

AUSTRALIA

Chris Legg, Temporary Alternate Governor

It is my pleasure to attend the 2019 Annual Meeting of the ADB Board of Governors, representing Australia's Governor, the Treasurer, the Hon Josh Frydenberg MP, especially during the first ADB annual meeting being held in a Pacific Island Country.

I would like to take this opportunity to thank the Government of Fiji for hosting the 52nd ADB Annual Meeting, and congratulate everyone involved in ensuring the success of the meetings.

Holding the Annual Meeting here in the Pacific for the first time is testament to the emergence of a confident and assertive region, with Governments across the Pacific committed to engaging constructively in multilateral efforts to enhance the wellbeing of their citizens.

The successful development of the Asia-Pacific region is fundamentally important to Australia. And the ADB's priorities remain closely aligned with our own – the eradication of poverty and achievement of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Indeed, the ADB is one of Australia's most important multilateral partners, and we commend the Bank Management's sustained reform efforts to strengthen the institution as it responds to emerging global and regional challenges.

These challenges are particularly acute in the Asia-Pacific region – there remain a large number of people living in poverty, the costs associated with disasters are rising, there are increasing environmental concerns, and substantial infrastructure gaps remain. In addition, many countries in the region face significant capacity constraints to adequately meet these challenges.

Australia welcomes the new long-term corporate strategy, Strategy 2030, released by the Board of Directors last year. Noting the recent development of Operational Plans (OPs) for each of the seven operational priorities set out in Strategy 2030, we support the complementary approach taken to the OPs to capture synergies across the operational priorities.

Implementation of Strategy 2030 will not be business as usual – all aspects of ADB's operations and processes need to be examined to see if they continue to be fit for purpose and are adequately resourced.

Strategy 2030 recognises that the ADB's private sector operations need to play an increasing role as a catalyst for development. In particular, the ADB's balance sheet – even after the ADF-OCR merger – is far too small to meet the infrastructure needs of the region alone. This means breaking out of the traditional mindset of sovereign lending and increasingly considering non-sovereign financing first. We should ask "if not, why not?" in relation to non-sovereign financing for every project.

The first ADB annual meeting hosted by a Pacific Island member is also an opportune time for us to reflect on the special challenges faced by the ADB's Small Island Developing States (SIDS).

For instance, for a country like Tuvalu the challenges are enormous – a nation of 11,000 people spread across nine atolls and reef islands, with a maximum elevation of less than five meters, and a total land area of 26 square kilometres yet an oceanic area of around 900,000 square kilometres.

Strategy 2030 recognises the role of the Asian Development Fund (ADF) as the ADB's facility for providing grants to the poorest and most vulnerable developing member countries.

Australia welcomes the increase in minimum base allocation from \$6 million to \$13 million per year in 2019 and 2020. This increase was particularly beneficial to SIDS that face unique vulnerabilities based on geographic isolation, small populations, distance from major markets, narrow economic base, and significant vulnerability to climate change and natural disasters.

As we look towards the next replenishment of the ADF (ADF13), Australia will continue to advocate for an allocation system that delivers a fair share of ADF assistance to Pacific countries. This will necessarily need to include substantial base allocations as part of the country based component.

Australia is pleased to be supporting the expansion of the ADB's field presence in the Pacific through our Pacific Partnership Facility and we urge the ADB to take the necessary steps for the Pacific country offices approved last year to be opened as soon as possible.

And Australia encourages the ADB to continue efforts to improve the speed and effectiveness of project delivery, especially in the Pacific.

Australia will continue to work actively with the ADB and other parties in the region to address significant challenges. The Australian Government recently announced a new A\$2 billion infrastructure financing facility for the Pacific and Timor-Leste, designed to assist in developing transformational infrastructure projects in the region.

We expect the ADB to continue to engage with the G20 and to collaborate with other international financial institutions and bilateral partners, in the cooperative pursuit of shared objectives, through multilateral and regional forums.

Finally, Australia is encouraged by progress on diversity in ADB staff and management, and recognises the need for parallel efforts to enhance gender diversity in the Executive Board. Nonetheless, there is still much to be done if we are to ensure that the institution is well placed to tap the strengths of a diverse and inclusive culture.

Overall, we are confident that the ADB's reform efforts and its close ties with partners will ensure that the institution continues to play a strong and influential role in the Asia-Pacific region's development.