



ITALY

Pablo Facchinei, Temporary Alternate Governor

Let me start by thanking the Authorities and the people of Fiji for their warm hospitality in this marvellous setting and the Bank for the excellent planning of this event.

I wish to extend my warmest congratulations to Niue for becoming the 68th member state of the ADB.

Over the past twenty years we have witnessed a remarkable growth in Asia and the Pacific and, as ADB shareholder, Italy is proud of the role this institution has been playing.

We are aware of the tremendous challenges of the Region, characterized by an uneven picture: changes occur at a swift pace, pockets of poverty persist, the environment needs to be protected.

We need to be vigilant and more ambitious in order to make growth really inclusive, especially in times of global uncertainty, when a slow-down in growth and a rise in inequality may occur, if we do not act promptly and effectively.

The Bank can make a difference by fostering, at national level, comprehensive policy reforms for sustainable and inclusive growth, and by promoting regional cooperation and integration. We, as international development actors, should ensure that resources are invested in the most effective way, to promote investment in high quality infrastructure and to tackle conditions of marginalization. The ADB can help governments shape welfare-enhancing policies and adopt appropriate redistributive policies to eradicate poverty.

Maintaining growth momentum requires political will and private sector involvement to make the most of current opportunities and mitigate risks. For instance, the increasing use of technology in financial services (fintech) is an opportunity for inclusive growth. The Asia-Pacific region has made significant progress in financial inclusion, but disparities across countries and within countries continue to be high. While some countries are leaders in fintech, on average the Region is lagging behind. Policy reforms are needed to create the appropriate regulatory environment and advance financial inclusion. The involvement of the private sector is essential to improve access to employment, finance and services.

Addressing risks linked to the environment and climate change requires increased financing, as well as coordination among stakeholders for mitigation and resiliency. Quality sustainable infrastructure needs financing and planning by the public and private sector. In addition, the social impact of natural disasters falls predominantly on low-income households and small entrepreneurs working in agriculture who lack the financial capacity to rebuild their livelihoods after extreme weather events. Sustainable infrastructure needs to encompass social and environmental aspects. The ADB is uniquely placed in the Region to foster private sector involvement by devising bankable projects as part of a more focused private sector strategy.

The transition from a low-income to a middle-income Region is a fact. But so are the differences among the Bank's developing member countries. We commend the efforts made last year for approving a comprehensive and balanced corporate strategy aimed at addressing the multifaceted challenges of the Region with a selective and qualitative approach.

We are confident that the operationalization of the Strategy 2030 through the seven operational plans will allow customized responses to be implemented across the variety of beneficiary countries. Fighting poverty and inequality, including in terms of gender, requires country's specific actions.

We have a number of challenges ahead of us in 2019, including a firm stance on price differentiation (stemming from the differentiated approaches), the role of the Bank in UMICs, the shift to a "knowledge Bank", the focus on human capacity development, but also the future of the Asian Development Fund.

The ADF-12 Midterm Review, held last February, was a fruitful exercise. Let me just reiterate, in this respect, that the temporary measures approved during ADF-12 on an exceptional basis should in no way preempt the upcoming consultations for ADF-13.

Regarding the Bank's overall financial outlook, notwithstanding its sound capital base, we should not be complacent, bearing in mind that needs in the Region are constantly on the rise. Budget discipline and capital optimization should continue to be pursued. In addition, aiming at the Bank's financial sustainability, we cannot take for granted that the balance sheet will benefit from measures that are yet to be implemented: i) price differentiation, ii) introduction of reimbursable technical assistance; iii) Exchange Exposure Agreements with other MDBs.

Last but not least, we look forward to the review of the compensation and benefits framework, including the introduction of a specific methodology for salary assessment, capturing the ADB's distinctive character.