues to monitor the evolution and development of new and next generation vaccines that can help our region.

Whilst the health situation may be improving in our region, the economic situation faced by many ADB members remains extremely challenging. Economic pressures such as continued supply disruptions and food and commodity price increases hamper economic recovery. This is particularly the case for the most vulnerable developing member countries. These fragilities and pressures have been compounded and exacerbated by Russia's illegal invasion of Ukraine. We wish to emphasise the importance of the ADB continuing to stand by and assist developing members. This is done by drawing on its significant expertise and knowledge to deliver country-specific tailored assistance, whilst also bringing a comprehensive regional perspective. Budget support will likely remain critical and provides the opportunity for policy engagement with members to embed economic reforms that can promote sustained growth. In this context, we also note that ADF grants will have a critical role in supporting the recovery of the region's most vulnerable members.

In light of the unprecedented financial support provided by the ADB (like other MDBs) in responding to the pandemic, which may need to be ongoing as economies work towards recovery, we support the ADB looking to prudently, maximise and optimise its balance sheet. We note the

recent Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks which will be discussed at an upcoming G20 meeting. We also encourage the ADB to continue to identify opportunities to catalyse and mobilise greater levels of private sector financing.

The pandemic has continued to underline the significant structural vulnerabilities of small island states in the region, and in this constituency. They have been amongst the hardest hit by the economic crisis and remain susceptible to shocks such as natural disasters and the food and commodity price increases that we are currently seeing. We expect that the economic recovery for the small island states in our region will likely be uneven and fragile. Countries are in stretched fiscal positions and economic recovery to return to prepandemic levels of GDP per capita will take time. We are concerned that debt vulnerabilities continue to grow, constraining capacity to invest in recovery. We commend the ADB for continuing to remain cognisant of the unique vulnerabilities when engaging with this region. As highlighted in the inaugural FCAS Annual Report, there is a need for differentiated approaches in dealing with small island states and fragile and conflict-affected situations.

The Pacific Approach adopted last year to guide the ADB's operations in the region is an important policy strategy that Australia welcomes. We applaud other practical initiatives being undertaken by the Bank, such as its recent procurement guidance note that enhances flexibility within its procurement framework for FCAS and SIDS. It will be important for the Bank to ensure that it allocates necessary staff and project resources to support this work going forward.

Australia will continue to work closely with the Pacific and Timor-Leste to ensure our budget support activities respond to the evolving needs across the region. We will work together to protect the most vulnerable people, maintain the delivery of critical services, mitigate fiscal crises, and support economic recovery. We look forward to working alongside the ADB and other development partners to ensure effective coordination of assistance.

The Australian Government has initiated a review into new forms of development finance to support Australia's foreign policy, trade, security and development objectives, as well as to help countries in our region achieve their development and climate objectives. Consultation is critical to the review's success and to ensure new opportunities for partnerships are identified. We are consulting with key stakeholders including partner governments and other bilateral donors, nongovernment organisations (NGOs), private sector representatives such as financial experts, and philanthropic and civil society organisations. How to continue to build on our strong partnership with the multilateral development banks, including the ADB, will form a key part of the review.

Ongoing ADB support for quality infrastructure development will be important for advancing the region's recovery from COVID-19, especially in the Pacific. We want the ADB to continue to expand its field presence in the Pacific to support those countries in timely project design and implementation. As travel conditions improve, we look forward to the ADB increasing its on the

ground engagement with developing member countries and monitoring of ongoing infrastructure projects. We also want the ADB to ensure effective and transparent implementation of the 2017 procurement policy reforms. These can play a part in local job creation and developing domestic capacity at this critical time. As we work to build infrastructure in the region, it is crucial the ADB and development partners undertake procurement with a view to ensuring value for money. It is equally important that the ADB provides the necessary technical assistance and support to developing member countries through the lifecycle of the procurement and infrastructure building.

We welcome the ADB's ambitious vision on climate change. In Australia, the Albanese Government is committed to supporting enhanced climate action in our region. We are acutely aware that climate change is the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific. The ADB's increasing role as the region's 'climate bank' is important, given its ability to scale financing and provide technical assistance to developing member countries. We also appreciate the ADB looking to tackle this challenging issue through innovative solutions and approaches – in particular in relation to ensuring developing member countries have access to reliable and affordable energy.

Finally, to close, I would like to recognise and welcome the second report presented to Governors on Gender Diversity at the ADB Board of Directors. This is an important body of work which Australia supports. Gender equality and women's economic empowerment are important issues that should be progressed, and which align with the region's broader aspirations of inclusive and sustainable development. We look forward to regular updates on progress being made on these issues, and on the recommendations to foster greater Board diversity following the diagnostic exercises undertaken in 2021.