

PACIFIC DEVELOPING MEMBER COUNTRIES

Kaleb Udui, Jr., Governor for Palau and Chair of the Pacific Developing Member Countries

(On behalf of the Governors from Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Papua New Guinea, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu)

President Asakawa, fellow Governors, ladies and gentlemen. On behalf of the Governors of the Pacific developing member countries, I extend our warmest Pacific greetings.

It is a great pleasure to be here in person for the 55th ADB Board of Governors Annual Meeting.

Mr. President, I convey our most sincere gratitude to ADB for its swift response and support at the onset of the pandemic. This demonstrated the agility of ADB as a trusted partner not just in times of crisis, but also in tackling persistent development challenges facing developing member countries (DMCs), especially small island developing states (SIDS).

The indicators in the recent Asian Development Outlook, are clear that we the Pacific SIDS were the hardest hit from the pandemic and were projected to be the last to recover. Based on this, we encourage ADB to continue to support the Pacific SIDS in their efforts for recovery and growth through progressing key reforms and investments.

Having said that, we must not lose sight that climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Blue Pacific, and across DMCs.

We welcome the Pacific Approach 2021-2025 that will guide ADB to deliver new ways of working in the Pacific, including capitalizing on regional cooperation and integration, enhancing food security, and providing greater recognition of the many diverse challenges facing Pacific Island members.

As custodians of vast ocean resources, healthy oceans are central to the wellbeing and livelihood of Pacific SIDS. We welcome the Oceans Health Action Plan, and welcome its timely implementation, and request regular progress reporting to Pacific Governors through our constituency office.

Given the challenges and uncertainties that the Pacific region continues to face, and recalling the obligations stated in ADB's Charter to give special regard to its smaller members, we the Pacific members request the following to be considered.

First, support developing member countries achieve ambitious climate targets.

We call on ADB to support the achievement of ambitious nationally determined contributions (NDC) of its developing member countries, in particular the large DMCs in the region and ensure a clear pathway to limiting global warming to no more than 1.5C.

The Pacific SIDS had very minimal carbon footprints globally but have faced existential threats to climate events. So, we welcome ADB's increased climate finance ambition to \$100 billion by 2030, and call on ADB to support Pacific SIDS to ensure the impact of the increased ambitions translates to increased climate adaptation projects that are critical to the Pacific SIDS.

Second, leveraging further the investments in digital connectivity. ADB has been an important partner in reducing the remoteness of the Pacific through recent information and communications technology (ICT) investments but we would call on ADB to do more to support even greater digital transformation to support education, health, businesses, financial services and social development.

Third, unlocking private sector development. There are enormous challenges in the Pacific in attracting private sector finance due to structural barriers, including diseconomies of scale, remoteness and a high-risk investment environment. Access to cheaper capital and the difficulty of corresponding banking remains a constraint to private sector development.

The new ADF-13 Private Sector Window offers a valuable opportunity for non-sovereign operations in the Pacific. But the progress is not as fast as we expect. We urge ADB to do more in the non-sovereign space in the Pacific SIDS, especially in the service sector, and productive sectors such as fisheries, and agriculture and encourage value additions. These are critical areas of our existence and ones that also support food security.

Fourth, ensuring that ADB's safeguard policies are relevant and responsive to the Pacific context. We understand that ADB has begun a process to modernize its Safeguards Policy Statement and it will be important that the unique environmental and safeguard circumstances of the Pacific Islands countries are given due regard, including institutional capacities, the unique and differing customary land tenure practices and environmental fragility.

Fifth, continuing to support capacity development and supplementation in Pacific operations. Given the endorsement of the Pacific Approach 2021-2025, we call for focused attention to be given to addressing 'thin' capacities on the ground among Pacific members to improve the low success rates in ADB's Pacific operations. We continue to call for sufficient resourcing by ADB internally, and in Pacific member countries, to support Pacific operations and urge that the design of future programs benefit from lessons of previous operations. We welcome the progress of increasing ADB Country Offices, but we would like to see more decision making roles delegated to country and sub-regional offices together with more technical experts to provide

ground level support for effective implementation of country portfolios, and more capacity development initiatives to address the thin capacity issues.

Sixth, given the global rise in the price of goods and services which are likely to increase the cost of existing and post COVID-19 projects, we call on ADB to consider ways to ensure the real value of concessional financing and assistance are maintained and not eroded from the inflationary pressures.

Seventh, access to concessional resources.

We strongly encourage ADB to consider extending more concessional resources for highly vulnerable small states that are currently eligible only for ordinary capital resources (OCR) lending, such as thematic support to country specific vulnerabilities. The use of the gross national income (GNI) per capita index has precluded some of the most vulnerable small island countries from full access to concessional resources. Given the inherent vulnerability faced by SIDS, we call on ADB to explore options that can qualify SIDS to access much needed concessional resources for development.

Finally, promoting diversity and inclusion at ADB. Given ADB's membership is regionally diverse, we encourage ADB to ensure that its workforce reflects regional diversity, including Pacific diversity. Currently, there are 7 international staff (IS) from the Pacific, excluding Board staff, out of a total 1,337 international staff.

Mr. President, we trust that this year's Annual Meeting will involve a commitment from shareholders to support the ADB's leadership role in the Pacific, recognizing the unique needs of our small island economies.

Thank you.