



GERMANY

Norbert Barthle, Governor

Mr. Chairman, President Nakao, Honourable Governors, Distinguished Guests,

This annual meeting is taking place at a point at which multilateral cooperation has come under stress and global uncertainty has reached a record level. Many ask whether the global institutions that were formed after the Second World War are still relevant to resolving the current and emerging challenges of the 21st century. The answer must be “yes”—and we as shareholders have a role to play to keep them fit for purpose. After all, most of the current challenges and topics we are dealing with transcend borders and indeed regions. As our Chancellor, Ms. Merkel, recently said, these challenges cannot be resolved if we only consider ourselves as a community of responsibility in the national context—they can only be resolved if we regard our entire world as a community of responsibility.

Germany considers the Asian Development Bank a vital partner for continuing to build a global community of responsibility. This is why we fully support ADB’s new long-term strategy with its ambitious objectives of tackling regional challenges, further reducing poverty, responding to Developing Member Countries’ (DMC) needs, and fulfilling its commitments with regard to the SDGs and the Paris Agreement.

Now the time has come for the Bank to describe clearly how it intends to achieve these objectives, how it intends to monitor results, and how it intends to deliver results in an efficient and effective manner. In particular, it will be crucial to undertake a timely review of ADB’s institutional structures, processes and human resource mix. We need to ensure that ADB is fit for purpose!

The draft operational plans for each priority area as well as the Corporate Results Framework are certainly promising steps in the right direction. So far, however, we still miss concrete “target figures” to ensure accountability and impact measurement.

Notably, we expect the Bank to explain in detail how it can support countries in reaching their Nationally Determined Contribution commitments in the area of climate change. ADB needs to further align its portfolio with the long-term goals of the Paris Agreement. This requires, among other things, a revision of the outdated energy policy, and the elaboration of a clear strategy for phasing out fossil fuel investments.

On environment, I greatly welcome that ADB has further strengthened its commitment to environmental protection. In particular, Germany congratulates ADB on its action plan on ocean health. Every year, up to 13 million tonnes of plastic waste from land sources ends up in the sea. Most of it comes from Southeast Asia, G20 countries and the Mediterranean region. We recognise that many other economies simply export their waste to places where appropriate waste treatment cannot be taken for granted—with still unforeseeable consequences for our health, the environment and indeed entire economies. For Germany, the protection of the oceans is therefore

currently one priority for its development cooperation. We have launched the Blue Action Fund with a German contribution of 50 million euros (France and Sweden are further contributors). The Blue Action Fund provides support to NGOs engaged in implementing marine conservation projects which simultaneously improve the livelihoods of coastal populations. We look forward to continuing to work with ADB to explore possible synergies and openings for collaboration, including through our development agencies.

This brings me to a more general point on regional and global challenges. The example of ocean health shows that it is becoming increasingly important for people's well-being that we not only encourage investment that pays off in individual countries. We also need to create incentives for investment that has a regional and planetary significance. This will, inter alia, create and protect much-needed regional and global public goods. Examples of this include—in addition to mitigating climate risks and promoting renewable energy—protection against pandemics and responses to migration movements. We therefore encourage the Bank to explore further how its concessional assistance to DMCs could best be used so that it can incentivise more investment in global and regional goods for the benefit of all people in the Asia-Pacific region.

We recognise that poorer countries need particular attention. The eradication of poverty is becoming increasingly dependent on development progress in crisis-prone regions, where the vast majority of the poor will soon be living. Securing and expanding development progress in crisis-prone regions promises enormous increases in efficiency compared to humanitarian aid. Investing in resilience—for instance by engaging in climate action, empowering communities, tackling pandemics, building public services such as social safety nets, and stabilising financial systems—is far more effective and cost-effective than ad hoc emergency assistance. We explicitly support the use of concessional assistance for prevention within the framework of the next ADF. For the same reason, we attach great importance to the involvement of the Asian Development Bank in the InsuResilience Global Partnership, which seeks to protect poor and particularly vulnerable people against climate damage.

We recognise, however, that there is a role for the Bank in providing quick financing for rebuilding after emergencies. We are therefore in favour of continuing the Disaster Response Facility (DRF) under ADF 13 and expanding the scope of the DRF to include emergencies beyond disasters triggered by natural hazards. We need clear and transparent criteria for such emergencies, and consequently an update of ADB's 2004 Disaster and Emergency Assistance Policy.

If ADB wants to deliver on its objectives, it is critical for the Bank to develop a fundamentally new approach to engaging the private sector. In fact, the vast majority of external financing is now being provided by the private sector. Mobilisation of private capital should however not be an end in itself but a means to direct much-needed finance towards quality infrastructure and other sectors in order to spur sustainable growth and reach the underserved. In this endeavour, private and public parties must work to share risks and rewards equitably, a process which ADB can facilitate as an honest broker. 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 in line with the G20 work on Principles for Quality Infrastructure Investment, the endorsed Roadmap to Infrastructure as an Asset Class and the Hamburg Principles and Ambitions on Crowding-in Private Finance. Investing in Fragile and Conflict-Affected Situations (FCAS) and frontier markets but also in regional public goods will require the expansion and standardisation of risk-sharing instruments in particular—which is also the aim of our Trust Fund with the ADB, the Asia-Pacific Climate Finance Fund (ACLIFF)—investment in new sectors such as health and

agribusiness with smaller ticket sizes, local currency offers, and the creation of the appropriate enabling environments. We will be happy to share our experience in these areas with ADB through our private sector arm, DEG.

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

Thank you very much.